KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

FINANCE

MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2018 TO APRIL 2019 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 APRIL 2019 (2018/19 FINANCIAL YEAR)

1. Purpose

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

2. Legislative Requirements

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

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

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

3. Executive Summary

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2018 to April 2019, so as to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

The financial performance highlights are as follows:

- Operating revenue amounted to R 682,023 million, whilst operating expenditure amounted to R 624,469 million, resulting in an operating surplus of R 57,554 million.
- Capital expenditure constituted 27,08% of the 2018/19 Capital Adjustments Budget. The capital expenditure would have amounted to 48,56%, upon exclusion of the water services infrastructure grant.
- Overdue consumer debts increased by R 19,704 million (15,76%) since June 2018.

- An amount of R 86,719 million is owing to creditors, of which R 27,199 million (31,36%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 196,952,487 (208,82%) since June 2018, from R 94,314,704 to R 291,267,191.

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

Ratio	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 30 April 2018	Actuals as at 30 April 2019	Adjusted Budget 2018/19
Current Ratio	0.85:1	0.97:1	1.11:1	1.39:1	1.30:1	0.94:1
Liquidity Ratio	0.40:1	0.47:1	0.52:1	0.96:1	1.07:1	0.48:1
Cost Coverage (Excluding unspent conditional grants)	1.60 months	1.62 months	1.72 months	2.68 months	2,60 Month	1.4 months
Debtors Collection Rate	97.60%	95.81%	90.73%	85.59%	97,13%	94%
Capital Expenditure (Including Water Service Infrastructure Grant)	81.97%	72.92%	72.98%	48.16%	27,08%	95%
Capital Expenditure (Excluding Water Service Infrastructure Grant)	81.97%	72.92%	72.98%	48.16%	48,56%	95%

4. Detailed Reports

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period, ending 30 April 2019:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

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

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

5. Recommendation

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

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

Report Submitted by

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Mr. Charl Du Plessis (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2018 to April 2019.

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

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Executive Mayor

6. Municipal Manager's Quality Certificate

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

Print Name CHARL DU PLESSIS

Municipal Manager of Kouga Local Municipal

Signature ____________________

Date 16 MAY 2019

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD 1 JULY 2018 TO 30 APRIL 2019

Below is an analysis of the operating revenue and expenditure performance

Description	Budget Year 2018/19		
	Adjusted Budget	Actuals as at 30 April 2019	%
R thousands			
Revenue By Source			
Property rates	184 711	163 939	88,75%
Service charges - electricity revenue	245 041	207 432	84,65%
Service charges - water revenue	70 795	61 909	87,45%
Service charges - sanitation revenue	43 314	37 922	87,55%
Service charges - refuse revenue	51 176	43 459	84,92%
Rental of facilities and equipment	3 043	2 425	79,68%
Interest earned - external investments	8 681	8 895	102,47%
Interest earned - outstanding debtors	7 444	6 636	89,14%
Fines, penalties and forfeits	4 230	4 645	109,82%
Licences and permits	14 514	18 938	130,48%
Transfers and subsidies	121 753	119 651	98,27%
Other revenue	5 530	6 173	111,64%
Total Revenue (excluding capital transfers and contributions)	**760 233**	**682 023**	**89,71%**
Expenditure By Type			
Employee related costs	272 673	225 459	82,69%
Remuneration of councillors	12 243	10 158	82,97%
Debt impairment	36 150	3 130	8,66%
Depreciation & asset impairment	75 357	61 291	81,33%
Finance charges	3 021	5 561	184,09%
Bulk purchases	237 476	196 135	82,59%
Other materials	27 516	20 946	76,12%
Contracted services	68 096	38 691	56,82%
Other expenditure	87 229	63 099	72,34%
Total Expenditure	**819 759**	**624 469**	**76,18%**
Surplus/(Deficit)	**(59 527)**	**57 554**	

The statement of financial performance indicates a surplus of R 57,554 million.

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

Revenue Variations

Interest Earned – External Investments

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

Fines, penalties and forfeits

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

Licences and permits

Licences and permits are largely influenced by a higher than anticipated revenue from vehicle licences.

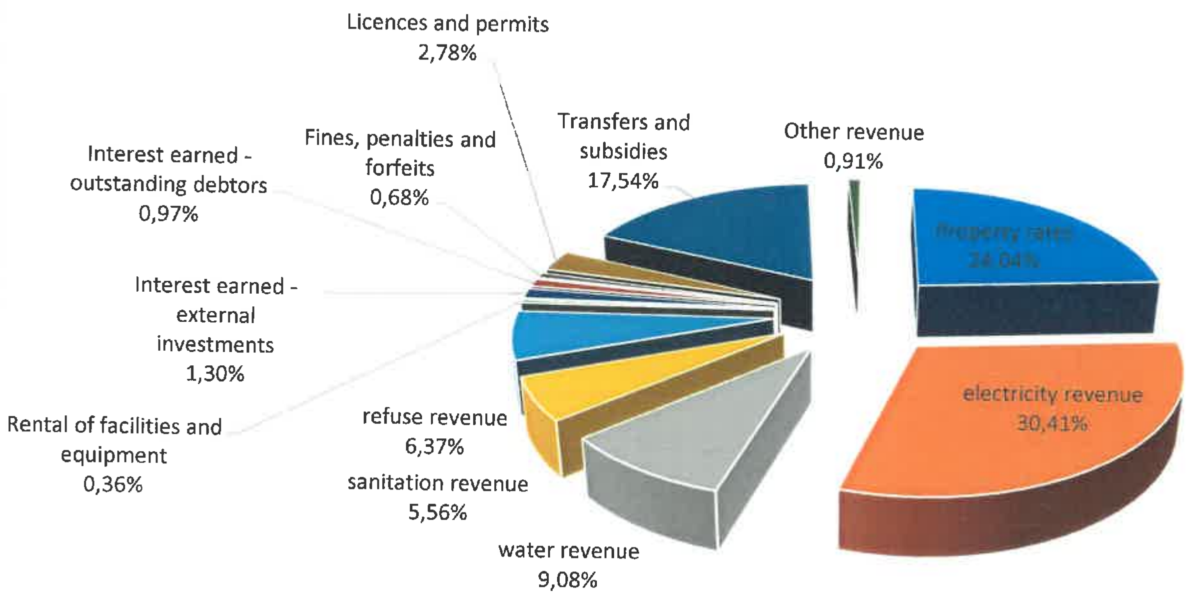
Transfers and Subsidies

Transfers and subsidies received include an Equitable Share Allocation in the amount of R 113,151 million, MIG Admin fees amounting to R 1,097 million, Expanded Public Works grant of R 1,013 million and an Environmental Health Subsidy amounting to R 1,853 million.

Other revenue

Other revenue is largely influenced by a higher than anticipated revenue from rates clearance certificates and building related fees.

Revenue By Source



<u>Expenditure Variations</u>

<u>Bad Debts</u>

Bad debts are written off upon Council approval.

<u>Finance Charges</u>

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

<u>Contracted Services</u>

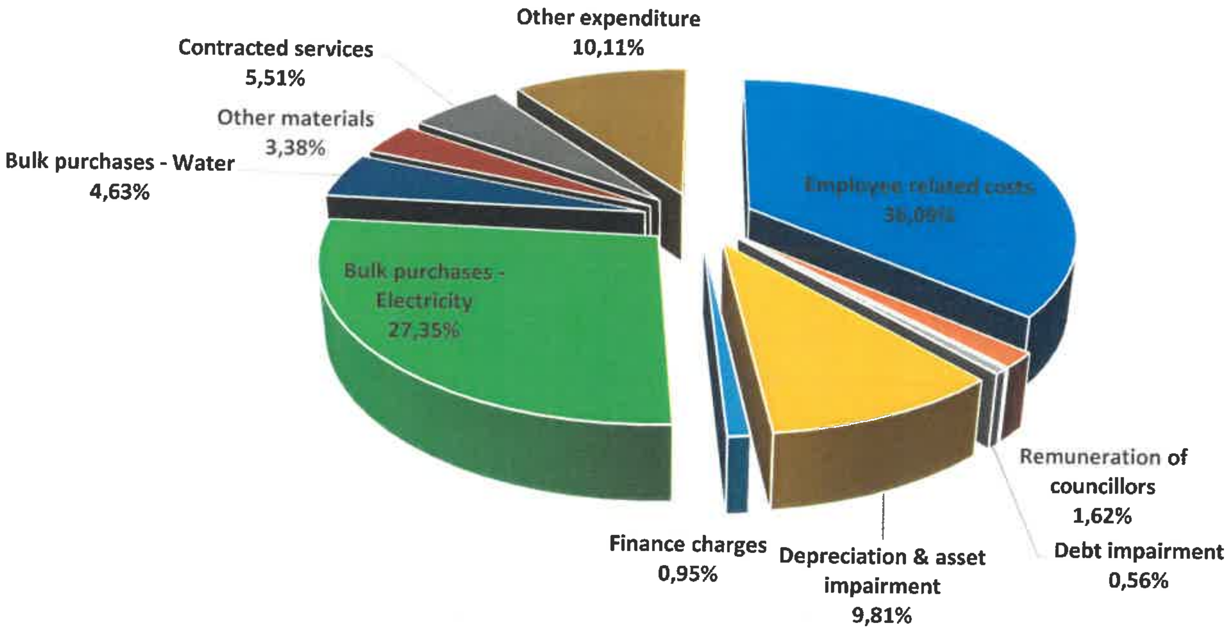
Contracted services mostly relate to outsourced work, in relation to the maintenance of municipal infrastructure assets and includes consultation fees. This is largely influenced by the low spending on the repairs and maintenance budget.

<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.

Expenditure By Type



Repairs and Maintenance

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

Item Description	Approved Budget 2018/19	Adjustments Budget 2018/19	Actuals as at 30 April 2019	% of Budget
Executive & Council				
Contracted Services:Maintenance of Buildings and Facilities	-	**200 000**	-	**0,00%**
Contracted Services:Maintenance of Vehicles	10 000	10 000	450	4,50%
	10 000	**210 000**	**450**	0,21%
Corporate Services				
Contracted Services:Maintenance of Buildings and Facilities	300 000	300 000	110 557	37%
Contracted Services:Maintenance of Vehicles	35 000	35 000	-	0,00%
	335 000	**335 000**	**110 557**	33,00%
Finance				
Contracted Services:Maintenance of Buildings and Facilities	370 000	443 700	200 646	45,22%
Expenditure:Contracted Services:Contractors:Maintenance of Vehicles	90 000	90 000	14 999	16,67%
Inventory Consumed:Materials and Supplies	165 000	165 000	2 529	1,53%
	625 000	**698 700**	**218 174**	**31,23%**
Community Services				
Contracted Services:Maintenance of Buildings and Facilities	870 000	2 796 750	2 207 006	78,91%
Contracted Services:Maintenance of Vehicles	3 443 000	6 458 000	4 778 145	73,99%
Contracted Services:Maintenance of Equipment	122 400	122 400	64 691	52,85%
Inventory Consumed:Materials and Supplies	1 049 625	1 064 529	939 476	88,25%
Operational Cost:Hire Charges	2 000 000	2 332 261	1 637 925	70,23%
	7 485 025	**12 773 940**	**9 627 243**	**75,37%**
Planning, Development & Tourism				
Inventory Consumed:Materials and Supplies	50 000	50 000	42 123	84,25%
Contracted Services:Maintenance of Vehicles	20 000	20 000	4 240	21,20%
	70 000	**70 000**	**46 363**	**66,23%**
Infrastructure & Engineering				
Contracted Services:Maintenance of Equipment	226 000	281 213	123 937	44,07%
Contracted Services:Maintenance of Buildings and Facilities	175 193	161 612	160 021	99,02%
Contracted Services:Maintenance of Vehicles	12 524 000	20 245 732	10 486 557	51,80%
Inventory Consumed:Materials and Supplies	12 605 000	11 288 561	7 746 011	68,62%
Operational Cost:Hire Charges	3 010 435	2 008 000	1 564 769	77,93%
	28 540 628	**33 985 118**	**20 081 296**	**59,09%**
Total	**37 065 653**	**48 072 758**	**30 084 082**	**62,58%**

It is to be noted that actual repairs and maintenance expenditure constituted 62,58% of the 2018/19 Adjustments Budget.

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

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

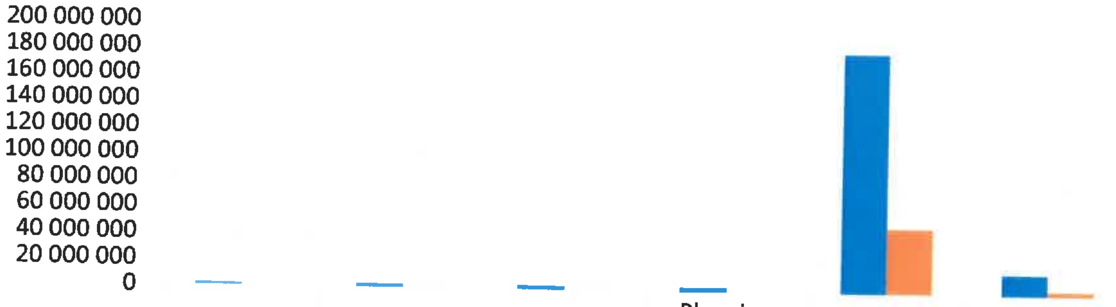
PROJECTS	Funding Source	Original Budget 2018/19	Adjustments Budget 2018/19	Actuals as at 30 April 2019	% of Budget
CORPORATE SERVICES					
Computer Equipment	Internal	157 000	247 402	117 149	47,35%
Furniture and Equipment	Internal	2 000	649 783	162 929	25,07%
Library upgrade (phase 2)	Internal	500 000	1 321 134	569 546	43,11%
EDMS	Internal	-	759 494	-	0,00%
Biometric system	Internal	-	120 000	-	0,00%
Fencing of main building	Internal	-	120 000	-	0,00%
Main Office Building Upgrade	Internal	300 000	47 254	26 765	56,64%
Computer Software and Applications	Internal	600 000	100 000	53 043	53,04%
UPGRADE COMMUNITY CENTER WARD 14	Internal	-	-	-	
PABX UPGRADE	Internal	750 000	-	-	
		2 309 000	**3 365 067**	**929 432**	**27,62%**
PROJECTS	**Funding Source**	**Original Budget 2018/19**	**Adjustments Budget 2018/19**	**Actuals as at 12 February 2019**	
EXECUTIVE & COUNCIL					
Computer Equipment	Internal	110 000	140 231	88 238	62,92%
Furniture and Equipment	Internal	75 000	273 105	249 350	91,30%
Wards Capital Programmes	Internal	750 000	1 437 229	154 160	10,73%
		935 000	**1 850 565**	**491 749**	**26,57%**
FINANCE					
Furniture and Equipment	Internal	115 700	232 100	135 346	58,31%
Computer Equipment	Internal	1 391 200	590 978	187 826	31,78%
IT Server	Internal	-	626 268	-	0,00%
Office upgrade ICT	Internal	-	200 000	30 800	15,40%
Disaster Recovery Server	FMG	-	644 106	644 106	100,00%
Vehicle	Internal	-	300 000	-	0,00%
		1 506 900	**2 593 452**	**998 078**	**38,48%**
PLANNING, DEVELOPMENT & TOURISM					
Computer Software and Applications	Internal	700 000	200 000	62 217	31,11%
Computer Equipment	Internal	60 000	120 000	54 821	45,68%
Upgrading of Kouga Cultural Centre	Internal	1 000 000	995 000	150 000	15,08%
Furniture and equipment	Internal	200 000	205 000	22 647	11,05%
Informal Traders - Building	MIG	1 220 951	1 220 951	-	0,00%
Land acquisition housing projects	Internal	1 000 000	1 000 000	-	0,00%
Machinery and Equipment	Internal	30 000	30 000	-	0,00%
Arts and Creative Industries	DISTRICT	-	-	-	
Lowrie Flower Project	DEDEAT	-	65 000	-	0,00%
		4 210 951	**3 835 951**	**289 685**	**7,55%**
PROJECTS	**Funding Source**	**Original Budget 2018/19**	**Adjustments Budget 2018/19**		
COMMUNITY SERVICES				-	
Fencing of caravan parks & camping sites	Internal	500 000	500 000	164 151	32,83%
Fencing of Sport and Recreational Facilities	Internal	500 000	-	-	
Machinery and Equipment	Internal	844 010	984 010	443 371	45,06%
Computer Equipment	Internal	160 000	84 000	69 535	82,78%
Security Cameras	Internal	150 000	-	-	
Vehicle	Internal	4 000 000	5 850 000	2 290 823	39,16%
Furniture and Equipment	Internal	70 000	55 000	22 571	41,04%
Wheelie Bins	Internal	1 000 000	2 475 260	869 200	35,12%
Life Gaurds Beach Tower	Internal	250 000	150 000	26 400	17,60%
Upgrading of Sports Facilities	MIG	3 864 352	3 864 352	-	0,00%
Fencing of Hankey Fire Station	Internal	200 000	100 000	-	0,00%
Fencing of existing cemeteries	Internal	500 000	24 739	24 739	100,00%
Weston Library Upgrade	Internal	100 000	100 000	-	0,00%
Table and Chairs-Community Facilities	Internal	100 000	160 000	58 304	36,44%
Machinery and Equipment	DISTRICT	-	265 100	-	0,00%
Vehicle	DISTRICT	-	1 700 000	-	0,00%
		12 238 362	**16 312 461**	**3 969 093**	**24,33%**

PROJECTS	Funding Source	Original Budget 2018/19	Adjustments Budget 2018/19	Actuals as at 30 April 2019	% of Budget
INFRASTRUCTURE & ENGINEERING					
Furniture and Equipment	Internal	198 000	155 000	76 348	49,26%
Computer Equipment	Internal	35 000	122 000	88 418	72,47%
Machinery and Equipment	Internal	415 000	391 000	212 977	54,47%
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	900 000	-	-	
upgrading of infrastructure for new township establishment	Internal	500 000	500 000	328 647	65,73%
Vehicles	Internal	2 500 000	8 610 264	3 124 795	36,29%
MV Networks Capital	INEP	8 869 565	8 869 565	4 055 858	45,73%
New overheadlines 66kv overheadlines(Jbay to Melkhout)	Internal	3 000 000	2 000 000	1 922 729	96,14%
Jeffreys Bay- North Bulk main outfall sewer-area north of R102	Internal	1 200 000	1 300 000	195 547	15,04%
WATER CONSERVATION AND DEMAND MANAGEMENT	WSIG_NT	-	13 521 739	4 900 716	36,24%
RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG_NT	-	9 130 435	275 058	3,01%
RETICULATION REPLACE PIPELINES (OYSTER BAY)	WSIG_NT	-	391 304	221 087	56,50%
Upgrading of the Sea Vista Wastewater Treatment Works	MIG	18 503 132	18 503 132	17 644 991	95,36%
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	MIG	2 173 913	2 173 913	1 411 993	64,95%
Computer Equipment	MIG	50 000	50 000	33 759	67,52%
RETICULATION REPLACE PIPELINES (HANKEY)	WSIG_NT	-	9 565 217	1 346 206	14,07%
Illegal electricity connections (LV Network)	Internal	1 000 000	380 000	312 794	82,31%
Fencing: New x Loerie Sewer pump station	Internal	900 000	-	-	
CAPE ST FRANCIS WATER SUPPLY	WSIG_DWS	-	5 139 130	414 811	8,07%
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP	WSIG_NT	-	17 391 304	413 275	2,38%
HANKEY WATER SUPPLY	WSIG_DWS	-	28 851 304	4 967 711	17,22%
HUMANSDORP WATER SUPPLY	WSIG_DWS	-	4 719 130	2 663 757	56,45%
Water Infrastructure Boreholes	Internal	1 500 000	-	464 230	
Roads Upgrade	Internal	2 500 000	2 500 000	1 287 453	51,50%
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFR	WSIG_NT	-	30 434 783	1 058 265	3,48%
PATENSIE WATER SUPPLY	WSIG_DWS	-	7 305 217	68 234	0,93%
JEFFREYS BAY WATER SUPPLY	WSIG_DWS	-	3 913 043	1 966 455	50,25%
OYSTER BAY WATER SUPPLY	WSIG_DWS	-	1 140 000	560 477	49,16%
Bucket Eradication Programme	Internal	2 300 000	2 300 000	45 652	1,98%
conversion from conventional meter to pre paid meter and moving of meter to boundary wall	Internal	-	200 000	-	0,00%
purchase of mini sub station 11000/400,22000/400	Internal	-	600 000	-	0,00%
High Mast Lights	Internal	-	1 000 000	-	0,00%
refurbishment of truck and rebuild into cherry picker truck	Internal	-	400 000	-	0,00%
		46 544 610	**181 557 480**	**50 062 246**	**27,57%**
		67 744 823	**209 514 976**	**56 740 282**	**27,08%**
Internally generated funds		36 927 262	40 029 983	14 093 522	35,21%
Transfers recognised - capital		30 817 561	169 484 993	42 646 760	25,16%
Total		**67 744 823**	**209 514 976**	**56 740 282**	**27,08%**

It is to be noted that capital expenditure as at 30 April 2019 amounted to 27,08%, compared to the adjusted capital adjustments budget of R 209,514,976.

The capital expenditure as at 30 April 2019 would have been amounted to 48,56%, upon exclusion of the Water Services Infrastructure Grant.

Capital Expendituire



	Executive & Council	Finance	Corporate Services	Planning, Development and Tourism	Infrastructure and Engineering	Community Services
Adjusted Budget 2018/19	1 850 565	2 593 452	3 365 067	3 835 951	181 557 480	16 312 461
Actuals as at 30 April 2019	491 749	998 078	929 432	289 685	50 062 246	3 969 093

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 April 2019

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

Table C7 Monthly Budget Statement – Cash Flow – M10 April 2019

Description	Ref	2017/18	Budget Year 2018/19							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	164 393	173 628	10 629	155 090	144 690	10 400	7%	173 628
Service charges		–	372 090	385 707	27 251	347 389	321 423	25 967	8%	385 707
Other revenue		–	30 689	27 317	10 246	49 394	22 764	26 630	117%	27 317
Government - operating		–	123 618	121 753	–	157 820	101 461	56 359	56%	121 753
Government - capital		–	39 827	193 020	–	155 984	160 850	(4 866)	-3%	193 020
Interest		–	21 498	15 678	2 420	16 134	13 065	3 069	23%	15 678
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(674 270)	(705 232)	(52 248)	(573 198)	(587 693)	(14 495)	2%	(705 232)
Finance charges		–	(3 021)	(3 021)	(245)	(2 430)	(2 517)	(87)	3%	(3 021)
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	74 823	208 851	(1 947)	306 185	174 042	(132 142)	-76%	208 851
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)	(209 515)	(11 590)	(103 162)	(174 596)	(71 434)	41%	(209 515)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(67 745)	(209 515)	(11 590)	(103 162)	(174 596)	(71 434)	41%	(209 515)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	(13 247)	(8 944)	(605)	(6 070)	(7 453)	(1 383)	19%	(8 944)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(13 247)	(8 944)	(605)	(6 070)	(7 453)	(1 383)	19%	(8 944)
NET INCREASE/ (DECREASE) IN CASH HELD		–	(6 169)	(9 608)	(14 142)	196 952	(8 007)			(9 608)
Cash/cash equivalents at beginning:		–	59 729	94 315		94 315	94 315			94 315
Cash/cash equivalents at month/year end:		–	53 561	84 707		291 267	86 308			84 707

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 April 2019 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M10 April 2019

Description R thousands	2017/18 Audited Outcome	Budget Year 2018/19 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	–	176 766	184 711	10 734	163 939	153 926	10 013	7%	184 711
Service charges	–	400 096	410 327	35 136	350 721	341 939	8 782	3%	410 327
Investment revenue	–	7 561	8 681	1 599	8 895	7 234	1 661	23%	8 681
Transfers and subsidies	–	123 618	121 753	197	119 651	101 461	18 190	18%	121 753
Other own revenue	–	45 675	34 761	3 530	38 817	28 968	9 849	34%	34 761
Total Revenue (excluding capital transfers and contributions)	–	**753 717**	**760 233**	**51 195**	**682 023**	**633 527**	**48 496**	**8%**	**760 233**
Employee costs	–	272 802	272 673	22 539	225 459	227 227	(1 768)	-1%	272 673
Remuneration of Councillors	–	12 784	12 243	1 041	10 158	10 202	(45)	-0%	12 243
Depreciation & asset impairment	–	75 357	75 357	6 127	61 291	62 798	(1 507)	-2%	75 357
Finance charges	–	3 021	3 021	245	5 561	2 517	3 044	121%	3 021
Materials and bulk purchases	–	269 933	264 992	18 268	217 080	220 826	(3 746)	-2%	264 992
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	–	162 887	191 475	13 933	104 920	159 562	(54 642)	-34%	191 475
Total Expenditure	–	**796 785**	**819 759**	**62 153**	**624 469**	**683 133**	**(58 664)**	**-9%**	**819 759**
Surplus/(Deficit)	–	**(43 068)**	**(59 527)**	**(10 958)**	**57 554**	**(49 606)**	**107 160**	**-216%**	**(59 527)**
Transfers and subsidies - capital (monetary alloc	–	39 827	193 020	8 184	41 297	160 850	(119 553)	-74%	193 020
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	–	**(3 241)**	**133 493**	**(2 774)**	**98 851**	**111 244**	**(12 393)**	**-11%**	**133 493**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	–	**(3 241)**	**133 493**	**(2 774)**	**98 851**	**111 244**	**(12 393)**	**-11%**	**133 493**
Capital expenditure & funds sources									
Capital expenditure	–	**67 745**	**209 515**	**10 078**	**56 740**	**174 596**	**(117 856)**	**-68%**	**209 515**
Capital transfers recognised	–	34 682	169 485	8 626	42 647	141 237	(98 591)	-70%	169 485
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	**33 063**	**40 030**	**1 453**	**14 094**	**33 358**	**(19 265)**	**-58%**	**40 030**
Total sources of capital funds	–	**67 745**	**209 515**	**10 078**	**56 740**	**174 596**	**(117 856)**	**-68%**	**209 515**
Financial position									
Total current assets	–	131 820	164 621		355 914				131 820
Total non current assets	–	2 442 954	2 474 873		2 266 533				2 442 954
Total current liabilities	–	133 877	175 201		273 240				133 877
Total non current liabilities	–	183 244	185 581		185 581				183 244
Community wealth/Equity	–	**2 257 653**	**2 278 712**		**2 163 625**				**2 257 653**
Cash flows									
Net cash from (used) operating	–	74 823	208 851	(1 947)	306 185	174 042	(132 142)	-76%	208 851
Net cash from (used) investing	–	(67 745)	(209 515)	(11 590)	(103 162)	(174 596)	(71 434)	41%	(209 515)
Net cash from (used) financing	–	(13 247)	(8 944)	(605)	(6 070)	(7 453)	(1 383)	19%	(8 944)
Cash/cash equivalents at the month/year end	–	**53 561**	**84 707**	–	**291 267**	**86 308**	**(204 959)**	**-237%**	**84 707**

Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	30 920	6 440	5 011	4 246	3 903	3 654	29 057	92 459	175 689
Creditors Age Analysis									
Total Creditors	27 199	515	411	424	411	411	3 006	54 341	86 719

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) – M10 April 2019

Description	Ref	2017/18	Budget Year 2018/19							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		–	**511 046**	**312 182**	**13 192**	**295 792**	**260 152**	35 640	14%	**312 182**
Executive and council		–	26	26	2	9	21	(12)	-56%	26
Finance and administration		–	511 020	312 157	13 191	295 782	260 130	35 652	14%	312 157
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**15 404**	**13 357**	**269**	**9 734**	**11 131**	(1 397)	-13%	**13 357**
Community and social services		–	2 458	2 458	20	2 042	2 048	(6)	0%	2 458
Sport and recreation		–	9 151	7 003	237	4 812	5 836	(1 024)	-18%	7 003
Public safety		–	1 869	1 969	5	870	1 641	(771)	-47%	1 969
Housing		–	–	–	–	–	–	–		–
Health		–	1 927	1 927	7	2 010	1 606	404	25%	1 927
Economic and environmental services		–	**30 942**	**16 141**	**1 922**	**21 518**	**13 451**	8 067	60%	**16 141**
Planning and development		–	6 312	5 087	440	4 467	4 239	228	5%	5 087
Road transport		–	10 005	10 005	1 462	16 138	8 337	7 801	94%	10 005
Environmental protection		–	14 625	1 050	20	913	875	38	4%	1 050
Trading services		–	**235 706**	**611 127**	**43 995**	**396 269**	**509 273**	(113 003)	-22%	**611 127**
Energy sources		–	61 809	260 285	26 037	215 493	216 904	(1 412)	-1%	260 285
Water management		–	70 200	223 782	7 243	78 677	186 485	(107 808)	-58%	223 782
Waste water management		–	72 249	74 017	6 456	56 756	61 681	(4 924)	-8%	74 017
Waste management		–	31 448	53 043	4 260	45 343	44 202	1 141	3%	53 043
Other	4	–	**445**	**445**	–	**7**	**371**	**(364)**	**-98%**	**445**
Total Revenue - Functional	2	–	**793 544**	**953 252**	**59 378**	**723 320**	**794 377**	**(71 057)**	**-9%**	**953 252**
Expenditure - Functional										
Governance and administration		–	**189 348**	**190 276**	**16 487**	**138 955**	**158 563**	(19 608)	-12%	**190 276**
Executive and council		–	52 250	38 161	3 256	30 097	31 801	(1 703)	-5%	38 161
Finance and administration		–	137 097	152 115	13 231	108 857	126 763	(17 905)	-14%	152 115
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**86 568**	**77 431**	**6 536**	**64 825**	**64 526**	299	0%	**77 431**
Community and social services		–	9 513	10 055	653	7 433	8 379	(946)	-11%	10 055
Sport and recreation		–	46 668	40 230	3 643	34 720	33 525	1 195	4%	40 230
Public safety		–	21 090	20 527	1 754	17 001	17 106	(105)	-1%	20 527
Housing		–	3 531	1 875	195	2 141	1 562	579	37%	1 875
Health		–	5 767	4 746	291	3 530	3 955	(425)	-11%	4 746
Economic and environmental services		–	**110 969**	**114 388**	**8 432**	**80 322**	**95 323**	(15 001)	-16%	**114 388**
Planning and development		–	33 954	33 520	2 183	23 580	27 933	(4 353)	-16%	33 520
Road transport		–	67 770	77 414	6 164	55 937	64 512	(8 575)	-13%	77 414
Environmental protection		–	9 245	3 454	84	805	2 878	(2 073)	-72%	3 454
Trading services		–	**405 868**	**434 239**	**30 554**	**339 198**	**361 866**	(22 668)	-6%	**434 239**
Energy sources		–	248 404	254 148	17 271	198 446	211 790	(13 344)	-6%	254 148
Water management		–	80 154	78 117	5 189	63 098	65 097	(1 999)	-3%	78 117
Waste water management		–	41 745	48 988	4 323	41 586	40 824	762	2%	48 988
Waste management		–	35 565	52 986	3 771	36 068	44 155	(8 087)	-18%	52 986
Other		–	**4 032**	**3 426**	**143**	**1 169**	**2 855**	**(1 686)**	**-59%**	**3 426**
Total Expenditure - Functional	3	–	**796 785**	**819 759**	**62 153**	**624 469**	**683 133**	**(58 664)**	**-9%**	**819 759**
Surplus/ (Deficit) for the year		–	**(3 241)**	**133 493**	**(2 774)**	**98 851**	**111 244**	**(12 393)**	**-11%**	**133 493**

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 – M10 April 2019

Vote Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue by Vote								
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–		663 924
Vote 2 - FINANCIAL SERVICES	310 697	307 483	13 062	290 189	256 236	33 953	13,3%	310 697
Vote 3 - CORPORATE SERVICES	26	26	2	1 013	21	992	4628,7%	26
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	3 316	3 316	270	2 703	2 763	(60)	-2,2%	3 316
Vote 5 - INFRASTRUCTURE AND ENGINEERING	405 491	562 442	39 905	354 060	468 702	(114 642)	-24,5%	405 491
Vote 6 - COMMUNITY SERVICES	17 634	17 734	1 617	21 923	14 778	7 145	48,3%	17 634
Vote 7 - COMMUNITY SERVICES (CONTINUED)	56 380	62 252	4 522	53 433	51 877	1 556	3,0%	56 380
Total Revenue by Vote	**793 544**	**953 252**	**59 378**	**723 320**	**794 377**	**(71 057)**	**-8,9%**	**1 457 468**
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	36 603	31 989	2 473	25 174	26 657	(1 483)	-5,6%	36 603
Vote 2 - FINANCIAL SERVICES	79 397	79 573	5 019	50 473	66 311	(15 838)	-23,9%	79 397
Vote 3 - CORPORATE SERVICES	49 336	48 915	6 200	36 977	40 762	(3 785)	-9,3%	49 336
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	21 159	19 984	1 184	13 305	16 653	(3 348)	-20,1%	21 159
Vote 5 - INFRASTRUCTURE AND ENGINEERING	455 521	476 197	34 385	370 945	396 831	(25 886)	-6,5%	455 521
Vote 6 - COMMUNITY SERVICES	51 470	47 739	4 102	40 487	39 783	704	1,8%	51 470
Vote 7 - COMMUNITY SERVICES (CONTINUED)	103 298	115 363	8 790	87 108	96 136	(9 028)	-9,4%	103 298
Total Expenditure by Vote	**796 785**	**819 759**	**62 153**	**624 469**	**683 133**	**(58 664)**	**-8,6%**	**796 785**
Surplus/ (Deficit) for the year	**(3 241)**	**133 493**	**(2 774)**	**98 851**	**111 244**	**(12 393)**	**-11,1%**	**660 683**

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) – M10 April 2019

Description	Ref	2017/18	Budget Year 2018/19							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		–	176 766	184 711	10 734	163 939	153 926	10 013	7%	184 711
Service charges - electricity revenue		–	247 165	245 041	21 963	207 432	204 201	3 231	2%	245 041
Service charges - water revenue		–	67 702	70 795	5 528	61 909	58 996	2 912	5%	70 795
Service charges - sanitation revenue		–	41 658	43 314	3 623	37 922	36 095	1 826	5%	43 314
Service charges - refuse revenue		–	43 571	51 176	4 022	43 459	42 647	812	2%	51 176
Service charges - other		–	–	–	–	–	–	–		–
Rental of facilities and equipment		–	1 881	3 043	1 921	2 425	2 536	(111)	-4%	3 043
Interest earned - external investments		–	7 561	8 681	1 599	8 895	7 234	1 661	23%	8 681
Interest earned - outstanding debtors		–	14 986	7 444	782	6 636	6 204	432	7%	7 444
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		–	4 230	4 230	148	4 645	3 525	1 120	32%	4 230
Licences and permits		–	16 661	14 514	1 595	18 938	12 095	6 843	57%	14 514
Agency services		–	–	–	–	–	–	–		–
Transfers and subsidies		–	123 618	121 753	197	119 651	101 461	18 190	18%	121 753
Other revenue		–	7 917	5 530	(916)	6 173	4 608	1 565	34%	5 530
Gains on disposal of PPE		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	753 717	760 233	51 195	682 023	633 527	48 496	8%	760 233
Expenditure By Type										
Employee related costs		–	272 802	272 673	22 539	225 459	227 227	(1 768)	-1%	272 673
Remuneration of councillors		–	12 784	12 243	1 041	10 158	10 202	(45)	0%	12 243
Debt impairment		–	41 429	36 150	–	3 130	30 125	(26 995)	-90%	36 150
Depreciation & asset impairment		–	75 357	75 357	6 127	61 291	62 798	(1 507)	-2%	75 357
Finance charges		–	3 021	3 021	245	5 561	2 517	3 044	121%	3 021
Bulk purchases		–	241 476	237 476	16 334	196 135	197 896	(1 762)	-1%	237 476
Other materials		–	28 458	27 516	1 934	20 946	22 930	(1 984)	-9%	27 516
Contracted services		–	45 111	68 096	7 687	38 691	56 746	(18 055)	-32%	68 096
Transfers and subsidies		–	–	–	–	–	–	–		–
Other expenditure		–	76 346	87 229	6 246	63 099	72 691	(9 592)	-13%	87 229
Loss on disposal of PPE		–	–	–	–	–	–	–		–
Total Expenditure		–	796 785	819 759	62 153	624 469	683 133	(58 664)	-9%	819 759
Surplus/(Deficit)		–	(43 068)	(59 527)	(10 958)	57 554	(49 606)	107 160	(0)	(59 527)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			39 827	193 020	8 184	41 297	160 850	(119 553)	(0)	193 020
(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)	133 493	(2 774)	98 851	111 244			133 493
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		–	(3 241)	133 493	(2 774)	98 851	111 244			133 493
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		–	(3 241)	133 493	(2 774)	98 851	111 244			133 493
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–

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) – M10 April 2019

Vote Description	Budget Year 2018/19								
R thousands	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast	C5
							%		
Single Year expenditure appropriation									
Vote 1 - EXECUTIVE COUNCIL	860	1 776	(1)	424	1 480	(1 056)	-71%	1 776	
Vote 2 - FINANCIAL SERVICES	1 507	2 593	(573)	998	2 161	(1 163)	-54%	2 593	
Vote 3 - CORPORATE SERVICES	2 309	3 365	274	929	2 804	(1 875)	-67%	3 365	
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 211	3 836	–	290	3 197	(2 907)	-91%	3 836	
Vote 5 - INFRASTRUCTURE AND ENGINEERING	46 545	181 557	9 327	50 062	151 298	(101 236)	-67%	181 557	
Vote 6 - COMMUNITY SERVICES	1 644	4 959	84	1 899	4 132	(2 233)	-54%	4 959	
Vote 7 - COMMUNITY SERVICES (CONTINUED)	10 669	11 429	968	2 138	9 524	(7 386)	-78%	11 429	
Total Capital single-year expenditure	67 745	209 515	10 078	56 740	174 596	(117 856)	-68%	209 515	
Total Capital Expenditure	**67 745**	**209 515**	**10 078**	**56 740**	**174 596**	**(117 856)**	**-68%**	**209 515**	
Capital Expenditure - Functional Classification									
Governance and administration	**5 346**	**10 184**	**(301)**	**2 352**	**8 487**	(6 135)	-72%	**10 184**	1000
Executive and council	985	2 590	–	–	2 158	(2 158)	-100%	2 590	1100
Finance and administration	4 361	7 594	(301)	2 352	6 328	(3 977)	-63%	7 594	1200
Internal audit	–	–	–	–	–	–		–	1300
Community and public safety	**7 368**	**10 203**	**182**	**3 170**	**8 503**	(5 333)	-63%	**10 203**	2000
Community and social services	679	199	154	2 093	166	1 927	1164%	199	2100
Sport and recreation	5 489	4 789	–	58	3 991	(3 933)	-99%	4 789	2200
Public safety	200	4 215	28	1 019	3 513	(2 494)	-71%	4 215	2300
Housing	1 000	1 000	–	–	833	(833)	-100%	1 000	2400
Health	–	–	–	–	–	–		–	2500
Economic and environmental services	**6 159**	**5 739**	**1 327**	**2 262**	**4 782**	(2 520)	-53%	**5 739**	3000
Planning and development	3 509	3 113	–	85	2 594	(2 509)	-97%	3 113	3100
Road transport	2 650	2 626	458	1 308	2 188	(880)	-40%	2 626	3200
Environmental protection	–	–	869	869	–	869	#DIV/0!	–	3300
Trading services	**48 872**	**183 324**	**8 863**	**48 704**	**152 770**	(104 066)	-68%	**183 324**	4000
Energy sources	12 905	13 885	3 685	6 456	11 570	(5 114)	-44%	13 885	4100
Water management	1 715	135 628	2 629	22 621	113 023	(90 402)	-80%	135 628	4200
Waste water management	28 977	29 077	2 549	19 627	24 231	(4 604)	-19%	29 077	4300
Waste management	5 275	4 734	–	–	3 945	(3 945)	-100%	4 734	4400
Other	–	65	5	253	54	198	366%	65	5000
Total Capital Expenditure - Functional Classification	**67 745**	**209 515**	**10 078**	**56 740**	**174 596**	**(117 856)**	**-68%**	**209 515**	
Funded by:									2000
National Government	34 682	169 485	8 626	42 647	139 024	(96 377)	-69%	166 829	2010
Provincial Government	–				54	(54)	-100%	65	2020
District Municipality	–				1 638	(1 638)	-100%	1 965	2030
Other transfers and grants	–				–	–		–	2040
Transfers recognised - capital	**34 682**	**168 859**	**8 626**	**42 647**	**140 716**	**(98 069)**	**-70%**	**168 859**	2050
Public contributions & donations	–	–			–	–		–	2060
Borrowing	–	–			–	–		–	2070
Internally generated funds	33 063	40 030	1 453	14 094	33 880	(19 787)	-58%	40 656	2080
Total Capital Funding	**67 745**	**209 515**	**10 078**	**56 740**	**174 596**	**(117 856)**	**-68%**	**209 515**	2090

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 – M10 April 2019

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		–	5 356	8 471	5 716	5 356
Call investment deposits		–	48 205	76 236	285 551	48 205
Consumer debtors		–	42 559	42 382	46 656	42 559
Other debtors		–	31 184	30 863	11 322	31 184
Current portion of long-term receivables		–	3	3	3	3
Inventory		–	4 513	6 666	6 666	4 513
Total current assets		–	131 820	164 621	355 914	131 820
Non current assets						
Long-term receivables		–	65	16		65
Investments		–		–		–
Investment property		–	285 199	284 612	283 612	285 199
Investments in Associate		–		–		–
Property, plant and equipment		–	2 157 628	2 189 943	1 982 603	2 157 628
Agricultural		–		–		–
Biological assets		–		–		–
Intangible assets		–	62	302	302	62
Other non-current assets		–		–	16	–
Total non current assets		–	2 442 954	2 474 873	2 266 533	2 442 954
TOTAL ASSETS		–	2 574 775	2 639 494	2 622 447	2 574 775
LIABILITIES						
Current liabilities						
Bank overdraft		–		–	–	–
Borrowing		–	13 247	8 944	8 944	13 247
Consumer deposits		–	10 479	15 241	15 241	10 479
Trade and other payables		–	87 054	126 511	224 551	87 054
Provisions		–	23 097	24 505	24 505	23 097
Total current liabilities		–	133 877	175 201	273 240	133 877
Non current liabilities						
Borrowing		–	23 112	23 600	23 600	23 112
Provisions		–	160 132	161 981	161 981	160 132
Total non current liabilities		–	183 244	185 581	185 581	183 244
TOTAL LIABILITIES		–	317 122	360 782	458 821	317 122
NET ASSETS	2	–	2 257 653	2 278 712	2 163 625	2 257 653
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		–	2 257 653	2 278 712	2 163 625	2 257 653
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	2 257 653	2 278 712	2 163 625	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 – M10 April 2019

Description	Ref	2017/18	Budget Year 2018/19							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	164 393	173 628	10 629	155 090	144 690	10 400	7%	173 628
Service charges		–	372 090	385 707	27 251	347 389	321 423	25 967	8%	385 707
Other revenue		–	30 689	27 317	10 246	49 394	22 764	26 630	117%	27 317
Government - operating		–	123 618	121 753	–	157 820	101 461	56 359	56%	121 753
Government - capital		–	39 827	193 020	–	155 984	160 850	(4 866)	-3%	193 020
Interest		–	21 498	15 678	2 420	16 134	13 065	3 069	23%	15 678
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(674 270)	(705 232)	(52 248)	(573 198)	(587 693)	(14 495)	2%	(705 232)
Finance charges		–	(3 021)	(3 021)	(245)	(2 430)	(2 517)	(87)	3%	(3 021)
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	74 823	208 851	(1 947)	306 185	174 042	(132 142)	-76%	208 851
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)	(209 515)	(11 590)	(103 162)	(174 596)	(71 434)	41%	(209 515)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(67 745)	(209 515)	(11 590)	(103 162)	(174 596)	(71 434)	41%	(209 515)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	(13 247)	(8 944)	(605)	(6 070)	(7 453)	(1 383)	19%	(8 944)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(13 247)	(8 944)	(605)	(6 070)	(7 453)	(1 383)	19%	(8 944)
NET INCREASE/ (DECREASE) IN CASH HELD		–	(6 169)	(9 608)	(14 142)	196 952	(8 007)			(9 608)
Cash/cash equivalents at beginning:		–	59 729	94 315		94 315	94 315			94 315
Cash/cash equivalents at month/year end:		–	53 561	84 707		291 267	86 308			84 707

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 April 2019.

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

Description	Budget Year 2017/18								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
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 April 2019

Description	Budget Year 2018/19								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	8 862	2 046	1 674	1 400	1 275	1 305	7 605	21 271	45 438
Trade and Other Receivables from Exchange Transactions - Electricity	16 305	1 230	631	465	338	240	2 059	5 582	26 851
Receivables from Non-exchange Transactions - Property Rates	7 965	629	452	370	346	279	7 257	17 009	34 308
Receivables from Exchange Transactions - Waste Water Management	4 850	949	737	641	623	574	3 269	9 118	20 762
Receivables from Exchange Transactions - Waste Management	4 200	1 034	925	885	855	819	4 270	12 690	25 678
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	107	89	106	120	141	165	1 605	18 696	21 030
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(11 370)	462	485	364	324	270	2 992	8 092	1 621
Total By Income Source	30 920	6 440	5 011	4 246	3 903	3 654	29 057	92 459	175 689
Debtors Age Analysis By Customer Group									
Organs of State	845	244	265	179	109	28	1 884	1 908	5 462
Commercial	6 331	285	189	103	93	85	577	2 551	10 214
Households	23 743	5 910	4 557	3 964	3 702	3 541	26 596	87 999	160 013
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	30 920	6 440	5 011	4 246	3 903	3 654	29 057	92 459	175 689

The aforementioned analysis indicates that from 30 June 2018 to 30 April 2019, the overdue debts have increased from R 125,064 million to R 144,769 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	30-Jun-18	30-Apr-19	Difference
Trade and Other Receivables from Exchange Transactions - Water	29 432	36 576	7 145
Trade and Other Receivables from Exchange Transactions - Electricity	10 819	10 545	(273)
Receivables from Non-exchange Transactions - Property Rates	25 500	26 343	844
Receivables from Exchange Transactions - Waste Water Management	13 015	15 912	2 897
Receivables from Exchange Transactions - Waste Management	16 704	21 478	4 775
Receivables from Exchange Transactions - Property Rental Debtors	1	1	–
Interest on Arrear Debtor Accounts	18 860	20 923	2 063
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 736	12 990	2 255
Total By Income Source	**125 064**	**144 769**	**19 704**
	–	–	–
Debtors Age Analysis By Customer Group	–	–	–
Organs of State	3 128	4 617	1 489
Commercial	5 137	3 883	(1 255)
Households	116 799	136 269	19 470
Other	–	–	–
Total By Customer Group	**125 064**	**144 769**	**19 704**

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	16 690								16 690
Bulk Water	2	421	410	409	411	410	3 006	54 341	59 410
PAYE deductions	3 335								3 335
VAT (output less input)									-
Pensions / Retirement deductions	3 362								3 362
Loan repayments									-
Trade Creditors	3 810	93	1	15	-	2	-	-	3 922
Auditor General									-
Other									-
Total By Customer Type	27 199	515	411	424	411	411	3 006	54 341	86 719

The above amounts represent invoices still to be paid. The major creditors as at 30 April 2019 are as follows:

Eskom	R 16,690 million
NMBM (Bulk water)	R 59,410 million
Other Creditors	R 10,619 million
TOTAL	**R 86,719 million**

It is to be noted that the Eskom amount of R 16,690 million, represents the current account for April 2019, which will be fully paid on 20 May 2019.

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

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

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 30 April 2019.

	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 30 April 2019
Standard Bank	18 653 721	-	1 023 388	-	-	19 677 108
ABSA	25 806 825	-	1 414 513	-	288	27 221 050
Nedbank	19 520 160	-	1 079 596	-	-	20 599 756
RMB	5 885 309	215 840 535	2 452 431	27 447 897	-	196 730 378
INVESTEC	20 188 841	-	1 134 234	-	-	21 323 075
Total	**90 054 856**	**215 840 535**	**7 104 161**	**(27 447 897)**	**(288)**	**285 551 367**
	Balance as at 30 June 2018	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 30 April 2019**
General Account	85 725 571	25 252 052	5 367 541	7 000 000	288	109 344 876
Conditional Grants	1 359 363	190 588 483	1 652 004	17 400 452	-	176 199 398
Housing Funds	2 969 923	-	84 616	3 047 445	-	7 094
Total	**90 054 856**	**215 840 535**	**7 104 161**	**(27 447 897)**	**(288)**	**285 551 367**
Bank	4 259 847	1 455 976				5 715 823
Total	**94 314 704**	**217 296 511**	**7 104 161**	**(27 447 897)**	**(288)**	**291 267 191**

The increase in the investment portfolio since 30 June 2018 amounts to R 196,952,487. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 5,715,823
Short-term Investment Deposits	R 285,551,367
	R 291,267,190

Application of Cash

Unspent Conditional Grants	147,571,959
Internally Generated Funds	25,936,461
Outstanding Creditors Liability	86,718,548
	260,226,968
Reserves in excess of Commitments	**R 31,040,222**

The cash backed reserves exceed the commitments at this stage by an amount of R 31,040,222. It should be noted that the excess of reserves over commitments as at 30 April 2019, is mainly due to an amount of R 28,288 million in respect of the Equitable share allocation received on 18 March 2019, but not yet fully spent.

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M10 April 2019

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**	**117 493**	**–**	**117 493**	**97 911**	**19 582**	**20,0%**	**117 493**
Local Government Equitable Share	113 151	113 151	–	113 151	94 293	18 859	20,0%	113 151
Finance Management	1 770	1 770	–	1 770	1 475	295		1 770
MIG - Administration Fees	1 559	1 559	–	1 559	1 299	260		1 559
EPWP Incentive	1 013	1 013	–	1 013	844	169	20,0%	1 013
Provincial Government:	**2 050**	**2 050**	**–**	**3 693**	**1 708**	**1 984**	**116,2%**	**2 050**
Housing	–	–	–	1 643	–	1 643	#DIV/0!	–
Sport and Recreation	2 050	2 050	–	2 050	1 708	342	20,0%	2 050
District Municipality:	**2 210**	**2 298**	**–**	**1 853**	**1 915**	**(62)**	**-3,2%**	**2 298**
Local Economic Development	**445**	**445**	–		**371**	(371)	-100,0%	**445**
Environmental Health Subsidy	1 765	**1 853**	–	1 853	1 544	309	20,0%	1 853
Other grant providers:	**1 865**	**1 865**	**–**	**983**	**1 554**	**(571)**	**-36,8%**	**1 865**
Fire Subsidy	**1 865**	**1 865**	–	**983**	**1 554**	(571)		**1 865**
Total Operating Transfers and Grants	**123 618**	**123 707**	**–**	**124 022**	**103 089**	**20 933**	**20,3%**	**123 707**
Capital Transfers and Grants								
National Government:	**39 827**	**191 055**	**–**	**191 055**	**159 212**	**31 842**	**20,0%**	**191 055**
Municipal Infrastructure Grant (MIG)	29 627	29 627	–	29 627	24 689	4 938	20,0%	29 627
Water Infrastructure Grant		151 228	–	151 228	126 023	25 205		151 228
Intergrated National Electrification Programme	10 200	10 200	–	10 200	8 500	1 700	20,0%	10 200
Total Capital Transfers and Grants	**39 827**	**191 055**	**–**	**191 055**	**159 212**	**31 842**	**20,0%**	**191 055**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	163 445	314 761	–	315 077	262 301	52 776	20,1%	314 761

Below is an analysis of the spending associated with the grants as at 30 April 2019:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M10 April 2019

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	117 493	5 168	64 551	97 911	(33 360)	-34,1%	117 493
Local Government Equitable Share	113 151	113 151	4 955	45 363	94 293	(48 929)	-51,9%	113 151
Finance Management	1 770	1 770	72	17 009	1 475	15 534	1053,1%	1 770
MIG - Administration Fees	1 559	1 559	142	1 165	1 299	(134)	-10,3%	1 559
EPWP Incentive	1 013	1 013		1 013	844	169	20,0%	1 013
Provincial Government:	2 050	2 050	–	–	1 708	(1 708)	-100,0%	2 050
Sport and Recreation	2 050	2 050	–	–	1 708	(1 708)	-100,0%	2 050
District Municipality:	2 210	2 298	–	–	1 915	(1 915)	-100,0%	2 298
Local Economic Development	445	445	–	–	371	(371)	-100,0%	445
Environmental Health Subsidy	1 765	1 853			1 544	(1 544)	-100,0%	1 853
Other grant providers:	1 865	1 865	–	–	1 554	(1 554)	-100,0%	1 865
Fire Subsidy	1 865	1 865			1 554	(1 554)		1 865
Total operating expenditure of Transfers and Gr	123 618	123 707	5 168	64 551	103 089	(38 538)	-37,4%	123 707
Capital expenditure of Transfers and Grants								
National Government:	39 827	191 055	5 701	44 283	159 212	(114 929)	-72,2%	191 055
Municipal Infrastructure Grant (MIG)	29 627	29 627	2 692	22 139	24 689	(2 550)	-10,3%	29 627
Water Infrastructure Grant		151 228	3 009	21 684	126 023	(104 339)		151 228
Intergrated National Electrification Programme	10 200	10 200	–	460	8 500	(8 040)	-94,6%	10 200
Total capital expenditure of Transfers and Gran	39 827	191 055	5 701	44 283	159 212	(114 929)	-72,2%	191 055
TOTAL EXPENDITURE OF TRANSFERS AND GR	163 445	314 761	10 869	108 834	262 301	(153 467)	-58,5%	314 761

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 1,363,499
Unspent as at 30 April 2019:	R 406,501

The spending of the grant amounted to 77,03% as at 30 April 2019, compared to the amount of the grant received.

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

DORA Allocation:	R 1,013,000
Amount of Grant Received:	R 1,013,000
Expenditure to date:	R 1,013,000
Overspent as at 30 April 2019:	R 0

The spending of the grant amounted to 100% as at 30 April 2019, compared to the amount of the grant received.

DORA Capital Grants

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

DORA Allocation:	R 31,186,000
Amount of Grant Received:	R 31,186,000
Expenditure to date:	R 23,303,940
Unspent as at 30 April 2019:	R 7,882,060

The spending of the grant amounted to 74,73% as at 30 April 2019, compared to the amount of the grant received.

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

DORA Allocation:	R 10,200,000
Amount of Grant Received:	R 10,200,000
Expenditure to date:	R 460,140
Unspent as at 30 April 2019:	R 9,739,860

The spending of the grant amounted to 4,51% as at 30 April 2019, compared to the amount of the grant received.

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

DORA Allocation:	R 151,228,000
Amount of Grant Received:	R 151,228,000
Expenditure to date:	R 21,684,462
Unspent as at 30 April 2019:	R 129,543,538

The spending of the grant amounted to 14,34% as at 30 April 2019, compared to the amount of the grant received

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M10 April 2019

Summary of Employee and Councillor remuneration	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
	B	C						D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	9 232	8 247	700	6 814	6 873	(58)	-1%	8 247
Motor Vehicle Allowance	2 747	2 708	233	2 271	2 256	15	1%	2 708
Cellphone Allowance	805	1 288	107	1 072	1 073	(1)	0%	1 288
Sub Total - Councillors	**12 784**	**12 243**	**1 041**	**10 158**	**10 202**	**(45)**	**0%**	**12 243**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 434	6 975	458	4 417	5 812	(1 395)	-24%	6 975
Pension and UIF Contributions		9	1	7	8	(0)	-6%	9
Performance Bonus		158	–	–	132	(132)	-100%	158
Motor Vehicle Allowance		757	55	548	631	(83)	-13%	757
Cellphone Allowance		7	1	6	6	0	3%	7
Other benefits and allowances	2 956	39	6	39	32	7	20%	39
Payments in lieu of leave		3	–	1	3	(2)	-78%	3
Sub Total - Senior Managers of Municipality	**7 389**	**7 948**	**520**	**5 018**	**6 623**	**(1 605)**	**-24%**	**7 948**
Other Municipal Staff								
Basic Salaries and Wages	161 389	161 691	14 284	133 309	134 743	(1 434)	-1%	161 691
Pension and UIF Contributions	27 035	28 152	2 285	22 887	23 460	(573)	-2%	28 152
Medical Aid Contributions	16 559	14 279	1 226	11 985	11 900	85	1%	14 279
Overtime	11 345	27 829	2 831	24 186	23 191	995	4%	27 829
Performance Bonus	16 117	–	–	–	–	–		–
Motor Vehicle Allowance	8 701	8 085	633	6 075	6 738	(663)	-10%	8 085
Cellphone Allowance		1	–	1	0	0	20%	1
Housing Allowances	2 516	930	57	819	775	44	6%	930
Other benefits and allowances	20 864	20 704	675	19 149	17 254	1 895	11%	20 704
Payments in lieu of leave		1 481	–	1 257	1 234	23	2%	1 481
Long service awards	888	1 571	27	775	1 309	(535)	-41%	1 571
Sub Total - Other Municipal Staff	**265 413**	**264 725**	**22 019**	**220 441**	**220 604**	**(162)**	**0%**	**264 725**
Total Parent Municipality	**285 586**	**284 915**	**23 580**	**235 617**	**237 429**	**(1 812)**	**-1%**	**284 915**
TOTAL SALARY, ALLOWANCES & BENEFITS	**285 586**	**284 915**	**23 580**	**235 617**	**237 429**	**(1 812)**	**-1%**	**284 915**
TOTAL MANAGERS AND STAFF	**272 802**	**272 673**	**22 539**	**225 459**	**227 227**	**(1 768)**	**-1%**	**272 673**

6. Key performance indicators

The table below reflects the key performance indicators as per the 2018/19 Adjustments 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**	**Adjustments Budget 2018/19**	**Actuals as at 30 April 2019**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.50%	3.67%	2.51%	1.77%	1.46%	1,37%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.04	0.03	0.02	0.06	0.05
Liquidity							
Current Ratio	Current assets / current liabilities	0.72	0.85	0.97	1.11	0.94	1.30
Liquidity Ratio	Monetary assets / current liabilities	0.22	0.40	0.47	0.52	0.48	1.07
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	98.91%	97.60%	95.81%	90.73%	94%	97,13%

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	Adjustments Budget 2018/19	Actuals as at 30 April 2019
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.82	1.60	1.62	1.72	1.44	2.60
Employee Costs	Employee Costs / Total Operating Expenditure	35.70%	35.62%	33.39%	32.99%	33.26%	36,09%
Capital Expenditure	Capital Expenditure / Capital Budget	241.30%	81.97%	72.92%	72.98%	95%	27,08%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.46%	4.61%	4.94%	3.79%	5.86%	6,77%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.06%	1.17%	1.65%	1.42%	1.72%	0,21%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	69.55%	74.74%	78.69%	80.57%	83.98%	82,46%

The above table is discussed in details below.

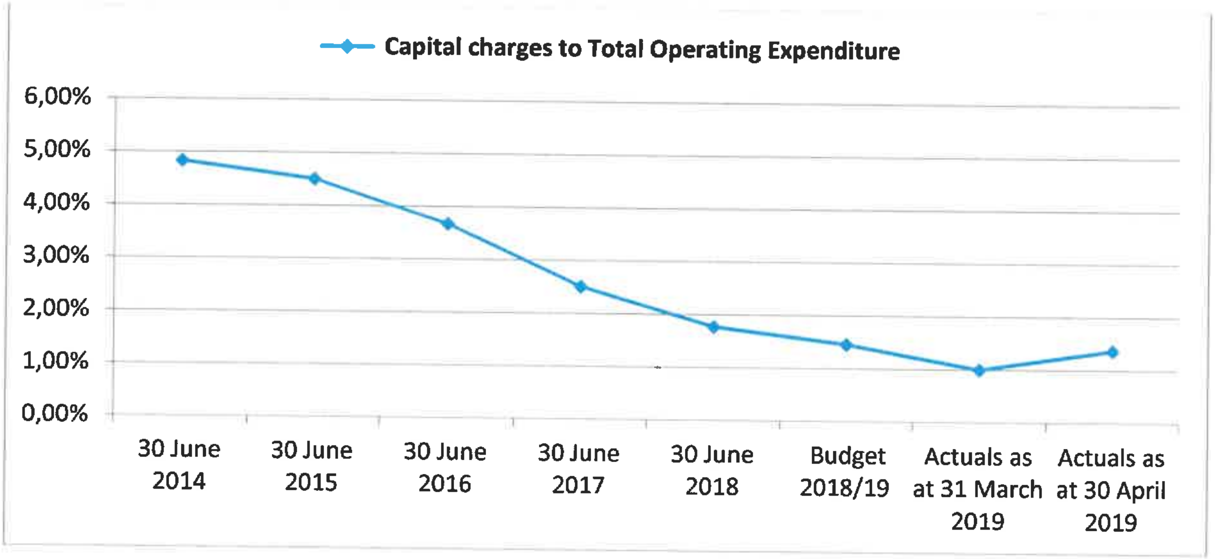
5.1. Borrowing Management

5.1.1. Capital charges to Operating Expenditure

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

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.37% of the Total Operating Expenditure was utilised for capital charges as at 30 April 2019, compared to the budgeted ratio of 1.46%.



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.

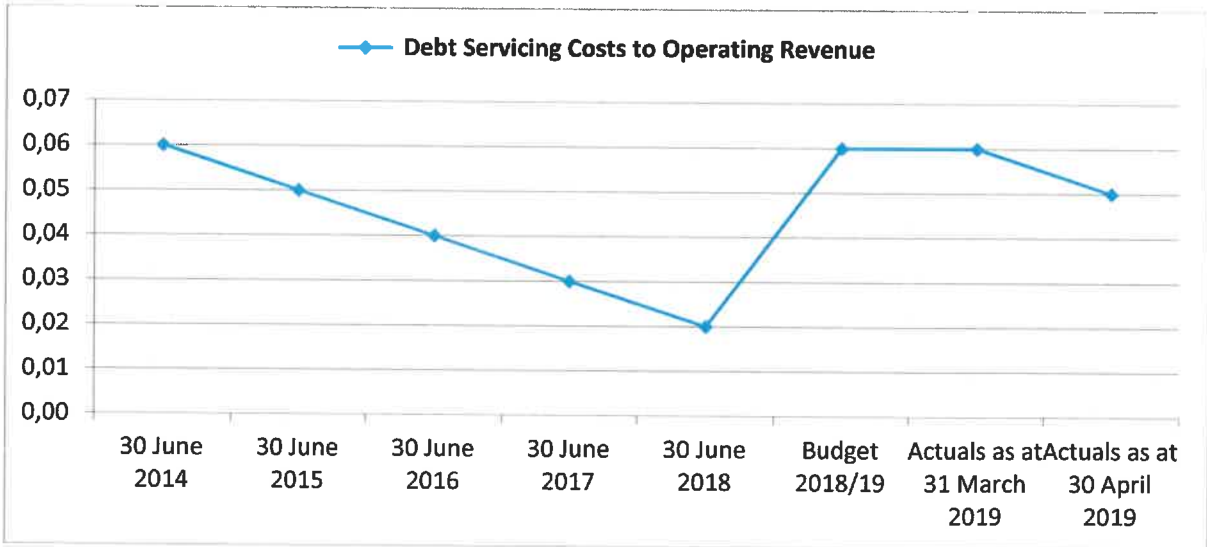
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 April 2019, the ratio was 0.05:1, compared to the budgeted ratio of 0.06:1.



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:

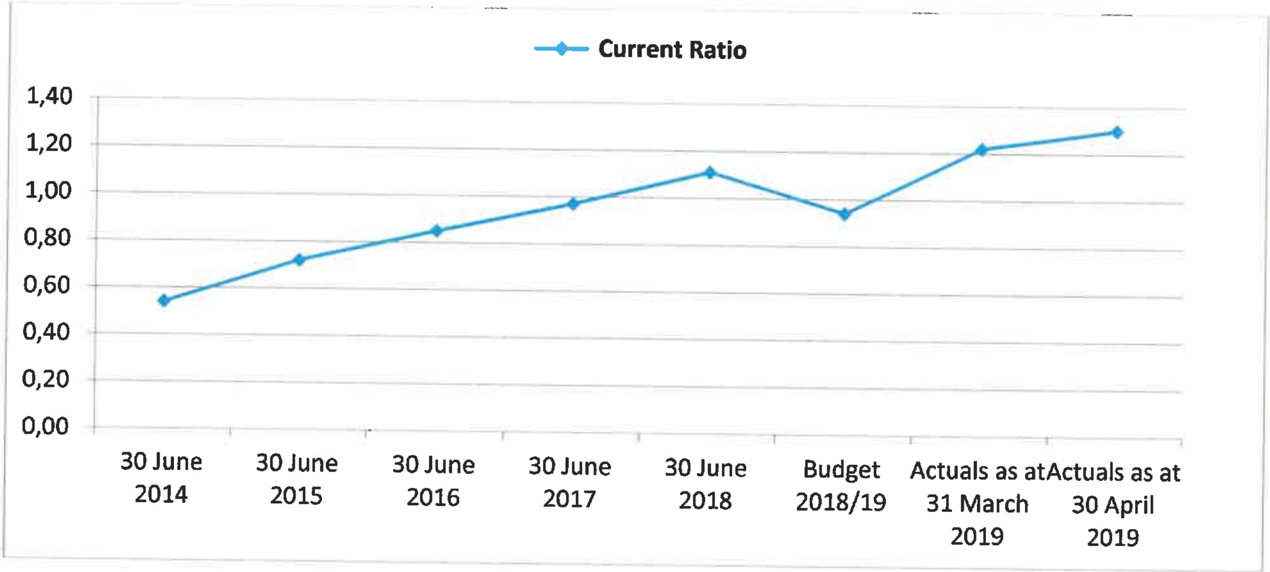
Current assets/Current liabilities

The ratio as at 30 April 2019 was 1.30:1, compared to the budgeted ratio of 0.94:1.

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

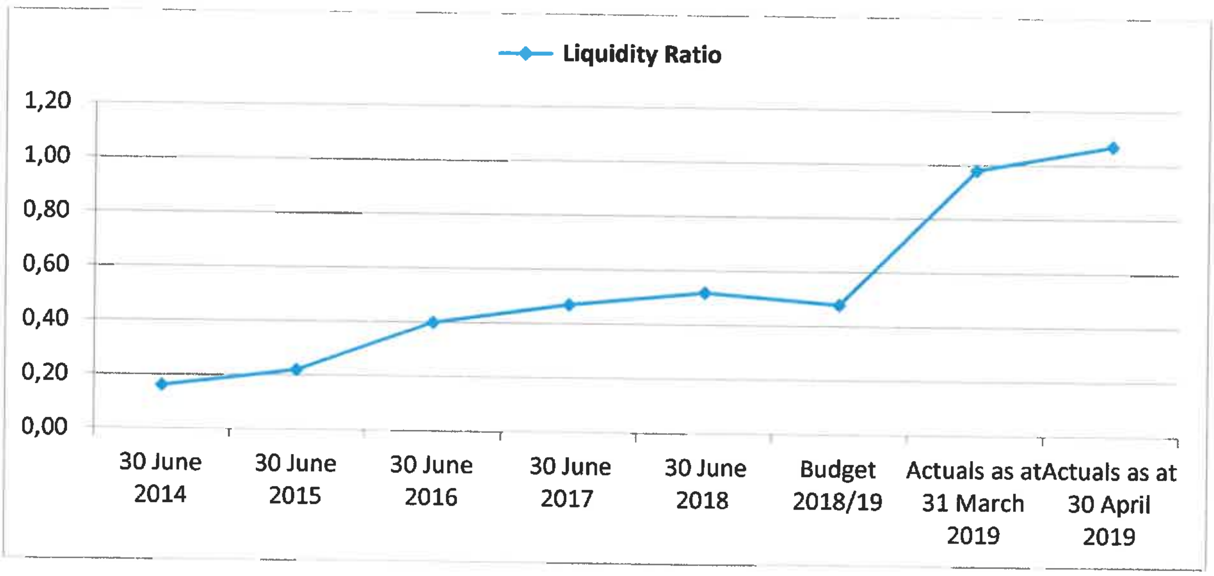
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 April 2019 was 1.07:1, compared to the budgeted ratio of 0.48:1.

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

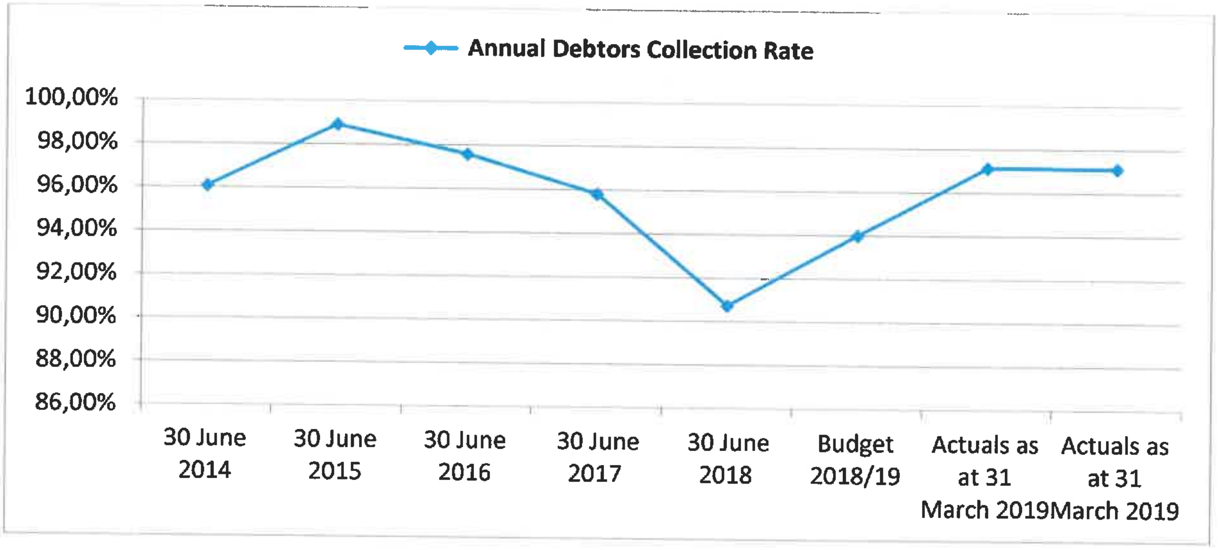
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 April 2019 was 97,13%, compared to the budgeted collection rate of 94%. 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.

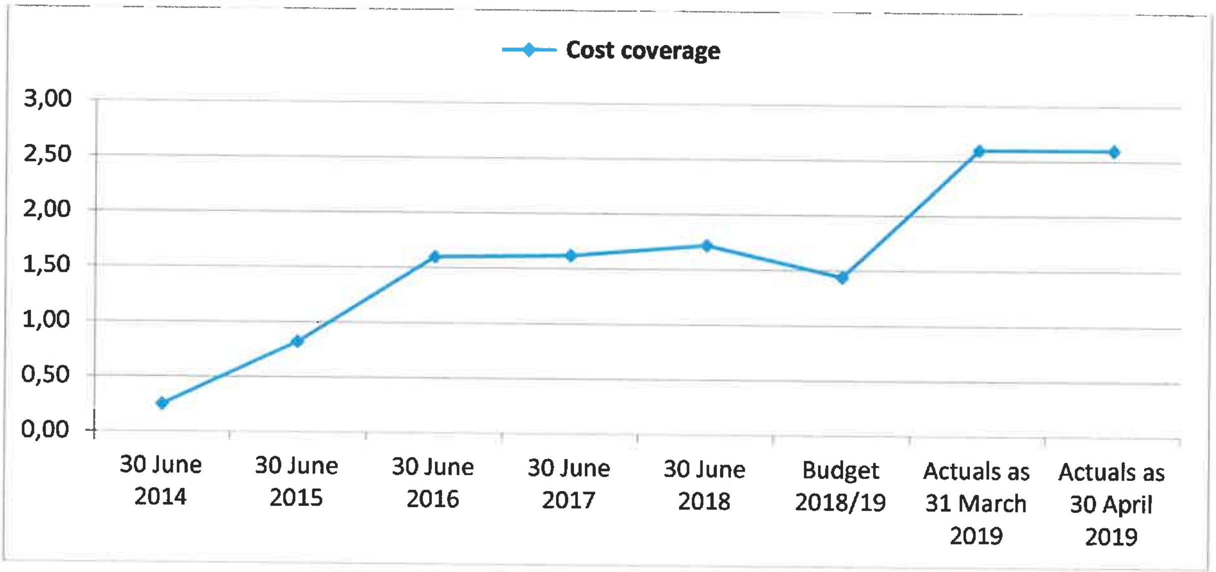
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 April 2019, the Ratio was 2.60 months, compared to the budgeted ratio of 1.44 months.

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



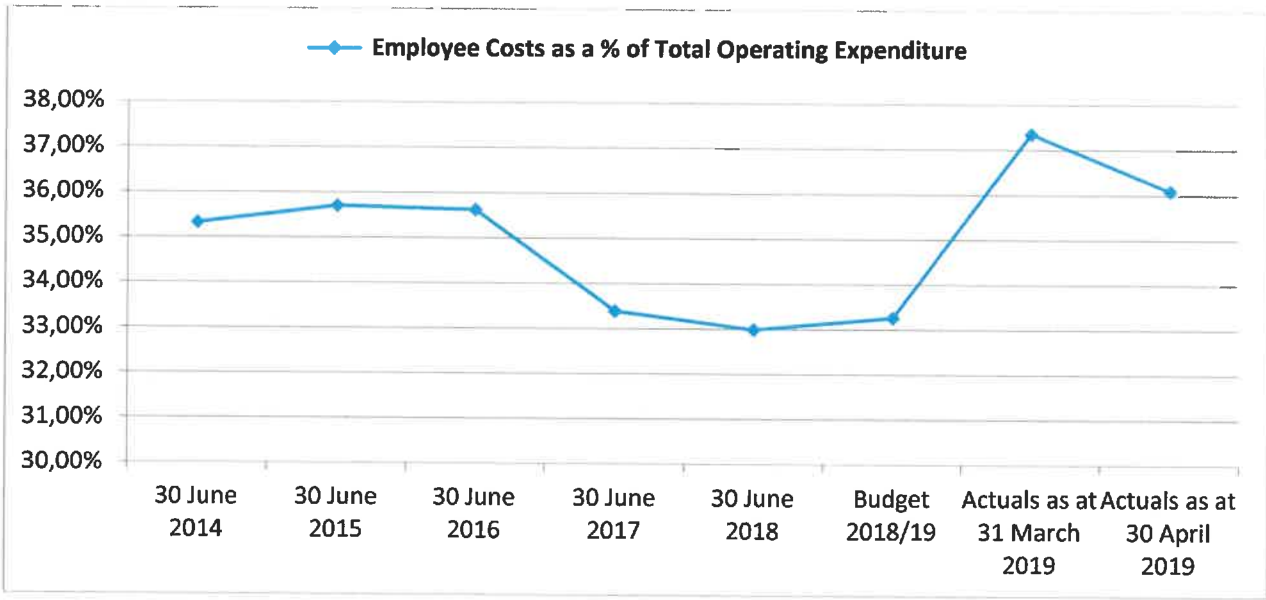
5.4.2. Employee costs as a % of Total Operating Expenditure

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 April 2019, Employee Related Costs constituted 36.09% of the Total Operating Expenditure, compared to the budgeted ratio of 33.26%.



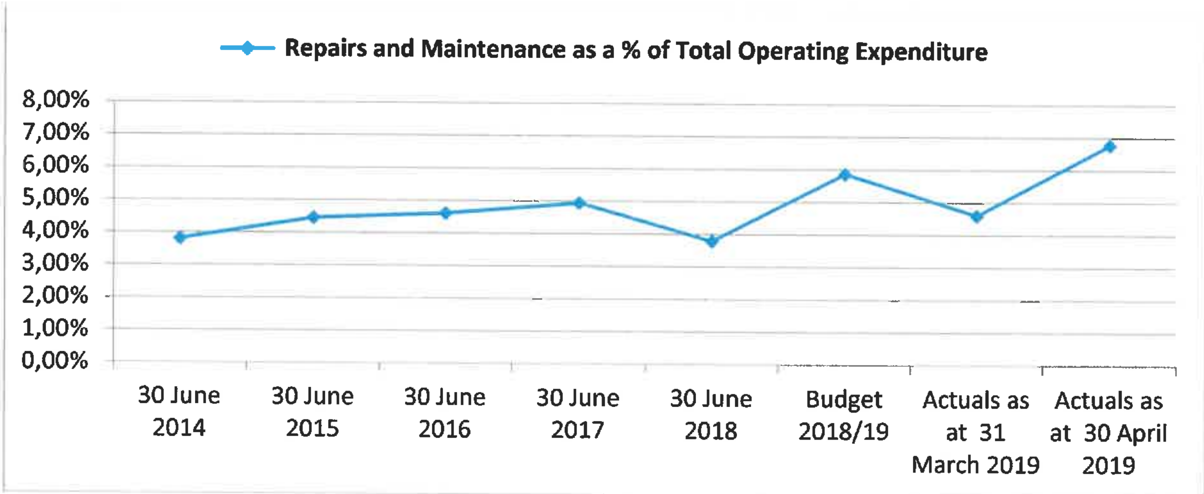
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 April 2019, the ratio was 6,77%, compared to the budgeted ratio of 5.86%.



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

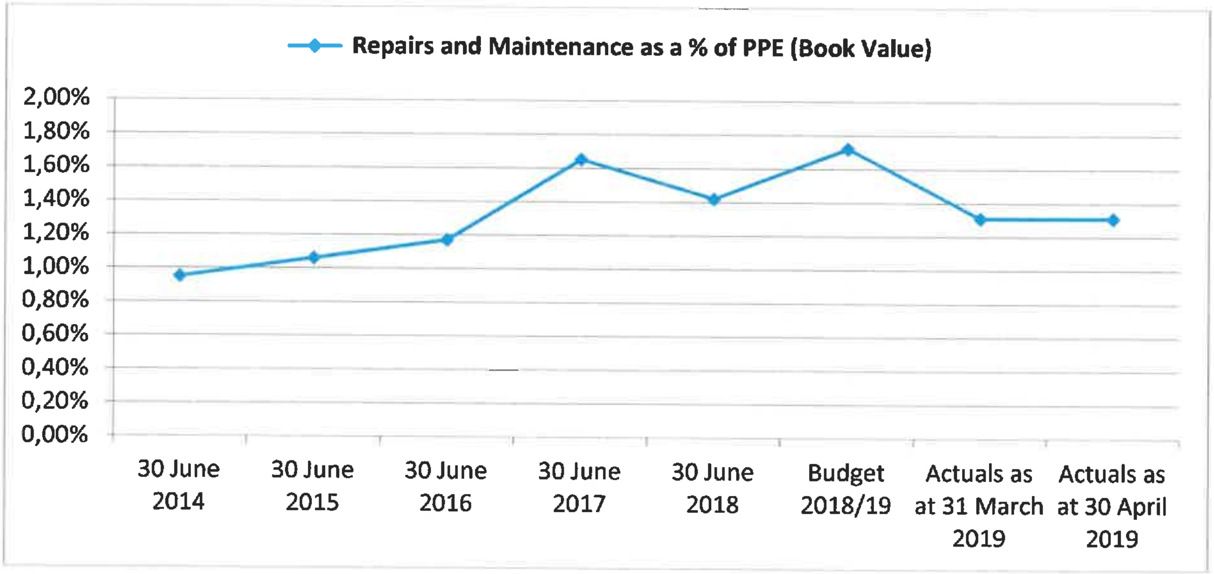
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 April 2019, repairs and maintenance expenditure constituted 0.21% 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%.



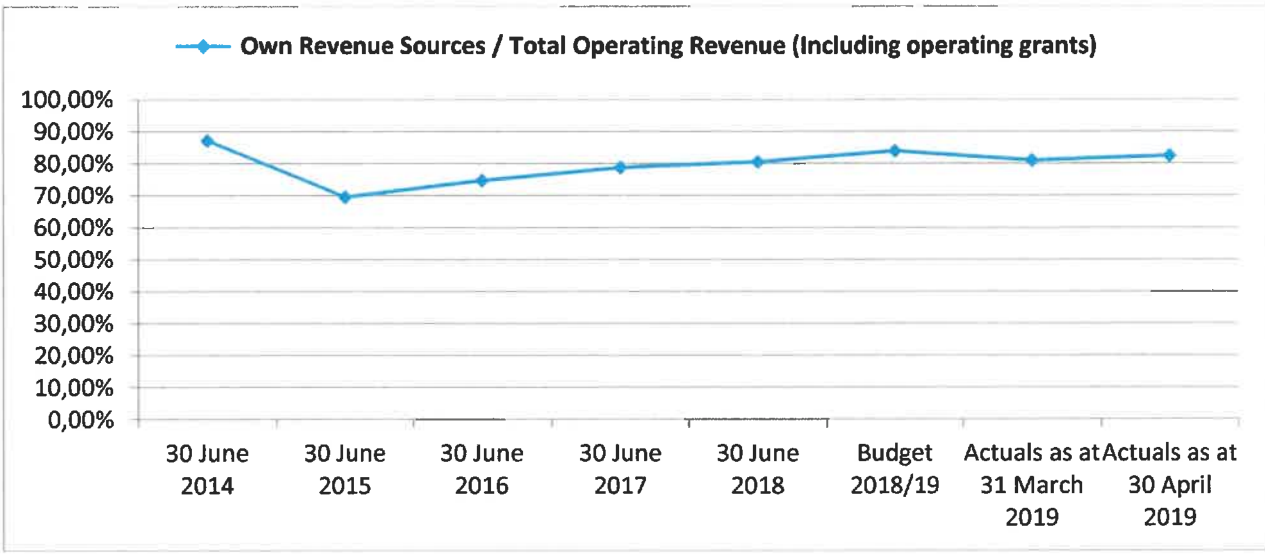
5.4.5. Own Revenue Generation

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 April 2019, the Municipality's own revenue sources constituted 82.46% of its total Operating Income, compared to the budgeted ratio of 83.98%.



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 April 2019 amounted to 27.08% compared to the budgeted ratio of 95%.