KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

FINANCE

MONTHLY BUDGET STATEMENTS FOR THE MONTH OF JULY 2019 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 JULY 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 month of July 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 178,082 million, whilst operating expenditure amounted to R 62,157 million, resulting in an operating surplus of R 115,925 million.
- Capital expenditure constituted 0,17% of the 2019/20 Capital Budget.
- Overdue consumer debts increased by R 2,250 million (1,54%) since June 2019.
- An amount of R 97,282 million is owing to creditors, of which R 36,090 million (37,10%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 47,540,385 (22,19%) since June 2019, from R 214,227,548 to R 261,767,933.

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 July 2018	Actuals as at 31 July 2019	Approved Budget 2019/20
Current Ratio	0.97:1	1.11:1	1.31:1	1.49:1	2.15:1	0.99:1
Liquidity Ratio	0.47:1	0.52:1	0.84:1	0.93:1	1.60:1	0.38:1
Cost Coverage (Excluding unspent conditional grants)	1.62 months	1.72 months	1.97 months	2.41 months	3,74 Months	1.02 months
Debtors Collection Rate	95.81%	90.73%	97.62%	102.98%	104,33%	96%
Capital Expenditure (Including Water Service Infrastructure Grant)	72.92%	72.98%	48.62%	3.70%	0,17%	95%
Capital Expenditure (Excluding Water Service Infrastructure Grant)	72.92%	72.98%	73.82%	3.70%	0.17%	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 of July 2019.

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

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Executive Mayor

6. Municipal Manager's Quality Certificate

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

Print Name CHARL DU PLESSIS

Municipal Manager of Kouga Local Municipal

Signature ________________________

Date 15 AUGUST 2019

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE MONTH OF JULY 2019

Below is an analysis of the operating revenue and expenditure performance

Description	Budget Year 2019/20		
	Aproved Budget	Actuals as at 31 July 2019	%
R thousands			
Revenue By Source			
Property rates	196 717	74 414	37,83%
Service charges - electricity revenue	277 068	26 044	9,40%
Service charges - water revenue	76 105	8 564	11,25%
Service charges - sanitation revenue	46 346	5 285	11,40%
Service charges - refuse revenue	53 732	5 987	11,14%
Rental of facilities and equipment	4 037	59	1,46%
Interest earned - external investments	10 375	1 156	11,14%
Interest earned - outstanding debtors	8 439	835	9,89%
Fines, penalties and forfeits	6 397	138	2,15%
Licences and permits	16 568	2 381	14,37%
Transfers and subsidies	133 112	52 203	39,22%
Other revenue	7 797	1 017	13,05%
Total Revenue (excluding capital transfers and contributions)	**836 693**	**178 082**	**21,28%**
Expenditure By Type			
Employee related costs	290 942	23 048	7,92%
Remuneration of councillors	13 063	1 045	8,00%
Debt impairment	26 336	–	0,00%
Depreciation & asset impairment	85 101	6 127	7,20%
Finance charges	2 201	233	10,60%
Bulk purchases	271 623	26 268	9,67%
Other materials	29 621	1 020	3,44%
Contracted services	80 814	627	0,78%
Other expenditure	97 436	3 788	3,89%
Total Expenditure	**897 137**	**62 157**	**6,93%**
Surplus/(Deficit)	**(60 444)**	**115 925**	

The statement of financial performance indicates a surplus of R 115,925 million.

- Below is a discussion of the significant revenue variations:

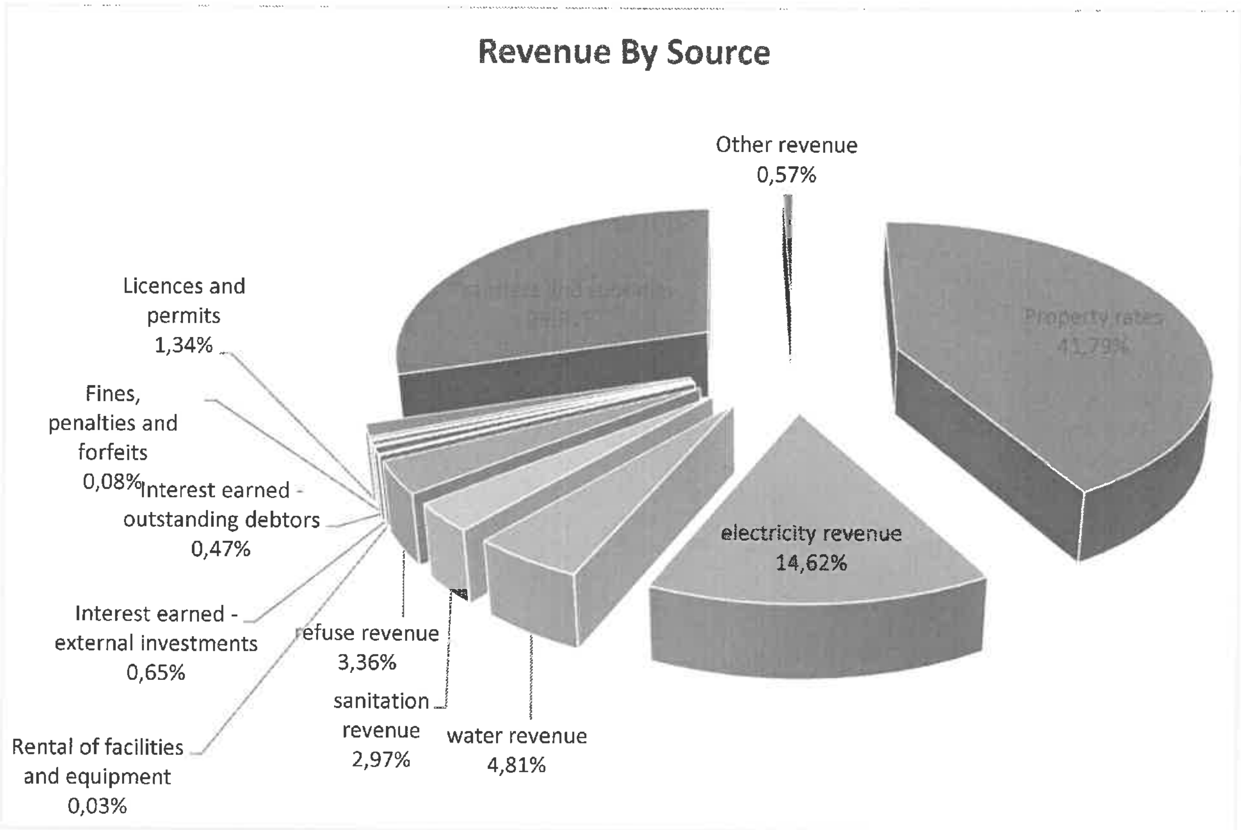
Revenue Variations

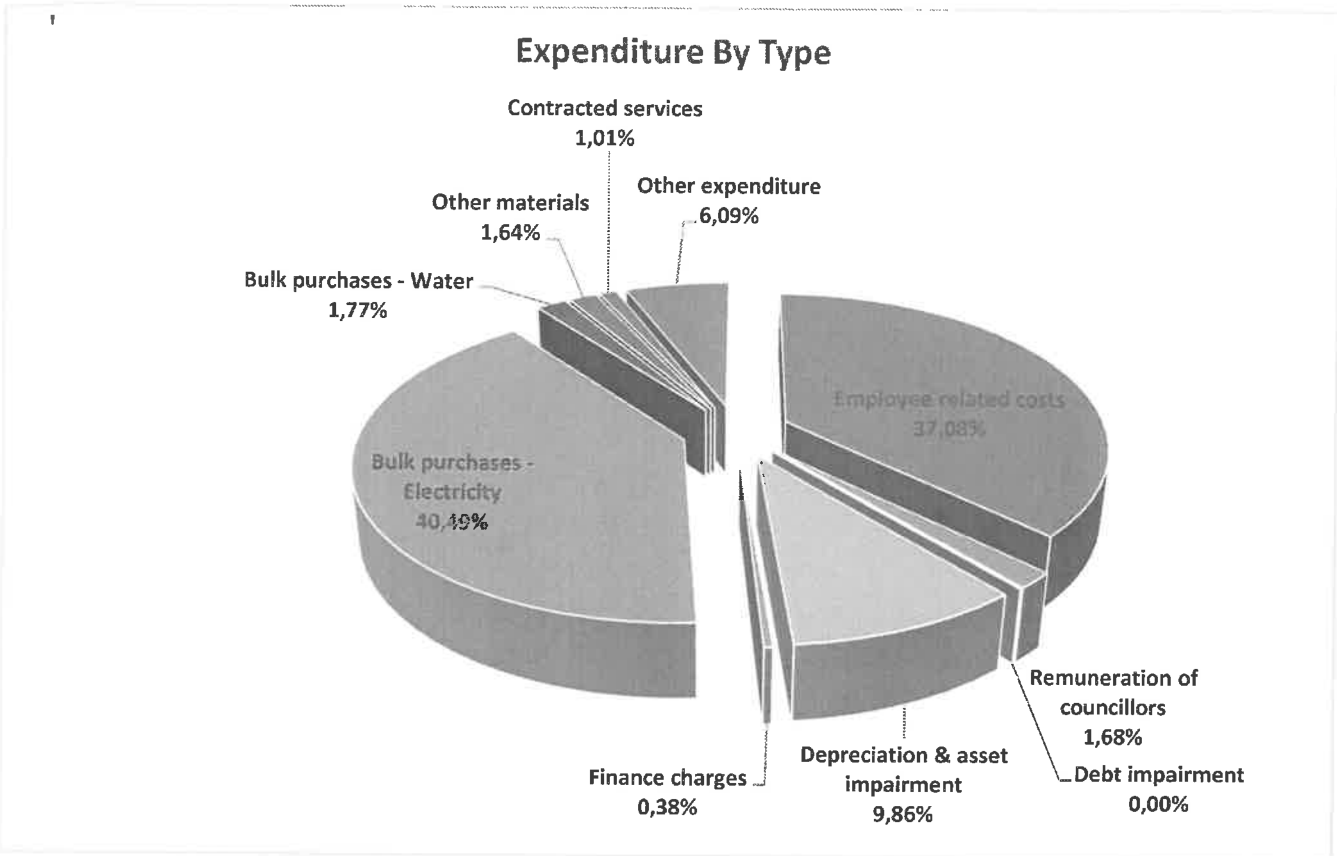
Property Rates

As at 31 July 2019, the Municipality has recognised 37,83% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2019.

Transfers and Subsidies

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




Expenditure By Type
Contracted services
1,01%
Other expenditure
6,09%
Other materials
1,64%
Bulk purchases - Water
1,77%
Employee related costs
37,08%
Bulk purchases - Electricity
40,49%
Remuneration of councillors
1,68%
Debt impairment
0,00%
Depreciation & asset impairment
9,86%
Finance charges
0,38%

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 July 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	-	0,00%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	210 400	27 900	13,26%
	270 920	**27 900**	10,30%
Corporate Services			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	-	0%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	300 000	2 981	0,99%
Expenditure:Inventory Consumed:Materials and Supplies	-	-	
	320 000	**2 981**	0,93%
Finance			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	94 680	1 622	1,71%
Expenditure:Inventory Consumed:Materials and Supplies	173 580	-	0,00%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	418 200	-	0,00%
	686 460	**1 622**	**0,24%**
Community Services			
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	3 556 521	-	0,00%
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	6 712	0,50%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	3 896 192	161 383	4,14%
Expenditure:Operational Cost:Uniform and Protective Clothing	-	-	
	8 952 833	**168 095**	**1,88%**
Planning, Development & Tourism			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	-	0,00%
Expenditure:Inventory Consumed:Materials and Supplies	52 600	-	0,00%
	72 600	**-**	**0,00%**
Infrastructure & Engineering			
Expenditure:Operational Cost:Hire Charges	3 075 800	-	0,00%
Expenditure:Inventory Consumed:Materials and Supplies	12 440 964	139 014	1,12%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	264 000	-	0,00%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	17 355 640	276 852	1,60%
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	252 560	-	0,00%
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Tenders	-	-	
	33 388 964	**415 865**	**1,25%**
Total	**43 691 777**	**616 463**	**1,41%**

It is to be noted that actual repairs and maintenance expenditure constituted 1,41% of the 2019/20 Approved Budget.

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

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

Projects	Funding	Approved Budget 2019/20	Actuals as at 31 July 2019	% of Budget
EXECUTIVE & COUNCIL				
Computer Equipment	Internal	190 000	-	0,00%
Furniture and Equipment	Internal	260 000	-	0,00%
Ward Councilors Capital (Markets)	Internal	750 000	-	0,00%
		1 200 000	**-**	**0,00%**
CORPORATE SERVICES				
Computer Equipment	Internal	198 000	-	0,00%
Furniture and Equipment	Internal	550 000	9 664	1,76%
Library upgrade û Corporate Services	Internal	100 000	-	0,00%
Buildings	Internal	1 000 000	-	0,00%
Computer Software and Applications	Internal	-	-	
EDMS	Internal	540 506	-	0,00%
Biometric system	Internal	130 000	-	0,00%
Vehicle	Internal	250 000	-	0,00%
Software upgrade	Internal	300 000	-	0,00%
		3 068 506	**9 664**	**0,31%**
FINANCE				
Furniture and Equipment	Internal	300 000	-	0,00%
Computer Equipment	Internal	300 000	-	0,00%
Container (Assets)	Internal	50 000	-	0,00%
Filing system (SCM)	Internal	350 000	-	0,00%
Fencing (Stores)	Internal	150 000	-	0,00%
Shelving (SCM)	Internal	200 000	-	0,00%
Containers (SCM)	Internal	100 000	-	0,00%
WIFI Solution	Internal	250 000	-	0,00%
Cibex Software	Internal	600 000	-	0,00%
Vehicle	Internal	300 000	-	0,00%
		2 600 000	**-**	**0,00%**
PLANNING, DEVELOPMENT & TOURISM				
Computer Software and Applications	Internal	300 000	-	0,00%
Computer Equipment	Internal	60 000	-	0,00%
Furniture and equipment	Internal	200 000	-	0,00%
Land acquisition housing projects	Internal	1 700 000	-	0,00%
Arts and Creative Industries	DISTRICT	100 000	-	0,00%
LED Capital Projects	Internal	1 000 000	-	0,00%
Mini Fresh Food and Craft Markets in Jeffrey's Bay & Hankey	MIG	1 220 951	-	0,00%
		4 580 951	**-**	**0,00%**
COMMUNITY SERVICES				
Fencing - Hdorp	Internal	1 300 000	-	0,00%
Machinery and Equipment	Internal	1 400 000	13 800	0,99%
Vehicle	Internal	2 300 000	-	0,00%
Furniture and Equipment	Internal	338 100	-	0,00%
Bins _with_wheels (from CP22 & CP23 EM)	Internal	2 000 000	-	0,00%
Life Gaurds Beach Tower	Internal	100 000	-	0,00%
Upgrading of Sports Facilities	MIG	5 564 599	-	0,00%
Upgrading of Kwanomzamo Sports Facility	MIG	5 413 043	-	0,00%
Computer Equipment	Internal	300 000	-	0,00%
Fencing Fire Station Hankey (from CP23 EM)	Internal	300 000	-	0,00%
Weston Library Upgrade	Internal	11 900	11 800	99,16%
Vehicle	DISTRICT	1 965 100	-	0,00%
Upgrading of Yellow Woods	Internal	150 000	-	0,00%
Upgrading of play parks	Internal	200 000	-	0,00%
Upgrading of Pellsrus, Kabeljous, Cape St Francis Beach parks	Internal	450 000	-	0,00%
Vehicles	Internal	1 150 000	-	0,00%
Upgrading of sport & recreation facilities	Internal	500 000	-	0,00%
		23 442 742	**25 600**	**0,11%**

Projects	Funding	Approved Budget 2019/20	Actuals as at 31 July 2019	% of Budget
INFRASTRUCTURE & ENGINEERING				
Furniture and Equipment	Internal	10 000	-	0,00%
Computer Equipment	Internal	25 000	-	0,00%
Machinery and equipment	Internal	330 000	-	0,00%
Vehicles	Internal	2 600 000	-	0,00%
Energy and Demand Side Management	INEP	3 478 261	-	0,00%
New overheadlines 66kv overheadlines(Jbay to Melk	Internal	1 800 000	-	0,00%
Outfall Sewers Capital	Internal	100 000	-	0,00%
Upgrading of the Ses Vista Wastewater Treatment Wo	MIG	13 011 229	126 401	0,97%
Upgrading of Gravel Roads in Jeffreys Bay	MIG	363 655	-	0,00%
Patensie Sewage Package Plant	MIG	5 650 392	-	0,00%
Upgrade Sanitation System Old Hankey	MIG	434 783	-	0,00%
LV Networks (Informal Areas, Electrification/illeg	Internal	1 000 000	-	0,00%
Pump Station Capital	Internal	750 000	-	0,00%
Security Camera	Internal	200 000	-	0,00%
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	1 500 000	-	0,00%
Roads Capital	Internal	1 500 000	-	0,00%
Bucket Eradication Programme	Internal	2 200 000	-	0,00%
St Francis bulk main outfall sewer	Internal	500 000	-	0,00%
Sewer REPLACE OLD PUMPS	Internal	750 000	-	0,00%
Electrcial replacement of old and dangerous swith gear Saffery Sub station Humansdorp	Internal	2 000 000	-	0,00%
Electrcial Replacement of old mv cables to main sub staion Humansdorp	Internal	1 200 000	-	0,00%
Electrcial supply of tri switches St francis Bay	Internal	200 000	-	0,00%
Electrcial Supply auto recloser St Francis Bay	Internal	400 000	-	0,00%
Electrical Mini sub station 22 000/11000/400 St Francis Bay	Internal	700 000	-	0,00%
Electrcial 5 MV 22000/11000 transformer	Internal	1 400 000	-	0,00%
Electrical Oil circuit breakers replacement with vacuum or gas breakers	Internal	800 000	-	0,00%
Purchase storage containers (3)	Internal	200 000	-	0,00%
KwaNomzamo Wastewater Treatment Works	WSIG_NT	8 695 653	-	0,00%
Humansdorp, Kruisfontein and Osean View Electrification	INEP	5 219 130	-	0,00%
High Mast Lights	Internal	1 200 000	-	0,00%
		58 218 103	**126 401**	**0,22%**
		93 110 302	**161 665**	**0,17%**
Internally generated funds		41 993 506	35 264	0,08%
Transfers recognised - capital		51 116 796	126 401	0,25%
Total		**93 110 302**	**161 665**	**0,17%**

It is to be noted that capital expenditure as at 31 July 2019 amounted to 0,17%, compared to the capital budget of R 93,110,302.

Capital Expendituire

	Executive & Council	Finance	Corporate Services	Planning, Development and Tourism	Infrastructure and Engineering	Community Services
Adjusted Budget 2019/20	1 200 000	2 600 000	3 068 506	4 580 951	58 218 103	23 442 742
Actuals as at 31 July 2019	0	0	9 664	0	126 401	25 600

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2019/20 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 July 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 – M01 July 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		13 196	13 196	15 737	(2 542)	-16%	188 848
Service charges			435 121		32 494	32 494	36 260	(3 766)	-10%	435 121
Other revenue			34 799		9 674	9 674	2 900	6 774	234%	34 799
Government - operating			133 112		52 058	52 058	11 093	40 965	369%	133 112
Government - capital			58 063		17 698	17 698	4 839	12 859	266%	58 063
Interest			18 476		2 182	2 182	1 540	643	42%	18 476
Dividends			–		–	–	–	–		–
Payments										
Suppliers and employees			(783 499)		(78 726)	(78 726)	(65 292)	13 435	-21%	(783 499)
Finance charges			(2 201)		(233)	(233)	(183)	50	-27%	(2 201)
Transfers and Grants			–		–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	**82 720**	–	**48 343**	**48 343**	**6 893**	**(41 450)**	**-601%**	**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)		(186)	(186)	(7 759)	(7 573)	98%	(93 110)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	**(93 110)**	–	**(186)**	**(186)**	**(7 759)**	**(7 573)**	**98%**	**(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)		(617)	(617)	(667)	(50)	7%	(7 999)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	**(7 999)**	–	**(617)**	**(617)**	**(667)**	**(50)**	**7%**	**(7 999)**
NET INCREASE/ (DECREASE) IN CASH HELD		–	**(18 389)**	–	**47 540**	**47 540**	**(1 532)**			**(18 389)**
Cash/cash equivalents at beginning:			84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:		–	66 318	–		261 768	83 175			195 838

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 month of July 2019 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M01 July 2019

Description R thousands	2018/19 Audited Outcome	Budget Year 2019/20 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	–	196 717	–	74 414	74 414	16 393	58 021	354%	196 717
Service charges	–	453 251	–	45 880	45 880	37 771	8 109	21%	453 251
Investment revenue	–	10 375	–	1 156	1 156	865	291	34%	10 375
Transfers and subsidies	–	133 112	–	52 203	52 203	11 093	41 110	371%	133 112
Other own revenue	–	43 238	–	4 430	4 430	3 603	826	23%	43 238
Total Revenue (excluding capital transfers and contributions)	–	**836 693**	–	**178 082**	**178 082**	**69 724**	**108 358**	**155%**	**836 693**
Employee costs	–	290 942	–	23 048	23 048	24 245	(1 197)	-5%	290 942
Remuneration of Councillors	–	13 063	–	1 045	1 045	1 089	(44)	-4%	13 063
Depreciation & asset impairment	–	85 101	–	6 127	6 127	7 092	(964)	-14%	85 101
Finance charges	–	2 201	–	233	233	183	50	27%	2 201
Materials and bulk purchases	–	301 244	–	27 288	27 288	25 104	2 185	9%	301 244
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	–	204 586	–	4 415	4 415	17 049	(12 634)	-74%	204 586
Total Expenditure	–	**897 137**	–	**62 157**	**62 157**	**74 761**	**(12 604)**	**-17%**	**897 137**
Surplus/(Deficit)	–	**(60 444)**	–	**115 925**	**115 925**	**(5 037)**	**120 962**	**-2401%**	**(60 444)**
Transfers and subsidies - capital (monetary alloc	–	58 063	–	145	145	4 839	(4 693)	-97%	58 063
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	–	**(2 381)**	–	**116 070**	**116 070**	**(198)**	**116 269**	**-58604%**	**(2 381)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	–	**(2 381)**	–	**116 070**	**116 070**	**(198)**	**116 269**	**-58604%**	**(2 381)**
Capital expenditure & funds sources									
Capital expenditure	–	**93 110**	–	**162**	**162**	**7 759**	**(7 598)**	**-98%**	**93 110**
Capital transfers recognised	–	51 117	–	126	126	4 260	(4 133)	-97%	51 117
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	**41 994**	–	**35**	**35**	**3 499**	**(3 464)**	**-99%**	**41 994**
Total sources of capital funds	–	**93 110**	–	**162**	**162**	**7 759**	**(7 598)**	**-98%**	**93 110**
Financial position									
Total current assets	–	173 204	–		350 545				173 204
Total non current assets	–	2 317 635	–		2 266 533				2 317 635
Total current liabilities	–	175 225	–		163 378				175 225
Total non current liabilities	–	184 979	–		185 581				184 979
Community wealth/Equity	–	**2 130 635**	–		**2 268 119**				**2 130 635**
Cash flows									
Net cash from (used) operating	–	82 720	–	48 343	48 343	6 893	(41 450)	-601%	82 720
Net cash from (used) investing	–	(93 110)	–	(186)	(186)	(7 759)	(7 573)	98%	(93 110)
Net cash from (used) financing	–	(7 999)	–	(617)	(617)	(667)	(50)	7%	(7 999)
Cash/cash equivalents at the month/year end	–	**66 318**	–	–	**261 767**	**83 175**	**(178 593)**	**-215%**	**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	100 679	6 301	4 881	4 013	3 977	3 791	27 751	97 420	248 813
Creditors Age Analysis									
Total Creditors	36 090	899	422	419	423	410	2 982	55 637	97 282

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) – M01 July 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	–	128 445	128 445	28 290	100 156	354%	339 475
Executive and council		–	27	–	4	4	2	1	61%	27
Finance and administration		–	339 448	–	128 442	128 442	28 287	100 154	354%	339 448
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	14 266	–	1 012	1 012	1 189	(177)	-15%	14 266
Community and social services		–	2 479	–	34	34	207	(172)	-83%	2 479
Sport and recreation		–	7 867	–	969	969	656	313	48%	7 867
Public safety		–	1 984	–	–	–	165	(165)	-100%	1 984
Housing		–	–	–	–	–	–	–		–
Health		–	1 936	–	9	9	161	(153)	-95%	1 936
Economic and environmental services		–	19 616	–	2 013	2 013	1 635	379	23%	19 616
Planning and development		–	6 667	–	504	504	556	(52)	-9%	6 667
Road transport		–	11 844	–	1 429	1 429	987	442	45%	11 844
Environmental protection		–	1 105	–	80	80	92	(12)	-13%	1 105
Trading services		–	521 398	–	46 757	46 757	43 450	3 307	8%	521 398
Energy sources		–	293 789	–	26 110	26 110	24 482	1 627	7%	293 789
Water management		–	87 929	–	8 852	8 852	7 327	1 524	21%	87 929
Waste water management		–	83 574	–	5 561	5 561	6 965	(1 403)	-20%	83 574
Waste management		–	56 106	–	6 234	6 234	4 675	1 559	33%	56 106
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	–	894 756	–	178 228	178 228	74 563	103 665	139%	894 756
Expenditure - Functional										
Governance and administration		–	222 961	–	11 401	11 401	18 580	(7 180)	-39%	222 961
Executive and council		–	45 089	–	2 723	2 723	3 757	(1 034)	-28%	45 089
Finance and administration		–	177 872	–	8 677	8 677	14 823	(6 145)	-41%	177 872
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	85 190	–	5 824	5 824	7 099	(1 275)	-18%	85 190
Community and social services		–	10 612	–	595	595	884	(290)	-33%	10 612
Sport and recreation		–	44 086	–	2 837	2 837	3 674	(837)	-23%	44 086
Public safety		–	22 264	–	1 821	1 821	1 855	(34)	-2%	22 264
Housing		–	3 228	–	259	259	269	(10)	-4%	3 228
Health		–	4 999	–	313	313	417	(104)	-25%	4 999
Economic and environmental services		–	116 851	–	6 960	6 960	9 738	(2 778)	-29%	116 851
Planning and development		–	34 459	–	2 079	2 079	2 872	(792)	-28%	34 459
Road transport		–	80 642	–	4 821	4 821	6 720	(1 899)	-28%	80 642
Environmental protection		–	1 751	–	60	60	146	(86)	-59%	1 751
Trading services		–	467 649	–	37 967	37 967	38 971	(1 004)	-3%	467 649
Energy sources		–	285 024	–	27 153	27 153	23 752	3 401	14%	285 024
Water management		–	80 898	–	4 219	4 219	6 741	(2 523)	-37%	80 898
Waste water management		–	51 081	–	3 473	3 473	4 257	(784)	-18%	51 081
Waste management		–	50 646	–	3 122	3 122	4 220	(1 098)	-26%	50 646
Other		–	4 486	–	6	6	374	(368)	-99%	4 486
Total Expenditure - Functional	3	–	897 137	–	62 157	62 157	74 761	(12 604)	-17%	897 137
Surplus/ (Deficit) for the year		–	(2 381)	–	116 070	116 070	(198)	116 269	-58604%	(2 381)

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 – M01 July 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	–	128 337	128 337	27 821	100 516	361,3%	333 857
Vote 3 - CORPORATE SERVICES	27	–	4	4	2	1	60,7%	27
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 052	–	300	300	338	(37)	-11,1%	4 052
Vote 5 - INFRASTRUCTURE AND ENGINEERING	468 908	–	40 726	40 726	39 076	1 651	4,2%	468 908
Vote 6 - COMMUNITY SERVICES	20 256	–	1 563	1 563	1 688	(125)	-7,4%	20 256
Vote 7 - COMMUNITY SERVICES (CONTINUED)	67 656	–	7 297	7 297	5 638	1 659	29,4%	67 656
Total Revenue by Vote	**894 756**	**–**	**178 228**	**178 228**	**74 563**	**103 665**	**139,0%**	**894 756**
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	43 826	–	2 190	2 190	3 652	(1 462)	-40,0%	43 826
Vote 2 - FINANCIAL SERVICES	93 059	–	3 544	3 544	7 755	(4 211)	-54,3%	93 059
Vote 3 - CORPORATE SERVICES	51 140	–	3 058	3 058	4 262	(1 204)	-28,2%	51 140
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 412	–	1 229	1 229	1 868	(638)	-34,2%	22 412
Vote 5 - INFRASTRUCTURE AND ENGINEERING	515 897	–	40 653	40 653	42 991	(2 338)	-5,4%	515 897
Vote 6 - COMMUNITY SERVICES	54 604	–	3 669	3 669	4 550	(882)	-19,4%	54 604
Vote 7 - COMMUNITY SERVICES (CONTINUED)	116 198	–	7 814	7 814	9 683	(1 869)	-19,3%	116 198
Total Expenditure by Vote	**897 137**	**–**	**62 157**	**62 157**	**74 761**	**(12 604)**	**-16,9%**	**897 137**
Surplus/ (Deficit) for the year	**(2 381)**	**–**	**116 070**	**116 070**	**(198)**	**116 269**	**-58603,8%**	**(2 381)**

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) – M01 July 2019

Description	Ref	2018/19	Budget Year 2019/20							
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			196 717		74 414	74 414	16 393	58 021	354%	196 717
Service charges - electricity revenue			277 068		26 044	26 044	23 089	2 955	13%	277 068
Service charges - water revenue			76 105		8 564	8 564	6 342	2 222	35%	76 105
Service charges - sanitation revenue			46 346		5 285	5 285	3 862	1 423	37%	46 346
Service charges - refuse revenue			53 732		5 987	5 987	4 478	1 510	34%	53 732
Rental of facilities and equipment			4 037		59	59	336	(277)	-82%	4 037
Interest earned - external investments			10 375		1 156	1 156	865	291	34%	10 375
Interest earned - outstanding debtors			8 439		835	835	703	131	19%	8 439
Dividends received			–		–	–	–	–		–
Fines, penalties and forfeits			6 397		138	138	533	(395)	-74%	6 397
Licences and permits			16 568		2 381	2 381	1 381	1 000	72%	16 568
Agency services			–		–	–	–	–		–
Transfers and subsidies			133 112		52 203	52 203	11 093	41 110	371%	133 112
Other revenue			7 797		1 017	1 017	650	367	57%	7 797
Gains on disposal of PPE					–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	**836 693**	–	**178 082**	**178 082**	**69 724**	**108 358**	**155%**	**836 693**
Expenditure By Type										
Employee related costs			290 942		23 048	23 048	24 245	(1 197)	-5%	290 942
Remuneration of councillors			13 063		1 045	1 045	1 089	(44)	-4%	13 063
Debt impairment			26 336		–	–	2 195	(2 195)	-100%	26 336
Depreciation & asset impairment			85 101		6 127	6 127	7 092	(964)	-14%	85 101
Finance charges			2 201		233	233	183	50	27%	2 201
Bulk purchases			271 623		26 268	26 268	22 635	3 633	16%	271 623
Other materials			29 621		1 020	1 020	2 468	(1 448)	-59%	29 621
Contracted services			80 814		627	627	6 734	(6 108)	-91%	80 814
Transfers and subsidies					–	–	–	–		–
Other expenditure			97 436		3 788	3 788	8 120	(4 331)	-53%	97 436
Loss on disposal of PPE					–	–	–	–		–
Total Expenditure		–	**897 137**	–	**62 157**	**62 157**	**74 761**	**(12 604)**	**-17%**	**897 137**
Surplus/(Deficit)		–	**(60 444)**	–	**115 925**	**115 925**	**(5 037)**	**120 962**	**(0)**	**(60 444)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			58 063		145	145	4 839	(4 693)	(0)	58 063
(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		–	**(2 381)**	–	**116 070**	**116 070**	**(198)**			**(2 381)**
Taxation					–			–		
Surplus/(Deficit) after taxation		–	**(2 381)**	–	**116 070**	**116 070**	**(198)**			**(2 381)**
Attributable to minorities					–					
Surplus/(Deficit) attributable to municipality		–	**(2 381)**	–	**116 070**	**116 070**	**(198)**			**(2 381)**
Share of surplus/ (deficit) of associate					–					
Surplus/ (Deficit) for the year		–	**(2 381)**	–	**116 070**	**116 070**	**(198)**			**(2 381)**

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) – M01 July 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	–	–	–	100	(100)	-100%	1 200
Vote 2 - FINANCIAL SERVICES	2 600	–	–	–	217	(217)	-100%	2 600
Vote 3 - CORPORATE SERVICES	3 069	–	10	10	256	(246)	-96%	3 069
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 581	–	–	–	382	(382)	-100%	4 581
Vote 5 - INFRASTRUCTURE AND ENGINEERING	59 846	–	126	126	4 987	(4 861)	-97%	59 846
Vote 6 - COMMUNITY SERVICES	5 915	–	12	12	493	(481)	-98%	5 915
Vote 7 - COMMUNITY SERVICES (CONTINUED)	15 900	–	14	14	1 325	(1 311)	-99%	15 900
Total Capital single-year expenditure	93 110	–	162	162	7 759	**(7 598)**	**-98%**	93 110
Total Capital Expenditure	**93 110**	**–**	**162**	**162**	**7 759**	**(7 598)**	**-98%**	**93 110**
Capital Expenditure - Functional Classification								
Governance and administration	**8 169**	**–**	**10**	**10**	**681**	(671)	-99%	**8 169**
Executive and council	1 065		–	–	89	(89)	-100%	1 065
Finance and administration	6 969		10	10	581	(571)	-98%	6 969
Internal audit	135		–	–	11	(11)	-100%	135
Community and public safety	**20 215**	**–**	**26**	**26**	**1 685**	(1 659)	-98%	**20 215**
Community and social services	950		12	12	79	(67)	-85%	950
Sport and recreation	13 600		14	14	1 133	(1 120)	-99%	13 600
Public safety	3 965		–	–	330	(330)	-100%	3 965
Housing	1 700		–	–	142	(142)	-100%	1 700
Health	–		–	–	–	–		–
Economic and environmental services	**5 325**	**–**	**–**	**–**	**444**	(444)	-100%	**5 325**
Planning and development	3 331		–	–	278	(278)	-100%	3 331
Road transport	1 994		–	–	166	(166)	-100%	1 994
Environmental protection	–		–	–	–	–		–
Trading services	**59 402**	**–**	**126**	**126**	**4 950**	(4 824)	-97%	**59 402**
Energy sources	19 432		–	–	1 619	(1 619)	-100%	19 432
Water management	11 446		–	–	954	(954)	-100%	11 446
Waste water management	26 524		126	126	2 210	(2 084)	-94%	26 524
Waste management	2 000		–	–	167	(167)	-100%	2 000
Other	–		–	–	–	–		–
Total Capital Expenditure - Functional Classification	**93 110**	**–**	**162**	**162**	**7 759**	**(7 598)**	**-98%**	**93 110**
Funded by:								
National Government	49 052		126	126	4 088	(3 961)	-97%	49 052
Provincial Government	–				–	–		–
District Municipality	2 065				172	(172)	-100%	2 065
Other transfers and grants	–				–	–		–
Transfers recognised - capital	**51 117**	**–**	**126**	**126**	**4 260**	**(4 133)**	**-97%**	**51 117**
Borrowing					–	–		–
Internally generated funds	41 994		35	35	3 499	(3 464)	-99%	41 994
Total Capital Funding	**93 110**	**–**	**162**	**162**	**7 759**	**(7 598)**	**-98%**	**93 110**

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 – M01 July 2019

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash			6 632		60 057	6 632
Call investment deposits			59 686		201 711	59 686
Consumer debtors			67 067		53 034	67 067
Other debtors			33 150		29 074	33 150
Current portion of long-term receivables			3		3	3
Inventory			6 666		6 666	6 666
Total current assets		–	**173 204**	–	**350 545**	**173 204**
Non current assets						
Long-term receivables			16		16	16
Investments						
Investment property			354 389		283 612	354 389
Investments in Associate						
Property, plant and equipment			1 961 428		1 982 603	1 961 428
Biological						
Intangible			1 802		302	1 802
Other non-current assets						
Total non current assets		–	**2 317 635**	–	**2 266 533**	**2 317 635**
TOTAL ASSETS		–	**2 490 839**	–	**2 617 078**	**2 490 839**
LIABILITIES						
Current liabilities						
Bank overdraft					–	
Borrowing			7 999		8 944	7 999
Consumer deposits			15 241		15 241	15 241
Trade and other payables			127 481		114 688	127 481
Provisions			24 505		24 505	24 505
Total current liabilities		–	**175 225**	–	**163 378**	**175 225**
Non current liabilities						
Borrowing			15 602		23 600	15 602
Provisions			169 378		161 981	169 378
Total non current liabilities		–	**184 979**	–	**185 581**	**184 979**
TOTAL LIABILITIES		–	**360 204**	–	**348 959**	**360 204**
NET ASSETS	2	–	**2 130 635**	–	**2 268 120**	**2 130 635**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)			2 130 635		2 268 120	2 130 635
Reserves						–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	**2 130 635**	–	**2 268 120**	**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 – M01 July 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		13 196	13 196	15 737	(2 542)	-16%	188 848
Service charges			435 121		32 494	32 494	36 260	(3 766)	-10%	435 121
Other revenue			34 799		9 674	9 674	2 900	6 774	234%	34 799
Government - operating			133 112		52 058	52 058	11 093	40 965	369%	133 112
Government - capital			58 063		17 698	17 698	4 839	12 859	266%	58 063
Interest			18 476		2 182	2 182	1 540	643	42%	18 476
Dividends			–		–	–	–	–		–
Payments										
Suppliers and employees			(783 499)		(78 726)	(78 726)	(65 292)	13 435	-21%	(783 499)
Finance charges			(2 201)		(233)	(233)	(183)	50	-27%	(2 201)
Transfers and Grants			–		–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**82 720**	**–**	**48 343**	**48 343**	**6 893**	**(41 450)**	**-601%**	**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)		(186)	(186)	(7 759)	(7 573)	98%	(93 110)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**(93 110)**	**–**	**(186)**	**(186)**	**(7 759)**	**(7 573)**	**98%**	**(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)		(617)	(617)	(667)	(50)	7%	(7 999)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**(7 999)**	**–**	**(617)**	**(617)**	**(667)**	**(50)**	**7%**	**(7 999)**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**(18 389)**	**–**	**47 540**	**47 540**	**(1 532)**			**(18 389)**
Cash/cash equivalents at beginning:			84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:		–	66 318	–		261 768	83 175			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 July 2019.

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

Description	Budget Year 2018/19								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	8 079	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 July 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	11 614	1 926	1 594	1 290	1 394	1 317	7 193	23 361	49 689
Trade and Other Receivables from Exchange Transactions - Electricity	22 304	1 248	634	435	361	300	1 944	5 542	32 766
Receivables from Non-exchange Transactions - Property Rates	62 715	668	485	400	354	298	6 768	16 415	88 104
Receivables from Exchange Transactions - Waste Water Management	6 431	902	734	600	630	572	3 244	9 850	22 962
Receivables from Exchange Transactions - Waste Management	4 339	989	888	815	797	768	4 278	13 989	26 862
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	61	83	140	115	148	163	1 757	19 921	22 388
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(6 785)	486	408	359	293	372	2 568	8 340	6 041
Total By Income Source	**100 679**	**6 301**	**4 881**	**4 013**	**3 977**	**3 791**	**27 751**	**97 420**	**248 813**
2018/19 - totals only									–
Debtors Age Analysis By Customer Group									
Organs of State	3 202	427	370	187	128	79	1 896	1 928	8 214
Commercial	7 326	275	210	120	115	133	589	2 641	11 409
Households	90 152	5 599	4 302	3 706	3 734	3 580	25 266	92 851	229 189
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**100 679**	**6 301**	**4 881**	**4 013**	**3 977**	**3 791**	**27 751**	**97 420**	**248 813**

The aforementioned analysis indicates that from 30 June 2019 to 31 July 2019, the overdue debts have increased from R 145,884 million to R 148,133 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-19**	**31-Jul-19**	**DIFFERENCE**
Trade and Other Receivables from Exchange Transactions - Water	37 037	38 075	1 038
Trade and Other Receivables from Exchange Transactions - Electricity	10 495	10 462	(33)
Receivables from Non-exchange Transactions - Property Rates	25 755	25 389	(367)
Receivables from Exchange Transactions - Waste Water Management	16 078	16 531	453
Receivables from Exchange Transactions - Waste Management	21 817	22 523	706
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–
Interest on Arrear Debtor Accounts	21 714	22 327	613
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	12 987	12 826	(161)
Total By Income Source	**145 884**	**148 133**	**2 250**
			–
Debtors Age Analysis By Customer Group			–
Organs of State	5 088	5 013	(75)
Commercial	4 080	4 083	4
Households	136 716	139 037	2 321
Other	–	–	–
Total By Customer Group	**145 884**	**148 133**	**2 250**

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description	Budget Year 2019/20								
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	28 858	(1)	0	(0)	–	–	–	–	**28 857**
Bulk Water	1 158	422	421	419	423	410	2 942	55 635	**61 831**
PAYE deductions	3 687								**3 687**
VAT (output less input)									**-**
Pensions / Retirement deductions									**-**
Loan repayments									**-**
Trade Creditors	2 388	477	1	1	–	–	40	2	**2 908**
Auditor General									**-**
Other									**-**
Total By Customer Type	**36 090**	**899**	**422**	**419**	**423**	**410**	**2 982**	**55 637**	**97 282**

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

Eskom	R 28,857 million
NMBM (Bulk water)	R 61,831 million
Other Creditors	R 6,594 million
TOTAL	**R 97,282 million**

It is to be noted that the Eskom amount of R 28,857 million, represents the current account for July 2019, which will be fully paid on 20 August 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 31 July 2019.

	Balance as at 30 June 2018	Invested	Interest	Withdrawals	Adjustments	Balance as at 30 June 2018
Standard Bank	19 896 645	-	105 479	-	-	20 002 125
ABSA	27 519 504	-	150 502	-	60	27 669 946
Nedbank	20 827 601	-	114 894	-	-	20 942 495
RMB	110 820 349	809 928	592 509	809 928	-	111 412 858
INVESTEC	21 562 503	-	120 780	-	-	21 683 283
Total	**200 626 602**	**809 928**	**1 084 165**	**(809 928)**	**(60)**	**201 710 707**
	Balance as at 30 June 2018	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 30 June 2018**
General Account	90 965 278	809 928	502 183	-	(60)	92 277 329
Conditional Grants	109 654 154	-	581 944	(809 928)	-	109 426 170
Housing Funds	7 170	-	38	-	-	7 208
Total	**200 626 602**	**809 928**	**1 084 165**	**809 928**	60	**201 710 707**
Cheque Accounts FNB	13 600 946	46 456 281				60 057 227
TOTAL Investments & Bank	**214 227 548**	**47 266 209**	**1 084 165**	**(809 928)**	**(60)**	**261 767 933**

The increase in the investment portfolio since 30 June 2019 amounts to R 47,540,385. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 60,057,227
Short-term Investment Deposits	R 201,710,707
	R 261,767,933

Application of Cash

Unspent Conditional Grants	17,405,756
Internally Generated Funds	41,958,242
Outstanding Creditors Liability	97,282,250
	156,646,248

Reserves in excess of Commitments	**R 105,121,685**

The cash backed reserves exceed the commitments at this stage by an amount of R 105,121,685. It should be noted that the excess of reserves over commitments as at 31 July 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.

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M01 July 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							%	
Operating Transfers and Grants								
National Government:	**129 297**	**–**	**52 818**	**52 818**	**10 775**	**41 647**	**386,5%**	**129 297**
Operational Revenue:General Revenue:Equitable Share	124 938		52 058	52 058	10 411	41 647	400,0%	124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000				83			1 000
Local Government Financial Management Grant [Schedule 5B]	1 770				148			1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589		760	760	132			1 589
Provincial Government:	**2 050**	**–**	**–**	**–**	**171**	**(171)**	**-100,0%**	**2 050**
Sport and Recreation	2 050				171	(171)	-100,0%	2 050
District Municipality:	**1 765**	**–**	**–**	**–**	**147**	**(147)**	-100,0%	**1 765**
Environment Health Subsidy	**1 765**				**147**	(147)	-100,0%	**1 765**
Total Operating Transfers and Grants	**133 112**	**–**	**52 818**	**52 818**	**11 093**	**41 329**	**372,6%**	**133 112**
Capital Transfers and Grants								
National Government:	56 098	–	16 938	16 938	4 675	12 263	**262,3%**	56 098
Municipal Infrastructure Grant (MIG)	36 096		14 438	14 438	3 008	11 430	380,0%	36 096
Integrated National Electrification Programme	6 002		1 500	1 500	500	1 000	199,9%	6 002
Water Service Infrastructure Grant	10 000				833	(833)	-100,0%	10 000
Energy Efficiency and Demand Side Management Grant	4 000		1 000	1 000	333	667	200,0%	4 000
District Municipality:	**1 965**	**–**	**–**	**–**	**164**	(164)	-100,0%	**1 965**
Fire Subsidy	1 965				164	(164)	-100,0%	1 965
Total Capital Transfers and Grants	**58 063**	**–**	**16 938**	**16 938**	**4 839**	**12 099**	**250,1%**	**58 063**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	–	69 756	69 756	15 931	53 428	335,4%	191 175

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M01 July 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**	–	**4 845**	**4 845**	**10 775**	**(5 930)**	**-55,0%**	**129 297**
Operational Revenue:General Revenue:Equitable Share	124 938		4 552	4 552	10 411	(5 859)	-56,3%	124 938
Expanded Public Works Programme Integrated Grant for Municipaities [Schedule 5B]	1 000		59	59	83	(25)	-29,6%	1 000
Local Government Financial Management Grant [Schedule 5B]	1 770		87	87	148	(61)	-41,1%	1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589		147	147	132	15	11,0%	1 589
Provincial Government:	**2 050**	–	**472**	**472**	**171**	**301**	**176,3%**	**2 050**
Sport and Recreation	2 050		472	472	171	301	176,3%	2 050
District Municipality:	**1 765**	–	–	–	**147**	(147)	-100,0%	**1 765**
Environment Health Subsidy	1 765				147	(147)	-100,0%	1 765
Total operating expenditure of Transfers and Grants:	**133 112**	–	**5 317**	**5 317**	**11 093**	**(5 776)**	**-52,1%**	**133 112**
Capital expenditure of Transfers and Grants								
National Government:	56 098	–	145	145	4 675	(4 529)	**-96,9%**	56 098
Municipal Infrastructure Grant (MIG)	36 096		145	145	3 008	(2 863)	-95,2%	36 096
Integrated National Electrification Programme	6 002				500	(500)	-100,0%	6 002
Water Service Infrastructure Grant	10 000				833	(833)	-100,0%	10 000
Energy Efficiency and Demand Side Management Grant	4 000				333	(333)	-100,0%	4 000
District Municipality:	**1 965**	–	–	–	**164**	(164)	-100,0%	**1 965**
Fire Subsidy	1 965				164	(164)	-100,0%	1 965
Other grant providers:	–	–	–	–	–	–		–
Total capital expenditure of Transfers and Grants	**58 063**	–	**145**	**145**	**4 839**	**(4 693)**	**-97,0%**	**58 063**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**191 175**	–	**5 462**	**5 462**	**15 931**	**(10 469)**	**-65,7%**	**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 0
Expenditure to date:	R 86,865
Overspent as at 31 July 2019:	R-86,865

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 0
Expenditure to date:	R 58,682
Overspent as at 31 July 2019:	R-58 682

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 292,245
Unspent as at 31 July 2019:	R 14,905,755

The spending of the grant amounted to 1,92% as at 31 July 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 0
Unspent as at 31 July 2019:	R 1,500,000

The spending of the grant amounted to 0% as at 31 July 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 1,000,000
Expenditure to date:	R 0
Unspent as at 31 July 2019:	R 1,000,000

The spending of the grant amounted to 0% as at 31 July 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 0
Expenditure to date:	R 0
Unspent as at 31 July 2019:	R 0

The spending of the grant amounted to 0% as at 31 July 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 – M01 July 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							%	
	B	C						D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	8 800		703	703	733	(31)	-4%	8 800
Motor Vehicle Allowance	2 889		234	234	241	(7)	-3%	2 889
Cellphone Allowance	1 374		108	108	114	(7)	-6%	1 374
Sub Total - Councillors	**13 063**	**–**	**1 045**	**1 045**	**1 089**	**(44)**	**-4%**	**13 063**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 923		458	458	410	48	12%	4 923
Pension and UIF Contributions			1	1	–	1	#DIV/0!	–
Motor Vehicle Allowance			56	56	–	56	#DIV/0!	–
Cellphone Allowance			1	1	–	1	#DIV/0!	–
Other benefits and allowances	3 282		4	4	273	(269)	-98%	3 282
Payments in lieu of leave			0	0	–	0	#DIV/0!	–
Sub Total - Senior Managers of Municipality	**8 204**	**–**	**520**	**520**	**684**	**(164)**	**-24%**	**8 204**
Other Municipal Staff								
Basic Salaries and Wages	173 244		14 260	14 260	14 437	(177)	-1%	173 244
Pension and UIF Contributions	29 339		2 505	2 505	2 445	61	2%	29 339
Medical Aid Contributions	15 119		1 235	1 235	1 260	(25)	-2%	15 119
Overtime	32 833		2 747	2 747	2 736	11	0%	32 833
Motor Vehicle Allowance	7 551		710	710	629	81	13%	7 551
Cellphone Allowance	1		–	–	0	(0)	-100%	1
Housing Allowances	992		68	68	83	(15)	-18%	992
Other benefits and allowances	22 256		761	761	1 855	(1 093)	-59%	22 256
Payments in lieu of leave	–		172	172	–	172	#DIV/0!	–
Long service awards	1 403		70	70	117	(47)	-40%	1 403
Sub Total - Other Municipal Staff	**282 737**	**–**	**22 529**	**22 529**	**23 561**	**(1 033)**	**-4%**	**282 737**
Total Parent Municipality	**304 005**	**–**	**24 093**	**24 093**	**25 334**	**(1 241)**	**-5%**	**304 005**
TOTAL SALARY, ALLOWANCES & BENEFITS	**304 005**	**–**	**24 093**	**24 093**	**25 334**	**(1 241)**	**-5%**	**304 005**
TOTAL MANAGERS AND STAFF	**290 942**	**–**	**23 048**	**23 048**	**24 245**	**(1 197)**	-5%	**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.

Borrowing Management		**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 July 2019**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.67%	2.51%	1.77%	1.24%	1.14%	1,37%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.04	0.03	0.02	0.02	0.02	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.85	0.97	1.11	1.31	0.99	2.15
Liquidity Ratio	Monetary assets / current liabilities	0.40	0.47	0.52	0.84	0.38	1.60
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	97.60%	95.81%	90.73%	97,62%	96%	104,33%

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 July 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	1.97	1.02	3.74
Employee Costs	Employee Costs / Total Operating Expenditure	35.62%	33.39%	32.99%	35.06%	32.43%	37,08%
Capital Expenditure	Capital Expenditure / Capital Budget	81.97%	72.92%	72.98%	48.62%	95%	0,17%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.61%	4.94%	3.79%	5.71%	4.87%	0,99%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.17%	1.65%	1.42%	2.22%	2.23%	0,03%
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%	70,69%

The above table is discussed in details below.

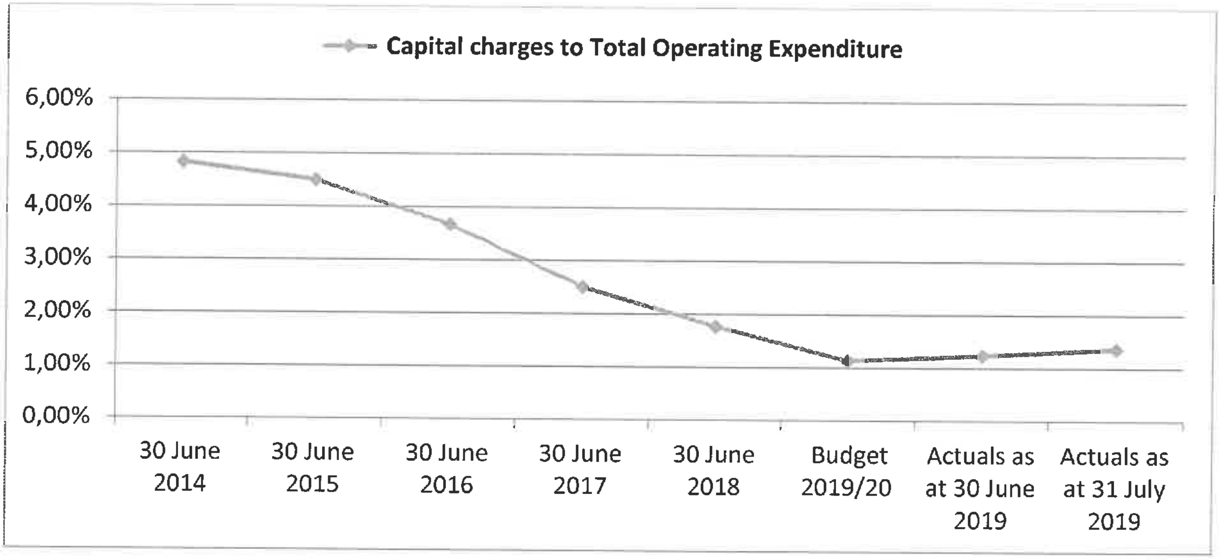
5.1. Borrowing Management

5.1.1. Capital charges to Operating Expenditure

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

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.37% of the Total Operating Expenditure was utilised for capital charges as at 31 July 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.

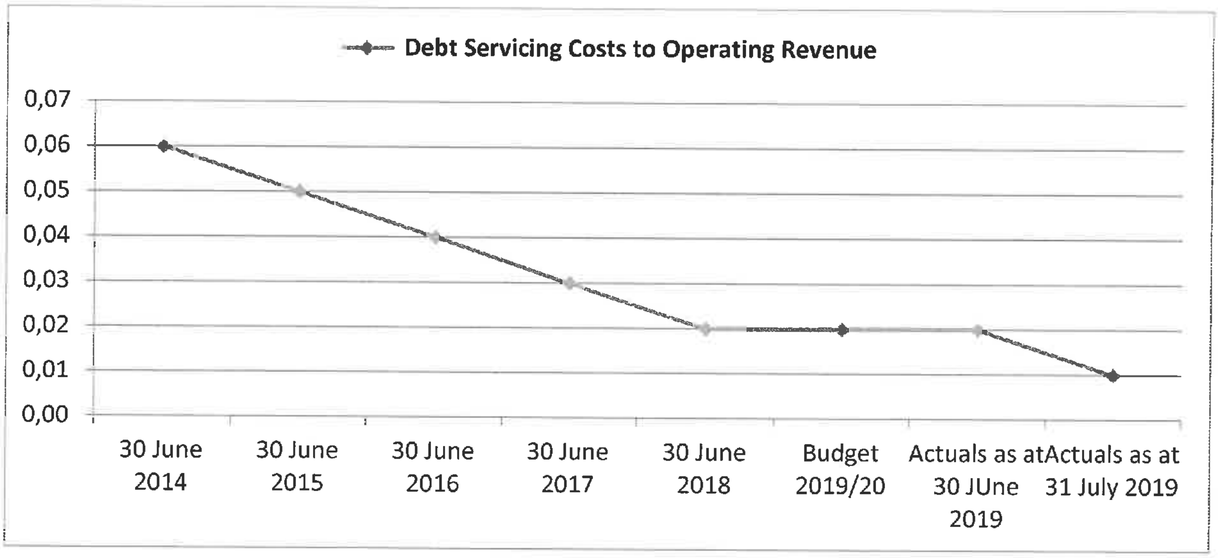
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 July 2019, the ratio was 0.01:1, compared to the budgeted ratio of 0.02:1.



5.2. Liquidity

5.2.1. Current ratio

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

The ratio is determined as follows:

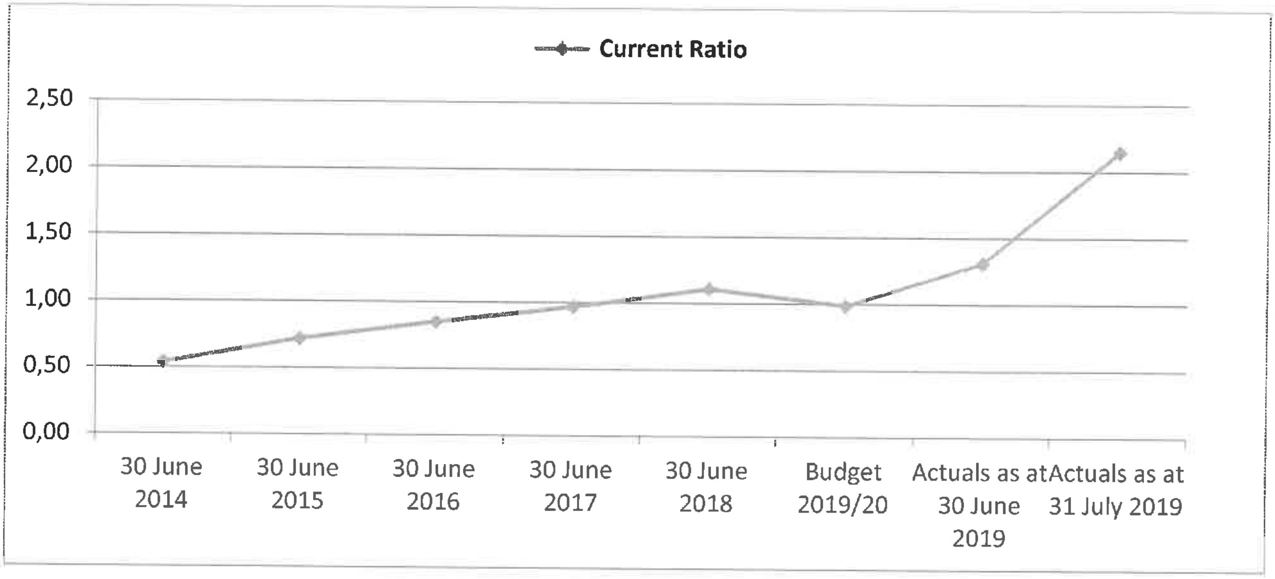
Current assets/Current liabilities

The ratio as at 31 June 2019 was 2.15:1, 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

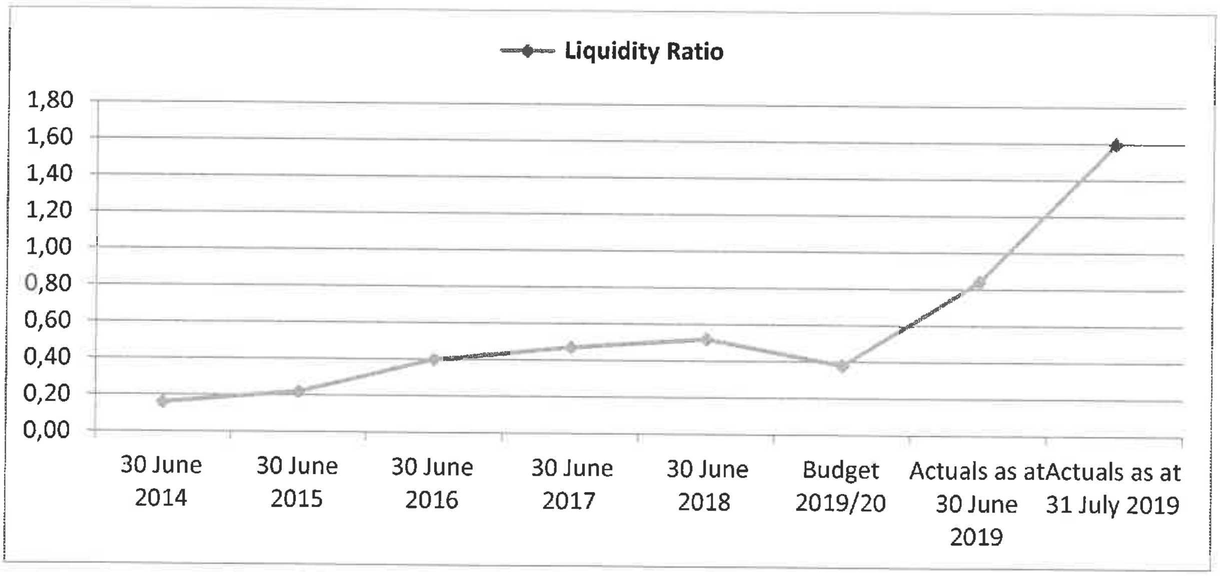
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 31 July 2019 was 1.60:1, 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

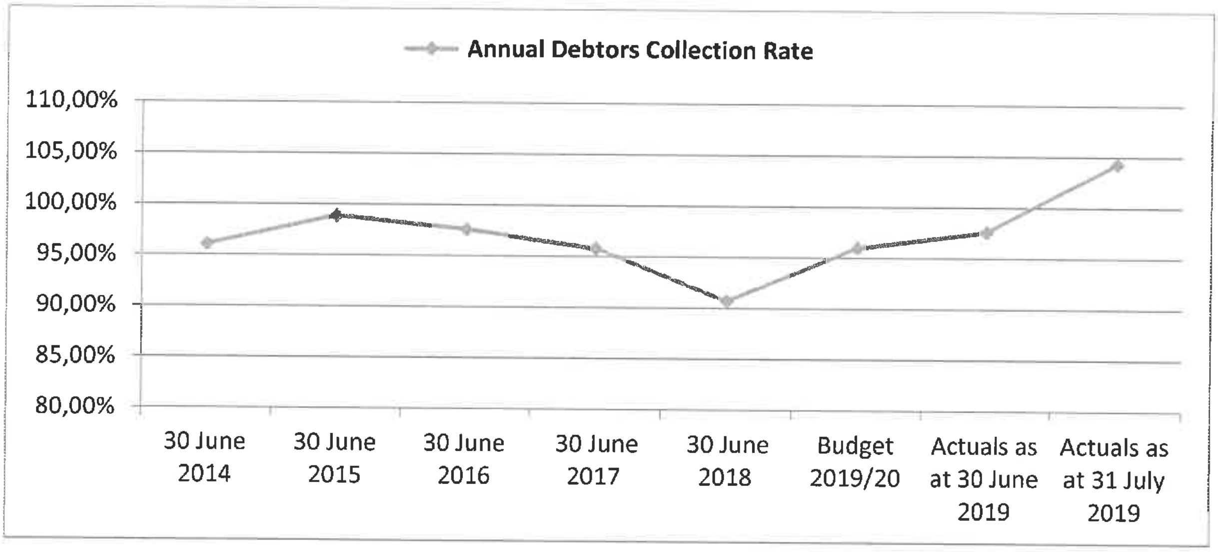
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 July 2019 was 104.33%, compared to the budgeted collection rate of 96%. 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.

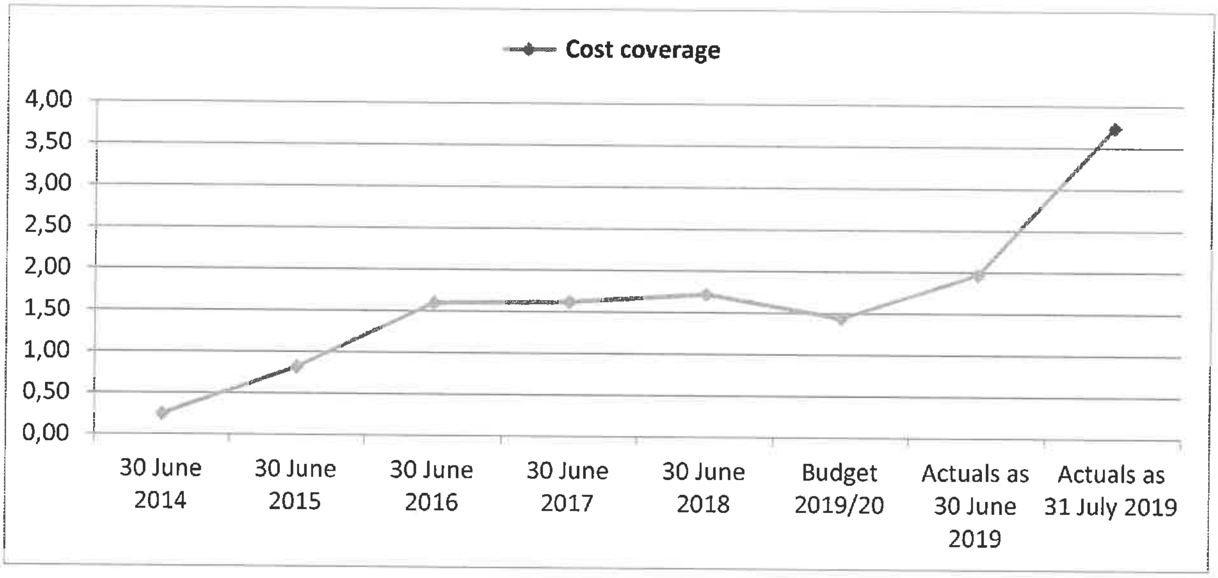
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 31 July 2019, the Ratio was 3.74 months, compared to the budgeted ratio of 1.02 months.

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



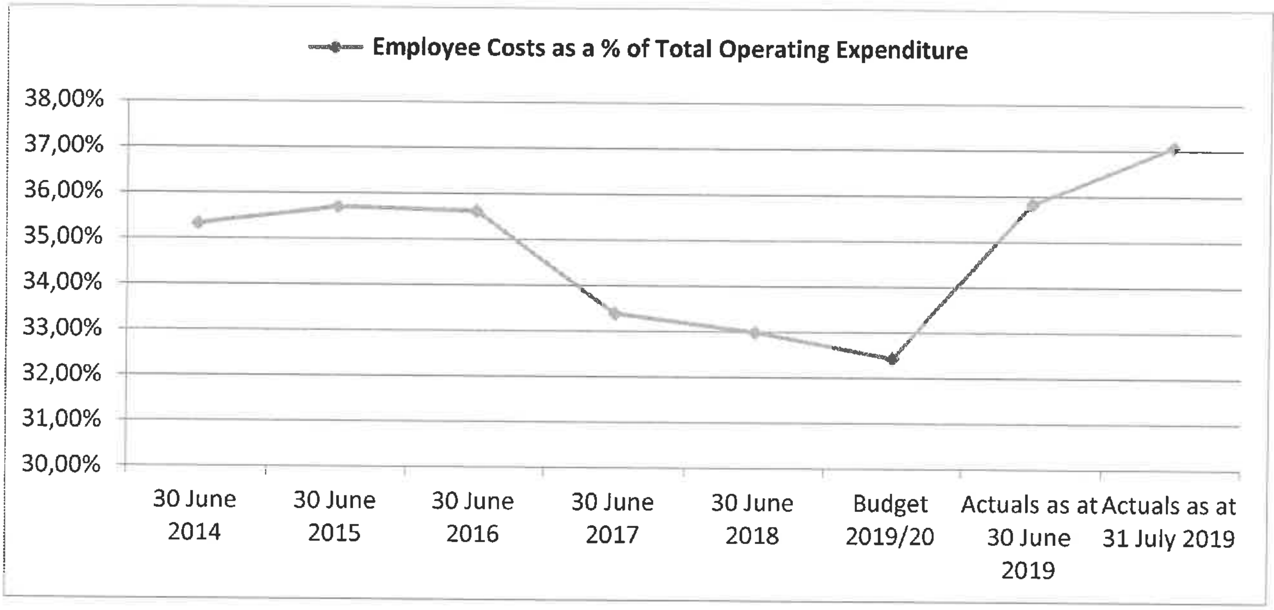
5.4.2. Employee costs as a % of Total Operating Expenditure

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 July 2019, Employee Related Costs constituted 37.08% of the Total Operating Expenditure, compared to the budgeted ratio of 32.43%.



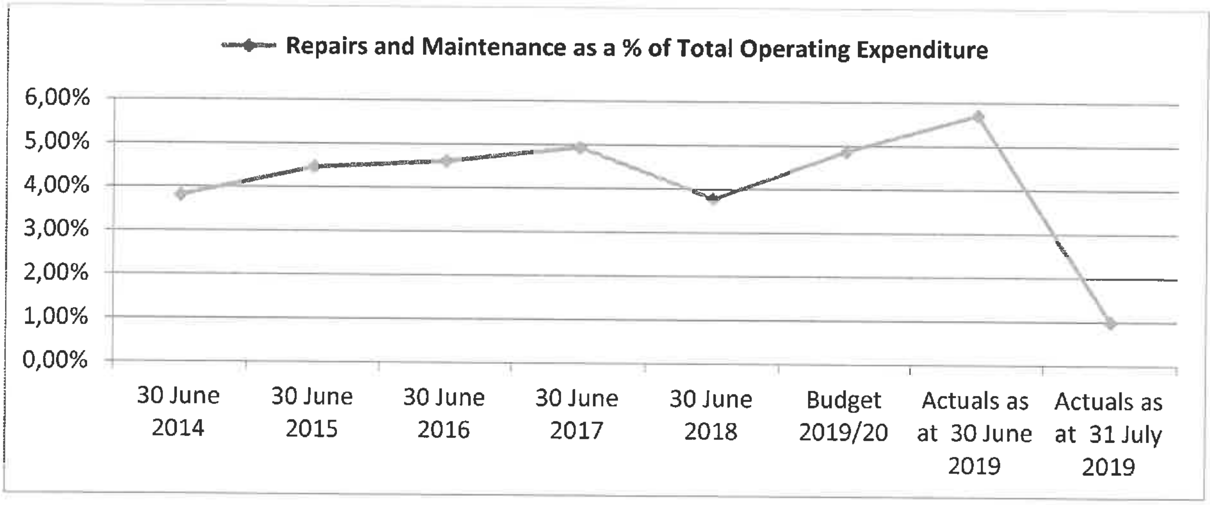
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 July 2019, the ratio was 4,87%, compared to the budgeted ratio of 0.99%.



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

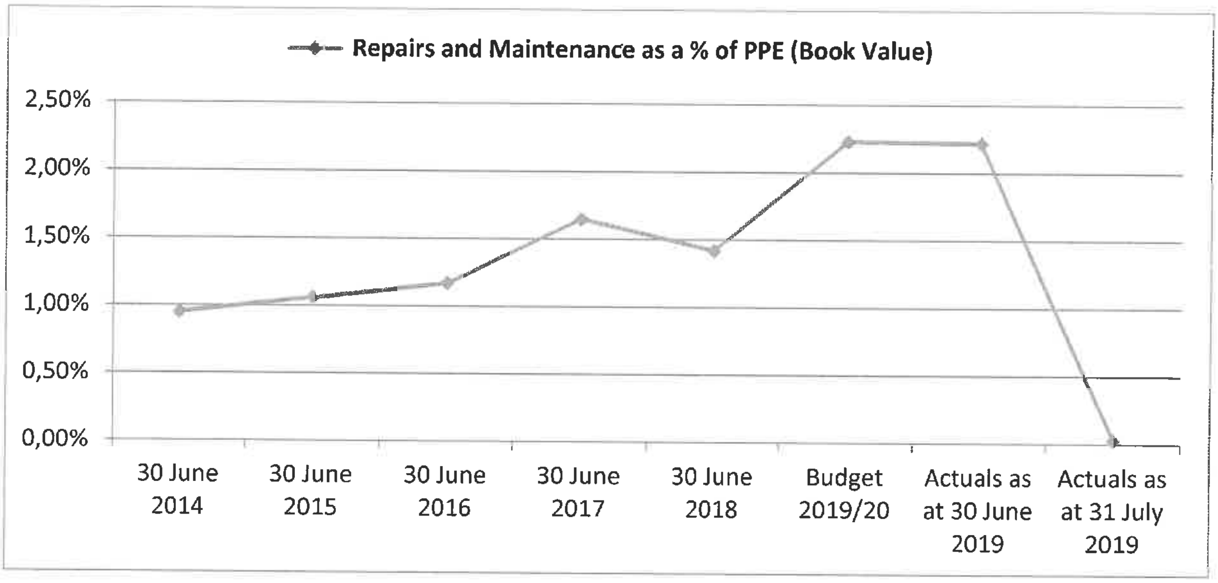
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 July 2019, repairs and maintenance expenditure constituted 0.03% 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%.



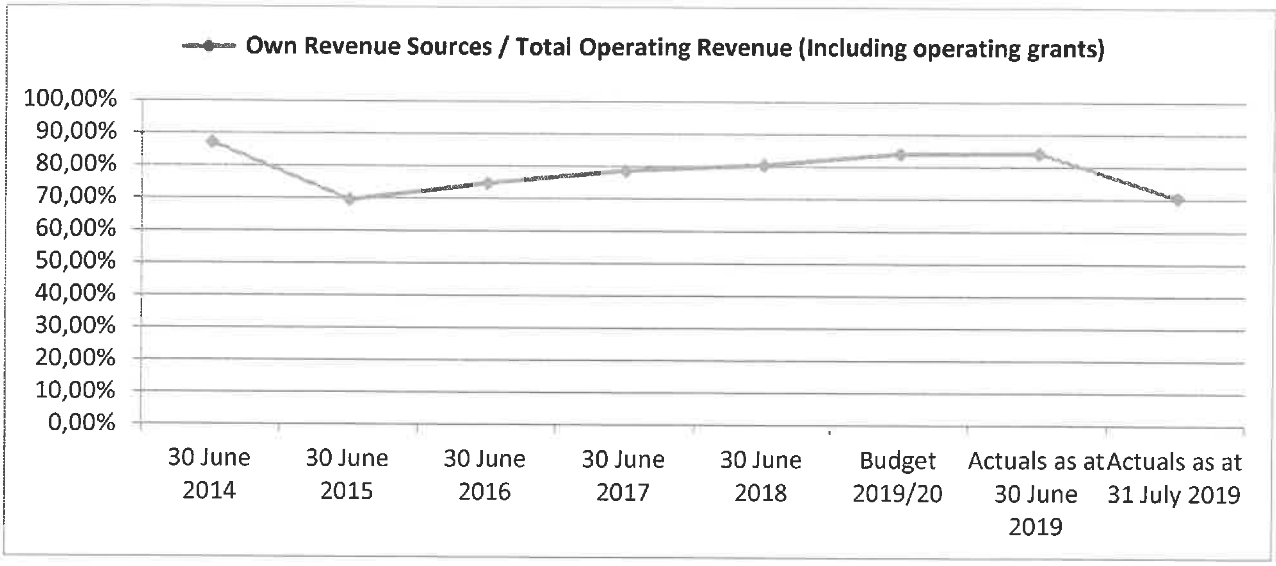
5.4.5. Own Revenue Generation

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 July 2019, the Municipality's own revenue sources constituted 70.69% 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:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of July 2019 amounted to 0.17% compared to the budgeted ratio of 95%.