KOUGA MUNICIPALITY (EC108)

FINANCE

DATE: **ITEM NO:**

....

MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2019 TO AUGUST 2019 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 AUGUST 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 to August 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 R195,199 million, whilst operating expenditure amounted to R 128,494 million, resulting in an operating surplus of R 66,705 million.
- Capital expenditure constituted 5,87% of the 2019/20 Adjusted Capital Budget.
- Overdue consumer debts increased by R 3,746 million (2,57%) since June 2019.

- An amount of R 33,209 million is owing to creditors, which mainly represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 54,763,995 (25,56%) since June 2019, from R 214,227,548 to R 268,991,543.

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 August 2018	Actuals as at 31 August 2019	Approved Budget 2019/20
Current Ratio	0.97:1	1.11:1	1.31:1	1.79:1	3.31:1	0.99:1
Liquidity Ratio	0.47:1	0.52:1	0.84:1	1.02:1	2.51:1	0.38:1
Cost Coverage (Excluding unspent conditional grants)	1.62 months	1.72 months	1.97 months	2.52 months	4,32 Months	1.01 months
Debtors Collection Rate	95.81%	90.73%	97.62%	73.74%	72,33%	96%
Capital Expenditure	72.92%	72.98%	48.62%	10.81%	5,87%	95%

4. Detailed Reports

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period, ending 31 August 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 2019 to August 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 12 SEPTEMBER 2019

Annexure "A1"

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

Below is an analysis of the operating revenue and expenditure performance

Description	Budget Year 2019/20		
	Approved Budget	Actuals as at 31 August 2019	%
R thousands			
Revenue By Source			
Property rates	196 717	83 220	42,30%
Service charges - electricity revenue	277 068	48 925	17,66%
Service charges - water revenue	76 105	14 141	18,58%
Service charges - sanitation revenue	46 346	9 142	19,73%
Service charges - refuse revenue	53 732	10 223	19,03%
Rental of facilities and equipment	1 024	115	11,23%
Interest earned - external investments	10 375	2 621	25,26%
Interest earned - outstanding debtors	8 439	2 020	23,93%
Fines, penalties and forfeits	6 397	(34 082)	-532,77%
Licences and permits	16 568	4 277	25,82%
Transfers and subsidies	133 112	52 761	39,64%
Other revenue	10 810	1 836	16,98%
Total Revenue (excluding capital transfers and contributions)	**836 693**	**195 199**	**23,33%**
Expenditure By Type			
Employee related costs	290 942	43 897	15,09%
Remuneration of councillors	13 063	2 088	15,98%
Debt impairment	26 336	–	0,00%
Depreciation & asset impairment	85 101	12 254	14,40%
Finance charges	2 201	440	19,98%
Bulk purchases	271 623	55 018	20,26%
Other materials	29 631	3 092	10,43%
Contracted services	80 320	2 333	2,90%
Other expenditure	98 085	9 372	9,55%
Total Expenditure	**897 301**	**128 494**	**14,32%**
Surplus/(Deficit)	**(60 608)**	**66 705**	

The statement of financial performance indicates a surplus of R 66,705 million.

Below is a discussion of the significant revenue variations:

Revenue Variations

Property Rates

As at 31 August 2019, the Municipality has recognised 42,30% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2019, amounting to R 74,414 million.

Interest earned – external investments

This is influenced by the extent of the municipality's investment portfolio, amounting to R 202,779 million.

Interest earned – outstanding debtors

This is influenced by overdue debtors, amounting to R 149,629 million.

Fines, penalties and forfeits

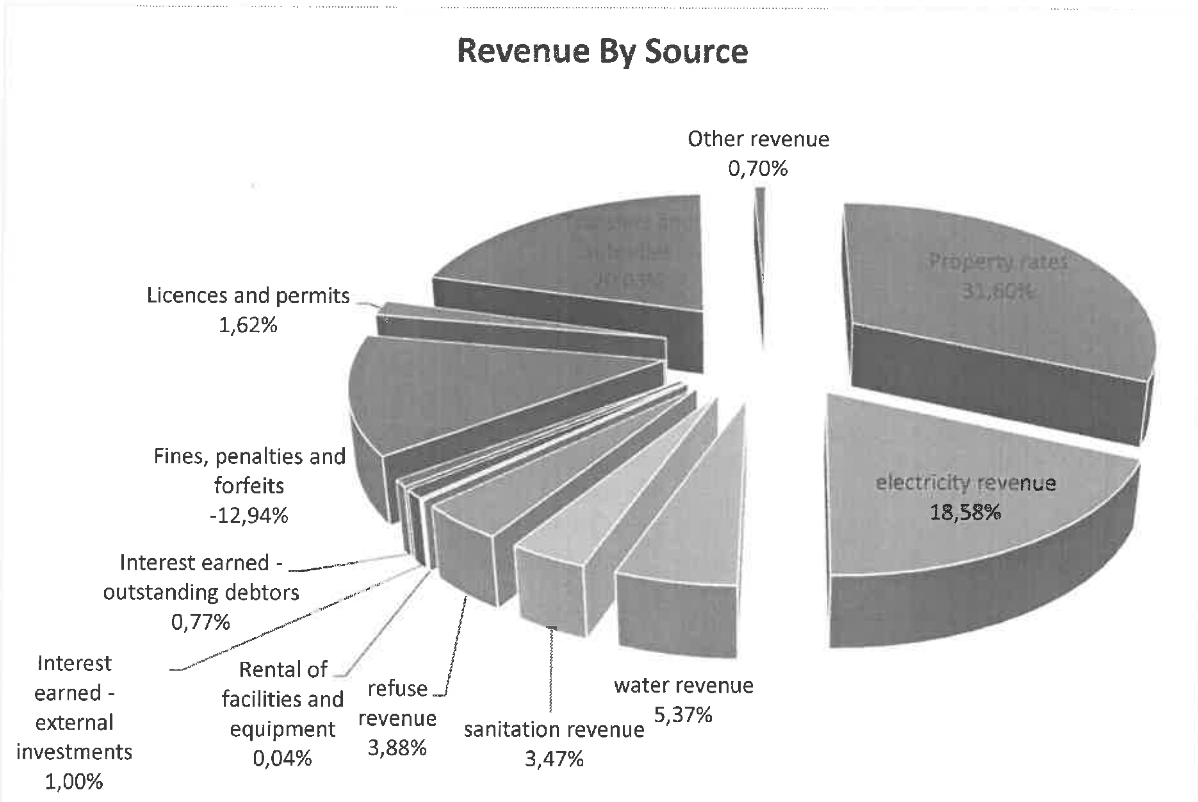
This is influenced by the reversal of traffic fines revenue recognised in the 2018/19 Annual Financial Statements.

Licences and permits

This is largely influenced by the extent of vehicle registrations.

Transfers and Subsidies

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



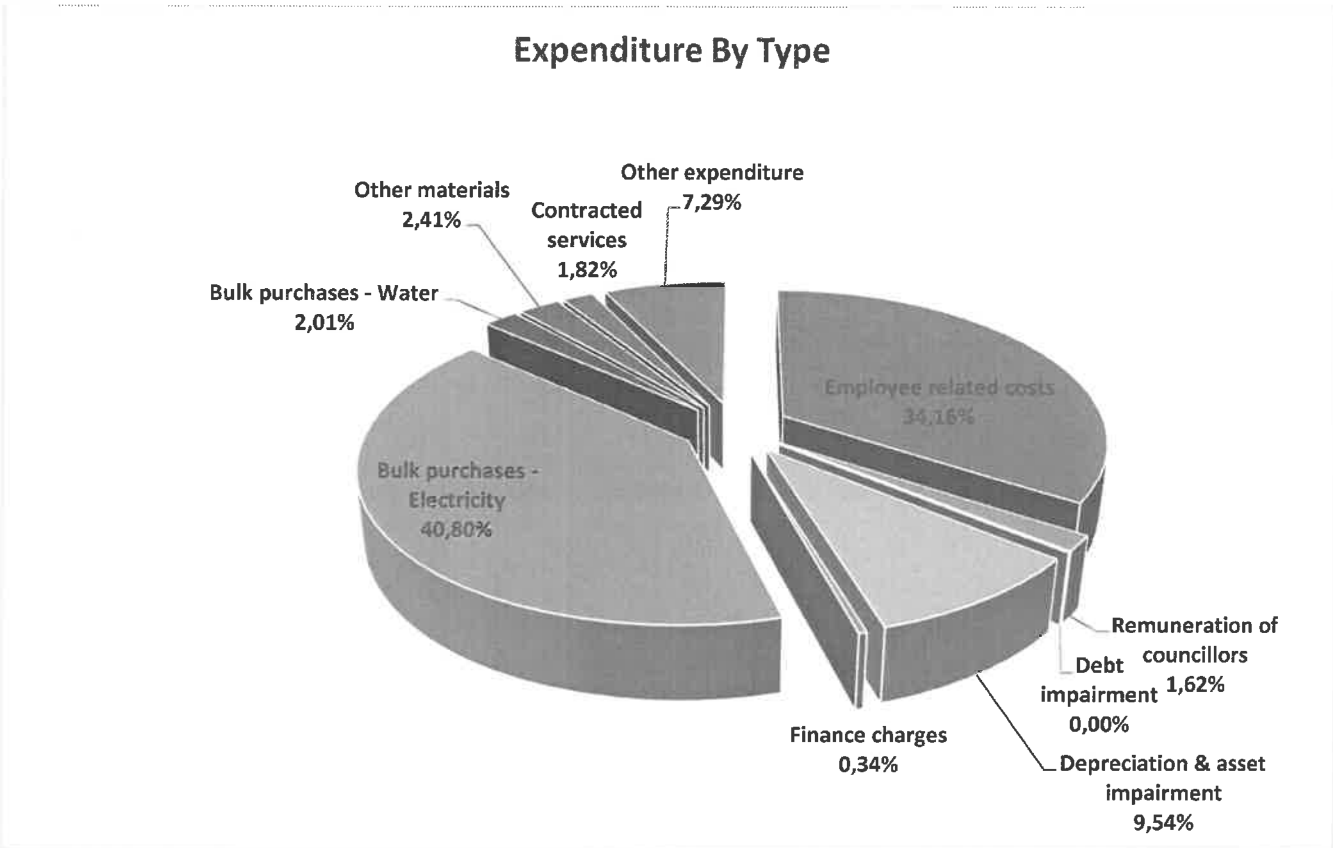
Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Contracted Services

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



Repairs and Maintenance

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

Item Description	Approved Budget 2019/20	Actuals as at 31 August 2019	% of Budget
Executive & Council			
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Gifts and Promotional Items	50 000	-	**0,00%**
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	10 520	2 942	27,97%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	210 400	27 900	13,26%
	270 920	**30 842**	11,38%
Corporate Services			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	-	0%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	300 000	8 894	2,96%
Expenditure:Inventory Consumed:Materials and Supplies	-	-	
	320 000	**8 894**	2,78%
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	891	0,21%
	686 460	**2 513**	**0,37%**
Community Services			
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	3 556 521	3 816	0,11%
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	27 096	2,01%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	3 896 192	399 114	10,24%
Expenditure:Operational Cost:Uniform and Protective Clothing	-	-	
	8 952 833	**430 026**	**4,80%**
Planning, Development & Tourism			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	710	3,55%
Expenditure:Inventory Consumed:Materials and Supplies	52 600	-	0,00%
	72 600	**710**	**0,98%**
Infrastructure & Engineering			
Expenditure:Operational Cost:Hire Charges	3 075 800	24 750	0,80%
Expenditure:Inventory Consumed:Materials and Supplies	12 440 964	982 127	7,89%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	264 000	27 900	10,57%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	17 355 640	824 246	4,75%
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	252 560	43 584	17,26%
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Tenders	-	-	
	33 388 964	**1 902 607**	**5,70%**
Total	**43 691 777**	**2 375 592**	**5,44%**

It is to be noted that actual repairs and maintenance expenditure constituted 5,44% of the 2019/20 Approved Budget.

Annexure "A2"

CAPITAL BUDGET PERFORMANCE

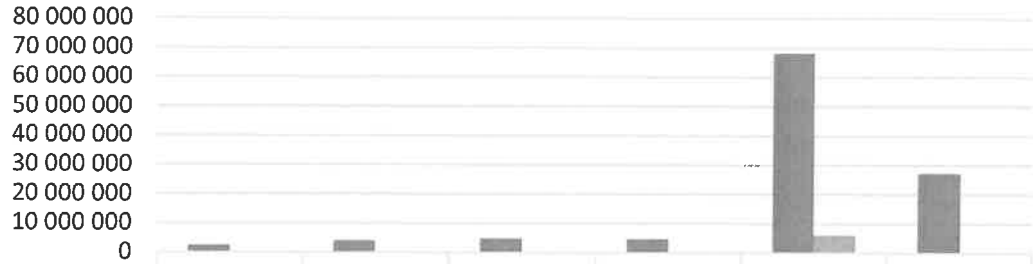
Below is an analysis of the capital expenditure compared to the 2019/20 Adjusted Capital Budget.

Projects	Funding	Approved Budget 2019/20	Actuals as at 31 August 2019	% of Budget
EXECUTIVE & COUNCIL				
Computer Equipment	Internal	190 000	-	0,00%
Furniture and Equipment	Internal	260 000	3 183	1,22%
Ward Councilors Capital (Markets)	Internal	1 817 695	239 637	13,18%
		2 267 695	**242 820**	**10,71%**
CORPORATE SERVICES				
Biometric system	Internal	250 000	-	0,00%
Buildings	Internal	1 020 489	-	0,00%
Computer Equipment	Internal	338 582	1 043	0,31%
Computer Software and Applications	Internal	-	-	
EDMS	Internal	1 211 000	-	0,00%
Fencing of main building	Internal	120 000	-	0,00%
Furniture and Equipment	Internal	716 571	36 719	5,12%
Library upgrade û Corporate Services	Internal	456 689	-	0,00%
Software upgrade	Internal	300 000	-	0,00%
Vehicle	Internal	250 000	-	0,00%
		4 663 331	**37 762**	**0,81%**
FINANCE				
Cibex Software	Internal	600 000	-	0,00%
Computer Equipment	Internal	300 000	22 483	7,49%
Container (Assets)	Internal	50 000	-	0,00%
Containers (SCM)	Internal	100 000	-	0,00%
Disaster Recovery Server	Internal	644 106	-	0,00%
DOT MATRIX PRINTER	Internal	197 489	-	0,00%
Fencing (Stores)	Internal	150 000	-	0,00%
Filing system (SCM)	Internal	350 000	-	0,00%
Furniture and Equipment	Internal	300 000	19 400	6,47%
Office upgrade ICT	Internal	153 950	-	0,00%
Shelving (SCM)	Internal	200 000	-	0,00%
Vehicle	Internal	600 000	-	0,00%
WIFI Solution	Internal	250 000	-	0,00%
		3 895 545	**41 883**	**1,08%**
PLANNING, DEVELOPMENT & TOURISM				
Arts and Creative Industries	DISTRICT	100 000	-	0,00%
Computer Equipment	Internal	60 000	-	0,00%
Computer Software and Applications	Internal	300 000	-	0,00%
Furniture and equipment	Internal	200 000	-	0,00%
Land acquisition housing projects	Internal	1 700 000	-	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	1 653 637	155 041	9,38%
Vehicle	Internal	3 443 845	-	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	223 600	-	0,00%
Upgrading of Sports Facilities	MIG	5 564 599	6 600	0,12%
Upgrading of Kwanomzamo Sports Facility	MIG	5 413 043	-	0,00%
Computer Equipment	Internal	300 000	118 957	39,65%
Fencing Fire Station Hankey (from CP23 EM)	Internal	300 000	-	0,00%
Weston Library Upgrade	Internal	11 900	11 800	99,16%
Vehicle	DISTRICT	3 665 100	-	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%
HYDRAULICS RESCUE EQUIPMENT	Internal	415 331	-	0,00%
		27 079 155	**292 397**	**1,08%**

Projects	Funding	Approved Budget 2019/20	Actuals as at 31 August 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	19 050	5.77%
Vehicles	Internal	7 685 469	-	0.00%
Energy and Demand Side Management	energy	3 478 261	-	0.00%
New overheadlines 66kv overheadlines(Jbay to Melk	Internal	1 800 000	-	0.00%
Outfall Sewers Capital	Internal	882 619	82 176	9.31%
Upgrading of the Ses Vista Wastewater Treatment Wo	MIG	13 011 229	1 125 277	8.65%
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	4 431 523	186 100	4.20%
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%
CONCRETE POLES	Internal	197 246	-	0.00%
SOLAR LIGHTS	Internal	753 449	-	0.00%
conversion from conventional meter to pre paid meter and moving of meter to boundary wall	Internal	195 888	-	0.00%
purchase of mini sub station 11000/400,22000/400	Internal	591 557	-	0.00%
RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG_NT	-	153 873	
RETICULATION REPLACE PIPELINES (HANKEY)	WSIG_NT	-	167 996	
CAPE ST FRANCIS WATER SUPPLY	WSIG_DWS	-	166 657	
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP	WSIG_NT	-	1 068 700	
HANKEY WATER SUPPLY	WSIG_DWS	-	891 814	
HUMANSDORP WATER SUPPLY	WSIG_DWS	-	80 527	
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFR	WSIG_NT	-	1 485 076	
PATENSIE WATER SUPPLY	WSIG_DWS	-	218 964	
JEFFREYS BAY WATER SUPPLY	WSIG_DWS	-	229 081	
		68 055 854	**5 875 289**	**8.63%**
		110 542 531	**6 490 151**	5.87%
Internally generated funds		57 725 735	895 587	1.55%
Transfers recognised - capital		52 816 796	5 594 563	10.59%
Total		**110 542 531**	**6 490 151**	5.87%

It is to be noted that capital expenditure as at 31August 2019 amounted to 5,87%, compared to the adjusted capital budget of R 110,542,531.

Capital Expenditiure



	Executive & Council	Finance	Corporate Services	Planning, Development and Tourism	Infrastructure and Engineering	Community Services
Approved Budget 2019/20	2 267 695	3 895 545	4 663 331	4 580 951	68 055 854	27 079 155
Actuals as at 31 August 2019	242 820	41 883	37 762	0	5 875 289	292 397

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2019/20 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 August 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 – M02 August 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		41 184	54 379	31 475	22 905	73%	188 848
Service charges			435 121		35 298	67 792	72 520	(4 728)	-7%	435 121
Other revenue			34 799		8 554	18 228	5 800	12 428	214%	34 799
Government - operating			133 112		2 020	54 078	22 185	31 893	144%	133 112
Government - capital			58 063		2 070	19 768	9 677	10 091	104%	58 063
Interest			18 476		2 232	4 415	3 079	1 335	43%	18 476
Dividends			–		–	–	–	–		–
Payments										
Suppliers and employees			(783 499)		(76 007)	(154 733)	(130 583)	24 150	-18%	(783 499)
Finance charges			(2 201)		(207)	(440)	(367)	73	-20%	(2 201)
Transfers and Grants			–		–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	**82 720**	–	**15 145**	**63 488**	**13 787**	**(49 701)**	**-361%**	**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)		(7 278)	(7 464)	(15 518)	(8 055)	52%	(93 110)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	**(93 110)**	–	**(7 278)**	**(7 464)**	**(15 518)**	**(8 055)**	**52%**	**(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)		(643)	(1 260)	(1 333)	(73)	5%	(7 999)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	**(7 999)**	–	**(643)**	**(1 260)**	**(1 333)**	**(73)**	**5%**	**(7 999)**
NET INCREASE/ (DECREASE) IN CASH HELD		–	**(18 389)**	–	**7 224**	**54 764**	**(3 065)**			**(18 389)**
Cash/cash equivalents at beginning:			84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:		–	66 318	–		268 992	81 642			195 838

Annexure "A4"

MUNICIPAL MONTHLY BUDGET TABLES

1. MONTHLY BUDGET TABLES

The seven main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section of the report. These tables set out the Municipality's 2019/20 budget performance for the period July 2019 to August 2019 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M02 August 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	196 717	8 806	83 220	32 786	50 434	154%	196 717
Service charges	–	453 251	453 251	36 550	82 431	75 542	6 889	9%	453 251
Investment revenue	–	10 375	10 375	1 465	2 621	1 729	892	52%	10 375
Transfers and subsidies	–	133 112	133 112	559	52 761	22 185	30 576	138%	133 112
Other own revenue	–	43 238	43 238	(30 263)	(25 834)	7 206	(33 040)	-458%	43 238
Total Revenue (excluding capital transfers and contributions)	–	**836 693**	**836 693**	**17 117**	**195 199**	**139 449**	**55 750**	**40%**	**836 693**
Employee costs	–	290 942	290 942	20 849	43 897	48 490	(4 593)	-9%	290 942
Remuneration of Councillors	–	13 063	13 063	1 043	2 088	2 177	(89)	-4%	13 063
Depreciation & asset impairment	–	85 101	85 101	6 127	12 254	14 183	(1 929)	-14%	85 101
Finance charges	–	2 201	2 201	207	440	367	73	20%	2 201
Materials and bulk purchases	–	301 244	301 254	30 822	58 110	50 209	7 901	16%	301 254
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	–	204 586	204 741	7 289	11 704	34 123	(22 419)	-66%	204 741
Total Expenditure	–	**897 137**	**897 301**	**66 337**	**128 494**	**149 550**	**(21 056)**	**-14%**	**897 301**
Surplus/(Deficit)	–	**(60 444)**	**(60 608)**	**(49 220)**	**66 705**	**(10 101)**	**76 807**	**-760%**	**(60 608)**
Transfers and subsidies - capital (monetary alloc	–	58 063	58 063	6 691	6 837	9 677	(2 840)	-29%	58 063
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	–	**(2 381)**	**(2 545)**	**(42 528)**	**73 542**	**(424)**	**73 966**	**-17437%**	**(2 545)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	–	**(2 381)**	**(2 545)**	**(42 528)**	**73 542**	**(424)**	**73 966**	**-17437%**	**(2 545)**
Capital expenditure & funds sources									
Capital expenditure	–	**93 110**	**110 543**	**6 328**	**6 490**	**18 424**	**(11 934)**	**-65%**	**110 543**
Capital transfers recognised	–	51 117	52 817	5 468	5 595	8 803	(3 208)	-36%	52 817
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	41 994	57 726	860	896	9 621	(8 725)	-91%	57 726
Total sources of capital funds	–	**93 110**	**110 543**	**6 328**	**6 490**	**18 424**	**(11 934)**	**-65%**	**110 543**
Financial position									
Total current assets	–	173 204	–		151 513				173 204
Total non current assets	–	2 317 635	–		2 286 781				2 317 635
Total current liabilities	–	175 225	–		107 099				175 225
Total non current liabilities	–	184 979	–		179 799				184 979
Community wealth/Equity	–	**2 130 635**	–		**2 151 396**				**2 130 635**
Cash flows									
Net cash from (used) operating	–	82 720	–	15 145	63 488	13 787	(49 701)	-361%	82 720
Net cash from (used) investing	–	(93 110)	–	(7 278)	(7 464)	(15 518)	(8 055)	52%	(93 110)
Net cash from (used) financing	–	(7 999)	–	(643)	(1 260)	(1 333)	(73)	5%	(7 999)
Cash/cash equivalents at the month/year end	–	**66 318**	–	–	**268 992**	**81 642**	**(187 349)**	**-229%**	**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	67 652	5 643	4 716	4 280	3 661	3 683	19 486	108 160	217 281
Creditors Age Analysis									
Total Creditors	33 311	16	3	2	(0)	2	21	(146)	33 209

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) – M02 August 2019

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue - Functional										
Governance and administration		–	**339 475**	**339 475**	**(23 156)**	**105 290**	**56 579**	48 710	86%	**339 475**
Executive and council		–	27	27	–	4	5	(1)	-20%	27
Finance and administration		–	339 448	339 448	(23 156)	105 286	56 575	48 711	86%	339 448
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**14 266**	**14 266**	**611**	**1 622**	**2 378**	(755)	-32%	**14 266**
Community and social services		–	2 479	2 479	24	59	413	(355)	-86%	2 479
Sport and recreation		–	7 867	7 867	570	1 539	1 311	228	17%	7 867
Public safety		–	1 984	1 984	8	8	331	(322)	-97%	1 984
Housing		–	–	–	–	–	–	–		–
Health		–	1 936	1 936	7	16	323	(306)	-95%	1 936
Economic and environmental services		–	**19 616**	**19 616**	**2 305**	**4 318**	**3 269**	1 049	32%	**19 616**
Planning and development		–	6 667	6 667	562	1 066	1 111	(46)	-4%	6 667
Road transport		–	11 844	11 844	1 571	3 000	1 974	1 026	52%	11 844
Environmental protection		–	1 105	1 105	172	253	184	69	37%	1 105
Trading services		–	**521 398**	**521 398**	**44 048**	**90 806**	**86 900**	3 906	4%	**521 398**
Energy sources		–	293 789	293 789	22 977	49 087	48 965	122	0%	293 789
Water management		–	87 929	87 929	11 419	20 271	14 655	5 616	38%	87 929
Waste water management		–	83 574	83 574	5 151	10 712	13 929	(3 217)	-23%	83 574
Waste management		–	56 106	56 106	4 501	10 736	9 351	1 385	15%	56 106
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	–	**894 756**	**894 756**	**23 808**	**202 036**	**149 126**	**52 910**	**35%**	**894 756**
Expenditure - Functional										
Governance and administration		–	**222 961**	**223 125**	**12 575**	**23 975**	**37 188**	(13 212)	-36%	**223 125**
Executive and council		–	45 089	44 608	2 832	5 555	7 435	(1 879)	-25%	44 608
Finance and administration		–	177 872	178 498	9 743	18 420	29 750	(11 330)	-38%	178 498
Internal audit		–	–	20	–	–	3	(3)	-100%	20
Community and public safety		–	**85 190**	**86 290**	**5 337**	**11 161**	**14 382**	(3 221)	-22%	**86 290**
Community and social services		–	10 612	10 612	564	1 158	1 769	(610)	-35%	10 612
Sport and recreation		–	44 086	44 086	2 530	5 368	7 348	(1 980)	-27%	44 086
Public safety		–	22 264	22 264	1 654	3 475	3 711	(235)	-6%	22 264
Housing		–	3 228	4 328	202	460	721	(261)	-36%	4 328
Health		–	4 999	4 999	387	700	833	(134)	-16%	4 999
Economic and environmental services		–	**116 851**	**116 836**	**7 119**	**14 079**	**19 473**	(5 394)	-28%	**116 836**
Planning and development		–	34 459	34 444	2 064	4 144	5 741	(1 597)	-28%	34 444
Road transport		–	80 642	80 642	4 993	9 814	13 440	(3 626)	-27%	80 642
Environmental protection		–	1 751	1 751	61	121	292	(171)	-59%	1 751
Trading services		–	**467 649**	**467 649**	**41 307**	**79 273**	**77 941**	1 332	2%	**467 649**
Energy sources		–	285 024	285 024	30 026	57 179	47 504	9 675	20%	285 024
Water management		–	80 898	80 898	4 421	8 640	13 483	(4 843)	-36%	80 898
Waste water management		–	51 081	51 081	3 770	7 243	8 514	(1 270)	-15%	51 081
Waste management		–	50 646	50 646	3 089	6 211	8 441	(2 230)	-26%	50 646
Other		–	**4 486**	**3 401**	**(0)**	**5**	**567**	**(562)**	**-99%**	**3 401**
Total Expenditure - Functional	3	–	**897 137**	**897 301**	**66 337**	**128 494**	**149 550**	**(21 056)**	**-14%**	**897 301**
Surplus/ (Deficit) for the year		–	**(2 381)**	**(2 545)**	**(42 528)**	**73 542**	**(424)**	**73 966**	**-17437%**	**(2 545)**

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

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

Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M02 August 2019

Vote Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue by Vote								
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES	333 857	333 857	11 119	139 456	55 643	83 813	150,6%	333 857
Vote 3 - CORPORATE SERVICES	27	27	–	4	5	(1)	-19,6%	27
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 052	4 052	361	661	675	(14)	-2,1%	4 052
Vote 5 - INFRASTRUCTURE AND ENGINEERING	468 908	468 908	39 998	80 724	78 151	2 573	3,3%	468 908
Vote 6 - COMMUNITY SERVICES	20 256	20 256	1 516	3 079	3 376	(297)	-8,8%	20 256
Vote 7 - COMMUNITY SERVICES (CONTINUED)	67 656	67 656	(29 185)	(21 888)	11 276	(33 164)	-294,1%	67 656
Total Revenue by Vote	**894 756**	**894 756**	**23 808**	**202 036**	**149 126**	**52 910**	**35,5%**	**894 756**
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	43 826	43 826	2 634	4 824	7 304	(2 480)	-34,0%	43 826
Vote 2 - FINANCIAL SERVICES	93 059	93 059	4 029	7 573	15 510	(7 936)	-51,2%	93 059
Vote 3 - CORPORATE SERVICES	51 140	51 140	3 480	6 538	8 523	(1 985)	-23,3%	51 140
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 412	22 412	1 229	2 459	3 735	(1 277)	-34,2%	22 412
Vote 5 - INFRASTRUCTURE AND ENGINEERING	515 897	515 897	44 149	84 802	85 983	(1 181)	-1,4%	515 897
Vote 6 - COMMUNITY SERVICES	54 604	54 604	3 511	7 179	9 101	(1 921)	-21,1%	54 604
Vote 7 - COMMUNITY SERVICES (CONTINUED)	116 198	116 363	7 304	15 118	19 394	(4 276)	-22,0%	116 363
Total Expenditure by Vote	**897 137**	**897 301**	**66 337**	**128 494**	**149 550**	**(21 056)**	**-14,1%**	**897 301**
Surplus/ (Deficit) for the year	**(2 381)**	**(2 545)**	**(42 528)**	**73 542**	**(424)**	**73 966**	**-17437,0%**	**(2 545)**

Explanatory notes to Table C3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the monthly budget reporting table is represented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segment into which a budget of a municipality is divided into, for the appropriation of funds.

Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M02 August 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	196 717	8 806	83 220	32 786	50 434	154%	196 717
Service charges - electricity revenue			277 068	277 068	22 881	48 925	46 178	2 747	6%	277 068
Service charges - water revenue			76 105	76 105	5 577	14 141	12 684	1 457	11%	76 105
Service charges - sanitation revenue			46 346	46 346	3 857	9 142	7 724	1 418	18%	46 346
Service charges - refuse revenue			53 732	53 732	4 235	10 223	8 955	1 267	14%	53 732
Rental of facilities and equipment			4 037	1 024	56	115	171	(56)	-33%	1 024
Interest earned - external investments			10 375	10 375	1 465	2 621	1 729	892	52%	10 375
Interest earned - outstanding debtors			8 439	8 439	1 185	2 020	1 407	613	44%	8 439
Dividends received			–	–	–	–	–	–		–
Fines, penalties and forfeits			6 397	6 397	(34 220)	(34 082)	1 066	(35 148)	-3297%	6 397
Licences and permits			16 568	16 568	1 896	4 277	2 761	1 516	55%	16 568
Agency services			–	–	–	–	–	–		–
Transfers and subsidies			133 112	133 112	559	52 761	22 185	30 576	138%	133 112
Other revenue			7 797	10 810	819	1 836	1 802	34	2%	10 810
Gains on disposal of PPE				–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	**836 693**	**836 693**	**17 117**	**195 199**	**139 449**	**55 750**	**40%**	**836 693**
Expenditure By Type										
Employee related costs			290 942	290 942	20 849	43 897	48 490	(4 593)	-9%	290 942
Remuneration of councillors			13 063	13 063	1 043	2 088	2 177	(89)	-4%	13 063
Debt impairment			26 336	26 336	–	–	4 389	(4 389)	-100%	26 336
Depreciation & asset impairment			85 101	85 101	6 127	12 254	14 183	(1 929)	-14%	85 101
Finance charges			2 201	2 201	207	440	367	73	20%	2 201
Bulk purchases			271 623	271 623	28 750	55 018	45 271	9 748	22%	271 623
Other materials			29 621	29 631	2 072	3 092	4 938	(1 847)	-37%	29 631
Contracted services			80 814	80 320	1 706	2 333	13 387	(11 054)	-83%	80 320
Transfers and subsidies				–	–	–	–	–		–
Other expenditure			97 436	98 085	5 584	9 372	16 347	(6 976)	-43%	98 085
Loss on disposal of PPE				–	–	–	–	–		–
Total Expenditure		–	**897 137**	**897 301**	**66 337**	**128 494**	**149 550**	**(21 056)**	**-14%**	**897 301**
Surplus/(Deficit)		–	**(60 444)**	**(60 608)**	**(49 220)**	**66 705**	**(10 101)**	**76 807**	**(0)**	**(60 608)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			58 063	58 063	6 691	6 837	9 677	(2 840)	(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)**	**(2 545)**	**(42 528)**	**73 542**	**(424)**			**(2 545)**
Taxation					–			–		
Surplus/(Deficit) after taxation		–	**(2 381)**	**(2 545)**	**(42 528)**	**73 542**	**(424)**			**(2 545)**
Attributable to minorities					–					
Surplus/(Deficit) attributable to municipality		–	**(2 381)**	**(2 545)**	**(42 528)**	**73 542**	**(424)**			**(2 545)**
Share of surplus/ (deficit) of associate					–					
Surplus/ (Deficit) for the year		–	**(2 381)**	**(2 545)**	**(42 528)**	**73 542**	**(424)**			**(2 545)**

Explanatory notes to Table C4 – Budgeted Financial Performance (revenue and expenditure)

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the monthly results, the monthly budget-to-date projections and the original budget, so as to assess performance

Table C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) – M02 August 2019

Vote Description	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
	Budget Year 2019/20							
R thousands							%	
Single Year expenditure appropriation								
Vote 1 - EXECUTIVE COUNCIL	1 200	2 268	243	243	378	(135)	-36%	2 268
Vote 2 - FINANCIAL SERVICES	2 600	3 896	42	42	649	(607)	-94%	3 896
Vote 3 - CORPORATE SERVICES	3 069	4 663	28	38	777	(739)	-95%	4 663
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 581	4 581	–	–	763	(763)	-100%	4 581
Vote 5 - INFRASTRUCTURE AND ENGINEERING	59 846	68 056	5 749	5 875	11 343	(5 467)	-48%	68 056
Vote 6 - COMMUNITY SERVICES	5 915	8 408	119	131	1 401	(1 271)	-91%	8 408
Vote 7 - COMMUNITY SERVICES (CONTINUED)	15 900	18 671	148	162	3 112	(2 950)	-95%	18 671
Total Capital single-year expenditure	93 110	110 543	6 328	6 490	18 424	**(11 934)**	**-65%**	110 543
Total Capital Expenditure	**93 110**	**110 543**	**6 328**	**6 490**	**18 424**	**(11 934)**	**-65%**	**110 543**
Capital Expenditure - Functional Classification								
Governance and administration	**8 169**	**10 827**	**313**	**322**	**1 804**	(1 482)	-82%	**10 827**
Executive and council	1 065	2 133	243	243	355	(113)	-32%	2 133
Finance and administration	6 969	8 634	70	80	1 439	(1 359)	-94%	8 634
Internal audit	135	60	–	–	10	(10)	-100%	60
Community and public safety	**20 215**	**26 779**	**267**	**292**	**4 463**	(4 171)	-93%	**26 779**
Community and social services	950	2 674	119	145	446	(301)	-68%	2 674
Sport and recreation	13 600	13 128	7	7	2 188	(2 181)	-100%	13 128
Public safety	3 965	9 278	141	141	1 546	(1 405)	-91%	9 278
Housing	1 700	1 700	–	–	283	(283)	-100%	1 700
Health	–	–	–	–	–	–		–
Economic and environmental services	**5 325**	**5 325**	**19**	**19**	**887**	(868)	-98%	**5 325**
Planning and development	3 331	3 331	–	–	555	(555)	-100%	3 331
Road transport	1 994	1 994	19	19	332	(313)	-94%	1 994
Environmental protection	–	–	–	–	–	–		–
Trading services	**59 402**	**67 612**	**5 730**	**5 856**	**11 269**	(5 412)	-48%	**67 612**
Energy sources	19 432	21 171	–	–	3 528	(3 528)	-100%	21 171
Water management	11 446	12 231	4 463	4 463	2 039	2 424	119%	12 231
Waste water management	26 524	32 211	1 267	1 394	5 368	(3 975)	-74%	32 211
Waste management	2 000	2 000	–	–	333	(333)	-100%	2 000
Other	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	**93 110**	**110 543**	**6 328**	**6 490**	**18 424**	**(11 934)**	**-65%**	**110 543**
Funded by:								
National Government	49 052	49 052	5 468	5 595	8 175	(2 581)	-32%	49 052
Provincial Government	–	–	–	–	–	–		–
District Municipality	2 065	3 765	–	–	628	(628)	-100%	3 765
Other transfers and grants	–	–	–	–	–	–		–
Transfers recognised - capital	**51 117**	**52 817**	**5 468**	**5 595**	**8 803**	**(3 208)**	**-36%**	**52 817**
Borrowing		–	–	–	–	–		–
Internally generated funds	41 994	57 726	860	896	9 621	(8 725)	-91%	57 726
Total Capital Funding	**93 110**	**110 543**	**6 328**	**6 490**	**18 424**	**(11 934)**	**-65%**	**110 543**

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 – M02 August 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		66 212	6 632
Call investment deposits			59 686			59 686
Consumer debtors			67 067		55 498	67 067
Other debtors			33 150		20 551	33 150
Current portion of long-term receivables			3		3	3
Inventory			6 666		9 249	6 666
Total current assets		–	**173 204**	–	**151 513**	**173 204**
Non current assets						
Long-term receivables			16		13	16
Investments						
Investment property			354 389		267 727	354 389
Investments in Associate						
Property, plant and equipment			1 961 428		2 018 797	1 961 428
Biological						
Intangible			1 802		244	1 802
Other non-current assets						
Total non current assets		–	**2 317 635**	–	**2 286 781**	**2 317 635**
TOTAL ASSETS		–	**2 490 839**	–	**2 438 294**	**2 490 839**
LIABILITIES						
Current liabilities						
Bank overdraft					–	
Borrowing			7 999		9 067	7 999
Consumer deposits			15 241		17 378	15 241
Trade and other payables			127 481		51 006	127 481
Provisions			24 505		29 649	24 505
Total current liabilities		–	**175 225**	–	**107 099**	**175 225**
Non current liabilities						
Borrowing			15 602		16 354	15 602
Provisions			169 378		163 445	169 378
Total non current liabilities		–	**184 979**	–	**179 799**	**184 979**
TOTAL LIABILITIES		–	**360 204**	–	**286 898**	**360 204**
NET ASSETS	2	–	**2 130 635**	–	**2 151 396**	**2 130 635**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)			2 130 635		2 151 396	2 130 635
Reserves						–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	**2 130 635**	–	**2 151 396**	**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 – M02 August 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		41 184	54 379	31 475	22 905	73%	188 848
Service charges			435 121		35 298	67 792	72 520	(4 728)	-7%	435 121
Other revenue			34 799		8 554	18 228	5 800	12 428	214%	34 799
Government - operating			133 112		2 020	54 078	22 185	31 893	144%	133 112
Government - capital			58 063		2 070	19 768	9 677	10 091	104%	58 063
Interest			18 476		2 232	4 415	3 079	1 335	43%	18 476
Dividends			–		–	–	–	–		–
Payments										
Suppliers and employees			(783 499)		(76 007)	(154 733)	(130 583)	24 150	-18%	(783 499)
Finance charges			(2 201)		(207)	(440)	(367)	73	-20%	(2 201)
Transfers and Grants			–		–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**-**	**82 720**	**-**	**15 145**	**63 488**	**13 787**	**(49 701)**	**-361%**	**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)		(7 278)	(7 464)	(15 518)	(8 055)	52%	(93 110)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**-**	**(93 110)**	**-**	**(7 278)**	**(7 464)**	**(15 518)**	**(8 055)**	**52%**	**(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)		(643)	(1 260)	(1 333)	(73)	5%	(7 999)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**-**	**(7 999)**	**-**	**(643)**	**(1 260)**	**(1 333)**	**(73)**	**5%**	**(7 999)**
NET INCREASE/ (DECREASE) IN CASH HELD		**-**	**(18 389)**	**-**	**7 224**	**54 764**	**(3 065)**			**(18 389)**
Cash/cash equivalents at beginning:			84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:		–	66 318	–		268 992	81 642			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 August 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 August 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	10 713	1 731	1 556	1 457	1 226	1 308	6 698	24 853	49 542
Trade and Other Receivables from Exchange Transactions - Electricity	23 033	882	621	405	273	271	1 089	6 406	32 980
Receivables from Non-exchange Transactions - Property Rates	33 663	649	474	397	341	314	1 436	21 443	58 716
Receivables from Exchange Transactions - Waste Water Management	5 956	880	688	657	557	575	2 985	10 500	22 798
Receivables from Exchange Transactions - Waste Management	4 378	1 015	875	832	787	772	4 310	14 577	27 545
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	332	79	101	159	135	167	1 314	20 950	23 236
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(10 423)	408	402	373	343	275	1 654	9 432	2 464
Total By Income Source	**67 652**	**5 643**	**4 716**	**4 280**	**3 661**	**3 683**	**19 486**	**108 160**	**217 281**
2018/19 - totals only									–
Debtors Age Analysis By Customer Group									
Organs of State	3 266	257	262	177	53	36	96	3 732	7 879
Commercial	6 760	248	156	167	97	107	504	2 822	10 860
Households	57 626	5 139	4 297	3 937	3 511	3 540	18 886	101 607	198 542
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**67 652**	**5 643**	**4 716**	**4 280**	**3 661**	**3 683**	**19 486**	**108 160**	**217 281**

The aforementioned analysis indicates that from 30 June 2019 to 31 August 2019, the overdue debts have increased from R 145,884 million to R 149,629 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-19**	**31-Aug-19**	**DIFFERENCE**
Trade and Other Receivables from Exchange Transactions - Water	37 037	38 829	1 792
Trade and Other Receivables from Exchange Transactions - Electricity	10 495	9 947	(549)
Receivables from Non-exchange Transactions - Property Rates	25 755	25 053	(702)
Receivables from Exchange Transactions - Waste Water Management	16 078	16 842	764
Receivables from Exchange Transactions - Waste Management	21 817	23 167	1 350
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–
Interest on Arrear Debtor Accounts	21 714	22 904	1 190
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	12 987	12 887	(100)
Total By Income Source	**145 884**	**149 629**	**3 746**
			–
Debtors Age Analysis By Customer Group			–
Organs of State	5 088	4 613	(475)
Commercial	4 080	4 100	20
Households	136 716	140 917	4 201
Other	–	–	–
Total By Customer Group	**145 884**	**149 629**	**3 746**

2. Overview of Creditors position

Below is an analysis of the status of the major creditors

Description R thousands	Budget Year 2019/20 0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type									
Bulk Electricity	31 232	0	0	0	(0)	–	–	–	**31 231**
Bulk Water	–	–	3	2	–	2	10	(185)	**(167)**
PAYE deductions									**-**
VAT (output less input)									**-**
Pensions / Retirement deductions									**-**
Loan repay ments									**-**
Trade Creditors	2 079	16	–	–	–	–	11	38	**2 145**
Auditor General									**-**
Other									**-**
Total By Customer Type	**33 311**	**16**	**3**	**2**	**(0)**	**2**	**21**	**(146)**	**33 209**

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

Eskom	R 31,231 million
Other Creditors	R 1,978 million
TOTAL	**R 33,209 million**

It is to be noted that the Eskom amount of R 31,232 million, represents the current account for August 2019, which will be fully paid on 20 September 2019.

3. Investment Portfolio

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

	Balance as at 30 June 2019	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 August 2019
Standard Bank	19 896 645	-	212 505	-	-	20 109 150
ABSA	27 519 504	-	298 418	-	150	27 817 772
Nedbank	20 827 601	-	227 840	-	-	21 055 441
RMB	110 820 349	1 960 397	1 174 451	1 960 397	-	111 994 799
INVESTEC	21 562 503	-	239 562	-	-	21 802 065
						-
Total	**200 626 602**	**1 960 397**	**2 152 776**	**1 960 397**	**150**	**202 779 228**
	Balance as at 30 June 2019	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 August 2019
General Account	90 965 278	1 960 397	1 002 231	-	150	93 927 756
Conditional Grants	109 654 154	-	1 150 469	1 960 397	-	108 844 226
Housing Funds	7 170	-	76	-	-	7 246
						-
Total	**200 626 602**	**1 960 397**	**2 152 776**	**1 960 397**	**150**	**202 779 228**
Cheque Accounts FNB	13 600 946	52 611 370				66 212 316
TOTAL Investments & Bank	**214 227 548**	**54 571 767**	**2 152 776**	**1 960 397**	**150**	**268 991 543**

The increase in the investment portfolio since 30 June 2019 amounts to R 54,763,995. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 66,212,316
Short-term Investment Deposits	R 202,779,228
	R 268,991,543

Application of Cash

Unspent Conditional Grants	112,681,692
Internally Generated Funds	56,830,148
Outstanding Creditors Liability	33,209,087
	202,720,927

Reserves in excess of Commitments	**R 66,270,616**

The cash backed reserves exceed the commitments at this stage by an amount of R 66,270,616. It should be noted that the excess of reserves over commitments as at 31 August 2019, is mainly due to an amount of R 52,058 million in respect of the Equitable share allocation received on 8 July 2019, but not yet fully spent.

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

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M02 August 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**	**–**	**2 020**	**54 838**	**21 549**	**31 235**	**144,9%**	**129 297**
Operational Revenue:General Revenue:Equitable Share	124 938		–	52 058	20 823	31 235	150,0%	124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000		250	250	167			1 000
Local Government Financial Management Grant [Schedule 5B]	1 770		1 770	1 770	295			1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589		–	760	265			1 589
Provincial Government:	**2 050**	**–**	**–**	**–**	**342**	**(342)**	**-100,0%**	**2 050**
Sport and Recreation	2 050				342	(342)	-100,0%	2 050
District Municipality:	**1 765**	**–**	**–**	**–**	**294**	(294)	-100,0%	**1 765**
Environment Health Subsidy	**1 765**				**294**	(294)	-100,0%	**1 765**
Total Operating Transfers and Grants	**133 112**	**–**	**2 020**	**54 838**	**22 185**	**30 599**	**137,9%**	**133 112**
Capital Transfers and Grants								
National Government:	56 098	–	2 000	18 938	9 350	9 588	**102,6%**	56 098
Municipal Infrastructure Grant (MIG)	36 096		–	14 438	6 016	8 422	140,0%	36 096
Integrated National Electrification Programme	6 002		–	1 500	1 000	500	50,0%	6 002
Water Service Infrastructure Grant	10 000		2 000	2 000	1 667	333	20,0%	10 000
Energy Efficiency and Demand Side Management Grant	4 000		–	1 000	667	333	50,0%	4 000
District Municipality:	**1 965**	**–**	**–**	**–**	**328**	(328)	-100,0%	**1 965**
Fire Subsidy	1 965				328	(328)	-100,0%	1 965
Total Capital Transfers and Grants	**58 063**	**–**	**2 000**	**18 938**	**9 677**	**9 261**	**95,7%**	**58 063**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	–	4 020	73 776	31 862	39 860	125,1%	191 175

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M02 August 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**	–	5 039	**9 883**	**21 549**	**(11 666)**	**-54,1%**	**129 297**
Operational Revenue:General Revenue:Equitable Share	124 938		4 711	9 264	20 823	(11 559)	-55,5%	124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000		103	162	167	(5)	-2,8%	1 000
Local Government Financial Management Grant [Schedule 5B]	1 770		77	164	295	(131)	-44,4%	1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589		147	294	265	29	11,0%	1 589
Provincial Government:	**2 050**	–	–	–	**342**	**(342)**	**-100,0%**	**2 050**
Sport and Recreation	2 050		–	–	342	(342)	-100,0%	2 050
District Municipality:	**1 765**	–	–	–	**294**	(294)	-100,0%	**1 765**
Environment Health Subsidy	1 765				294	(294)	-100,0%	1 765
Total operating expenditure of Transfers and Grants:	**133 112**	–	**5 039**	**9 883**	**22 185**	**(12 302)**	**-55,5%**	**133 112**
Capital expenditure of Transfers and Grants								
National Government:	56 098	–	6 288	6 434	9 350	(2 916)	**-31,2%**	56 098
Municipal Infrastructure Grant (MIG)	36 096		1 156	1 302	6 016	(4 714)	-78,4%	36 096
Integrated National Electrification Programme	6 002		–	–	1 000	(1 000)	-100,0%	6 002
Water Service Infrastructure Grant	10 000		5 132	5 132	1 667	3 465	207,9%	10 000
Energy Efficiency and Demand Side Management Grant	4 000		–	–	667	(667)	-100,0%	4 000
District Municipality:	**1 965**	–	–	–	**328**	(328)	-100,0%	**1 965**
Fire Subsidy	1 965				328	(328)	-100,0%	1 965
Total capital expenditure of Transfers and Grants	**58 063**	–	**6 288**	**6 434**	**9 677**	**(3 243)**	**-33,5%**	**58 063**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**191 175**	–	**11 327**	**16 317**	**31 862**	**(15 545)**	**-48,8%**	**191 175**

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

Grants received from National Government

DORA Operating Grants

Financial Management Grant (FMG)

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

DORA Allocation:	R 1,770,000
Amount of Grant Received:	R 1,770,000
Expenditure to date:	R 164,080
Unspent as at 31 August 2019:	R 1,605,920

The spending of the grant amounted to 9,27% as at 31 August 2019, compared to the amount of the grant received.

Expanded Public Works Programme (EPWP)

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

DORA Allocation:	R 1,000,000
Amount of Grant Received:	R 250,000
Expenditure to date:	R 162,024
Unspent as at 31 August 2019:	R 87,976

The spending of the grant amounted to 64,81% as at 31 August 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 37,684,750
Amount of Grant Received:	R 15,198,000
Expenditure to date:	R 1,595,452
Unspent as at 31 August 2019:	R 13,602,548

The spending of the grant amounted to 10,50% as at 31 August 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 August 2019:	R 1,500,000

The spending of the grant amounted to 0% as at 31 August 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 August 2019:	R 1,000,000

The spending of the grant amounted to 0% as at 31 August 2019, compared to the amount of the grant received.

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

DORA Allocation:	R 10,000,000
Amount of Grant Received:	R 2,000,000
Unspent Grant as at 30 June 2019	R 98,017,338
Total Grant	R100,017,338
Expenditure to date:	R 5,132,090
Unspent as at 31 August 2019:	R 94,885,248

The spending of the grant amounted to 5.13% as at 31 August 2019, compared to the amount of the grant received.

The municipality has applied to National Treasury for the rollover of the unspent amount of R 98,017,338, as at 30 June 2019.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M02 August 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		700	1 403	1 467	(64)	-4%	8 800
Medical Aid Contributions	–		2	2	–	2	#DIV/0!	–
Motor Vehicle Allowance	2 889		233	468	482	(14)	-3%	2 889
Cellphone Allowance	1 374		107	215	229	(14)	-6%	1 374
Sub Total - Councillors	**13 063**	**–**	**1 043**	**2 088**	**2 177**	**(89)**	**-4%**	**13 063**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 923		458	916	820	96	12%	4 923
Pension and UIF Contributions			1	2	–	2	#DIV/0!	–
Performance Bonus			138	138	–	138	#DIV/0!	–
Motor Vehicle Allowance			55	111	–	111	#DIV/0!	–
Cellphone Allowance			1	1	–	1	#DIV/0!	–
Other benefits and allowances	3 282		5	9	547	(538)	-98%	3 282
Payments in lieu of leave			–	0	–	0	#DIV/0!	–
Sub Total - Senior Managers of Municipality	**8 204**	**–**	**657**	**1 177**	**1 367**	**(191)**	**-14%**	**8 204**
Other Municipal Staff								
Basic Salaries and Wages	173 244		14 594	28 854	28 874	(20)	0%	173 244
Pension and UIF Contributions	29 339		2 515	5 020	4 890	131	3%	29 339
Medical Aid Contributions	15 119		1 232	2 467	2 520	(53)	-2%	15 119
Overtime	32 833		132	2 879	5 472	(2 593)	-47%	32 833
Motor Vehicle Allowance	7 551		714	1 425	1 258	166	13%	7 551
Cellphone Allowance	1		–	–	0	(0)	-100%	1
Housing Allowances	992		68	135	165	(30)	-18%	992
Other benefits and allowances	22 256		782	1 544	3 709	(2 166)	-58%	22 256
Payments in lieu of leave	–		40	211	–	211	#DIV/0!	–
Long service awards	1 403		115	186	234	(48)	-21%	1 403
Sub Total - Other Municipal Staff	**282 737**	**–**	**20 192**	**42 720**	**47 123**	**(4 403)**	**-9%**	**282 737**
Total Parent Municipality	**304 005**	**–**	**21 892**	**45 985**	**50 667**	**(4 683)**	**-9%**	**304 005**
TOTAL SALARY, ALLOWANCES & BENEFITS	**304 005**	**–**	**21 892**	**45 985**	**50 667**	**(4 683)**	**-9%**	**304 005**
TOTAL MANAGERS AND STAFF	**290 942**	**–**	**20 849**	**43 897**	**48 490**	**(4 593)**	**-9%**	**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 August 2019**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.67%	2.51%	1.77%	1.24%	1.14%	1,32%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.04	0.03	0.02	0.02	0.01	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.85	0.97	1.11	1.31	0.99	3.31
Liquidity Ratio	Monetary assets / current liabilities	0.40	0.47	0.52	0.84	0.38	2.51
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	97.60%	95.81%	90.73%	97,62%	96%	72,33%

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 August 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	1.01	4.32
Employee Costs	Employee Costs / Total Operating Expenditure	35.62%	33.39%	32.99%	35.06%	32.42%	34,16%
Capital Expenditure	Capital Expenditure / Capital Budget	81.97%	72.92%	72.98%	48.62%	95%	5,87%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.61%	4.94%	3.79%	5.71%	4.87%	1,85%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.17%	1.65%	1.42%	2.22%	2.23%	0,12%
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%	72,97%

The above table is discussed in details below.

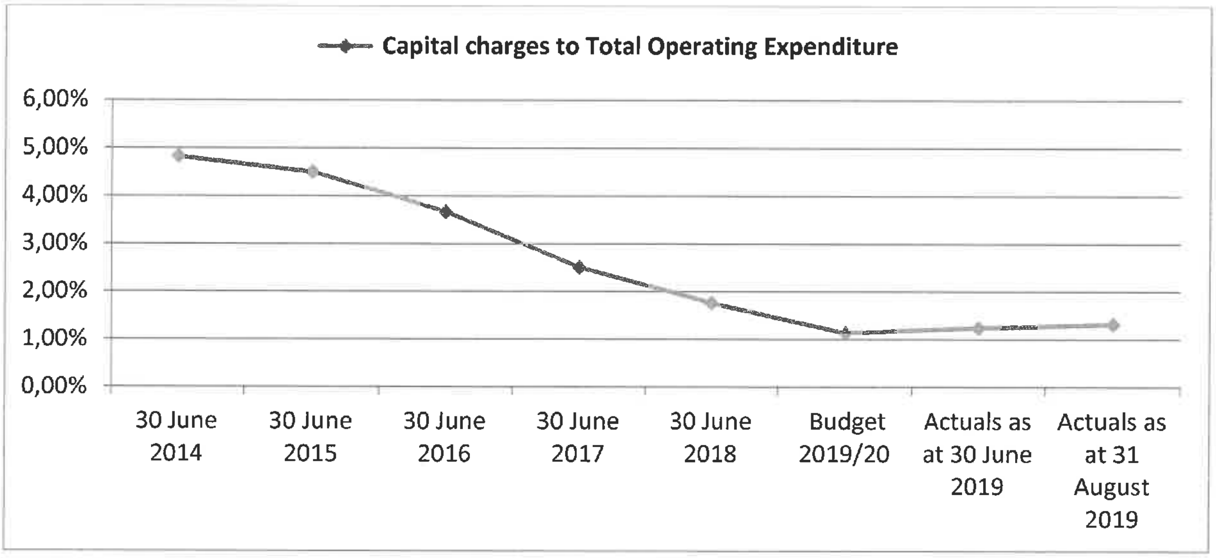
5.1. Borrowing Management

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 1.32% of the Total Operating Expenditure was utilised for capital charges as at 31 August 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.

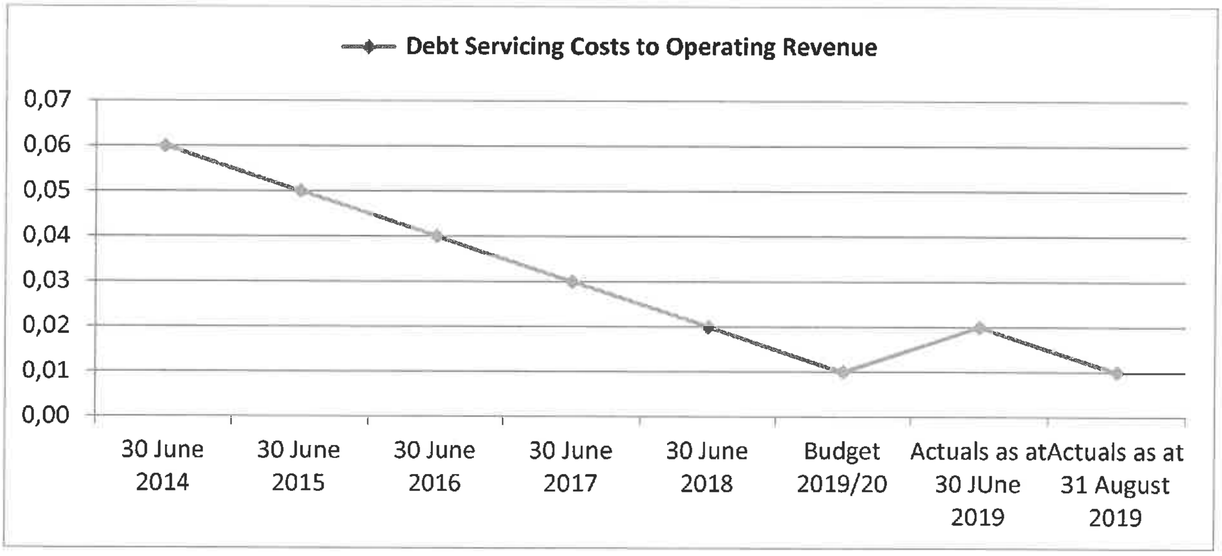
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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



5.2. Liquidity

5.2.1. Current ratio

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

The ratio is determined as follows:

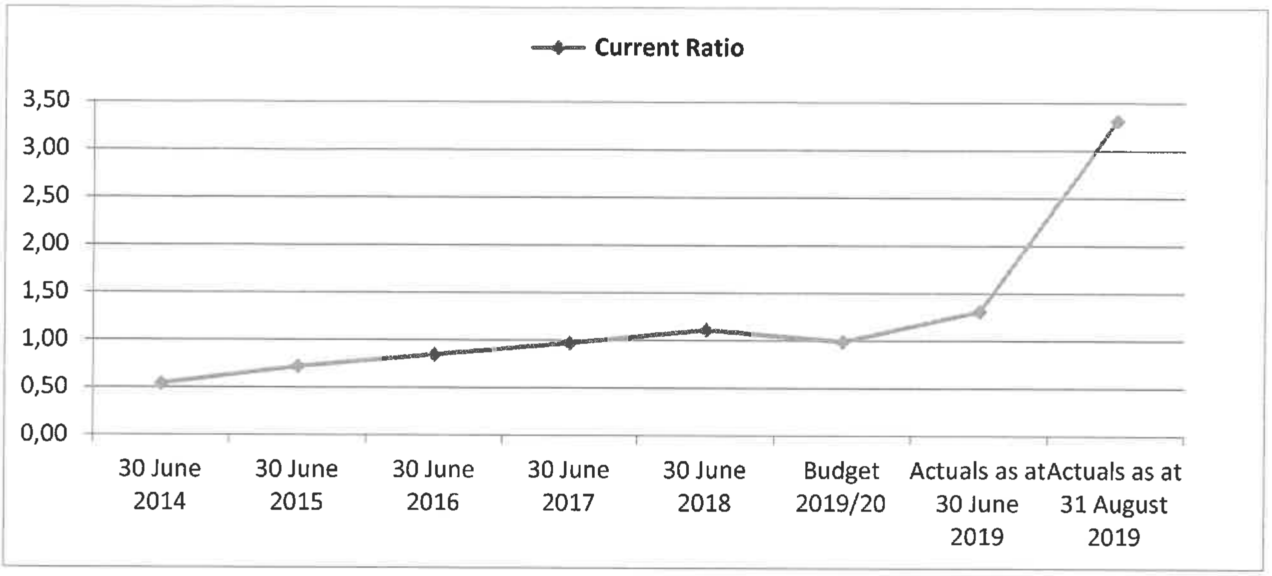
Current assets/Current liabilities

The ratio as at 31 August 2019 was 3.31:1, 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

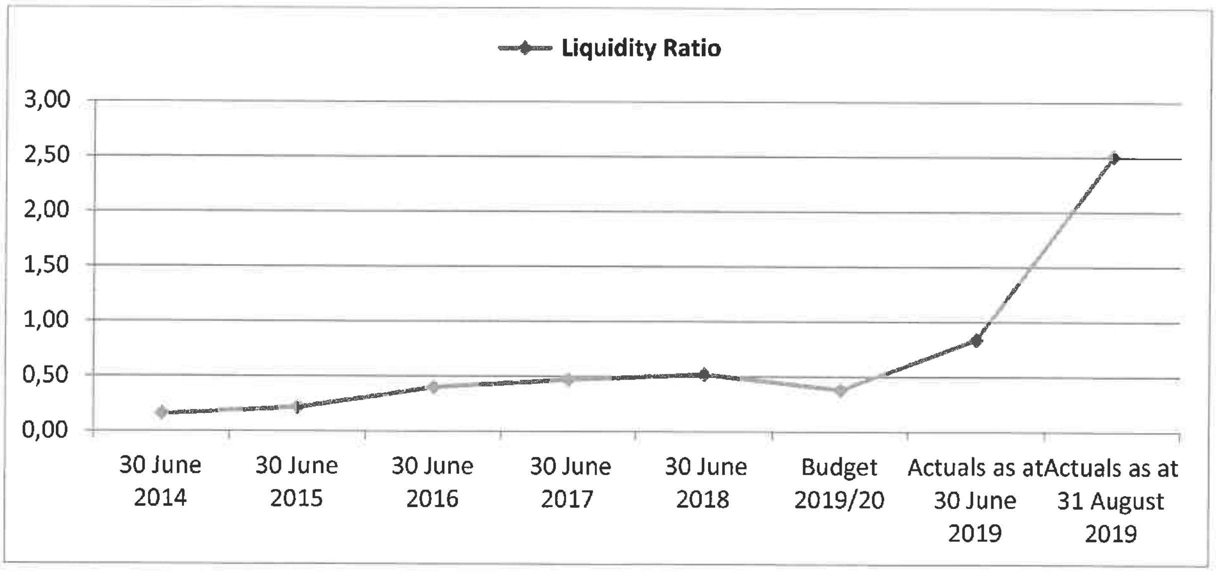
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 August 2019 was 2.51:1, 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

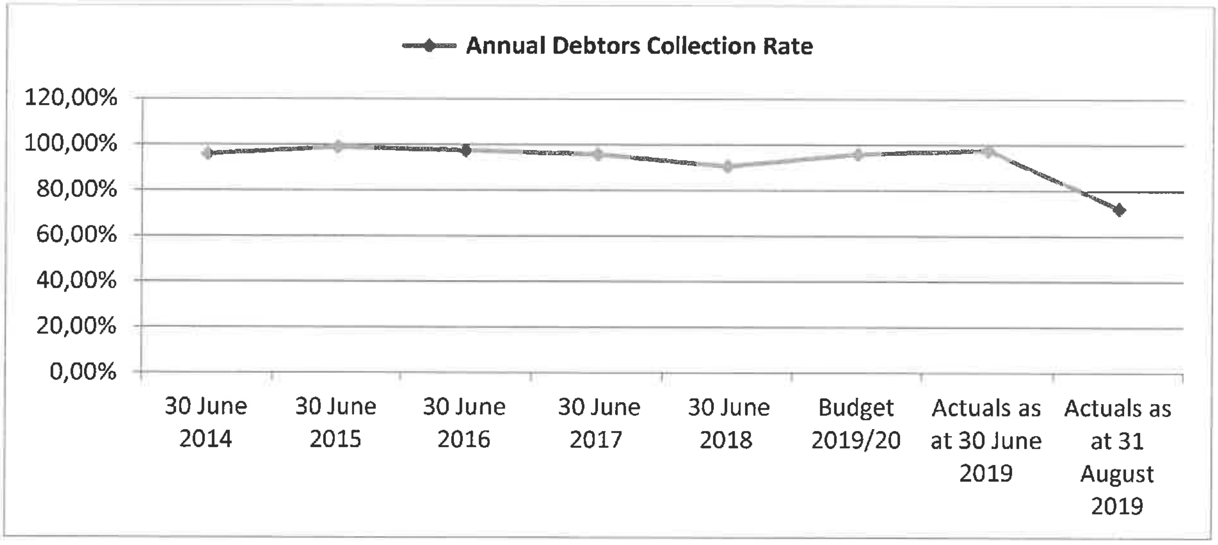
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 August 2019 was 72.33%, compared to the budgeted collection rate of 96%. The collection rate of 72.33% as at 31 August 2019 is influenced by the annual property rates raised in July 2019, but not yet paid. The collection rates have been calculated, based on the revenue 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.

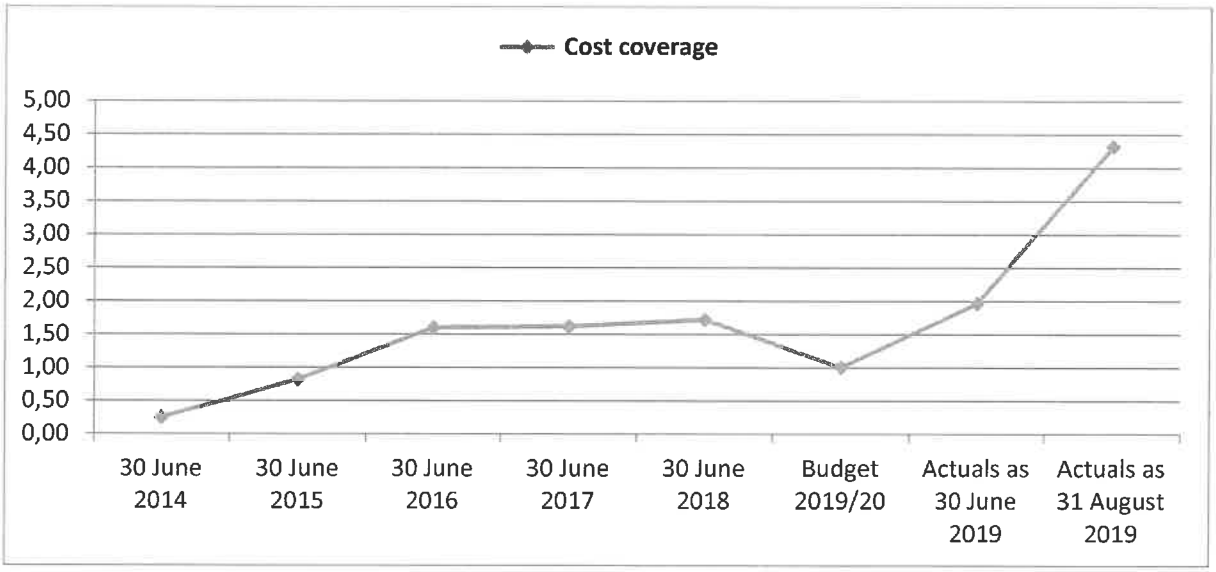
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 August 2019, the Ratio was 4.32 months, compared to the budgeted ratio of 1.01 months.

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



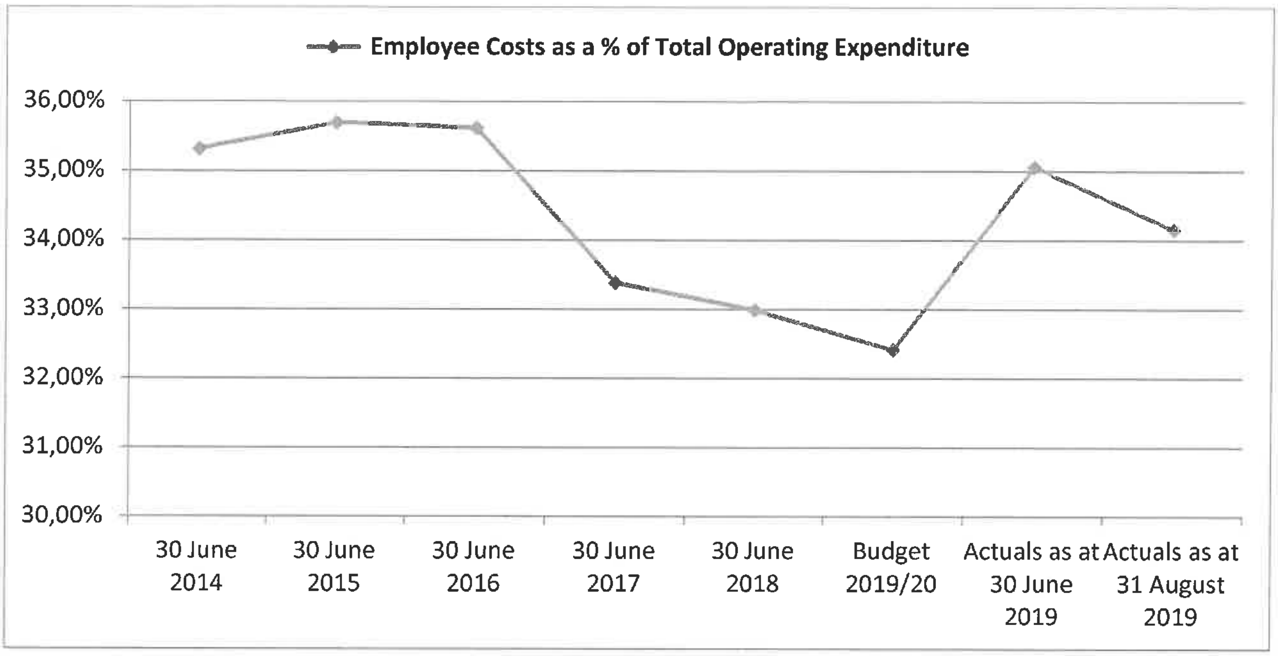
5.4.2. Employee costs as a % of Total Operating Expenditure

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

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 31 August 2019, Employee Related Costs constituted 34.16% of the Total Operating Expenditure, compared to the budgeted ratio of 32.42%.



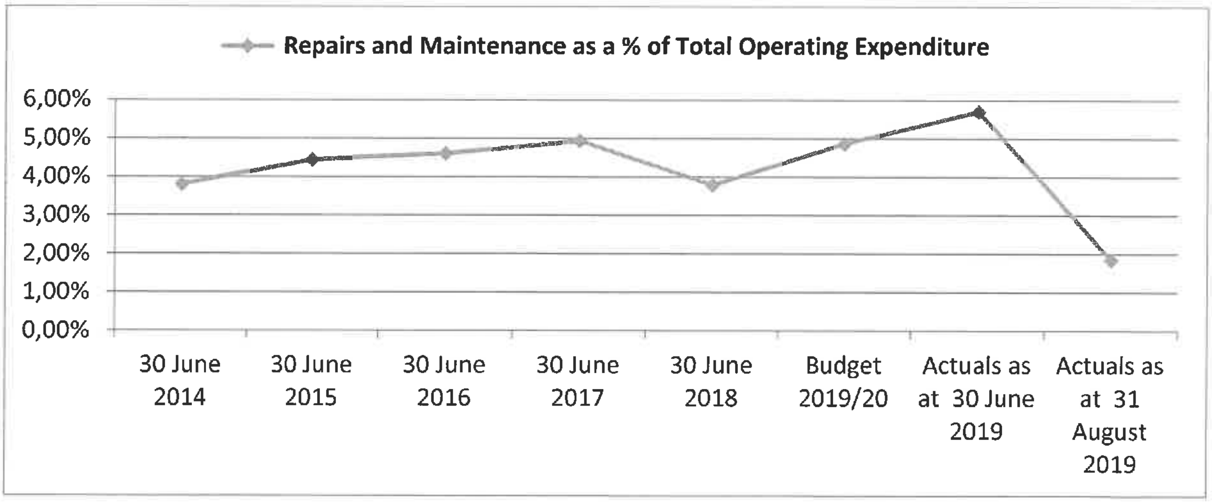
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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

The ratio is determined as follows:

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

As at 31 August 2019, the ratio was 1,85%, compared to the budgeted ratio of 4.87%.



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

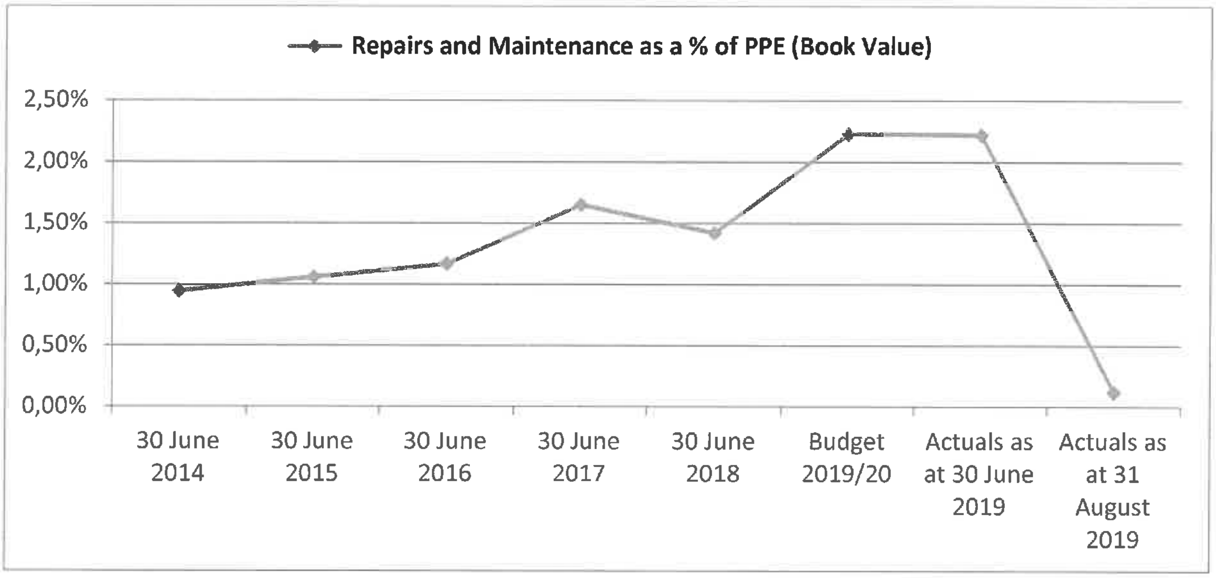
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 August 2019, repairs and maintenance expenditure constituted 0.12% 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%.



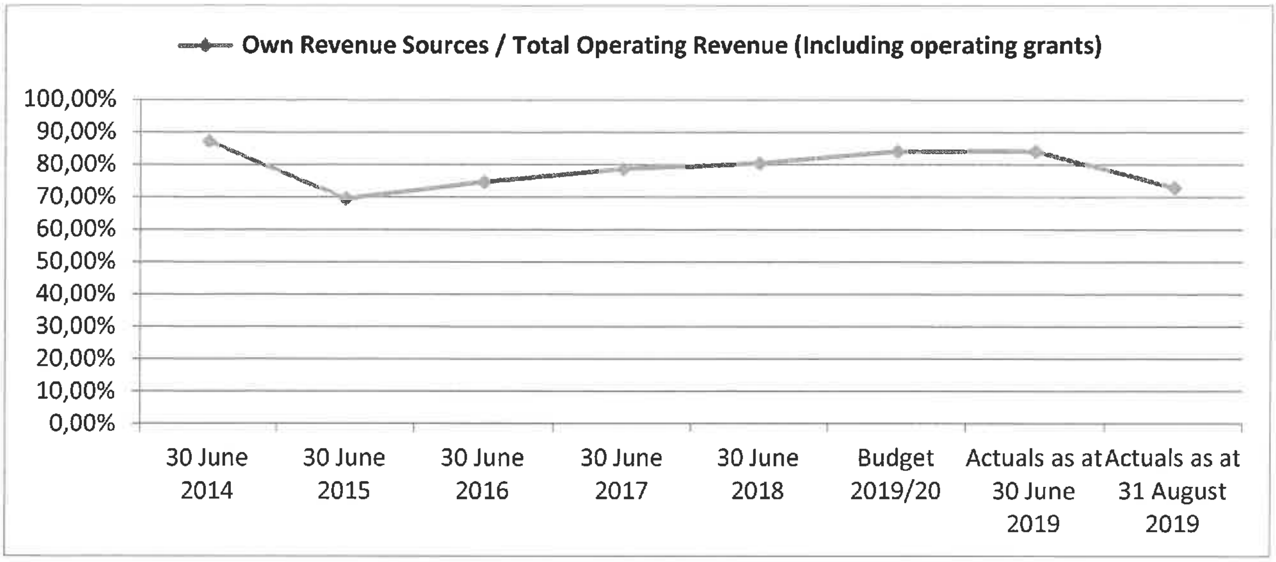
5.4.5. Own Revenue Generation

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 August 2019, the Municipality's own revenue sources constituted 72.97% 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 August 2019 amounted to 5.87% compared to the budgeted ratio of 95%.