KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

FINANCE

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

1. Purpose

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

2. Legislative Requirements

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

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

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

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

3. Executive Summary

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the period July 2018 to June 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 774,483 million, whilst operating expenditure amounted to R 769,265 million, resulting in an operating surplus of R 5,218 million.

- Capital expenditure constituted 48,62% of the 2018/19 Capital adjustments Budget. The capital expenditure would have amounted to 73,82%, upon exclusion of the water services infrastructure grant.
- Overdue consumer debts increased by R 20,819 million (16,65%) since June 2018.
- An amount of R 106,804 million is owing to creditors, of which R 40,231 million (37,67%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 119,912,844 (127,14%) since June 2018, from R 94,314,704 to R 214,227,548.

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 June 2018	Actuals as at 30 June 2019	Adjusted Budget 2018/19
Current Ratio	0.85:1	0.97:1	1.11:1	1.06:1	1.31:1	0.94:1
Liquidity Ratio	0.40:1	0.47:1	0.52:1	0.65:1	0.84:1	0.48:1
Cost Coverage (Excluding unspent conditional grants)	1.60 months	1.62 months	1.72 months	1.87 months	1,97 Months	1.44 months
Debtors Collection Rate	97.60%	95.81%	90.73%	90.73%	97,62%	94%
Capital Expenditure (Including Water Service Infrastructure Grant)	81.97%	72.92%	72.98%	81.06%	48,62%	95%
Capital Expenditure (Excluding Water Service Infrastructure Grant)	81.97%	72.92%	72.98%	81.06%	73,82%	95%

4. Detailed Reports

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

Annexure "A1" – Operating Revenue and Expenditure Performance

Annexure "A2" - Capital Budget Performance

Annexure "A3"- Projected Cash Flow Statement

Annexure "A4" – Municipal Monthly Budget Tables

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

i. Overview of Outstanding Consumer Debtors

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

5. Recommendation

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

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

Report Submitted by

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Mr. Charl Du Plessis (Municipal Manager)

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

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 12/07/2019

Annexure "A1"

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

Below is an analysis of the operating revenue and expenditure performance

Description	Budget Year 2018/19		
	Adjusted Budget	Actuals as at 30 June 2019	%
R thousands			
Revenue By Source			
Property rates	184 711	184 331	99,79%
Service charges - electricity revenue	245 041	241 079	98,38%
Service charges - water revenue	70 795	72 774	102,79%
Service charges - sanitation revenue	43 314	45 092	104,10%
Service charges - refuse revenue	51 176	51 528	100,69%
Rental of facilities and equipment	3 043	2 570	84,45%
Interest earned - external investments	8 681	11 790	135,81%
Interest earned - outstanding debtors	7 444	8 288	111,33%
Fines, penalties and forfeits	4 230	4 884	115,47%
Licences and permits	14 514	22 624	155,88%
Transfers and subsidies	121 753	122 456	100,58%
Other revenue	5 530	7 067	127,81%
Total Revenue (excluding capital transfers and contributions)	**760 233**	**774 483**	**101,87%**
Expenditure By Type			
Employee related costs	272 673	269 674	98,90%
Remuneration of councillors	12 243	12 202	99,67%
Debt impairment	36 150	3 130	8,66%
Depreciation & asset impairment	75 357	73 545	97,60%
Finance charges	3 021	7 669	253,89%
Bulk purchases	237 476	238 985	100,64%
Other materials	27 516	25 340	92,09%
Contracted services	68 096	55 516	81,53%
Other expenditure	87 229	83 204	95,38%
Total Expenditure	**819 759**	**769 265**	**93,84%**
Surplus/(Deficit)	**(59 527)**	**5 218**	

The statement of financial performance indicates a surplus of R 5,218 million.

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

Revenue Variations

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 – External Investments

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

Interest Earned – Outstanding Debtors

Interest is influenced by the extent of outstanding debtors. The actual overdue debtors as at 30 June 2019 amounted to R 145,884 million.

Fines, penalties and forfeits

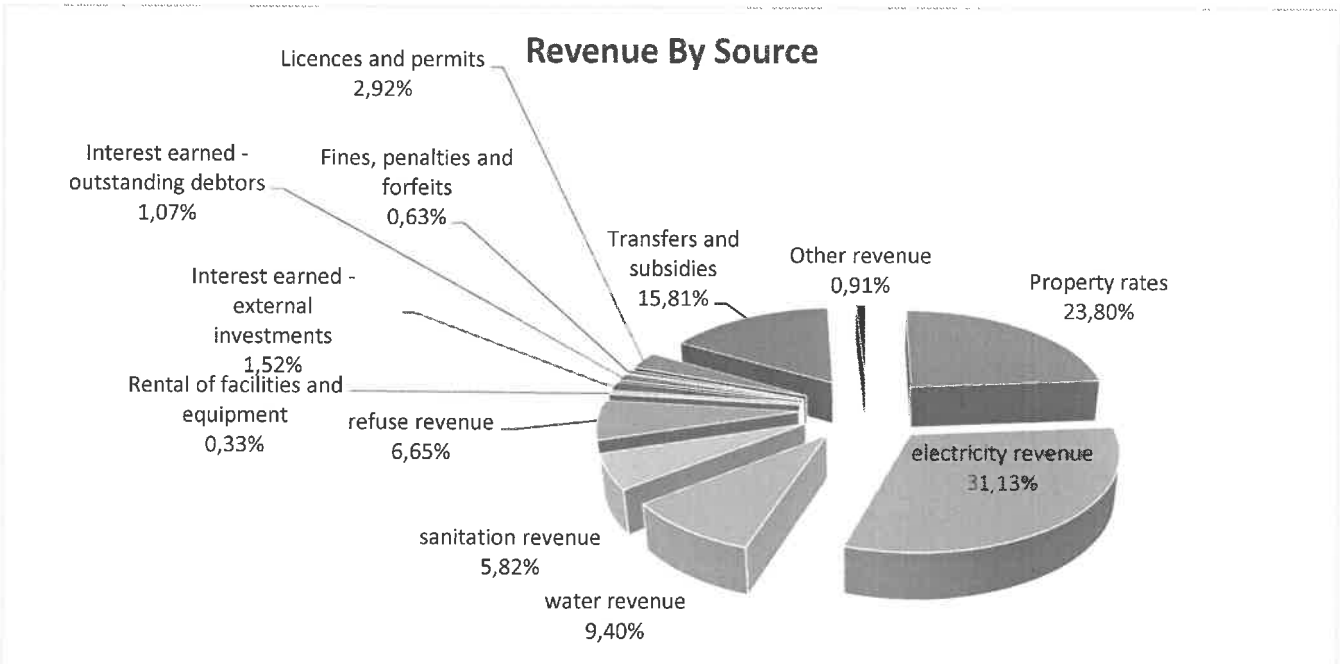
Fines, penalties and forfeits are largely influenced by a higher than anticipated revenue from traffic fines.

Licences and permits

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

Other revenue

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



Expenditure Variations

Bad Debts

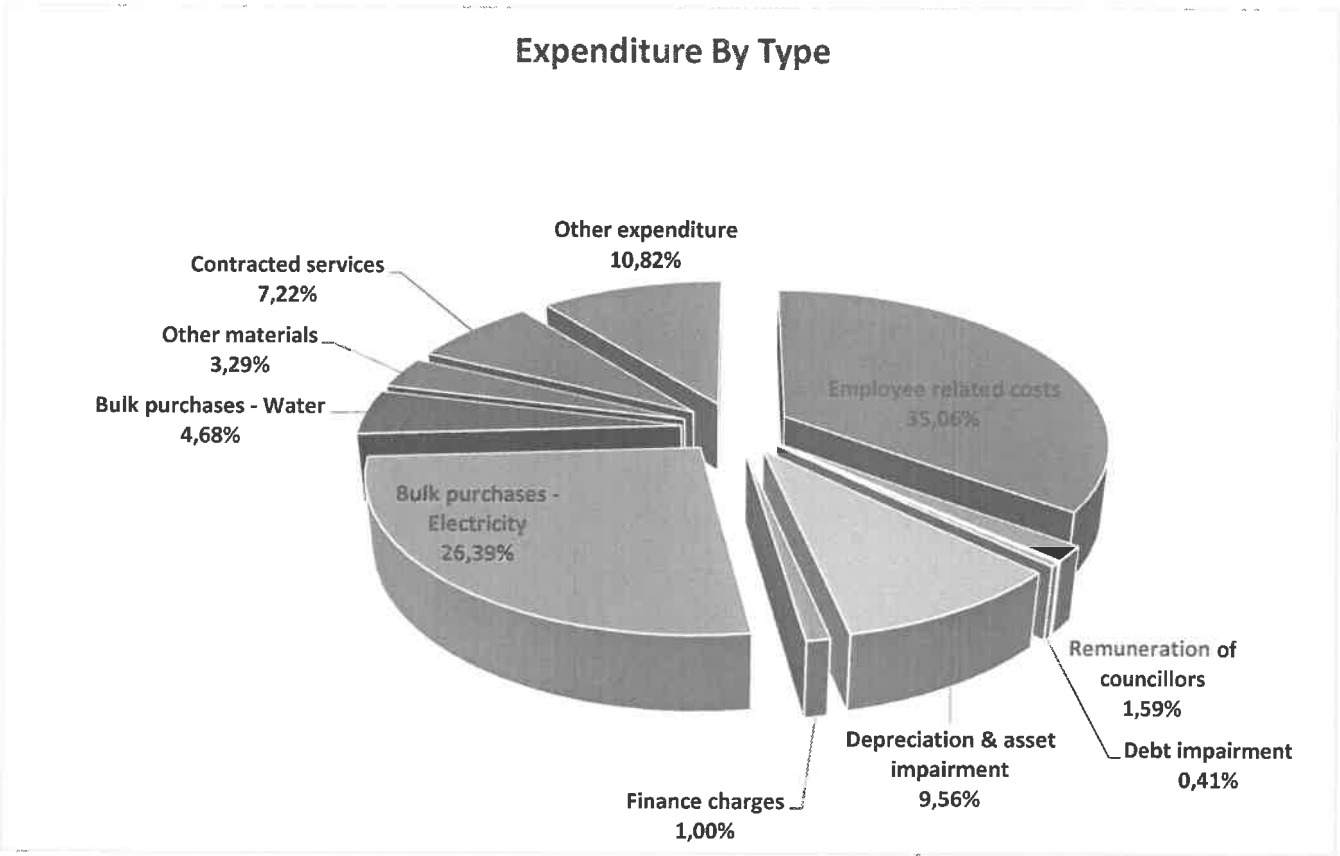
Bad debts are written off upon Council approval.

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.



Repairs and Maintenance

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

Item Description	Approved Budget 2018/19	Adjustments Budget 2018/19	Actuals as at 30 June 2019	% of Budget
Executive & Council				
Contracted Services:Maintenance of Buildings and Facilities	-	**200 000**	**77 427,64**	**38,71%**
Contracted Services:Maintenance of Vehicles	10 000	10 000	450	4,50%
	10 000	**210 000**	**77 878**	37,08%
Corporate Services				
Contracted Services:Maintenance of Buildings and Facilities	300 000	300 000	212 888	71%
Contracted Services:Maintenance of Vehicles	35 000	35 000	1 734	4,95%
	335 000	**335 000**	**214 622**	64,07%
Finance				
Contracted Services:Maintenance of Buildings and Facilities	370 000	476 700	371 148	77,86%
Expenditure:Contracted Services:Contractors:Maintenance of Vehicles	90 000	90 000	18 089	20,10%
Inventory Consumed:Materials and Supplies	165 000	165 000	2 529	1,53%
	625 000	**731 700**	**391 766**	**53,54%**
Community Services				
Contracted Services:Maintenance of Buildings and Facilities	870 000	2 686 750	2 614 409	97,31%
Contracted Services:Maintenance of Vehicles	3 443 000	6 212 552	5 868 710	94,47%
Contracted Services:Maintenance of Equipment	122 400	72 400	71 591	98,88%
Inventory Consumed:Materials and Supplies	1 049 625	1 064 529	1 030 552	96,81%
Operational Cost:Hire Charges	2 000 000	3 299 161	3 838 264	116,34%
	7 485 025	**13 335 392**	**13 423 526**	**100,66%**
Planning, Development & Tourism				
Inventory Consumed:Materials and Supplies	50 000	50 000	42 123	84,25%
Contracted Services:Maintenance of Vehicles	20 000	12 000	4 555	37,96%
	70 000	**62 000**	**46 678**	**75,29%**
Infrastructure & Engineering				
Contracted Services:Maintenance of Equipment	226 000	281 213	205 509	73,08%
Contracted Services:Maintenance of Buildings and Facilities	175 193	161 612	160 282	99,18%
Contracted Services:Maintenance of Vehicles	12 524 000	20 095 732	17 863 949	88,89%
Inventory Consumed:Materials and Supplies	12 605 000	11 488 561	9 696 615	84,40%
Operational Cost:Hire Charges	3 010 435	1 958 000	1 836 054	93,77%
	28 540 628	**33 985 118**	**29 762 409**	**87,57%**
Total	**37 065 653**	**48 659 210**	**43 916 878**	**90,25%**

It is to be noted that actual repairs and maintenance expenditure constituted 90,25% of the 2018/19 Adjustments Budget.

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

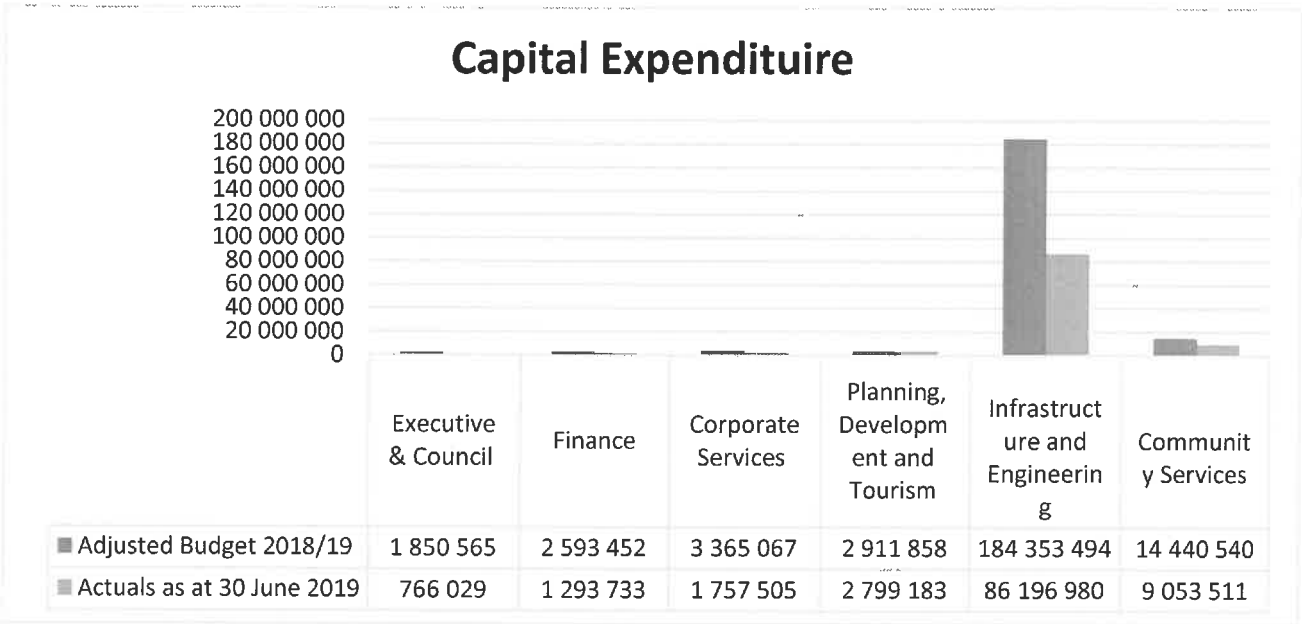
Below is an analysis of the capital expenditure compared to the 2018/19 Adjusted Capital Budget.

PROJECTS	Funding Source	Original Budget 2018/19	Adjustments Budget 2018/19	Actuals as at 30 June 2019	% of Budget
CORPORATE SERVICES					
Computer Equipment	Internal	157 000	287 222	146 345	50,95%
Furniture and Equipment	Internal	2 000	738 783	572 211	77,45%
Library upgrade (phase 2)	Internal	500 000	1 321 134	964 445	73,00%
EDMS	Internal	-	670 494	-	0,00%
Biometric system	Internal	-	120 000	-	0,00%
Fencing of main building	Internal	-	120 000	-	0,00%
Main Office Building Upgrade	Internal	300 000	47 254	26 765	56,64%
Computer Software and Applications	Internal	600 000	60 180	47 739	79,33%
UPGRADE COMMUNITY CENTER WARD 14	Internal	-	-	-	
PABX UPGRADE	Internal	750 000	-	-	
		2 309 000	**3 365 067**	**1 757 505**	**52,23%**
EXECUTIVE & COUNCIL					
Computer Equipment	Internal	110 000	143 231	135 372	94,51%
Furniture and Equipment	Internal	75 000	270 105	261 123	96,67%
Wards Capital Programmes	Internal	750 000	1 437 229	369 534	25,71%
		935 000	**1 850 565**	**766 029**	**41,39%**
FINANCE					
Furniture and Equipment	Internal	115 700	245 431	206 756	84,24%
Computer Equipment	Internal	1 391 200	577 647	429 909	74,42%
IT Server	FMG	-	626 268	626 268	100,00%
Office upgrade ICT	Internal	-	200 000	30 800	15,40%
Disaster Recovery Server	Internal	-	644 106	-	0,00%
Vehicle	Internal	-	300 000	-	0,00%
		1 506 900	**2 593 452**	**1 293 733**	**49,88%**
PLANNING, DEVELOPMENT & TOURISM					
Computer Software and Applications	Internal	700 000	220 000	190 517	86,60%
Computer Equipment	Internal	60 000	100 000	90 725	90,73%
Upgrading of Kouga Cultural Centre	Internal	1 000 000	-	-	
Furniture and equipment	Internal	200 000	205 000	187 239	91,34%
Informal Traders - Building	MIG	1 220 951	21 002	21 002	100,00%
Land acquisition housing projects	Internal	1 000 000	2 000 000	2 285 000	114,25%
Machinery and Equipment	Internal	30 000	25 000	24 700	98,80%
Arts and Creative Industries	DISTRICT	-	-	-	
Lowrie Flower Project	DEDEAT	-	65 000	-	0,00%
		4 210 951	**2 636 002**	**2 799 183**	**106,19%**
COMMUNITY SERVICES				-	
Fencing of caravan parks & camping sites	Internal	500 000	375 055	348 644	92,96%
Fencing of Sport and Recreational Facilities	Internal	500 000	-	-	
Machinery and Equipment	Internal	844 010	1 084 010	693 519	63,98%
Computer Equipment	Internal	160 000	234 000	198 789	84,95%
Security Cameras	Internal	150 000	-	-	
Vehicle	Internal	4 000 000	3 850 000	2 290 823	59,50%
Furniture and Equipment	Internal	70 000	105 000	63 217	60,21%
Wheelie Bins	Internal	1 000 000	4 475 260	4 207 680	94,02%
Life Gaurds Beach Tower	Internal	250 000	150 000	26 400	17,60%
Upgrading of Sports Facilities	MIG	3 864 352	1 992 431	1 061 224	53,26%
Fencing of Hankey Fire Station	Internal	200 000	24 945	11 411	45,74%
Fencing of existing cemeteries	Internal	500 000	24 739	24 739	100,00%
Weston Library Upgrade	Internal	100 000	100 000	57 300	57,30%
Table and Chairs-Community Facilities	Internal	100 000	60 000	58 304	97,17%
Machinery and Equipment	DISTRICT	-	265 100	11 463	4,32%
Vehicle	DISTRICT	-	1 700 000	-	0,00%
		12 238 362	**14 440 540**	**9 053 511**	**62,70%**

PROJECTS	Funding Source	Original Budget 2018/19	Adjustments Budget 2018/19	Actuals as at 30 June 2019	% of Budget
INFRASTRUCTURE & ENGINEERING					
Furniture and Equipment	Internal	198 000	155 000	106 956	69,00%
Computer Equipment	Internal	35 000	122 000	114 579	93,92%
Machinery and Equipment	Internal	415 000	416 000	297 887	71,61%
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	900 000	-	-	
upgrading of infrastructure for new township establishment	Internal	500 000	500 000	377 473	75,49%
Vehicles	Internal	2 500 000	8 610 264	3 124 795	36,29%
MV Networks Capital	INEP	8 869 565	8 869 565	8 469 960	95,49%
New overheadlines 66kv overheadlines(Jbay to Melkhout)	Internal	3 000 000	2 000 000	1 822 083	91,10%
Jeffreys Bay- North Bulk main outfall sewer-area north of R102	Internal	1 200 000	1 300 000	374 323	28,79%
WATER CONSERVATION AND DEMAND MANAGEMENT	WSIG_NT	-	13 521 739	10 996 723	81,33%
RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG_NT	-	9 130 435	1 338 058	14,65%
RETICULATION REPLACE PIPELINES (OYSTER BAY)	WSIG_NT	-	391 304	377 422	96,45%
Upgrading of the Sea Vista Wastewater Treatment Works	MIG	18 503 132	21 575 002	22 511 410	104,34%
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	MIG	2 173 913	2 173 913	2 080 659	95,71%
Computer Equipment	MIG	50 000	50 000	43 479	86,96%
RETICULATION REPLACE PIPELINES (HANKEY)	WSIG_NT	-	9 565 217	7 234 021	75,63%
Illegal electricity connections (LV Network)	Internal	1 000 000	355 000	315 744	88,94%
Fencing: New x Loerie Sewer pump station	Internal	900 000	-	-	
CAPE ST FRANCIS WATER SUPPLY	WSIG_DWS	-	5 139 130	921 626	17,93%
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP	WSIG_NT	-	17 391 304	1 375 616	7,91%
HANKEY WATER SUPPLY	WSIG_DWS	-	28 851 304	9 540 451	33,07%
HUMANSDORP WATER SUPPLY	WSIG_DWS	-	4 719 130	3 262 715	69,14%
Water Infrastructure Boreholes	Internal	1 500 000	-	-	
Roads Upgrade	Internal	2 500 000	2 500 000	2 213 678	88,55%
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFR	WSIG_NT	-	30 434 783	1 541 468	5,06%
PATENSIE WATER SUPPLY	WSIG_DWS	-	7 305 217	4 369 777	59,82%
JEFFREYS BAY WATER SUPPLY	WSIG_DWS	-	3 913 043	2 718 951	69,48%
OYSTER BAY WATER SUPPLY	WSIG_DWS	-	1 140 000	598 650	52,51%
Bucket Eradication Programme	Internal	2 300 000	2 300 000	68 477	2,98%
conversion from conventional meter to pre paid meter and moving of meter to boundary wall	Internal	-	200 000	-	0,00%
purchase of mini sub station 11000/400,22000/400	Internal	-	600 000	-	0,00%
High Mast Lights	Internal	-	1 000 000	-	0,00%
refurbishment of truck and rebuild into cherry picker truck	Internal	-	400 000	-	0,00%
		46 544 610	**184 629 350**	**86 196 980**	**46,69%**
		67 744 823	**209 514 976**	**101 866 942**	**48,62%**
Internally generated funds		36 927 262	40 029 983	22 558 103	56,35%
Transfers recognised - capital		30 817 561	169 484 993	79 308 839	46,79%
Total		**67 744 823**	**209 514 976**	**101 866 942**	**48,62%**

It is to be noted that capital expenditure as at 30 June 2019 amounted to 48,62%, compared to the adjusted capital adjustments budget of R 209,514,976.

The capital expenditure as at 30 June 2019 would have been amounted to 73,82%, upon exclusion of the Water Services Infrastructure Grant.



	Executive & Council	Finance	Corporate Services	Planning, Development and Tourism	Infrastructure and Engineering	Community Services
Adjusted Budget 2018/19	1 850 565	2 593 452	3 365 067	2 911 858	184 353 494	14 440 540
Actuals as at 30 June 2019	766 029	1 293 733	1 757 505	2 799 183	86 196 980	9 053 511

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2018/19 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 June 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 – M12 June 2019

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	173 628	10 943	176 911	173 628	3 283	2%	173 628
Service charges		–	372 090	385 707	35 593	411 165	385 707	25 457	7%	385 707
Other revenue		–	30 689	27 317	155	60 913	27 317	33 597	123%	27 317
Government - operating		–	123 618	121 753	982	158 803	121 753	37 049	30%	121 753
Government - capital		–	39 827	193 020	–	155 984	193 020	(37 036)	-19%	193 020
Interest		–	21 498	15 678	2 250	20 773	15 678	5 094	32%	15 678
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(674 270)	(705 232)	(65 583)	(699 262)	(705 232)	(5 970)	1%	(705 232)
Finance charges		–	(3 021)	(3 021)	(204)	(2 865)	(3 021)	(156)	5%	(3 021)
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	74 823	208 851	(15 864)	282 422	208 851	(73 571)	-35%	208 851
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		–	(67 745)	(209 515)	(35 629)	(155 174)	(209 515)	(54 341)	26%	(209 515)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(67 745)	(209 515)	(35 629)	(155 174)	(209 515)	(54 341)	26%	(209 515)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	(13 247)	(8 944)	(646)	(7 335)	(8 944)	(1 609)	18%	(8 944)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(13 247)	(8 944)	(646)	(7 335)	(8 944)	(1 609)	18%	(8 944)
NET INCREASE/ (DECREASE) IN CASH HELD		–	(6 169)	(9 608)	(52 139)	119 913	(9 608)			(9 608)
Cash/cash equivalents at beginning:		–	59 729	94 315		94 315	94 315			94 315
Cash/cash equivalents at month/year end:		–	53 561	84 707		214 228	84 707			84 707

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

Table C1 Monthly Budget Statement Summary – M12 June 2019

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	184 711	10 138	184 331	184 711	(379)	-0%	184 711
Service charges	–	400 096	410 327	29 297	410 473	410 327	146	0%	410 327
Investment revenue	–	7 561	8 681	1 348	11 790	8 681	3 109	36%	8 681
Transfers and subsidies	–	123 618	121 753	1 981	122 456	121 753	703	1%	121 753
Other own revenue	–	45 675	34 761	2 265	45 433	34 761	10 672	31%	34 761
Total Revenue (excluding capital transfers and contributions)	–	**753 717**	**760 233**	**45 029**	**774 483**	**760 233**	**14 250**	**2%**	**760 233**
Employee costs	–	272 802	272 673	22 065	269 674	272 673	(2 999)	-1%	272 673
Remuneration of Councillors	–	12 784	12 243	1 015	12 202	12 243	(41)	-0%	12 243
Depreciation & asset impairment	–	75 357	75 357	6 127	73 545	75 357	(1 812)	-2%	75 357
Finance charges	–	3 021	3 021	1 877	7 669	3 021	4 648	154%	3 021
Materials and bulk purchases	–	269 933	264 992	27 262	264 325	264 992	(667)	-0%	264 992
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	–	162 887	191 475	19 811	141 850	191 475	(49 625)	-26%	191 475
Total Expenditure	–	**796 785**	**819 759**	**78 156**	**769 265**	**819 759**	**(50 495)**	**-6%**	**819 759**
Surplus/(Deficit)	–	**(43 068)**	**(59 527)**	**(33 126)**	**5 218**	**(59 527)**	**64 745**	**-109%**	**(59 527)**
Transfers and subsidies - capital (monetary allo	–	39 827	193 020	31 293	86 496	193 020	(106 524)	-55%	193 020
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	–	**(3 241)**	**133 493**	**(1 833)**	**91 714**	**133 493**	**(41 779)**	**-31%**	**133 493**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	–	**(3 241)**	**133 493**	**(1 833)**	**91 714**	**133 493**	**(41 779)**	**-31%**	**133 493**
Capital expenditure & funds sources									
Capital expenditure	–	**67 745**	**209 515**	**30 982**	**101 867**	**209 515**	**(107 648)**	**-51%**	**209 515**
Capital transfers recognised	–	34 682	169 485	24 234	79 309	169 485	(90 176)	-53%	169 485
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	**33 063**	**40 030**	**6 748**	**22 558**	**40 030**	**(17 472)**	**-44%**	**40 030**
Total sources of capital funds	–	**67 745**	**209 515**	**30 982**	**101 867**	**209 515**	**(107 648)**	**-51%**	**209 515**
Financial position									
Total current assets	–	131 820	164 621		335 797				164 621
Total non current assets	–	2 442 954	2 474 873		2 266 533				2 474 873
Total current liabilities	–	133 877	175 201		256 265				175 201
Total non current liabilities	–	183 244	185 581		185 581				185 581
Community wealth/Equity	–	**2 257 653**	**2 278 712**		**2 160 485**				**2 278 712**
Cash flows									
Net cash from (used) operating	–	74 823	208 851	(15 864)	282 422	208 851	(73 571)	-35%	208 851
Net cash from (used) investing	–	(67 745)	(209 515)	(35 629)	(155 174)	(209 515)	(54 341)	26%	(209 515)
Net cash from (used) financing	–	(13 247)	(8 944)	(646)	(7 335)	(8 944)	(1 609)	18%	(8 944)
Cash/cash equivalents at the month/year end	–	**53 561**	**84 707**	–	**214 228**	**84 707**	**(129 521)**	**-153%**	**84 707**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	28 208	6 174	4 585	4 254	4 123	3 503	27 855	95 390	174 092
Creditors Age Analysis									
Total Creditors	40 231	3 952	436	445	426	424	3 091	57 800	106 804

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) – M12 June 2019

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								%	
Revenue - Functional										
Governance and administration		–	**511 046**	**312 182**	**12 193**	**320 577**	**312 182**	8 395	3%	**312 182**
Executive and council		–	26	26	4	18	26	(7)	-28%	26
Finance and administration		–	511 020	312 157	12 189	320 559	312 157	8 402	3%	312 157
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**15 404**	**13 357**	**1 026**	**11 528**	**13 357**	(1 829)	-14%	**13 357**
Community and social services		–	2 458	2 458	30	2 111	2 458	(347)	-14%	2 458
Sport and recreation		–	9 151	7 003	133	5 048	7 003	(1 955)	-28%	7 003
Public safety		–	1 869	1 969	856	1 727	1 969	(242)	-12%	1 969
Housing		–	–	–	–	–	–	–		–
Health		–	1 927	1 927	8	2 642	1 927	715	37%	1 927
Economic and environmental services		–	**30 942**	**16 141**	**1 803**	**26 206**	**16 141**	10 064	62%	**16 141**
Planning and development		–	6 312	5 087	503	5 571	5 087	484	10%	5 087
Road transport		–	10 005	10 005	1 300	19 704	10 005	9 700	97%	10 005
Environmental protection		–	14 625	1 050	–	931	1 050	(119)	-11%	1 050
Trading services		–	**235 706**	**611 127**	**61 301**	**502 661**	**611 127**	(108 466)	-18%	**611 127**
Energy sources		–	61 809	260 285	16 498	250 380	260 285	(9 905)	-4%	260 285
Water management		–	70 200	223 782	28 196	125 222	223 782	(98 560)	-44%	223 782
Waste water management		–	72 249	74 017	12 312	73 161	74 017	(856)	-1%	74 017
Waste management		–	31 448	53 043	4 295	53 897	53 043	854	2%	53 043
Other	4	–	**445**	**445**	–	**7**	**445**	**(438)**	**-98%**	**445**
Total Revenue - Functional	2	–	**793 544**	**953 252**	**76 323**	**860 979**	**953 252**	**(92 274)**	**-10%**	**953 252**
Expenditure - Functional										
Governance and administration		–	**189 348**	**190 276**	**18 497**	**170 298**	**190 276**	(19 978)	-10%	**190 276**
Executive and council		–	52 250	38 161	6 136	39 707	38 161	1 546	4%	38 161
Finance and administration		–	137 097	152 115	12 360	130 591	152 115	(21 524)	-14%	152 115
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**86 568**	**77 431**	**6 254**	**78 404**	**77 431**	973	1%	**77 431**
Community and social services		–	9 513	10 055	699	8 781	10 055	(1 274)	-13%	10 055
Sport and recreation		–	46 668	40 230	2 882	41 766	40 230	1 536	4%	40 230
Public safety		–	21 090	20 527	2 033	20 801	20 527	275	1%	20 527
Housing		–	3 531	1 875	241	2 594	1 875	719	38%	1 875
Health		–	5 767	4 746	398	4 462	4 746	(284)	-6%	4 746
Economic and environmental services		–	**110 969**	**114 388**	**10 434**	**102 269**	**114 388**	(12 119)	-11%	**114 388**
Planning and development		–	33 954	33 520	2 409	28 481	33 520	(5 039)	-15%	33 520
Road transport		–	67 770	77 414	7 962	72 552	77 414	(4 862)	-6%	77 414
Environmental protection		–	9 245	3 454	63	1 236	3 454	(2 218)	-64%	3 454
Trading services		–	**405 868**	**434 239**	**42 784**	**415 046**	**434 239**	(19 192)	-4%	**434 239**
Energy sources		–	248 404	254 148	23 740	239 461	254 148	(14 687)	-6%	254 148
Water management		–	80 154	78 117	7 893	77 746	78 117	(371)	0%	78 117
Waste water management		–	41 745	48 988	5 234	51 690	48 988	2 701	6%	48 988
Waste management		–	35 565	52 986	5 917	46 150	52 986	(6 836)	-13%	52 986
Other		–	**4 032**	**3 426**	**187**	**3 247**	**3 426**	**(178)**	**-5%**	**3 426**
Total Expenditure - Functional	3	–	**796 785**	**819 759**	**78 156**	**769 265**	**819 759**	**(50 495)**	**-6%**	**819 759**
Surplus/ (Deficit) for the year		–	**(3 241)**	**133 493**	**(1 833)**	**91 714**	**133 493**	**(41 779)**	**-31%**	**133 493**

Explanatory notes to Table C2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

The standard classification refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities report their operations in one common format, to facilitate comparison across all municipalities.

Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M12 June 2019

Vote Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue by Vote								
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES	310 697	307 483	12 228	314 598	307 483	7 115	2,3%	307 483
Vote 3 - CORPORATE SERVICES	26	26	4	1 222	26	1 197	4653,9%	26
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	3 316	3 316	313	3 444	3 316	129	3,9%	3 316
Vote 5 - INFRASTRUCTURE AND ENGINEERING	405 491	562 442	57 196	452 263	562 442	(110 179)	-19,6%	562 442
Vote 6 - COMMUNITY SERVICES	17 634	17 734	2 252	27 132	17 734	9 398	53,0%	17 734
Vote 7 - COMMUNITY SERVICES (CONTINUED)	56 380	62 252	4 330	62 320	62 252	67	0,1%	62 252
Total Revenue by Vote	**793 544**	**953 252**	**76 323**	**860 979**	**953 252**	**(92 274)**	**-9,7%**	**953 252**
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	36 603	31 989	5 246	33 302	31 989	1 314	4,1%	31 989
Vote 2 - FINANCIAL SERVICES	79 397	79 573	6 292	60 890	79 573	(18 683)	-23,5%	79 573
Vote 3 - CORPORATE SERVICES	49 336	48 915	4 014	44 288	48 915	(4 627)	-9,5%	48 915
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	21 159	19 984	1 433	17 860	19 984	(2 123)	-10,6%	19 984
Vote 5 - INFRASTRUCTURE AND ENGINEERING	455 521	476 197	46 364	456 152	476 197	(20 046)	-4,2%	476 197
Vote 6 - COMMUNITY SERVICES	51 470	47 739	4 006	48 898	47 739	1 159	2,4%	47 739
Vote 7 - COMMUNITY SERVICES (CONTINUED)	103 298	115 363	10 800	107 874	115 363	(7 489)	-6,5%	115 363
Total Expenditure by Vote	**796 785**	**819 759**	**78 156**	**769 265**	**819 759**	**(50 495)**	**-6,2%**	**819 759**
Surplus/ (Deficit) for the year	**(3 241)**	**133 493**	**(1 833)**	**91 714**	**133 493**	**(41 779)**	**-31,3%**	**133 493**

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) – M12 June 2019

Description	Ref	2017/18	Budget Year 2018/19							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		–	176 766	184 711	10 138	184 331	184 711	(379)	0%	184 711
Service charges - electricity revenue		–	247 165	245 041	16 487	241 079	245 041	(3 961)	-2%	245 041
Service charges - water revenue		–	67 702	70 795	5 189	72 774	70 795	1 978	3%	70 795
Service charges - sanitation revenue		–	41 658	43 314	3 565	45 092	43 314	1 778	4%	43 314
Service charges - refuse revenue		–	43 571	51 176	4 056	51 528	51 176	351	1%	51 176
Service charges - other		–	–	–	–	–	–	–		–
Rental of facilities and equipment		–	1 881	3 043	98	2 570	3 043	(473)	-16%	3 043
Interest earned - external investments		–	7 561	8 681	1 348	11 790	8 681	3 109	36%	8 681
Interest earned - outstanding debtors		–	14 986	7 444	817	8 288	7 444	844	11%	7 444
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		–	4 230	4 230	(6)	4 884	4 230	654	15%	4 230
Licences and permits		–	16 661	14 514	1 364	22 624	14 514	8 110	56%	14 514
Agency services		–	–	–	–	–	–	–		–
Transfers and subsidies		–	123 618	121 753	1 981	122 456	121 753	703	1%	121 753
Other revenue		–	7 917	5 530	(7)	7 067	5 530	1 538	28%	5 530
Gains on disposal of PPE		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	**753 717**	**760 233**	**45 029**	**774 483**	**760 233**	**14 250**	**2%**	**760 233**
Expenditure By Type										
Employee related costs		–	272 802	272 673	22 065	269 674	272 673	(2 999)	-1%	272 673
Remuneration of councillors		–	12 784	12 243	1 015	12 202	12 243	(41)	0%	12 243
Debt impairment		–	41 429	36 150	–	3 130	36 150	(33 020)	-91%	36 150
Depreciation & asset impairment		–	75 357	75 357	6 127	73 545	75 357	(1 812)	-2%	75 357
Finance charges		–	3 021	3 021	1 877	7 669	3 021	4 648	154%	3 021
Bulk purchases		–	241 476	237 476	25 135	238 985	237 476	1 509	1%	237 476
Other materials		–	28 458	27 516	2 127	25 340	27 516	(2 176)	-8%	27 516
Contracted services		–	45 111	68 096	8 674	55 516	68 096	(12 580)	-18%	68 096
Transfers and subsidies		–	–	–	–	–	–	–		–
Other expenditure		–	76 346	87 229	11 136	83 204	87 229	(4 026)	-5%	87 229
Loss on disposal of PPE		–	–	–	–	–	–	–		–
Total Expenditure		–	**796 785**	**819 759**	**78 156**	**769 265**	**819 759**	**(50 495)**	**-6%**	**819 759**
Surplus/(Deficit)		–	**(43 068)**	**(59 527)**	**(33 126)**	**5 218**	**(59 527)**	**64 745**	**(0)**	**(59 527)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			39 827	193 020	31 293	86 496	193 020	(106 524)	(0)	193 020
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		–	**(3 241)**	**133 493**	**(1 833)**	**91 714**	**133 493**			**133 493**
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		–	**(3 241)**	**133 493**	**(1 833)**	**91 714**	**133 493**			**133 493**
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		–	**(3 241)**	**133 493**	**(1 833)**	**91 714**	**133 493**			**133 493**
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		–	**(3 241)**	**133 493**	**(1 833)**	**91 714**	**133 493**			**133 493**

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) – M12 June 2019

Vote Description	Budget Year 2018/19								
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast	C5
R thousands							%		
Single Year expenditure appropriation									
Vote 1 - EXECUTIVE COUNCIL	860	1 776	272	698	1 776	(1 077)	-61%	1 776	
Vote 2 - FINANCIAL SERVICES	1 507	2 593	286	1 294	2 593	(1 300)	-50%	2 593	
Vote 3 - CORPORATE SERVICES	2 309	3 365	438	1 758	3 365	(1 608)	-48%	3 365	
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 211	3 836	2 531	2 799	3 836	(1 037)	-27%	3 836	
Vote 5 - INFRASTRUCTURE AND ENGINEERING	46 545	181 557	23 154	86 197	181 557	(95 360)	-53%	181 557	
Vote 6 - COMMUNITY SERVICES	1 644	4 959	310	2 284	4 959	(2 675)	-54%	4 959	
Vote 7 - COMMUNITY SERVICES (CONTINUED)	10 669	11 429	3 991	6 837	11 429	(4 592)	-40%	11 429	
Total Capital single-year expenditure	67 745	209 515	30 982	101 867	209 515	**(107 648)**	**-51%**	209 515	
Total Capital Expenditure	**67 745**	**209 515**	**30 982**	**101 867**	**209 515**	**(107 648)**	**-51%**	**209 515**	
Capital Expenditure - Functional Classification									
Governance and administration	**5 346**	**10 184**	**982**	**3 526**	**10 184**	(6 658)	-65%	**10 184**	**1000**
Executive and council	985	2 590	257	683	2 590	(1 907)	-74%	2 590	1100
Finance and administration	4 361	7 594	724	2 843	7 594	(4 751)	-63%	7 594	1200
Internal audit	–	–	–	–	–	–		–	1300
Community and public safety	**7 368**	**10 203**	**3 755**	**9 647**	**10 203**	(556)	-5%	**10 203**	**2000**
Community and social services	679	199	193	193	199	(6)	-3%	199	2100
Sport and recreation	5 489	4 789	1 164	1 410	4 789	(3 379)	-71%	4 789	2200
Public safety	200	4 215	113	1 111	4 215	(3 104)	-74%	4 215	2300
Housing	1 000	1 000	2 285	6 934	1 000	5 934	593%	1 000	2400
Health	–	–	–	–	–	–		–	2500
Economic and environmental services	**6 159**	**5 739**	**311**	**500**	**5 739**	(5 239)	-91%	**5 739**	**3000**
Planning and development	3 509	3 113	311	500	3 113	(2 613)	-84%	3 113	3100
Road transport	2 650	2 626	–	–	2 626	(2 626)	-100%	2 626	3200
Environmental protection	–	–	–	–	–	–		–	3300
Trading services	**48 872**	**183 324**	**25 934**	**88 193**	**183 324**	(95 130)	-52%	**183 324**	**4000**
Energy sources	12 905	13 885	3 415	8 495	13 885	(5 389)	-39%	13 885	4100
Water management	1 715	135 628	13 880	47 613	135 628	(88 015)	-65%	135 628	4200
Waste water management	28 977	29 077	5 311	25 422	29 077	(3 655)	-13%	29 077	4300
Waste management	5 275	4 734	3 328	6 663	4 734	1 929	41%	4 734	4400
Other	–	65	–	–	65	(65)	-100%	65	5000
Total Capital Expenditure - Functional Classification	**67 745**	**209 515**	**30 982**	**101 867**	**209 515**	**(107 648)**	**-51%**	**209 515**	
Funded by:									2000
National Government	34 682	169 485	24 234	79 309	169 485	(90 176)	-53%	169 485	2010
Provincial Government	–				–	–		–	2020
District Municipality	–				–	–		–	2030
Other transfers and grants	–	–			–	–		–	2040
Transfers recognised - capital	**34 682**	**169 485**	**24 234**	**79 309**	**169 485**	**(90 176)**	**-53%**	**169 485**	**2050**
Public contributions & donations	–	–	–	–	–	–		–	2060
Borrowing	–	–	–	–	–	–		–	2070
Internally generated funds	33 063	40 030	6 748	22 558	40 030	(17 472)	-44%	40 030	2080
Total Capital Funding	**67 745**	**209 515**	**30 982**	**101 867**	**209 515**	**(107 648)**	**-51%**	**209 515**	**2090**

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

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

Table C6 Monthly Budget Statement – Financial Position – M12 June 2019

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		–	5 356	8 471	13 601	8 471
Call investment deposits		–	48 205	76 236	200 627	76 236
Consumer debtors		–	42 559	42 382	92 788	42 382
Other debtors		–	31 184	30 863	22 113	30 863
Current portion of long-term receivables		–	3	3	3	3
Inventory		–	4 513	6 666	6 666	6 666
Total current assets		–	**131 820**	**164 621**	**335 797**	**164 621**
Non current assets						
Long-term receivables		–	65	16	16	16
Investments		–		–		–
Investment property		–	285 199	284 612	283 612	284 612
Investments in Associate		–		–		–
Property, plant and equipment		–	2 157 628	2 189 943	1 982 603	2 189 943
Agricultural		–		–		–
Biological assets		–		–		–
Intangible assets		–	62	302	302	302
Other non-current assets		–		–		–
Total non current assets		–	**2 442 954**	**2 474 873**	**2 266 533**	**2 474 873**
TOTAL ASSETS		–	**2 574 775**	**2 639 494**	**2 602 330**	**2 639 494**
LIABILITIES						
Current liabilities						
Bank overdraft		–		–	–	–
Borrowing		–	13 247	8 944	8 944	8 944
Consumer deposits		–	10 479	15 241	15 241	15 241
Trade and other payables		–	87 054	126 511	207 575	126 511
Provisions		–	23 097	24 505	24 505	24 505
Total current liabilities		–	**133 877**	**175 201**	**256 265**	**175 201**
Non current liabilities						
Borrowing		–	23 112	23 600	23 600	23 600
Provisions		–	160 132	161 981	161 981	161 981
Total non current liabilities		–	**183 244**	**185 581**	**185 581**	**185 581**
TOTAL LIABILITIES		–	**317 122**	**360 782**	**441 846**	**360 782**
NET ASSETS	2	–	**2 257 653**	**2 278 712**	**2 160 485**	**2 278 712**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		–	2 257 653	2 278 712	2 160 485	2 278 712
Reserves		–	–	–		–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	**2 257 653**	**2 278 712**	**2 160 485**	**2 278 712**

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 – M12 June 2019

Description	Ref	2017/18	Budget Year 2018/19							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	164 393	173 628	10 943	176 911	173 628	3 283	2%	173 628
Service charges		–	372 090	385 707	35 593	411 165	385 707	25 457	7%	385 707
Other revenue		–	30 689	27 317	155	60 913	27 317	33 597	123%	27 317
Government - operating		–	123 618	121 753	982	158 803	121 753	37 049	30%	121 753
Government - capital		–	39 827	193 020	–	155 984	193 020	(37 036)	-19%	193 020
Interest		–	21 498	15 678	2 250	20 773	15 678	5 094	32%	15 678
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(674 270)	(705 232)	(65 583)	(699 262)	(705 232)	(5 970)	1%	(705 232)
Finance charges		–	(3 021)	(3 021)	(204)	(2 865)	(3 021)	(156)	5%	(3 021)
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	**74 823**	**208 851**	**(15 864)**	**282 422**	**208 851**	**(73 571)**	**-35%**	**208 851**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		–	(67 745)	(209 515)	(35 629)	(155 174)	(209 515)	(54 341)	26%	(209 515)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	**(67 745)**	**(209 515)**	**(35 629)**	**(155 174)**	**(209 515)**	**(54 341)**	**26%**	**(209 515)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	(13 247)	(8 944)	(646)	(7 335)	(8 944)	(1 609)	18%	(8 944)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	**(13 247)**	**(8 944)**	**(646)**	**(7 335)**	**(8 944)**	**(1 609)**	**18%**	**(8 944)**
NET INCREASE/ (DECREASE) IN CASH HELD		–	**(6 169)**	**(9 608)**	**(52 139)**	**119 913**	**(9 608)**			**(9 608)**
Cash/cash equivalents at beginning:		–	59 729	94 315		94 315	94 315			94 315
Cash/cash equivalents at month/year end:		–	53 561	84 707		214 228	84 707			84 707

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

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

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

ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

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

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

Below is an analysis of the outstanding consumer debtors as at 30 June 2018, compared to the position as at 30 June 2019.

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

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

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

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	8 079	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**

The aforementioned analysis indicates that from 30 June 2018 to 30 June 2019, the overdue debts have increased from R 125,064 million to R 145,884 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-18**	**30-Jun-19**	**DIFFERENCE**
Trade and Other Receivables from Exchange Transactions - Water	29 432	37 037	7 605
Trade and Other Receivables from Exchange Transactions - Electricity	10 819	10 495	(323)
Receivables from Non-exchange Transactions - Property Rates	25 500	25 755	256
Receivables from Exchange Transactions - Waste Water Management	13 015	16 078	3 063
Receivables from Exchange Transactions - Waste Management	16 704	21 817	5 114
Receivables from Exchange Transactions - Property Rental Debtors	1	–	(1)
Interest on Arrear Debtor Accounts	18 860	21 714	2 855
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	10 736	12 987	2 251
Total By Income Source	**125 064**	**145 884**	**20 819**
Debtors Age Analysis By Customer Group	–	–	–
Organs of State	3 128	5 088	1 960
Commercial	5 137	4 080	(1 058)
Households	116 799	136 716	19 917
Other	–	–	–
Total By Customer Group	**125 064**	**145 884**	**20 819**

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	23 144	1	-	-	-	-	-	-	23 145
Bulk Water	3 345	422	421	421	411	410	2 963	55 206	63 598
PAYE deductions	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	13 684	3 515	-	9	-	-	40	2	17 249
Auditor General	43	-	-	-	-	-	-	-	43
Other	15	15	15	15	15	15	89	2 593	2 769
Total By Customer Type	40 231	3 952	436	445	426	424	3 091	57 800	106 804

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

Eskom	R 23,145 million
NMBM (Bulk water)	R 63,598 million
Other Creditors	R 20,061 million
TOTAL	**R 106,804 million**

It is to be noted that the Eskom amount of R 23,144 million, represents the current account for June 2019, which will be fully paid on 26 July 2019.

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

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

3. Investment Portfolio

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

	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 30 June 2019
Standard Bank	18 653 721	-	1 242 925	-	-	19 896 645
ABSA	25 806 825	-	1 713 027	-	348	27 519 504
Nedbank	19 520 160	-	1 307 440	-	-	20 827 601
RMB	5 885 309	217 712 850	4 275 566	117 053 376	-	110 820 349
INVESTEC	20 188 841	-	1 373 662	-	-	21 562 503
Total	**90 054 856**	**217 712 850**	**9 912 620**	**(117 053 376)**	**(348)**	**200 626 602**
	Balance as at 30 June 2018	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 30 June 2019**
General Account	85 725 571	27 124 366	6 415 688	28 300 000	348	90 965 278
Conditional Grants	1 359 363	190 588 483	3 412 239	85 705 931	-	109 654 154
Housing Funds	2 969 923	-	84 693	3 047 445	-	7 170
Total	**90 054 856**	**217 712 850**	**9 912 620**	**(117 053 376)**	**(348)**	**200 626 602**
Cheque Accounts FNB	4 259 847	9 341 099				13 600 946
TOTAL Investments & Bank	**94 314 704**	227 053 948	9 912 620	(117 053 376)	(348)	**214 227 548**

The increase in the investment portfolio since 30 June 2018 amounts to R 119,912,844. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 13,600,946
Short-term Investment Deposits	R 200,626,602
	R 214,227,548

Application of Cash

Unspent Conditional Grants	100,770,748
Internally Generated Funds	17,471,880
Outstanding Creditors Liability	106,804,349
	225,046,977
Reserves in under of Commitments	**R -10,819,429**

The cash backed reserves are below the commitments at this stage by an amount of R 10,819,429.

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M12 June 2019

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
RECEIPTS:								
Operating Transfers and Grants								
National Government:	**117 493**	**117 493**	**–**	**117 493**	**117 493**	**–**		**117 493**
Local Government Equitable Share	113 151	113 151		113 151	113 151	–		113 151
Finance Management	1 770	1 770		1 770	1 770	–		1 770
MIG - Administration Fees	1 559	1 559		1 559	1 559	–		1 559
EPWP Incentive	1 013	1 013		1 013	1 013	–		1 013
Provincial Government:	**2 050**	**2 050**	**–**	**2 050**	**2 050**	**–**		**2 050**
Sport and Recreation	2 050	2 050		2 050	2 050	–		2 050
District Municipality:	**2 210**	**2 298**	**–**	**2 471**	**2 298**	173	7,5%	**2 298**
Local Economic Development	**445**	**445**			**445**	(445)	-100,0%	**445**
Environmental Health Subsidy	1 765	**1 853**		2 471	1 853	618	33,3%	1 853
Other grant providers:	**1 865**	**1 865**	**982**	**1 965**	**1 865**	100	5,4%	**1 865**
Fire Subsidy	**1 865**	**1 865**	**982**	**1 965**	**1 865**	100		**1 865**
Total Operating Transfers and Grants	**123 618**	**123 707**	**982**	**123 979**	**123 707**	**273**	**0,2%**	**123 707**
Capital Transfers and Grants								
National Government:	**39 827**	**191 055**	**–**	**191 055**	**191 055**	**–**		**191 055**
Municipal Infrastructure Grant (MIG)	29 627	29 627		29 627	29 627	–		29 627
Water Infrastructure Grant		151 228		151 228	151 228	–		151 228
Intergrated National Electrification Programme	10 200	10 200		10 200	10 200	–		10 200
Total Capital Transfers and Grants	**39 827**	**191 055**	**–**	**191 055**	**191 055**	**–**		**191 055**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	163 445	314 761	982	315 034	314 761	273	0,1%	314 761

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M12 June 2019

Description	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
EXPENDITURE								
Operating expenditure of Transfers and Grants								
National Government:	**117 493**	**117 493**	**4 704**	**58 333**	**117 493**	**(59 160)**	**-50,4%**	**117 493**
Local Government Equitable Share	113 151	113 151	4 240	53 940	113 151	(59 211)	-52,3%	113 151
Finance Management	1 770	1 770	330	1 770	1 770	–		1 770
MIG - Administration Fees	1 559	1 559	134	1 611	1 559	51	3,3%	1 559
EPWP Incentive	1 013	1 013	–	1 013	1 013	–		1 013
Provincial Government:	**2 050**	**2 050**	**–**	**–**	**2 050**	**(2 050)**	**-100,0%**	**2 050**
Sport and Recreation	2 050	2 050	–	–	2 050	(2 050)	-100,0%	2 050
District Municipality:	**2 210**	**2 298**	**–**	**–**	**2 298**	(2 298)	-100,0%	**2 298**
Local Economic Development	445	445		–	445	(445)	-100,0%	445
Environmental Health Subsidy	1 765	1 853	–	–	1 853	(1 853)	-100,0%	1 853
Other grant providers:	**1 865**	**1 865**	**–**	**–**	**1 865**	(1 865)	-100,0%	**1 865**
Fire Subsidy	1 865	1 865	–	–	1 865	(1 865)		1 865
Total operating expenditure of Transfers and Grants:	**123 618**	**123 707**	**4 704**	**58 333**	**123 707**	**(65 373)**	**-52,8%**	**123 707**
Capital expenditure of Transfers and Grants								
National Government:	**39 827**	**191 055**	**31 842**	**90 233**	**44 283**	**45 949**	**103,8%**	**191 055**
Municipal Infrastructure Grant (MIG)	29 627	29 627	7 264	29 575	22 139	7 437	33,6%	29 627
Water Infrastructure Grant		151 228	16 461	50 917	21 684	29 232		151 228
Intergrated National Electrification Programme	10 200	10 200	8 117	9 740	460	9 280	2016,8%	10 200
Total capital expenditure of Transfers and Grants	**39 827**	**191 055**	**31 842**	**90 233**	**44 283**	**45 949**	**103,8%**	**191 055**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**163 445**	**314 761**	**36 545**	**148 566**	**167 990**	**(19 424)**	**-11,6%**	**314 761**

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

Grants received from National Government

DORA Operating Grants

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

DORA Allocation:	R 1,770,000
Amount of Grant Received:	R 1,770,000
Expenditure to date:	R 1,770,000
Unspent as at 30 June 2019:	R 0

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

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

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

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

DORA Capital Grants

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

DORA Allocation:	R 31,186,000
Amount of Grant Received:	R 31,186,000
Expenditure to date:	R 31,186,000
Unspent as at 30 June 2019:	R 0

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

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

DORA Allocation:	R 10,200,000
Amount of Grant Received:	R 10,200,000
Expenditure to date:	R 9,740,454
Unspent as at 30 June 2019:	R 459,546

The spending of the grant amounted to 95,49% as at 30 June 2019, compared to the amount of the grant received.

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

DORA Allocation:	R 151,228,000
Amount of Grant Received:	R 151,228,000
Expenditure to date:	R 50,916,798
Unspent as at 30 June 2019:	R 100,311,202

The spending of the grant amounted to 33,67% as at 30 June 2019, compared to the amount of the grant received

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M12 June 2019

Summary of Employee and Councillor remuneration	Budget Year 2018/19							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
	B	C						D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	9 232	8 247	683	8 191	8 247	(57)	-1%	8 247
Motor Vehicle Allowance	2 747	2 708	228	2 730	2 708	23	1%	2 708
Cellphone Allowance	805	1 288	104	1 281	1 288	(7)	-1%	1 288
Sub Total - Councillors	**12 784**	**12 243**	**1 015**	**12 202**	**12 243**	**(41)**	**0%**	**12 243**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 434	6 975	458	5 345	6 975	(1 630)	-23%	6 975
Pension and UIF Contributions		9	1	9	9	(0)	-4%	9
Performance Bonus		158	–	–	158	(158)	-100%	158
Motor Vehicle Allowance		757	55	648	757	(108)	-14%	757
Cellphone Allowance		7	1	7	7	–		7
Other benefits and allowances	2 956	39	6	50	39	12	30%	39
Payments in lieu of leave		3	–	0	3	(3)	-96%	3
Sub Total - Senior Managers of Municipality	**7 389**	**7 948**	**520**	**6 059**	**7 948**	**(1 889)**	**-24%**	**7 948**
Other Municipal Staff								
Basic Salaries and Wages	161 389	161 691	13 688	160 516	161 691	(1 175)	-1%	161 691
Pension and UIF Contributions	27 035	28 152	2 294	27 471	28 152	(681)	-2%	28 152
Medical Aid Contributions	16 559	14 279	1 207	14 433	14 279	153	1%	14 279
Overtime	11 345	27 829	2 737	29 977	27 829	2 148	8%	27 829
Performance Bonus	16 117	–	–	–	–	–		–
Motor Vehicle Allowance	8 701	8 085	666	7 128	8 085	(958)	-12%	8 085
Cellphone Allowance		1	–	1	1	–		1
Housing Allowances	2 516	930	68	953	930	22	2%	930
Other benefits and allowances	20 864	20 704	733	20 600	20 704	(105)	-1%	20 704
Payments in lieu of leave		1 481	72	1 591	1 481	110	7%	1 481
Long service awards	888	1 571	80	946	1 571	(625)	-40%	1 571
Sub Total - Other Municipal Staff	**265 413**	**264 725**	**21 545**	**263 614**	**264 725**	**(1 110)**	**0%**	**264 725**
Total Parent Municipality	**285 586**	**284 915**	**23 079**	**281 876**	**284 915**	**(3 040)**	**-1%**	**284 915**
TOTAL SALARY, ALLOWANCES & BENEFITS	**285 586**	**284 915**	**23 079**	**281 876**	**284 915**	**(3 040)**	**-1%**	**284 915**
TOTAL MANAGERS AND STAFF	**272 802**	**272 673**	**22 065**	**269 674**	**272 673**	**(2 999)**	**-1%**	**272 673**

6. Key performance indicators

The table below reflects the key performance indicators as per the 2018/19 Adjustments Budget and the associated performance to date.

Borrowing Management		**Actuals as at 30 June 2015**	**Actuals as at 30 June 2016**	**Actuals as at 30 June 2017**	**Actuals as at 30 June 2018**	**Adjustments Budget 2018/19**	**Actuals as at 30 June 2019**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.50%	3.67%	2.51%	1.77%	1.46%	1,24%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.05	0.04	0.03	0.02	0.06	0.02
Liquidity							
Current Ratio	Current assets / current liabilities	0.72	0.85	0.97	1.11	0.94	1.31
Liquidity Ratio	Monetary assets / current liabilities	0.22	0.40	0.47	0.52	0.48	0.84
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	98.91%	97.60%	95.81%	90.73%	94%	97,62%

Other indicators		Actuals as at 30 June 2015	Actuals as at 30 June 2016	Actuals as at 30 June 2017	Actuals as at 30 June 2018	Adjustments Budget 2018/19	Actuals as at 30 June 2019
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.82	1.60	1.62	1.72	1.44	1.97
Employee Costs	Employee Costs / Total Operating Expenditure	35.70%	35.62%	33.39%	32.99%	33.26%	35,06%
Capital Expenditure	Capital Expenditure / Capital Budget	241.30%	81.97%	72.92%	72.98%	95%	48,62%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.46%	4.61%	4.94%	3.79%	5.86%	5,71%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.06%	1.17%	1.65%	1.42%	1.72%	2,22%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	69.55%	74.74%	78.69%	80.57%	83.98%	84,19%

The above table is discussed in details below.

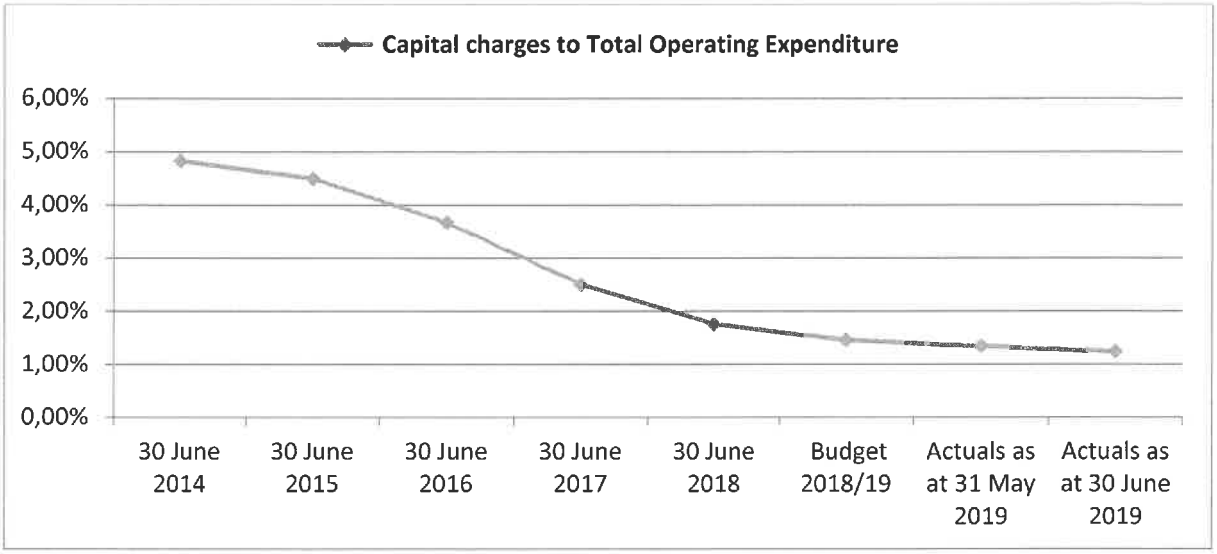
5.1. Borrowing Management

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 1.24% of the Total Operating Expenditure was utilised for capital charges as at 30 June 2019, compared to the budgeted ratio of 1.46%.



5.1.2. Borrowed funding of capital expenditure

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

The ratio is determined as follows:

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

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

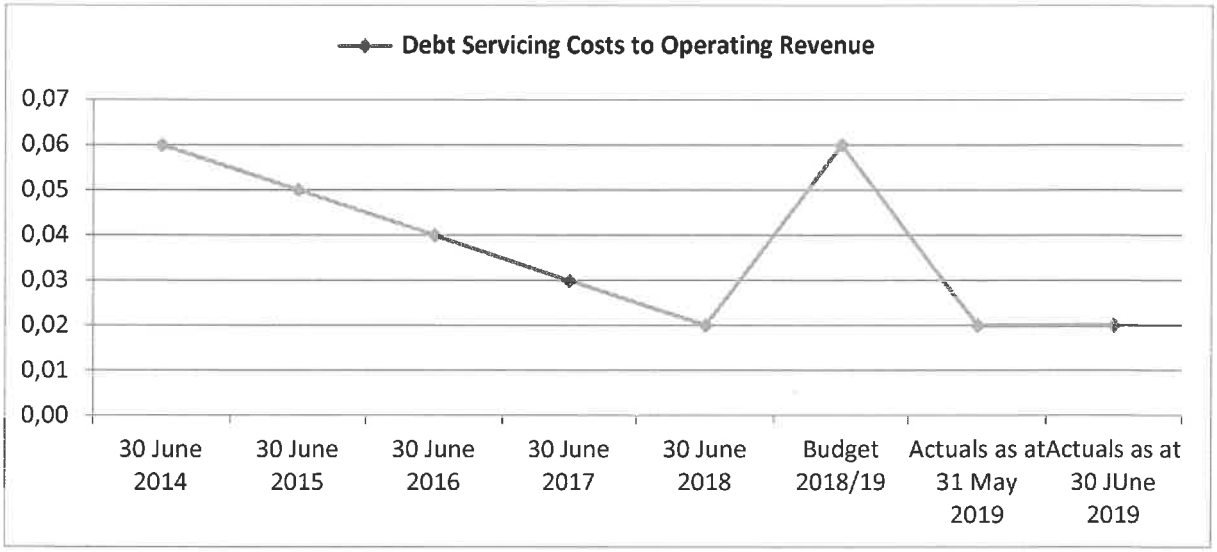
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 30 June 2019, the ratio was 0.02:1, compared to the budgeted ratio of 0.06:1.



5.2. Liquidity

5.2.1. Current ratio

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

The ratio is determined as follows:

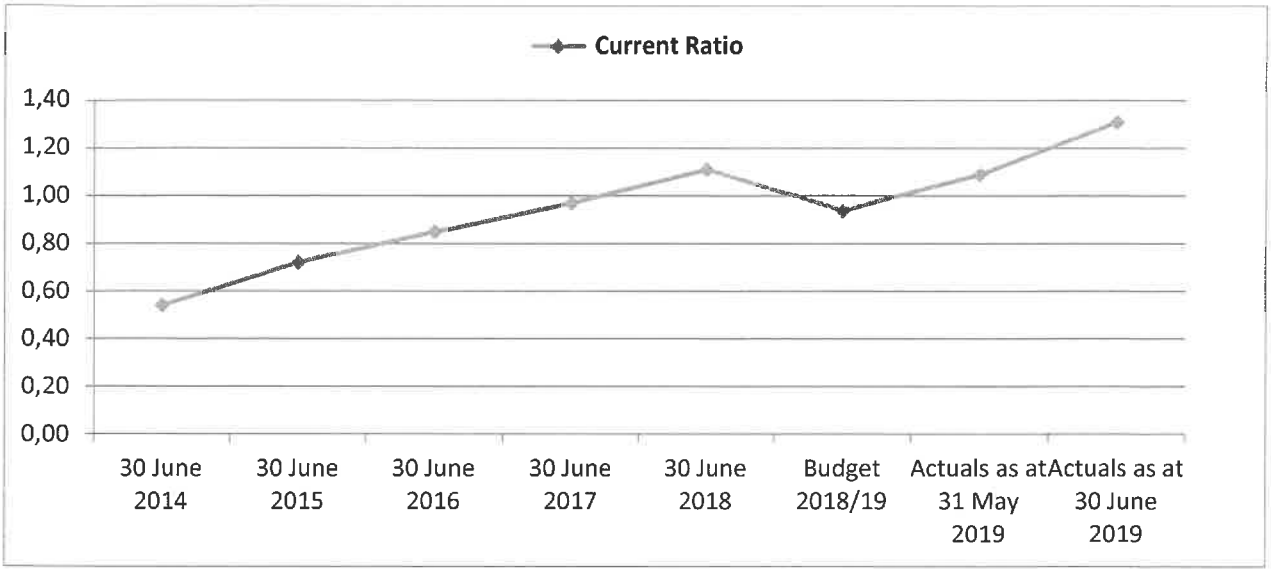
Current assets/Current liabilities

The ratio as at 30 June 2019 was 1.31:1, compared to the budgeted ratio of 0.94:1.

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

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

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



5.2.2. Liquidity Ratio

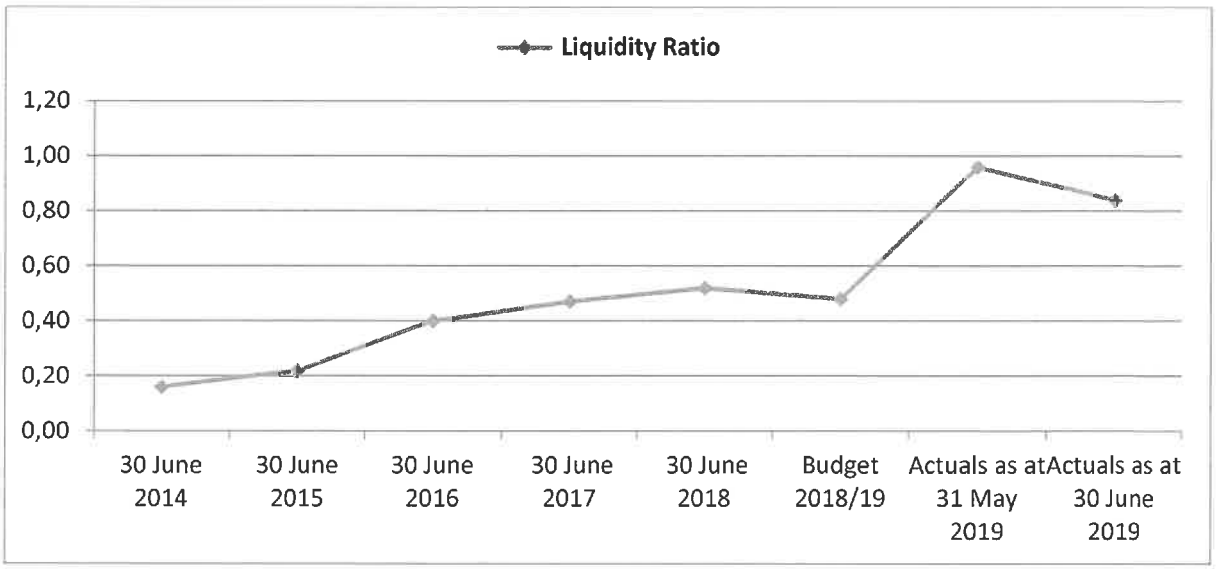
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 30 June 2019 was 0.84:1, compared to the budgeted ratio of 0.48:1.

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



5.3. Revenue Management

5.3.1. Annual Debtors Collection Rate

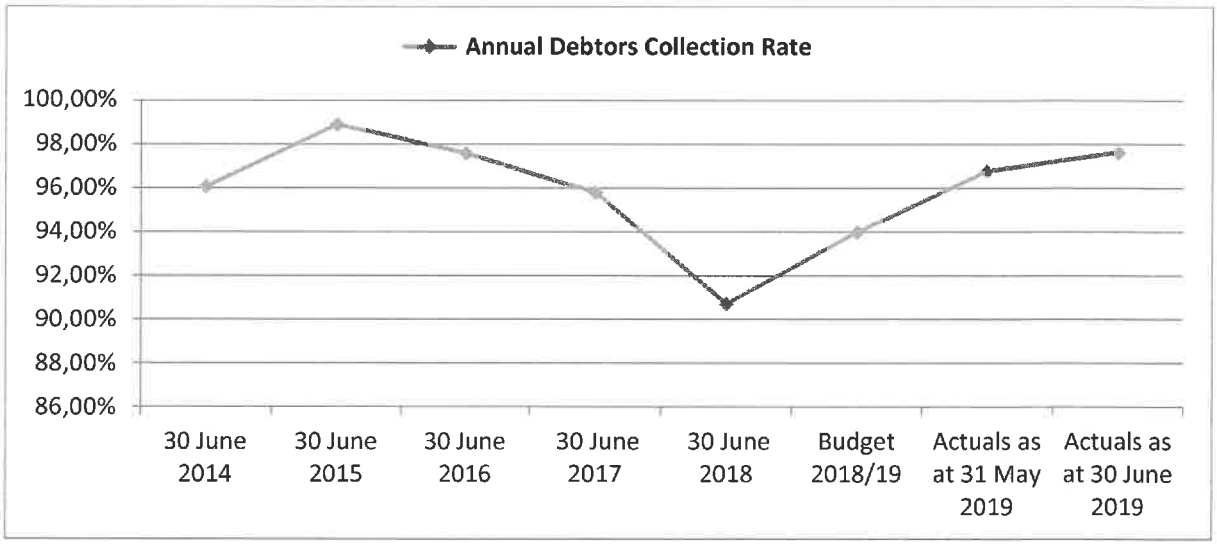
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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

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

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

The average collection rate as at 30 June 2019 was 97,62%, compared to the budgeted collection rate of 94%. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



5.4. Other indicators

5.4.1. Cost coverage

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

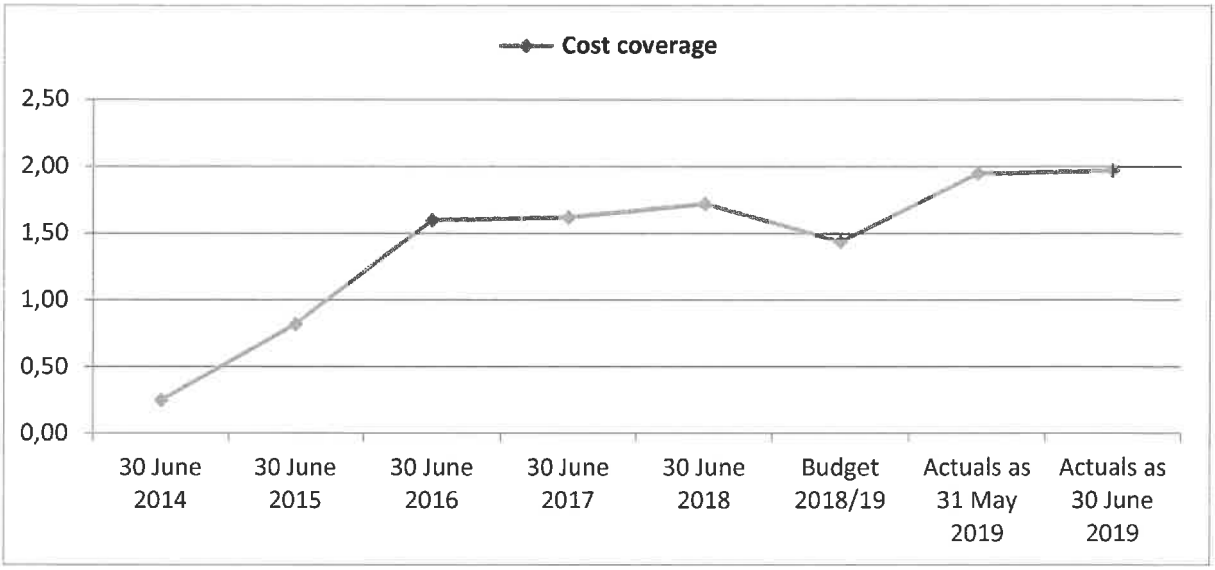
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

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

As at 30 June 2019, the Ratio was 1.97 months, compared to the budgeted ratio of 1.44 months.

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



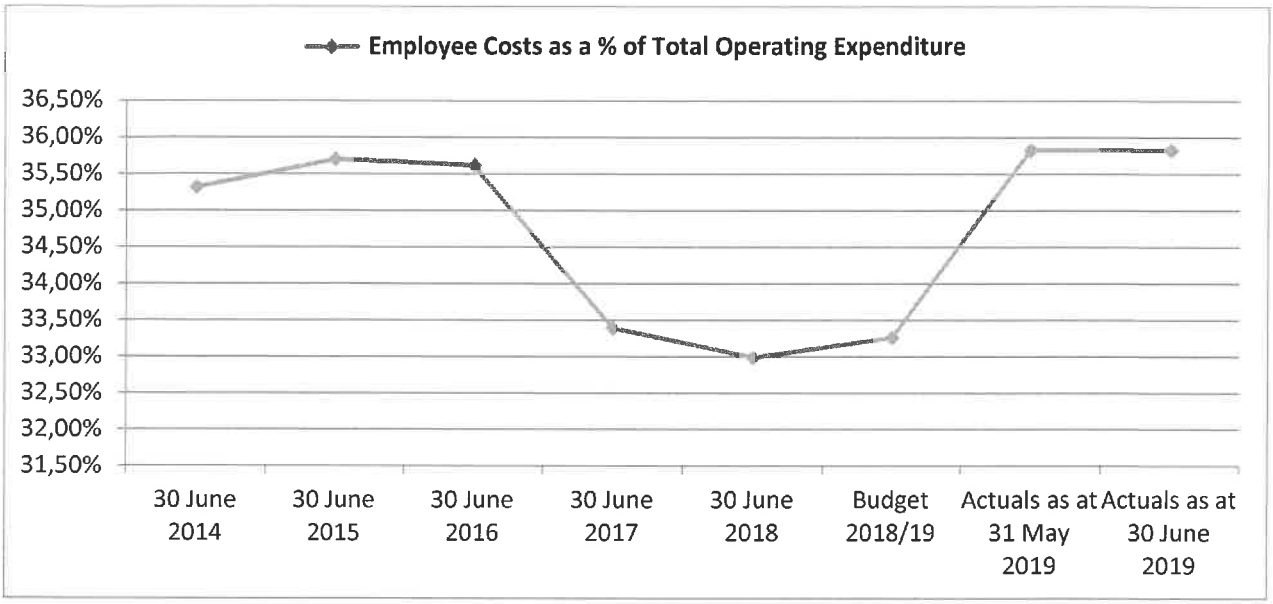
5.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 30 June 2019, Employee Related Costs constituted 35.06% of the Total Operating Expenditure, compared to the budgeted ratio of 33.26%.



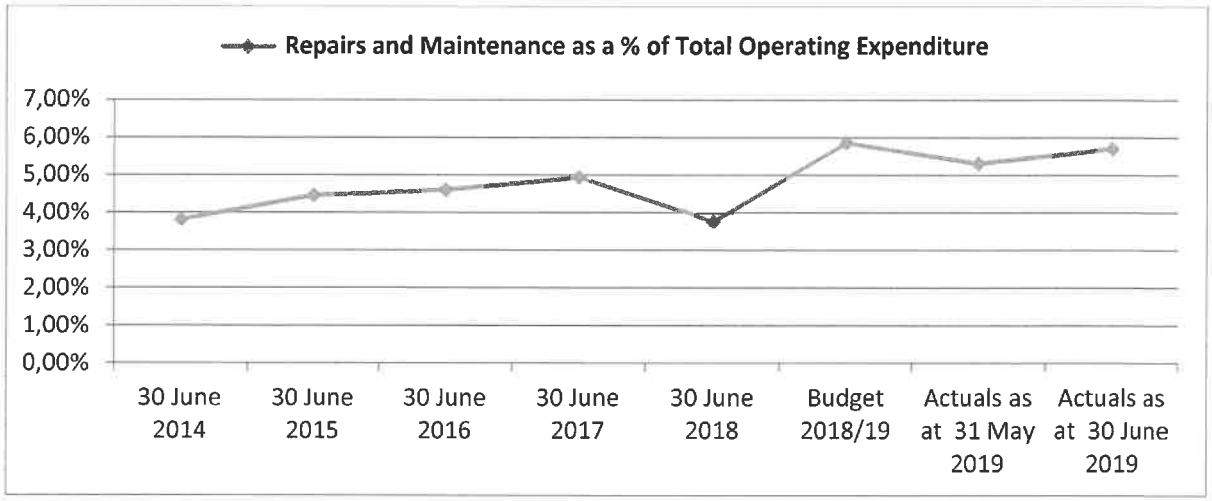
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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

The ratio is determined as follows:

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

As at 30 June 2019, the ratio was 5,71%, compared to the budgeted ratio of 5.86%.



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

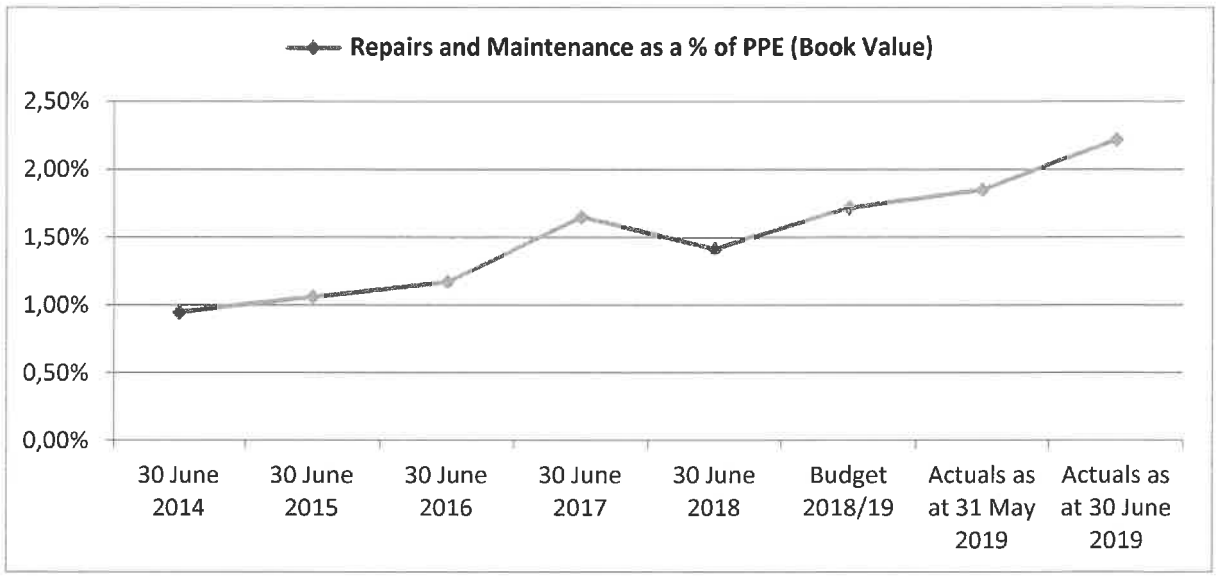
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 June 2019, repairs and maintenance expenditure constituted 2.22% 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%.



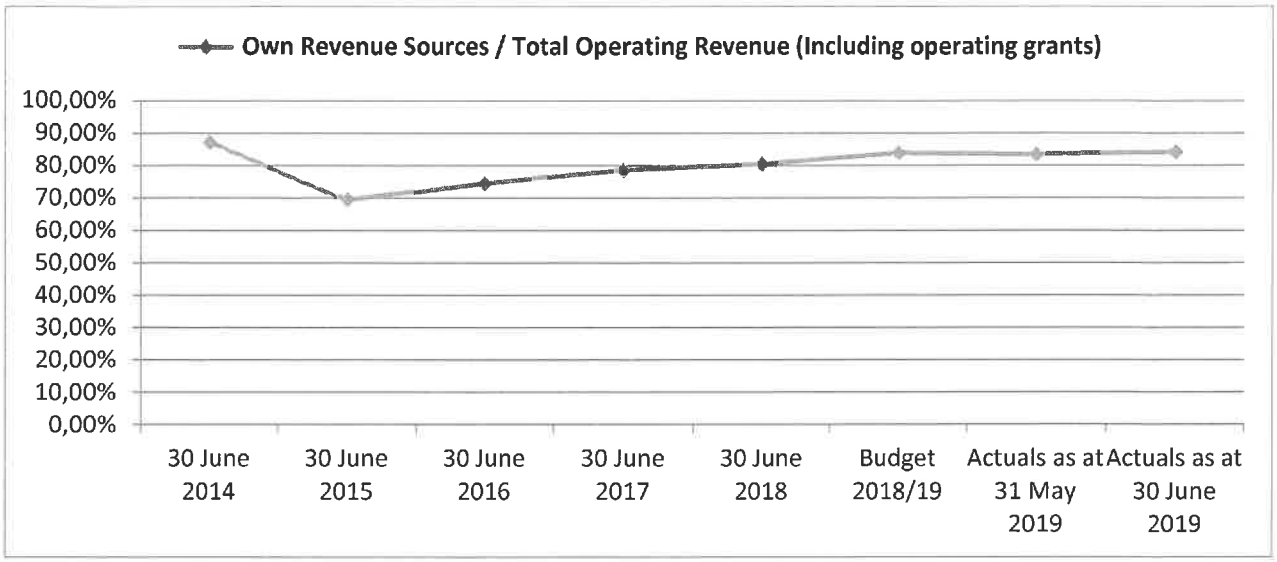
5.4.5. Own Revenue Generation

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 June 2019, the Municipality's own revenue sources constituted 84.19% of its total Operating Income, compared to the budgeted ratio of 83.98%.



5.4.6. Capital Budget Spending

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

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of June 2019 amounted to 48.62% compared to the budgeted ratio of 95%.

