KOUGA MUNICIPALITY (EC108)

FINANCE

DATE: **ITEM NO:**

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MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2019 TO SEPTEMBER 2019 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 SEPTEMBER 2019 (2019/20 FINANCIAL YEAR)

1. Purpose

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

2. Legislative Requirements

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

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

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

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

3. Executive Summary

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the months of July 2019 to September 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 258,103 million, whilst operating expenditure amounted to R 197,585 million, resulting in an operating surplus of R 60,518 million.

- Capital expenditure constituted 8,25% of the 2019/20 Adjusted Capital Budget.
- Overdue consumer debts increased by R 27,318 million (18,73%) since June 2019.
- An amount of R 33,749 million is owing to creditors, of which R 32,969 million (97,69%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 50,300,846 (23,48%) since June 2019, from R 214,227,548 to R 264,528,394.

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 30 September 2018	Actuals as at 30 September 2019	Approved Budget 2019/20
Current Ratio	0.97:1	1.11:1	1.45:1	2.51:1	3.24:1	0.99:1
Liquidity Ratio	0.47:1	0.52:1	0.88:1	1.07:1	2.47:1	0.38:1
Cost Coverage (Excluding unspent conditional grants)	1.62 months	1.72 months	1.90 months	2.49 months	2,33 Months	1.01 months
Debtors Collection Rate	95.81%	90.73%	97.62%	89.07%	85,12%	96%
Capital Expenditure	72.92%	72.98%	48.62%	15.45%	8,25%	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 September 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 Executive Mayor's report on the implementation of the budget and the financial state of affairs of the municipality, in accordance with Section 52(d) of the MFMA be noted.

III. 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 September 2019

I hereby acknowledge the receipt of sections 71 and 52(d) report in terms of the Municipal Finance Management Act No. 56 of 2003.

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Executive Mayor

1.1. Municipal Manager's Quality Certificate

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

Print Name CHARL DU PLESSIS

Municipal Manager of Kouga Local Municipality

Signature

Date 14/10/2019

Annexure "A1"

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY TO 30 SEPTEMBER 2019.

Below is an analysis of the operating revenue and expenditure performance

Description	Budget Year 2019/20		
	Approved Budget	Actuals as at 30 September 2019	%
R thousands			
Revenue By Source			
Property rates	196 717	94 237	47,90%
Service charges - electricity revenue	277 068	55 558	20,05%
Service charges - water revenue	76 105	12 122	15,93%
Service charges - sanitation revenue	46 346	12 983	28,01%
Service charges - refuse revenue	53 732	14 451	26,89%
Rental of facilities and equipment	1 024	163	15,93%
Interest earned - external investments	10 375	3 661	35,28%
Interest earned - outstanding debtors	8 439	3 078	36,47%
Fines, penalties and forfeits	6 397	738	11,54%
Licences and permits	16 568	5 909	35,67%
Transfers and subsidies	133 112	52 766	39,64%
Other revenue	10 810	2 437	22,55%
Total Revenue (excluding capital transfers and contributions)	**836 693**	**258 103**	**30,85%**
Expenditure By Type			
Employee related costs	290 942	67 230	23,11%
Remuneration of councillors	13 063	3 094	23,69%
Debt impairment	26 336	–	0,00%
Depreciation & asset impairment	85 101	18 382	21,60%
Finance charges	2 201	647	29,40%
Bulk purchases	271 623	80 554	29,66%
Other materials	29 631	5 794	19,55%
Contracted services	80 320	4 967	6,18%
Other expenditure	98 085	16 916	17,25%
Total Expenditure	**897 301**	**197 585**	**22,02%**
Surplus/(Deficit)	**(60 608)**	**60 518**	

The statement of financial performance indicates a surplus of R 60,518 million.

Below is a discussion of the significant revenue variations:

Revenue Variations

Property Rates

As at 30 September 2019, the Municipality has recognised 47,90% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2019, amounting to R 74,414 million.

Service Charges – Electricity

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

Service Charges – Water

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

Rental of Facilities

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

Fines, penalties and forfeits

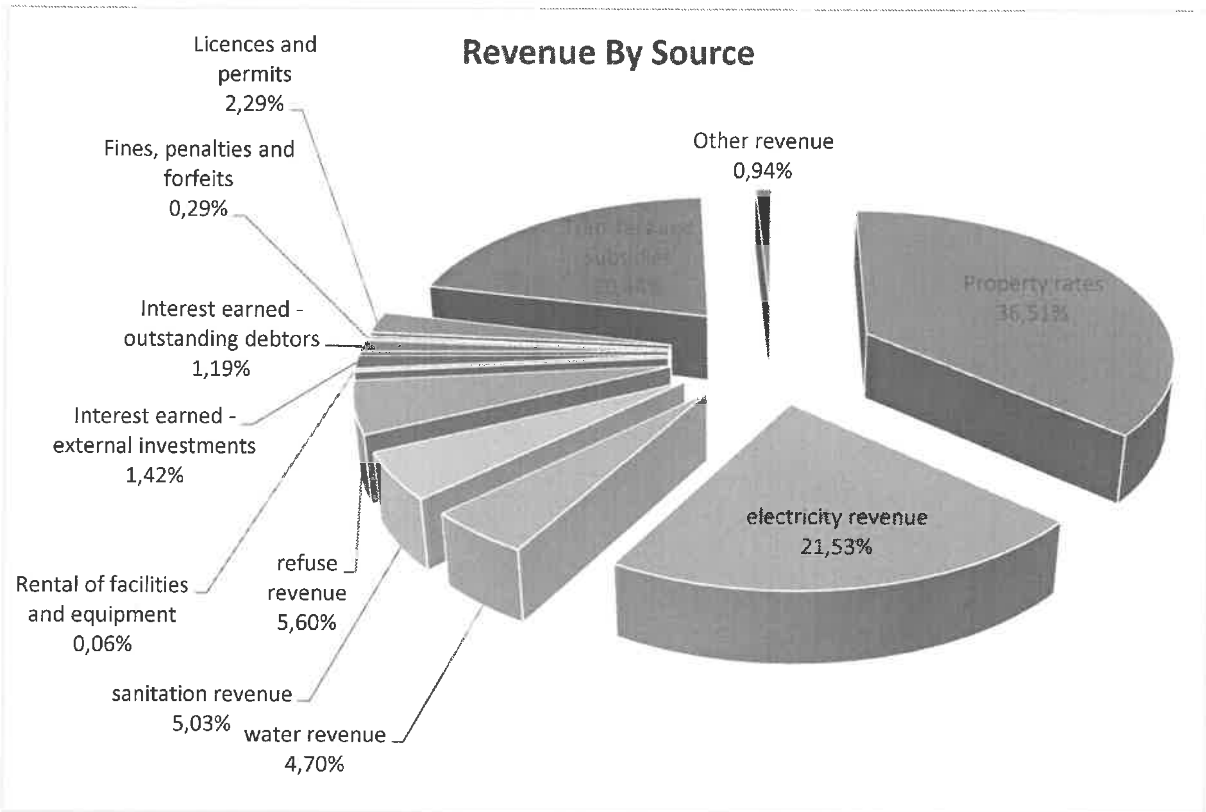
Fines, penalties and forfeits are largely influenced by the lower than anticipated revenue from traffic fines.

Licences and permits

This is largely influenced by the extent of vehicle registrations.

Transfers and Subsidies

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



Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Other materials

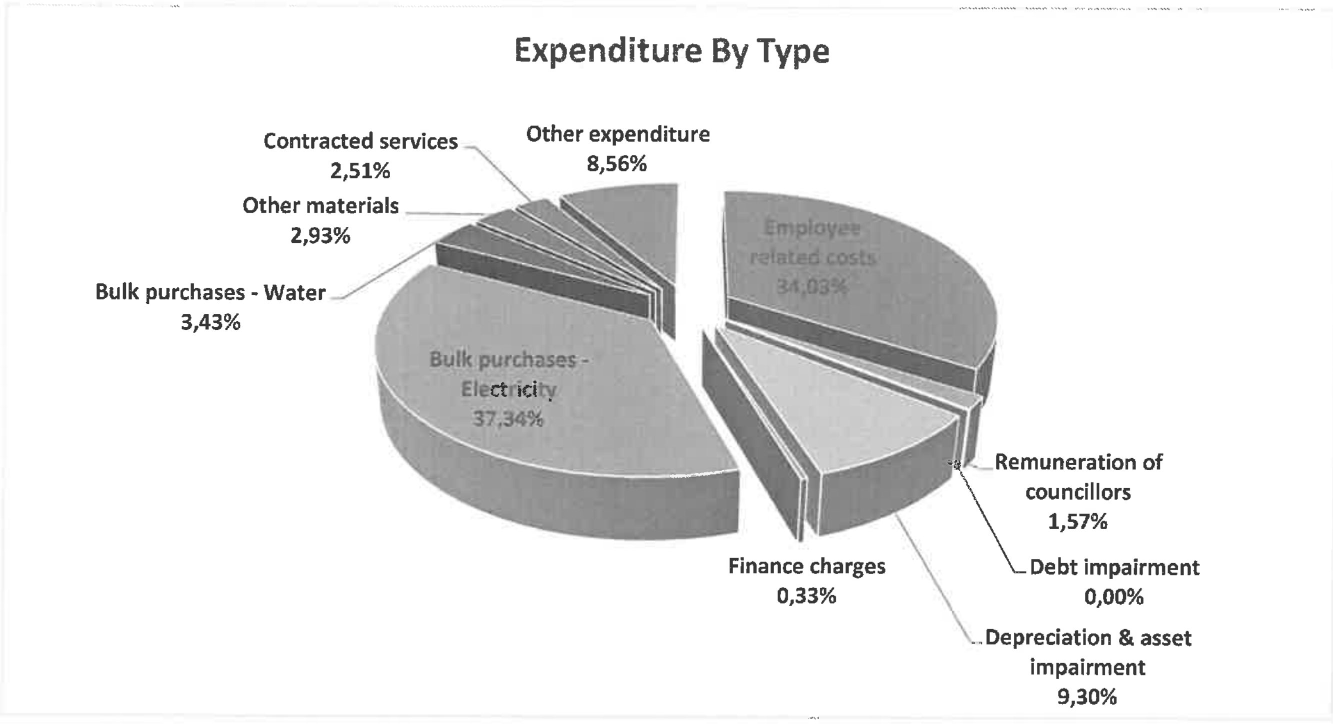
Other materials relate to consumables, fuel and oil. It includes material and supplies used for repairs and maintenance. This is influence by the low spending on repairs and maintenance budget.

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.

Other expenditure

Other expenditure relates to various general expenses, relating to the running costs of the municipality, such as printing and stationery, telephone accounts, etc.


Expenditure By Type
Contracted services
2,51%
Other expenditure
8,56%
Other materials
2,93%
Bulk purchases - Water
3,43%
Employee related costs
34,03%
Bulk purchases - Electricity
37,34%
Remuneration of councillors
1,57%
Finance charges
0,33%
Debt impairment
0,00%
Depreciation & asset impairment
9,30%

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 30 September 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	60 462	28,74%
	270 920	**63 404**	23,40%
Corporate Services			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	738	4%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	300 000	54 426	18,14%
Expenditure:Inventory Consumed:Materials and Supplies	-	-	
	320 000	**55 164**	17,24%
Finance			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	94 680	2 332	2,46%
Expenditure:Inventory Consumed:Materials and Supplies	173 580	-	0,00%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	418 200	3 698	0,88%
	686 460	**6 030**	**0,88%**
Community Services			
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	3 556 521	316 559	8,90%
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	138 585	10,26%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	3 896 192	810 503	20,80%
Expenditure:Operational Cost:Uniform and Protective Clothing	-	-	
	8 952 833	**1 265 648**	**14,14%**
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	73 335	2,38%
Expenditure:Inventory Consumed:Materials and Supplies	12 440 964	2 217 256	17,82%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	264 000	98 748	37,40%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	17 355 640	1 622 019	9,35%
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	252 560	57 034	22,58%
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Tenders	-	-	
	33 388 964	**4 068 392**	**12,18%**
Total	**43 691 777**	**5 459 348**	**12,50%**

It is to be noted that actual repairs and maintenance expenditure constituted 12,50% 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.

DIRECTORATES	Projects	Funding	Approved Budget 2019/20	Approved roll over	Amended Budget 2019/20	Actuals as at 30 September 2019	% of Budget
	EXECUTIVE & COUNCIL						
EXECUTIVE & COUNCIL	Computer Equipment	Internal	130 000	60 000	190 000	-	0,00%
EXECUTIVE & COUNCIL	Furniture and Equipment	Internal	260 000	-	260 000	13 700	5,27%
EXECUTIVE & COUNCIL	Ward Councilors Capital (Markets)	Internal	750 000	1 067 695	1 817 695	239 637	13,18%
EXECUTIVE & COUNCIL	Security Camera	Internal	60 000	- 60 000			
			1 200 000	**1 067 695**	**2 267 695**	253 337	11,17%
	CORPORATE SERVICES						
CORPORATE SERVICES	Biometric system	Internal	130 000	120 000	250 000	-	0,00%
CORPORATE SERVICES	Buildings	Internal	1 000 000	20 489	1 020 489	-	0,00%
CORPORATE SERVICES	Computer Equipment	Internal	198 000	140 582	338 582	1 043	0,31%
CORPORATE SERVICES	Computer Software and Applications	Internal	-	-	-	-	
CORPORATE SERVICES	EDMS	Internal	540 506	670 494	1 211 000	-	0,00%
CORPORATE SERVICES	Fencing of main building	Internal	-	120 000	120 000	-	0,00%
CORPORATE SERVICES	Furniture and Equipment	Internal	550 000	166 571	716 571	72 228	10,08%
CORPORATE SERVICES	Library upgrade Corporate Services	Internal	100 000	356 689	456 689	-	0,00%
CORPORATE SERVICES	Software upgrade	Internal	300 000	-	300 000	-	0,00%
CORPORATE SERVICES	Vehicle	Internal	250 000	-	250 000	-	0,00%
			3 068 506	**1 594 825**	4 663 331	73 271	1,57%
	FINANCE						
FINANCE	Cibex Software	Internal	600 000	-	600 000	-	0,00%
FINANCE	Computer Equipment	Internal	300 000	-	300 000	22 483	7,49%
FINANCE	Container (Assets)	Internal	50 000	-	50 000	-	0,00%
FINANCE	Containers (SCM)	Internal	100 000	-	100 000	-	0,00%
FINANCE	Disaster Recovery Server	Internal	-	644 106	644 106	-	0,00%
FINANCE	DOT MATRIX PRINTER	Internal	-	197 489	197 489	-	0,00%
FINANCE	Fencing (Stores)	Internal	150 000	-	150 000	-	0,00%
FINANCE	Filing system (SCM)	Internal	350 000	-	350 000	-	0,00%
FINANCE	Furniture and Equipment	Internal	300 000	-	300 000	21 125	7,04%
FINANCE	Office upgrade ICT	Internal	-	153 950	153 950	59 535	38,67%
FINANCE	Shelving (SCM)	Internal	200 000	-	200 000	-	0,00%
FINANCE	Vehicle	Internal	300 000	300 000	600 000	-	0,00%
FINANCE	WIFI Solution	Internal	250 000	-	250 000	-	0,00%
			2 600 000	**1 295 545**	**3 895 545**	103 143	2,65%
	PLANNING, DEVELOPMENT & TOURISM						
PLANNING,DEVELOPMENT & TOURISM	Arts and Creative Industries	DISTRICT	100 000	-	100 000	-	0,00%
PLANNING,DEVELOPMENT & TOURISM	Computer Equipment	Internal	60 000	-	60 000	-	0,00%
PLANNING,DEVELOPMENT & TOURISM	Computer Software and Applications	Internal	300 000	-	300 000	-	0,00%
PLANNING,DEVELOPMENT & TOURISM	Furniture and equipment	Internal	200 000	-	200 000	-	0,00%
PLANNING,DEVELOPMENT & TOURISM	Land acquisition housing projects	Internal	1 700 000	-	1 700 000	1 533 043	90,18%
PLANNING,DEVELOPMENT & TOURISM	LED Capital Projects	Internal	1 000 000	-	1 000 000	-	0,00%
PLANNING,DEVELOPMENT & TOURISM	Mini Fresh Food and Craft Markets in Jeffrey's Bay & Hankey	MIG	1 220 951	-	1 220 951	-	0,00%
			4 580 951	-	**4 580 951**	1 533 043	**33,47%**
	COMMUNITY SERVICES						
COMMUNITY SERVICES	Fencing - Hdorp	Internal	1 300 000	-	1 300 000	-	0,00%
COMMUNITY SERVICES	Machinery and Equipment	Internal	1 400 000	253 637	1 653 637	155 041	9,38%
COMMUNITY SERVICES	Vehicle	Internal	4 265 100	- 821 255	3 443 845	-	0,00%
COMMUNITY SERVICES	Furniture and Equipment	Internal	350 000	- 11 900	338 100	10 007	2,96%
COMMUNITY SERVICES	Bins _with_wheels	Internal	2 000 000	-	2 000 000	-	0,00%
COMMUNITY SERVICES	Life Gaurds Beach Tower	Internal	100 000	123 600	223 600	-	0,00%
COMMUNITY SERVICES	Upgrading of Sports Facilities	MIG	5 564 599	-	5 564 599	13 200	0,24%
COMMUNITY SERVICES	Upgrading of Kwanomzamo Sports Facility	MIG	5 413 043	-	5 413 043	-	0,00%
COMMUNITY SERVICES	Computer Equipment	Internal	300 000	-	300 000	118 957	39,65%
COMMUNITY SERVICES	Fencing Fire Station Hankey	Internal	300 000	-	300 000	-	0,00%
COMMUNITY SERVICES	Weston Library Upgrade	Internal	-	11 900	11 900	11 800	99,16%
COMMUNITY SERVICES	Vehicle	DISTRICT		3 665 100	3 665 100	-	0,00%
COMMUNITY SERVICES	Upgrading of Yellow Woods	Internal	150 000	-	150 000	-	0,00%
COMMUNITY SERVICES	Upgrading of play parks	Internal	200 000	-	200 000	-	0,00%
COMMUNITY SERVICES	Upgrading of Pellsrus, Kabeljous, Cape St Francis Beach parks	Internal	450 000	-	450 000	24 283	5,40%
COMMUNITY SERVICES	Vehicles	Internal	1 150 000	-	1 150 000	-	0,00%
COMMUNITY SERVICES	Upgrading of sport & recreation facilities	Internal	500 000	-	500 000	-	0,00%
COMMUNITY SERVICES	HYDRAULICS RESCUE EQUIPMENT	Internal	-	415 331	415 331	25 198	6,07%
			23 442 742	**3 636 413**	**27 079 155**	**358 485**	1,32%

DIRECTORATES	Projects	Funding			Approved Budget 2019/20	Actuals as at 30 September 2019	% of Budget
	INFRASTRUCTURE & ENGINEERING						
INFRASTRUCTURE & ENGINEERING	Furniture and Equipment	Internal	10 000	-	10 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Computer Equipment	Internal	25 000	-	25 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Machinery and equipment	Internal	330 000	-	330 000	127 506	38,64%
INFRASTRUCTURE & ENGINEERING	Vehicles	Internal	2 600 000	5 085 469	7 685 469	-	0,00%
INFRASTRUCTURE & ENGINEERING	Energy and Demand Side Management	energy	-	3 478 261	3 478 261	-	0,00%
INFRASTRUCTURE & ENGINEERING	Energy and Demand Side Management	INEP	3 478 261	3 478 261			
INFRASTRUCTURE & ENGINEERING	New overheadlines 66kv overheadlines(Jbay to Melk	Internal	1 800 000	-	1 800 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Outfall Sewers Capital	Internal	-	882 619	882 619	195 473	22,15%
INFRASTRUCTURE & ENGINEERING	Upgrading of the Ses Vista Wastewater Treatment Wo	MIG	13 011 229	-	13 011 229	1 125 277	8,65%
INFRASTRUCTURE & ENGINEERING	Upgrading of Gravel Roads in Jeffreys Bay	MIG	363 655	-	363 655	-	0,00%
INFRASTRUCTURE & ENGINEERING	Patensie Sewage Package Plant	MIG	5 650 392	-	5 650 392	-	0,00%
INFRASTRUCTURE & ENGINEERING	Upgrade Sanitation System Old Hankey	MIG	434 783	-	434 783	-	0,00%
INFRASTRUCTURE & ENGINEERING	LV Networks (Informal Areas, Electrification/illeg	Internal	1 000 000	-	1 000 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Pump Station Capital	Internal	750 000	-	750 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Security Camera	Internal	200 000	-	200 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	1 500 000	-	1 500 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Roads Capital	Internal	1 500 000	-	1 500 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Bucket Eradication Programme	Internal	2 300 000	2 131 523	4 431 523	186 100	4,20%
INFRASTRUCTURE & ENGINEERING	St Francis bulk main outfall sewer	Internal	500 000	-	500 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Sewer REPLACE OLD PUMPS	Internal	750 000	-	750 000	47 936	6,39%
INFRASTRUCTURE & ENGINEERING	Electrcial replacement of old and dangerous swith gear Saffery Sub station Humansdorp	Internal	2 000 000	-	2 000 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Electrcial Replacement of old mv cables to main sub staion Humansdorp	Internal	1 200 000	-	1 200 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Electrcial supply of tri switches St francis Bay	Internal	200 000	-	200 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Electrcial Supply auto recloser St Francis Bay	Internal	400 000	-	400 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Electrical Mini sub station 22 000/11000/400 St Francis Bay	Internal	700 000	-	700 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Electrcial 5 MV 22000/11000 transformer	Internal	1 400 000	-	1 400 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Electrical Oil circuit breakers replacement with vacuum or gas breakers	Internal	800 000	-	800 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	Purchase storage containers (3)	Internal	200 000	-	200 000	25 652	12,83%
INFRASTRUCTURE & ENGINEERING	KwaNomzamo Wastewater Treatment Works	WSIG_NT	8 695 652	1	8 695 653	-	0,00%
INFRASTRUCTURE & ENGINEERING	Humansdorp, Kruisfontein and Osean View Electrification	INEP	5 219 130	-	5 219 130	-	0,00%
INFRASTRUCTURE & ENGINEERING	High Mast Lights	Internal	1 200 000	-	1 200 000	-	0,00%
INFRASTRUCTURE & ENGINEERING	CONCRETE POLES	Internal	-	197 246	197 246	171 518	86,96%
INFRASTRUCTURE & ENGINEERING	SOLAR LIGHTS	Internal	-	753 449	753 449	-	0,00%
INFRASTRUCTURE & ENGINEERING	conversion from conventional meter to pre paid meter and moving of meter to boundary wall	Internal	-	195 888	195 888	170 337	86,96%
INFRASTRUCTURE & ENGINEERING	purchase of mini sub station 11000/400,22000/400	Internal	-	591 557	591 557	-	0,00%
INFRASTRUCTURE & ENGINEERING	RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG_NT	-	-	-	153 873	
INFRASTRUCTURE & ENGINEERING	RETICULATION REPLACE PIPELINES (HANKEY)	WSIG_NT	-	-	-	167 996	
INFRASTRUCTURE & ENGINEERING	CAPE ST FRANCIS WATER SUPPLY	WSIG_DWS	-	-	-	307 680	
INFRASTRUCTURE & ENGINEERING	DEVELOP NATURAL SPRINGS AND CONVEYANCE	WSIG_NT	-	-	-	1 109 500	
INFRASTRUCTURE & ENGINEERING	HANKEY WATER SUPPLY	WSIG_DWS	-	-	-	541 891	
INFRASTRUCTURE & ENGINEERING	HUMANSDORP WATER SUPPLY	WSIG_DWS	-	-	-	80 527	
INFRASTRUCTURE & ENGINEERING	REFURBISH AND UPGRADE WATER TREATMENT WORKS	WSIG_NT	-	-	-	1 594 873	
INFRASTRUCTURE & ENGINEERING	PATENSIE WATER SUPPLY	WSIG_DWS	-	-	-	218 964	
INFRASTRUCTURE & ENGINEERING	JEFFREYS BAY WATER SUPPLY	WSIG_DWS	-	-	-	577 202	
			58 218 102	**9 837 752**	**68 055 854**	**6 802 304**	10,00%
			93 110 301	**17 432 230**	**110 542 531**	**9 123 584**	8,25%
	Internally generated funds		41993506	15732229	57 725 735	3 232 602	5,60%
	Transfers recognised - capital		51 116 795	1700001	52 816 796	5 890 982	11,15%
	Total		93 110 301	17 432 230	110 542 531	9 123 584	8,25%

It is to be noted that capital expenditure as at 30 September 2019 amounted to 8,25%, compared to the adjusted capital budget of R 110,542,531.

Capital Expendituire

	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 30 September 2019	253 337	103 143	73 271	1 533 043	6 802 304	358 485

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2019/20 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 September 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 – M03 September 2019

Description	Ref	2018/19	Budget Year 2019/20							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates			188 848		24 439	78 818	47 212	31 606	67%	188 848
Service charges			435 121		38 990	106 782	108 780	(1 998)	-2%	435 121
Other revenue			34 799		39	18 268	8 700	9 568	110%	34 799
Government - operating			133 112		–	54 078	33 278	20 800	63%	133 112
Government - capital			58 063		–	19 768	14 516	5 253	36%	58 063
Interest			18 476		2 531	6 946	4 619	2 327	50%	18 476
Dividends			–		–	–	–	–		–
Payments										
Suppliers and employees			(783 499)		(66 584)	(221 317)	(195 875)	25 443	-13%	(783 499)
Finance charges			(2 201)		(207)	(647)	(550)	97	-18%	(2 201)
Transfers and Grants			–		–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	**82 720**	–	**(792)**	**62 696**	**20 680**	**(42 016)**	**-203%**	**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)		(3 028)	(10 492)	(23 278)	(12 785)	55%	(93 110)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	**(93 110)**	–	**(3 028)**	**(10 492)**	**(23 278)**	**(12 785)**	**55%**	**(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)	(1 903)	(2 000)	(97)	5%	(7 999)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	**(7 999)**	–	**(643)**	**(1 903)**	**(2 000)**	**(97)**	**5%**	**(7 999)**
NET INCREASE/ (DECREASE) IN CASH HELD		–	**(18 389)**	–	**(4 463)**	**50 301**	**(4 597)**			**(18 389)**
Cash/cash equivalents at beginning:			84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:		–	66 318	–		264 528	80 110			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 period July 2019 to September 2019 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M03 September 2019

Description	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
Financial Performance									
Property rates	–	196 717	196 717	11 017	94 237	49 179	45 058	92%	196 717
Service charges	–	453 251	453 251	12 684	95 114	113 313	(18 198)	-16%	453 251
Investment revenue	–	10 375	10 375	1 040	3 661	2 594	1 067	41%	10 375
Transfers and subsidies	–	133 112	133 112	5	52 766	33 278	19 488	59%	133 112
Other own revenue	–	43 238	43 238	38 159	12 326	10 810	1 516	14%	43 238
Total Revenue (excluding capital transfers and contributions)	–	**836 693**	**836 693**	**62 904**	**258 103**	**209 173**	**48 930**	**23%**	**836 693**
Employee costs	–	290 942	290 942	23 332	67 230	72 735	(5 506)	-8%	290 942
Remuneration of Councillors	–	13 063	13 063	1 007	3 094	3 266	(171)	-5%	13 063
Depreciation & asset impairment	–	85 101	85 101	6 127	18 382	21 275	(2 893)	-14%	85 101
Finance charges	–	2 201	2 201	207	647	550	97	18%	2 201
Materials and bulk purchases	–	301 244	301 254	28 238	86 349	75 314	11 035	15%	301 254
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	–	204 586	204 741	10 179	21 884	51 185	(29 301)	-57%	204 741
Total Expenditure	–	**897 137**	**897 301**	**69 091**	**197 585**	**224 325**	**(26 740)**	**-12%**	**897 301**
Surplus/(Deficit)	–	**(60 444)**	**(60 608)**	**(6 187)**	**60 518**	**(15 152)**	**75 670**	**-499%**	**(60 608)**
Transfers and subsidies - capital (monetary alloc	–	58 063	58 063	(71)	6 766	14 516	(7 750)	-53%	58 063
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	–	**(2 381)**	**(2 545)**	**(6 258)**	**67 284**	**(636)**	**67 920**	**-10674%**	**(2 545)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	–	**(2 381)**	**(2 545)**	**(6 258)**	**67 284**	**(636)**	**67 920**	**-10674%**	**(2 545)**
Capital expenditure & funds sources									
Capital expenditure	–	**93 110**	**110 543**	**2 633**	**9 124**	**27 636**	**(18 512)**	**-67%**	**110 543**
Capital transfers recognised	–	51 117	52 817	296	5 891	13 204	(7 313)	-55%	52 817
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	**41 994**	**57 726**	**2 337**	**3 233**	**14 431**	**(11 199)**	**-78%**	**57 726**
Total sources of capital funds	–	**93 110**	**110 543**	**2 633**	**9 124**	**27 636**	**(18 512)**	**-67%**	**110 543**
Financial position									
Total current assets	–	173 204	–		347 250				173 204
Total non current assets	–	2 317 635	–		2 286 781				2 317 635
Total current liabilities	–	175 225	–		107 190				175 225
Total non current liabilities	–	184 979	–		179 799				184 979
Community wealth/Equity	–	**2 130 635**	–		**2 347 042**				**2 130 635**
Cash flows									
Net cash from (used) operating	–	82 720	–	(792)	62 696	20 680	(42 016)	-203%	82 720
Net cash from (used) investing	–	(93 110)	–	(3 028)	(10 492)	(23 278)	(12 785)	55%	(93 110)
Net cash from (used) financing	–	(7 999)	–	(643)	(1 903)	(2 000)	(97)	5%	(7 999)
Cash/cash equivalents at the month/year end	–	**66 318**	–	–	**264 528**	**80 110**	**(184 419)**	**-230%**	**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	36 711	28 380	4 407	4 167	3 887	3 412	19 437	109 512	209 913
Creditors Age Analysis									
Total Creditors	32 969	512	387	3	2	(0)	21	(144)	33 749

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) – M03 September 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**	**29 756**	**135 046**	**84 869**	50 177	59%	**339 475**
Executive and council		–	27	27	–	4	7	(3)	-46%	27
Finance and administration		–	339 448	339 448	29 756	135 042	84 862	50 180	59%	339 448
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	**14 266**	**14 266**	**371**	**1 993**	**3 566**	(1 573)	-44%	**14 266**
Community and social services		–	2 479	2 479	29	88	620	(532)	-86%	2 479
Sport and recreation		–	7 867	7 867	333	1 873	1 967	(94)	-5%	7 867
Public safety		–	1 984	1 984	1	9	496	(487)	-98%	1 984
Housing		–	–	–	–	–	–	–		–
Health		–	1 936	1 936	7	23	484	(460)	-95%	1 936
Economic and environmental services		–	**19 616**	**19 616**	**1 778**	**6 097**	**4 904**	1 193	24%	**19 616**
Planning and development		–	6 667	6 667	338	1 404	1 667	(263)	-16%	6 667
Road transport		–	11 844	11 844	1 396	4 396	2 961	1 435	48%	11 844
Environmental protection		–	1 105	1 105	44	297	276	21	8%	1 105
Trading services		–	**521 398**	**521 398**	**30 928**	**121 733**	**130 350**	(8 616)	-7%	**521 398**
Energy sources		–	293 789	293 789	24 239	73 326	73 447	(121)	0%	293 789
Water management		–	87 929	87 929	(1 795)	18 476	21 982	(3 506)	-16%	87 929
Waste water management		–	83 574	83 574	3 991	14 703	20 894	(6 191)	-30%	83 574
Waste management		–	56 106	56 106	4 493	15 228	14 026	1 202	9%	56 106
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	–	**894 756**	**894 756**	**62 833**	**264 869**	**223 689**	**41 180**	**18%**	**894 756**
Expenditure - Functional										
Governance and administration		–	**222 961**	**223 125**	**12 429**	**36 404**	**55 781**	(19 377)	-35%	**223 125**
Executive and council		–	45 089	44 608	3 305	8 860	11 152	(2 291)	-21%	44 608
Finance and administration		–	177 872	178 498	9 124	27 544	44 624	(17 081)	-38%	178 498
Internal audit		–	–	20	–	–	5	(5)	-100%	20
Community and public safety		–	**85 190**	**86 290**	**6 408**	**17 569**	**21 573**	(4 004)	-19%	**86 290**
Community and social services		–	10 612	10 612	646	1 804	2 653	(849)	-32%	10 612
Sport and recreation		–	44 086	44 086	3 199	8 566	11 022	(2 455)	-22%	44 086
Public safety		–	22 264	22 264	1 922	5 397	5 566	(169)	-3%	22 264
Housing		–	3 228	4 328	310	770	1 082	(312)	-29%	4 328
Health		–	4 999	4 999	332	1 031	1 250	(219)	-17%	4 999
Economic and environmental services		–	**116 851**	**116 836**	**8 927**	**23 006**	**29 209**	(6 203)	-21%	**116 836**
Planning and development		–	34 459	34 444	2 417	6 561	8 611	(2 050)	-24%	34 444
Road transport		–	80 642	80 642	6 066	15 881	20 160	(4 280)	-21%	80 642
Environmental protection		–	1 751	1 751	444	565	438	127	29%	1 751
Trading services		–	**467 649**	**467 649**	**41 328**	**120 601**	**116 912**	3 689	3%	**467 649**
Energy sources		–	285 024	285 024	24 478	81 657	71 256	10 401	15%	285 024
Water management		–	80 898	80 898	7 493	16 133	20 224	(4 092)	-20%	80 898
Waste water management		–	51 081	51 081	5 303	12 546	12 770	(224)	-2%	51 081
Waste management		–	50 646	50 646	4 054	10 265	12 661	(2 396)	-19%	50 646
Other		–	**4 486**	**3 401**	–	**5**	**850**	**(845)**	**-99%**	**3 401**
Total Expenditure - Functional	3	–	**897 137**	**897 301**	**69 091**	**197 585**	**224 325**	**(26 740)**	**-12%**	**897 301**
Surplus/ (Deficit) for the year		–	**(2 381)**	**(2 545)**	**(6 258)**	**67 284**	**(636)**	**67 920**	**-10674%**	**(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 – M03 September 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	12 477	151 932	83 464	68 468	82,0%	333 857
Vote 3 - CORPORATE SERVICES	27	27	–	4	7	(3)	-46,4%	27
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 052	4 052	285	947	1 013	(66)	-6,5%	4 052
Vote 5 - INFRASTRUCTURE AND ENGINEERING	468 908	468 908	8 977	89 701	117 227	(27 526)	-23,5%	468 908
Vote 6 - COMMUNITY SERVICES	20 256	20 256	1 579	4 658	5 064	(406)	-8,0%	20 256
Vote 7 - COMMUNITY SERVICES (CONTINUED)	67 656	67 656	39 516	17 628	16 914	714	4,2%	67 656
Total Revenue by Vote	**894 756**	**894 756**	**62 833**	**264 869**	**223 689**	**41 180**	**18,4%**	**894 756**
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	43 826	43 826	2 680	7 504	10 957	(3 453)	-31,5%	43 826
Vote 2 - FINANCIAL SERVICES	93 059	93 059	3 926	11 499	23 265	(11 766)	-50,6%	93 059
Vote 3 - CORPORATE SERVICES	51 140	51 140	3 020	9 558	12 785	(3 227)	-25,2%	51 140
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 412	22 412	1 441	3 900	5 603	(1 703)	-30,4%	22 412
Vote 5 - INFRASTRUCTURE AND ENGINEERING	515 897	515 897	44 588	129 390	128 974	416	0,3%	515 897
Vote 6 - COMMUNITY SERVICES	54 604	54 604	4 099	11 279	13 651	(2 372)	-17,4%	54 604
Vote 7 - COMMUNITY SERVICES (CONTINUED)	116 198	116 363	9 338	24 456	29 091	(4 635)	-15,9%	116 363
Total Expenditure by Vote	**897 137**	**897 301**	**69 091**	**197 585**	**224 325**	**(26 740)**	**-11,9%**	**897 301**
Surplus/ (Deficit) for the year	**(2 381)**	**(2 545)**	**(6 258)**	**67 284**	**(636)**	**67 920**	**-10674,5%**	**(2 545)**

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

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

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

Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M03 September 2019

Description R thousands	Ref	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
Revenue By Source										
Property rates			196 717	196 717	11 017	94 237	49 179	45 058	92%	196 717
Service charges - electricity revenue			277 068	277 068	6 634	55 558	69 267	(13 708)	-20%	277 068
Service charges - water revenue			76 105	76 105	(2 019)	12 122	19 026	(6 904)	-36%	76 105
Service charges - sanitation revenue			46 346	46 346	3 840	12 983	11 587	1 396	12%	46 346
Service charges - refuse revenue			53 732	53 732	4 228	14 451	13 433	1 018	8%	53 732
Rental of facilities and equipment			4 037	1 024	48	163	256	(93)	-36%	1 024
Interest earned - external investments			10 375	10 375	1 040	3 661	2 594	1 067	41%	10 375
Interest earned - outstanding debtors			8 439	8 439	1 058	3 078	2 110	968	46%	8 439
Dividends received			–	–	–	–	–	–		–
Fines, penalties and forfeits			6 397	6 397	34 820	738	1 599	(861)	-54%	6 397
Licences and permits			16 568	16 568	1 632	5 909	4 142	1 767	43%	16 568
Agency services			–	–	–	–	–	–		–
Transfers and subsidies			133 112	133 112	5	52 766	33 278	19 488	59%	133 112
Other revenue			7 797	10 810	601	2 437	2 702	(265)	-10%	10 810
Gains on disposal of PPE				–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	**836 693**	**836 693**	**62 904**	**258 103**	**209 173**	**48 930**	**23%**	**836 693**
Expenditure By Type										
Employee related costs			290 942	290 942	23 332	67 230	72 735	(5 506)	-8%	290 942
Remuneration of councillors			13 063	13 063	1 007	3 094	3 266	(171)	-5%	13 063
Debt impairment			26 336	26 336	–	–	6 584	(6 584)	-100%	26 336
Depreciation & asset impairment			85 101	85 101	6 127	18 382	21 275	(2 893)	-14%	85 101
Finance charges			2 201	2 201	207	647	550	97	18%	2 201
Bulk purchases			271 623	271 623	25 536	80 554	67 906	12 648	19%	271 623
Other materials			29 621	29 631	2 702	5 794	7 408	(1 613)	-22%	29 631
Contracted services			80 814	80 320	2 635	4 967	20 080	(15 112)	-75%	80 320
Transfers and subsidies				–	–	–	–	–		–
Other expenditure			97 436	98 085	7 544	16 916	24 521	(7 605)	-31%	98 085
Loss on disposal of PPE				–	–	–	–	–		–
Total Expenditure		–	**897 137**	**897 301**	**69 091**	**197 585**	**224 325**	**(26 740)**	**-12%**	**897 301**
Surplus/(Deficit)		–	**(60 444)**	**(60 608)**	**(6 187)**	**60 518**	**(15 152)**	**75 670**	**(0)**	**(60 608)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			58 063	58 063	(71)	6 766	14 516	(7 750)	(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)**	**(6 258)**	**67 284**	**(636)**			**(2 545)**
Taxation					–		–	–		
Surplus/(Deficit) after taxation		–	**(2 381)**	**(2 545)**	**(6 258)**	**67 284**	**(636)**			**(2 545)**
Attributable to minorities					–		–			
Surplus/(Deficit) attributable to municipality		–	**(2 381)**	**(2 545)**	**(6 258)**	**67 284**	**(636)**			**(2 545)**
Share of surplus/ (deficit) of associate					–		–			
Surplus/ (Deficit) for the year		–	**(2 381)**	**(2 545)**	**(6 258)**	**67 284**	**(636)**			**(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) – M03 September 2019

Vote Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Single Year expenditure appropriation								
Vote 1 - EXECUTIVE COUNCIL	1 200	2 268	11	253	567	(314)	-55%	2 268
Vote 2 - FINANCIAL SERVICES	2 600	3 896	61	103	974	(871)	-89%	3 896
Vote 3 - CORPORATE SERVICES	3 069	4 663	36	73	1 166	(1 093)	-94%	4 663
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 581	4 581	1 533	1 533	1 145	388	34%	4 581
Vote 5 - INFRASTRUCTURE AND ENGINEERING	59 846	68 056	927	6 802	17 014	(10 212)	-60%	68 056
Vote 6 - COMMUNITY SERVICES	5 915	8 408	49	180	2 102	(1 922)	-91%	8 408
Vote 7 - COMMUNITY SERVICES (CONTINUED)	15 900	18 671	17	178	4 668	(4 490)	-96%	18 671
Total Capital single-year expenditure	93 110	110 543	2 633	9 124	27 636	**(18 512)**	-67%	110 543
Total Capital Expenditure	**93 110**	**110 543**	**2 633**	**9 124**	**27 636**	**(18 512)**	**-67%**	**110 543**
Capital Expenditure - Functional Classification								
Governance and administration	**8 169**	**10 827**	**83**	**380**	**2 707**	(2 327)	-86%	**10 827**
Executive and council	1 065	2 133	11	253	533	(280)	-52%	2 133
Finance and administration	6 969	8 634	73	126	2 158	(2 032)	-94%	8 634
Internal audit	135	60	–	–	15	(15)	-100%	60
Community and public safety	**20 215**	**26 779**	**1 575**	**1 723**	**6 695**	(4 972)	-74%	**26 779**
Community and social services	950	2 674	–	–	668	(668)	-100%	2 674
Sport and recreation	13 600	13 128	17	23	3 282	(3 259)	-99%	13 128
Public safety	3 965	9 278	25	166	2 319	(2 153)	-93%	9 278
Housing	1 700	1 700	1 533	1 533	425	1 108	261%	1 700
Health	–	–			–	–		–
Economic and environmental services	**5 325**	**5 325**	**89**	**108**	**1 331**	(1 223)	-92%	**5 325**
Planning and development	3 331	3 331	–	–	833	(833)	-100%	3 331
Road transport	1 994	1 994	89	108	498	(391)	-78%	1 994
Environmental protection	–	–	–	–	–	–		–
Trading services	**59 402**	**67 612**	**813**	**6 669**	**16 903**	(10 234)	-61%	**67 612**
Energy sources	19 432	21 171	342	342	5 293	(4 951)	-94%	21 171
Water management	11 446	12 231	310	4 772	3 058	1 714	56%	12 231
Waste water management	26 524	32 211	161	1 555	8 053	(6 498)	-81%	32 211
Waste management	2 000	2 000	–	–	500	(500)	-100%	2 000
Other	–	–	74	244	–	244	#DIV/0!	–
Total Capital Expenditure - Functional Classification	**93 110**	**110 543**	**2 633**	**9 124**	**27 636**	**(18 512)**	**-67%**	**110 543**
Funded by:								
National Government	49 052	49 052	296	5 891	12 263	(6 372)	-52%	49 052
Provincial Government	–	–	–	–	–	–		–
District Municipality	2 065	3 765	–	–	941	(941)	-100%	3 765
Other transfers and grants	–	–	–	–	–	–		–
Transfers recognised - capital	**51 117**	**52 817**	**296**	**5 891**	**13 204**	**(7 313)**	**-55%**	**52 817**
Borrowing		–	–	–	–	–		–
Internally generated funds	41 994	57 726	2 337	3 233	14 431	(11 199)	-78%	57 726

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 – M03 September 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		60 710	6 632
Call investment deposits			59 686		203 819	59 686
Consumer debtors			67 067		55 557	67 067
Other debtors			33 150		17 913	33 150
Current portion of long-term receivables			3		3	3
Inventory			6 666		9 249	6 666
Total current assets		–	**173 204**	–	**347 250**	**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**	–	**2 634 031**	**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		51 097	127 481
Provisions			24 505		29 649	24 505
Total current liabilities		–	**175 225**	–	**107 190**	**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**	–	**286 989**	**360 204**
NET ASSETS	2	–	**2 130 635**	–	**2 347 042**	**2 130 635**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)			2 130 635		2 347 042	2 130 635
Reserves						–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	**2 130 635**	–	**2 347 042**	**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 – M03 September 2019

Description	Ref	2018/19	Budget Year 2019/20							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates			188 848		24 439	78 818	47 212	31 606	67%	188 848
Service charges			435 121		38 990	106 782	108 780	(1 998)	-2%	435 121
Other revenue			34 799		39	18 268	8 700	9 568	110%	34 799
Government - operating			133 112		–	54 078	33 278	20 800	63%	133 112
Government - capital			58 063		–	19 768	14 516	5 253	36%	58 063
Interest			18 476		2 531	6 946	4 619	2 327	50%	18 476
Dividends			–		–	–	–	–		–
Payments										
Suppliers and employees			(783 499)		(66 584)	(221 317)	(195 875)	25 443	-13%	(783 499)
Finance charges			(2 201)		(207)	(647)	(550)	97	-18%	(2 201)
Transfers and Grants			–		–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	**82 720**	–	(792)	**62 696**	20 680	(42 016)	-203%	**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)		(3 028)	(10 492)	(23 278)	(12 785)	55%	(93 110)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	**(93 110)**	–	**(3 028)**	**(10 492)**	**(23 278)**	**(12 785)**	**55%**	**(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)	(1 903)	(2 000)	(97)	5%	(7 999)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	**(7 999)**	–	**(643)**	**(1 903)**	**(2 000)**	**(97)**	**5%**	**(7 999)**
NET INCREASE/ (DECREASE) IN CASH HELD		–	**(18 389)**	–	**(4 463)**	**50 301**	**(4 597)**			**(18 389)**
Cash/cash equivalents at beginning:			84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:		–	66 318	–		264 528	80 110			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 30 September 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 30 September 2019

Description	Budget Year 2019/20								
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	8 702	3 455	1 410	1 404	1 311	1 147	6 839	25 313	49 579
Trade and Other Receivables from Exchange Transactions - Electricity	21 485	3 560	530	471	322	232	1 115	6 456	34 171
Receivables from Non-exchange Transactions - Property Rates	10 767	16 277	475	386	336	302	1 342	21 293	51 179
Receivables from Exchange Transactions - Waste Water Management	5 004	1 739	680	618	615	517	2 977	10 684	22 833
Receivables from Exchange Transactions - Waste Management	4 344	1 094	882	804	783	743	4 213	14 914	27 778
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	99	390	98	119	173	150	1 319	21 346	23 695
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(13 691)	1 865	332	365	348	320	1 632	9 506	678
Total By Income Source	**36 711**	**28 380**	**4 407**	**4 167**	**3 887**	**3 412**	**19 437**	**109 512**	**209 913**
2018/19 - totals only									–
Debtors Age Analysis By Customer Group									
Organs of State	1 232	2 564	193	229	147	54	125	3 746	8 289
Commercial	6 294	735	151	120	95	94	524	2 868	10 879
Households	29 186	25 082	4 063	3 818	3 645	3 265	18 788	102 898	190 745
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**36 711**	**28 380**	**4 407**	**4 167**	**3 887**	**3 412**	**19 437**	**109 512**	**209 913**

The aforementioned analysis indicates that from 30 June 2019 to 30 September 2019, the overdue debts have increased from R 145,884 million to R 173,202 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-19**	**30-Sep-19**	**DIFFERENCE**
Trade and Other Receivables from Exchange Transactions - Water	37 037	40 878	3 841
Trade and Other Receivables from Exchange Transactions - Electricity	10 495	12 686	2 190
Receivables from Non-exchange Transactions - Property Rates	25 755	40 412	14 656
Receivables from Exchange Transactions - Waste Water Management	16 078	17 830	1 752
Receivables from Exchange Transactions - Waste Management	21 817	23 433	1 616
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–
Interest on Arrear Debtor Accounts	21 714	23 595	1 881
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	12 987	14 369	1 382
Total By Income Source	**145 884**	**173 202**	**27 318**
			–
Debtors Age Analysis By Customer Group			–
Organs of State	5 088	7 057	1 969
Commercial	4 080	4 586	506
Households	136 716	161 559	24 843
Other	–	–	–
Total By Customer Group	**145 884**	**173 202**	**27 318**

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	23 554	4	(2)	0	0	(0)	–	–	**23 556**
Bulk Water	1 355	–	–	3	2	–	10	(182)	**1 188**
PAYE deductions	4 318								**4 318**
VAT (output less input)									**–**
Pensions / Retirement deductions									**–**
Loan repay ments									**–**
Trade Creditors	3 742	508	389	–	–	–	11	38	**4 688**
Auditor General									**–**
Other									**–**
Total By Customer Type	**32 969**	**512**	**387**	**3**	**2**	**(0)**	**21**	**(144)**	**33 749**

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

Eskom	R 23,556 million
Other Creditors	R 10,193 million
TOTAL	**R 33,749 million**

It is to be noted that the Eskom amount of R 23,554 million, represents the current account for September 2019, which will be fully paid on 23 October 2019.

3. Investment Portfolio

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

	Balance as at 30 June 2019	Invested	Interest	Withdrawals	Adjustments	Balance as at 31 August 2019
Standard Bank	19 896 645	-	316 631	-	-	20 213 277
ABSA	27 519 504	-	442 329	-	150	27 961 683
Nedbank	20 827 601	-	337 732	-	-	21 165 333
RMB	110 820 349	1 960 397	1 740 561	1 960 397	-	112 560 910
INVESTEC	21 562 503	-	355 143	-	-	21 917 646
						-
Total	**200 626 602**	**1 960 397**	**3 192 398**	**1 960 397**	**150**	**203 818 850**
	Balance as at 30 June 2019	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 31 August 2019**
General Account	90 965 278	1 960 397	1 491 631	-	150	94 417 156
Conditional Grants	109 654 154	-	1 700 654	1 960 397	-	109 394 411
Housing Funds	7 170	-	113	-	-	7 283
						-
Total	**200 626 602**	**1 960 397**	**3 192 398**	**1 960 397**	**150**	**203 818 850**
Cheque Accounts FNB	13 600 946	47 108 598				60 709 544
TOTAL Investments & Bank	**214 227 548**	**49 068 995**	**3 192 398**	**1 960 397**	**150**	**264 528 394**

The increase in the investment portfolio since 30 June 2019 amounts to R 50,300,846. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 60,709,544
Short-term Investment Deposits	R 203,818,850
	R 264,528,394

Application of Cash

Unspent Conditional Grants	111,899,197
Internally Generated Funds	54,493,133
Outstanding Creditors Liability	33,749,351
	200,141,681

Reserves in excess of Commitments	**R 64,386,713**

The cash backed reserves exceed the commitments at this stage by an amount of R 64,386,713. It should be noted that the excess of reserves over commitments as at 30 September 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 – M03 September 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	–	–	54 838	32 324	(11 666)	-54,1%	129 297
Operational Revenue:General Revenue:Equitable Share	124 938		–	52 058	31 234	(11 559)	-55,5%	124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000		–	250	250	(5)	-2,8%	1 000
Local Government Financial Management Grant [Schedule 5B]	1 770		–	1 770	443	(131)	-44,4%	1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589		–	760	397	29	11,0%	1 589
Provincial Government:	2 050	–	–	–	513	(342)	-100,0%	2 050
Sport and Recreation	2 050		–		513	(342)	-100,0%	2 050
District Municipality:	1 765	–	–	–	441	(294)	-100,0%	1 765
Environment Health Subsidy	1 765		–		441	(294)	-100,0%	1 765
Total operating expenditure of Transfers and Grants:	133 112	–	–	54 838	33 278	(12 302)	-55,5%	133 112
Capital expenditure of Transfers and Grants								
National Government:	56 098	–	–	18 938	14 025	(2 916)	-31,2%	56 098
Municipal Infrastructure Grant (MIG)	36 096		–	14 438	9 024	(4 714)	-78,4%	36 096
Integrated National Electrification Programme	6 002		–	1 500	1 501	(1 000)	-100,0%	6 002
Water Service Infrastructure Grant	10 000		–	2 000	2 500	3 465	207,9%	10 000
Energy Efficiency and Demand Side Management Grant	4 000		–	1 000	1 000	(667)	-100,0%	4 000
District Municipality:	1 965	–	–	–	491	(328)	-100,0%	1 965
Fire Subsidy	1 965		–		491	(328)	-100,0%	1 965
Total capital expenditure of Transfers and Grants	58 063	–	–	18 938	14 516	(3 243)	-33,5%	58 063
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	191 175	–	–	73 776	47 794	(15 545)	-48,8%	191 175

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M03 September 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**	**–**	**5 025**	**14 909**	**32 324**	**(11 666)**	**-54,1%**	**129 297**
Operational Revenue:General Revenue:Equitable Share	124 938		4 584	13 847	31 234	(11 559)	-55,5%	124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000		86	248	250	(5)	-2,8%	1 000
Local Government Financial Management Grant [Schedule 5B]	1 770		209	373	443	(131)	-44,4%	1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589		147	441	397	29	11,0%	1 589
Provincial Government:	**2 050**	**–**	**–**	**–**	**513**	**(342)**	**-100,0%**	**2 050**
Sport and Recreation	2 050		–		513	(342)	-100,0%	2 050
District Municipality:	**1 765**	**–**	**–**	**–**	**441**	(294)	-100,0%	**1 765**
Environment Health Subsidy	1 765		–		441	(294)	-100,0%	1 765
Total operating expenditure of Transfers and Grants:	**133 112**	**–**	**5 025**	**14 909**	**33 278**	**(12 302)**	**-55,5%**	**133 112**
Capital expenditure of Transfers and Grants								
National Government:	56 098	–	341	6 775	14 025	(2 916)	**-31,2%**	56 098
Municipal Infrastructure Grant (MIG)	36 096		8	1 309	9 024	(4 714)	-78,4%	36 096
Integrated National Electrification Programme	6 002		–	–	1 501	(1 000)	-100,0%	6 002
Water Service Infrastructure Grant	10 000		333	5 465	2 500	3 465	207,9%	10 000
Energy Efficiency and Demand Side Management Grant	4 000		–	–	1 000	(667)	-100,0%	4 000
District Municipality:	**1 965**	**–**	**–**	**–**	**491**	(328)	-100,0%	**1 965**
Fire Subsidy	1 965		–		491	(328)	-100,0%	1 965
Total capital expenditure of Transfers and Grants	**58 063**	**–**	**341**	**6 775**	**14 516**	**(3 243)**	**-33,5%**	**58 063**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**191 175**	**–**	**5 366**	**21 683**	**47 794**	**(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 372,789
Unspent as at 30 September 2019:	R 1,397,211

The spending of the grant amounted to 21,06% as at 30 September 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 247,993
Unspent as at 30 September 2019:	R 2,007

The spending of the grant amounted to 99,20% as at 30 September 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 1,749,978
Unspent as at 30 August 2019:	R 13,448,022

The spending of the grant amounted to 11,51% as at 30 September 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 30 September 2019:	R 1,500,000

The spending of the grant amounted to 0% as at 30 September 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 30 September 2019:	R 1,000,000

The spending of the grant amounted to 0% as at 30 September 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 5,465,381
Unspent as at 30 September 2019:	R 94,551,957

The spending of the grant amounted to 5.46% as at 30 September 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 – M03 September 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		675	2 078	2 200	(64)	-4%	8 800
Medical Aid Contributions	–		2	5	–	2	#DIV/0!	–
Motor Vehicle Allowance	2 889		227	694	722	(14)	-3%	2 889
Cellphone Allowance	1 374		103	318	343	(14)	-6%	1 374
Sub Total - Councillors	**13 063**	**–**	**1 007**	**3 094**	**3 266**	**(89)**	**-4%**	**13 063**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 923		458	1 375	1 231	96	12%	4 923
Pension and UIF Contributions			1	2	–	2	#DIV/0!	–
Performance Bonus			–	138	–	138	#DIV/0!	–
Motor Vehicle Allowance			55	166	–	111	#DIV/0!	–
Cellphone Allowance			1	2	–	1	#DIV/0!	–
Other benefits and allowances	3 282		3	12	820	(538)	-98%	3 282
Payments in lieu of leave			–	0	–	0	#DIV/0!	–
Sub Total - Senior Managers of Municipality	**8 204**	**–**	**518**	**1 695**	**2 051**	**(191)**	**-14%**	**8 204**
Other Municipal Staff								
Basic Salaries and Wages	173 244		14 438	43 292	43 311	(20)	0%	173 244
Pension and UIF Contributions	29 339		2 507	7 528	7 335	131	3%	29 339
Medical Aid Contributions	15 119		1 272	3 740	3 780	(53)	-2%	15 119
Overtime	32 833		2 637	5 516	8 208	(2 593)	-47%	32 833
Motor Vehicle Allowance	7 551		719	2 144	1 888	166	13%	7 551
Cellphone Allowance	1		–	–	0	(0)	-100%	1
Housing Allowances	992		68	204	248	(30)	-18%	992
Other benefits and allowances	22 256		848	2 392	5 564	(2 166)	-58%	22 256
Payments in lieu of leave	–		276	487	–	211	#DIV/0!	–
Long service awards	1 403		48	234	351	(48)	-21%	1 403
Sub Total - Other Municipal Staff	**282 737**	**–**	**22 814**	**65 535**	**70 684**	**(4 403)**	-9%	**282 737**
Total Parent Municipality	**304 005**	**–**	**24 339**	**70 324**	**76 001**	**(4 683)**	-9%	**304 005**
TOTAL SALARY, ALLOWANCES & BENEFITS	**304 005**	**–**	**24 339**	**70 324**	**76 001**	**(4 683)**	-9%	**304 005**
TOTAL MANAGERS AND STAFF	**290 942**	**–**	**23 332**	**67 230**	**72 735**	**(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 30 September 2019**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.67%	2.51%	1.77%	1.24%	1.14%	1,29%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.04	0.03	0.02	0.02	0.01	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.85	0.97	1.11	1.45	0.99	3.24
Liquidity Ratio	Monetary assets / current liabilities	0.40	0.47	0.52	0.88	0.38	2.47
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	97.60%	95.81%	90.73%	97,62%	96%	85,12%

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 30 September 2019
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	1.60	1.62	1.72	1.90	1.01	2.33
Employee Costs	Employee Costs / Total Operating Expenditure	35.62%	33.39%	32.99%	35.06%	32.42%	34,03%
Capital Expenditure	Capital Expenditure / Capital Budget	81.97%	72.92%	72.98%	48.62%	95%	8,25%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.61%	4.94%	3.79%	5.71%	4.87%	2,76%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.17%	1.65%	1.42%	2.22%	2.23%	0,27%
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%	79,56%

The above table is discussed in details below.

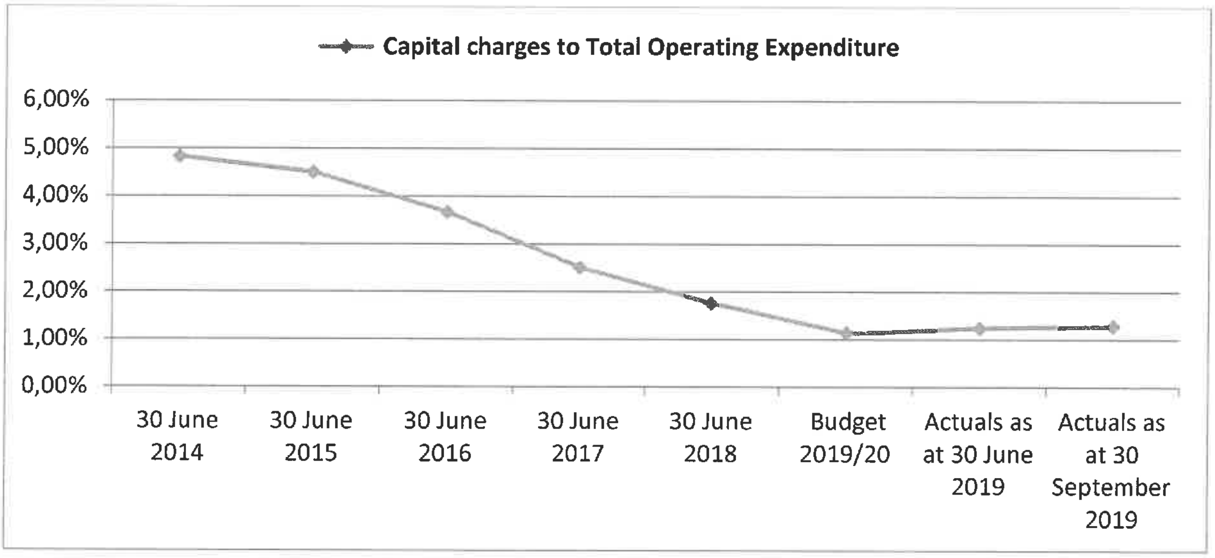
5.1. Borrowing Management

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 1.29% of the Total Operating Expenditure was utilised for capital charges as at 30 September 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.

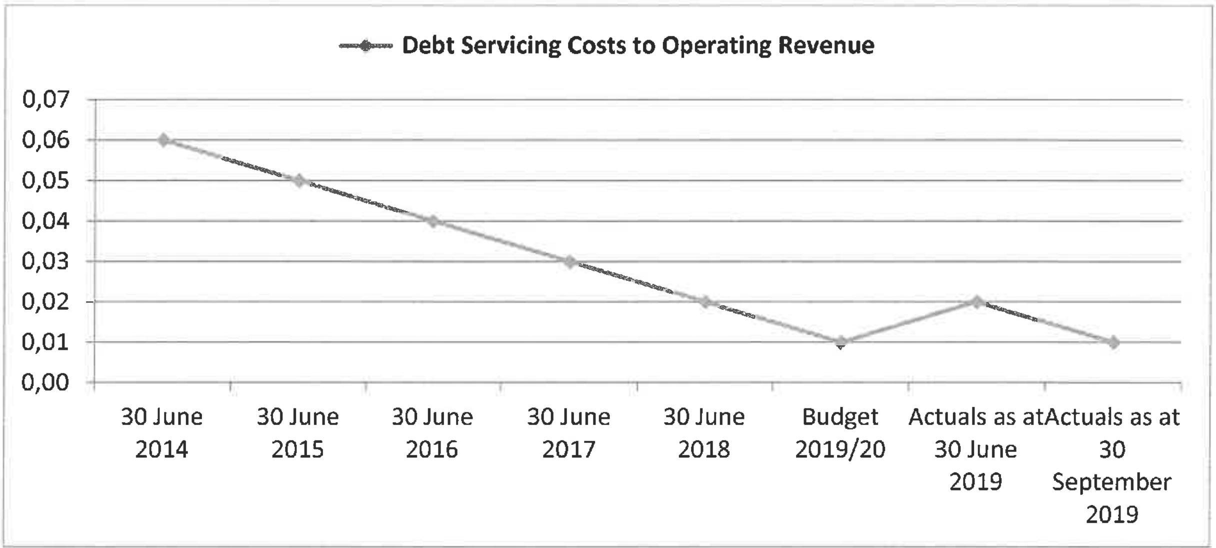
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 30 September 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:

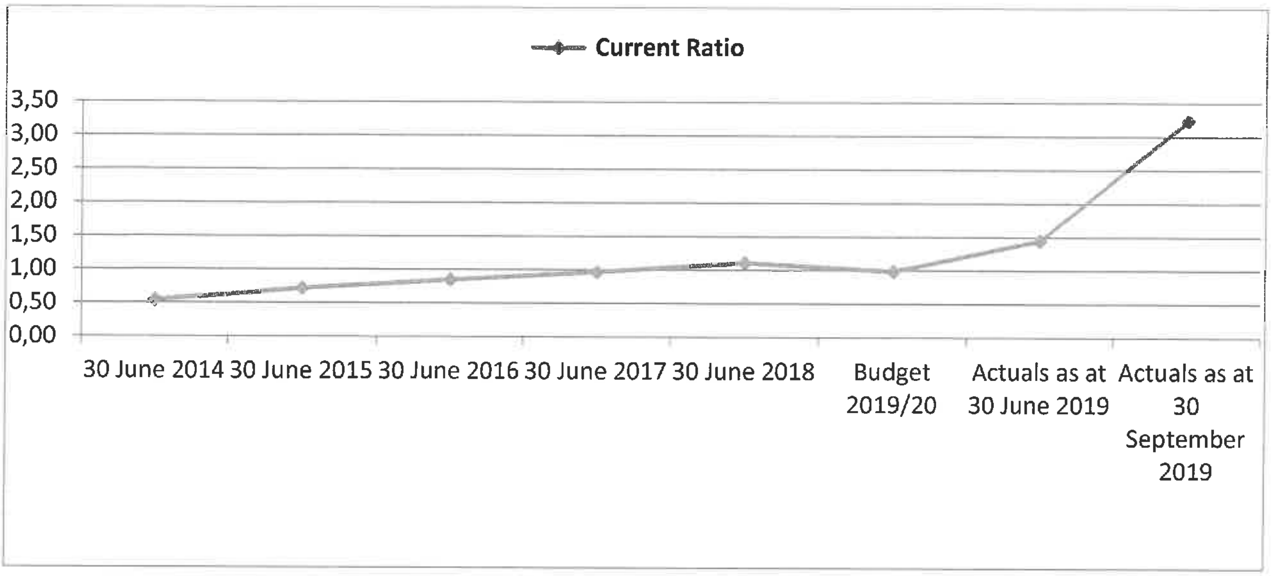
Current assets/Current liabilities

The ratio as at 30 September 2019 was 3.24:1, 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

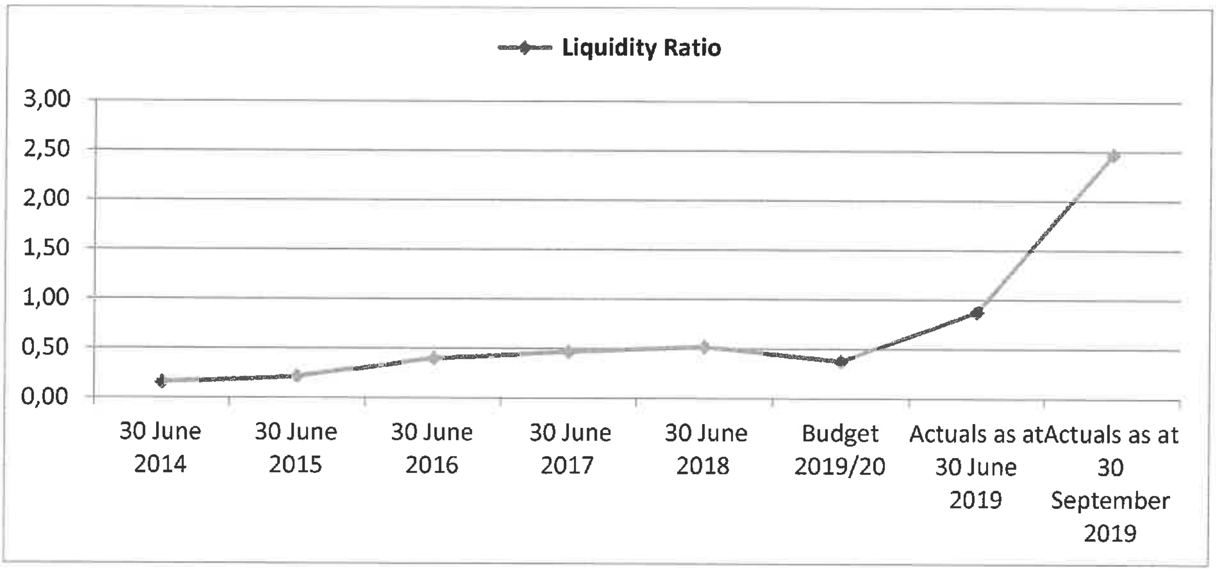
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 30 September 2019 was 2.47:1, 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

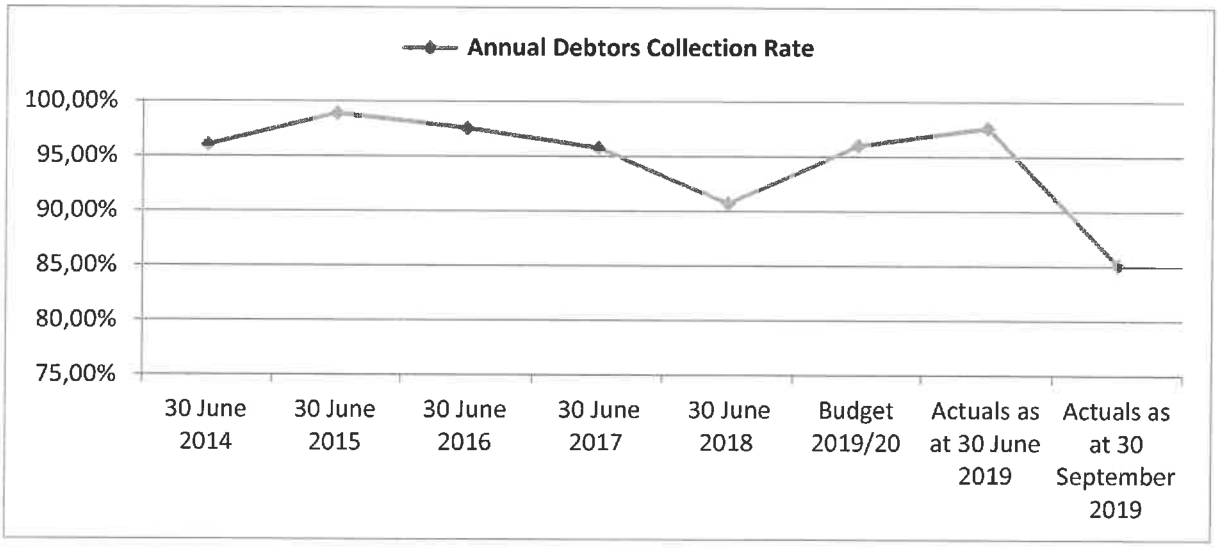
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 30 September 2019 was 85.12%, compared to the budgeted collection rate of 96%. The collection rate of 85.12% as at 30 September 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.

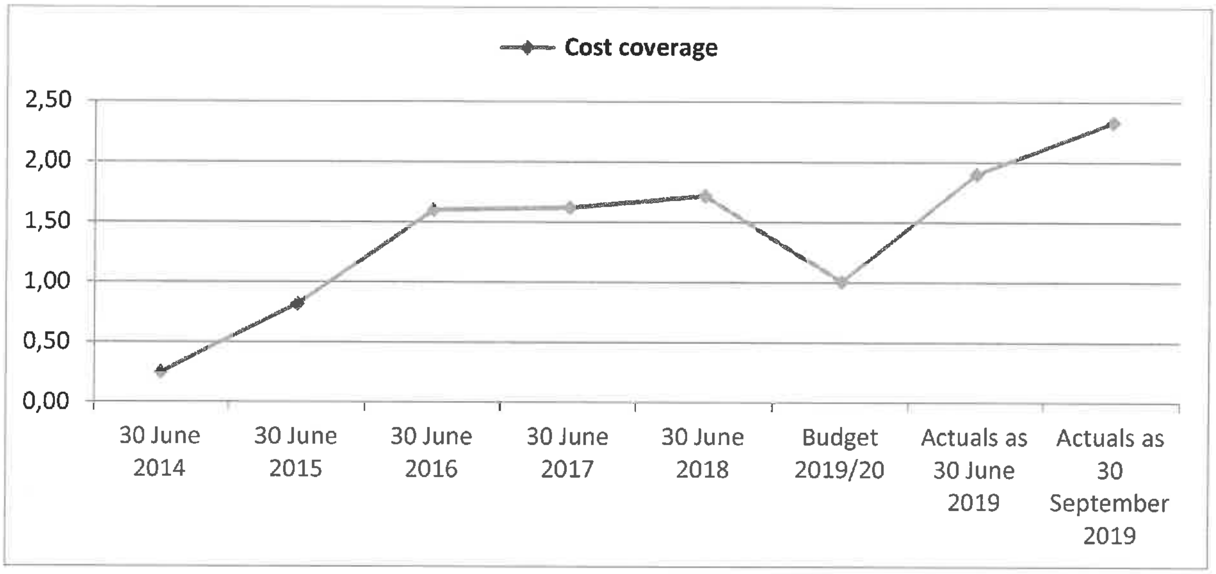
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 30 September 2019, the Ratio was 2.33 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



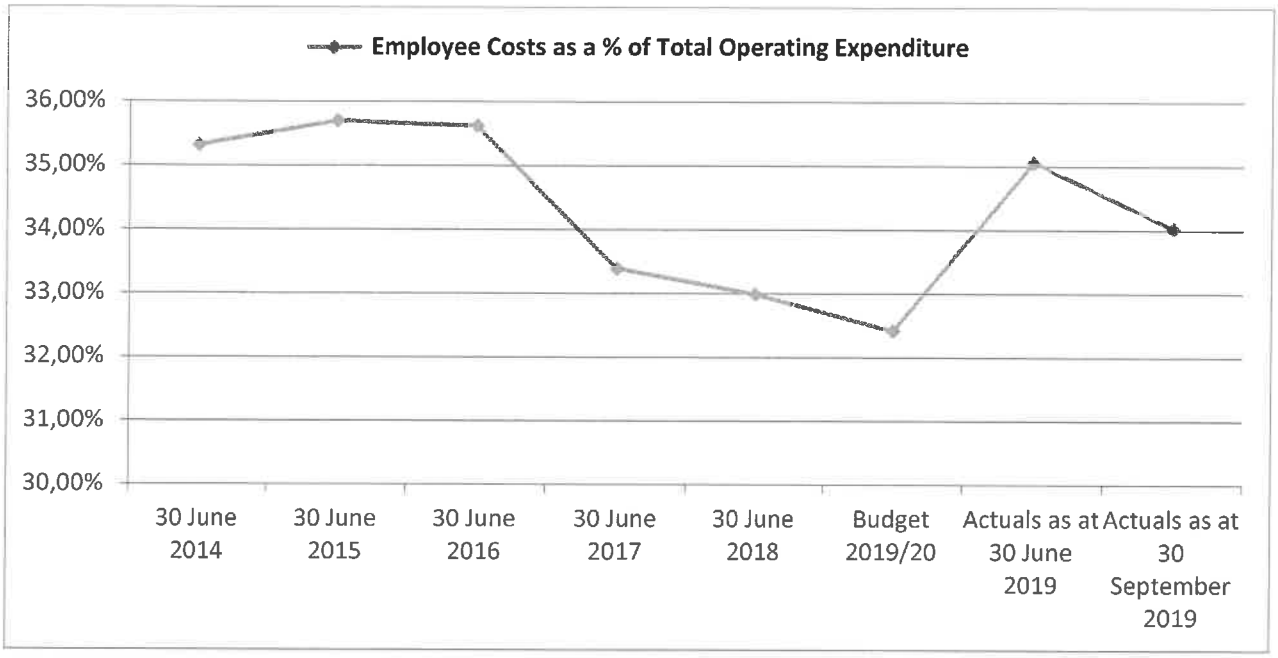
5.4.2. Employee costs as a % of Total Operating Expenditure

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 30 September 2019, Employee Related Costs constituted 34.03% of the Total Operating Expenditure, compared to the budgeted ratio of 32.42%.



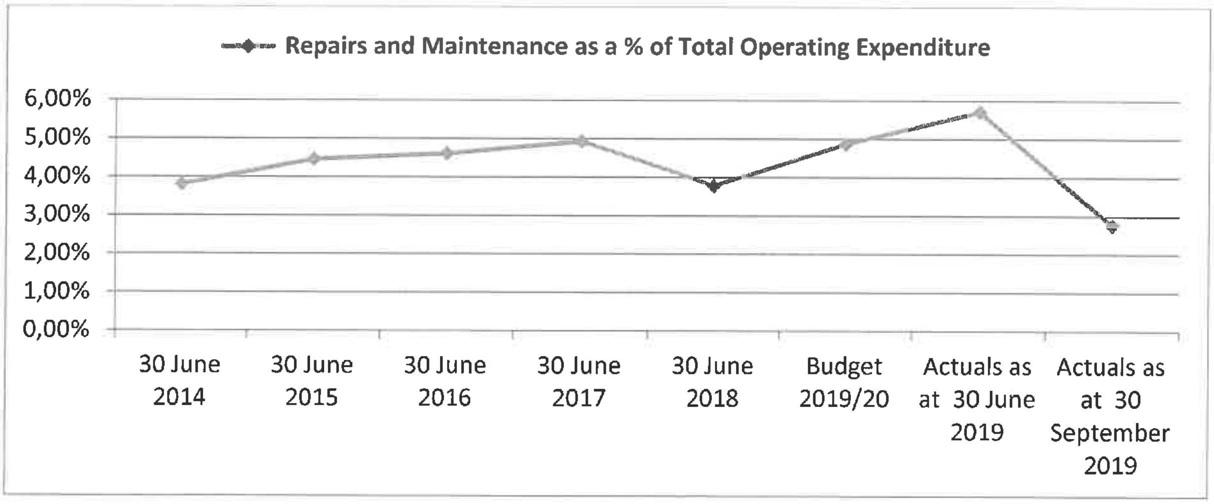
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 30 September 2019, the ratio was 2,76%, 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)

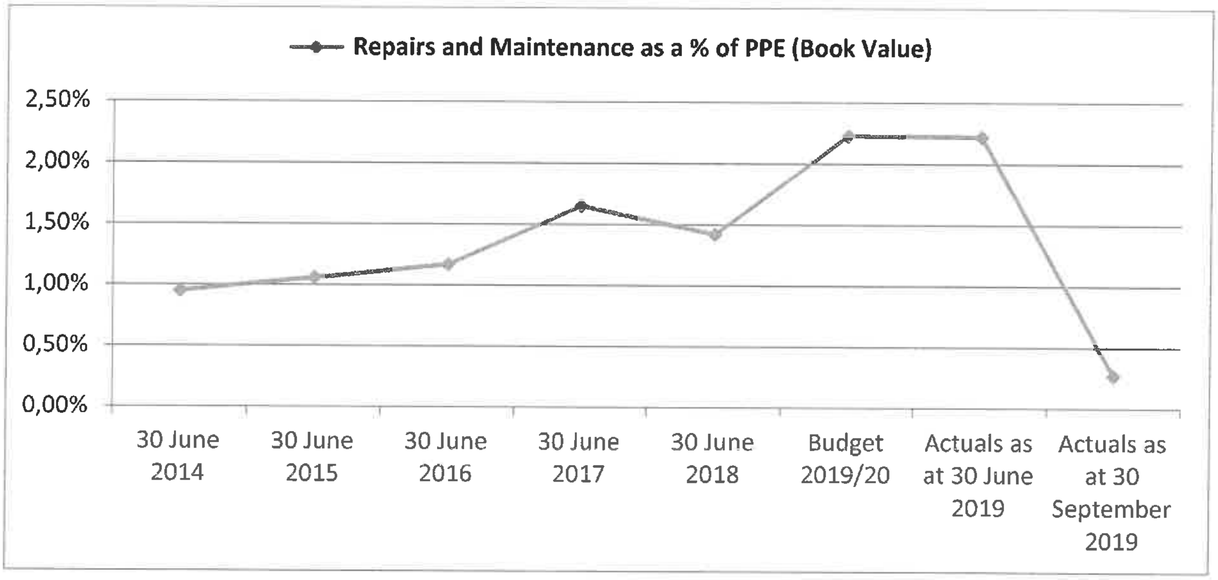
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 30 September 2019, repairs and maintenance expenditure constituted 0.27% 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%.



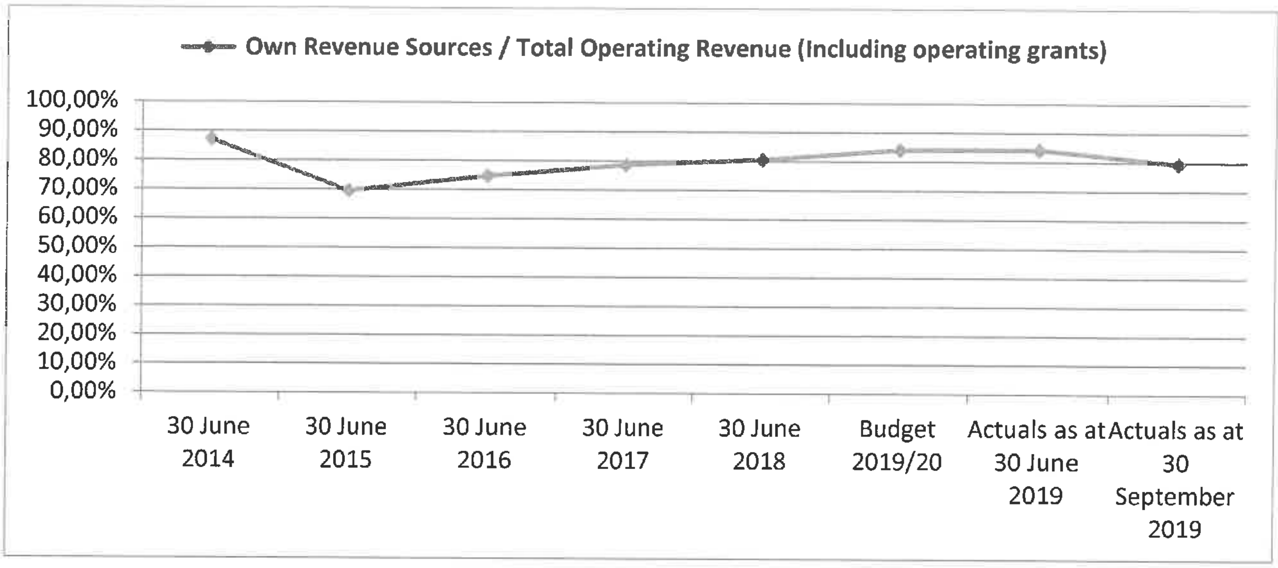
5.4.5. Own Revenue Generation

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 30 September 2019, the Municipality's own revenue sources constituted 79.56% 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 September 2019 amounted to 8.25% compared to the budgeted ratio of 95%.