KOUGA MUNICIPALITY (EC108)

FINANCE PORTFOLIO COMMITTEE

DATE: **ITEM NO:**

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MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2019 TO APRIL 2020 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 30 APRIL 2020 (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 April 2020, 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 706,031 million, whilst operating expenditure amounted to R 676,302 million, resulting in an operating surplus of R 29,729 million.
- Capital expenditure constituted 45,89% of the 2019/20 Adjusted Capital Budget.
- Overdue consumer debts increased by R 14,248 million (9,77%) since June 2019.

5. Recommendation

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

Report Submitted by

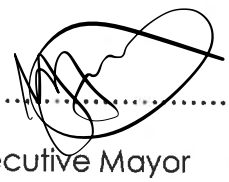


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Mr. Charl Du Plessis (Municipal Manager)

Acknowledgement of section 71 reports by the Executive Mayor for the period July 2019 to April 2020.

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



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Executive Mayor

6. Municipal Manager's Quality Certificate

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

Print Name ___Charl Du Plessis_____

Municipal Manager of Kouga Local Municipal

Signature 

Date _____2020/05/13_____

Below is a discussion of the significant revenue variations:

Revenue Variations

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

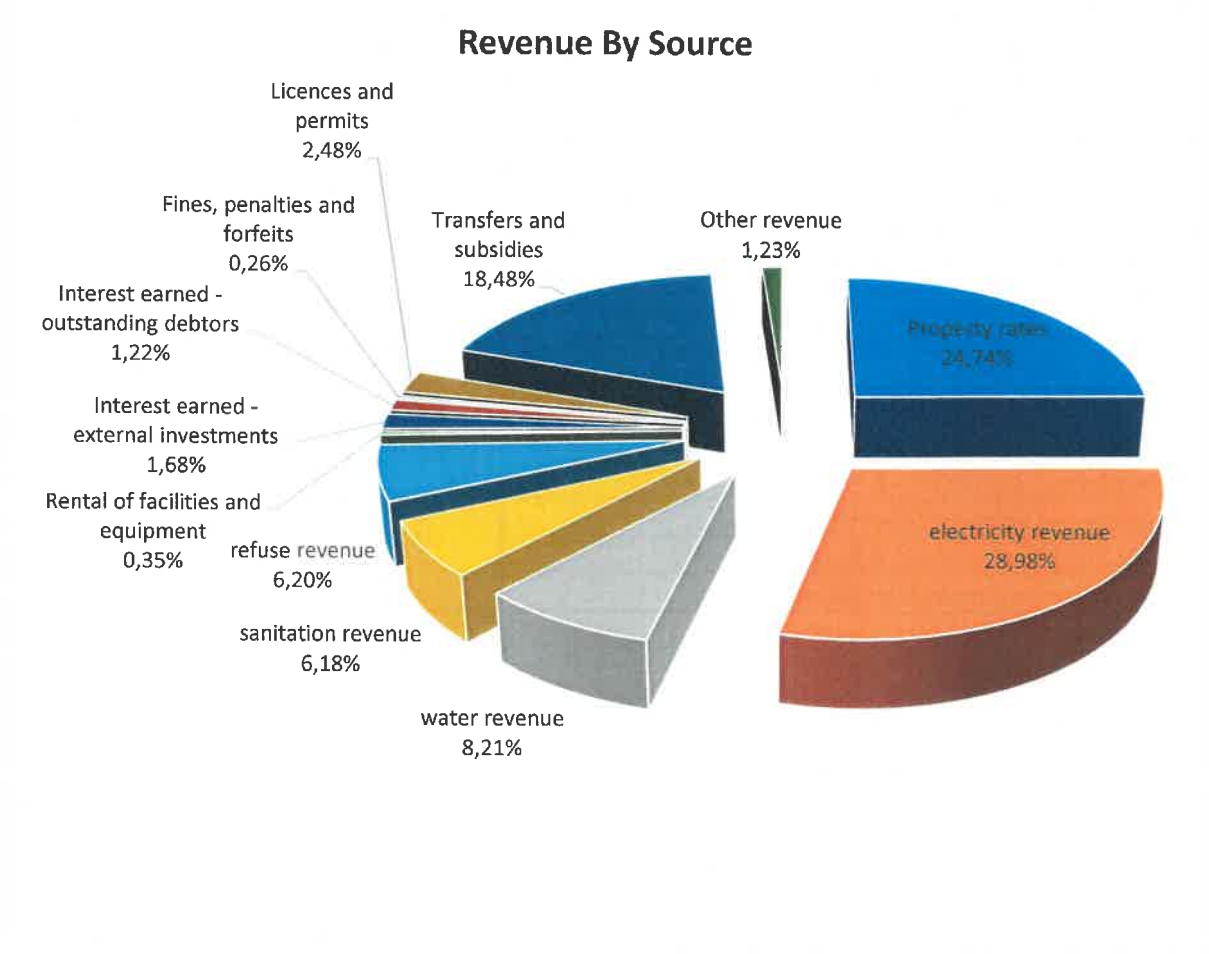
Fines, penalties and forfeits are largely influenced by the lower than anticipated revenue from traffic fines.

Transfers and Subsidies

Transfers and subsidies received mainly represents the Equitable Share Allocation in the amount of R 124,938 million.

Other revenue

Other revenue is largely influenced by building plan related fees and insurance claims.



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.

The other expenditure is broken down as follows:

Item Description	Adjusted Budget 2019/20	Actuals as at 30 April 2020	%
Hire Charges	25 111 523	19 361 942	77.10%
Municipal Services	10 974 549	9 797 525	89.27%
Operating Leases:Furniture and Office Equipment	5 893 745	3 539 911	60.06%
Commission:Third Party Vendors	5 374 126	3 677 411	68.43%
Management Fee	4 532 915	3 324 943	73.35%
External Audit Fees	4 508 000	4 470 826	99.18%
External Computer Service:Internet Charge	4 104 024	3 347 911	81.58%
Operating Leases:Other Assets	4 062 693	3 344 154	82.31%
External Computer Service:Software Licences	3 595 520	1 587 726	44.16%
Remuneration to Ward Committees	3 278 744	2 217 698	67.64%
Bargaining Council	2 909 416	34 080	1.17%
Uniform and Protective Clothing	2 621 035	1 807 543	68.96%
Training	2 603 698	1 745 317	67.03%
Insurance Underwriting:Premiums	2 600 248	1 101 014	42.34%
Storage of Files (Archiving)	1 900 000	1 063 722	55.99%
Communication:Postage/Stamps/Franking Machines	1 750 485	945 863	54.03%
Skills Development Fund Levy	1 695 046	1 601 325	94.47%
Communication:Cellular Contract (Subscriptions)	1 651 453	1 142 433	69.18%
Achievements and Awards	1 600 000	630 827	39.43%
Printing, Publications and Books	1 520 261	634 184	41.72%
Workmen's Compensation Fund	1 525 915	850 054	55.71%
Registration Fees:Professional and Regulatory Bodies	1 019 648	358 363	35.15%
Domestic:Accommodation	968 546	407 817	42.11%
Advertising, Publicity and Marketing:Tenders	978 219	566 308	57.89%
Advertising, Publicity and Marketing:Corporate and Municipal Activities	876 923	246 686	28.13%
Transport without Operator:Own Transport	853 836	459 833	53.85%
Licences:Motor Vehicle Licence and Registrations	729 719	512 102	70.18%
Bank Charges, Facility and Card Fees:Bank Accounts	669 072	881 935	131.81%
External Computer Service:Specialised Computer Services	662 191	-	0.00%
Public Transport:Air Transport	614 351	145 304	23.65%
Signage	630 100	225 874	35.85%
Vehicle Tracking	590 952	523 600	88.60%
Travel and Subsistence:Non-employees	560 504	139 418	24.87%
Advertising, Publicity and Marketing:Gifts and Promotions	485 756	169 711	34.94%
Other	2 606 260	775 951	29.77%
Total	**106 059 473**	**71 639 311**	**67.55%**

Repairs and Maintenance

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

Item Description	Adjusted Budget 2019/20	Actuals as at 30 April 2020	%
Corporate Services			
Maintenance of Vehicles	14 465	2 356	16.28%
Maintenance of Buildings and Properties	1 348 064	378 729	28.09%
	1 362 529	**381 085**	**27.97%**
Executive & Council			
Maintenance of Solid Waste Disposal	50 000	23 955	47.91%
Maintenance of Vehicles	8 246	2 942	35.68%
Maintenance of Buildings and Properties	390 350	236 595	60.61%
	448 596	**263 492**	**58.74%**
Finance			
Maintenance of Vehicles	99 414	52 520	52.83%
Maintenance of Buildings and Properties	537 046	102 677	19.12%
	636 460	**155 197**	**24.38%**
Infrastructure & Engineering			
Maintenance of Electrical Infrastructure	6 369 031	3 833 734	60.19%
Maintenance of Buildings and Properties	765 200	365 372	47.75%
Maintenance of Water Supply Infrastructure	3 963 800	2 441 173	61.59%
Maintenance of Storm water Infrastructure	908 000	719 585	79.25%
Maintenance of Roads Infrastructure	24 984 060	10 124 744	40.52%
Maintenance of Vehicles	3 201 839	2 326 506	72.66%
Maintenance of Machinery and Equipment	252 560	146 085	57.84%
Maintenance of Sanitation Infrastructure	3 535 865	2 562 053	72.46%
	43 980 355	**22 519 251**	**51.20%**
Planning, Development and Tourism			
Maintenance of Vehicles	19 999	14 180	70.90%
Maintenance of Buildings and Properties	52 600	-	0.00%
	72 599	**14 180**	**19.53%**
Community Services			
Maintenance of Buildings and Properties	4 528 465	3 474 663	76.73%
Maintenance of Solid Waste Disposal	50 000	-	0.00%
Maintenance of Machinery and Equipment	192 000	95 588	49.79%
Maintenance of Vehicles	4 233 578	3 500 479	82.68%
Maintenance of Community Facilities	270 000	103 521	38.34%
Maintenance of Sanitation Infrastructure	100 000	99 574	99.57%
	9 374 043	**7 273 825**	**77.60%**
Total	**55 874 582**	**30 607 029**	**54.78%**

It is to be noted that actual repairs and maintenance expenditure constituted 54,78% of the 2019/20 Adjusted Budget.

Project Description	Funding	Adjusted Budget 2019/20	Actuals as at 30 April 2020	%
Planning, Development & Tourism				
Computer Software and Applications	Internal	226 700	92 919	40.99%
Furniture and equipment	Internal	300 000	-	0.00%
Computer Equipment	Internal	133 300	67 623	50.73%
Land acquisition housing projects	Internal	1 562 308	1 558 543	99.76%
		2 222 308	**1 719 085**	**77.36%**
Community Services				
Vehicles	Internal	6 273 223	4 681 180	74.62%
Vehicles	District	3 665 100	-	0.00%
Machinery and Equipment	Internal	1 727 637	685 808	39.70%
Upgrading of Sports Facilities	Internal	560 000	67 986	12.14%
Wheelie Bins	Internal	5 000 000	-	0.00%
Life Gaurds Beach Tower	Internal	96 212	96 212	100.00%
Furniture and equipment	Internal	438 100	166 685	38.05%
Computer Equipment	Internal	300 000	242 521	80.84%
Fencing Fire Station Hankey	Internal	182 000	171 015	93.96%
Fencing	Internal	1 642 064	1 098 200	66.88%
Upgrading of Pellsrus, Kabeljous, Cape St Francis	Internal	580 000	273 928	47.23%
Fencing	Internal	320 623	14 189	4.43%
HYDRAULICS RESCUE EQUIPMENT	Internal	304 655	288 703	94.76%
Weston Library Upgrade	Internal	11 900	11 800	99.16%
		21 101 514	**7 798 226**	**36.96%**

Project Description	Funding	Adjusted Budget 2019/20	Actuals as at 30 April 2020	%
Infrastructure & Engineering				
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFREYS BAY)	WSIG	28 635 111	19 549 453	68.27%
Computer Equipment	Internal	25 000	20 594	82.38%
Roads Capital	Internal	2 500 000	111 698	4.47%
Security Camera	Internal	300 000	-	0.00%
LV Networks (Informal Areas, Electrification/illegal connections)	Internal	1 000 000	-	0.00%
Purchase of mini sub station 11000/400,22000/400	Internal	508 597	508 597	100.00%
conversion from conventional meter to pre paid meters	Internal	170 336	170 337	100.00%
CONCRETE POLES	Internal	171 518	171 518	100.00%
SOLAR LIGHTS	Internal	360 773	360 773	100.00%
Pre Planning - Waterline Replacement - St Francis	Internal	260 000	-	0.00%
Pre Planning - Waterline Replacement - Mimosa Stre	Internal	250 000	-	0.00%
Pre Planning - Water Tower - Paradise	Internal	300 000	-	0.00%
(Pre Planning) Investigation Bypass Rising Main -	Internal	300 000	-	0.00%
(Pre Planning) Investigation for the Upgrade of Se	Internal	300 000	-	0.00%
Fencing of Kruisfontein WWTW	Internal	1 642 740	-	0.00%
Upgrading of Kwanomzamo Sports Facility	MIG	5 413 043	-	0.00%
Upgrading of Sports Facilities	MIG	5 564 599	388 963	6.99%
Energy and Demand Side Management	Energy	3 438 262	2 939 881	85.50%
Outfall Sewers Capital	Internal	382 619	347 617	90.85%
		159 053 795	**74 428 768**	**46.79%**
Total		**194 674 534**	**89 334 761**	**45.89%**
Internally generated funds		55 915 271	26 159 479	46.78%
Transfers recognised - capital		138 759 263	63 175 281	45.53%
Total		**194 674 534**	**89 334 761**	**45.89%**

It is to be noted that capital expenditure as at 30 April 2020 amounted to 45,89%, compared to the adjusted capital budget of R 194,674,534.

PROJECTED CASH FLOW STATEMENT FOR THE 2019/20 FINANCIAL YEAR

Projected Cash Flow Statement as at 30 April 2020

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 – M10 April 2020

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	189 400	9 202	168 514	157 834	10 681	7%	189 400
Service charges			435 121	434 214	25 861	340 131	361 845	(21 715)	-6%	434 214
Other revenue			34 799	37 344	3 891	71 716	31 120	40 597	130%	37 344
Government - operating			133 112	133 112	-	133 165	110 926	22 238	20%	133 112
Government - capital			58 063	58 063	-	54 842	48 386	6 456	13%	58 063
Interest			18 476	25 832	1 645	22 946	21 526	1 420	7%	25 832
Dividends			-			-	-	-		
Payments										
Suppliers and employees			(783 499)	(811 506)	(37 599)	(700 912)	(676 255)	24 657	-4%	(811 506)
Finance charges			(2 201)	(2 201)	(158)	(1 914)	(1 834)	80	-4%	(2 201)
Transfers and Grants			-	(250)	-	(250)	(208)	42	-20%	(250)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	82 720	64 009	2 842	88 238	53 340	(34 898)	-65%	64 009
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)	(194 715)	(14 223)	(104 735)	(162 262)	(57 527)	35%	(194 715)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(93 110)	(194 715)	(14 223)	(104 735)	(162 262)	(57 527)	35%	(194 715)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			-		-	-	-	-		-
Borrowing long term/refinancing			-		-	-	-	-		-
Increase (decrease) in consumer deposits			-		-	-	-	-		-
Payments										
Repayment of borrowing			(7 999)	(9 067)	(692)	(6 628)	(7 555)	(928)	12%	(9 067)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(7 999)	(9 067)	(692)	(6 628)	(7 555)	(928)	12%	(9 067)
NET INCREASE/ (DECREASE) IN CASH HELD		-	(18 389)	(139 773)	(12 073)	(23 124)	(116 477)			(139 773)
Cash/cash equivalents at beginning:			84 707	214 228		214 228	214 228			214 228
Cash/cash equivalents at month/year end:		-	66 318	74 455		191 103	97 751			74 455

Table C1 Monthly Budget Statement Summary – M10 April 2020

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	197 221	11 471	174 662	164 351	10 311	6%	197 221
Service charges	–	453 251	452 307	34 321	350 063	376 922	(26 859)	-7%	452 307
Investment revenue	–	10 375	15 375	751	11 827	12 812	(985)	-8%	15 375
Transfers and subsidies	–	133 112	133 414	(2 094)	130 447	111 178	19 269	17%	133 414
Other own revenue	–	43 238	48 236	195	39 033	40 197	(1 164)	-3%	48 236
Total Revenue (excluding capital transfers and contributions)	**–**	**836 693**	**846 553**	**44 645**	**706 031**	**705 461**	**570**	**0%**	**846 553**
Employee costs	–	290 942	305 177	21 291	248 683	254 314	(5 631)	-2%	305 177
Remuneration of Councillors	–	13 063	13 063	1 049	10 419	10 886	(467)	-4%	13 063
Depreciation & asset impairment	–	85 101	85 101	6 127	61 272	70 917	(9 645)	-14%	85 101
Finance charges	–	2 201	2 201	158	1 926	1 834	92	5%	2 201
Materials and bulk purchases	–	301 244	304 329	19 453	242 196	253 607	(11 412)	-4%	304 329
Transfers and subsidies	–	–	250	–	250	208	42	20%	250
Other expenditure	–	204 586	215 665	2 656	111 556	179 721	(68 165)	-38%	215 665
Total Expenditure	**–**	**897 137**	**925 785**	**50 733**	**676 302**	**771 488**	**(95 186)**	**-12%**	**925 785**
Surplus/(Deficit)	**–**	**(60 444)**	**(79 232)**	**(6 089)**	**29 730**	**(66 027)**	**95 756**	**-145%**	**(79 232)**
Transfers and subsidies - capital (monetary allo	–	58 063	58 063	6 476	41 894	48 386	(6 492)	-13%	58 063
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**–**	**(2 381)**	**(21 169)**	**387**	**71 624**	**(17 640)**	**89 264**	**-506%**	**(21 169)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**–**	**(2 381)**	**(21 169)**	**387**	**71 624**	**(17 640)**	**89 264**	**-506%**	**(21 169)**
Capital expenditure & funds sources									
Capital expenditure	**–**	**93 110**	**194 675**	**12 367**	**89 335**	**161 159**	**(71 824)**	**-45%**	**194 675**
Capital transfers recognised	–	51 117	140 259	8 680	63 175	105 194	(42 019)	-40%	140 259
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	**41 994**	**54 415**	**3 687**	**26 159**	**40 811**	**(14 652)**	**-36%**	**54 415**
Total sources of capital funds	**–**	**93 110**	**194 675**	**12 367**	**89 335**	**146 006**	**(56 671)**	**-39%**	**194 675**
Financial position									
Total current assets	–	173 204	178 224		281 381				178 224
Total non current assets	–	2 317 635	2 371 220		2 261 606				2 371 220
Total current liabilities	–	175 225	188 504		162 906				188 504
Total non current liabilities	–	184 979	182 000		179 799				182 000
Community wealth/Equity	–	**2 130 635**	**2 178 939**		**2 200 281**				**2 178 939**
Cash flows									
Net cash from (used) operating	–	82 720	64 009	2 842	88 238	53 340	(34 898)	-65%	64 009
Net cash from (used) investing	–	(93 110)	(194 715)	(14 223)	(104 735)	(162 262)	(57 527)	35%	(194 715)
Net cash from (used) financing	–	(7 999)	(9 067)	(692)	(6 628)	(7 555)	(928)	12%	(9 067)
Cash/cash equivalents at the month/year end	**–**	**66 318**	**74 455**	**–**	**191 103**	**97 751**	**(93 353)**	**-96%**	**74 455**
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	38 022	9 138	6 118	5 110	4 466	4 413	29 885	101 001	198 153
Creditors Age Analysis									
Total Creditors	25 381	574	85	240	3	497	158	(170)	26 770

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 C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M10 April 2020

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	339 202	12 296	316 110	282 669	33 441	11,8%	339 202
Vote 3 - CORPORATE SERVICES	27	293	–	411	244	166	68,0%	293
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 052	4 052	29	5 814	3 377	2 438	72,2%	4 052
Vote 5 - INFRASTRUCTURE AND ENGINEERING	468 908	471 031	33 398	353 538	392 526	(38 988)	-9,9%	471 031
Vote 6 - COMMUNITY SERVICES	20 256	23 086	1 111	20 079	19 239	840	4,4%	23 086
Vote 7 - COMMUNITY SERVICES (CONTINUED)	67 656	66 951	4 286	51 974	55 793	(3 819)	-6,8%	66 951
Total Revenue by Vote	**894 756**	**904 617**	**51 120**	**747 926**	**753 847**	**(5 921)**	**-0,8%**	**904 617**
Expenditure by Vote								
Vote 1 - EXECUTIVE COUNCIL	43 826	45 728	2 350	33 780	38 107	(4 327)	-11,4%	45 728
Vote 2 - FINANCIAL SERVICES	93 059	88 840	99	47 337	74 034	(26 696)	-36,1%	88 840
Vote 3 - CORPORATE SERVICES	51 140	55 943	2 371	33 582	46 619	(13 037)	-28,0%	55 943
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 412	22 400	1 396	16 345	18 667	(2 322)	-12,4%	22 400
Vote 5 - INFRASTRUCTURE AND ENGINEERING	515 897	531 590	34 447	404 276	442 992	(38 715)	-8,7%	531 590
Vote 6 - COMMUNITY SERVICES	54 604	54 994	3 367	43 612	45 829	(2 217)	-4,8%	54 994
Vote 7 - COMMUNITY SERVICES (CONTINUED)	116 198	126 290	6 703	97 370	105 241	(7 872)	-7,5%	126 290
Total Expenditure by Vote	**897 137**	**925 785**	**50 733**	**676 302**	**771 488**	**(95 186)**	**-12,3%**	**925 785**
Surplus/ (Deficit) for the year	**(2 381)**	**(21 169)**	**387**	**71 624**	**(17 640)**	**89 264**	**-506,0%**	**(21 169)**

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 C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) – M10 April 2020

Vote 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									
Multi-Year expenditure appropriation	2									
Vote 1 - EXECUTIVE COUNCIL		–	–	–	–	–	–	–		–
Vote 2 - FINANCIAL SERVICES		–	–	–	–	–	–	–		–
Vote 3 - CORPORATE SERVICES		–	–	–	–	–	–	–		–
Vote 4 - PLANNING, DEVELOPMENT & TOURISM		–	–	–	–	–	–	–		–
Vote 5 - INFRASTRUCTURE AND ENGINEERING		–	–	–	–	–	–	–		–
Vote 6 - COMMUNITY SERVICES		–	–	–	–	–	–	–		–
Vote 7 - COMMUNITY SERVICES (CONTINUED)		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	–	–	–	–	–	–	–		–
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE COUNCIL		–	1 200	2 229	2	527	1 857	(1 330)	-72%	2 229
Vote 2 - FINANCIAL SERVICES		–	2 600	7 291	3 355	4 446	6 075	(1 630)	-27%	7 291
Vote 3 - CORPORATE SERVICES		–	3 069	2 778	6	416	2 315	(1 899)	-82%	2 778
Vote 4 - PLANNING, DEVELOPMENT & TOURISM		–	4 581	2 222	–	1 719	1 852	(133)	-7%	2 222
Vote 5 - INFRASTRUCTURE AND ENGINEERING		–	58 218	159 054	9 066	74 429	132 545	(58 116)	-44%	159 054
Vote 6 - COMMUNITY SERVICES		–	5 915	8 264	331	2 162	6 886	(4 724)	-69%	8 264
Vote 7 - COMMUNITY SERVICES (CONTINUED)		–	17 528	12 838	(391)	5 636	10 698	(5 062)	-47%	12 838
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	–	93 110	194 675	12 367	89 335	162 229	(72 894)	-45%	194 675
Total Capital Expenditure		–	93 110	194 675	12 367	89 335	162 229	(72 894)	-45%	194 675
Capital Expenditure - Functional Classification										
Governance and administration		–	8 169	14 731	3 357	7 339	11 048	(3 709)	-34%	14 731
Executive and council			1 065	2 243	(4)	528	1 682	(1 154)	-69%	2 243
Finance and administration			6 969	12 472	3 361	6 808	9 354	(2 547)	-27%	12 472
Internal audit			135	16	–	4	12	(8)	-67%	16
Community and public safety		–	20 215	24 208	331	5 795	18 156	(12 361)	-68%	24 208
Community and social services			950	876	–	745	657	88	13%	876
Sport and recreation			13 600	15 738	331	2 766	11 804	(9 038)	-77%	15 738
Public safety			3 965	6 031	–	726	4 524	(3 798)	-84%	6 031
Housing			1 700	1 562	–	1 559	1 172	387	33%	1 562
Health			–	–	–	–	–	–		–
Economic and environmental services		–	5 325	5 425	–	576	4 068	(3 493)	-86%	5 425
Planning and development			3 331	2 431	–	334	1 823	(1 489)	-82%	2 431
Road transport			1 994	2 994	–	241	2 245	(2 004)	-89%	2 994
Environmental protection			–	–	–	–	–	–		–
Trading services		–	59 402	150 312	8 680	75 625	112 734	(37 109)	-33%	150 312
Energy sources			19 432	19 415	800	6 351	14 561	(8 210)	-56%	19 415
Water management			11 446	98 424	7 880	45 674	73 818	(28 144)	-38%	98 424
Waste water management			26 524	25 473	–	21 600	19 105	2 496	13%	25 473
Waste management			2 000	7 000	–	2 000	5 250	(3 250)	-62%	7 000
Other			–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	–	93 110	194 675	12 367	89 335	146 006	(56 671)	-39%	194 675
Funded by:										
National Government			49 052	135 094	8 680	63 175	101 321	(49 403)	-44%	135 094
Provincial Government			–	–	–	–	–	–		–
District Municipality			2 065	5 165	–	–	3 874	(4 304)	-100%	5 165
Other transfers and grants			–	–	–	–	–	–		–
Transfers recognised - capital		–	51 117	140 259	8 680	63 175	116 883	(53 707)	-46%	140 259
Borrowing	6			–	–	–	–	–		–
Internally generated funds			41 994	54 415	3 687	26 159	40 811	(19 187)	-42%	54 415
Total Capital Funding		–	93 110	194 675	12 367	89 335	162 229	(72 894)	-45%	194 675

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.

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 April 2020.

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**

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	18 061	-	-	-	-	-	-	-	18 061
Bulk Water	280	0	1	1	-	2	10	(170)	123
PAYE deductions	3 005								3 005
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	4 035	574	85	239	3	495	149	-	5 581
Auditor General									-
Other									-
Total By Customer Type	25 381	574	85	240	3	497	158	(170)	26 770

The above amounts represent invoices still to be paid. The major creditors as at 30 April 2020 are as follows:

Eskom	R 18,061 million
NMBM	R 0,123 million
SARS (PAYE)	R 3,005 million
Other Creditors	R 5,581 million
TOTAL	**R 26,770 million**

It is to be noted that the Eskom amount of R 18,061 million, represents the current account for April 2020, which will be fully paid on 20 May 2020.

The PAYE deductions represent employee related costs for the month of April 2020, with the amounts in question being paid on 4 May 2020 to SARS.

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

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M10 April 2020

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	–	129 608	107 747	20 823	19,3%	129 297
Operational Revenue:General Revenue:Equitable Share	124 938	124 938	–	124 938	104 115	20 823	20,0%	124 938
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 000	1 000	–	1 000	833			1 000
Local Government Financial Management Grant [Schedule 5B]	1 770	1 770	–	1 770	1 475			1 770
Municipal Infrastructure Grant [Schedule 5B]	1 589	1 589	–	1 900	1 324			1 589
Provincial Government:	2 050	2 050	–	2 050	1 708	342	20,0%	2 050
Sport and Recreation	2 050	2 050	–	2 050	1 708	342	20,0%	2 050
District Municipality:	1 765	1 765	–	1 964	1 471	494	33,6%	1 765
Environment Health Subsidy	1 765	1 765	–	1 964	1 471	494	33,6%	1 765
Other grant providers:	–	302	–	710	252	458	181,5%	302
Skills Development Grant		–	–	407	–	50	20,0%	302
Greenest Municipality Award		302		302	252			–
Total Operating Transfers and Grants	133 112	133 414	–	134 332	111 178	22 116	19,9%	133 414
Capital Transfers and Grants								
National Government:	56 098	56 098	–	53 298	46 749	6 550	14,0%	56 098
Municipal Infrastructure Grant (MIG)	36 096	36 096	–	36 096	30 080	6 016	20,0%	36 096
Integrated National Electrification Programme	6 002	6 002	–	3 202	5 002	(1 800)	-36,0%	6 002
Water Service Infrastructure Grant	10 000	10 000	–	10 000	8 333	1 667	20,0%	10 000
Energy Efficiency and Demand Side Management Grant	4 000	4 000	–	4 000	3 333	667	20,0%	4 000
Provincial Government:	–	–	–	321	–	321	#DIV/0!	–
Human Settlement				321	–	321	#DIV/0!	–
District Municipality:	1 965	1 965	–	714	1 638	(924)	-56,4%	1 965
Fire Subsidy	1 965	1 965	–	714	1 638	(924)	-56,4%	1 965
Total Capital Transfers and Grants	58 063	58 063	–	54 333	48 386	5 947	12,3%	58 063
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	191 477	–	188 664	159 564	28 062	17,6%	191 477

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 825,383
Unspent as at 30 April 2020:	R 944,617

The spending of the grant amounted to 46,63% as at 30 April 2020, 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 1,000,000
Expenditure to date:	R 1,000,000
Unspent as at 30 April 2020:	R 0

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 37,996,000
Expenditure to date:	R 18,632,829
Unspent as at 30 April 2020:	R 19,363,171

The spending of the grant amounted to 49,04% as at 30 April 2020, 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.

Revised DORA Allocation:	R 3,202,000
Amount of Grant Received:	R 3,202,000
Expenditure to date:	R 2,439,404
Unspent as at 30 April 2020:	R 762,596

The spending of the grant amounted to 76,18% as at 30 April 2020, 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 – M10 April 2020

R thousands							%	
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	8 800	8 800	700	6 978	7 333	(355)	-5%	8 800
Medical Aid Contributions	–	–	8	44	–	44	#DIV/0!	–
Motor Vehicle Allowance	2 889	2 889	233	2 328	2 408	(80)	-3%	2 889
Cellphone Allowance	1 374	1 374	107	1 069	1 145	(76)	-7%	1 374
Sub Total - Councillors	**13 063**	**13 063**	**1 049**	**10 419**	**10 886**	**(467)**	**-4%**	**13 063**
Senior Managers of the Municipality								
Basic Salaries and Wages	4 923	7 770	608	4 601	6 475	(1 874)	-29%	7 770
Pension and UIF Contributions		23	9	25	19	6	33%	23
Medical Aid Contributions		–	4	9	–	9	#DIV/0!	–
Performance Bonus		169	–	413	141	273	194%	169
Motor Vehicle Allowance		804	56	528	670	(142)	-21%	804
Cellphone Allowance		7	1	4	6	(2)	-36%	7
Other benefits and allowances	3 282	51	7	40	43	(2)	-6%	51
Payments in lieu of leave		1 762	0	4	1 468	(1 464)	-100%	1 762
Sub Total - Senior Managers of Municipality	**8 204**	**10 586**	**686**	**5 625**	**8 821**	**(3 197)**	**-36%**	**10 586**
Other Municipal Staff								
Basic Salaries and Wages	173 244	185 096	14 758	149 286	154 247	(4 961)	-3%	185 096
Pension and UIF Contributions	29 339	29 339	2 499	25 202	24 449	753	3%	29 339
Medical Aid Contributions	15 119	15 119	1 381	12 986	12 600	386	3%	15 119
Overtime	27 259	32 833	286	24 071	27 361	(3 289)	-12%	32 833
Performance Bonus	12 972	–	–	–	–	–		–
Motor Vehicle Allowance	7 551	7 551	738	7 334	6 292	1 042	17%	7 551
Cellphone Allowance	1	1	–	–	0	(0)	-100%	1
Housing Allowances	992	992	71	687	827	(140)	-17%	992
Other benefits and allowances	14 858	22 239	776	21 322	18 533	2 789	15%	22 239
Payments in lieu of leave	–	18	–	1 039	15	1 024	6776%	18
Long service awards	1 403	1 403	96	1 132	1 169	(38)	-3%	1 403
Post-retirement benefit obligations	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff	**282 737**	**294 591**	**20 605**	**243 058**	**245 493**	**(2 435)**	**-1%**	**294 591**
Total Parent Municipality	**304 004**	**318 240**	**22 340**	**259 102**	**265 200**	**(6 098)**	**-2%**	**318 240**
TOTAL SALARY, ALLOWANCES & BENEFITS	**304 004**	**318 240**	**22 340**	**259 102**	**265 200**	**(6 098)**	**-2%**	**318 240**
TOTAL MANAGERS AND STAFF	**290 942**	**305 177**	**21 291**	**248 683**	**254 314**	**(5 631)**	**-2%**	**305 177**

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	Adjusted Budget 2019/20	Actuals as at 30 April 2020
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	1.10	1.81
Employee Costs	Employee Costs / Total Operating Expenditure	35.62%	33.39%	33.21%	33.39%	32.96%	36.77%
Capital Expenditure	Capital Expenditure / Capital Budget	81.97%	72.92%	72.98%	44.59%	95%	45.89%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	4.61%	4.94%	3.82%	5.63%	6.04%	4.53%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.17%	1.65%	1.41%	2.29%	2.63%	1.52%
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%	84.24%	81.52%

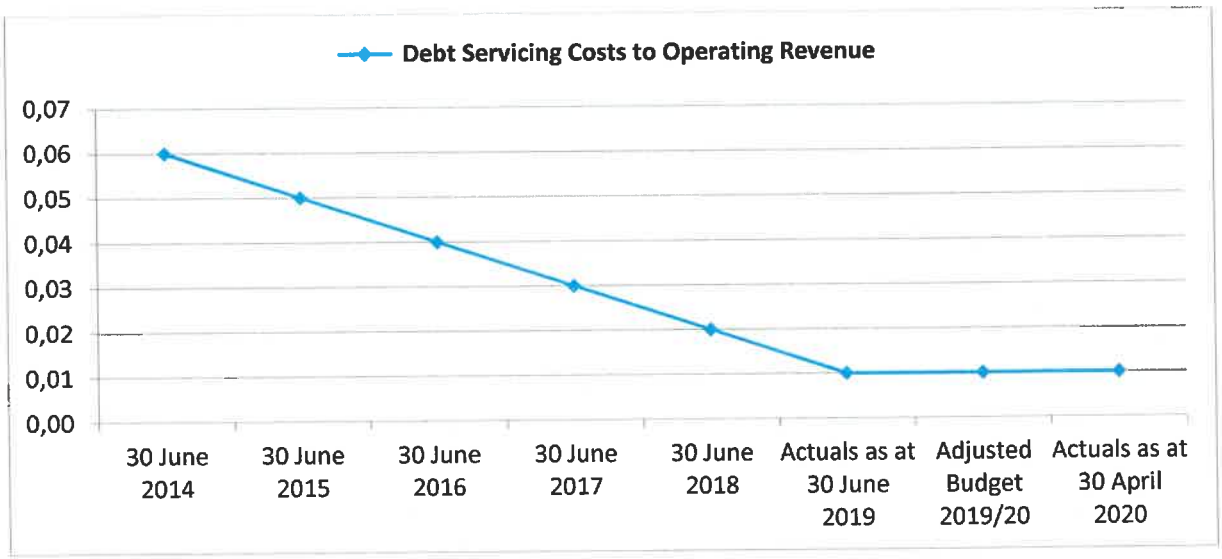
5.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 April 2020, the ratio was 0.01:1, compared to the adjusted budget 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 April 2020 was 1.73:1, compared to the adjusted budget ratio of 0.95:1.

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.

5.3. Revenue Management

5.3.1. Annual Debtors Collection Rate

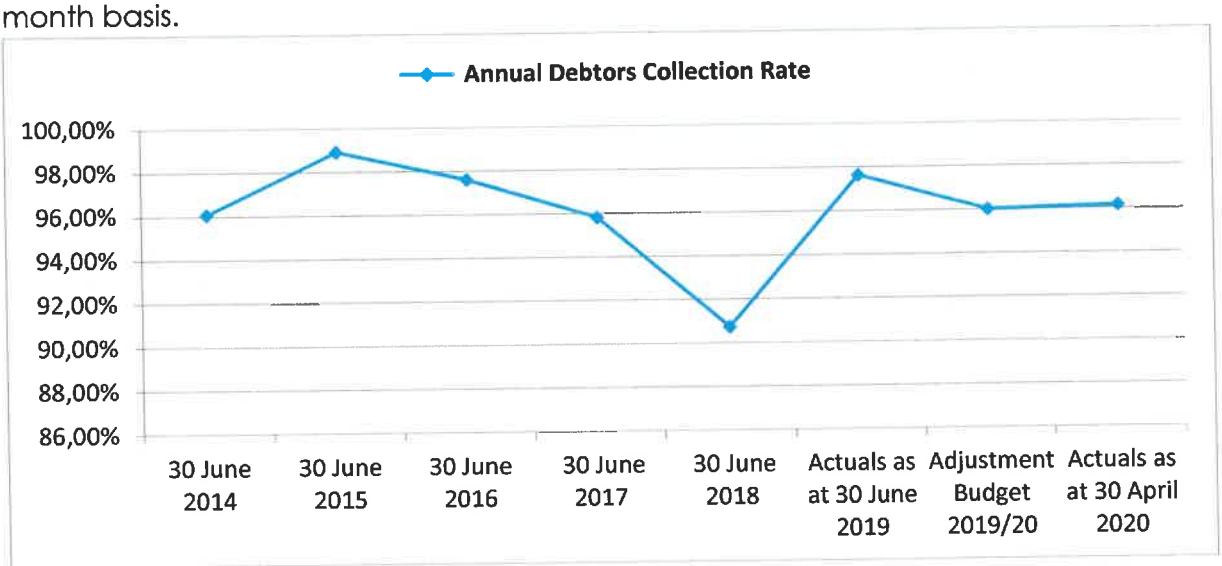
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 30 April 2020 was 96.14%, compared to the adjusted budget collection rate of 96%. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.

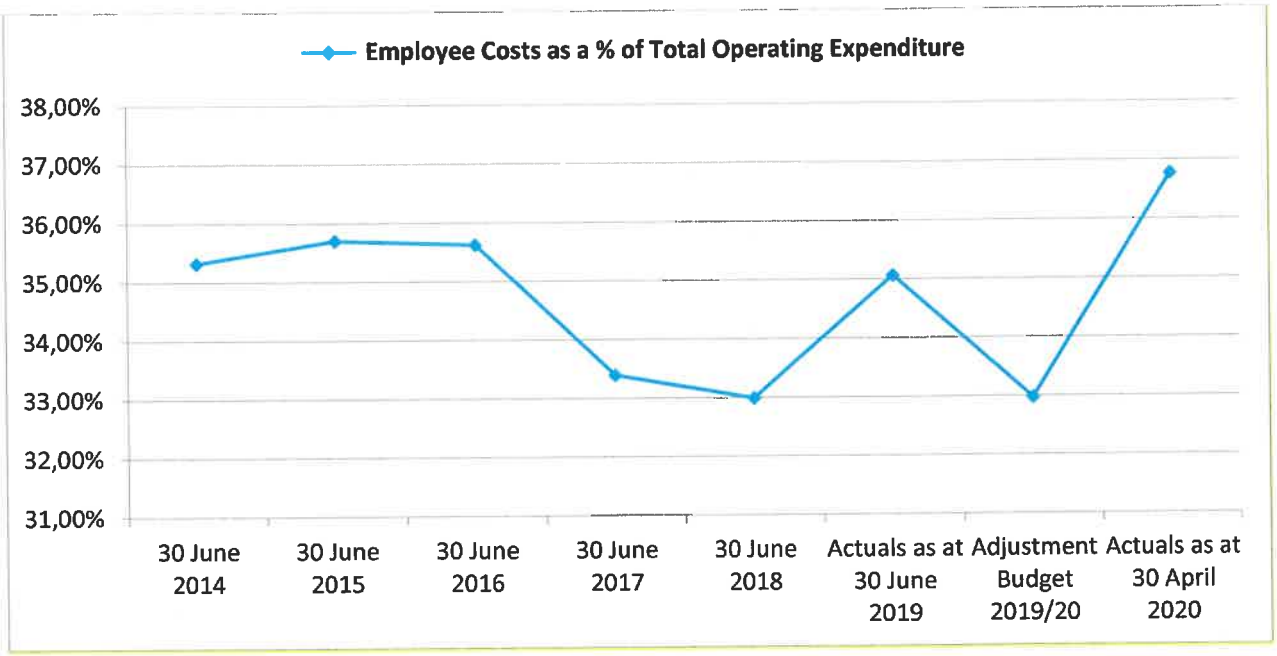


5.4. Other indicators

5.4.1. Cost coverage

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

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



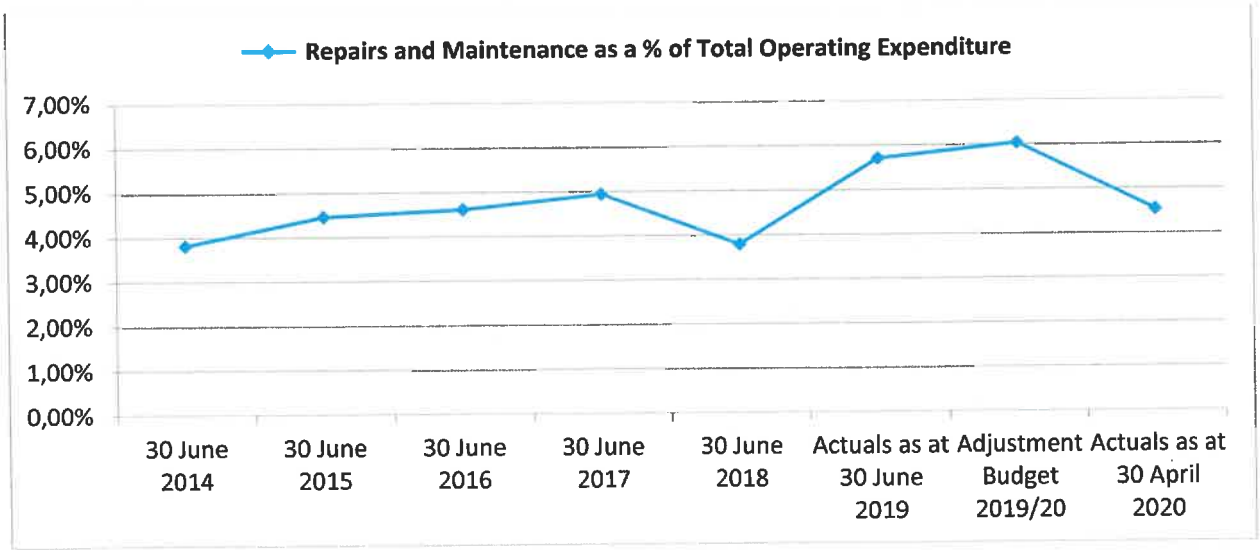
5.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

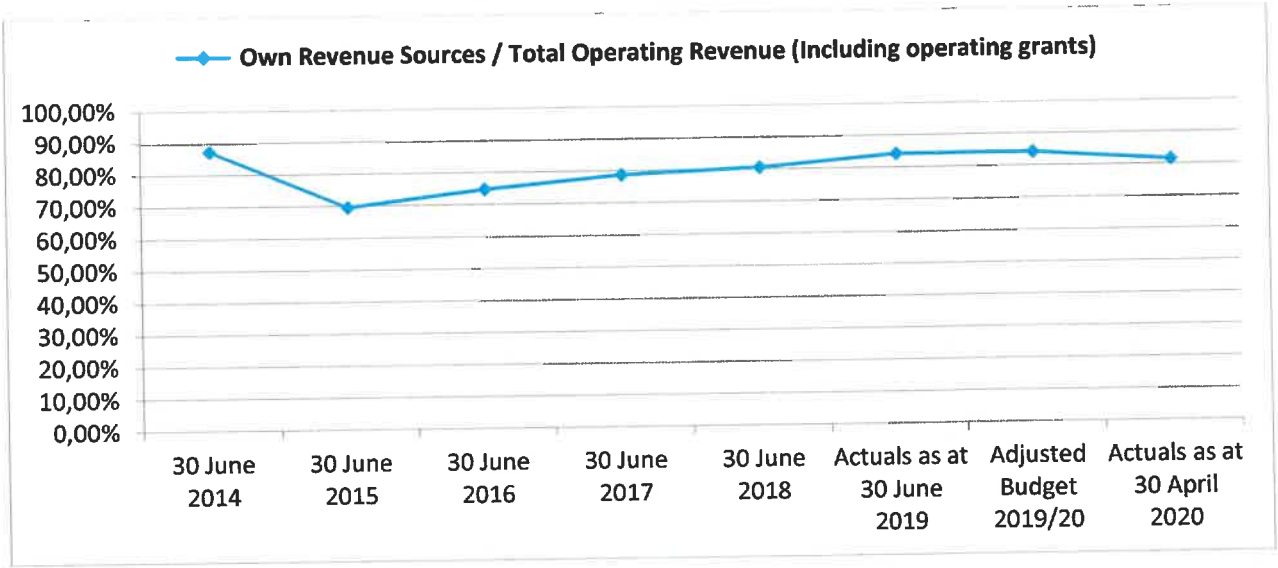
This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the repairs and maintenance of its assets.

The ratio is determined as follows:

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

As at 30 April 2020, the ratio was 4.53%, compared to the adjusted budget ratio of 6.04%.





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 April 2020 amounted to 45.89% compared to the adjusted budget ratio of 95%.

