KOUGA MUNICIPALITY (EC108)

PORTFOLIO COMMITTEE MEETING

FINANCE

MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2018 TO NOVEMBER 2018 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 NOVEMBER 2018 (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 November 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 361,758 million, whilst operating expenditure amounted to R 300,816 million, resulting in an operating surplus of R 60,942 million.
- Capital expenditure constituted 28,63% of the 2018/19 Adjusted Capital Budget.
- Overdue consumer debts increased by R 26,464 million (21,16%) since June 2018.
- An amount of R 84,887 million is owing to creditors, of which R 28,490 million (33,56%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.

- The municipality's investment portfolio has increased by R 33,321,906 (35,33%) since June 2018, from R 94,314,704 to R 127,636,610.

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 November 2017	Actuals as at 30 November 2018	Approved Budget 2018/19
Current Ratio	0.85:1	0.97:1	1.11:1	1.08:1	1.60:1	0.98:1
Liquidity Ratio	0.40:1	0.47:1	0.52:1	0.72:1	0.89:1	0.40:1
Cost Coverage (Excluding unspent conditional grants)	1.60 months	1.62 months	1.72 months	2.14 months	2.07 months	0.95 months
Debtors Collection Rate	97.60%	95.81%	90.73%	83.39%	92.03%	94%

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 November 2018:

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

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

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

5. RECOMMENDATION

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

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

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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 November 2018.

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 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 13/12/2018

Annexure "A1"

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

Below is an analysis of the operating revenue and expenditure performance

Description	Budget Year 2018/19		
	Approved Budget	Actuals as at 30 November 2018	%
R thousands			
Revenue By Source			
Property rates	176 766	111 600	63.13%
Service charges - electricity revenue	247 165	104 512	42.28%
Service charges - water revenue	67 702	31 316	46.26%
Service charges - sanitation revenue	41 658	19 310	46.35%
Service charges - refuse revenue	43 571	22 998	52.78%
Rental of facilities and equipment	1 881	226	12.03%
Interest earned - external investments	7 561	3 571	47.23%
Interest earned - outstanding debtors	14 986	3 190	21.29%
Fines, penalties and forfeits	4 230	2 643	62.48%
Licences and permits	16 661	8 219	49.33%
Transfers and subsidies	123 618	50 727	41.04%
Other revenue	7 917	3 446	43.53%
Total Revenue (excluding capital transfers and contributions)	**753 717**	**361 758**	**48.00%**
Expenditure By Type			
Employee related costs	272 802	114 912	42.12%
Remuneration of councillors	12 784	4 883	38.20%
Debt impairment	41 429	1	0.00%
Depreciation & asset impairment	75 357	30 655	40.68%
Finance charges	3 021	2 076	68.74%
Bulk purchases - Electricity	200 945	79 213	39.42%
Bulk purchases - Water	40 530	13 204	32.58%
Other materials	28 458	11 155	39.20%
Contracted services	45 111	14 789	32.78%
Other expenditure	76 346	29 927	39.20%
Total Expenditure	**796 785**	**300 816**	**37.75%**
Surplus/(Deficit)	**(43 068)**	**60 942**	

The statement of financial performance indicates a surplus of R 60,942 million.

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

Revenue Variations

Property Rates

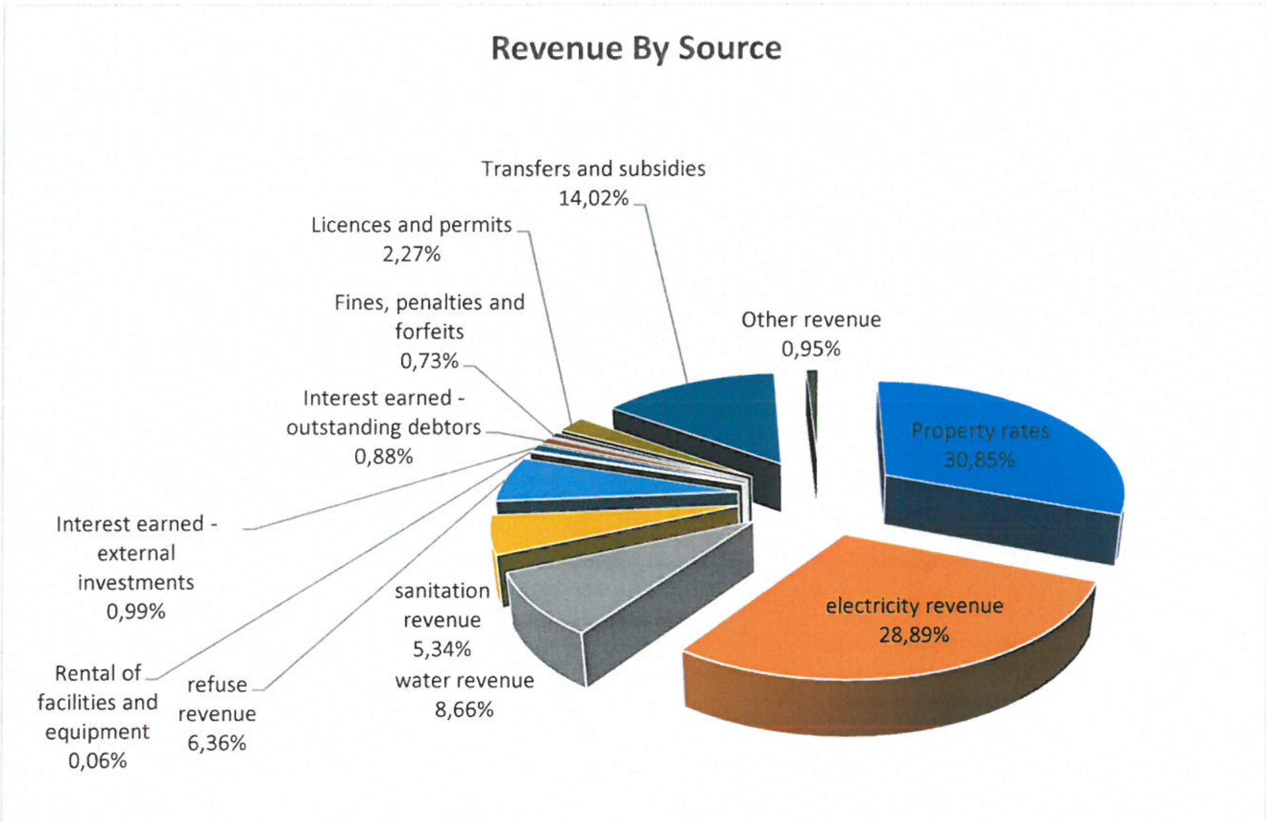
As at 30 November 2018, the Municipality has recognised 63,13% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2018, amounting to R 79,540 million.

Rental of Facilities and Equipment

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

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 30 November 2018 amounted to R 151,528 million.



Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Finance Charges

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

Contracted Services

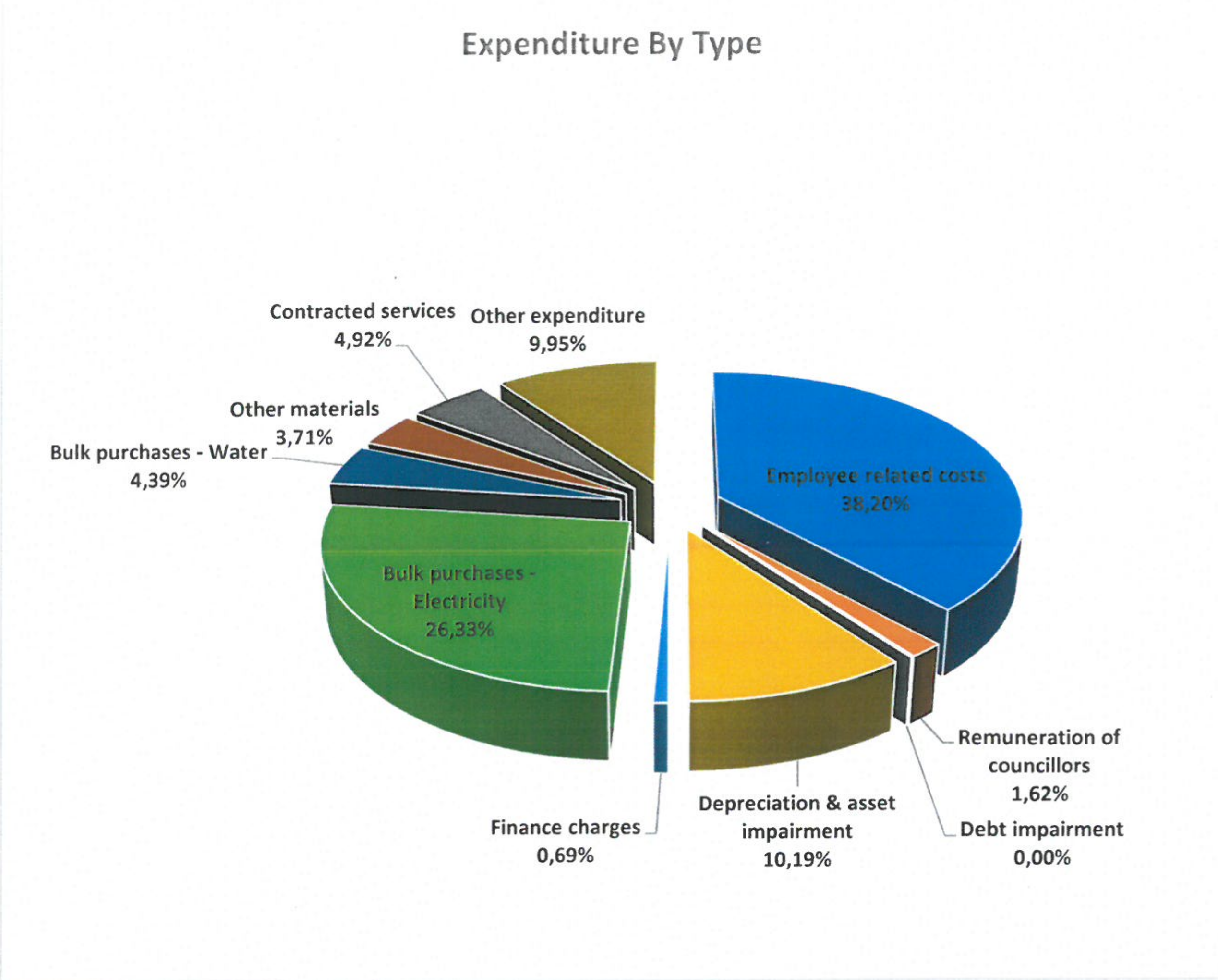
Contracted services mostly relate to outsourced work, in relation to the maintenance of municipal infrastructure assets and includes consultation fees. This is largely influenced by the low spending on the repairs and maintenance budget.

Item Description	Approved Budget 2018/19	Actuals as at 30 November 2018	%
Consultants and Professional Services	11 761 593	5 827 637	49.55%
Catering Services	580 000	103 574	17.86%
Drivers Licence Cards	800 000	243 083	30.39%
Employee Wellness	430 000	5 975	1.39%
Internal Auditors	1 800 000	-	0.00%
Laboratory Services	610 000	209 991	34.42%
Legal Cost	3 340 000	1 093 333	32.73%
Litter Picking and Street Cleaning	350 000	12 717	3.63%
Maintenance of Buildings and Facilities	1 991 393	1 516 100	76.13%
Maintenance of Machinery and Equipment	531 400	188 463	35.47%
Maintenance of Unspecified Assets e.g. Vehicles and Infrastructure Assets	17 911 000	4 287 719	23.94%
Medical Services [Medical Surveillance)	400 000	17 493	4.37%
Other Contracted Services	1 123 999	108 398	9.64%
Security Services	1 444 946	285 053	19.73%
Traffic Fines Management	1 500 000	843 638	56.24%
Transport Services	537 000	45 937	8.55%
Total	**45 111 331**	**14 789 111**	**32.78%**

Other Expenditure

Below find a breakdown of other expenditure

Item Description	Approved Budget 2018/19	Actuals as at 30 November 2018	%
Advertising, Publicity and Marketing	1 181 295	285 654	24.18%
Management Fee - Third Parties	4 308 855	1 275 209	29.60%
Printing, Publications and Books	1 227 046	292 450	23.83%
Travel and Subsistence	3 031 904	762 913	25.16%
Insurance Underwriting: Premiums	2 552 809	983 615	38.53%
Uniform and Protective Clothing	2 091 361	556 468	26.61%
Workmen's Compensation Fund	1 450 490	401 789	27.70%
Registration Fees: Training, Workshops and Seminars	2 424 663	156 959	6.47%
Rental of Office Building	3 300 000	1 348 619	40.87%
External Audit Fees	4 000 000	1 903 706	47.59%
Hire Charges - Rental of Machinery and Vehicles	13 657 875	3 974 784	29.10%
Communication: Cellular contracts	3 916 777	1 130 990	28.88%
Furniture and Office Equipment - Rental of Photo Copy Machines	10 495 374	5 325 885	50.75%
External Computer Service - Internet Charge	5 998 022	2 218 503	36.99%
Storage of Files (Archiving)	2 000 000	-	0.00%
Remuneration of Ward Committee Members	1 800 000	1 005 000	55.83%
Commission: Third Party Vendors	3 584 301	1 568 564	43.76%
Wards Operational Programme	890 000	135 398	15.21%
Bank Charges, Facility and Cards	640 363	506 785	79.14%
Licences	684 890	360 346	52.61%
Signage	590 000	41 503	7.03%
Other Expenditure	6 520 441	5 692 237	87.30%
Total	**76 346 466**	**29 927 378**	**39.20%**


Expenditure By Type
Contracted services
4,92%
Other expenditure
9,95%
Other materials
3,71%
Bulk purchases - Water
4,39%
Employee related costs
38,20%
Bulk purchases -
Electricity
26,33%
Remuneration of
councillors
1,62%
Finance charges
0,69%
Depreciation & asset
impairment
10,19%
Debt impairment
0,00%

Repairs and Maintenance

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

Item Description	Approved Budget 2018/19	Amended Budget 2018/19	Actuals as at 30 November 2018	% of Budget
Executive & Council				
Contracted Services:Maintenance of Vehicles	10 000	10 000	450	4.50%
	10 000	**10 000**	**450**	**4.50%**
Corporate Services				
Contracted Services:Maintenance of Buildings and Facilities	300 000	300 000	2 573	0.86%
Contracted Services:Maintenance of Vehicles	35 000	35 000	-	
	335 000	**335 000**	**2 573**	**0.77%**
Finance				
Contracted Services:Maintenance of Buildings and Facilities	370 000	391 200	29 930	7.65%
Expenditure:Contracted Services:Contractors:Maintenance of Vehicles	90 000	90 000	5 525	6.14%
Inventory Consumed:Materials and Supplies	165 000	165 000	700	
	625 000	**646 200**	**36 155**	**5.60%**
Community Services				
Contracted Services:Maintenance of Buildings and Facilities	870 000	1 935 000	1 324 381	68.44%
Contracted Services:Maintenance of Vehicles	3 443 000	4 923 000	1 952 072	39.65%
Contracted Services:Maintenance of Equipment	122 400	122 400	29 246	23.89%
Inventory Consumed:Materials and Supplies	1 049 625	1 109 625	731 060	65.88%
Operational Cost:Rental of Machinery and Equipment	2 000 000	2 000 000	168 000	
	7 485 025	**10 090 025**	**4 204 759**	**41.67%**
Planning, Development & Tourism				
Inventory Consumed:Materials and Supplies	50 000	50 000	34 361	68.72%
Contracted Services:Maintenance of Vehicles	20 000	20 000	1 728	8.64%
	70 000	**70 000**	**36 089**	**51.56%**
Infrastructure & Engineering				
Contracted Services:Maintenance of Equipment	226 000	226 000	60 372	26.71%
Contracted Services:Maintenance of Buildings and Facilities	85 193	175 193	147 738	84.33%
Contracted Services:Maintenance of Vehicles	12 524 000	13 217 000	2 192 827	16.59%
Inventory Consumed:Materials and Supplies	12 695 000	11 561 000	4 150 818	35.90%
Operational Cost:Rental of Machinery and Equipment	3 010 435	2 890 435	929 534	32.16%
	28 540 628	**28 069 628**	**7 481 290**	**26.65%**
Total	**37 065 653**	**39 220 853**	**11 761 316**	**29.99%**

It is to be noted that actual repairs and maintenance expenditure constituted 29.99% of the 2018/19 Adjusted Budget.

Annexure "A2"

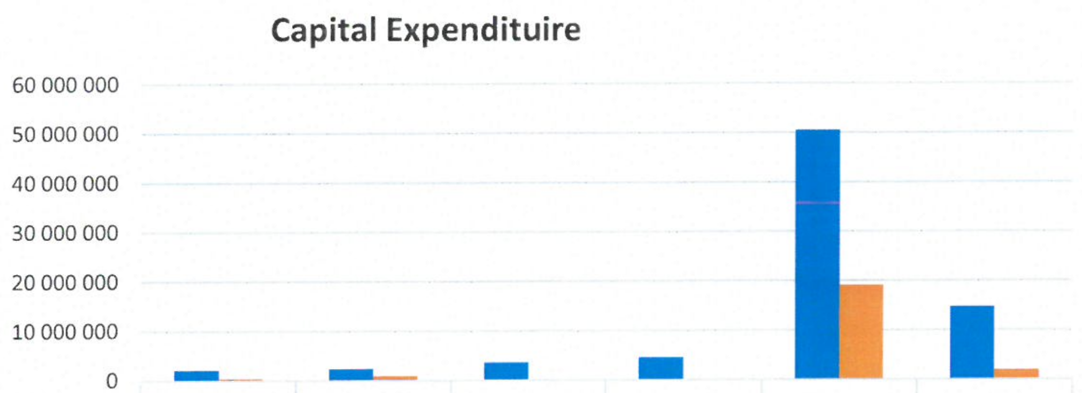
CAPITAL BUDGET PERFORMANCE

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 30 November 2018	% of Budget	Funding
Executive and Council						
Computer Equipment (ward ass)	110 000		110 000	92 433	84.03%	Internal
PA System		145 830	145 830	172 265	118.13%	Internal
EDMS		400 000	400 000			Internal
Wards Capital Programmes	750 000	687 229	1 437 229	51 856	3.61%	Internal
	860 000	**1 233 060**	**2 093 060**	**316 554**	**15.12%**	
Corporate Services						
Furniture and Office Equipment	752 000	364 395	1 116 395	14 467	1.30%	Internal
Computer Equipment	157 000	48 789	205 789	79 536	38.65%	Internal
Library upgrade (phase 2)	500 000	745 400	1 245 400			Internal
Main Office Building Upgrade	300 000		300 000	10 429	3.48%	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**	**104 431**	**2.91%**	
Finance						
Furniture and Office Equipment	115 700		115 700	4 063	3.51%	Internal
Computer Equipment	1 391 200	202 730	1 593 930	688 930	43.22%	Internal
IT Sever		533 822	533 822	160 000	29.97%	FMG
Office Upgrade ICT		100 000	100 000			Internal
	1 506 900	**836 552**	**2 343 452**	**852 993**	**36.40%**	
Infrastructure and Engineering						
Computer Equipment	35 000		35 000	60 059	171.60%	Internal
Computer Equipment	50 000		50 000	28 359	56.72%	MIG
Water infrastructure boreholes	1 500 000		1 500 000	1 252 835	83.52%	Internal
Furniture and Office Equipment	198 000		198 000	6 603	3.33%	Internal
Bucket Eradication Prograame	2 300 000		2 300 000			Internal
Illegal electricity connections (LV Network)	1 000 000		1 000 000	185 007	18.50%	Internal
Machinery and Equipment	415 000		415 000			Internal
MV Networks	8 869 565		8 869 565	283 072	3.19%	INEP
New overheadlines 66kv overheadlines(Jbay to Melkhout)	3 000 000		3 000 000	1 922 729	64.09%	Internal
Jeffreys Bay- Northern Bulk main outfall sewer -area north of R102	1 200 000		1 200 000			Internal
Fencing: New x Loerie Sewer pump station	900 000		900 000			Internal
Fencing of Jeffreys Bay and Kruisfontein Reservoir	900 000		900 000			Internal
Roads upgrade	2 500 000		2 500 000	24 750	0.99%	Internal
upgrading of infrastructure for new township establishment	500 000		500 000			Internal
Vehicles	2 500 000	3 910 264	6 410 264	3 124 795	48.75%	Internal
Upgrading of the Sea Vista Wastewater Treatment Works	18 503 132		18 503 132	10 070 059	54.42%	MIG
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	2 173 913		2 173 913	2 092 074	96.24%	MIG
	46 544 610	**3 910 264**	**50 454 874**	**19 050 343**	**37.76%**	

Summary - Capital Budget 2018/19	Approved Budget 2018/19	Adjustments	Adjusted Budget 2018/19	Actuals as at 30 November 2018	% of Budget	Funding
Planning, Development and Tourism						
Machinery and Equipment	30 000		30 000			Internal
Informal Traders - building	1 220 951		1 220 951			MIG
Furniture and Office Equipment	200 000		200 000	22 647	11.32%	Internal
Computer Software	700 000		700 000			Internal
Computer Equipment	60 000		60 000	27 410	45.68%	Internal
Land acquisition housing projects	1 000 000		1 000 000			Internal
Arts and Creative industries		250 000	250 000			District
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**	**50 057**	**1.11%**	
Community Services						
Fencing of existing cemeteries	500 000		500 000	24 739	4.95%	Internal
Computer Equipment	160 000		160 000	16 666	10.42%	Internal
Fencing - Fire Station	200 000		200 000			Internal
Furniture and Office Equipment	145 000		145 000	112 185	77.37%	Internal
Upgrading of Sports Facilities	3 864 352		3 864 352			MIG
Machinery and Equipment	844 010		844 010	223 562	26.49%	Internal
Life Guards Beach shelter	250 000		250 000	26 400	10.56%	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	1 434 668	24.52%	Internal
Fencing of Sport and Recreational Facilities	500 000		500 000	25 940	5.19%	Internal
	12 313 362	**2 350 000**	**14 663 362**	**1 864 160**	**12.71%**	
Total	**67 744 823**	**9 926 948**	**77 671 772**	**22 238 539**	**28.63%**	
Internally generated funds	33 062 910	9 077 626	42 140 536	9 604 975	22.79%	
Transfers recognised - capital	34 681 913	849 322	35 531 235	12 633 564	35.56%	
Total	**67 744 823**	**9 926 948**	**77 671 772**	**22 238 539**	**28.63%**	

It is to be noted that capital expenditure as at 30 November 2018 amounted to 28,63%, 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 30 November 2018	316 554	852 993	104 431	50 057	19 050 343	1 864 160

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 November 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 – M05 November 2018

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	164 393	–	15 274	96 047	54 798	41 249	75%	164 393
Service charges		–	372 090	–	32 012	180 260	124 030	56 230	45%	372 090
Other revenue		–	30 689	–	5 874	23 751	10 230	13 521	132%	30 689
Government - operating		–	123 618	–	1 438	51 845	41 206	10 638	26%	123 618
Government - capital		–	39 827	–	–	17 564	13 276	4 288	32%	39 827
Interest		–	21 498	–	1 438	6 396	7 166	(770)	-11%	21 498
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(674 270)	–	(69 822)	(312 716)	(224 757)	87 960	-39%	(674 270)
Finance charges		–	(3 021)	–	(116)	(1 219)	(1 007)	212	-21%	(3 021)
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	74 823	–	(13 902)	61 927	24 941	(36 986)	-148%	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)	–	(8 266)	(25 574)	(22 582)	2 993	-13%	(67 745)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(67 745)	–	(8 266)	(25 574)	(22 582)	2 993	-13%	(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)	–	(734)	(3 031)	(4 416)	(1 384)	31%	(13 247)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(13 247)	–	(734)	(3 031)	(4 416)	(1 384)	31%	(13 247)
NET INCREASE/ (DECREASE) IN CASH HELD		–	(6 169)	–	(22 902)	33 322	(2 056)			(6 169)
Cash/cash equivalents at beginning:		–	59 729	–		94 315	59 729			94 315
Cash/cash equivalents at month/year end:		–	53 561	–		127 637	57 673			88 146

MUNICIPAL MONTHLY BUDGET TABLES

1. MONTHLY BUDGET TABLES

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

Table C1 Monthly Budget Statement Summary – M05 November 2018

Description	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
Financial Performance									
Property rates	–	176 766	–	10 176	111 600	73 653	37 947	52%	176 766
Service charges	–	400 096	–	31 733	178 135	166 707	11 428	7%	400 096
Investment revenue	–	7 561	–	690	3 571	3 150	421	13%	7 561
Transfers and subsidies	–	123 618	–	1 350	50 727	51 508	(780)	-2%	123 618
Other own revenue	–	45 675	–	4 201	17 724	19 031	(1 307)	-7%	45 675
Total Revenue (excluding capital transfers and contributions)	**–**	**753 717**	**–**	**48 151**	**361 758**	**314 049**	**47 709**	**15%**	**753 717**
Employee costs	–	272 802	–	33 168	114 912	113 668	1 244	1%	272 802
Remuneration of Councillors	–	12 784	–	975	4 883	5 327	(443)	-8%	12 784
Depreciation & asset impairment	–	75 357	–	6 146	30 655	31 399	(744)	-2%	75 357
Finance charges	–	3 021	–	517	2 076	1 259	818	65%	3 021
Materials and bulk purchases	–	269 933	–	6 615	103 573	112 472	(8 900)	-8%	269 933
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	–	162 887	–	16 527	44 717	67 870	(23 152)	-34%	162 887
Total Expenditure	**–**	**796 785**	**–**	**63 949**	**300 816**	**331 994**	**(31 178)**	**-9%**	**796 785**
Surplus/(Deficit)	**–**	**(43 068)**	**–**	**(15 797)**	**60 942**	**(17 945)**	**78 887**	**-440%**	**(43 068)**
Transfers and subsidies - capital (monetary alloc	–	39 827	–	(121)	9 947	16 594	(6 647)	-40%	39 827
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**–**	**(3 241)**	**–**	**(15 919)**	**70 890**	**(1 350)**	**72 240**	**-5349%**	**(3 241)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**–**	**(3 241)**	**–**	**(15 919)**	**70 890**	**(1 350)**	**72 240**	**-5349%**	**(3 241)**
Capital expenditure & funds sources									
Capital expenditure	**–**	**67 745**	**–**	**7 188**	**22 239**	**28 227**	**(5 988)**	**-21%**	**67 745**
Capital transfers recognised	–	34 682	–	3 719	12 634	14 451	(1 817)	-13%	34 682
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	**33 063**	–	**3 469**	**9 605**	**13 776**	**(4 171)**	**-30%**	**33 063**
Total sources of capital funds	**–**	**67 745**	**–**	**7 188**	**22 239**	**28 227**	**(5 988)**	**-21%**	**67 745**
Financial position									
Total current assets	–	131 820	–		229 606				131 820
Total non current assets	–	2 442 954	–		2 266 533				2 442 954
Total current liabilities	–	133 877	–		143 833				133 877
Total non current liabilities	–	183 244	–		185 581				183 244
Community wealth/Equity	**–**	**2 257 653**	**–**		**2 166 725**				**2 257 653**
Cash flows									
Net cash from (used) operating	–	74 823	–	(13 902)	61 927	24 941	(36 986)	-148%	74 823
Net cash from (used) investing	–	(67 745)	–	(8 266)	(25 574)	(22 582)	2 993	-13%	(67 745)
Net cash from (used) financing	–	(13 247)	–	(734)	(3 031)	(4 416)	(1 384)	31%	(13 247)
Cash/cash equivalents at the month/year end	**–**	**53 561**	**–**	**–**	**127 637**	**57 673**	**(69 963)**	**-121%**	**88 146**
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	31 673	7 971	5 941	21 150	4 123	3 445	13 352	95 546	183 201
Creditors Age Analysis									
Total Creditors	28 490	119	535	14	432	432	2 565	52 299	84 887

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) – M05 November 2018

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue - Functional								
Governance and administration	**314,268**	**–**	**9,784**	**167,284**	**130,945**	36,339	28%	**314,268**
Executive and council	26	–	–	0	11	(10)	-97%	26
Finance and administration	314,242	–	9,784	167,284	130,934	36,350	28%	314,242
Internal audit	–	–	–	–	–	–		–
Community and public safety	**15,404**	**–**	**1,236**	**4,927**	**6,419**	(1,492)	-23%	**15,404**
Community and social services	2,458	–	25	138	1,024	(886)	-86%	2,458
Sport and recreation	9,151	–	348	2,654	3,813	(1,159)	-30%	9,151
Public safety	1,869	–	855	860	779	81	10%	1,869
Housing	–	–	–	–	–	–		–
Health	1,927	–	8	1,274	803	471	59%	1,927
Economic and environmental services	**17,367**	**–**	**2,213**	**8,466**	**7,236**	1,230	17%	**17,367**
Planning and development	6,312	–	357	2,302	2,630	(328)	-12%	6,312
Road transport	10,005	–	1,977	6,658	4,169	2,490	60%	10,005
Environmental protection	1,050	–	(121)	(494)	438	(932)	-213%	1,050
Trading services	**446,060**	**–**	**34,794**	**191,021**	**185,858**	5,163	3%	**446,060**
Energy sources	258,381	–	21,075	105,412	107,659	(2,246)	-2%	258,381
Water management	70,200	–	5,397	31,184	29,250	1,934	7%	70,200
Waste water management	72,456	–	3,709	29,628	30,190	(562)	-2%	72,456
Waste management	45,023	–	4,613	24,798	18,760	6,038	32%	45,023
Other	**445**	**–**	**4**	**7**	**185**	**(178)**	**-96%**	**445**
Total Revenue - Functional	**793,544**	**–**	**48,030**	**371,705**	**330,643**	**41,062**	**12%**	**793,544**
Expenditure - Functional								
Governance and administration	**189,348**	**–**	**22,619**	**69,135**	**78,895**	(9,760)	-12%	**189,348**
Executive and council	52,250	–	4,130	14,547	21,771	(7,224)	-33%	52,250
Finance and administration	137,097	–	18,489	54,588	57,124	(2,536)	-4%	137,097
Internal audit	–	–	–	–	–	–		–
Community and public safety	**86,538**	**–**	**9,205**	**31,027**	**36,058**	(5,031)	-14%	**86,538**
Community and social services	9,483	–	1,211	3,923	3,951	(28)	-1%	9,483
Sport and recreation	46,668	–	4,981	16,001	19,445	(3,444)	-18%	46,668
Public safety	21,090	–	2,268	8,289	8,787	(498)	-6%	21,090
Housing	3,531	–	339	1,129	1,471	(342)	-23%	3,531
Health	5,767	–	406	1,685	2,403	(717)	-30%	5,767
Economic and environmental services	**101,757**	**–**	**9,706**	**38,795**	**42,399**	(3,603)	-8%	**101,757**
Planning and development	33,954	–	3,246	11,890	14,147	(2,257)	-16%	33,954
Road transport	67,770	–	6,385	26,607	28,238	(1,631)	-6%	67,770
Environmental protection	33	–	76	298	14	285	2100%	33
Trading services	**415,110**	**–**	**22,415**	**161,679**	**172,963**	(11,284)	-7%	**415,110**
Energy sources	248,404	–	5,265	93,359	103,502	(10,143)	-10%	248,404
Water management	80,154	–	7,038	30,969	33,397	(2,428)	-7%	80,154
Waste water management	41,745	–	4,744	19,711	17,394	2,318	13%	41,745
Waste management	44,808	–	5,367	17,640	18,670	(1,030)	-6%	44,808
Other	**4,032**	**–**	**2**	**180**	**1,680**	**(1,500)**	**-89%**	**4,032**
Total Expenditure - Functional	**796,785**	**–**	**63,949**	**300,816**	**331,994**	**(31,178)**	**-9%**	**796,785**
Surplus/ (Deficit) for the year	**(3,241)**	**–**	**(15,919)**	**70,890**	**(1,350)**	**72,240**	**-5349%**	**(3,241)**

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 – M05 November 2018

Vote Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue by Vote								
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES	310,697	–	11,238	163,840	129,457	34,382	26,6%	310,697
Vote 3 - CORPORATE SERVICES	26	–	–	403	11	392	3658,0%	26
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	3,316	–	312	1,567	1,382	186	13,4%	3,316
Vote 5 - INFRASTRUCTURE AND ENGINEERING	405,491	–	28,391	168,266	168,955	(688)	-0,4%	405,491
Vote 6 - COMMUNITY SERVICES	17,634	–	2,511	9,047	7,347	1,700	23,1%	17,634
Vote 7 - COMMUNITY SERVICES (CONTINUED)	56,380	–	5,577	28,582	23,492	5,090	21,7%	56,380
Total Revenue by Vote	**793,544**	**–**	**48,030**	**371,705**	**330,643**	**41,062**	**12,4%**	**793,544**
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	33,404	–	3,270	11,666	13,918	(2,253)	-16,2%	33,404
Vote 2 - FINANCIAL SERVICES	79,397	–	10,633	26,823	33,082	(6,259)	-18,9%	79,397
Vote 3 - CORPORATE SERVICES	49,336	–	4,721	17,281	20,557	(3,276)	-15,9%	49,336
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22,307	–	1,931	6,360	9,295	(2,935)	-31,6%	22,307
Vote 5 - INFRASTRUCTURE AND ENGINEERING	455,521	–	24,815	176,419	189,800	(13,382)	-7,1%	455,521
Vote 6 - COMMUNITY SERVICES	51,470	–	5,713	19,472	21,446	(1,974)	-9,2%	51,470
Vote 7 - COMMUNITY SERVICES (CONTINUED)	105,349	–	12,866	42,796	43,895	(1,100)	-2,5%	105,349
Total Expenditure by Vote	**796,785**	**–**	**63,949**	**300,816**	**331,994**	**(31,178)**	**-9,4%**	**796,785**
Surplus/ (Deficit) for the year	**(3,241)**	**–**	**(15,919)**	**70,890**	**(1,350)**	**72,240**	**-5349,3%**	**(3,241)**

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) – M05 November 2018

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	–	10 176	111 600	73 653	37 947	52%	176 766
Service charges - electricity revenue		–	247 165	–	18 828	104 512	102 985	1 526	1%	247 165
Service charges - water revenue		–	67 702	–	5 133	31 316	28 209	3 107	11%	67 702
Service charges - sanitation revenue		–	41 658	–	3 587	19 310	17 358	1 952	11%	41 658
Service charges - refuse revenue		–	43 571	–	4 186	22 998	18 155	4 844	27%	43 571
Service charges - other		–	–	–	–	–	–	–		–
Rental of facilities and equipment		–	1 881	–	49	226	784	(557)	-71%	1 881
Interest earned - external investments		–	7 561	–	690	3 571	3 150	421	13%	7 561
Interest earned - outstanding debtors		–	14 986	–	839	3 190	6 244	(3 054)	-49%	14 986
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		–	4 230	–	874	2 643	1 762	880	50%	4 230
Licences and permits		–	16 661	–	1 857	8 219	6 942	1 277	18%	16 661
Agency services		–	–	–	–	–	–	–		–
Transfers and subsidies		–	123 618	–	1 350	50 727	51 508	(780)	-2%	123 618
Other revenue		–	7 917	–	583	3 446	3 299	148	4%	7 917
Gains on disposal of PPE		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	753 717	–	48 151	361 758	314 049	47 709	15%	753 717
Expenditure By Type										
Employee related costs		–	272 802	–	33 168	114 912	113 668	1 244	1%	272 802
Remuneration of councillors		–	12 784	–	975	4 883	5 327	(443)	-8%	12 784
Debt impairment		–	41 429	–	–	1	17 262	(17 261)	-100%	41 429
Depreciation & asset impairment		–	75 357	–	6 146	30 655	31 399	(744)	-2%	75 357
Finance charges		–	3 021	–	517	2 076	1 259	818	65%	3 021
Bulk purchases		–	241 476	–	3 640	92 417	100 615	(8 197)	-8%	241 476
Other materials		–	28 458	–	2 975	11 155	11 857	(702)	-6%	28 458
Contracted services		–	45 111	–	6 021	14 789	18 796	(4 007)	-21%	45 111
Transfers and subsidies		–	–	–	–	–	–	–		–
Other expenditure		–	76 346	–	10 505	29 927	31 811	(1 884)	-6%	76 346
Loss on disposal of PPE		–	–	–	–	–	–	–		–
Total Expenditure		–	796 785	–	63 949	300 816	331 994	(31 178)	-9%	796 785
Surplus/(Deficit)		–	(43 068)	–	(15 797)	60 942	(17 945)	78 887	(0)	(43 068)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			39 827	–	(121)	9 947	16 594	(6 647)	(0)	39 827
(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)	–	(15 919)	70 890	(1 350)			(3 241)
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		–	(3 241)	–	(15 919)	70 890	(1 350)			(3 241)
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		–	(3 241)	–	(15 919)	70 890	(1 350)			(3 241)
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		–	(3 241)	–	(15 919)	70 890	(1 350)			(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) – M05 November 2018

Vote Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Single Year expenditure appropriation								
Vote 1 - EXECUTIVE COUNCIL	860	–	172	317	358	(42)	-12%	860
Vote 2 - FINANCIAL SERVICES	1,507	–	669	853	628	225	36%	1,507
Vote 3 - CORPORATE SERVICES	2,309	–	18	104	962	(858)	-89%	2,309
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4,211	–	–	50	1,755	(1,705)	-97%	4,211
Vote 5 - INFRASTRUCTURE AND ENGINEERING	46,545	–	4,785	19,050	19,394	(343)	-2%	46,545
Vote 6 - COMMUNITY SERVICES	1,644	–	1,487	1,713	685	1,028	150%	1,644
Vote 7 - COMMUNITY SERVICES (CONTINUED)	10,669	–	56	152	4,446	(4,294)	-97%	10,669
Total Capital single-year expenditure	67,745	–	7,188	22,239	28,227	**(5,988)**	**-21%**	67,745
Total Capital Expenditure	**67,745**	**–**	**7,188**	**22,239**	**28,227**	**(5,988)**	**-21%**	**67,745**
Capital Expenditure - Functional Classification								
Governance and administration	**5,346**	**–**	**859**	**1,345**	**2,227**	(883)	-40%	**5,346**
Executive and council	985		172	369	410	(41)	-10%	985
Finance and administration	4,361		687	975	1,817	(842)	-46%	4,361
Internal audit	–		–	–	–	–		–
Community and public safety	**7,368**	**–**	**1,527**	**1,777**	**3,070**	(1,294)	-42%	**7,368**
Community and social services	679		52	102	283	(181)	-64%	679
Sport and recreation	5,489		40	50	2,287	(2,238)	-98%	5,489
Public safety	200		1,435	1,625	83	1,542	1851%	200
Housing	1,000		–	–	417	(417)	-100%	1,000
Health	–		–	–	–	–		–
Economic and environmental services	**6,159**	**–**	**52**	**128**	**2,566**	(2,438)	-95%	**6,159**
Planning and development	3,509		23	75	1,462	(1,387)	-95%	3,509
Road transport	2,650		–	25	1,104	(1,079)	-98%	2,650
Environmental protection	–		28	28	–	28	#DIV/0!	–
Trading services	**48,872**	**–**	**4,750**	**18,989**	**20,363**	(1,374)	-7%	**48,872**
Energy sources	12,905		201	2,433	5,377	(2,944)	-55%	12,905
Water management	1,715		–	3,289	715	2,575	360%	1,715
Waste water management	28,977		4,533	13,110	12,074	1,036	9%	28,977
Waste management	5,275		17	157	2,198	(2,041)	-93%	5,275
Other	–		–	–	–	–		–
Total Capital Expenditure - Functional Classification	**67,745**	**–**	**7,188**	**22,239**	**28,227**	**(5,988)**	**-21%**	**67,745**
Funded by:								
National Government	34,682		3,719	12,634	14,451	(1,817)	-13%	34,682
Provincial Government	–		–	–	–	–		–
District Municipality	–		–	–	–	–		–
Other transfers and grants	–		–	–	–	–		–
Transfers recognised - capital	**34,682**	**–**	**3,719**	**12,634**	**14,451**	**(1,817)**	**-13%**	**34,682**
Public contributions & donations	–		–	–	–	–		–
Borrowing	–		–	–	–	–		–
Internally generated funds	33,063		3,469	9,605	13,776	(4,171)	-30%	33,063
Total Capital Funding	**67,745**	**–**	**7,188**	**22,239**	**28,227**	**(5,988)**	**-21%**	**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 – M05 November 2018

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	–	30 361	5 356
Call investment deposits		–	48 205	–	97 275	48 205
Consumer debtors		–	42 559	–	45 800	42 559
Other debtors		–	31 184	–	49 500	31 184
Current portion of long-term receivables		–	3	–	3	3
Inventory		–	4 513	–	6 666	4 513
Total current assets		–	131 820	–	229 606	131 820
Non current assets						
Long-term receivables		–	65	–		65
Investments		–		–		–
Investment property		–	285 199	–	283 612	285 199
Investments in Associate		–		–		–
Property, plant and equipment		–	2 157 628	–	1 982 603	2 157 628
Agricultural		–		–		–
Biological assets		–		–		–
Intangible assets		–	62	–	302	62
Other non-current assets		–		–	16	–
Total non current assets		–	2 442 954	–	2 266 533	2 442 954
TOTAL ASSETS		–	2 574 775	–	2 496 139	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	–	95 143	87 054
Provisions		–	23 097	–	24 505	23 097
Total current liabilities		–	133 877	–	143 833	133 877
Non current liabilities						
Borrowing		–	23 112	–	23 600	23 112
Provisions		–	160 132	–	161 981	160 132
Total non current liabilities		–	183 244	–	185 581	183 244
TOTAL LIABILITIES		–	317 122	–	329 414	317 122
NET ASSETS	2	–	2 257 653	–	2 166 725	2 257 653
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		–	2 257 653	–	2 166 725	2 257 653
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	2 257 653	–	2 166 725	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 – M05 November 2018

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	164,393	–	15,274	96,047	54,798	41,249	75%	164,393
Service charges		–	372,090	–	32,012	180,260	124,030	56,230	45%	372,090
Other revenue		–	30,689	–	5,874	23,751	10,230	13,521	132%	30,689
Government - operating		–	123,618	–	1,438	51,845	41,206	10,638	26%	123,618
Government - capital		–	39,827	–	–	17,564	13,276	4,288	32%	39,827
Interest		–	21,498	–	1,438	6,396	7,166	(770)	-11%	21,498
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(674,270)	–	(69,822)	(312,716)	(224,757)	87,960	-39%	(674,270)
Finance charges		–	(3,021)	–	(116)	(1,219)	(1,007)	212	-21%	(3,021)
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	74,823	–	(13,902)	61,927	24,941	(36,986)	-148%	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)	–	(8,266)	(25,574)	(22,582)	2,993	-13%	(67,745)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(67,745)	–	(8,266)	(25,574)	(22,582)	2,993	-13%	(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)	–	(734)	(3,031)	(4,416)	(1,384)	31%	(13,247)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(13,247)	–	(734)	(3,031)	(4,416)	(1,384)	31%	(13,247)
NET INCREASE/ (DECREASE) IN CASH HELD		–	(6,169)	–	(22,902)	33,322	(2,056)			(6,169)
Cash/cash equivalents at beginning:		–	59,729	–		94,315	59,729			94,315
Cash/cash equivalents at month/year end:		–	53,561	–		127,637	57,673			88,146

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

i. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

ii. It reflects the expected cash inflows versus outflows that are likely to result from the implementation of the budget.

ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

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

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

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

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

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

Debtors' Age Analysis (Inclusive of VAT) as at 30 November 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	8,738	2,479	1,659	2,981	1,490	1,225	4,570	20,942	44,084
Trade and Other Receivables from Exchange Transactions - Electricity	17,117	1,580	797	2,327	331	239	1,066	6,577	30,034
Receivables from Non-exchange Transactions - Property Rates	8,267	766	958	10,783	322	269	1,236	19,202	41,802
Receivables from Exchange Transactions - Waste Water Management	4,964	1,127	831	1,380	654	518	1,852	9,188	20,514
Receivables from Exchange Transactions - Waste Management	4,545	1,254	1,124	1,057	900	786	2,638	12,561	24,865
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	1	1
Interest on Arrear Debtor Accounts	76	104	119	389	123	127	734	18,801	20,473
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(12,034)	662	453	2,233	303	281	1,256	8,275	1,429
Total By Income Source	**31,673**	**7,971**	**5,941**	**21,150**	**4,123**	**3,445**	**13,352**	**95,546**	**183,201**
Debtors Age Analysis By Customer Group									
Organs of State	602	475	341	2,839	93	26	93	2,306	6,775
Commercial	5,249	317	203	379	105	103	480	3,016	9,852
Households	25,822	7,179	5,396	17,932	3,925	3,316	12,779	90,225	166,574
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**31,673**	**7,971**	**5,941**	**21,150**	**4,123**	**3,445**	**13,352**	**95,546**	**183,201**

The aforementioned analysis indicates that from 30 June 2018 to 30 November 2018, the overdue debts have increased from R 125,064 million to R 151,528 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-18**	**30-Nov-18**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	29 432	35 346	5 914
Trade and Other Receivables from Exchange Transactions - Electricity	10 819	12 917	2 098
Receivables from Non-exchange Transactions - Property Rates	25 500	33 535	8 036
Receivables from Exchange Transactions - Waste Water Management	13 015	15 550	2 535
Receivables from Exchange Transactions - Waste Management	16 704	20 320	3 616
Receivables from Exchange Transactions - Property Rental Debtors	1	1	–
Interest on Arrear Debtor Accounts	18 860	20 397	1 537
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 736	13 463	2 727
Total By Income Source	**125 064**	**151 528**	**26 464**
		132 698	
Debtors Age Analysis By Customer Group		–	
Organs of State	3 128	6 173	3 045
Commercial	5 137	4 603	(534)
Households	116 799	140 752	23 953
Other	–	–	
Total By Customer Group	**125 064**	**151 528**	**26 464**

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	16,973	–	–		–	(0)	–		16,972
Bulk Water	1,207	1	421	–	431	433	2,565	52,208	57,267
PAYE deductions	3,301								3,301
VAT (output less input)									–
Pensions / Retirement deductions	3,359								3,359
Loan repay ments									–
Trade Creditors	3,650	118	113	14	1	–	–	92	3,988
Auditor General									–
Other									–
Total By Customer Type	28,490	119	535	14	432	432	2,565	52,299	84,887

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

Eskom	R 16,972 million
NMBM (Bulk water)	R 57,267 million
SARS-PAYE	R 3,301 million
Pension Deductions	R 3,359 million
Other Creditors	R 3,988 million
TOTAL	**R 84,887 million**

It is to be noted that the Eskom amount of R 16,972 million, represents the current account for November 2018, which will be fully paid on 19 December 2018.

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

The pension deductions represent employee related costs for the month of November 2018, with the amounts in question being paid on 4 December 2018.

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

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

3. Investment Portfolio

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

	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 30 November 2018
Standard Bank	18 653 721	-	498 756	-	-	19 152 476
ABSA	25 806 825	3 047 445	689 441	-	141	29 543 569
Nedbank	19 520 160	-	526 238	-	-	20 046 398
RMB	5 885 309	17 985 657	346 045	16 425 846	-	7 791 165
INVESTEC	20 188 841	-	552 911	-	-	20 741 752
Total	**90 054 856**	**21 033 102**	**2 613 390**	**-16 425 846**	**-141**	**97 275 361**
INVESTMENT	**Balance as at 30 June 2018**	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 30 November 2018**
General Account	85 725 571	4 694 619	2 325 708	-	141	92 745 757
Conditional Grants	1 359 363	16 338 483	210 159	13 378 401	-	4 529 604
Housing Funds	2 969 923	-	77 523	3 047 445	-	0
Total	**90 054 856**	**21 033 102**	**2 613 390**	**-16 425 846**	**-141**	**97 275 361**
Bank	4 259 847	26 101 401				30 361 249
Total	**94 314 704**	**47 134 503**	**2 613 390**	**-16 425 846**	**-141**	**127 636 610**

The increase in the investment portfolio since 30 June 2018 amounts to R 33,321,906. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 30,361,249
Short-term Investment Deposits	R 97,275,361
	R 127,636,610

Application of Cash

Unspent Conditional Grants	7,360,442
Internally Generated Funds	32,535,561
Outstanding Creditors Liability	84,886,604
	124,782,607

Reserves in excess of Commitments	**R 2,854,003**

The cash backed reserves exceed the commitments at this stage by an amount of R 2,854,003.

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M05 November 2018

Description	Budget Year 2018/19						
	Original 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	455	50 194	50 194	–		117 493
Local Government Equitable Share	113 151	–	47 146	47 146	–		113 151
Finance Management	1 770	–	1 770	1 770	–		1 770
MIG - Administration Fees	1 559	–	568	568	–		1 559
EPWP Incentive	1 013	455	710	710	–		1 013
Provincial Government:	2 050	–	–	–	–		2 050
Sport and Recreation	2 050	–	–	–	–		2 050
District Municipality:	2 210	–	1 681	1 681	–		2 210
Local Economic Development	445	–	445	445	–		445
Environmental Health Subsidy	1 765	–	1 236	1 236	–		1 765
Other grant providers:	1 865	983	983	983	–		1 865
Fire Subsidy	1 865	983	983	983	–		1 865
Total Operating Transfers and Grants	123 618	1 438	52 858	52 858	–		123 618
Capital Transfers and Grants							
National Government:	39 827	–	16 996	16 996	–		39 827
Municipal Infrastructure Grant (MIG)	29 627	–	10 796	10 796	–		29 627
Intergrated National Electrification Programme	10 200	–	6 200	6 200	–		10 200
Total Capital Transfers and Grants	39 827	–	16 996	16 996	–		39 827
TOTAL RECEIPTS OF TRANSFERS & GRANTS	163 445	1 438	69 854	69 854	–		163 445

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M05 November 2018

Description	Budget Year 2018/19						
	Original 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	342	48 859	48 955	(96)	-0.2%	117 493
Local Government Equitable Share	113 151	–	47 146	47 146	–		113 151
Finance Management	1 770	37	443	738	(295)	-40.0%	1 770
MIG - Administration Fees	1 559	204	719	650	70	10.7%	1 559
EPWP Incentive	1 013	100	551	422	129	30.6%	1 013
Provincial Government:	2 050	–	–	854	(854)	-100.0%	2 050
Sport and Recreation	2 050	–	–	854	(854)	-100.0%	2 050
District Municipality:	2 210	–	–	921	(921)	-100.0%	2 210
Local Economic Development	445	–	–	185	(185)	-100.0%	445
Environmental Health Subsidy	1 765			735	(735)	-100.0%	1 765
Other grant providers:	1 865	–	–	777	(777)	-100.0%	1 865
Fire Subsidy	1 865			777	(777)		1 865
Total operating expenditure of Transfers and Grants:	123 618	342	48 859	51 507	(2 648)	-5.1%	123 618
Capital expenditure of Transfers and Grants							
National Government:	39 827	4 276	14 345	16 594	(2 250)	-13.6%	39 827
Municipal Infrastructure Grant (MIG)	29 627	4 155	14 019	12 344	1 675	13.6%	29 627
Intergrated National Electrification Programme	10 200	121	326	4 250	(3 924)	-92.3%	10 200
Total capital expenditure of Transfers and Grants	39 827	4 276	14 345	16 594	(2 250)	-13.6%	39 827
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	163 445	4 618	63 204	68 102	(4 898)	-7.2%	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 442,850
Unspent as at 30 November 2018:	R 1,327,150

The spending of the grant amounted to 25,02% as at 30 November 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 710,000
Expenditure to date:	R 551,175
Unspent as at 30 November 2018:	R 158,825

The spending of the grant amounted to 77,63% as at 30 November 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 14,738,510
Overspent as at 30 November 2018:	R -3,374,510

The spending of the grant amounted to 129,69% as at 30 November 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 6,200,000
Expenditure to date:	R 325,533
Unspent as at 30 November 2018:	R 5,874,467

The spending of the grant amounted to 5,25% as at 30 November 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 – M05 November 2018

Summary of Employee and Councillor remuneration	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	9 232		651	3 260	3 847	(587)	-15%	9 232
Motor Vehicle Allowance	2 747		217	1 087	1 145	(58)	-5%	2 747
Cellphone Allowance	805		107	537	335	201	60%	805
Sub Total - Councillors	**12 784**	**–**	**975**	**4 883**	**5 327**	**(443)**	**-8%**	**12 784**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 434	–	709	2 137	1 847	289	16%	4 434
Pension and UIF Contributions		–	0	3	–	3		
Motor Vehicle Allowance		–	55	269	–	269		
Cellphone Allowance		–	1	4	–	4		
Other benefits and allowances	2 956	–	4	18	1 232	(1 213)	-99%	2 956
Sub Total - Senior Managers of Municipality	**7 389**	**–**	**769**	**2 431**	**3 079**	**(648)**	**-21%**	**7 389**
Other Municipal Staff								
Basic Salaries and Wages	161 389		13 389	65 351	67 246	(1 895)	-3%	161 389
Pension and UIF Contributions	27 035		2 271	11 465	11 265	201	2%	27 035
Medical Aid Contributions	16 559		1 136	5 853	6 899	(1 046)	-15%	16 559
Overtime	11 345		2 165	9 711	4 727	4 984	105%	11 345
Performance Bonus	16 117		–	–	6 715	(6 715)	-100%	16 117
Motor Vehicle Allowance	8 701		539	3 135	3 625	(490)	-14%	8 701
Cellphone Allowance			–	1	–	1		
Housing Allowances	2 516		54	541	1 048	(507)	-48%	2 516
Other benefits and allowances	20 864		12 621	15 579	8 693	6 885	79%	20 864
Payments in lieu of leave			99	418	–	418		
Long service awards	888		126	427	370	57	15%	888
Sub Total - Other Municipal Staff	**265 413**	**–**	**32 400**	**112 480**	**110 589**	**1 891**	**2%**	**265 413**
Total Parent Municipality	**285 586**	**–**	**34 144**	**119 795**	**118 994**	**800**	**1%**	**285 586**
TOTAL SALARY, ALLOWANCES & BENEFITS	**285 586**	**–**	**34 144**	**119 795**	**118 994**	**800**	**1%**	**285 586**
TOTAL MANAGERS AND STAFF	**272 802**	**–**	**33 168**	**114 912**	**113 668**	**1 244**	**1%**	**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 30 November 2018**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.50%	3.67%	2.51%	1.77%	2.04%	1.41%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.04	0.03	0.02	0.02	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.72	0.85	0.97	1.11	0.98	1.60
Liquidity Ratio	Monetary assets / current liabilities	0.22	0.40	0.47	0.52	0.40	0.89
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	98.91%	97.60%	95.81%	90.73%	94%	92.03%

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 30 November 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	1.62	1.72	0.95	2.07
Employee Costs	Employee Costs / Total Operating Expenditure	35.70%	35.62%	33.39%	32.99%	34.24%	38.20%
Capital Expenditure	Capital Expenditure / Capital Budget	241.30%	81.97%	72.92%	72.98%	95%	28.63%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.46%	4.61%	4.94%	3.79%	4.65%	3.91%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.06%	1.17%	1.65%	1.42%	1.72%	0.59%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	69.55%	74.74%	78.69%	80.57%	83.60%	85.98%

The above table is discussed in details below.

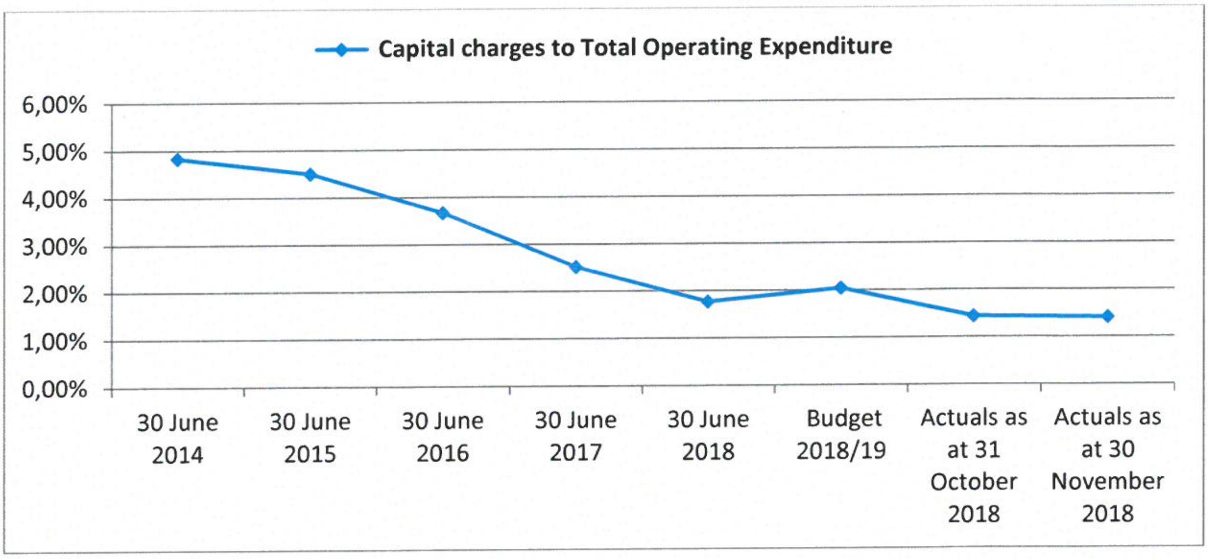
5.1. Borrowing Management

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 1.41% of the Total Operating Expenditure was utilised for capital charges as at 30 November 2018, compared to the budgeted ratio of 2.04%.



5.1.2. Borrowed funding of capital expenditure

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

The ratio is determined as follows:

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

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

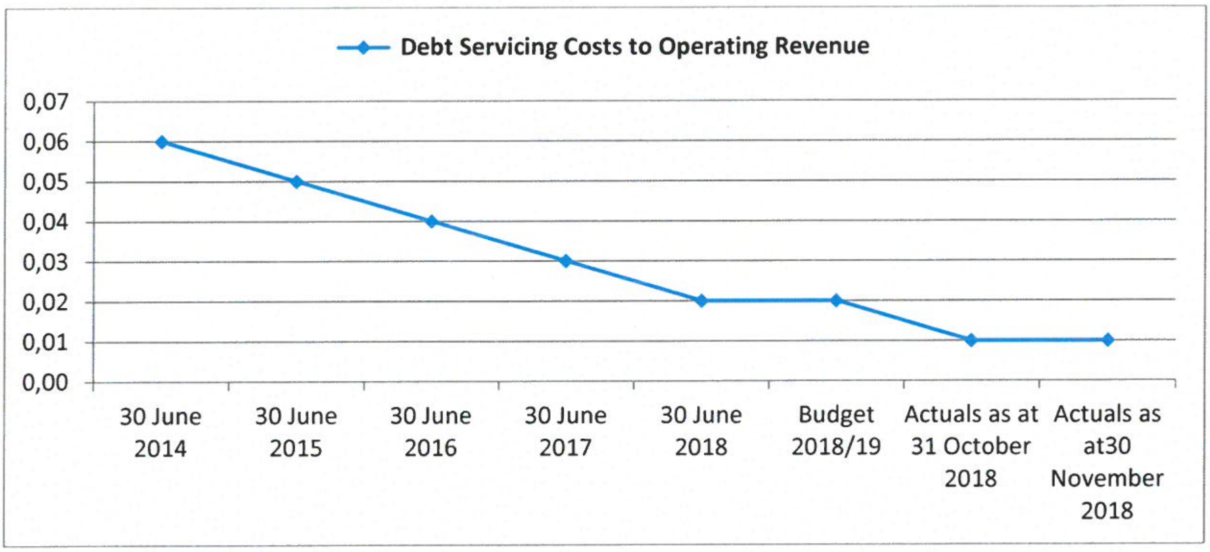
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

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



5.2. Liquidity

5.2.1. Current ratio

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

The ratio is determined as follows:

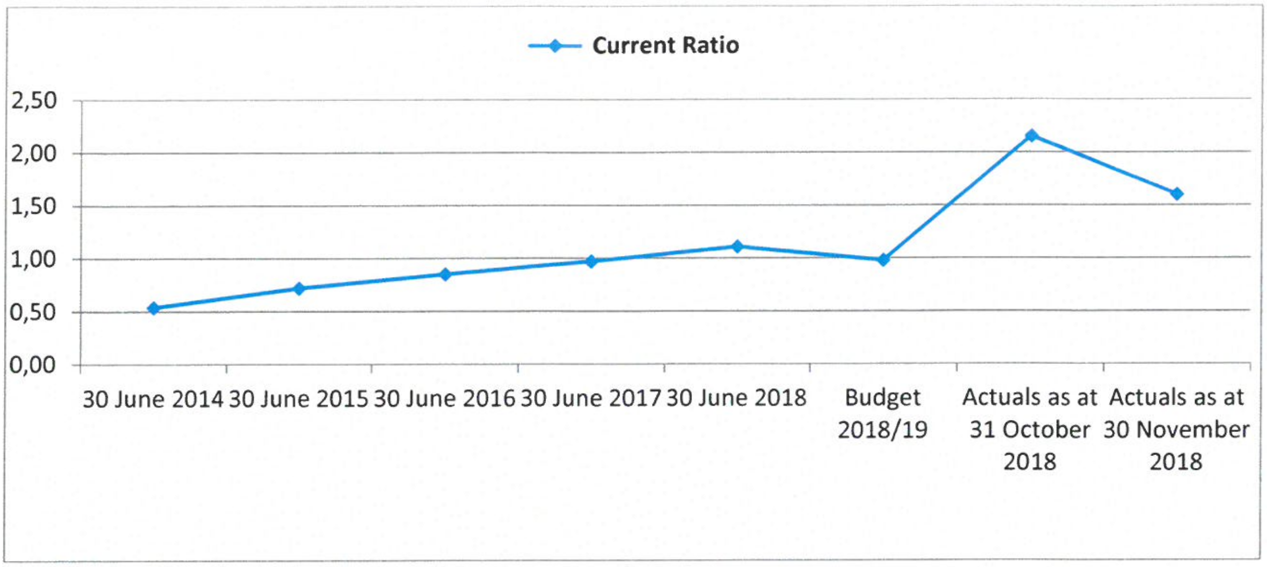
Current assets/Current liabilities

The ratio as at 30 November 2018 was 1.60:1, compared to the budgeted ratio of 0.98:1.

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

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

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



5.2.2. Liquidity Ratio

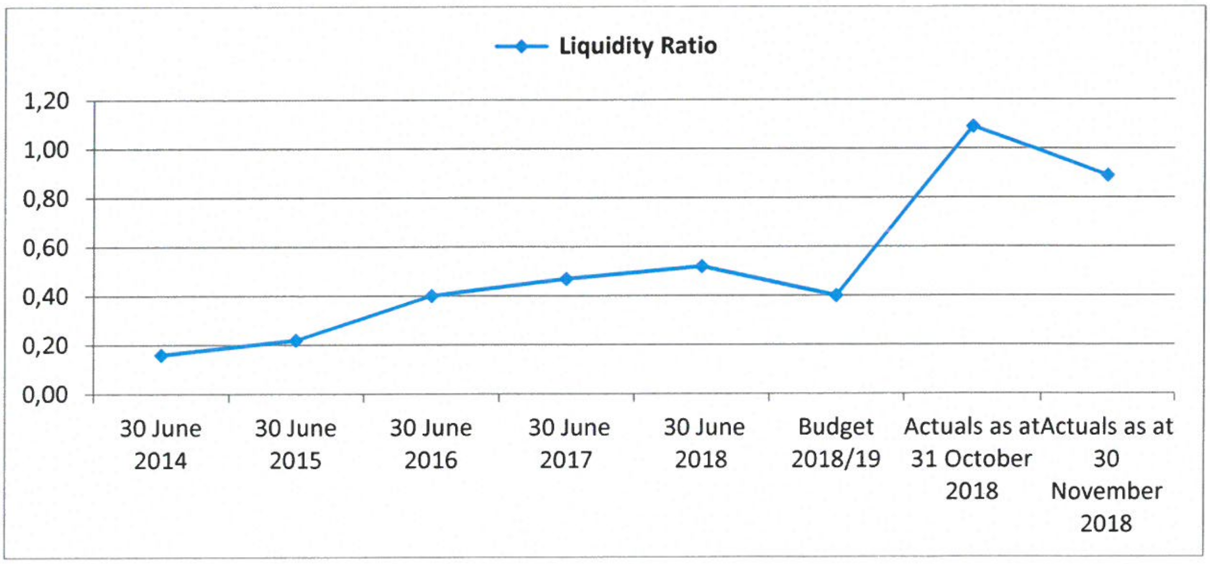
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 30 November 2018 was 0.89:1, compared to the budgeted ratio of 0.40:1.

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



5.3. Revenue Management

5.3.1. Annual Debtors Collection Rate

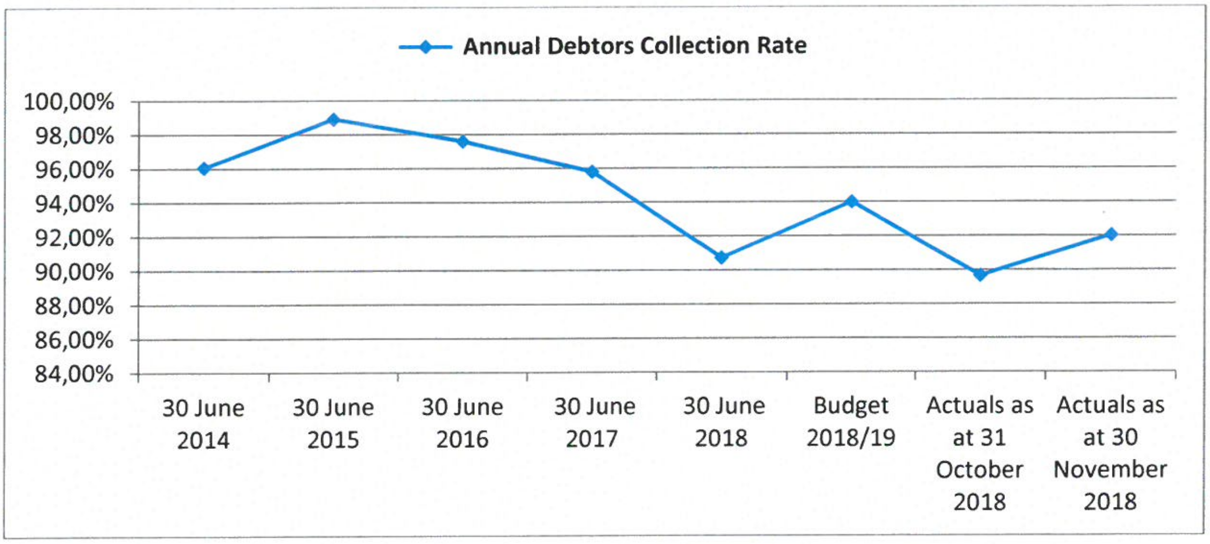
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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

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

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

The average collection rate as at 30 November 2018 was 92.03%, compared to the budgeted collection rate of 94%. The collection rate of 92.03% as at 30 November 2018 is influenced by the annual property rates raised in July 2018, but not yet paid. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



5.4. Other indicators

5.4.1. Cost coverage

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

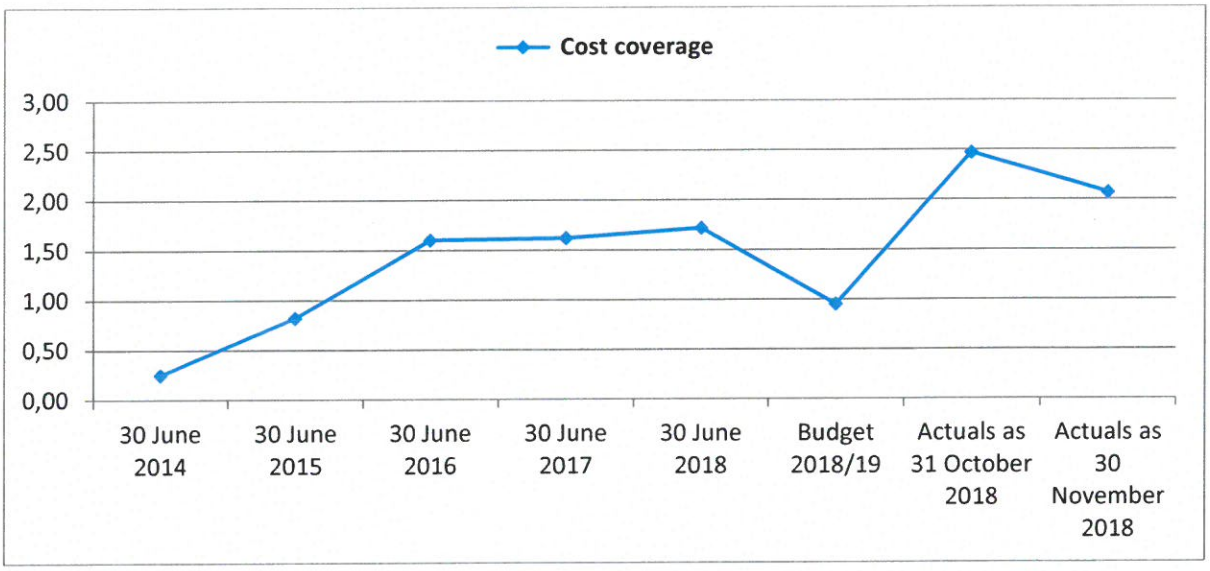
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

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

As at 30 November 2018, the Ratio was 2.07 months, compared to the budgeted ratio of 0.95 months.

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



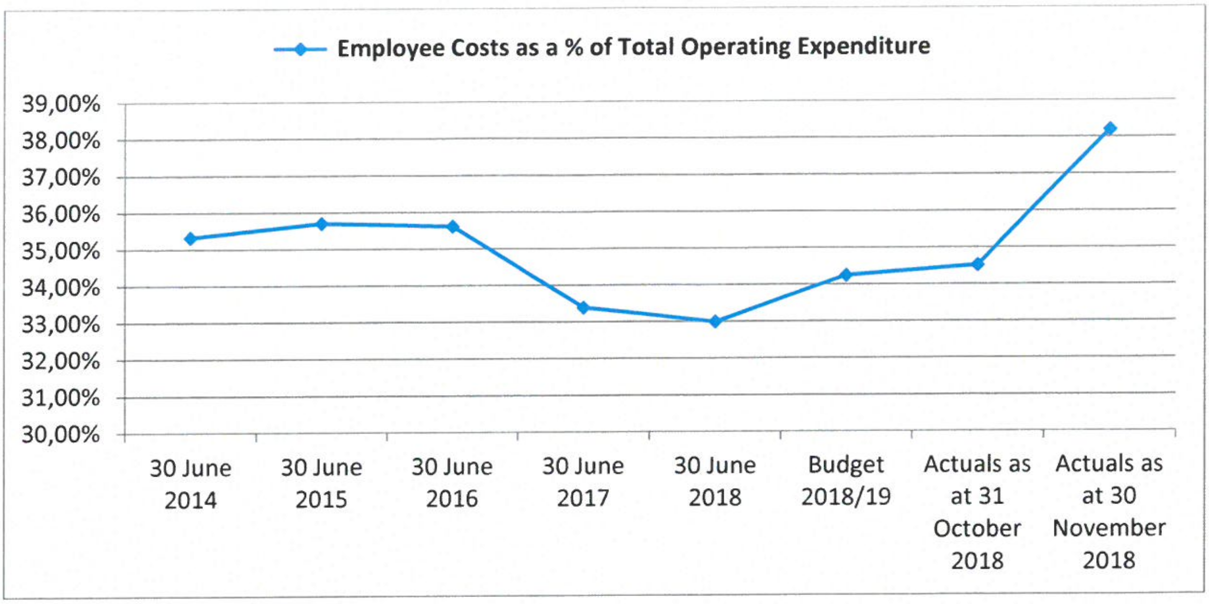
5.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 30 November 2018, Employee Related Costs constituted 38.20% of the Total Operating Expenditure, compared to the budgeted ratio of 34.24%.



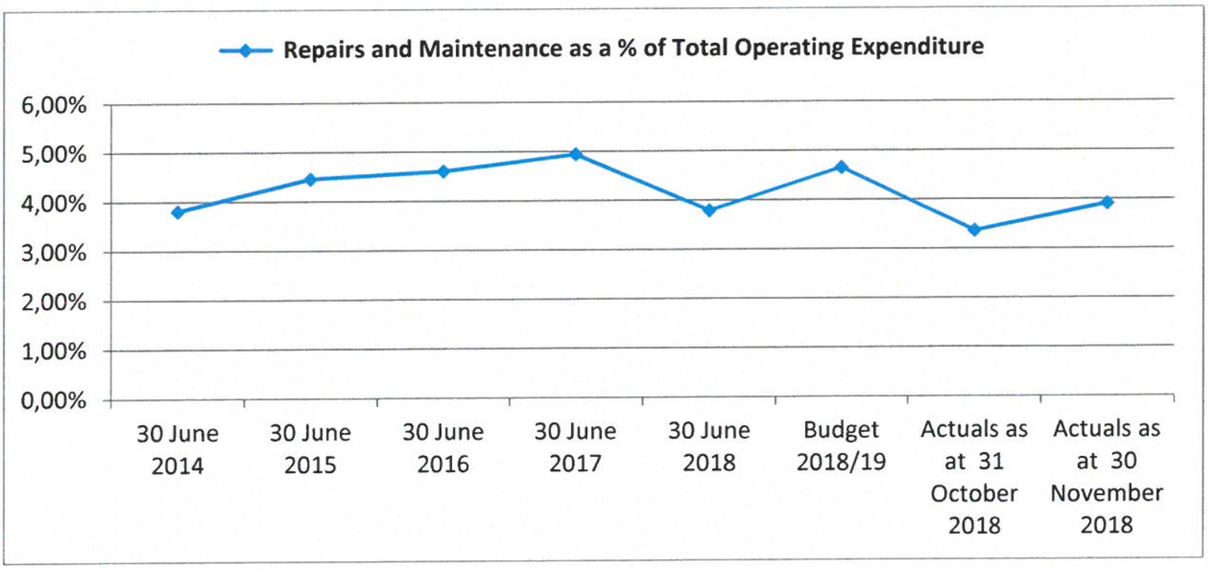
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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

The ratio is determined as follows:

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

As at 30 November 2018, the ratio was 3.91%, compared to the budgeted ratio of 4.65%.



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

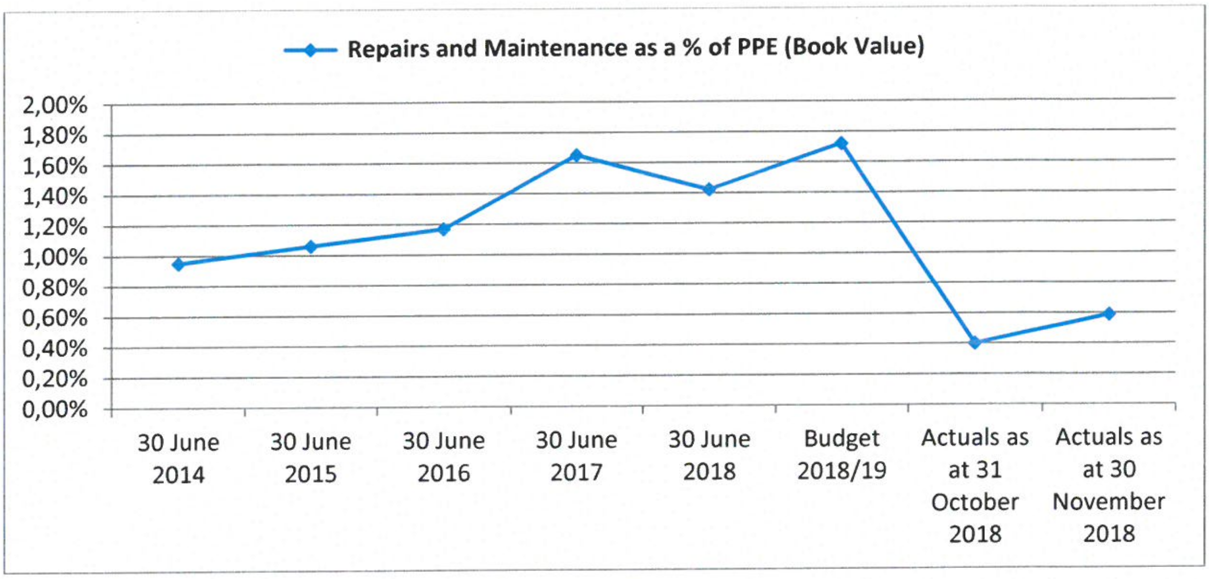
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 November 2018, repairs and maintenance expenditure constituted 0.59% 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%.



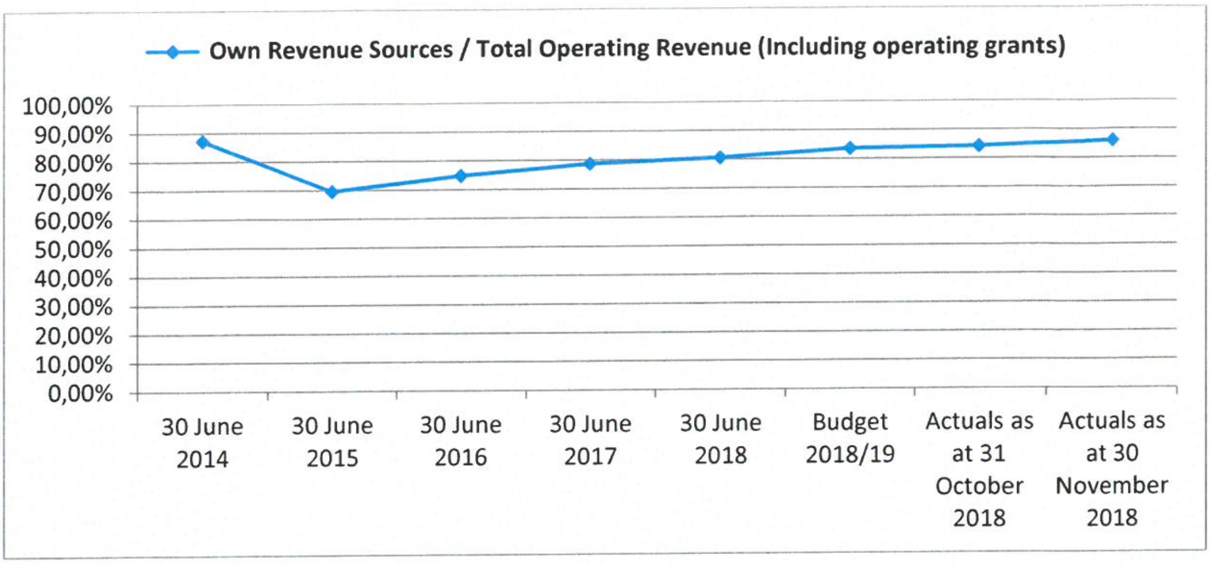
5.4.5. Own Revenue Generation

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 November 2018, the Municipality's own revenue sources constituted 85.98% of its total Operating Income, compared to the budgeted ratio of 83.60%.



5.4.6. Capital Budget Spending

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

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of November 2018 amounted to 28.63%, compared to the budgeted ratio of 95%.