

KOUGA MUNICIPALITY (EC108)

FINANCE

DATE:

ITEM NO:

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**MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2019 TO OCTOBER 2019 AND
FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 OCTOBER 2019 (2019/20
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 months of July 2019 to October 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 329,037 million, whilst operating expenditure amounted to R 249,808 million, resulting in an operating surplus of R 79,228 million.
- Capital expenditure constituted 22,30% of the 2019/20 Adjusted Capital Budget.
- Overdue consumer debts increased by R 23,807 million (16,32%) since June 2019.

- An amount of R 36,912 million is owing to creditors, of which R 36,608 million (99,18%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 28,794,775 (13,44%) since June 2019, from R 214,227,548 to R 243,022,323.

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

Ratio	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Actuals as at 31 October 2018	Actuals as at 31 October 2019	Approved Budget 2019/20
Current Ratio	0.97:1	1.11:1	1.45:1	2.15:1	2.93:1	0.99:1
Liquidity Ratio	0.47:1	0.52:1	0.88:1	1.09:1	2.29:1	0.38:1
Cost Coverage (Excluding unspent conditional grants)	1.62 months	1.72 months	1.90 months	2.47 months	2.09 Months	1.01 months
Debtors Collection Rate	95.81%	90.73%	97.62%	89.66%	89,25%	96%
Capital Expenditure	72.92%	72.98%	48.62%	19.38%	22.30%	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 31 October 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.

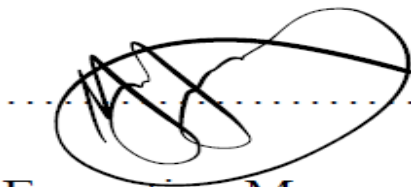
Report Submitted by



Mr. Charl Du Plessis (Municipal Manager)

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

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



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 13/11/2019

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY TO 31 OCTOBER 2019.

Below is an analysis of the operating revenue and expenditure performance

Description	Budget Year 2019/20		
	Approved Budget	Actuals as at 31 October 2019	%
R thousands			
Revenue By Source			
Property rates	196 717	105 743	53,75%
Service charges - electricity revenue	277 068	77 157	27,85%
Service charges - water revenue	76 105	18 223	23,94%
Service charges - sanitation revenue	46 346	31 437	67,83%
Service charges - refuse revenue	53 732	18 661	34,73%
Rental of facilities and equipment	1 024	219	21,43%
Interest earned - external investments	10 375	4 931	47,53%
Interest earned - outstanding debtors	8 439	4 099	48,58%
Fines, penalties and forfeits	6 397	720	11,25%
Licences and permits	16 568	7 441	44,91%
Transfers and subsidies	133 112	56 817	42,68%
Other revenue	10 810	3 588	33,19%
Total Revenue (excluding capital transfers and contributions)	836 693	329 037	39,33%
Expenditure By Type			
Employee related costs	290 942	90 819	31,22%
Remuneration of councillors	13 063	4 136	31,67%
Debt impairment	26 336	–	0,00%
Depreciation & asset impairment	85 101	24 509	28,80%
Finance charges	2 201	848	38,54%
Bulk purchases	271 623	83 842	30,87%
Other materials	29 783	8 679	29,14%
Contracted services	79 927	11 663	14,59%
Transfers and subsidies	250	–	0,00%
Other expenditure	98 076	25 311	25,81%
Total Expenditure	897 301	249 808	27,84%
Surplus/(Deficit)	(60 608)	79 228	

The statement of financial performance indicates a surplus of R 79,228 million.

Below is a discussion of the significant revenue variations:

Revenue Variations

Property Rates

As at 31 October 2019, the Municipality has recognised 53,75% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2019, amounting to R 74,414 million.

Service Charges – Water

This is influenced by the reversal of accrued water revenue recognised in the 2018/19 Annual Financial Statements.

Service Charges – Sanitation

The service charges – sanitation revenue was overstated by an amount of R 13,189,206, due to incorrect billing for October 2019.

Rental of Facilities

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 – external investments

This is influenced by the extent of the municipality's investment portfolio, amounting to R 243,022,323 million.

Interest earned – outstanding debtors

this is influenced by overdue debtors, amounting to R 169,690 million.

Fines, penalties and forfeits

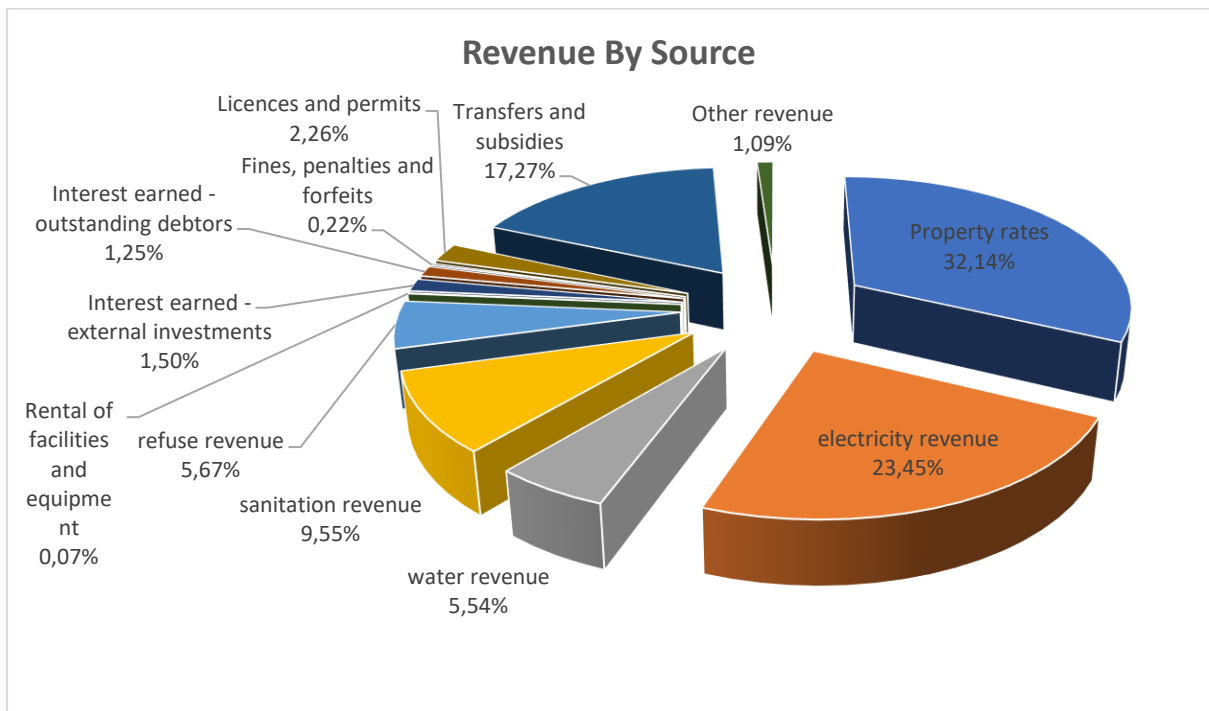
Fines, penalties and forfeits are largely influenced by the lower than anticipated revenue from traffic fines.

Licences and permits

This is largely influenced by the extent of vehicle registrations.

Transfers and Subsidies

Transfers and subsidies received mainly represents the Equitable Share Allocation in the amount of R 52,058 million.



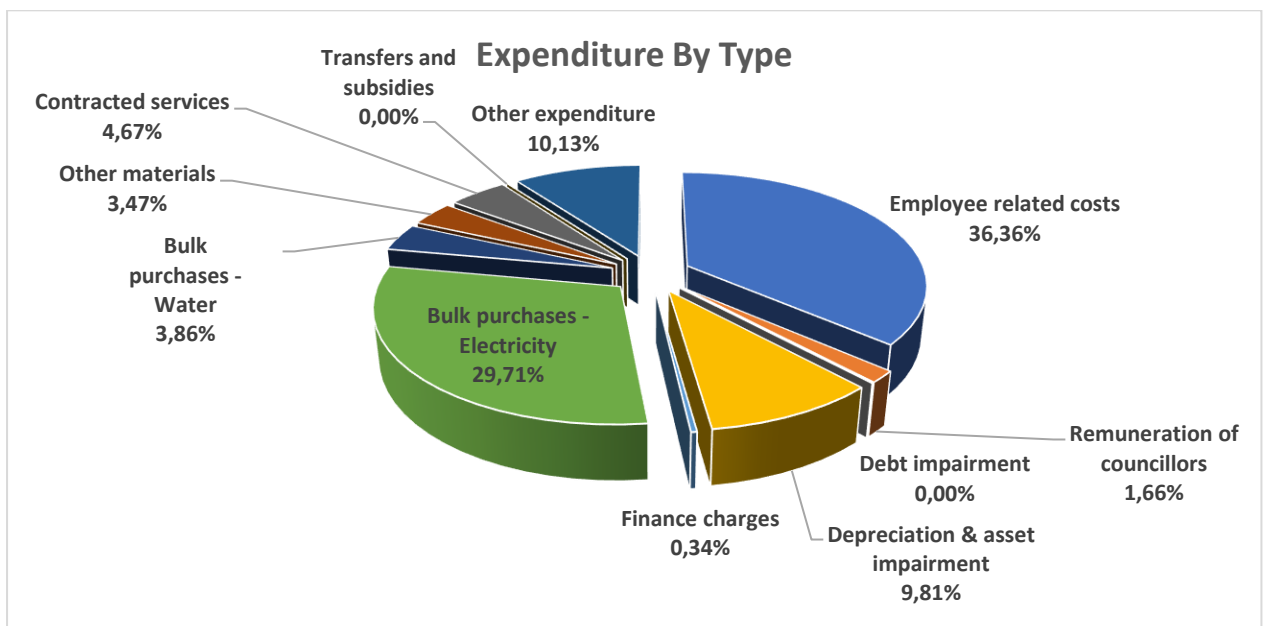
Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

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.



Repairs and Maintenance

Below is an analysis of actual repairs and maintenance expenditure by Directorate, compared to the 2019/20 Approved Budget.

Item Description	Approved Budget 2019/20	Actuals as at 31 October 2019	% of Budget
Executive & Council			
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Gifts and Promotional Items	50 000	-	0,00%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	10 520	2 942	27,97%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	210 400	71 000	33,75%
	270 920	73 942	27,29%
Corporate Services			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	738	4%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	300 000	90 419	30,14%
Expenditure:Inventory Consumed:Materials and Supplies	-	-	
	320 000	91 157	28,49%
Finance			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	94 680	6 446	6,81%
Expenditure:Inventory Consumed:Materials and Supplies	173 580	-	0,00%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	368 200	3 698	1,00%
	636 460	10 144	1,59%
Community Services			
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	3 556 521	503 271	14,15%
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	150 000	-	0,00%
Expenditure:Operational Cost:Hire Charges	-	-	
Expenditure:Inventory Consumed:Materials and Supplies	1 350 120	447 218	33,12%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	3 896 192	1 312 736	33,69%
Expenditure:Operational Cost:Uniform and Protective Clothing	-	-	
	8 952 833	2 263 225	25,28%
Planning, Development & Tourism			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	997	4,99%
Expenditure:Inventory Consumed:Materials and Supplies	52 600	-	0,00%
	72 600	997	1,37%
Infrastructure & Engineering			
Expenditure:Operational Cost:Hire Charges	3 075 800	146 021	4,75%
Expenditure:Inventory Consumed:Materials and Supplies	12 440 964	3 466 864	27,87%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	264 000	123 849	46,91%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	17 355 640	2 863 537	16,50%
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	252 560	86 584	34,28%
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Tenders	-	-	
	33 388 964	6 686 855	20,03%
Total	43 641 777	9 126 320	20,91%

It is to be noted that actual repairs and maintenance expenditure constituted 20.91% of the 2019/20 Approved Budget.

CAPITAL BUDGET PERFORMANCE

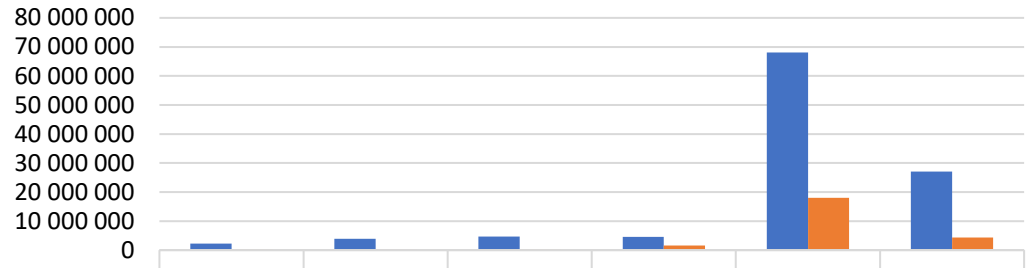
Below is an analysis of the capital expenditure compared to the 2019/20 Adjusted Capital Budget.

Projects	Funding	Approved Budget 2019/20	Adjustments	Amended Budget 2019/20	Actuals as at 31 October 2019	% of Budget
EXECUTIVE & COUNCIL						
Computer Equipment	Internal	130 000	60 000	190 000	6 168	3,25%
Furniture and Equipment	Internal	260 000	-	260 000	28 378	10,91%
Ward Councilors Capital (Markets)	Internal	750 000	1 067 695	1 817 695	239 637	13,18%
Security Camera	Internal	60 000	60 000	-	-	-
		1 200 000	1 067 695	2 267 695	274 183	12,09%
CORPORATE SERVICES						
Biometric system	Internal	130 000	120 000	250 000	-	0,00%
Buildings	Internal	1 000 000	20 489	1 020 489	172 425	16,90%
Computer Equipment	Internal	198 000	140 582	338 582	1 606	0,47%
Computer Software and Applications	Internal	-	-	-	-	-
EDMS	Internal	540 506	670 494	1 211 000	-	0,00%
Fencing of main building	Internal	-	120 000	120 000	-	0,00%
Furniture and Equipment	Internal	550 000	166 571	716 571	109 418	15,27%
Library upgrade Corporate Services	Internal	100 000	356 689	456 689	-	0,00%
Software upgrade	Internal	300 000	-	300 000	-	0,00%
Vehicle	Internal	250 000	-	250 000	-	0,00%
		3 068 506	1 594 825	4 663 331	283 449	6,08%
FINANCE						
Cibex Software	Internal	600 000	-	600 000	-	0,00%
Computer Equipment	Internal	300 000	-	300 000	46 883	15,63%
Container (Assets)	Internal	50 000	25 000	25 000	-	0,00%
Containers (SCM)	Internal	100 000	-	100 000	-	0,00%
Disaster Recovery Server	Internal	-	644 106	644 106	-	0,00%
DOT MATRIX PRINTER	Internal	-	197 489	197 489	-	0,00%
Fencing (Stores)	Internal	150 000	-	150 000	-	0,00%
Filing system (SCM)	Internal	350 000	-	350 000	-	0,00%
Furniture and Equipment	Internal	300 000	25 000	325 000	24 625	7,58%
Office upgrade ICT	Internal	-	153 950	153 950	70 130	45,55%
Shelving (SCM)	Internal	200 000	-	200 000	-	0,00%
Vehicle	Internal	300 000	300 000	600 000	-	0,00%
WIFI Solution	Internal	250 000	-	250 000	-	0,00%
		2 600 000	1 295 545	3 895 545	141 637	3,64%
PLANNING, DEVELOPMENT & TOURISM						
Arts and Creative Industries	DISTRICT	100 000	-	100 000	-	0,00%
Computer Equipment	Internal	60 000	-	60 000	41 188	68,65%
Computer Software and Applications	Internal	300 000	-	300 000	-	0,00%
Furniture and equipment	Internal	200 000	-	200 000	-	0,00%
Land acquisition housing projects	Internal	1 700 000	-	1 700 000	1 533 043	90,18%
LED Capital Projects	Internal	1 000 000	-	1 000 000	-	0,00%
Mini Fresh Food and Craft Markets in Jeffrey's Bay & Hankey	MIG	1 220 951	-	1 220 951	-	0,00%
		4 580 951	-	4 580 951	1 574 231	34,36%
COMMUNITY SERVICES						
Fencing - Hdorp	Internal	1 300 000	-	1 300 000	558 000	42,92%
Machinery and Equipment	Internal	1 400 000	253 637	1 653 637	517 677	31,31%
Vehicle	Internal	4 265 100	821 255	3 443 845	785 440	22,81%
Furniture and Equipment	Internal	350 000	11 900	338 100	21 107	6,24%
Bins _with_wheels	Internal	2 000 000	-	2 000 000	2 000 000	100,00%
Life Gaards Beach Tower	Internal	100 000	123 600	223 600	96 212	43,03%
Upgrading of Sports Facilities	MIG	5 564 599	-	5 564 599	13 200	0,24%
Upgrading of Kwanomzamo Sports Facility	MIG	5 413 043	-	5 413 043	-	0,00%
Computer Equipment	Internal	300 000	-	300 000	242 521	80,84%
Fencing Fire Station Hankey	Internal	300 000	-	300 000	-	0,00%
Weston Library Upgrade	Internal	-	11 900	11 900	11 800	99,16%
Vehicle	DISTRICT	-	3 665 100	3 665 100	-	0,00%
Upgrading of Yellow Woods	Internal	150 000	-	150 000	-	0,00%
Upgrading of play parks	Internal	200 000	-	200 000	-	0,00%
Upgrading of Pellrsrus, Kabeljous, Cape St Francis Beach parks	Internal	450 000	-	450 000	117 096	26,02%
Vehicles	Internal	1 150 000	-	1 150 000	-	0,00%
Upgrading of sport & recreation facilities	Internal	500 000	-	500 000	-	0,00%
HYDRAULICS RESCUE EQUIPMENT	Internal	-	415 331	415 331	28 048	6,75%
		23 442 742	3 636 413	27 079 155	4 391 101	16,22%

Projects	Funding			Approved Budget 2019/20	Actuals as at 31 October 2019	% of Budget
INFRASTRUCTURE & ENGINEERING						
Furniture and Equipment	Internal	10 000	-	10 000	-	0,00%
Computer Equipment	Internal	25 000	-	25 000	-	0,00%
Machinery and equipment	Internal	330 000	-	330 000	212 514	64,40%
Vehicles	Internal	2 600 000	5 085 469	7 685 469	5 124 053	66,67%
Energy and Demand Side Management	energy	-	3 478 261	3 478 261	-	0,00%
Energy and Demand Side Management	INEP	3 478 261	-	-	-	-
New overheadlines 66kv overheadlines(Jbay to Melk	Internal	1 800 000	-	1 800 000	-	0,00%
Outfall Sewers Capital	Internal	-	882 619	882 619	195 473	22,15%
Upgrading of the Ses Vista Wastewater Treatment Wo	MIG	13 011 229	-	13 011 229	5 206 591	40,02%
Upgrading of Gravel Roads in Jeffreys Bay	MIG	363 655	-	363 655	-	0,00%
Patensie Sewage Package Plant	MIG	5 650 392	-	5 650 392	-	0,00%
Upgrade Sanitation System Old Hankey	MIG	434 783	-	434 783	-	0,00%
LV Networks (Informal Areas, Electrification/illeg	Internal	1 000 000	-	1 000 000	-	0,00%
Pump Station Capital	Internal	750 000	-	750 000	-	0,00%
Security Camera	Internal	200 000	-	200 000	-	0,00%
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	1 500 000	-	1 500 000	-	0,00%
Roads Capital	Internal	1 500 000	-	1 500 000	-	0,00%
Bucket Eradication Programme	Internal	2 300 000	2 131 523	4 431 523	186 100	4,20%
St Francis bulk main outfall sewer	Internal	500 000	-	500 000	-	0,00%
Sewer REPLACE OLD PUMPS	Internal	750 000	-	750 000	47 936	6,39%
Electrcial replacement of old and dangerous swith gear Saffery Sub station Humansdorp	Internal	2 000 000	-	2 000 000	-	0,00%
Electrcial Replacement of old mv cables to main sub staion Humansdorp	Internal	1 200 000	-	1 200 000	-	0,00%
Electrcial supply of tri switches St francis Bay	Internal	200 000	-	200 000	-	0,00%
Electrcial Supply auto recloser St Francis Bay	Internal	400 000	-	400 000	-	0,00%
Electrcial Mini sub station 22 000/11000/400 St Francis Bay	Internal	700 000	-	700 000	-	0,00%
Electrcial 5 MV 22000/11000 transformer	Internal	1 400 000	-	1 400 000	-	0,00%
Electrcial Oil circuit breakers replacement with vacuum or gas breakers	Internal	800 000	-	800 000	-	0,00%
Purchase storage containers (3)	Internal	200 000	-	200 000	38 478	19,24%
KwaNomzamo Wastewater Treatment Works	WSIG_NT	8 695 652	1	8 695 653	299 269	3,44%
Humansdorp, Kruisfontein and Osean View Electrification	INEP	5 219 130	-	5 219 130	101 400	1,94%
High Mast Lights	Internal	1 200 000	-	1 200 000	-	0,00%
CONCRETE POLES	Internal	-	197 246	197 246	171 518	86,96%
SOLAR LIGHTS	Internal	-	753 449	753 449	332 093	44,08%
conversion from conventional meter to pre paid meter and moving of meter to boundary wall	Internal	-	195 888	195 888	170 337	86,96%
purchase of mini sub station 11000/400,22000/400	Internal	-	591 557	591 557	-	0,00%
RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG_NT	-	-	-	153 873	
RETICULATION REPLACE PIPELINES (HANKEY)	WSIG_NT	-	-	-	167 996	
CAPE ST FRANCIS WATER SUPPLY	WSIG_DWS	-	-	-	311 216	
DEVELOP NATURAL SPRINGS AND CONVEYANCE	WSIG_NT	-	-	-	1 109 500	
HANKEY WATER SUPPLY	WSIG_DWS	-	-	-	1 566 624	
HUMANSDORP WATER SUPPLY	WSIG_DWS	-	-	-	84 873	
REFURBISH AND UPGRADE WATER TREATMENT WORKS	WSIG_NT	-	-	-	1 594 873	
PATENSIE WATER SUPPLY	WSIG_DWS	-	-	-	249 587	
JEFFREYS BAY WATER SUPPLY	WSIG_DWS	-	-	-	657 133	
		58 218 102	9 837 752	68 055 854	17 981 438	26,42%
		93 110 301	17 432 230	110 542 531	24 646 039	22,30%
Internally generated funds		41993506	15732229	57 725 735	13 129 904	22,75%
Transfers recognised - capital		51 116 795	1700001	52 816 796	11 516 135	21,80%
Total		93 110 301	17 432 230	110 542 531	24 646 039	22,30%

It is to be noted that capital expenditure as at 31 October 2019 amounted to 22,30%, compared to the adjusted capital budget of R 110,542,531.

Capital Expenditure



	Executive & Council	Finance	Corporate Services	Planning, Development and Tourism	Infrastructure and Engineering	Community Services
■ Approved Budget 2019/20	2 267 695	3 895 545	4 663 331	4 580 951	68 055 854	27 079 155
■ Actuals as at 31 October 2019	274 183	141 637	283 449	1 574 231	17 981 438	4 391 101

PROJECTED CASH FLOW STATEMENT FOR THE 2019/20 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 October 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 – M04 October 2019

Description	Ref	2018/19	Budget Year 2019/20								
		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			188 848		16 934	95 752	62 949	32 803	52%	188 848	
Service charges			435 121		36 461	143 243	145 040	(1 797)	-1%	435 121	
Other revenue			34 799		13 514	31 781	11 600	20 182	174%	34 799	
Government - operating			133 112		2 705	56 783	44 371	12 412	28%	133 112	
Government - capital			58 063		1 000	20 768	19 354	1 414	7%	58 063	
Interest			18 476		2 362	9 308	6 159	3 149	51%	18 476	
Dividends			-		-	-	-	-		-	
Payments											
Suppliers and employees			(783 499)		(75 781)	(297 098)	(261 166)	35 932	-14%	(783 499)	
Finance charges			(2 201)		(201)	(848)	(734)	115	-16%	(2 201)	
Transfers and Grants			-		-	-	-	-		-	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	82 720	-	(3 007)	59 689	27 573	(32 116)	-116%	82 720
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			(93 110)		(17 851)	(28 343)	(31 037)	(2 694)	9%	(93 110)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(93 110)	-	(17 851)	(28 343)	(31 037)	(2 694)	9%	(93 110)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			-		-	-	-	-		-	
Borrowing long term/refinancing			-		-	-	-	-		-	
Increase (decrease) in consumer deposits			-		-	-	-	-		-	
Payments											
Repayment of borrowing			(7 999)		(649)	(2 552)	(2 666)	(115)	4%	(7 999)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(7 999)	-	(649)	(2 552)	(2 666)	(115)	4%	(7 999)
NET INCREASE/ (DECREASE) IN CASH HELD			-	(18 389)	-	(21 506)	28 795	(6 130)			(18 389)
Cash/cash equivalents at beginning:			84 707			214 228	84 707				214 228

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 2019/20 budget performance for the period July 2019 to October 2019 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M04 October 2019

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	196 717	196 717	11 506	105 743	65 572	40 170	61%	196 717
Service charges	-	453 251	453 251	50 196	145 478	151 084	(5 606)	-4%	453 251
Investment revenue	-	10 375	10 375	1 270	4 931	3 458	1 473	43%	10 375
Transfers and subsidies	-	133 112	133 112	4 051	56 817	44 371	12 447	28%	133 112
Other own revenue	-	43 238	43 238	3 910	16 068	14 413	1 655	11%	43 238
Total Revenue (excluding capital transfers and contributions)	-	836 693	836 693	70 933	329 037	278 898	50 139	18%	836 693
Employee costs	-	290 942	290 942	23 589	90 819	96 981	(6 162)	-6%	290 942
Remuneration of Councillors	-	13 063	13 063	1 042	4 136	4 354	(218)	-5%	13 063
Depreciation & asset impairment	-	85 101	85 101	6 127	24 509	28 367	(3 858)	-14%	85 101
Finance charges	-	2 201	2 201	201	848	734	115	16%	2 201
Materials and bulk purchases	-	301 244	301 406	6 173	92 522	100 469	(7 947)	-8%	301 406
Transfers and subsidies	-	-	250	-	-	83	(83)	-100%	250
Other expenditure	-	204 586	204 339	15 091	36 974	68 113	(31 139)	-46%	204 339
Total Expenditure	-	897 137	897 301	52 223	249 808	299 100	(49 292)	-16%	897 301
Surplus/(Deficit)	-	(60 444)	(60 608)	18 710	79 228	(20 203)	99 431	-492%	(60 608)
Transfers and subsidies - capital (monetary alloc	-	58 063	58 063	8 743	15 509	19 354	(3 846)	-20%	58 063
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	(2 381)	(2 545)	27 453	94 737	(848)	95 585	-11267%	(2 545)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	(2 381)	(2 545)	27 453	94 737	(848)	95 585	-11267%	(2 545)
Capital expenditure & funds sources									
Capital expenditure	-	93 110	110 543	15 522	24 646	27 636	(2 990)	-11%	110 543
Capital transfers recognised	-	51 117	52 817	5 625	11 516	17 606	(6 089)	-35%	52 817
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	41 994	57 726	9 897	13 130	19 242	(6 112)	-32%	57 726
Total sources of capital funds	-	93 110	110 543	15 522	24 646	36 848	(12 201)	-33%	110 543
Financial position									
Total current assets	-	173 204	-	-	311 202	-	-	-	173 204
Total non current assets	-	2 317 635	-	-	2 286 781	-	-	-	2 317 635
Total current liabilities	-	175 225	-	-	106 294	-	-	-	175 225
Total non current liabilities	-	184 979	-	-	179 799	-	-	-	184 979
Community wealth/Equity	-	2 130 635	-	-	286 093	-	-	-	2 130 635
Cash flows									
Net cash from (used) operating	-	82 720	-	(3 007)	59 689	27 573	(32 116)	-116%	82 720
Net cash from (used) investing	-	(93 110)	-	(17 851)	(28 343)	(31 037)	(2 694)	9%	(93 110)
Net cash from (used) financing	-	(7 999)	-	(649)	(2 552)	(2 666)	(115)	4%	(7 999)
Cash/cash equivalents at the month/year end	-	66 318	-	-	243 022	78 577	(164 445)	-209%	195 838
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	47 688	6 407	21 172	3 856	3 759	3 655	19 116	111 725	217 378
Creditors Age Analysis									
Total Creditors	36 608	399	23	-	-	3	10	(131)	36 912

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) – M04 October 2019

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		-	339 475	339 475	13 561	148 642	113 158	35 484	31%	339 475
Executive and council		-	27	27	-	4	9	(5)	-60%	27
Finance and administration		-	339 448	339 448	13 561	148 639	113 149	35 489	31%	339 448
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		-	14 266	14 266	2 497	4 491	4 755	(265)	-6%	14 266
Community and social services		-	2 479	2 479	1 810	1 898	826	1 071	130%	2 479
Sport and recreation		-	7 867	7 867	679	2 552	2 622	(71)	-3%	7 867
Public safety		-	1 984	1 984	0	10	661	(652)	-99%	1 984
Housing		-	-	-	-	-	-	-		-
Health		-	1 936	1 936	8	32	645	(614)	-95%	1 936
Economic and environmental services		-	19 616	19 616	3 866	9 962	6 539	3 424	52%	19 616
Planning and development		-	6 667	6 667	2 660	4 063	2 222	1 841	83%	6 667
Road transport		-	11 844	11 844	1 043	5 439	3 948	1 491	38%	11 844
Environmental protection		-	1 105	1 105	163	460	368	92	25%	1 105
Trading services		-	521 398	521 398	59 752	181 450	173 799	7 651	4%	521 398
Energy sources		-	293 789	293 789	21 641	94 932	97 930	(2 998)	-3%	293 789
Water management		-	87 929	87 929	11 990	30 466	29 310	1 156	4%	87 929
Waste water management		-	83 574	83 574	21 643	36 345	27 858	8 487	30%	83 574
Waste management		-	56 106	56 106	4 478	19 707	18 702	1 005	5%	56 106
Other	4	-	-	-	-	-	-	-		-
Total Revenue - Functional	2	-	894 756	894 756	79 676	344 545	298 252	46 293	16%	894 756
Expenditure - Functional										
Governance and administration		-	222 961	222 375	17 552	53 956	74 125	(20 169)	-27%	222 375
Executive and council		-	45 089	44 608	3 328	12 188	14 869	(2 681)	-18%	44 608
Finance and administration		-	177 872	177 748	14 224	41 768	59 249	(17 482)	-30%	177 748
Internal audit		-	-	20	-	-	7	(7)	-100%	20
Community and public safety		-	85 190	87 040	6 479	24 048	29 013	(4 965)	-17%	87 040
Community and social services		-	10 612	10 612	725	2 529	3 537	(1 008)	-28%	10 612
Sport and recreation		-	44 086	44 836	3 184	11 751	14 945	(3 195)	-21%	44 836
Public safety		-	22 264	22 264	1 909	7 306	7 421	(115)	-2%	22 264
Housing		-	3 228	4 328	335	1 105	1 443	(338)	-23%	4 328
Health		-	4 999	4 999	326	1 357	1 666	(309)	-19%	4 999
Economic and environmental services		-	116 851	116 936	8 578	31 584	38 979	(7 395)	-19%	116 936
Planning and development		-	34 459	34 444	2 273	8 833	11 481	(2 648)	-23%	34 444
Road transport		-	80 642	80 642	6 236	22 116	26 881	(4 764)	-18%	80 642
Environmental protection		-	1 751	1 851	69	634	617	17	3%	1 851
Trading services		-	467 649	467 549	19 599	140 200	155 850	(15 650)	-10%	467 549
Energy sources		-	285 024	285 024	3 729	85 386	95 008	(9 622)	-10%	285 024
Water management		-	80 898	80 898	6 465	22 598	26 966	(4 368)	-16%	80 898
Waste water management		-	51 081	51 081	6 033	18 578	17 027	1 551	9%	51 081
Waste management		-	50 646	50 546	3 372	13 638	16 849	(3 211)	-19%	50 546
Other		-	4 486	3 401	16	21	1 134	(1 113)	-98%	3 401
Total Expenditure - Functional	3	-	897 137	897 301	52 223	249 808	299 100	(49 292)	-16%	897 301
Surplus/ (Deficit) for the year		-	(2 381)	(2 545)	27 453	94 737	(848)	95 585	-11267%	(2 545)

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 – M04 October 2019)

Vote Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							%	
Revenue by Vote								
Vote 1 - EXECUTIVE COUNCIL	-	-	-	-	-	-		-
Vote 2 - FINANCIAL SERVICES	333 857	333 857	13 274	165 206	111 286	53 920	48,5%	333 857
Vote 3 - CORPORATE SERVICES	27	27	176	179	9	170	1889,3%	27
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 052	4 052	393	1 340	1 351	(11)	-0,8%	4 052
Vote 5 - INFRASTRUCTURE AND ENGINEERING	468 908	468 908	57 541	147 409	156 303	(8 893)	-5,7%	468 908
Vote 6 - COMMUNITY SERVICES	20 256	20 256	3 221	7 879	6 752	1 127	16,7%	20 256
Vote 7 - COMMUNITY SERVICES (CONTINUED)	67 656	67 656	5 072	22 532	22 552	(20)	-0,1%	67 656
Total Revenue by Vote	894 756	894 756	79 676	344 545	298 252	46 293	18,4%	894 756
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	43 826	43 076	3 460	10 964	14 359	(3 395)	-23,6%	43 076
Vote 2 - FINANCIAL SERVICES	93 059	93 059	8 622	20 121	31 020	(10 899)	-35,1%	93 059
Vote 3 - CORPORATE SERVICES	51 140	51 140	3 303	12 861	17 047	(4 186)	-24,6%	51 140
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 412	22 412	1 402	5 301	7 471	(2 169)	-29,0%	22 412
Vote 5 - INFRASTRUCTURE AND ENGINEERING	515 897	515 897	22 972	152 362	171 966	(19 604)	-11,4%	515 897
Vote 6 - COMMUNITY SERVICES	54 604	54 604	4 165	15 444	18 201	(2 758)	-15,2%	54 604
Vote 7 - COMMUNITY SERVICES (CONTINUED)	116 198	117 113	8 300	32 755	29 278	3 477	11,9%	117 113
Total Expenditure by Vote	897 137	897 301	52 223	249 808	289 341	(39 533)	-11,9%	897 301
Surplus/ (Deficit) for the year	(2 381)	(2 545)	27 453	94 737	8 911	85 826	-10674,5%	(2 545)

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) – M04 October 2019

Description	Ref	2018/19	Budget Year 2019/20								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands											
Revenue By Source											
Property rates			196 717	196 717	11 506	105 743	65 572	40 170	61%	196 717	
Service charges - electricity revenue			277 068	277 068	21 431	77 157	92 356	(15 199)	-16%	277 068	
Service charges - water revenue			76 105	76 105	6 101	18 223	25 368	(7 146)	-28%	76 105	
Service charges - sanitation revenue			46 346	46 346	18 455	31 437	15 449	15 989	103%	46 346	
Service charges - refuse revenue			53 732	53 732	4 209	18 661	17 911	750	4%	53 732	
Rental of facilities and equipment			4 037	1 024	56	219	341	(122)	-36%	1 024	
Interest earned - external investments			10 375	10 375	1 270	4 931	3 458	1 473	43%	10 375	
Interest earned - outstanding debtors			8 439	8 439	1 022	4 099	2 813	1 286	46%	8 439	
Dividends received			-	-	-	-	-	-	-	-	
Fines, penalties and forfeits			6 397	6 397	150	720	2 132	(1 412)	-66%	6 397	
Licences and permits			16 568	16 568	1 532	7 441	5 523	1 918	35%	16 568	
Agency services			-	-	-	-	-	-	-	-	
Transfers and subsidies			133 112	133 112	4 051	56 817	44 371	12 447	28%	133 112	
Other revenue			7 797	10 810	1 151	3 588	3 603	(15)	0%	10 810	
Gains on disposal of PPE			-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)			-	836 693	836 693	70 933	329 037	278 898	50 139	18%	836 693
Expenditure By Type											
Employee related costs			290 942	290 942	23 589	90 819	96 981	(6 162)	-6%	290 942	
Remuneration of councillors			13 063	13 063	1 042	4 136	4 354	(218)	-5%	13 063	
Debt impairment			26 336	26 336	-	-	8 779	(8 779)	-100%	26 336	
Depreciation & asset impairment			85 101	85 101	6 127	24 509	28 367	(3 858)	-14%	85 101	
Finance charges			2 201	2 201	201	848	734	115	16%	2 201	
Bulk purchases			271 623	271 623	3 288	83 842	90 541	(6 699)	-7%	271 623	
Other materials			29 621	29 783	2 885	8 679	9 928	(1 248)	-13%	29 783	
Contracted services			80 814	79 927	6 696	11 663	26 642	(14 979)	-56%	79 927	
Transfers and subsidies			-	250	-	-	83	(83)	-100%	250	
Other expenditure			97 436	98 076	8 395	25 311	32 692	(7 381)	-23%	98 076	
Loss on disposal of PPE			-	-	-	-	-	-	-	-	
Total Expenditure			-	897 137	897 301	52 223	249 808	299 100	(49 292)	-16%	897 301
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			-	(60 444)	(60 608)	18 710	79 228	(20 203)	99 431	(0)	(60 608)
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)				58 063	58 063	8 743	15 509	19 354	(3 846)	(0)	58 063
Transfers and subsidies - capital (in-kind - all)				-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			-	(2 381)	(2 545)	27 453	94 737	(848)			(2 545)
Taxation											
Surplus/(Deficit) after taxation			-	(2 381)	(2 545)	27 453	94 737	(848)			(2 545)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality			-	(2 381)	(2 545)	27 453	94 737	(848)			(2 545)
Share of surplus/ (deficit) of associate											
Surplus/ (Deficit) for the year			-	(2 381)	(2 545)	27 453	94 737	(848)			(2 545)

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) – M04 October 2019

Vote Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							%	
Single Year expenditure appropriation								
Vote 1 - EXECUTIVE COUNCIL	1 200	2 268	21	274	756	(293)	-52%	2 268
Vote 2 - FINANCIAL SERVICES	2 600	3 896	38	142	1 299	(832)	-85%	3 896
Vote 3 - CORPORATE SERVICES	3 069	4 663	210	283	1 554	(882)	-76%	4 663
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 581	4 581	41	1 574	1 527	429	37%	4 581
Vote 5 - INFRASTRUCTURE AND ENGINEERING	59 846	68 056	11 179	17 981	22 685	967	6%	68 056
Vote 6 - COMMUNITY SERVICES	5 915	8 408	628	809	2 803	(1 293)	-62%	8 408
Vote 7 - COMMUNITY SERVICES (CONTINUED)	15 900	18 671	3 404	3 582	6 224	(1 085)	-23%	18 671
Total Capital single-year expenditure	93 110	110 543	15 522	24 646	36 848	(2 990)	-67%	110 543
Total Capital Expenditure	93 110	110 543	15 522	24 646	36 848	(2 990)	-67%	110 543
Capital Expenditure - Functional Classification								
Governance and administration	8 169	10 827	184	483	3 609	(2 327)	-86%	10 827
Executive and council	1 065	2 133	–	240	711	(280)	-52%	2 133
Finance and administration	6 969	8 634	183	243	2 878	(2 032)	-94%	8 634
Internal audit	135	60	1	1	20	(15)	-100%	60
Community and public safety	20 215	26 779	2 172	4 220	8 926	(4 972)	-74%	26 779
Community and social services	950	2 674	189	239	891	(668)	-100%	2 674
Sport and recreation	13 600	13 128	558	558	4 376	(3 259)	-99%	13 128
Public safety	3 965	9 278	1 425	1 890	3 093	(2 153)	-93%	9 278
Housing	1 700	1 700	–	1 533	567	1 108	261%	1 700
Health	–	–	–	–	–	–	–	–
Economic and environmental services	5 325	5 325	20	127	1 775	(1 223)	-92%	5 325
Planning and development	3 331	3 331	–	–	1 110	(833)	-100%	3 331
Road transport	1 994	1 994	20	127	665	(391)	-78%	1 994
Environmental protection	–	–	–	–	–	–	–	–
Trading services	59 402	67 612	13 147	19 816	22 537	(9 990)	-61%	67 612
Energy sources	19 432	21 171	433	775	7 057	(4 951)	-94%	21 171
Water management	11 446	12 231	2 332	7 104	4 077	1 714	56%	12 231
Waste water management	26 524	32 211	8 381	9 936	10 737	(6 498)	-81%	32 211
Waste management	2 000	2 000	2 000	2 000	667	(500)	-100%	2 000
Other	–	–	–	–	–	244	#DIV/0!	–
Total Capital Expenditure - Functional Classification	93 110	110 543	15 522	24 646	36 848	(18 512)	-67%	110 543
Funded by:								
National Government	49 052	49 052	5 625	11 516	16 351	(6 372)	-52%	49 052
Provincial Government	–	–	–	–	–	–	–	–
District Municipality	2 065	3 765	–	–	1 255	(941)	-100%	3 765
Other transfers and grants	–	–	–	–	–	–	–	–
Transfers recognised - capital	51 117	52 817	5 625	11 516	17 606	(7 313)	-55%	52 817
Borrowing	–	–	–	–	–	–	–	–

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 – M04 October 2019

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash			6 632		204 899	6 632
Call investment deposits			59 686		38 124	59 686
Consumer debtors			67 067		42 888	67 067
Other debtors			33 150		16 040	33 150
Current portion of long-term receivables			3		3	3
Inventory			6 666		9 249	6 666
Total current assets			–	173 204	–	311 202
Non current assets						
Long-term receivables			16		13	16
Investments						
Investment property			354 389		267 727	354 389
Investments in Associate						
Property, plant and equipment			1 961 428		2 018 797	1 961 428
Biological						
Intangible			1 802		244	1 802
Other non-current assets						
Total non current assets			–	2 317 635	–	2 286 781
TOTAL ASSETS			–	2 490 839	–	2 597 983
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft					–	
Borrowing			7 999		9 067	7 999
Consumer deposits			15 241		17 378	15 241
Trade and other payables			127 481		50 201	127 481
Provisions			24 505		29 649	24 505
Total current liabilities			–	175 225	–	106 294
Non current liabilities						
Borrowing			15 602		16 354	15 602
Provisions			169 378		163 445	169 378
Total non current liabilities			–	184 979	–	179 799
TOTAL LIABILITIES			–	360 204	–	286 093
NET ASSETS	2		–	2 130 635	–	2 311 889
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)			2 130 635		286 093	2 130 635
Reserves						–
TOTAL COMMUNITY WEALTH/EQUITY	2		–	2 130 635	–	2 130 635

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 – M04 October 2019

Description	Ref	2018/19	Budget Year 2019/20								
		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			188 848		16 934	95 752	62 949	32 803	52%	188 848	
Service charges			435 121		36 461	143 243	145 040	(1 797)	-1%	435 121	
Other revenue			34 799		13 514	31 781	11 600	20 182	174%	34 799	
Government - operating			133 112		2 705	56 783	44 371	12 412	28%	133 112	
Government - capital			58 063		1 000	20 768	19 354	1 414	7%	58 063	
Interest			18 476		2 362	9 308	6 159	3 149	51%	18 476	
Dividends			-		-	-	-	-		-	
Payments											
Suppliers and employees			(783 499)		(75 781)	(297 098)	(261 166)	35 932	-14%	(783 499)	
Finance charges			(2 201)		(201)	(848)	(734)	115	-16%	(2 201)	
Transfers and Grants			-		-	-	-	-		-	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	82 720	-	(3 007)	59 689	27 573	(32 116)	-116%	82 720
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			(93 110)		(17 851)	(28 343)	(31 037)	(2 694)	9%	(93 110)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(93 110)	-	(17 851)	(28 343)	(31 037)	(2 694)	9%	(93 110)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			-		-	-	-	-		-	
Borrowing long term/refinancing			-		-	-	-	-		-	
Increase (decrease) in consumer deposits			-		-	-	-	-		-	
Payments											
Repayment of borrowing			(7 999)		(649)	(2 552)	(2 666)	(115)	4%	(7 999)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(7 999)	-	(649)	(2 552)	(2 666)	(115)	4%	(7 999)
NET INCREASE/ (DECREASE) IN CASH HELD			-	(18 389)	-	(21 506)	28 795	(6 130)			(18 389)
Cash/cash equivalents at beginning:				84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:				66 318			243 022	78 577			195 838

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 2019, compared to the position as at 31 October 2019.

Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2019

Description	Budget Year 2018/19								
	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
R thousands									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	8 079	1 885	1 407	1 463	1 386	1 158	7 243	22 495	45 116
Trade and Other Receivables from Exchange Transactions - Electricity	15 574	1 126	646	474	465	291	1 941	5 553	26 069
Receivables from Non-exchange Transactions - Property Rates	7 749	672	489	399	332	292	6 910	16 661	33 504
Receivables from Exchange Transactions - Waste Water Management	4 548	915	665	654	604	538	3 205	9 498	20 626
Receivables from Exchange Transactions - Waste Management	4 044	968	864	820	789	768	4 178	13 431	25 861
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	62	121	96	125	143	150	1 692	19 388	21 776
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-
Other	(11 847)	487	418	318	405	308	2 686	8 364	1 139
Total By Income Source	28 208	6 174	4 585	4 254	4 123	3 503	27 855	95 390	174 092
2017/18 - totals only									-
Debtors Age Analysis By Customer Group									
Organs of State	857	397	360	202	240	84	1 885	1 921	5 945
Commercial	5 199	340	176	125	140	81	588	2 630	9 278
Households	22 153	5 437	4 049	3 927	3 743	3 338	25 383	90 839	158 869
Other	-	-	-	-	-	-	-	-	-
Total By Customer Group	28 208	6 174	4 585	4 254	4 123	3 503	27 855	95 390	174 092

Debtors' Age Analysis (Inclusive of VAT) as at 31 October 2019

Description	Budget Year 2019/20									
	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	8 827	1 943	2 908	1 297	1 305	1 251	6 580	26 302	50 414	
Trade and Other Receivables from Exchange Transactions - Electricity	18 733	1 028	2 704	321	298	247	1 105	6 432	30 869	
Receivables from Non-exchange Transactions - Property Rates	10 484	938	11 269	372	329	296	1 385	20 754	45 828	
Receivables from Exchange Transactions - Waste Water Management	19 943	979	1 388	621	575	579	2 931	11 090	38 105	
Receivables from Exchange Transactions - Waste Management	4 215	1 059	961	832	770	762	4 205	15 491	28 295	
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	102	91	447	117	138	190	1 299	21 996	24 378	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	
Other	(14 617)	369	1 495	297	344	330	1 611	9 661	(510)	
Total By Income Source	47 688	6 407	21 172	3 856	3 759	3 655	19 116	111 725	217 378	
2018/19 - totals only									-	
Debtors Age Analysis By Customer Group										
Organs of State	1 347	475	1 262	67	83	76	114	3 353	6 776	
Commercial	20 139	263	464	101	99	91	527	2 837	24 521	
Households	26 202	5 670	19 446	3 688	3 577	3 488	18 475	105 535	186 081	
Other	-	-	-	-	-	-	-	-	-	
Total By Customer Group	47 688	6 407	21 172	3 856	3 759	3 655	19 116	111 725	217 378	

The aforementioned analysis indicates that from 30 June 2019 to 31 October 2019, the overdue debts have increased from R 145,884 million to R 169,690 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	30-Jun-19	31-Oct-19	DIFFERENCE
Trade and Other Receivables from Exchange Transactions - Water	37 037	41 587	4 550
Trade and Other Receivables from Exchange Transactions - Electricity	10 495	12 136	1 641
Receivables from Non-exchange Transactions - Property Rates	25 755	35 344	9 588
Receivables from Exchange Transactions - Waste Water Management	16 078	18 161	2 083
Receivables from Exchange Transactions - Waste Management	21 817	24 079	2 262
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-
Interest on Arrear Debtor Accounts	21 714	24 276	2 562
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-
Other	12 987	14 107	1 120
Total By Income Source	145 884	169 690	23 807
Debtors Age Analysis By Customer Group			
Organs of State	5 088	5 430	342
Commercial	4 080	4 382	302
Households	136 716	159 879	23 163
Other	-	-	-
Total By Customer Group	145 884	169 690	23 807

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2019/20								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity	19 035	-	-	-	-	-	-	-	19 035
Bulk Water	1 170	2	-	-	-	3	10	(180)	1 006
PAYE deductions	3 091								3 091
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	13 311	396	23	-	-	-	-	49	13 779
Auditor General									-
Other									-
Total By Customer Type	36 608	399	23	-	-	3	10	(131)	36 912

The above amounts represent invoices still to be paid. The major creditors as at 31 October 2019 are as follows:

Eskom	R 19,035 million
NMBM	R 1,006 million
SARS (PAYE)	R 3,091 million
Other Creditors	<u>R 13,779 million</u>
TOTAL	<u>R 36,912 million</u>

It is to be noted that the Eskom amount of R 19,035 million, represents the current account for October 2019, which will be fully paid on 27 November 2019.

The PAYE deductions represent employee related costs for the month of October 2019, with the amounts in question being paid on 5 November 2019 to SARS.

3. Investment Portfolio

Below is an analysis of the Investment Portfolio as at 31 October 2019.

	Balance as at 30 June 2019	INVESTED	INTEREST	WITHDRAWN	CHARGES	Balance as at 31 October 2019
Standard Bank	19 896 645	-	424 786	-	-	20 321 432
ABSA	27 519 504	-	591 809	-	150	28 111 163
Nedbank	20 827 601	-	451 880	-	-	21 279 481
RMB	110 820 349	1 960 397	2 328 500	1 960 397	-	113 148 848
INVESTEC	21 562 503	-	475 210	-	-	22 037 713
Total	200 626 602	1 960 397	4 272 185	-1 960 397	-150	204 898 637
TYPE OF INVESTMENT	Balance as at 30 June 2019	INVESTED	INTEREST	WITHDRAWN	CHARGES	Balance as at 31 October 2019
General Account	90 965 278	1 960 397	2 002 856	-	150	94 928 380
Conditional Grants	109 654 154	-	2 269 178	1 960 397	-	109 962 936
Housing Funds	7 170	-	151	-	-	7 321
Total	200 626 602	1 960 397	4 272 185	-1 960 397	-150	204 898 637
Bank	13 600 946	24 522 740				38 123 685
Total	214 227 548	26 483 136	4 272 185	-1 960 397	-150	243 022 323

The increase in the investment portfolio since 30 June 2019 amounts to R 28,794,775. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 38,123,686
Short-term Investment Deposits	<u>R 204,898,637</u>
	<u>R 243,022,323</u>

Application of Cash

Unspent Conditional Grants	106,156,156
Internally Generated Funds	44,595,831
Outstanding Creditors Liability	<u>36,911,925</u>
	<u>187,663,912</u>

Reserves in excess of Commitments **R 55,358,411**

The cash backed reserves exceed the commitments at this stage by an amount of R 55,358,411. It should be noted that the excess of reserves over commitments as at 31 October 2019, is mainly due to an amount of R 52,058 million in respect of the Equitable share allocation received on 8 July 2019, but not yet fully spent.

These funds are already committed towards spending in the 2019/20 Operating budget.

4. Allocation and Grants receipts and expenditure for the 2019/2020 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M04 October 2019

Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
RECEIPTS:								
Operating Transfers and Grants								
National Government:	129 297	-	-	54 838	43 099	10 412	24,2%	129 297
Operational Revenue:General Revenue:Equitable Share	124 938			52 058	41 646	10 412	25,0%	124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000			250	333			1 000
Local Government Financial Management Grant [Schedule 5B]	1 770			1 770	590			1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589			760	530			1 589
Provincial Government:	2 050	-	2 050	2 050	683	1 367	200,0%	2 050
Sport and Recreation	2 050		2 050	2 050	683	1 367	200,0%	2 050
District Municipality:	1 765	-	655	655	588	66	11,3%	1 765
<i>Environment Health Subsidy</i>	1 765		655	655	588	66	11,3%	1 765
Other grant providers:	-	-	-	176	-	176	#DN/0!	-
Skills Development Grant				176	-	176	#DN/0!	-
Total Operating Transfers and Grants	133 112	-	2 705	57 718	44 371	12 021	27,1%	133 112
Capital Transfers and Grants								
National Government:	56 098	-	1 000	19 938	18 699	1 239	6,6%	56 098
Municipal Infrastructure Grant (MIG)	36 096			14 438	12 032	2 406	20,0%	36 096
Integrated National Electrification Programme	6 002			1 500	2 001	(501)	-25,0%	6 002
Water Service Infrastructure Grant	10 000			2 000	3 333	(1 333)	-40,0%	10 000
Energy Efficiency and Demand Side Management Grant	4 000		1 000	2 000	1 333	667	50,0%	4 000
Provincial Government:	-	-	-	321	-	321	#DN/0!	-
<i>Human Settlement</i>				321	-	321	#DN/0!	-
District Municipality:	1 965	-	-	-	655	(655)	-100,0%	1 965
Fire Subsidy	1 965				655	(655)	-100,0%	1 965
Total Capital Transfers and Grants	58 063	-	1 000	20 259	19 354	904	4,7%	58 063
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	-	3 705	77 977	63 725	12 925	20,3%	191 175

Below is an analysis of the spending associated with the grants as at 31 October 2019:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M04 October 2019

Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
EXPENDITURE								
Operating expenditure of Transfers and Grants								
National Government:	129 297	–	337	53 455	43 099	10 356	24,0%	129 297
Operational Revenue:General Revenue:Equitable Share	124 938		–	52 058	41 646	10 412	25,0%	124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000		86	311	333	(22)	-6,7%	1 000
Local Government Financial Management Grant [Schedule 5B]	1 770		95	489	590	(101)	-17,2%	1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589		156	597	530	67	12,7%	1 589
Provincial Government:	2 050	–	2 050	2 050	683	1 367	200,0%	2 050
Sport and Recreation	2 050		2 050	2 050	683	1 367	200,0%	2 050
District Municipality:	1 765	–	655	655	588	66	11,3%	1 765
Environment Health Subsidy	1 765		655	655	588	66	11,3%	1 765
Other grant providers:	–	–	–	176	–	176	#DNV/0!	–
Skills Development Grant	–			176	–	176	#DNV/0!	–
Total operating expenditure of Transfers and Grants:	133 112	–	3 042	56 335	44 371	11 965	27,0%	133 112
Capital expenditure of Transfers and Grants								
National Government:	56 098	–	6 469	13 244	18 699	(5 456)	-29,2%	56 098
Municipal Infrastructure Grant (MIG)	36 096		4 694	6 003	12 032	(6 029)	-50,1%	36 096
Integrated National Electrification Programme	6 002		117	117	2 001	(1 884)	-94,2%	6 002
Water Service Infrastructure Grant	10 000		1 659	7 124	3 333	3 791	113,7%	10 000
Energy Efficiency and Demand Side Management Grant	4 000		–	–	1 333	(1 333)	-100,0%	4 000
Provincial Government:	–	–	–	321	–	321	#DNV/0!	–
Human Settlement	–			321	–	321	#DNV/0!	–
District Municipality:	1 965	–	–	–	655	(655)	-100,0%	1 965
Fire Subsidy	1 965		–	–	655	(655)	-100,0%	1 965
Total capital expenditure of Transfers and Grants	58 063	–	6 469	13 564	19 354	(5 790)	-29,9%	58 063
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	191 175	–	9 511	69 899	63 725	6 175	9,7%	191 175

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 488,696
Unspent as at 31 October 2019:	R 1 281,304

The spending of the grant amounted to 27.61% as at 31 October 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 1,000,000
Amount of Grant Received:	R 250,000
Expenditure to date:	R 310,954
Overspent as at 31 October 2019:	-R 60,954

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 37,684,750
Amount of Grant Received:	R 15,198,000
Expenditure to date:	R 6,599,690
Unspent as at 31 October 2019:	R 8,598,310

The spending of the grant amounted to 43,42% as at 31 October 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 6,002,000
Amount of Grant Received:	R 1,500,000
Expenditure to date:	R 116,610
Unspent as at 31 October 2019:	R 1,383,390

The spending of the grant amounted to 7,77% as at 31 October 2019, compared to the amount of the grant received.

Energy Efficiency and Demand Side Management Grant (EEDSM)

The purpose of this grant is to implement energy efficiency measures within municipality's own operations.

DORA Allocation:	R 4,000,000
Amount of Grant Received:	R 2,000,000
Expenditure to date:	R 0
Unspent as at 31 October 2019:	R 2,000,000

The spending of the grant amounted to 0% as at 31 October 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 10,000,000
Amount of Grant Received:	R 2,000,000
Unspent Grant as at 30 June 2019	<u>R 98,017,338</u>
Total Grant	R 100,017,338
Expenditure to date:	R 7,124,186
Unspent as at 31 October 2019:	R 92,893,152

The spending of the grant amounted to 7,12% as at 31 October 2019, compared to the amount of the grant received.

National Treasury has approved the rollover of the unspent amount of R 98,017,338.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M04 October 2019

Summary of Employee and Councillor remuneration	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							%	
<u>Councillors (Political Office Bearers plus Other)</u>								
Basic Salaries and Wages	8 800	8 800	699	2 777	2 933	(156)	-5%	8 800
Medical Aid Contributions	-	-	2	7	-	7	#DIV/0!	-
Motor Vehicle Allowance	2 889	2 889	233	927	963	(36)	-4%	2 889
Cellphone Allowance	1 374	1 374	107	425	458	(33)	-7%	1 374
Sub Total - Councillors	13 063	13 063	1 042	4 136	4 354	(218)	-5%	13 063
<u>Senior Managers of the Municipality</u>								
Basic Salaries and Wages	4 923	7 445	457	1 831	2 482	(650)	-26%	7 445
Pension and UIF Contributions		23	1	3	8	(4)	-56%	23
Performance Bonus		169	-	138	56	82	145%	169
Motor Vehicle Allowance		804	55	221	268	(47)	-18%	804
Cellphone Allowance		7	1	2	2	(0)	-20%	7
Other benefits and allowances	3 282	51	3	15	17	(2)	-11%	51
Payments in lieu of leave		1 762	-	0	587	(587)	-100%	1 762
Sub Total - Senior Managers of Municipality	8 204	10 260	516	2 211	3 420	(1 209)	-35%	10 260
<u>Other Municipal Staff</u>								
Basic Salaries and Wages	173 244	171 169	14 855	58 146	57 056	1 090	2%	171 169
Pension and UIF Contributions	29 339	29 339	2 515	10 042	9 780	263	3%	29 339
Medical Aid Contributions	15 119	15 119	1 232	4 972	5 040	(68)	-1%	15 119
Overtime	27 259	27 259	2 135	6 521	9 086	(2 565)	-28%	27 259
Performance Bonus	12 972	12 972	41	160	4 324	(4 164)	-96%	12 972
Motor Vehicle Allowance	7 551	7 551	730	2 874	2 517	357	14%	7 551
Cellphone Allowance	1	1	-	-	0	(0)	-100%	1
Housing Allowances	992	992	68	271	331	(60)	-18%	992
Other benefits and allowances	14 858	14 876	1 330	4 732	4 959	(227)	-5%	14 876
Payments in lieu of leave	-	-	63	550	-	550	#DIV/0!	-
Long service awards	1 403	1 403	106	339	468	(128)	-27%	1 403
Sub Total - Other Municipal Staff	282 737	280 681	23 073	88 608	93 560	(4 953)	-5%	280 681
TOTAL SALARY, ALLOWANCES & BENEFITS	304 004	304 005	24 631	94 955	101 335	(6 380)	-6%	304 005
TOTAL MANAGERS AND STAFF	290 942	290 942	23 589	90 819	96 981	(6 162)	-6%	290 942

6. Key performance indicators

The table below reflects the key performance indicators as per the 2019/20 Budget and the associated performance to date.

		Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Approved Budget 2019/20	Actuals as at 31 October 2019
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.67%	2.51%	1.77%	1.24%	1.14%	1,36%
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	0.04	0.03	0.02	0.02	0.01	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.85	0.97	1.11	1.45	0.99	2.93
Liquidity Ratio	Monetary assets / current liabilities	0.40	0.47	0.52	0.88	0.38	2.29
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	97.60%	95.81%	90.73%	97,62%	96%	89.25%

Other indicators		Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Actuals as at 30 June 2019	Approved Budget 2019/20	Actuals as at 31 October 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)	1.60	1.62	1.72	1.90	1.01	2.09
Employee Costs	Employee Costs / Total Operating Expenditure	35.62%	33.39%	32.99%	35.06%	32.42%	36,36%
Capital Expenditure	Capital Expenditure / Capital Budget	81.97%	72.92%	72.98%	48.62%	95%	22,30%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.61%	4.94%	3.79%	5.71%	4.87%	3,65%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.17%	1.65%	1.42%	2.22%	2.23%	0,45%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	74.74%	78.69%	80.57%	84.19%	84.09%	82,73%

The above table is discussed in details below.

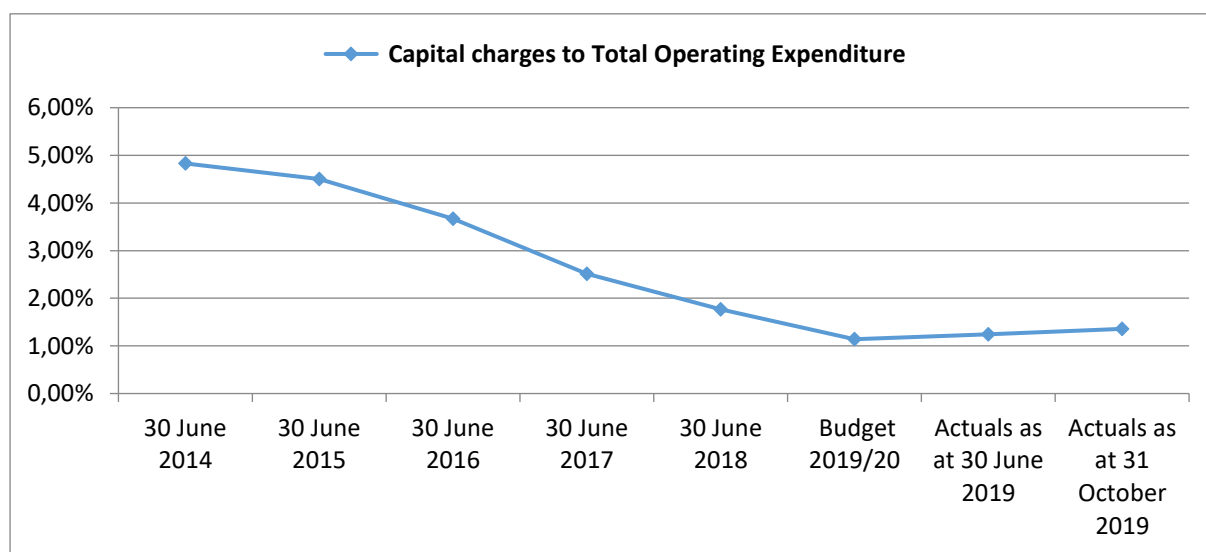
5.1. Borrowing Management

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 1.36% of the Total Operating Expenditure was utilised for capital charges as at 31 October 2019, compared to the budgeted ratio of 1.14%.



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 2019/20 Operating Budget as no borrowing is planned for the 2019/20 to 2021/22 financial years.

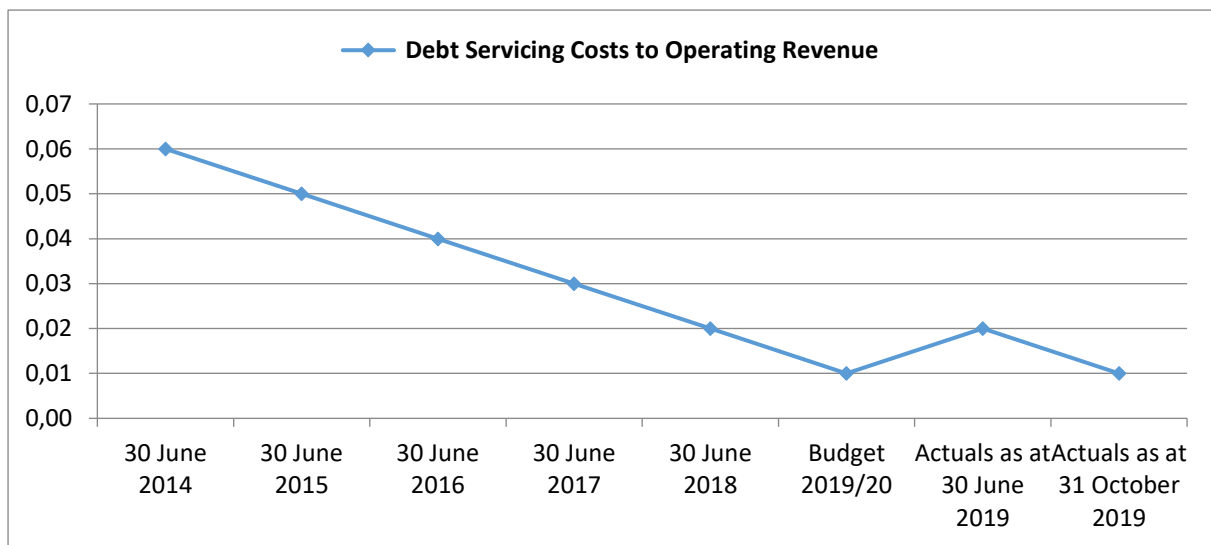
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 31 October 2019, the ratio was 0.01:1, compared to the budgeted ratio of 0.01:1.



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:

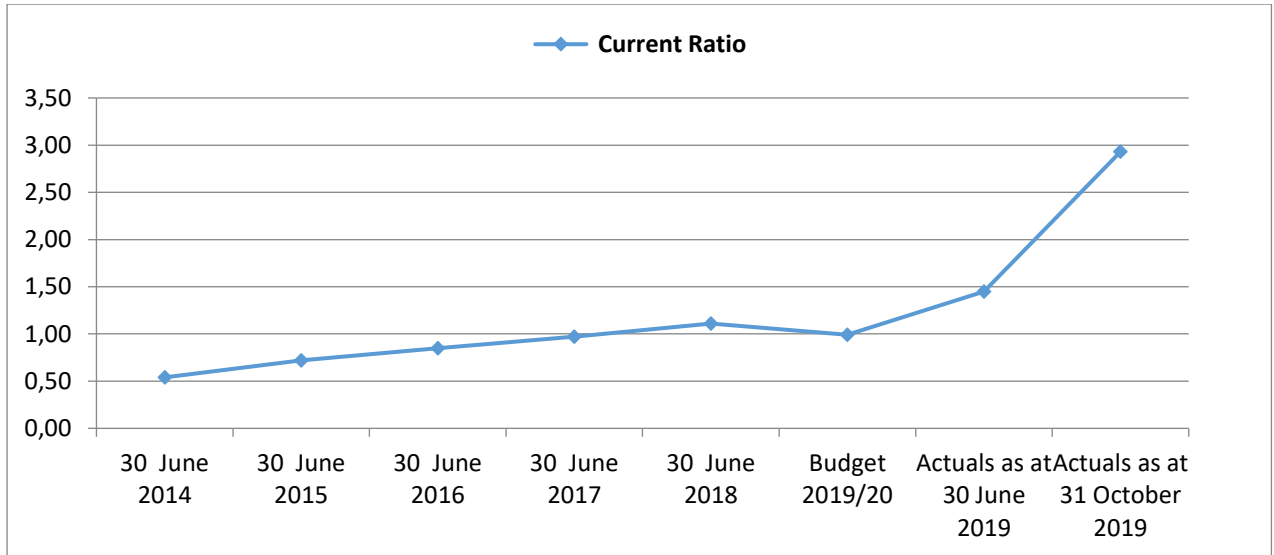
Current assets/Current liabilities

The ratio as at 31 October 2019 was 2.93:1, compared to the budgeted ratio of 0.99:1.

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

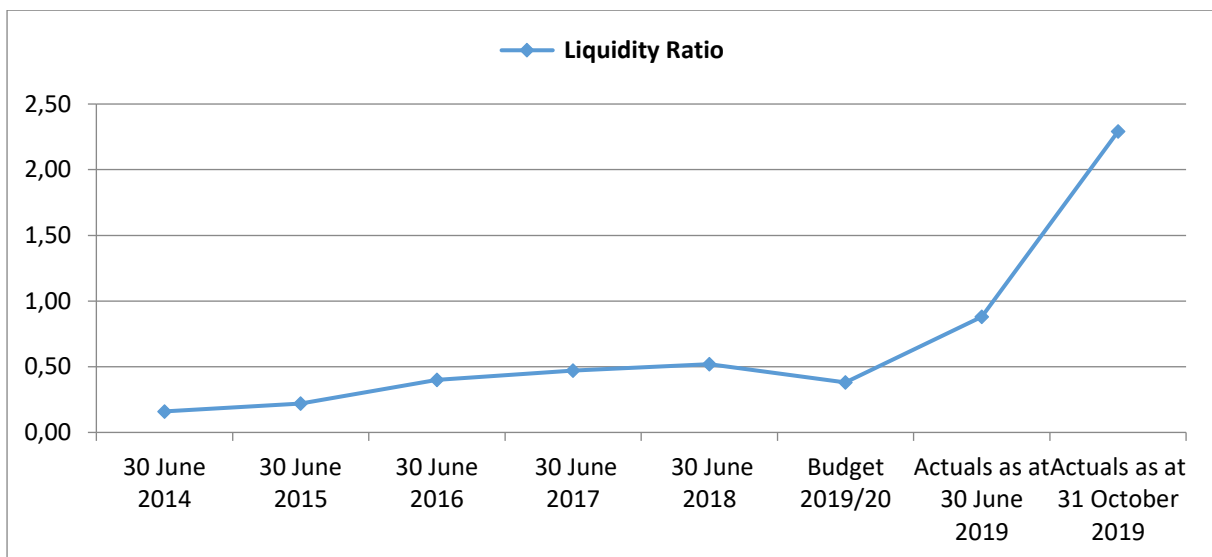
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

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

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 31 October 2019 was 2.29:1, compared to the budgeted ratio of 0.38:1.

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

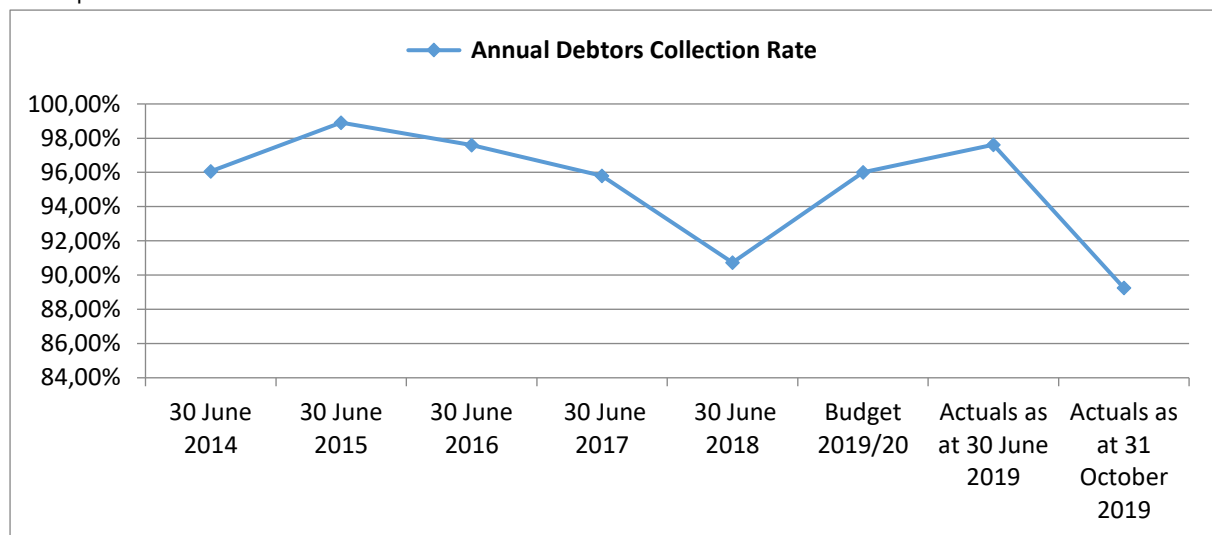
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 31 October 2019 was 89.25%, compared to the budgeted collection rate of 96%. The collection rate of 89.25% as at 31 October 2019 is influenced by the annual property rates raised in July 2019, but not yet paid. The collection rates have been calculated, based on the revenue received, 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.

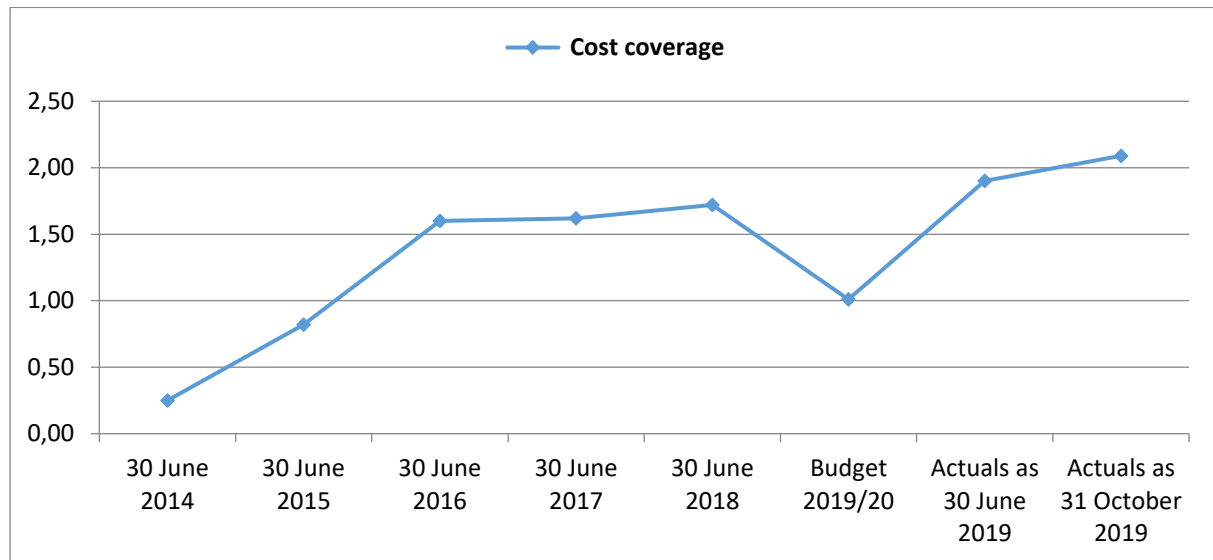
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 31 October 2019, the Ratio was 2.09 months, compared to the budgeted ratio of 1.01 months.

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



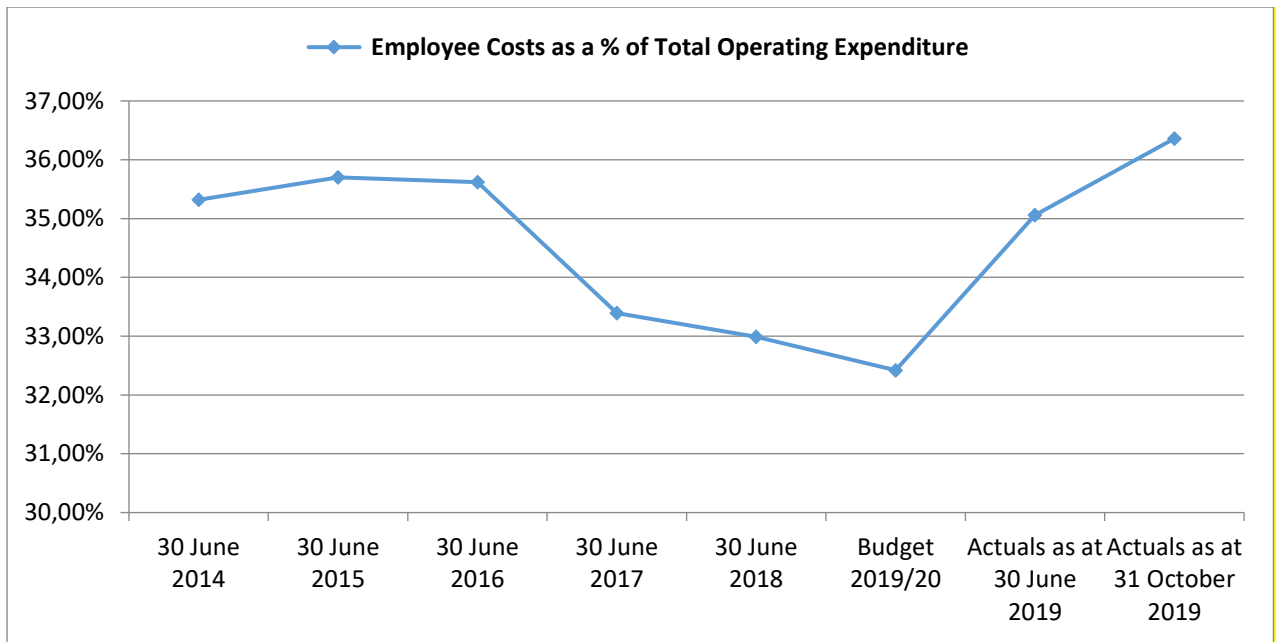
5.4.2. Employee costs as a % of Total Operating Expenditure

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 31 October 2019, Employee Related Costs constituted 36.36% of the Total Operating Expenditure, compared to the budgeted ratio of 32.42%.



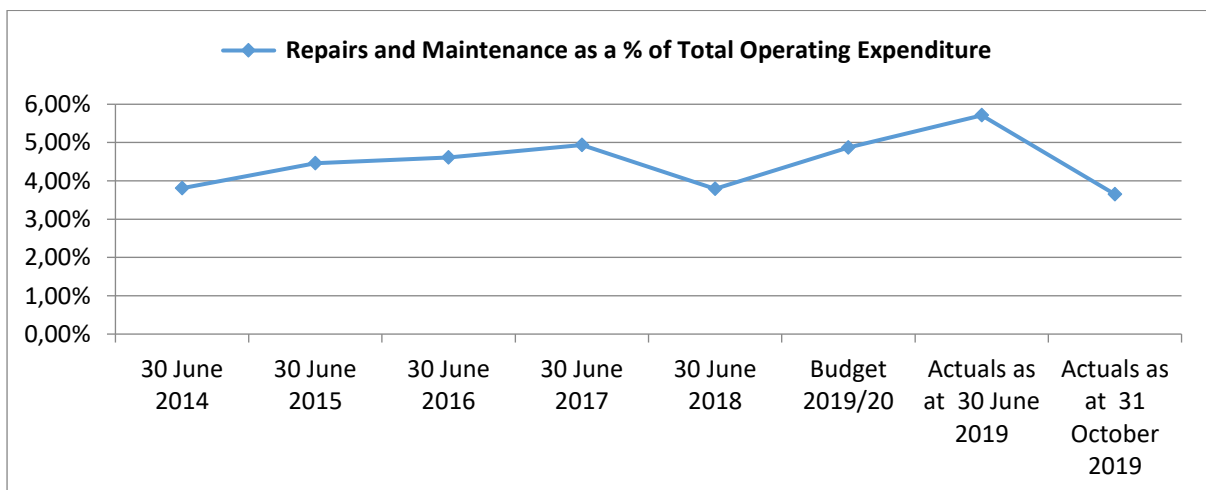
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 31 October 2019, the ratio was 3.65%, compared to the budgeted ratio of 4.87%.



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

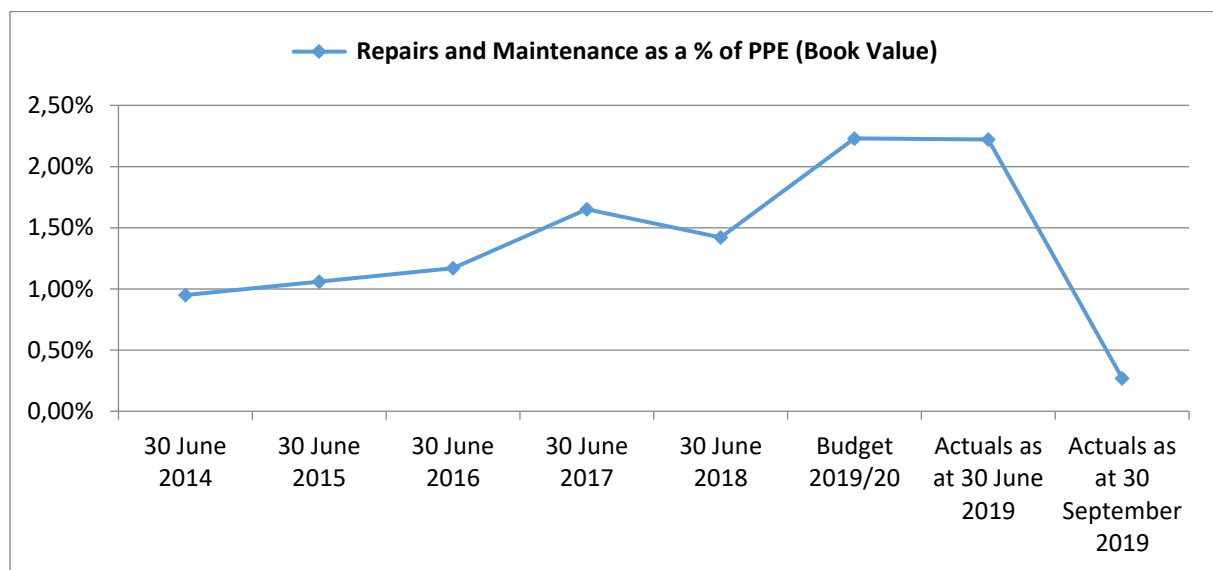
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 October 2019, repairs and maintenance expenditure constituted 0.45% of the book value of PPE, compared to the budgeted ratio of 2.23%.

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



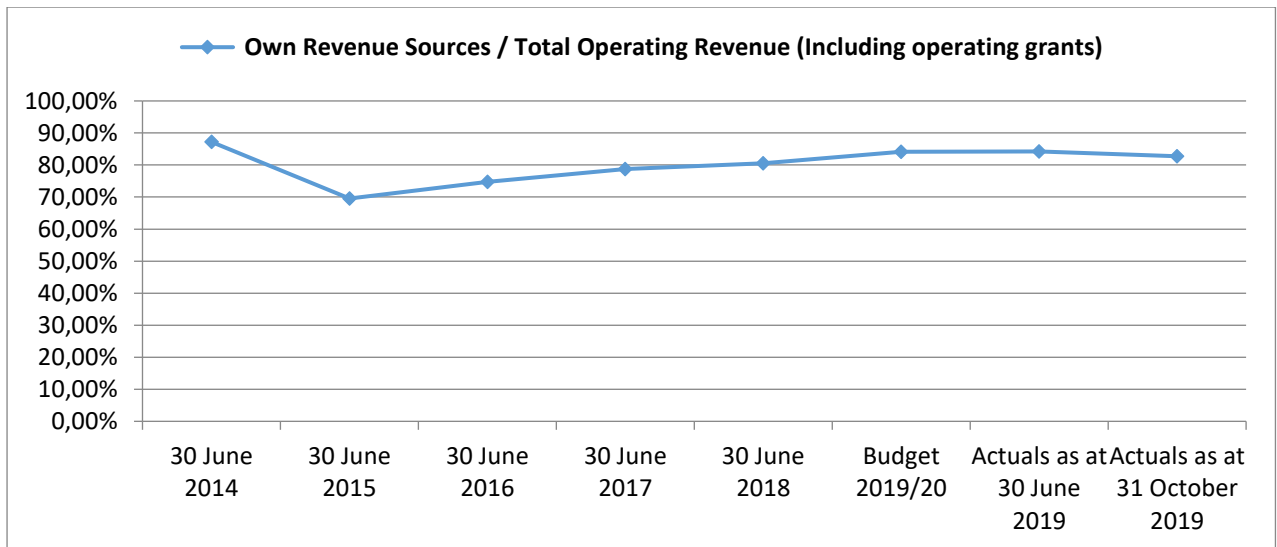
5.4.5. Own Revenue Generation

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 31 October 2019, the Municipality's own revenue sources constituted 82.73% of its total Operating Income, compared to the budgeted ratio of 84.09%.



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:

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

The actual spending as at the end of October 2019 amounted to 22.30% compared to the budgeted ratio of 95%.

