KOUGA MUNICIPALITY (EC108)

ORDINARY COUNCIL MEETING

FINANCE

DATE: 30 JANUARY 2020 **ITEM NO: 20/01/F1**

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MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2019 TO DECEMBER 2019 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 31 DECEMBER 2019 (2019/20 FINANCIAL YEAR)

1. Purpose

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

2. Legislative Requirements

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

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

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

3. Executive Summary

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

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the months of July 2019 to December 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 463,924 million, whilst operating expenditure amounted to R 414,703 million, resulting in an operating surplus of R 49,221 million.
- Capital expenditure constituted 47.51% of the 2019/20 Adjusted Capital Budget.
- Overdue consumer debts increased by R 24,646 million (16.89%) since June 2019.

- An amount of R 33,187 million is owing to creditors, of which R 31,441 million (94.74%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has decreased by R 10,776,878 (5.03%) since June 2019, from R 214,227,548 to R 203,450,670.

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 December 2018	Actuals as at 31 December 2019	Approved Budget 2019/20
Current Ratio	0.97:1	1.58:1	1.44:1	1.66:1	1.36:1	0.99:1
Liquidity Ratio	0.47:1	0.75:1	0.87:1	1.08:1	0.96:1	0.38:1
Cost Coverage (Excluding unspent conditional grants)	1.62 months	1.73 months	1.90 months	2.49 months	1.81 months	1.01 months
Debtors Collection Rate	95.81%	90.73%	97.62%	93.24%	92.64%	96%
Capital Expenditure	72.92%	72.98%	44.59%	35.20%	47.51%	95%

4. <u>Detailed Reports</u>

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 December 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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Mrs. Fezeka Faith Mabusela (Acting Municipal Manager)

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

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

pp ....

Executive Mayor

6. Municipal Manager's Quality Certificate

I F.F. Mabusela Acting 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 FEZEKA FAITH MABUSELA

Municipal Manager of Kouga Local Municipal

Signature

Date 13/01/2020

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

Below is an analysis of the operating revenue and expenditure performance

Description	Approved Budget 2019/20	Actuals as at 31 December 2019	%
R thousands			
Revenue By Source			
Property rates	196 717	128 407	65.27%
Service charges - electricity revenue	277 068	119 861	43.26%
Service charges - water revenue	76 105	30 244	39.74%
Service charges - sanitation revenue	46 346	26 263	56.67%
Service charges - refuse revenue	53 732	27 044	50.33%
Rental of facilities and equipment	4 037	335	8.29%
Interest earned - external investments	10 375	8 385	80.82%
Interest earned - outstanding debtors	8 439	6 042	71.59%
Fines, penalties and forfeits	6 397	1 363	21.31%
Licences and permits	16 568	10 959	66.15%
Transfers and subsidies	133 112	99 773	74.95%
Other revenue	7 797	5 248	67.31%
Total Revenue (excluding capital transfers and contributions)	**836 693**	**463 924**	**55.45%**
Expenditure By Type			
Employee related costs	290 942	152 088	52.27%
Remuneration of councillors	13 063	6 223	47.64%
Debt impairment	26 336	–	0.00%
Depreciation & asset impairment	85 101	36 763	43.20%
Finance charges	2 201	1 226	55.68%
Bulk purchases	271 623	140 550	51.74%
Other materials	29 621	14 420	48.68%
Contracted services	80 814	22 084	27.33%
Other expenditure	97 436	41 349	42.44%
Total Expenditure	**897 137**	**414 703**	**46.23%**
Surplus/(Deficit)	**(60 444)**	**49 221**	

The statement of financial performance indicates a surplus of R 49,221 million.

Below is a discussion of the significant revenue variations:

Revenue Variations

Property Rates

As at 31 December 2019, the Municipality has recognised 65.27% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2019, amounting to R 74,414 million.

Service Charges – Water

This is influenced by the reversal of accrued water revenue amounting to R 7,615 million, 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.

Interest earned – external investments

This is influenced by the extent of the municipality's investment portfolio, amounting to R 203,451 million.

Interest earned – outstanding debtors

this is influenced by overdue debtors, amounting to R 170,530 million.

Fines, penalties and forfeits

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

Licences and permits

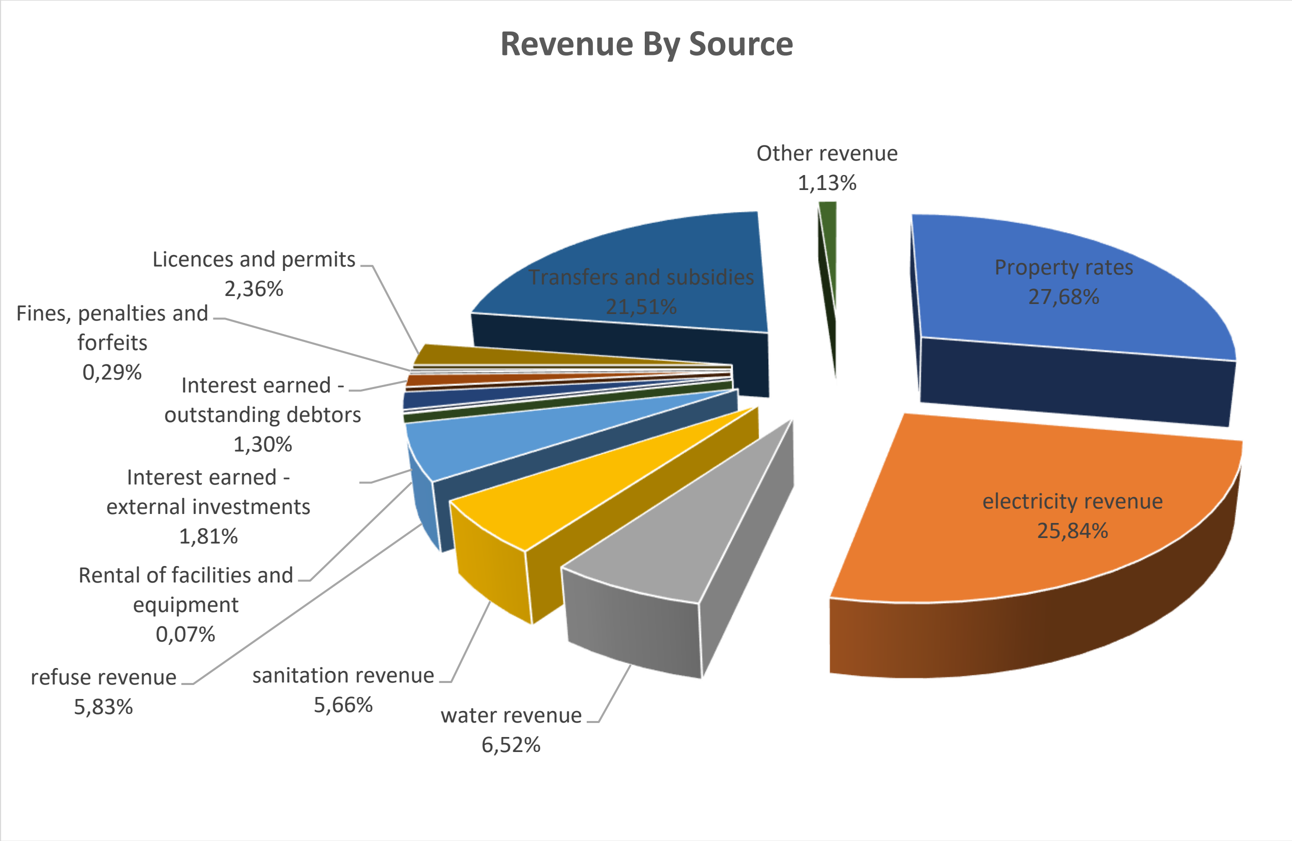
This is largely influenced by the extent of vehicle registrations.

Transfers and Subsidies

Transfers and subsidies received mainly represents the Equitable Share Allocation in the amount of R 93,704 million.

Other revenue

Other revenue is largely influenced by insurance claims.



Expenditure Variations

Bad Debts

Bad debts are written off upon Council approval.

Contracted Services

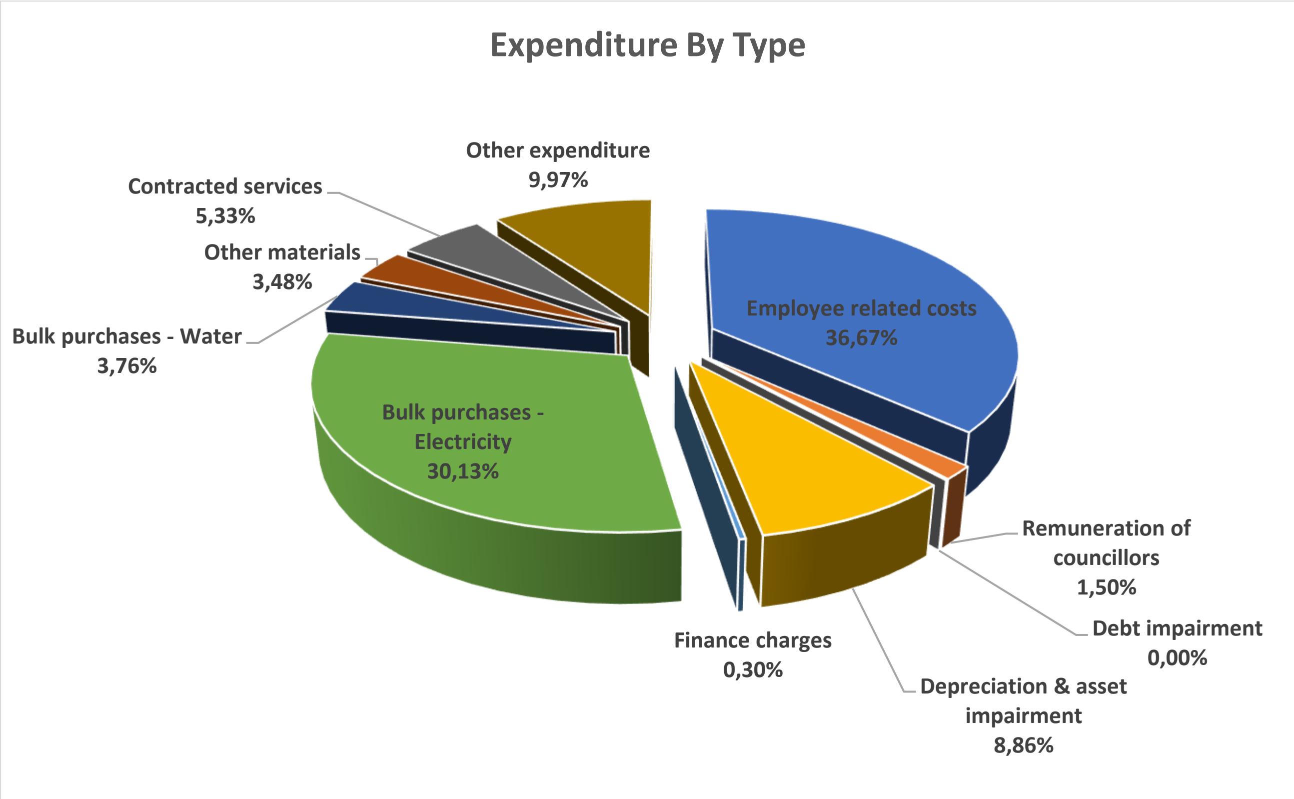
Contracted services mostly relate to outsourced work, in relation to the maintenance of municipal infrastructure assets and includes consultation fees.

The contracted services are broken down as follows:

Item Description	Approved Budget 2019/20	Actuals as at 31 December 2019	%
Business and Advisory:Qualification Verification	650 000	572 700	88.11%
Clean up Operation	275 000	26 600	9.67%
Consultancy and professional services	17 308 644	4 424 058	25.56%
Contractors:Employee Wellness	175 000	3 520	2.01%
Dune Stabilisation	1 631 200	408 494	25.04%
Laboratory Services:Water	672 161	244 328	36.35%
Legal Cost:Collection	1 578 000	228 274	14.47%
Legal Cost:Legal Advice and Litigation	5 032 000	1 167 167	23.19%
Maintenance of Buildings and Facilities	5 804 527	2 683 024	46.22%
Maintenance of Electrical Infrastructure	2 887 440	1 198 260	41.50%
Maintenance of Municipal Equipment	697 560	178 071	25.53%
Maintenance of roads	7 805 000	160 969	2.06%
Maintenance of Sewerage Infrastructure	1 575 200	1 027 546	65.23%
Maintenance of vehicles	6 875 338	4 009 924	58.32%
Maintenance of Water Infrastructure	1 332 300	805 413	60.45%
Occupational Health and Safety	385 000	12 290	3.19%
Other Contracted Services	4 790 526	526 394	10.99%
Outsourced Services:Catering Services	646 884	151 992	23.50%
Outsourced Services:Cleaning Services	500 000	-	0.00%
Outsourced Services:Drivers Licence Cards	850 000	211 088	24.83%
Outsourced Services:Internal Auditors	552 600	27 074	4.90%
Outsourced Services:Medical Health Surveillance	500 000	81 510	16.30%
Outsourced Services:Security Services	2 020 083	226 516	11.21%
Outsourced Services:Traffic Fines Management	1 578 000	75 912	4.81%
Outsourced Services:Transport Services	649 380	44 252	6.81%
Special Rating Area	7 337 700	3 589 075	48.91%
Structural: New Building Offices	1 600 000	-	0.00%
Tourism - Grant-in-aid	3 000 000	-	0.00%
Valuer: Evaluation Roll	2 104 000	-	0.00%
	80 813 543	**22 084 450**	**27.33%**

It is to be noted that contracted services budget has been amended as follows:

Item Description	Approved Budget 2019/20	Virements	Adjusted Budget 2019/20	Actuals as at 31 December 2019	%
Contracted Services	80,813,543	-3,056,098	77,757,445	22,084,450	28.40%



Expenditure By Type
Other expenditure 9,97%
Contracted services 5,33%
Other materials 3,48%
Bulk purchases - Water 3,76%
Employee related costs 36,67%
Bulk purchases - Electricity 30,13%
Remuneration of councillors 1,50%
Debt impairment 0,00%
Finance charges 0,30%
Depreciation & asset impairment 8,86%

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 November 20	%
Corporate Services			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	1 551	7.75%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	300 000	189 841	63.28%
	320 000	**191 391**	**59.81%**
Executive & Council			
Expenditure:Operational Cost:Advertising, Publicity and Marketing:Gifts and Promotional Items	50 000	23 955	47.91%
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	114 371	54.36%
	270 920	**141 268**	**52.14%**
Finance			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	94 680	20 218	21.35%
Expenditure:Inventory Consumed:Materials and Supplies	173 580	-	0.00%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	418 200	53 458	12.78%
	686 460	**73 677**	**10.73%**
Infrastructure & Engineering			
Expenditure:Operational Cost:Hire Charges	3 075 800	884 850	28.77%
Expenditure:Inventory Consumed:Materials and Supplies	12 440 964	6 139 924	49.35%
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	264 000	158 599	60.08%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	17 355 640	4 742 183	27.32%
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	252 560	121 412	48.07%
	33 388 964	**12 046 969**	**36.08%**
Planning, Development and Tourism			
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	20 000	12 684	63.42%
Expenditure:Inventory Consumed:Materials and Supplies	52 600	-	0.00%
	72 600	**12 684**	**17.47%**
Community Services			
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities	3 556 521	1 691 054	47.55%
Expenditure:Contracted Services:Contractors:Maintenance of Equipment	150 000	-	0.00%
Expenditure:Inventory Consumed:Materials and Supplies	1 350 120	749 688	55.53%
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets	3 896 192	2 410 633	61.87%
	8 952 833	**4 851 375**	**54.19%**
Total	**43 691 777**	**17 317 363**	**39.64%**

It is to be noted that actual repairs and maintenance expenditure constituted 39.64% of the 2019/20 Approved Budget.

Annexure “A2”

CAPITAL BUDET PERFORMANCE

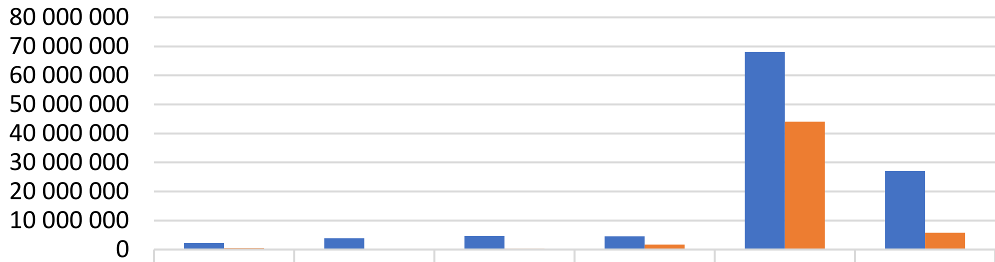
Below is an analysis of the capital expenditure compared to the 2019/20 Adjusted Capital Budget.

Projects	Funding	Approved Budget 2019/20	Adjustments	Adjusted Budget 2019/20	Actuals as at 31 December 2019	% of Budget
EXECUTIVE & COUNCIL						
Computer Equipment	Internal	190 000	-	190 000	15 722	8.27%
Furniture and Equipment	Internal	260 000	-	260 000	118 191	45.46%
Ward Councilors Capital (Markets)	Internal	750 000	1 067 695	1 817 695	313 937	17.27%
		1 200 000	**1 067 695**	**2 267 695**	**447 850**	**19.75%**
CORPORATE SERVICES						
Biometric system	Internal	130 000	120 000	250 000	-	0.00%
Buildings	Internal	1 000 000	20 489	1 020 489	172 425	16.90%
Computer Equipment	Internal	198 000	140 582	338 582	1 606	0.47%
EDMS	Internal	540 506	670 494	1 211 000	-	0.00%
Fencing of main building	Internal	-	120 000	120 000	-	0.00%
Furniture and Equipment	Internal	550 000	166 571	716 571	143 636	20.04%
Library upgrade û Corporate Services	Internal	100 000	356 689	456 689	31 914	6.99%
Software upgrade	Internal	300 000	-	300 000	-	0.00%
Vehicle	Internal	250 000	-	250 000	-	0.00%
		3 068 506	**1 594 825**	**4 663 331**	**349 581**	**7.50%**
FINANCE						
Cibex Software	Internal	600 000	-	600 000	-	0.00%
Computer Equipment	Internal	300 000	-	300 000	46 883	15.63%
Container (Assets)	Internal	50 000	- 25 000	25 000	-	0.00%
Machinery and Equipment	Internal	-	93 535	93 535	-	0.00%
Containers (SCM)	Internal	100 000	56 465	156 465	-	0.00%
Disaster Recovery Server	Internal	-	644 106	644 106	-	0.00%
DOT MATRIX PRINTER	Internal	-	197 489	197 489	-	0.00%
Fencing (Stores)	Internal	150 000	- 150 000	-	-	
Filing system (SCM)	Internal	350 000	-	350 000	-	0.00%
Furniture and Equipment	Internal	300 000	- 19 000	281 000	81 359	28.95%
Office upgrade ICT	Internal	-	153 950	153 950	70 130	45.55%
Shelving (SCM)	Internal	200 000	-	200 000	-	0.00%
Vehicle	Internal	300 000	344 000	644 000	-	0.00%
WIFI Solution	Internal	250 000	-	250 000	-	0.00%
		2 600 000	**1 295 545**	**3 895 545**	**198 371**	**5.09%**
PLANNING,DEVELOPMENT & TOURISM						
Arts and Creative Industries	DISTRICT	100 000	-	100 000	-	0.00%
Computer Equipment	Internal	60 000	73 300	133 300	41 188	30.90%
Computer Software and Applications	Internal	300 000	- 73 300	226 700	92 919	40.99%
Furniture and equipment	Internal	200 000	-	200 000	-	0.00%
Land acquisition housing projects	Internal	1 700 000	-	1 700 000	1 533 043	90.18%
LED Capital Projects	Internal	1 000 000	-	1 000 000	-	0.00%
Mini Fresh Food and Craft Markets in Jeffrey's Bay & Hankey	MIG	1 220 951	-	1 220 951	-	0.00%
		4 580 951	**-**	**4 580 951**	**1 667 151**	**36.39%**
COMMUNITY SERVICES						
Fencing - Hdorp	Internal	1 300 000	342 064	1 642 064	558 000	33.98%
Machinery and Equipment	Internal	1 400 000	383 637	1 783 637	535 177	30.00%
Vehicle	Internal	2 300 000	1 143 845	3 443 845	1 510 212	43.85%
Furniture and Equipment	Internal	350 000	78 100	428 100	93 740	21.90%
Bins _ with_wheels (from CP22 & CP23 EM)	Internal	2 000 000	-	2 000 000	2 000 000	100.00%
Life Gaurds Beach Tower	Internal	100 000	- 3 788	96 212	96 212	100.00%
Upgrading of Sports Facilities	MIG	5 564 599	-	5 564 599	385 163	6.92%
Upgrading of Kwanomzamo Sports Facility	MIG	5 413 043	-	5 413 043	-	0.00%
Computer Equipment	Internal	300 000	-	300 000	242 521	80.84%
Fencing Fire Station Hankey (from CP23 EM)	Internal	300 000	- 130 000	170 000	17 760	10.45%
Weston Library Upgrade	Internal	-	11 900	11 900	11 800	99.16%
Vehicle	DISTRICT	1 965 100	1 700 000	3 665 100	-	0.00%
Upgrading of Yellow Woods	Internal	150 000	- 150 000	-	1 746	
Upgrading of play parks	Internal	200 000	-	200 000	28 650	14.33%
Upgrading of Pellsrus, Kabeljous, Cape St Francis Beach parks	Internal	450 000	-	450 000	267 015	59.34%
Vehicles	Internal	1 150 000	-	1 150 000	-	0.00%
Upgrading of sport & recreation facilities	Internal	500 000	-	500 000	-	0.00%
HYDRAULICS RESCUE EQUIPMENT	Internal	-	260 655	260 655	28 048	10.76%
		23 442 742	**3 636 413**	**27 079 155**	**5 776 045**	**21.33%**

Projects	Funding	Approved Budget 2019/20	Adjustments	Adjusted Budget 2019/20	Actuals as at 31 December 2019	% of Budget
INFRASTRUCTURE & ENGINEERING						
Furniture and Equipment	Internal	10 000	-	10 000	-	0.00%
Computer Equipment	Internal	25 000	-	25 000	-	0.00%
Machinery and equipment	Internal	330 000	-	330 000	263 185	79.75%
Vehicles	Internal	2 600 000	5 085 469	7 685 469	6 541 584	85.12%
Energy and Demand Side Management	energy	3 478 261	-	3 478 261	- 1 726 153	-49.63%
New overheadlines 66kv overheadlines(Jbay to Melk	Internal	1 800 000	-	1 800 000	-	0.00%
Outfall Sewers Capital	Internal	-	882 619	882 619	347 617	39.38%
Upgrading of the Ses Vista Wastewater Treatment Wo	MIG	13 011 229	-	13 011 229	9 049 354	69.55%
Upgrading of Gravel Roads in Jeffreys Bay	MIG	363 655	-	363 655	-	0.00%
Patensie Sewage Package Plant	MIG	5 650 392	-	5 650 392	175 161	3.10%
Upgrade Sanitation System Old Hankey	MIG	434 783	-	434 783	-	0.00%
LV Networks (Informal Areas, Electrification/illeg	Internal	1 000 000	-	1 000 000	-	0.00%
Pump Station Capital	Internal	750 000	-	750 000	-	0.00%
Security Camera	Internal	200 000	-	200 000	-	0.00%
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	1 500 000	-	1 500 000	1 147 760	76.52%
Roads Capital	Internal	1 500 000	-	1 500 000	-	0.00%
Bucket Eradication Programme	Internal	2 300 000	2 131 523	4 431 523	1 145 442	25.85%
St Francis bulk main outfall sewer	Internal	500 000	-	500 000	-	0.00%
Sewer REPLACE OLD PUMPS	Internal	750 000	-	750 000	47 936	6.39%
Electrcial replacement of old and dangerous swith gear Saffery Sub	Internal	2 000 000	-	2 000 000	-	0.00%
Electrcial Replacement of old mv cables to main sub staion Humansdorp	Internal	1 200 000	-	1 200 000	-	0.00%
Electrcial supply of tri switches St francis Bay	Internal	200 000	-	200 000	-	0.00%
Electrcial Supply auto recloser St Francis Bay	Internal	400 000	-	400 000	-	0.00%
Electrical Mini sub station 22 000/11000/400 St Francis Bay	Internal	700 000	-	700 000	-	0.00%
Electrcial 5 MV 22000/11000 transformer	Internal	1 400 000	-	1 400 000	-	0.00%
Electrical Oil circuit breakers replacement with vacuum or gas breakers	Internal	800 000	-	800 000	-	0.00%
Purchase storage containers (3)	Internal	200 000	-	200 000	38 478	19.24%
KwaNomzamo Wastewater Treatment Works	WSIG_NT	8 695 652	-	8 695 652	299 269	3.44%
Humansdorp, Kruisfontein and Osean View Electrification	INEP	5 219 130	-	5 219 130	146 263	2.80%
High Mast Lights	Internal	1 200 000	-	1 200 000	-	0.00%
CONCRETE POLES	Internal	-	197 246	197 246	171 518	86.96%
SOLAR LIGHTS	Internal	-	753 449	753 449	332 093	44.08%
conversion from conventional meter to pre paid meter and moving of	Internal	-	195 888	195 888	170 337	86.96%
purchase of mini sub station 11000/400,22000/400	Internal	-	591 557	591 557	508 597	85.98%
RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG_NT	-	-	-	1 471 993	
RETICULATION REPLACE PIPELINES (HANKEY)	WSIG_NT	-	-	-	382 375	
CAPE ST FRANCIS WATER SUPPLY	WSIG_DWS	-	-	-	477 006	
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP	WSIG_NT	-	-	-	6 615 342	
HANKEY WATER SUPPLY	WSIG_DWS	-	-	-	5 238 590	
HUMANSDORP WATER SUPPLY	WSIG_DWS	-	-	-	89 219	
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFR	WSIG_NT	-	-	-	9 642 304	
PATENSIE WATER SUPPLY	WSIG_DWS	-	-	-	280 210	
WATER CONSERVATION AND DEMAND MANAGEMENT	WSIG_NT				232 457	
JEFFREYS BAY WATER SUPPLY	WSIG_DWS	-	-	-	987 355	
		58 218 102	**9 837 751**	**68 055 853**	**44 075 295**	**64.76%**
		93 110 301	**17 432 229**	**110 542 530**	**52 514 293**	**47.51%**
Internally generated funds		41 993 506	15 732 229	57 725 735	18 768 381	32.51%
Transfers recognised - capital		51 116 795	1 700 000	52 816 795	33 745 911	63.89%
Total		**93 110 301**	**17 432 229**	**110 542 530**	**52 514 293**	**47.51%**

It is to be noted that capital expenditure as at 31 December 2019 amounted to 47.51%, compared to the adjusted capital budget of R 110,542,530.

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 31 December 2019	447 850	198 371	349 581	1 667 151	44 075 295	5 776 045

Annexure “A3”

PROJECTED CASH FLOW STATEMENT FOR THE 2019/20 FINANCIAL YEAR

Projected Cash Flow Statement as at 31 December 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 – M06 December 2019

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates			188 848		13 624	123 621	188 848	(65 228)	-35%	(158 496)
Service charges			435 121		33 502	210 603	435 121	(224 517)	-52%	(244 242)
Other revenue			34 799		1 871	39 420	34 799	4 621	13%	303 191
Government - operating			133 112		41 646	99 534	133 112	(33 578)	-25%	27 316
Government - capital			58 063			20 768	58 063	(37 295)	-64%	3 583
Interest			18 476		4 213	15 810	18 476	(2 666)	-14%	8 031
Dividends			–			–	–	–		–
Payments										
Suppliers and employees			(783 499)		(65 074)	(453 027)	(783 499)	(330 472)	42%	(783 410)
Finance charges			(2 201)		(182)	(1 213)	(2 201)	(988)	45%	(2 201)
Transfers and Grants			–			–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	82 720	–	29 600	55 516	82 720	27 203	33%	(846 228)
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)		(32 567)	(62 391)	(93 110)	(30 719)	33%	(110 393)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(93 110)	–	(32 567)	(62 391)	(93 110)	(30 719)	33%	(110 393)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits			–	–			–	–		–
Payments										
Repayment of borrowing			(7 999)		(683)	(3 902)	(7 999)	(4 097)	51%	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(7 999)	–	(683)	(3 902)	(7 999)	(4 097)	51%	–
NET INCREASE/ (DECREASE) IN CASH HELD		–	(18 389)	–	(3 651)	(10 777)	(18 389)			(956 620)
Cash/cash equivalents at beginning:		–	84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:		–	66 318	–		203 451	66 318			(742 393)

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

Table C1 Monthly Budget Statement Summary – M06 December 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	11 414	128 407	98 358	30 048	31%	196 717
Service charges	–	453 251	453 251	35 970	203 412	226 625	(23 214)	-10%	453 251
Investment revenue	–	10 375	10 375	2 269	8 385	5 187	3 197	62%	10 375
Transfers and subsidies	–	133 112	133 112	41 851	99 773	66 556	33 217	50%	133 112
Other own revenue	–	43 238	43 238	2 835	23 947	21 619	2 328	11%	43 238
Total Revenue (excluding capital transfers and contributions)	**–**	**836 693**	**836 693**	**94 339**	**463 924**	**418 346**	**45 577**	**11%**	**836 693**
Employee costs	–	290 942	290 942	24 468	152 088	145 469	6 619	5%	290 942
Remuneration of Councillors	–	13 063	13 063	1 043	6 223	6 531	(309)	-5%	13 063
Depreciation & asset impairment	–	85 101	85 101	6 127	36 763	42 550	(5 787)	-14%	85 101
Finance charges	–	2 201	2 201	195	1 226	1 101	125	11%	2 201
Materials and bulk purchases	–	301 244	302 218	23 876	154 970	151 108	3 861	3%	302 218
Transfers and subsidies	–	–	250	–	–	125	(125)	-100%	250
Other expenditure	–	204 586	203 527	15 535	63 433	101 762	(38 328)	-38%	203 527
Total Expenditure	**–**	**897 137**	**897 301**	**71 245**	**414 703**	**448 647**	**(33 944)**	**-8%**	**897 301**
Surplus/(Deficit)	**–**	**(60 444)**	**(60 608)**	**23 094**	**49 221**	**(30 301)**	**79 521**	**-262%**	**(60 608)**
Transfers and subsidies - capital (monetary alloc	–	58 063	58 063	4 543	27 971	29 032	(1 061)	-4%	58 063
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**–**	**(2 381)**	**(2 545)**	**27 637**	**77 192**	**(1 269)**	**78 461**	**-6183%**	**(2 545)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**–**	**(2 381)**	**(2 545)**	**27 637**	**77 192**	**(1 269)**	**78 461**	**-6183%**	**(2 545)**
Capital expenditure & funds sources									
Capital expenditure	**–**	**93 110**	**110 543**	**28 320**	**52 514**	**25 399**	**27 116**	**107%**	**110 543**
Capital transfers recognised	–	51 117	52 817	23 969	33 746	26 408	7 338	28%	52 817
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**–**	**41 994**	**57 726**	**4 351**	**18 768**	**25 310**	**(6 542)**	**-26%**	**57 726**
Total sources of capital funds	**–**	**93 110**	**110 543**	**28 320**	**52 514**	**51 719**	**796**	**2%**	**110 543**
Financial position									
Total current assets	–	173 204	–		288 461				173 204
Total non current assets	–	2 317 635	–		2 261 606				2 317 635
Total current liabilities	–	175 225	–		212 867				175 225
Total non current liabilities	–	184 979	–		179 799				184 979
Community wealth/Equity	**–**	**2 130 635**	**–**		**2 157 400**				**2 130 635**
Cash flows									
Net cash from (used) operating	–	82 720	–	29 600	55 516	82 720	27 203	33%	(846 228)
Net cash from (used) investing	–	(93 110)	–	(32 567)	(62 391)	(93 110)	(30 719)	33%	(110 393)
Net cash from (used) financing	–	(7 999)	–	(683)	(3 902)	(7 999)	(4 097)	51%	–
Cash/cash equivalents at the month/year end	**–**	**66 318**	**–**	**–**	**203 451**	**66 318**	**(137 133)**	**-207%**	**(742 393)**
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	29 618	6 762	5 294	4 502	16 329	3 398	18 974	115 270	200 148
Creditors Age Analysis									
Total Creditors	31 441	1 188	575	11	18	41	19	(106)	33 187

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) – M06 December 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
Revenue - Functional										
Governance and administration		**–**	**339 475**	**339 475**	**55 856**	**235 591**	**169 738**	65 854	39%	**339 475**
Executive and council		–	27	27	–	4	14	(10)	-73%	27
Finance and administration		–	339 448	339 448	55 856	235 588	169 724	65 864	39%	339 448
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**–**	**14 266**	**14 266**	**397**	**5 957**	**7 133**	(1 176)	-16%	**14 266**
Community and social services		–	2 479	2 479	23	1 948	1 239	709	57%	2 479
Sport and recreation		–	7 867	7 867	236	3 166	3 933	(767)	-20%	7 867
Public safety		–	1 984	1 984	1	12	992	(980)	-99%	1 984
Housing		–	–	–	–	–	–	–		–
Health		–	1 936	1 936	136	831	968	(137)	-14%	1 936
Economic and environmental services		**–**	**19 616**	**19 616**	**1 321**	**14 209**	**9 808**	4 401	45%	**19 616**
Planning and development		–	6 667	6 667	392	4 825	3 334	1 491	45%	6 667
Road transport		–	11 844	11 844	903	8 796	5 922	2 874	49%	11 844
Environmental protection		–	1 105	1 105	25	588	552	36	7%	1 105
Trading services		**–**	**521 398**	**521 398**	**41 308**	**236 137**	**260 699**	(24 562)	-9%	**521 398**
Energy sources		–	293 789	293 789	21 778	120 479	146 895	(26 416)	-18%	293 789
Water management		–	87 929	87 929	6 356	51 027	43 965	7 063	16%	87 929
Waste water management		–	83 574	83 574	8 700	36 005	41 787	(5 782)	-14%	83 574
Waste management		–	56 106	56 106	4 474	28 626	28 053	573	2%	56 106
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Total Revenue - Functional	2	**–**	**894 756**	**894 756**	**98 882**	**491 894**	**447 378**	**44 517**	**10%**	**894 756**
Expenditure - Functional										
Governance and administration		**–**	**222 961**	**222 875**	**18 126**	**89 947**	**111 436**	(21 489)	-19%	**222 875**
Executive and council		–	45 089	45 108	4 931	21 503	22 553	(1 050)	-5%	45 108
Finance and administration		–	177 872	177 748	13 195	68 444	88 873	(20 429)	-23%	177 748
Internal audit		–	–	20	–	–	10	(10)	-100%	20
Community and public safety		**–**	**85 190**	**87 040**	**8 035**	**42 441**	**43 519**	(1 079)	-2%	**87 040**
Community and social services		–	10 612	10 612	705	4 300	5 306	(1 005)	-19%	10 612
Sport and recreation		–	44 086	44 836	4 402	21 086	22 418	(1 332)	-6%	44 836
Public safety		–	22 264	22 264	1 914	12 412	11 132	1 280	12%	22 264
Housing		–	3 228	4 328	340	1 984	2 164	(180)	-8%	4 328
Health		–	4 999	4 999	674	2 658	2 500	158	6%	4 999
Economic and environmental services		**–**	**116 851**	**116 936**	**8 751**	**50 186**	**58 468**	(8 282)	-14%	**116 936**
Planning and development		–	34 459	34 444	2 237	13 951	17 222	(3 271)	-19%	34 444
Road transport		–	80 642	80 642	6 459	35 500	40 321	(4 821)	-12%	80 642
Environmental protection		–	1 751	1 851	55	735	925	(190)	-21%	1 851
Trading services		**–**	**467 649**	**467 049**	**36 328**	**232 104**	**233 524**	(1 420)	-1%	**467 049**
Energy sources		–	285 024	285 024	20 092	142 399	142 512	(113)	0%	285 024
Water management		–	80 898	78 888	6 812	36 317	39 444	(3 127)	-8%	78 888
Waste water management		–	51 081	52 591	5 348	29 365	26 295	3 069	12%	52 591
Waste management		–	50 646	50 546	4 076	24 024	25 273	(1 249)	-5%	50 546
Other		**–**	**4 486**	**3 401**	**5**	**26**	**1 700**	**(1 675)**	**-98%**	**3 401**
Total Expenditure - Functional	3	**–**	**897 137**	**897 301**	**71 245**	**414 703**	**448 647**	**(33 944)**	**-8%**	**897 301**
Surplus/ (Deficit) for the year		**–**	**(2 381)**	**(2 545)**	**27 637**	**77 192**	**(1 269)**	**78 461**	**-6183%**	**(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 – M06 December 2019

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Revenue by Vote									
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES	–	333 857	333 857	55 668	234 142	166 929	67 213	40.3%	333 857
Vote 3 - CORPORATE SERVICES	–	27	27	–	270	14	256	1896.7%	27
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	–	4 052	4 052	202	1 840	2 026	(186)	-9.2%	4 052
Vote 5 - INFRASTRUCTURE AND ENGINEERING	–	468 908	468 908	37 025	211 196	234 454	(23 257)	-9.9%	468 908
Vote 6 - COMMUNITY SERVICES	–	20 256	20 256	1 213	11 887	10 128	1 759	17.4%	20 256
Vote 7 - COMMUNITY SERVICES (CONTINUED)	–	67 656	67 656	4 774	32 559	33 828	(1 268)	-3.7%	67 656
Total Revenue by Vote	**–**	**894 756**	**894 756**	**98 882**	**491 894**	**447 378**	**44 517**	**10.0%**	**894 756**
Expenditure by Vote									
Vote 1 - EXECUTIVE COUNCIL	–	43 826	43 076	4 226	19 233	21 538	(2 305)	-10.7%	43 076
Vote 2 - FINANCIAL SERVICES	–	93 059	93 059	7 261	33 100	46 529	(13 428)	-28.9%	93 059
Vote 3 - CORPORATE SERVICES	–	51 140	51 140	3 377	20 698	25 570	(4 871)	-19.1%	51 140
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	–	22 412	22 412	1 374	8 883	11 206	(2 323)	-20.7%	22 412
Vote 5 - INFRASTRUCTURE AND ENGINEERING	–	515 897	515 897	39 952	249 277	257 948	(8 670)	-3.4%	515 897
Vote 6 - COMMUNITY SERVICES	–	54 604	54 604	4 971	26 967	27 302	(334)	-1.2%	54 604
Vote 7 - COMMUNITY SERVICES (CONTINUED)	–	116 198	117 113	10 084	56 544	58 556	(2 012)	-3.4%	117 113
Total Expenditure by Vote	**–**	**897 137**	**897 301**	**71 245**	**414 703**	**448 647**	**(33 944)**	**-7.6%**	**897 301**
Surplus/ (Deficit) for the year	**–**	**(2 381)**	**(2 545)**	**27 637**	**77 192**	**(1 269)**	**78 461**	**-6182.9%**	**(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 segments 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) – M06 December 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	11 414	128 407	98 358	30 048	31%	196 717
Service charges - electricity revenue			277 068	277 068	21 705	119 861	138 534	(18 673)	-13%	277 068
Service charges - water revenue			76 105	76 105	6 046	30 244	38 053	(7 808)	-21%	76 105
Service charges - sanitation revenue			46 346	46 346	4 013	26 263	23 173	3 090	13%	46 346
Service charges - refuse revenue			53 732	53 732	4 207	27 044	26 866	178	1%	53 732
Service charges - other			–	–	–	–	–	–		–
Rental of facilities and equipment			4 037	1 024	44	335	512	(177)	-35%	1 024
Interest earned - external investments			10 375	10 375	2 269	8 385	5 187	3 197	62%	10 375
Interest earned - outstanding debtors			8 439	8 439	952	6 042	4 220	1 822	43%	8 439
Dividends received			–	–	–	–	–	–		–
Fines, penalties and forfeits			6 397	6 397	198	1 363	3 199	(1 835)	-57%	6 397
Licences and permits			16 568	16 568	1 142	10 959	8 284	2 675	32%	16 568
Agency services			–	–	–	–	–	–		–
Transfers and subsidies			133 112	133 112	41 851	99 773	66 556	33 217	50%	133 112
Other revenue			7 797	10 810	498	5 248	5 405	(157)	-3%	10 810
Gains on disposal of PPE			–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		–	836 693	836 693	94 339	463 924	418 346	45 577	11%	836 693
Expenditure By Type										
Employee related costs			290 942	290 942	24 468	152 088	145 469	6 619	5%	290 942
Remuneration of councillors			13 063	13 063	1 043	6 223	6 531	(309)	-5%	13 063
Debt impairment			26 336	26 336	–	–	13 168	(13 168)	-100%	26 336
Depreciation & asset impairment			85 101	85 101	6 127	36 763	42 550	(5 787)	-14%	85 101
Finance charges			2 201	2 201	195	1 226	1 101	125	11%	2 201
Bulk purchases			271 623	271 623	20 414	140 550	135 812	4 739	3%	271 623
Other materials			29 621	30 594	3 462	14 420	15 297	(877)	-6%	30 594
Contracted services			80 814	77 757	7 310	22 084	38 878	(16 794)	-43%	77 757
Transfers and subsidies			–	250	–	–	125	(125)	-100%	250
Other expenditure			97 436	99 433	8 225	41 349	49 715	(8 367)	-17%	99 433
Loss on disposal of PPE			–	–	–	–	–	–		–
Total Expenditure		–	897 137	897 301	71 245	414 703	448 647	(33 944)	-8%	897 301
Surplus/(Deficit)		–	(60 444)	(60 608)	23 094	49 221	(30 301)	79 521	(0)	(60 608)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			58 063	58 063	4 543	27 971	29 032	(1 061)	(0)	58 063
Transfers and subsidies - capital (monetary allocations) (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)	27 637	77 192	(1 269)			(2 545)
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		–	(2 381)	(2 545)	27 637	77 192	(1 269)			(2 545)
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		–	(2 381)	(2 545)	27 637	77 192	(1 269)			(2 545)
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		–	(2 381)	(2 545)	27 637	77 192	(1 269)			(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) – M06 December 2019

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Single Year expenditure appropriation									
Vote 1 - EXECUTIVE COUNCIL	–	1 200	2 268	151	448	1 069	(621)	-58%	2 268
Vote 2 - FINANCIAL SERVICES	–	2 600	3 896	56	198	605	(407)	-67%	3 896
Vote 3 - CORPORATE SERVICES	–	3 069	4 663	33	350	805	(455)	-57%	4 663
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	–	4 581	4 581	93	1 667	1 277	390	31%	4 581
Vote 5 - INFRASTRUCTURE AND ENGINEERING	–	58 218	68 056	27 426	44 078	9 249	34 829	377%	68 056
Vote 6 - COMMUNITY SERVICES	–	5 915	7 906	154	975	3 347	(2 372)	-71%	7 906
Vote 7 - COMMUNITY SERVICES (CONTINUED)	–	17 528	19 174	407	4 798	9 047	(4 249)	-47%	19 174
Total Capital single-year expenditure	–	93 110	110 543	28 320	52 514	25 399	**27 116**	**107%**	110 543
Total Capital Expenditure	**–**	**93 110**	**110 543**	**28 320**	**52 514**	**25 399**	**27 116**	**107%**	**110 543**
Capital Expenditure - Functional Classification									
Governance and administration	**–**	**8 169**	**13 210**	**239**	**2 697**	**6 605**	(3 908)	-59%	**13 210**
Executive and council		1 065	2 223	147	443	1 111	(669)	-60%	2 223
Finance and administration		6 969	10 913	88	2 250	5 456	(3 206)	-59%	10 913
Internal audit		135	75	4	4	38	(34)	-90%	75
Community and public safety	**–**	**21 843**	**24 395**	**562**	**3 608**	**12 123**	(8 515)	-70%	**24 395**
Community and social services		950	1 100	–	254	475	(221)	-46%	1 100
Sport and recreation		15 228	15 546	544	1 462	7 773	(6 311)	-81%	15 546
Public safety		3 965	6 049	18	359	3 025	(2 666)	-88%	6 049
Housing		1 700	1 700	–	1 533	850	683	80%	1 700
Health		–	–	–	–	–	–		–
Economic and environmental services	**–**	**5 325**	**5 325**	**93**	**309**	**2 662**	(2 353)	-88%	**5 325**
Planning and development		3 331	3 331	93	179	1 665	(1 486)	-89%	3 331
Road transport		1 994	1 994	–	129	997	(867)	-87%	1 994
Environmental protection		–	–	–	–	–	–		–
Trading services	**–**	**57 774**	**67 612**	**27 426**	**45 901**	**33 806**	12 095	36%	**67 612**
Energy sources		19 432	21 171	566	(397)	10 585	(10 983)	-104%	21 171
Water management		11 446	12 231	20 961	28 085	6 116	21 969	359%	12 231
Waste water management		24 896	32 211	5 898	16 213	16 105	108	1%	32 211
Waste management		2 000	2 000	–	2 000	1 000	1 000	100%	2 000
Other		–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	**–**	**93 110**	**110 543**	**28 320**	**52 514**	**55 196**	**(2 682)**	**-5%**	**110 543**
Funded by:									
National Government		49 052	49 052	23 969	33 746	24 526	9 220	38%	49 052
Provincial Government		–	–	–	–	–	–		–
District Municipality		2 065	3 765	–	–	1 883	(1 883)	-100%	3 765
Other transfers and grants		–	–	–	–	–	–		–
Transfers recognised - capital	**–**	**51 117**	**52 817**	**23 969**	**33 746**	**26 408**	**7 338**	**28%**	**52 817**
Public contributions & donations		–	–	–	–	–	–		–
Borrowing		–	–	–	–	–	–		–
Internally generated funds		41 994	57 726	4 351	18 768	25 310	(6 542)	-26%	57 726
Total Capital Funding	**–**	**93 110**	**110 543**	**28 320**	**52 514**	**51 719**	**796**	**2%**	**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 – M06 December 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		16 677	6 632
Call investment deposits			59 686		186 774	59 686
Consumer debtors			67 067		42 284	67 067
Other debtors			33 150		33 473	33 150
Current portion of long-term receivables			3		3	3
Inventory			6 666		9 249	6 666
Total current assets		–	173 204	–	288 461	173 204
Non current assets						
Long-term receivables			16		13	16
Investments					–	
Investment property			354 389		242 552	354 389
Investments in Associate					–	
Property, plant and equipment			1 961 428		2 018 797	1 961 428
Agricultural					–	
Biological assets					–	
Intangible assets			1 802		244	1 802
Other non-current assets					–	
Total non current assets		–	2 317 635	–	2 261 606	2 317 635
TOTAL ASSETS		–	2 490 839	–	2 550 067	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		156 774	127 481
Provisions			24 505		29 649	24 505
Total current liabilities		–	175 225	–	212 867	175 225
Non current liabilities						
Borrowing			15 602		111 162	15 602
Provisions			169 378		68 637	169 378
Total non current liabilities		–	184 979	–	179 799	184 979
TOTAL LIABILITIES		–	360 204	–	392 666	360 204
NET ASSETS	2	–	2 130 635	–	2 157 400	2 130 635
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)			2 130 635		2 157 400	2 130 635
Reserves		–				
TOTAL COMMUNITY WEALTH/EQUITY	2	–	2 130 635	–	2 157 400	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 – M06 December 2019

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates			188 848		13 624	123 621	188 848	(65 228)	-35%	(158 496)
Service charges			435 121		33 502	210 603	435 121	(224 517)	-52%	(244 242)
Other revenue			34 799		1 871	39 420	34 799	4 621	13%	303 191
Government - operating			133 112		41 646	99 534	133 112	(33 578)	-25%	27 316
Government - capital			58 063			20 768	58 063	(37 295)	-64%	3 583
Interest			18 476		4 213	15 810	18 476	(2 666)	-14%	8 031
Dividends			–			–	–	–		–
Payments										
Suppliers and employees			(783 499)		(65 074)	(453 027)	(783 499)	(330 472)	42%	(783 410)
Finance charges			(2 201)		(182)	(1 213)	(2 201)	(988)	45%	(2 201)
Transfers and Grants			–			–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	82 720	–	29 600	55 516	82 720	27 203	33%	(846 228)
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)		(32 567)	(62 391)	(93 110)	(30 719)	33%	(110 393)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	(93 110)	–	(32 567)	(62 391)	(93 110)	(30 719)	33%	(110 393)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits			–	–			–	–		–
Payments										
Repayment of borrowing			(7 999)		(683)	(3 902)	(7 999)	(4 097)	51%	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(7 999)	–	(683)	(3 902)	(7 999)	(4 097)	51%	–
NET INCREASE/ (DECREASE) IN CASH HELD		–	(18 389)	–	(3 651)	(10 777)	(18 389)			(956 620)
Cash/cash equivalents at beginning:		–	84 707			214 228	84 707			214 228
Cash/cash equivalents at month/year end:		–	66 318	–		203 451	66 318			(742 393)

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.

Annexure "A5"

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 December 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 December 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	9 124	2 142	1 607	1 504	2 427	1 184	6 640	27 697	52 325
Trade and Other Receivables from Exchange Transactions - Electricity	16 298	1 172	739	431	1 979	228	1 103	6 479	28 428
Receivables from Non-exchange Transactions - Property Rates	10 307	956	710	570	8 178	260	1 197	19 994	42 172
Receivables from Exchange Transactions - Waste Water Management	5 372	977	778	700	1 167	565	2 933	11 712	24 204
Receivables from Exchange Transactions - Waste Management	4 391	1 025	940	876	843	759	4 121	16 450	29 404
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	72	93	134	130	563	152	1 296	23 076	25 515
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(15 946)	398	388	291	1 172	250	1 684	9 861	(1 901)
Total By Income Source	**29 618**	**6 762**	**5 294**	**4 502**	**16 329**	**3 398**	**18 974**	**115 270**	**200 148**
									–
Debtors Age Analysis By Customer Group									
Organs of State	1 209	498	445	241	772	31	108	3 113	6 418
Commercial	2 949	258	159	123	360	71	519	2 919	7 357
Households	25 460	6 006	4 690	4 138	15 197	3 297	18 347	109 238	186 373
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**29 618**	**6 762**	**5 294**	**4 502**	**16 329**	**3 398**	**18 974**	**115 270**	**200 148**

The aforementioned analysis indicates that from 30 June 2019 to 31 December 2019, the overdue debts have increased from R 145,884 million to R 170,530 million, as follows:

R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-19**	**31-Dec-19**	**Difference**
Trade and Other Receivables from Exchange Transactions - Water	37 037	43 202	6 165
Trade and Other Receivables from Exchange Transactions - Electricity	10 495	12 130	1 634
Receivables from Non-exchange Transactions - Property Rates	25 755	31 865	6 110
Receivables from Exchange Transactions - Waste Water Management	16 078	18 832	2 755
Receivables from Exchange Transactions - Waste Management	21 817	25 013	3 196
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–
Interest on Arrear Debtor Accounts	21 714	25 443	3 729
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	12 987	14 045	1 058
Total By Income Source	**145 884**	**170 530**	**24 646**
	–	–	
Debtors Age Analysis By Customer Group	–	–	
Organs of State	5 088	5 209	121
Commercial	4 080	4 408	329
Households	136 716	160 913	24 197
Other	–	–	
Total By Customer Group	**145 884**	**170 530**	**24 646**

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	19 727	–	–	–	–	–	–	–	**19 727**
Bulk Water	1 265	2	–	4	–	–	11	(178)	**1 104**
PAYE deductions	3 869	–	–	–	–	–	–	–	**3 869**
VAT (output less input)	–	–	–	–	–	–	–	–	**–**
Pensions / Retirement deductions	–	–	–	–	–	–	–	–	**–**
Loan repayments	–	–	–	–	–	–	–	–	**–**
Trade Creditors	6 581	1 186	575	7	18	41	8	72	**8 486**
Auditor General	–	–	–	–	–	–	–	–	**–**
Other	–	–	–	–	–	–	–	–	**–**
Total By Customer Type	**31 441**	**1 188**	**575**	**11**	**18**	**41**	**19**	**(106)**	**33 187**

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

Eskom	R 19,727 million
NMBM	R 1,104 million
SARS (PAYE)	R 3,869 million
Other Creditors	R 8,486 million
TOTAL	**R 33,187 million**

It is to be noted that the Eskom amount of R 19,727 million, represents the current account for December 2019, which will be fully paid on 21 January 2020.

The PAYE deductions represent employee related costs for the month of December 2019, with the amounts in question being paid on 6 January 2020 to SARS.

3. Investment Portfolio

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

	Balance as at 30 June 2019	INVESTED	INTEREST	WITHDRAWN	CHARGES	Balance as at 31 December
Standard Bank	19 896 645	-	642 952	-	-	20 539 598
ABSA	27 519 504	-	886 848	-	-	28 406 352
Nedbank	20 827 601	-	678 304	-	-	21 505 905
RMB	110 820 349	25 379 073	3 406 649	45 564 008	-	94 042 063
INVESTEC	21 562 503	-	717 299	-	-	22 279 802
Total	**200 626 602**	**25 379 073**	**6 332 052**	**-45 564 008**	**-**	**186 773 719**
INVESTMENT	**Balance as at 30 June 2019**	**INVESTED**	**INTEREST**	**WITHDRAWN**	**CHARGES**	**Balance as at 31 December**
General Account	90 965 278	3 609 073	3 031 623	-	-	97 605 973
Conditional Grants	109 654 154	21 770 000	3 300 203	45 564 008	-	89 160 350
Housing Funds	7 170	-	226	-	-	7 396
Total	**200 626 602**	**25 379 073**	**6 332 052**	**-45 564 008**	**-**	**186 773 719**
Bank	13 600 946	3 076 005				**16 676 951**
Total	**214 227 548**	**28 455 078**	**6 332 052**	**-45 564 008**	**-**	**203 450 670**

The decrease in the investment portfolio since 30 June 2019 amounts to R 10,776,878. The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves

Bank Balances and Cash	R 16,676,951
Short-term Investment Deposits	R 186,773,719
	R 203,450,670

Application of Cash

Unspent Conditional Grants	89,167,746
Internally Generated Funds	38,957,354
Outstanding Creditors Liability	33 186 677
	161,311,777
Reserves in excess of Commitments	**R 42,138,893**

The cash backed reserves exceed the commitments at this stage by an amount of R 42,138,893. It should be noted that the excess of reserves over commitments as at 31 December 2019, is mainly due to an amount of R 41,646 million in respect of the Equitable share allocation received on 02 December 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 – M06 December 2019

Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
RECEIPTS:								
Operating Transfers and Grants								
National Government:	129 297	129 297	41 646	96 934	96 934	–		129 297
Operational Revenue:General Revenue:Equitable Share	124 938	124 938	41 646	93 704	93 704	–		124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule	1 000	1 000	–	700	700	–		1 000
Local Government Financial Management Grant [Schedule 5B]	1 770	1 770		1 770	1 770	–		1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589	1 589	–	760	760	–		1 589
Provincial Government:	2 050	2 050	–	2 050	2 050	–		–
Sports and Recreation	2 050	2 050	–	2 050	2 050	–		–
District Municipality:	1 765	1 765	–	1 310	1 310	–		3 815
Environmental Health Subsidy	1 765	1 765	–	1 310	1 310	–		3 815
Other grant providers:	–	–	–	266	–	266		–
Skills Development Grant	–	–	–	266	–	266		–
Total Operating Transfers and Grants	133 112	133 112	41 646	100 560	100 294	266	0.3%	133 112
Capital Transfers and Grants								
National Government:	56 098	56 098	–	19 938	19 938	0	0.0%	56 098
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	10 002	6 002	–	1 500	1 500	–		6 002
Municipal Infrastructure Grant [Schedule 5B]	36 096	36 096		14 438	14 438	–		36 096
Energy Efficiency and Demand Side Management Grant	–	4 000	–	2 000	2 000	0	0.0%	4 000
Water Services Infrastructure Grant [Schedule 5B]	10 000	10 000	–	2 000	2 000	–		10 000
District Municipality:	1 965	1 965	–	–	–	–		1 965
Fire Services Subsidy	1 965	1 965	–	–		–		1 965
Total Capital Transfers and Grants	58 063	58 063	–	19 938	19 938	0	0.0%	58 063
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	191 175	41 646	120 498	120 232	266	0.2%	191 175

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

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M06 December 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**	**129 297**	**278**	**126 884**	**127 479**	**(595)**	**-0.5%**	**63 978**
Operational Revenue:General Revenue:Equitable Share	124 938	124 938	–	124 938	124 938	–		60 748
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000	1 000	131	442	1 175	(732)	-62.3%	2 350
Local Government Financial Management Grant [Schedule 5B]	1 770	1 770	–	522	384	138	35.8%	768
Municipal Infrastructure Grant [Schedule 5B]	1 589	1 589	147	982	982	–		112
Provincial Government:	**2 050**	**2 050**	**–**	**2 050**	**2 050**	**–**		**–**
Sports and Recreation	2 050	2 050	–	2 050	2 050	–		–
District Municipality:	**1 765**	**1 765**	**–**	**1 310**	**1 310**	**–**		**–**
Environmental Health Subsidy	1 765	1 765	–	1 310	1 310	–		–
Other grant providers:	**–**	**–**	**–**	**266**	**266**	**–**		**–**
Skills Development Grant	–	–	–	266	266	–		–
Total operating expenditure of Transfers and Grants:	**133 112**	**133 112**	**278**	**130 510**	**131 105**	**(595)**	**-0.5%**	**63 978**
Capital expenditure of Transfers and Grants								
National Government:	**49 052**	**49 052**	**23 969**	**35 485**	**25 358**	**10 127**	**39.9%**	**50 715**
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	8 697	5 219	45	146	2 610	(2 463)	-94.4%	5 219
Municipal Infrastructure Grant [Schedule 5B]	31 659	31 659	4 390	9 610	16 661	(7 051)	-42.3%	33 322
Energy Efficiency and Demand Side Management Grant	–	3 478	13	13	1 739	(1 726)	-99.3%	3 478
Water Services Infrastructure Grant [Schedule 5B]	8 696	8 696	19 521	25 716	4 348	21 368	491.5%	8 696
District Municipality:	**1 965**	**1 965**	**–**	**–**	**1 883**	(1 883)	-100.0%	**3 765**
Fire Services Subsidy	1 965	1 965	–	–	1 883	(1 883)	-100.0%	3 765
Total capital expenditure of Transfers and Grants	**51 017**	**51 017**	**23 969**	**35 485**	**27 240**	**8 245**	**30.3%**	**54 481**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**184 128**	**184 128**	**24 247**	**165 995**	**158 345**	**7 650**	**4.8%**	**118 458**

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 547,507
Unspent as at 31 December 2019:	R 1,222,493

The spending of the grant amounted to 30.93% as at 31 December 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 700,000
Expenditure to date:	R 442,427
Unspent as at 31 December 2019:	R 257,573

The spending of the grant amounted to 63.20% as at 31 December 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 11,051,130
Unspent as at 31 December 2019:	R 4,146,870

The spending of the grant amounted to 72.71% as at 31 December 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 168,203
Unspent as at 31 December 2019:	R 1,331,797

The spending of the grant amounted to 11.21% as at 31 December 2019, compared to the amount of the grant received.

Energy Efficiency and Demand Side Management Grant (EEDSM)
The purpose of this grant is to implement energy efficiency measures within municipality's own operations.

DORA Allocation:	R 4,000,000
Amount of Grant Received:	R 2,000,000
Expenditure to date:	R 14,925
Unspent as at 31 December 2019:	R 1,985,075

The spending of the grant amounted to 0.75% as at 31 December 2019, compared to the amount of the grant received.

Water Services Infrastructure Grant (Kwanomzamo Wastewater Treatment Works)
The purpose of this grant is to upgrade and refurbish the existing Kwanomzamo Wastewater Treatment Works located in Humansdorp. Decommissioning and dismantling of disused equipment; emptying and cleaning of out structures; site measurements; design.

DORA Allocation:	R 10,000,000
Amount of Grant Received:	R 2,000,000
Expenditure to date:	R 344,160
Unspent as at 31 December 2019:	**R 1,655,840**

The spending of the grant amounted to 17.21% as at 31 December 2019, compared to the amount of the grant received.

Water Services Infrastructure Grant (Drought Funding)
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.

Unspent Grant as at 30 June 2019	R 98,017,338
Expenditure to date:	R 29,229,380
Unspent as at 31 December 2019:	**R 68,787,958**

The spending of the grant amounted to 29.82% as at 31 December 2019, compared to the amount of the grant received.

5. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M06 December 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							%	
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	8 800	8 800	700	4 177	4 400	(222)	-5%	8 800
Pension and UIF Contributions	–	–	–	–	–	–		–
Medical Aid Contributions	–	–	2	11	–	11	#DIV/0!	–
Motor Vehicle Allowance	2 889	2 889	233	1 394	1 445	(50)	-3%	2 889
Cellphone Allowance	1 374	1 374	107	640	687	(47)	-7%	1 374
Housing Allowances	–	–	–	–	–	–		–
Other benefits and allowances	–	–	–	–	–	–		–
Sub Total - Councillors	**13 063**	**13 063**	**1 043**	**6 223**	**6 531**	**(309)**	**-5%**	**13 063**
Senior Managers of the Municipality								
Basic Salaries and Wages	7 445	7 445	450	2 891	3 723	(832)	-22%	7 445
Pension and UIF Contributions	23	23	1	5	11	(6)	-57%	23
Medical Aid Contributions	–	–	–	–	–	–		–
Overtime	–	–	–	–	–	–		–
Performance Bonus	169	169	275	413	84	329	390%	169
Motor Vehicle Allowance	804	804	55	331	402	(71)	-18%	804
Cellphone Allowance	7	7	1	3	4	(1)	-19%	7
Housing Allowances	–	–	–	–	–	–		–
Other benefits and allowances	51	51	5	24	26	(1)	-4%	51
Payments in lieu of leave	1 663	1 762	–	4	881	(877)	-100%	1 762
Long service awards	–	–	–	–	–	–		–
Post-retirement benefit obligations	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality	**10 162**	**10 260**	**786**	**3 671**	**5 130**	**(1 459)**	**-28%**	**10 260**
Other Municipal Staff								
Basic Salaries and Wages	171 169	171 169	15 115	88 254	85 584	2 670	3%	171 169
Pension and UIF Contributions	29 339	29 339	2 525	15 096	14 669	427	3%	29 339
Medical Aid Contributions	15 119	15 119	1 265	7 502	7 560	(58)	-1%	15 119
Overtime	27 259	27 259	2 578	13 227	16 416	(3 190)	-19%	32 833
Performance Bonus	–	–	–	–	–	–		–
Motor Vehicle Allowance	7 551	7 551	753	4 373	3 775	598	16%	7 551
Cellphone Allowance	1	1	–	–	0	(0)	-100%	1
Housing Allowances	992	992	67	406	496	(90)	-18%	992
Other benefits and allowances	27 830	27 830	887	18 041	11 128	6 913	62%	22 256
Payments in lieu of leave	18	18	178	731	9	722	7963%	18
Long service awards	1 403	1 403	313	788	702	86	12%	1 403
Post-retirement benefit obligations	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff	**280 681**	**280 681**	**23 682**	**148 417**	**140 339**	**8 078**	**6%**	**280 681**
Total Parent Municipality	**303 906**	**304 005**	**25 512**	**158 311**	**152 001**	**6 310**	**4%**	**304 005**
TOTAL SALARY, ALLOWANCES & BENEFITS	**304 005**	**304 005**	**25 512**	**158 311**	**152 001**	**6 310**	**4%**	**304 005**
TOTAL MANAGERS AND STAFF	**290 843**	**290 942**	**24 468**	**152 088**	**145 469**	**6 619**	**5%**	**290 942**

6. Key performance indicators

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

Borrowing Management		**Actuals as at 30 June 2016**	**Actuals as at 30 June 2017**	**Actuals as at 30 June 2018**	**Actuals as at 30 June 2019**	**Approved Budget 2019/20**	**Actuals as at 31 December 2019**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	3.67%	2.51%	1.78%	1.29%	1.14%	1.23%
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	0.01	0.01	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.85	0.97	1.58	1.44	0.99	1.36
Liquidity Ratio	Monetary assets / current liabilities	0.40	0.47	0.75	0.87	0.38	0.96
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	97.60%	95.81%	90.73%	97,62%	96%	92.64%

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 December 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	1.73	1.90	1.01	1.81
Employee Costs	Employee Costs / Total Operating Expenditure	35.62%	33.39%	33.21%	33.39%	32.42%	36.67%
Capital Expenditure	Capital Expenditure / Capital Budget	81.97%	72.92%	72.98%	44.59%	95%	47.51%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.61%	4.94%	3.82%	5.63%	4.87%	4.18%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.17%	1.65%	1.41%	2.29%	2.23%	0.86%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	74.74%	78.69%	80.22%	75.36%	84.09%	78.49%

The above table is discussed in detail below.

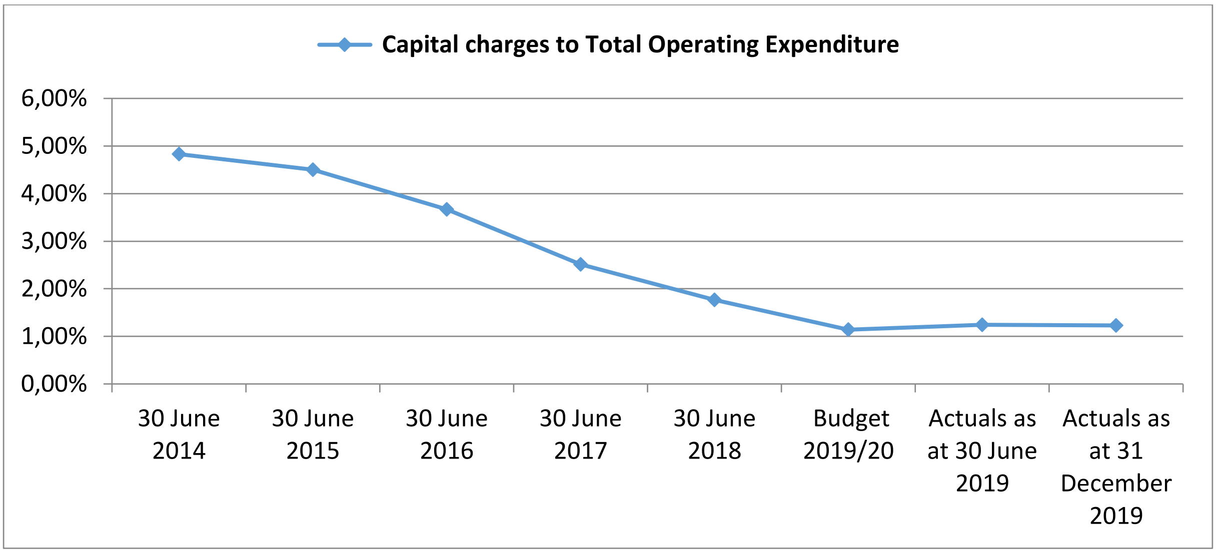
5.1. Borrowing Management

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 1.23% of the Total Operating Expenditure was utilised for capital charges as at 31 December 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.

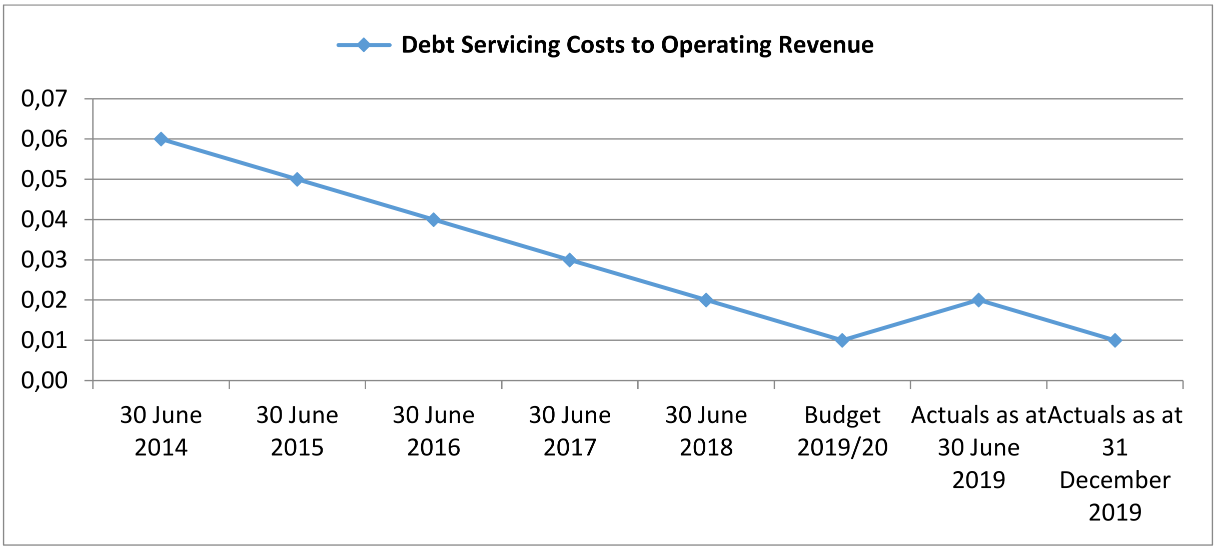
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 December 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:

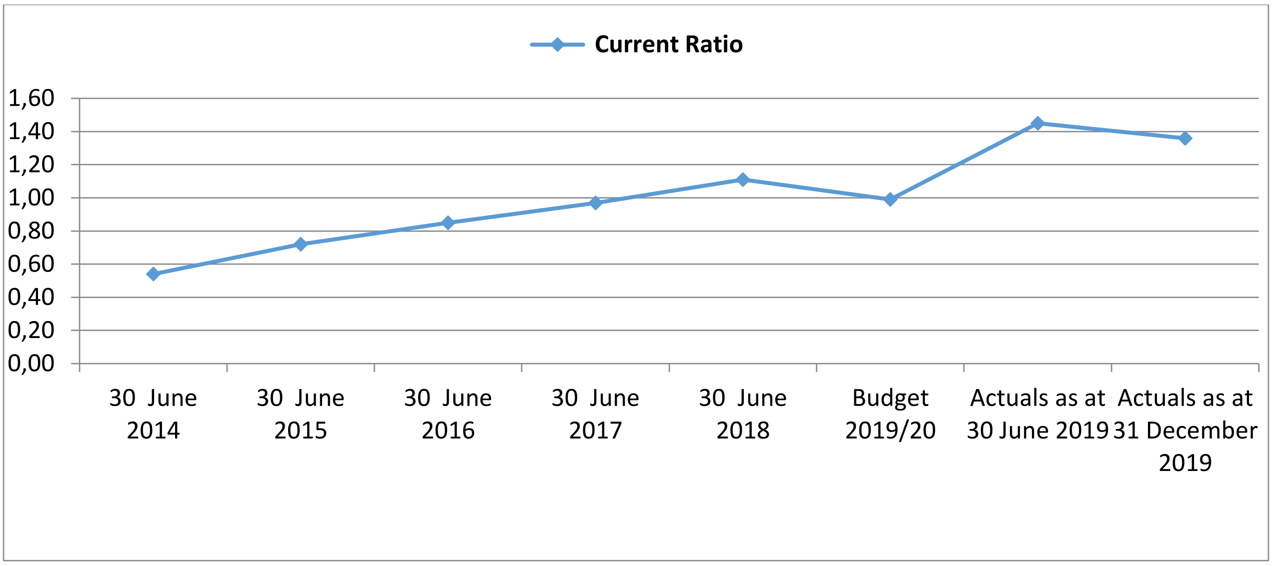
Current assets/Current liabilities

The ratio as at 31 December 2019 was 1.36:1, 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

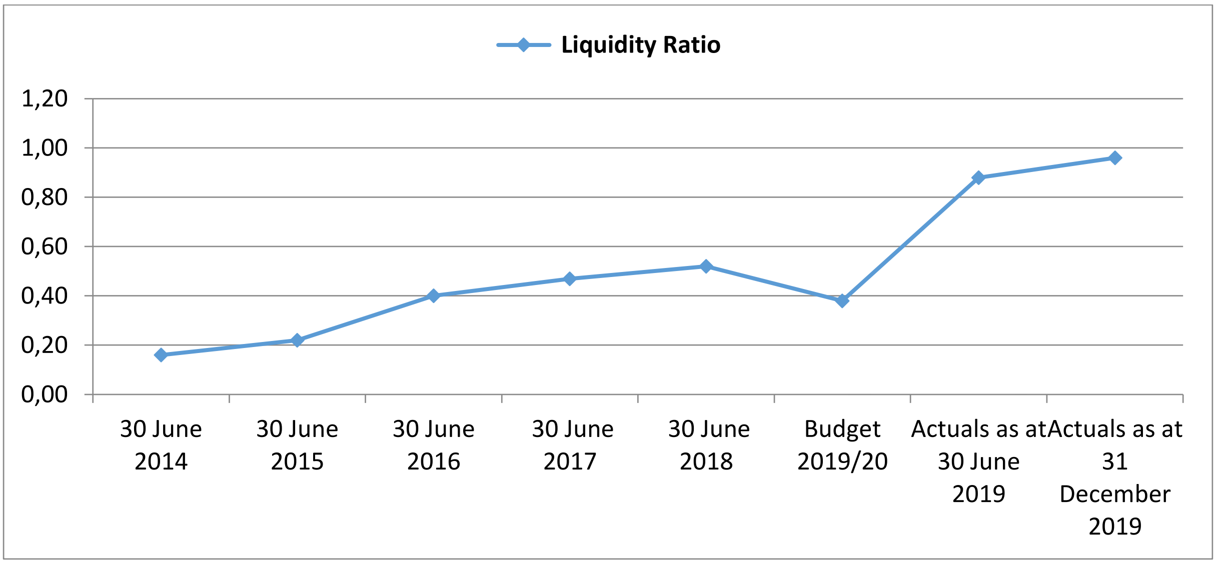
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 December 2019 was 1.15:1, 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

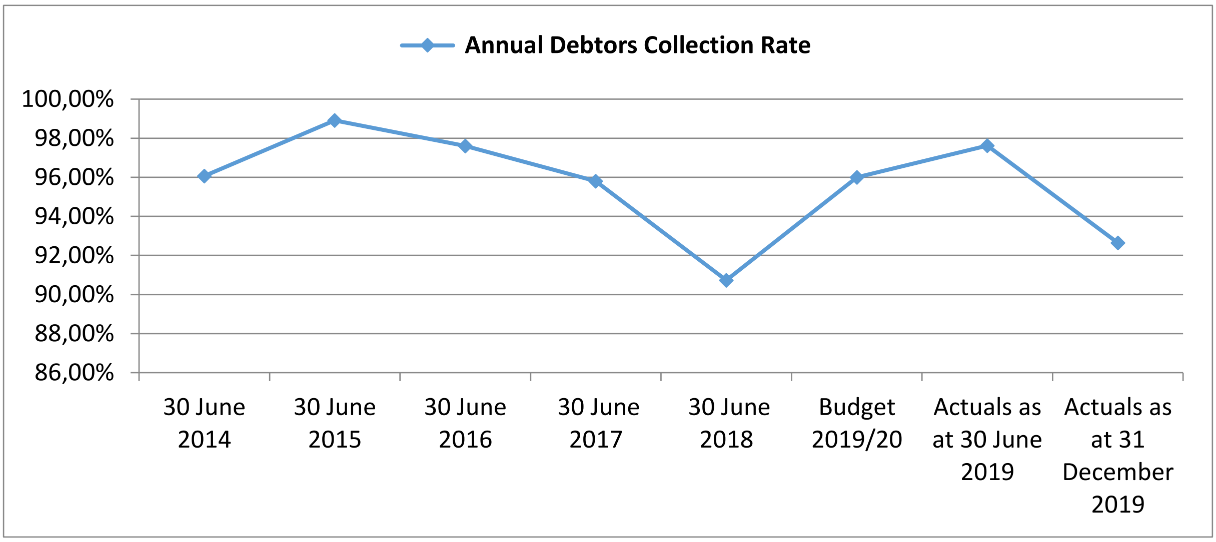
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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. accountholders are given one calendar month to pay their current accounts).

The average collection rate as at 31 December 2019 was 92.64%, compared to the budgeted collection rate of 96%. The collection rate of 92.64% as at 31 December 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.

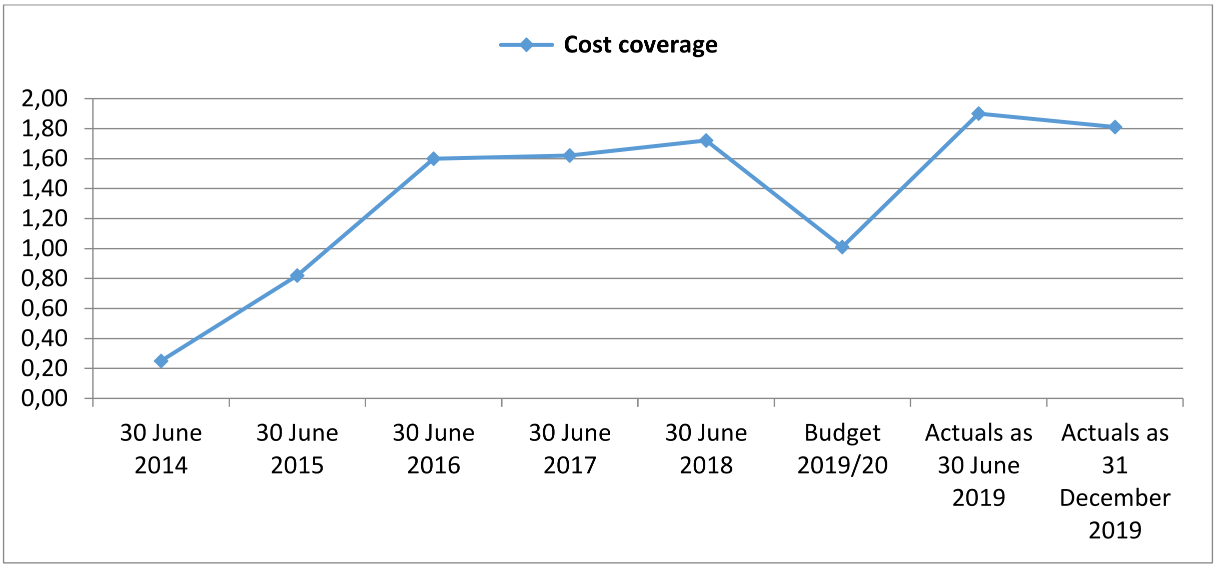
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 December 2019, the Ratio was 1.81 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



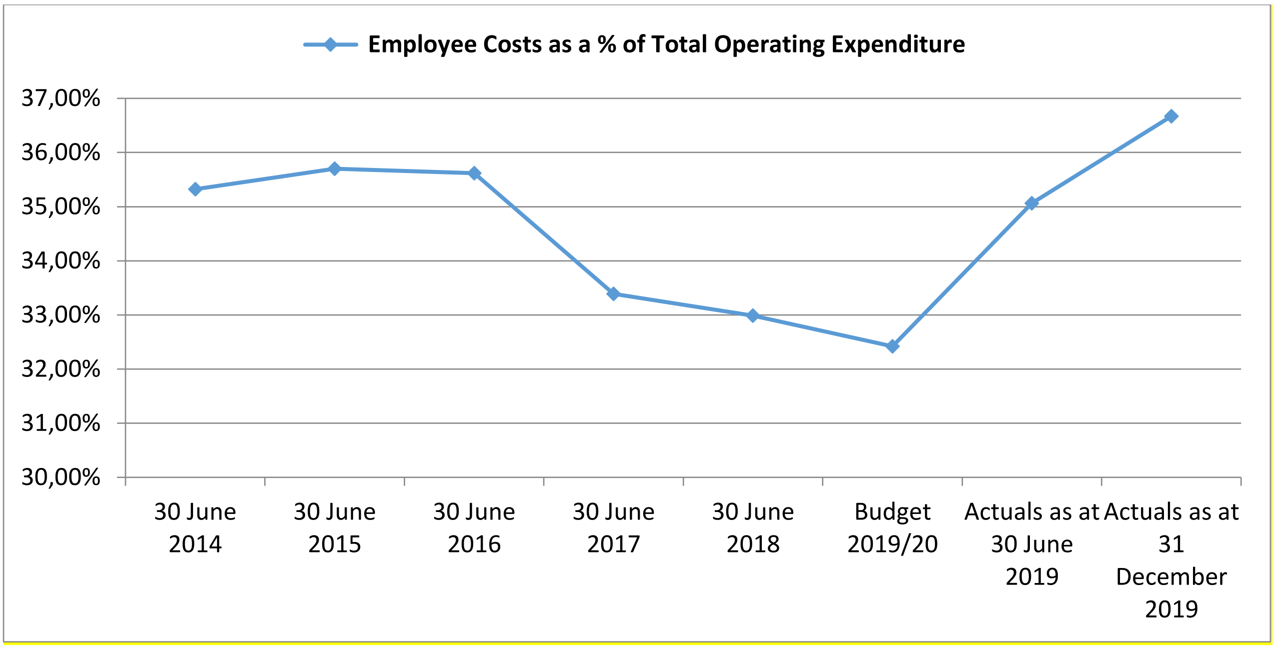
5.4.2. Employee costs as a % of Total Operating Expenditure

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 December 2019, Employee Related Costs constituted 36.67% of the Total Operating Expenditure, compared to the budgeted ratio of 32.42%.



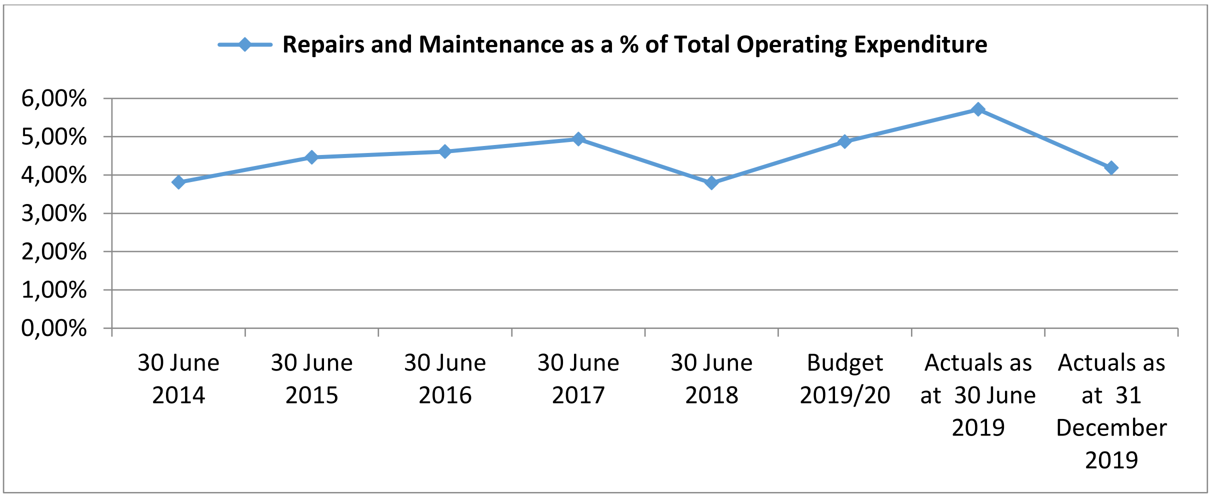
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 December 2019, the ratio was 4.18%, 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)

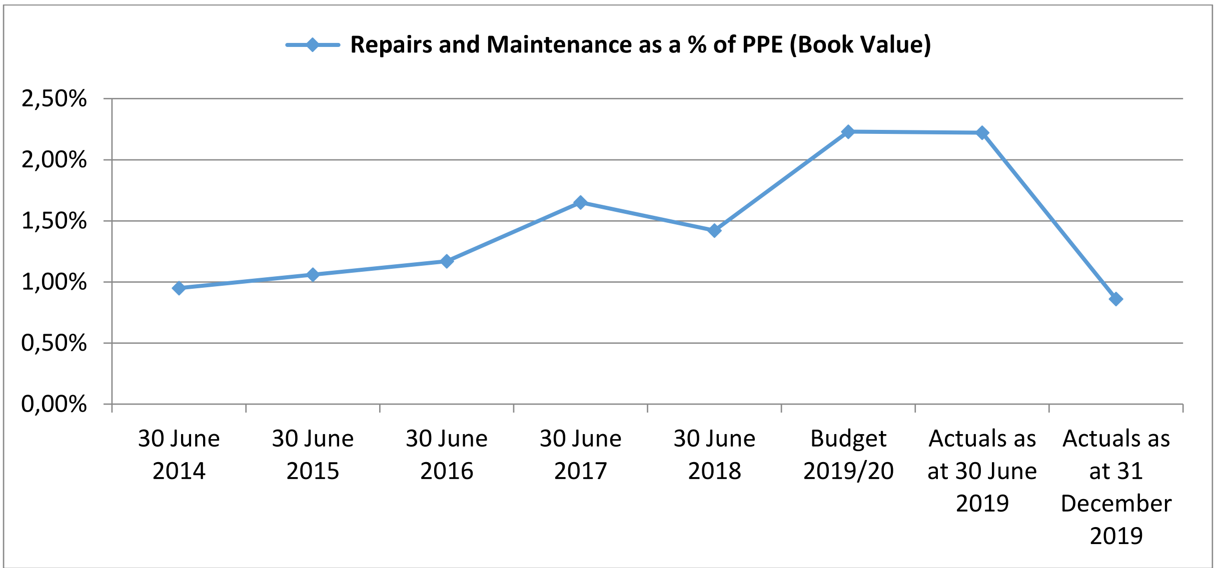
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 31 December 2019, repairs and maintenance expenditure constituted 0.86% 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%.



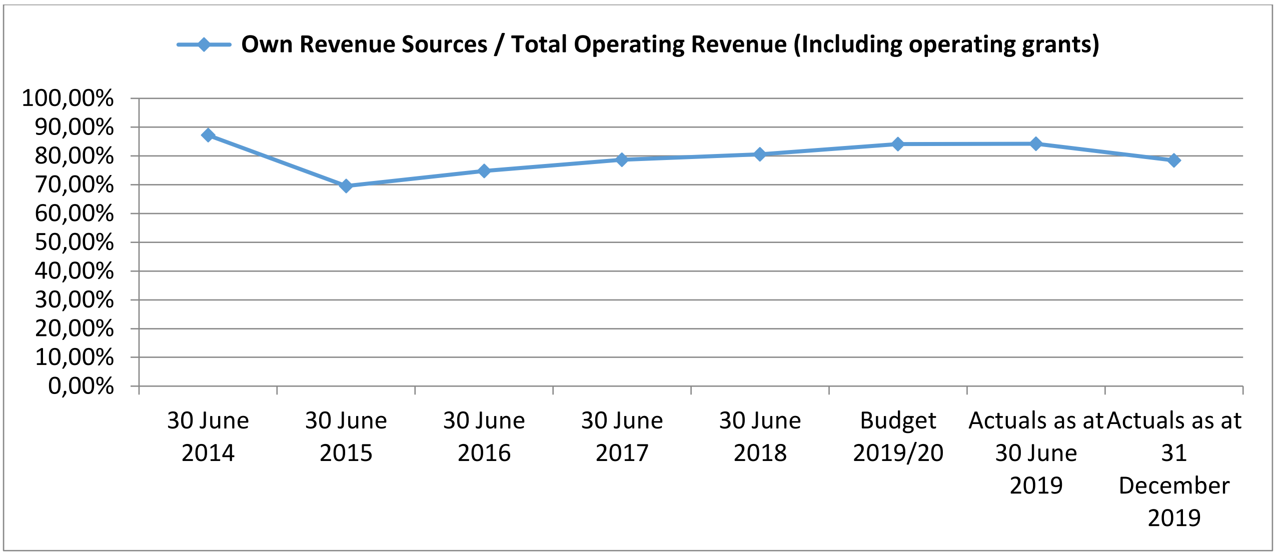
5.4.5. Own Revenue Generation

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 December 2019, the Municipality's own revenue sources constituted 78.49% 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 December 2019 amounted to 47.51% compared to the budgeted ratio of 95%.