KOUGA MUNICIPALITY (EC108)

FINANCE PORTFOLIO COMMITTEE MEETING

FINANCE

DATE: **ITEM NO:**

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MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2021 TO FEBRUARY 2022 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 28 FEBRUARY 2022 (2021/22 FINANCIAL YEAR)

1. Purpose

This report is submitted in compliance with Sections 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 regulations 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 February 2022, 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 687,350 million, whilst operating expenditure amounted to R 657,456 million, resulting in an operating surplus of R 29,895 million.
- Capital expenditure constituted 33.75% of the 2021/22 Approved Adjusted Capital Budget.
- Overdue consumer debts increased by R 42,372 million (20.22%) since June 2021.

- An amount of R 33,068 million is owing to creditors, of which R 32,763 million (99.08%) represents current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.
- The municipality's investment portfolio has increased by R 49,240,468 (92.22%) since June 2021, from R 53,393,515 to R 102,633,983.

Below is an analysis of the Investment Portfolio as at 28 February 2022.

	Balance as at 30 June 2021	Invested	Interest	Withdrawals	Adjustments	Balance as at 28 February 2022
Standard Bank	11 424 167	-	263 945	-		11 688 112
ABSA	- 2 924 280	7 000 000	84 588	-	21 012	4 139 296
Nedbank	4 505 780	-	105 695	-		4 611 476
RMB	23 427 726	51 809 940	702 129	33 999 561		41 940 234
INVESTEC	4 055 992	-	96 744	-		4 152 736
Total	**40 489 385**	**58 809 940**	**1 253 101**	**- 33 999 561**	**- 21 012**	**66 531 853**
INVESTMENT	**Balance as at 30 June 2021**	**Invested**	**Interest**	**Withdrawals**	**Adjustments**	**Balance as at 28 February 2022**
General Account	29 430 884	14 410 940	829 185	7 000 000	21 012	37 649 997
Conditional Grants	11 050 682	44 399 000	423 817	26 991 659	-	28 881 840
Housing Funds	7 819	-	99	7 902	-	16
Total	**40 489 385**	**58 809 940**	**1 253 101**	**- 33 999 561**	**- 21 012**	**66 531 853**
Bank	12 904 130	23 198 000				36 102 130
Total	**53 393 515**	**82 007 940**	**1 253 101**	**- 33 999 561**	**- 21 012**	**102 633 983**

The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves.

Bank Balances and Cash R 36,102,130
Short-term Investment Deposits R 66,531,853

R102,633,983

Application of Cash

Unspent Conditional Grants 29,144,665

Internally Generated Funds (Capital commitments) 27,756,623

Outstanding Creditors Liability 33,067,976
89,969,264

Reserves in excess of commitments **12,664,719**

The cash backed reserves exceed the commitments at this stage by an amount of R 12,664,719. It should be noted that the excess of reserves over commitments as at February 2022, is mainly due to an amount of R 47,925 million in respect of the Equitable share allocation received on 21 December 2021, but not yet fully spent.

These funds are already committed towards spending in the 2021/22 operating and capital budget.

The following key financial ratios are monitored on an on-going basis:

Ratio	Actuals as at 30 June 2019	Actuals as at 30 June 2020	Actuals as at 30 June 2021	Actuals as at 28 February 2021	Actuals as at 28 February 2022	Approved Adjusted Budget 2021/22
Current Ratio	1.31:1	1.26:1	1.30:1	1.95:1	1.66:1	0.93:1
Liquidity Ratio	0.84:1	0.61:	0.34:1	0.95:1	0.85:1	0.03:1
Cost Coverage (Excluding unspent conditional grants)	1.97 Months	1.79 Months	0.65 Months	1.23 Months	0.97 Months	0.04 Months
Debtors Collection Rate	97.62%	95.42%	94.41%	94.11%	93.02%	94%
Capital Expenditure	73.82%	75.33%	71.24%	35.56%	33.75%	95%

4. Detailed Reports

In order to comply with Schedule C of the Municipal Budget and Reporting Regulations, the following detailed schedules are attached for the period, ending 28 February 2022:

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. Grants receipts and Expenditure
iv. Councillors & Employee benefits
v. Key performance Indicators

5. Recommendation

5.1 That the Executive Mayor notes Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.

5.2 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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Municipal Manager

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 Municipality EC108

Signature: ……… …………

OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY TO FEBRUARY 2022.

Summary Statement of Financial Performance

Description	Budget Year 2021/22					
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance
R thousands						
Total Revenue (excluding capital transfers and contributions)	965 400	973 163	64 342	687 350	650 270	37 081
Total Expenditure	1 074 449	1 112 858	73 551	657 456	747 896	(90 440)
Surplus/(Deficit)	(109 049)	(139 695)	(9 209)	29 895	(97 626)	127 521

the statement of financial performance reflects a surplus of R 29,895 million, the surplus is largely influenced by the annual property rates revenue raised in July 2021.

Revenue

Main revenue sources for 2021/22

Description	Budget Year 2021/22		
	Adjusted Budget	YearTD actual	%
R thousands			
Revenue By Source			
Property rates	224 085	169 043	75.44%
Service charges - electricity revenue	342 329	229 859	67.15%
Service charges - water revenue	81 646	55 170	67.57%
Service charges - sanitation revenue	57 754	39 048	67.61%
Service charges - refuse revenue	57 811	39 033	67.52%
Rental of facilities and equipment	2 800	2 278	81.37%
Interest earned - external investments	2 811	1 906	67.80%
Interest earned - outstanding debtors	12 820	8 517	66.44%
Fines, penalties and forfeits	794	960	120.81%
Licences and permits	12 873	9 092	70.63%
Transfers and subsidies	154 418	114 221	73.97%
Other revenue	23 022	18 223	79.16%
Total Revenue (excluding capital transfers and contributions)	**973 163**	**687 350**	**70.63%**

Reasons for major over-/under-recovery per revenue source

- **Property Rates**

  As at 31 January 2022, the Municipality has recognised 75.44% of its property rates revenue, compared to the budget. This is influenced by annual property rates raised in July 2021.

- **Rental of facilities and equipment**

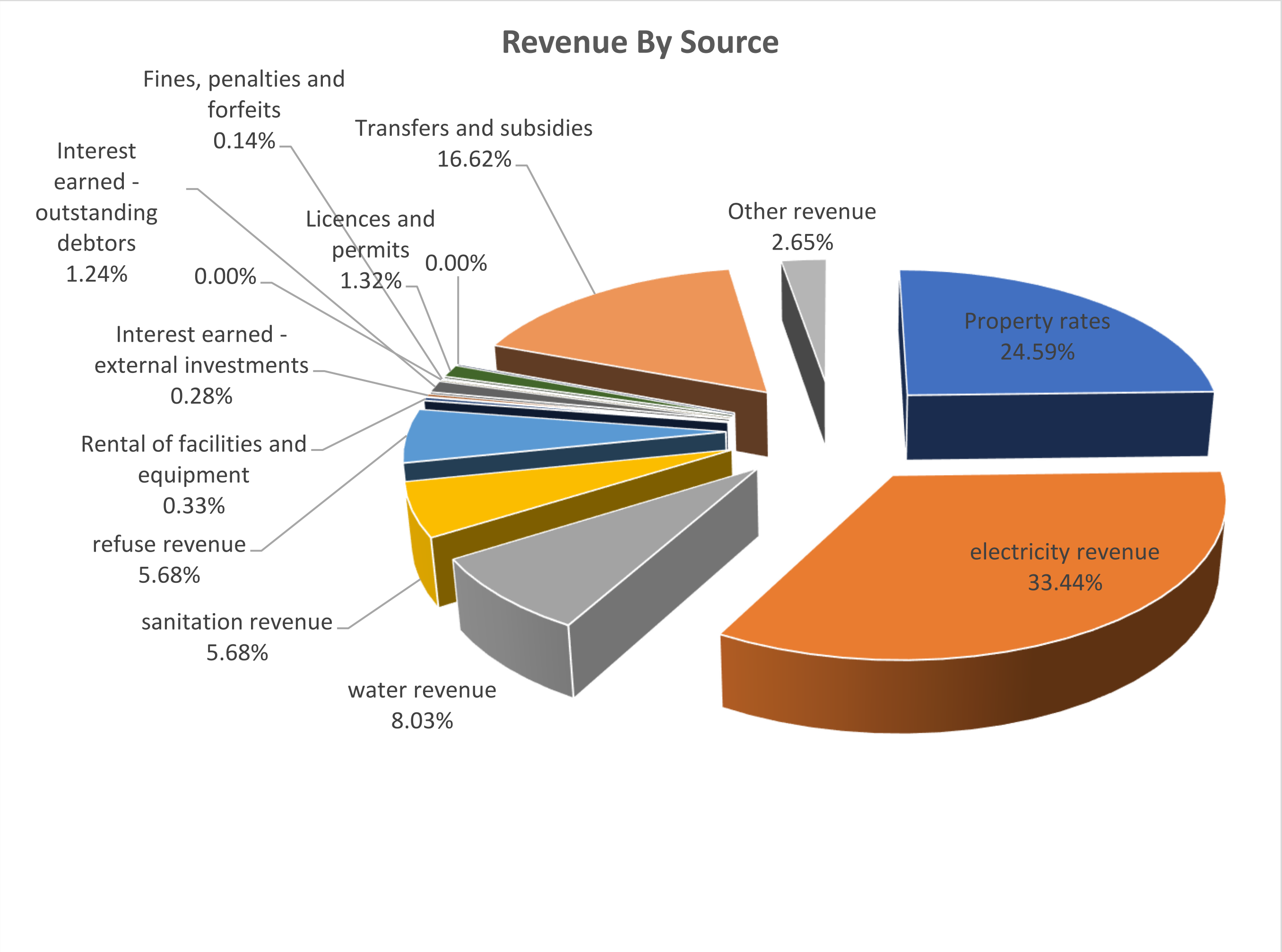
  This relates to the rental of municipal buildings, community halls and other municipal facilities. The revenue is influenced by the extent of rental agreements.

- **Fines, penalties and forfeits**

  Fines, penalties and forfeits are largely influenced by traffic fines revenue. The traffic fines revenue was significantly reduced during the 2021/22 adjustments budget, due to lower anticipated revenue from traffic fines.

- **Other revenue**

  The other revenue is largely influenced by the land sale revenue, amounting to R 10,525 million received.



Expenditure

Main expenditure types for 2021/22

Description	Budget Year 2021/22		
	Adjusted Budget	YearTD actual	%
R thousands			
Expenditure By Type			
Employee related costs	377 340	225 040	59.64%
Remuneration of councillors	13 651	8 972	65.73%
Debt impairment	45 817	2 328	5.08%
Depreciation & asset impairment	91 830	49 658	54.08%
Finance charges	716	247	34.55%
Bulk purchases	300 000	206 612	68.87%
Other materials	69 536	44 400	63.85%
Contracted services	82 430	45 878	55.66%
Transfers and subsidies	550	–	0.00%
Other expenditure	130 987	74 319	56.74%
Total Expenditure	**1 112 858**	**657 456**	**59.08%**

Reasons for major over-/under expenditure per type

- **Employee Related Costs**

  The employee related costs are largely influenced by leave, medical aid and long-service awards budget provisions, amounting to R 18,256 million.

- **Bad Debts**
  Bad debts are written off upon Council approval.
- **Finance charges**
  Finance charges relate to interest on Development Bank of South Africa (DBSA) outstanding loan and is recognised in line with the approved amortisation schedule.

- **Transfers and subsidies**
  Transfers and subsidies relate to grant-in-aid given by the municipality to various non-profit organizations, in line with the Council approved grant-in-aid policy.

- **Bulk purchases (Electricity)**

Description	Budget Year 2021/22		
	Adjusted Budget	YearTD actual	%
R thousands			
Bulk purchases – Electricity	300 000 000	206 612 239	68.87%
	300 000 000	**206 612 239**	**68.87%**

- **Contracted Services**

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

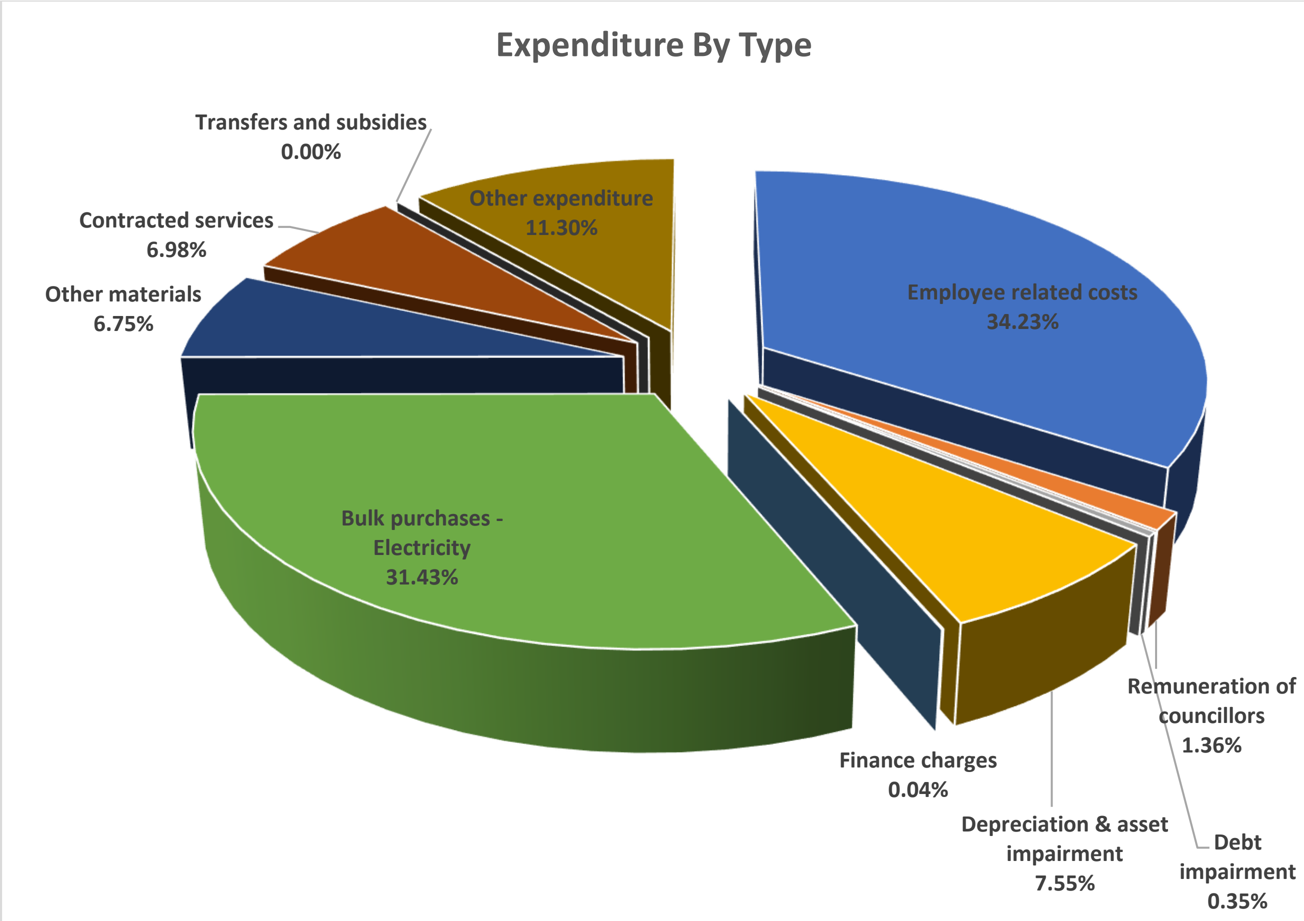
  Contracted services are broken down as follows:

Item Description	Adjusted Budget 2021/22	Actuals as at 28 February 2022	%
Animal Care	476 575	20 000	4.20%
Burial Services	180 000	141 356	78.53%
Call Centre	250 000	-	0.00%
Catering Services	434 500	136 790	31.48%
Clearing and Grass Cutting Services	1 600 000	932 138	58.26%
Consultants and Professional Services	10 577 001	2 295 127	21.70%
Drivers Licence Cards	400 000	250 351	62.59%
Dune Stabilisation	3 600 000	2 438 374	67.73%
Employee Wellness	160 000	149 560	93.47%
Event Promoters	471 174	89 468	18.99%
Internal Auditors	400 000	132 650	33.16%
Laboratory Services:Water	591 000	217 641	36.83%
Legal Advice and Litigation	3 930 000	1 262 828	32.13%
Legal Cost:Collection	1 000 000	392 768	39.28%
LED Strategic Plan	50 304	63 804	126.84%
Litter Picking and Street Cleaning	1 250 000	621 359	49.71%
Maintenance of Buildings and Facilities	5 927 833	3 328 926	56.16%
Maintenance of Electrical Infrastructure	2 376 839	1 089 738	45.85%
Maintenance of Equipment	581 450	185 061	31.83%
Maintenance of Sanitation Infrastructure	1 565 000	1 089 805	69.64%
Maintenance of Vehicles	7 247 373	4 664 557	64.36%
Maintenance of Water Infrastructure	1 420 000	700 468	49.33%
Medical Health Services & Support	1 150 000	749 833	65.20%
Occupational Health and Safety	21 000	-	0.00%
Other Contracted Services	1 835 000	669 204	36.47%
Personnel and Labour	7 634 772	5 195 173	68.05%
Professional Staff	397 000	273 790	68.96%
Qualification Verification	1 238 000	369 215	29.82%
Restricted Water Flow	800 000	-	0.00%
Roads Maintenance	10 000 000	9 850 312	98.50%
Security Services	4 650 000	2 788 978	59.98%
Special Rating Area	7 500 000	5 769 959	76.93%
Transport Services	435 000	9 100	2.09%
Valuer	2 280 102	-	0.00%
Total	**82 429 923**	**45 878 333**	**55.66%**

- **Other Expenditure**

The other expenditure is broken down as follows:

Item Description	Adjusted Budget 2021/22	Actuals as at 28 February 2022	%
Accommodation	886 997	405 885	45.76%
Achievements and Awards	1 850 000	627 811	33.94%
Advertising, Publicity and Marketing	2 320 000	529 903	22.84%
Air Transport	271 537	40 302	14.84%
Bank Charges	900 000	587 190	65.24%
Bargaining Council	3 200 000	-	0.00%
Cellular Contract (Subscription and Calls)	2 855 364	1 493 875	52.32%
Claims paid to Third Parties	250 000	59 271	23.71%
External Audit Fees	4 500 000	3 188 636	70.86%
External Computer Service:Internet Charge	4 264 541	2 830 109	66.36%
Gifts and Promotional Items	135 300	94 054	69.52%
Hire Charges	28 508 424	15 326 591	53.76%
Insurance Claims	316 460	112 581	35.58%
Insurance Underwriting:Premiums	3 087 456	2 796 389	90.57%
Leases:Furniture and Office Equipment	3 499 992	1 940 154	55.43%
Leases:Machinery and Equipment	60 000	-	0.00%
Leases:Other Assets	3 613 740	2 319 983	64.20%
Motor Vehicle Licence and Registrations	1 046 294	561 672	53.68%
Municipal Services	31 562 951	23 795 325	75.39%
Non-employees	615 926	270 014	43.84%
Other	1 290 849	299 094	23.17%
Own Transport	837 988	170 318	20.32%
Postage/Stamps/Franking Machines	1 912 500	827 052	43.24%
Printing, Publications and Books	1 314 000	586 638	44.65%
Registration Fees:Professional and Regulatory Bodies	673 140	95 976	14.26%
Registration Fees:Seminars, Conferences, Workshops	1 958 260	383 261	19.57%
Remuneration to Ward Committees	2 137 200	1 400 129	65.51%
Riparian Levies	5 933 700	3 872 304	65.26%
Signage	461 739	218 469	47.31%
Skills Development Fund Levy	3 861 814	2 243 502	58.09%
Software Licences	3 625 279	1 778 893	49.07%
Storage of Files (Archiving)	450 000	32 645	7.25%
Supplier Development Programme	50 000	-	0.00%
Tenders	700 000	588 733	84.10%
Third Party Vendors	5 600 000	1 080 406	19.29%
Uniform and Protective Clothing	4 145 386	2 101 257	50.69%
Vehicle Tracking	625 715	478 063	76.40%
Workmen''s Compensation Fund	1 664 930	1 182 669	71.03%
Total	**130 987 482**	**74 319 152**	**56.74%**



Expenditure By Type
Transfers and subsidies 0.00%
Other expenditure 11.30%
Contracted services 6.98%
Other materials 6.75%
Employee related costs 34.23%
Bulk purchases - Electricity 31.43%
Remuneration of councillors 1.36%
Finance charges 0.04%
Depreciation & asset impairment 7.55%
Debt impairment 0.35%

Repairs and Maintenance

Below is an analysis of actual repairs and maintenance expenditure, compared to the 2021/22 Adjusted Budget.

Item Description	Budget Year 2021/22		
	Adjusted Budget	Actuals as at 28 February 2022	%
Maintenance of Equipment	727 381	287 958	39.59%
Maintenance of Vehicles	8 660 632	5 901 896	68.15%
Maintenance of Buildings and Facilities	6 704 193	3 709 577	55.33%
Maintenance of Water Infrastructure	6 471 207	2 229 480	34.45%
Roads Maintenance	12 100 000	11 336 346	93.69%
Sport and Recreation Facilities	343 559	243 965	71.01%
Maintenance of Electrical Infrastructure	6 901 839	4 405 320	63.83%
Maintenance of Sanitation Infrastructure	2 734 600	1 516 957	55.47%
Hire Charges	5 917 324	2 958 109	49.99%
Other Contracted Services	340 000	299 909	88.21%
Total	**50 900 735**	**32 889 518**	**64.62%**

It is to be noted that actual repairs and maintenance expenditure constituted 64.62% of the 2021/22 Approved Adjusted Budget.

Annexure “A2”

CAPITAL BUDET PERFORMANCE

Summary Capital Expenditure and Funding

Vote Description	Budget Year 2021/22							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Funded by:								
National Government	34 385	50 440	1 245	18 026	33 627	(15 601)	-46%	50 440
Provincial Government	–	–	–	–	–	–		–
District Municipality	1 600	1 638	–	1 299	1 092	207	19%	1 638
Other transfers and grants	–	–	–	–	–	–		–
Transfers recognised - capital	**35 985**	**52 078**	**1 245**	**19 325**	**34 719**	**(15 394)**	**-44%**	**52 078**
Public contributions & donations	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–		–
Internally generated funds	25 028	39 263	2 907	11 506	26 175	(14 669)	-56%	39 263
Total Capital Funding	**61 013**	**91 341**	**4 152**	**30 831**	**60 894**	**(30 063)**	**-49%**	**91 341**

The capital expenditure as at 28 February 2022, constituted 33.75% of approved adjusted capital budget and the funding is broken down as follows:

- Grant funding is 37.11% of approved grant funding budget.
- Internally generated funds are 29.31% of approved internal funds budget.

Capital budget by municipal vote for 2021/22

Vote Description	Budget Year 2021/22				
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	%
R thousands					
Multi-Year expenditure appropriation					
Vote 1 - EXECUTIVE COUNCIL	2 740	3 470	18	952	27.43%
Vote 2 - FINANCIAL SERVICES	2 460	3 716	44	769	20.69%
Vote 3 - CORPORATE SERVICES	1 923	2 230	214	681	30.52%
Vote 4 - COMMUNITY SERVICES	7 490	6 154	219	2 943	47.81%
Vote 5 - INFRASTRUCTURE AND ENGINEERING	45 230	73 865	3 619	25 071	33.94%
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	1 170	1 905	38	416	21.85%
Total Capital Multi-year expenditure	**61 013**	**91 341**	**4 152**	**30 831**	**33.75%**

The capital expenditure as at 28 February 2022, constituted 33.75% of approved adjusted capital budget.

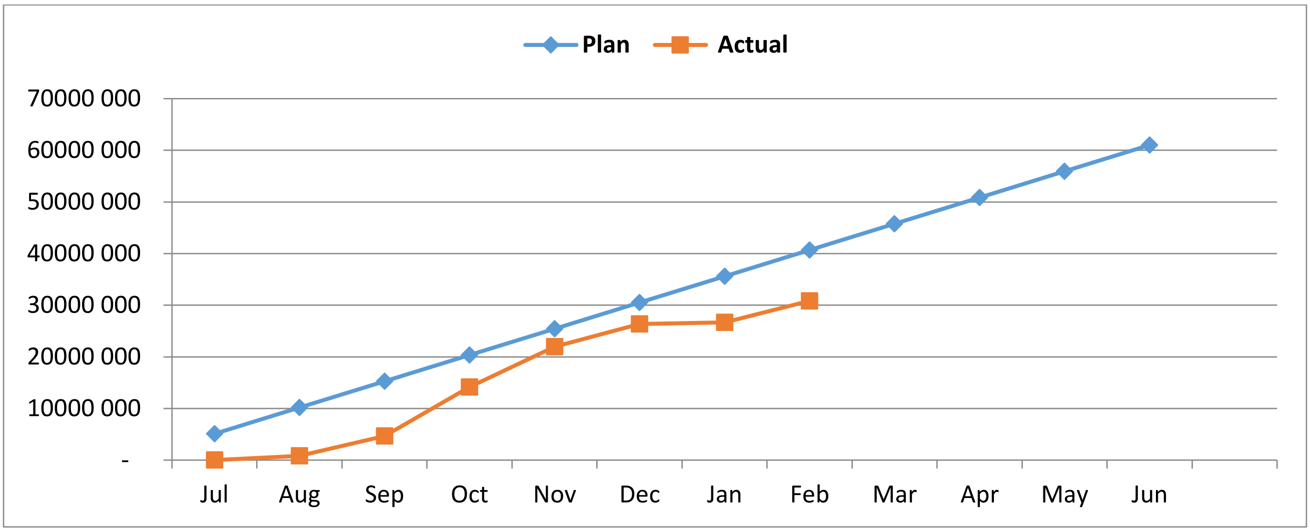
The capital expenditure is broken down per directorate as follows:

- Executive & Council is 27.43% of R 3,470 million budget.
- Financial Services is 20.69% of R 3,716 million budget.
- Corporate Services is 30.52% of R2,230 million budget.

- Community Services is 47.81% of R 6,154 million budget.
- Infrastructure & Engineering is 33.94% of R 73,865 million budget.
- Planning, Development and Tourism is 21.85% of R 1,905 million budget.

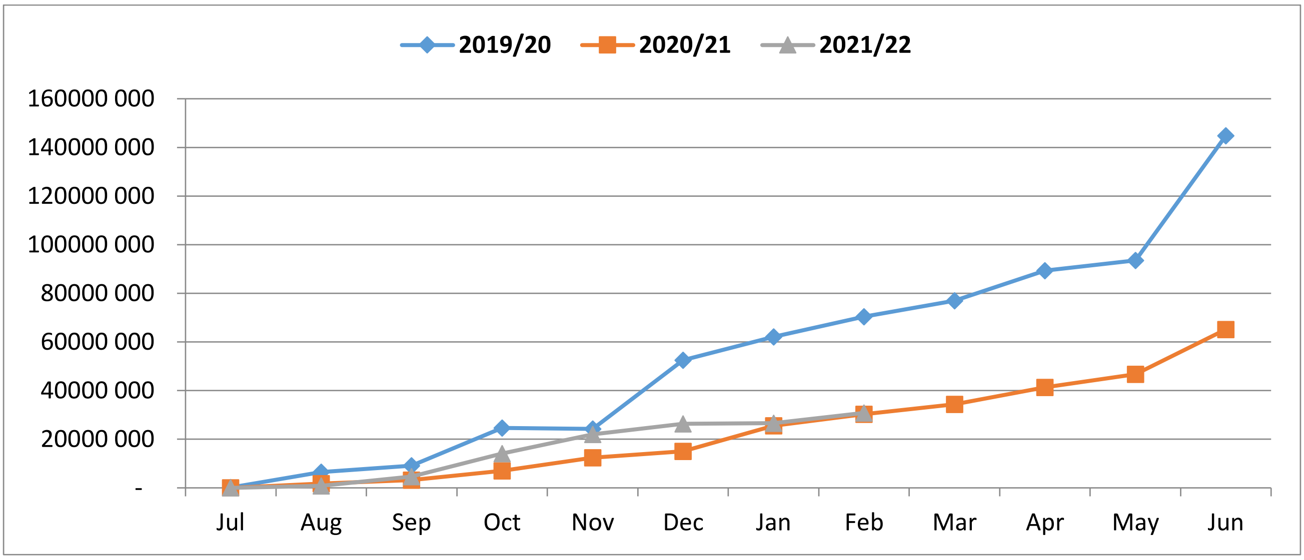
Monthly capital expenditure

The graph below reflects the municipality's monthly capital expenditure to date measured against the 2021/22 current budget.



Capital expenditure trend over the current- and past two years

The graph below shows the municipality's capital expenditure trend for 2019/20, 2020/21 and 2021/22.



Status of capital programmes/projects in the Municipality as at 28 February 2022.

DIRECTORATES	DEPARTMENT	FUNDING	PROJECTS	PROJECT NR	Adjusted Budget 2021/22	Actuals as at 28 February 2022
COMMUNITY SERVICES	FIRE SERVICES	Distr	Fire Vehicle	FT911	1 638 000	1 298 946
COMMUNITY SERVICES	PARKS AND OPEN SPACES	Internal	5X Trailes	101782	200 000	169 490
COMMUNITY SERVICES	Envornmental Management Fee	Internal	Kouga Skip Bins	CP4_EMF	200 000	-
COMMUNITY SERVICES	Protection Services	Internal	Machinery and Equipment (Security Cameras System)	PC_1004	300 000	32 191
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Machinery and Equipment (Generator)	1011113	230 000	199 978
COMMUNITY SERVICES	Parks & Open Space	Internal	Machinery and Equipment	PC_1003	80 000	41 984
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Machinery and Equipment (Radio communication) -	1011115	100 000	24 255
COMMUNITY SERVICES	Sport & Recreation	Internal	Furniture and Equipment	CP_9	100 000	-
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Playdetactor (Machinery and Equipment)	1011111	155 000	155 000
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Machinery and Equipment (Quardbike)	1011114	95 598	95 598
COMMUNITY SERVICES	Fire Services	Internal	Fencing Humansdorp Fire Station	CP1_FS	600 000	492 448
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Furniture and Equipment - Operations room	1011112	17 197	17 197
COMMUNITY SERVICES	SPORT & RECREATION	Internal	Fencing Sport and Recreational Facilities	1011118	1 500 000	354 609
COMMUNITY SERVICES	Fire Services	Internal	Vehicle	CP_23	565 000	-
COMMUNITY SERVICES	Beach	Internal	Upgrading of Pellsrus, Kabeljous, Cape St Francis	PC_A001	100 000	-
COMMUNITY SERVICES	LAW ENFORCEMENT	Internal	Computer Equipment - Operatons Room	1011116	23 400	23 400
COMMUNITY SERVICES	ENVIRONMENTAL MANAGEMENT	Internal	Machinery and Equipment	PC_1002	33 700	37 477
COMMUNITY SERVICES	CEMETERIES	Internal	Ablution Facilities New	1011104	150 000	-
COMMUNITY SERVICES	ENVIRONMENTAL MANAGEMENT	Internal	Computer Equipment	CP_4	66 300	-
					6 154 195	**2 942 572**
CORPORATE SERVICES	Corporate Services	Internal	Computer Software and Applications	CP_60	287 000	- 165 620
CORPORATE SERVICES	Corporate Services	Internal	Fencing of municipal building	PC_1023	629 206	419 400
CORPORATE SERVICES	Corporate Services	Internal	Furniture and Equipment	CP_9	150 000	140 357
CORPORATE SERVICES	Skills Development	Internal	Computer Equipment	CP_4	21 501	21 501
CORPORATE SERVICES	Corporate Services	Internal	Computer Equipment	CP_4	141 843	86 916
CORPORATE SERVICES	ADMINISTRATION SERVICES	Internal	Bio-metric System	CP_CPS1	600 000	177 977
CORPORATE SERVICES	ADMINISTRATION SERVICES	Internal	Communications _ LED Screen	CORP02	300 000	-
CORPORATE SERVICES	ADMINISTRATION SERVICES	Internal	Communications _ Digital Screen	CORP01	100 000	-
					2 229 550	**680 531**

DIRECTORATES	DEPARTMENT	FUNDING	PROJECTS	PROJECT NR	Adjusted Budget 2021/22	Actuals as at 28 February 2022
EXECUTIVE & COUNCIL	MAYOR	Internal	Furniture and Equipment - Municipal Court	0803217	100 000	-
EXECUTIVE & COUNCIL	Council	Internal	Furniture and Equipment	CP_9	100 000	70 976
EXECUTIVE & COUNCIL	MAYORAL COMMITTEE	Internal	Furniture and Equipment - Ward Councillors Offices	1011101	150 000	-
EXECUTIVE & COUNCIL	MAYOR	Internal	Electronic and Computer Equipment	1011120	200 000	-
EXECUTIVE & COUNCIL	MAYOR	Internal	Vehicle	CP_23	1 200 000	500 000
EXECUTIVE & COUNCIL	MUNICIPAL MANAGER	Internal	Computer Equipment	CP_4	150 000	61 607
EXECUTIVE & COUNCIL	MAYOR	Internal	PA system/Data projector/Screens/Sound	1011102	70 000	-
EXECUTIVE & COUNCIL	WARD COUNCILLORS	Internal	Ward councilors Capital project	PC_65	750 000	213 456
EXECUTIVE & COUNCIL	WARD COUNCILLORS	Internal	Computer Equipment	CP_4	705 000	105 627
EXECUTIVE & COUNCIL	Risk and Internal Audit Unit	Internal	Computer Equipment	CP_4	20 000	-
EXECUTIVE & COUNCIL	Risk and Internal Audit Unit	Internal	Furniture and Equipment	CP_54	25 000	-
					3 470 000	**951 667**
FINANCE	ASSET MANAGEMENT	Internal	Single Cap Bakkie for stock verification	101773	350 000	-
FINANCE	SCM	Internal	Machinery and Equipment	PC_1003	12 700	12 700
FINANCE	ASSET MANAGEMENT	Internal	Office Equipment	101771	5 998	5 998
FINANCE	ASSET MANAGEMENT	Internal	Office Equipment	101772	12 000	-
FINANCE	ASSET MANAGEMENT	Internal	Replacement of Electrical Transformer _ Humansdorp	AM001	863 540	-
FINANCE	REVENUE	Internal	2 Single Cab Bakkie	0803219	452 000	451 382
FINANCE	Finance: IT	Internal	Furniture and Equipment	CP_9	69 007	69 007
FINANCE	Finance: IT	Internal	Cibex Software	CP_075	600 000	-
FINANCE	Finance: IT	Internal	Computer Equipment	CP_4	914 244	159 787
FINANCE	Finance: IT	Internal	WIFI Solution	PC_017	100 000	46 141
FINANCE	Finance: IT	Internal	Network Upgrade	CP_2241	250 000	24 000
FINANCE	Finance: IT	Internal	Furniture and Equipment	CP_4	86 957	-
					3 716 446	**769 015**

DIRECTORATES	DEPARTMENT	FUNDING	PROJECTS	PROJECT NR	Adjusted Budget 2021/22	Actuals as at 28 February 2022
INFRASTRUCTURE & ENGINEERING	Electricity	Internal	Saffery Substation	CP7_ELC	1 000 000	860 401
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace 250mm Water Main Canal Road St Francis Bay	CP7_WAT	163 000	51 536
INFRASTRUCTURE & ENGINEERING	Water	Internal	Repair Leaking Concrete Water Tower Paradise Beach	CP_4WAT	310 000	-
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace Main Waterline Sout Rivier Bridge Crossing	CP5_WAT	295 000	123 777
INFRASTRUCTURE & ENGINEERING	Water	Internal	Replace 250mm Water Main Mimosa Street Jbay	CP6_WAT	104 000	53 803
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	New bypass Sewer Rising Main and Pump Stations Jbay	CP5_SW	992 000	91 472
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Upgrade Sewer Rising Mains Jbay (La Mer-4A-4B) Pre	CP4_SW	326 000	67 139
INFRASTRUCTURE & ENGINEERING	WATER	DRG	Connect 4 x drilled boreholes to treatment works	I&E002	10 869 565	4 213 424
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connect up 3 x boreholes Soetkloof Hankey	I&E001	2 875 000	-
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Piped Reticulation - St Francis Bay	CP7_SEW	295 000	104 848
INFRASTRUCTURE & ENGINEERING	Water	Internal	Machinery & Equipment	CP_10SW	180 000	15 792
INFRASTRUCTURE & ENGINEERING	METERING & REVENUE	Internal	Bulk 66kv Overhead lines	CP66KV	2 147 319	1 436 103
INFRASTRUCTURE & ENGINEERING	Sewerage	MIG	Upgrade Sanitation System Old Hankey	PC_012	14 981 698	3 780 942
INFRASTRUCTURE & ENGINEERING	METERING & REVENUE	INEP	Ocean View Electrification	ELEC711	6 782 609	5 479 879
INFRASTRUCTURE & ENGINEERING	Sewerage	Internal	Upgrade Loerie sewer pump station	CP_2SW	147 000	26 964
INFRASTRUCTURE & ENGINEERING	Public Works	MIG	Upgrading of Gravel Roads in Humansdorp	PC_075	14 235 217	8 310 049
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Mini Fresh Food and Craft Markets in Jbay & Hankey		728 750	454 713
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	Internal	Mini Fresh Food and Craft Markets in Jbay & Hankey	CP_369	400 000	-
INFRASTRUCTURE & ENGINEERING	SEWERAGE	Internal	Construct emergency overflow pond Koraal Sewer	CP_3SW	100 000	-
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Upgrading/Improvement of Sport Facilities within Kouga Regi	MIG01	500 000	-
INFRASTRUCTURE & ENGINEERING	PROJECT MANAGEMENT UNIT (PMU)	MIG	Upgrading/Improvement of Sport Facilities within Kouga Regi	MIG02	2 342 087	-
INFRASTRUCTURE & ENGINEERING	WATER	Internal	WATER TANKS - JEFFREYS BAY	W9801	840 000	-
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connecting Kruisfontein borehole to Humansdorp Water Tret	WAT004	10 335 694	-
INFRASTRUCTURE & ENGINEERING	WATER	Internal	Connect 4 x drilled boreholes to treatment works	I&E002	815 435	-
INFRASTRUCTURE & ENGINEERING	WATER	Internal	WATER TANKS - HUMANSDORP	W9802	2 100 000	-
					73 865 374	**25 070 842**
PLANNING, DEVELOPMENT & TOURISM	Planning & Development	Internal	Computer Software and Applications	CP_60	220 000	61 878
PLANNING, DEVELOPMENT & TOURISM	Planning & Development	Internal	Furniture and equipment	CP_54	300 000	33 334
PLANNING, DEVELOPMENT & TOURISM	LOCAL ECONOMIC DEVELOPMENT	Internal	Computer Equipment	CP_4	83 898	77 971
PLANNING, DEVELOPMENT & TOURISM	Economic Development: Tourism	Internal	Restoration of Fisherman Grave Site	CP2_EDT	150 000	45 000
PLANNING, DEVELOPMENT & TOURISM	LAND & PROPERTY ADMINISTRATION	Internal	Furniture and equipment	CP_54	451 528	163 598
PLANNING, DEVELOPMENT & TOURISM	LAND & PROPERTY ADMINISTRATION	Internal	Computer Equipment	CP_4	100 000	34 565
PLANNING, DEVELOPMENT & TOURISM	LOCAL ECONOMIC DEVELOPMENT	Internal	Kouga Business Support Centre	CP1_EDB	600 000	-
					1 905 426	**416 345**
				Total	**91 340 991**	**30 830 971**

Annexure "A3"

PROJECTED CASH FLOW STATEMENT FOR THE 2021/22 FINANCIAL YEAR

Projected Cash Flow Statement as at 28 February 2022

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 – M08 February 2022

Description	Ref	2020/21	Budget Year 2021/22							
		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		545 688	203 401	212 184	14 551	162 009	141 456	20 553	15%	212 184
Service charges		70 769	500 464	711 473	61 400	421 607	474 315	(52 708)	-11%	711 473
Other revenue		33 622	39 500	57 614	1 833	21 563	38 409	(16 846)	-44%	57 614
Government - operating		152 544	152 602	154 418	1 149	115 897	102 945	12 951	13%	154 418
Government - capital		2 151	40 256	53 680	15 100	43 154	35 787	7 367	21%	53 680
Interest		782 820	15 706	2 811	1 438	9 304	1 874	7 430	397%	2 811
Dividends		–	–	–				–		–
Payments										
Suppliers and employees		3 573	(927 527)	(1 142 665)	(87 896)	(684 601)	(761 777)	(77 176)	10%	(1 142 665)
Finance charges		–	(716)	(716)	(4)	(243)	(477)	(235)	49%	(716)
Transfers and Grants		–	(650)	–		–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**1 591 166**	**23 037**	**48 798**	**7 572**	**88 689**	**32 532**	**(56 157)**	**-173%**	**48 798**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–		–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		27 043	(61 013)	(91 341)	(1 858)	(33 317)	(60 894)	(27 577)	45%	(91 341)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**27 043**	**(61 013)**	**(91 341)**	**(1 858)**	**(33 317)**	**(60 894)**	**(27 577)**	**45%**	**(91 341)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		(20 774)						–		
Payments										
Repayment of borrowing		–	(6 747)	(6 747)	(422)	(6 133)	(4 498)	1 635	-36%	(6 747)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(20 774)**	**(6 747)**	**(6 747)**	**(422)**	**(6 133)**	**(4 498)**	**1 635**	**-36%**	**(6 747)**
NET INCREASE/ (DECREASE) IN CASH HELD		**1 597 435**	**(44 723)**	**(49 289)**	**5 291**	**49 240**	**(32 860)**			**(49 289)**
Cash/cash equivalents at beginning:		141 033	90 062	53 394		53 394	53 394			53 394
Cash/cash equivalents at month/year end:		1 738 468	45 339	4 105		102 634	20 535			4 105

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 2021/22 budget performance for the period of February 2022 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M08 February 2022

Description	2020/21	Budget Year 2021/22							
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	210 205	218 711	224 085	13 666	169 043	149 308	19 736	13%	224 085
Service charges	469 219	538 133	539 540	47 182	363 110	361 018	2 092	1%	539 540
Investment revenue	4 192	5 780	2 811	192	1 906	1 874	32	2%	2 811
Transfers and subsidies	166 982	152 602	154 418	244	114 221	103 198	11 023	11%	154 418
Other own revenue	36 543	50 174	52 309	3 058	39 070	34 872	4 198	12%	52 309
Total Revenue (excluding capital transfers and contributions)	**887 140**	**965 400**	**973 163**	**64 342**	**687 350**	**650 270**	**37 081**	**6%**	**973 163**
Employee costs	335 334	378 677	377 340	25 896	225 040	257 553	(32 513)	-13%	377 340
Remuneration of Councillors	12 780	13 651	13 651	1 149	8 972	9 100	(128)	-1%	13 651
Depreciation & asset impairment	80 852	91 830	91 830	6 521	49 658	61 220	(11 562)	-19%	91 830
Finance charges	3 094	716	716	4	247	477	(230)	-48%	716
Materials and bulk purchases	325 733	356 261	369 536	23 493	251 012	246 357	4 656	2%	369 536
Transfers and subsidies	761	650	550	–	–	367	(367)	-100%	550
Other expenditure	220 345	232 664	259 235	16 489	122 526	172 821	(50 295)	-29%	259 235
Total Expenditure	**978 900**	**1 074 449**	**1 112 858**	**73 551**	**657 456**	**747 896**	**(90 440)**	**-12%**	**1 112 858**
Surplus/(Deficit)	**(91 760)**	**(109 049)**	**(139 695)**	**(9 209)**	**29 895**	**(97 626)**	**127 521**	**-131%**	**(139 695)**
Transfers and subsidies - capital (monetary alloc	46 787	40 256	59 643	344	20 206	33 652	(13 446)	-40%	59 643
Contributions & Contributed assets	–	0	–	5	5	–	5	#DIV/0!	–
Surplus/(Deficit) after capital transfers & contributions	**(44 973)**	**(68 793)**	**(80 052)**	**(8 861)**	**50 105**	**(63 974)**	**114 079**	**-178%**	**(80 052)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(44 973)**	**(68 793)**	**(80 052)**	**(8 861)**	**50 105**	**(63 974)**	**114 079**	**-178%**	**(80 052)**
Capital expenditure & funds sources									
Capital expenditure	**25 728**	**61 013**	**91 341**	**4 152**	**30 831**	**60 894**	**(30 063)**	**-49%**	**91 341**
Capital transfers recognised	41 388	35 985	52 078	1 245	19 325	34 719	(15 394)	-44%	52 078
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**(7 061)**	**25 028**	**39 263**	**2 907**	**11 506**	**26 175**	**(14 669)**	**-56%**	**39 263**
Total sources of capital funds	**34 327**	**61 013**	**91 341**	**4 152**	**30 831**	**60 894**	**(30 063)**	**-49%**	**91 341**
Financial position									
Total current assets	292 547	170 054	149 763		199 900				149 763
Total non current assets	2 315 624	2 287 917	2 318 153		2 297 307				2 318 153
Total current liabilities	245 872	182 327	160 622		120 203				160 622
Total non current liabilities	175 631	163 445	191 375		176 381				191 375
Community wealth/Equity	**2 231 641**	**2 112 199**	**2 115 918**		**2 200 622**				**2 115 918**
Cash flows									
Net cash from (used) operating	1 591 166	23 037	48 798	7 572	88 689	32 532	(56 157)	-173%	48 798
Net cash from (used) investing	27 043	(61 013)	(91 341)	(1 858)	(33 317)	(60 894)	(27 577)	45%	(91 341)
Net cash from (used) financing	(20 774)	(6 747)	(6 747)	(422)	(6 133)	(4 498)	1 635	-36%	(6 747)
Cash/cash equivalents at the month/year end	**1 738 468**	**45 339**	**4 105**	**–**	**102 634**	**20 535**	**(82 099)**	**-400%**	**4 105**

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	40 686	8 133	6 902	7 589	6 165	5 906	41 294	175 957	292 632
Creditors Age Analysis									
Total Creditors	120 874	416	54	14	42	14	(1 666)	4 062	123 810

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) – M08 February 2022

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue - Functional										
Governance and administration		**316 505**	**334 164**	**338 358**	**14 759**	**296 053**	**224 997**	71 056	32%	**338 358**
Executive and council		926	29	1 490	3	81	880	(799)	-91%	1 490
Finance and administration		315 579	334 135	336 869	14 756	295 972	224 117	71 855	32%	336 869
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**12 619**	**11 799**	**15 811**	**318**	**10 207**	**10 647**	(439)	-4%	**15 811**
Community and social services		2 427	2 516	2 483	31	2 331	2 338	(8)	0%	2 483
Sport and recreation		5 800	6 302	8 506	276	5 898	5 671	227	4%	8 506
Public safety		1 529	735	1 651	3	483	716	(233)	-33%	1 651
Housing		–	–	–	–	–	–	–		–
Health		2 863	2 246	3 170	7	1 496	1 921	(426)	-22%	3 170
Economic and environmental services		**15 708**	**27 734**	**15 144**	**1 063**	**10 898**	**10 351**	547	5%	**15 144**
Planning and development		7 589	6 870	7 376	623	4 963	5 174	(211)	-4%	7 376
Road transport		6 952	19 419	6 375	439	4 665	4 248	416	10%	6 375
Environmental protection		1 167	1 446	1 393	1	1 270	929	341	37%	1 393
Trading services		**589 095**	**631 958**	**663 493**	**48 551**	**390 403**	**437 927**	(47 524)	-11%	**663 493**
Energy sources		310 687	349 113	357 466	29 529	236 879	240 686	(3 807)	-2%	357 466
Water management		108 540	109 904	117 805	8 851	58 068	78 632	(20 564)	-26%	117 805
Waste water management		96 238	99 787	107 236	5 144	53 850	64 603	(10 753)	-17%	107 236
Waste management		73 630	73 154	80 986	5 026	41 606	54 006	(12 400)	-23%	80 986
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**933 927**	**1 005 656**	**1 032 806**	**64 690**	**707 561**	**683 922**	**23 640**	**3%**	**1 032 806**
Expenditure - Functional										
Governance and administration		**222 313**	**243 963**	**255 990**	**15 078**	**126 640**	**172 861**	(46 221)	-27%	**255 990**
Executive and council		50 007	50 592	50 985	2 743	29 255	34 233	(4 979)	-15%	50 985
Finance and administration		172 304	193 351	204 985	12 335	97 377	138 614	(41 237)	-30%	204 985
Internal audit		2	20	20	–	8	13	(5)	-38%	20
Community and public safety		**93 963**	**107 514**	**104 565**	**7 978**	**64 995**	**71 262**	(6 268)	-9%	**104 565**
Community and social services		9 090	11 186	10 591	828	6 315	7 205	(890)	-12%	10 591
Sport and recreation		49 442	54 230	54 187	4 502	34 745	36 775	(2 031)	-6%	54 187
Public safety		23 565	29 328	27 358	1 878	16 794	18 780	(1 986)	-11%	27 358
Housing		6 238	5 884	5 850	386	3 664	3 982	(318)	-8%	5 850
Health		5 628	6 886	6 578	384	3 477	4 520	(1 043)	-23%	6 578
Economic and environmental services		**141 070**	**157 693**	**147 014**	**8 186**	**79 173**	**98 830**	(19 657)	-20%	**147 014**
Planning and development		34 140	45 303	40 573	2 333	20 713	27 633	(6 919)	-25%	40 573
Road transport		103 535	109 560	103 389	5 712	56 496	69 123	(12 627)	-18%	103 389
Environmental protection		3 395	2 830	3 051	140	1 964	2 074	(111)	-5%	3 051
Trading services		**520 428**	**561 444**	**601 604**	**42 132**	**385 957**	**402 619**	(16 662)	-4%	**601 604**
Energy sources		291 126	354 858	381 557	26 898	244 912	254 607	(9 694)	-4%	381 557
Water management		95 724	86 287	93 728	4 295	56 249	62 824	(6 575)	-10%	93 728
Waste water management		71 285	59 888	60 376	6 004	46 451	40 626	5 825	14%	60 376
Waste management		62 294	60 412	65 943	4 936	38 345	44 562	(6 217)	-14%	65 943
Other		**1 125**	**3 834**	**3 686**	**177**	**691**	**2 457**	**(1 766)**	**-72%**	**3 686**
Total Expenditure - Functional	3	**978 900**	**1 074 449**	**1 112 858**	**73 551**	**657 456**	**748 029**	**(90 573)**	**-12%**	**1 112 858**
Surplus/ (Deficit) for the year		**(44 973)**	**(68 793)**	**(80 052)**	**(8 861)**	**50 105**	**(64 107)**	**114 213**	**-178%**	**(80 052)**

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 – M08 February 2022

Vote Description	Ref	2020/21	Budget Year 2021/22							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - EXECUTIVE COUNCIL		0	–	1 070	–	–	–	–		1 070
Vote 2 - FINANCIAL SERVICES		328 986	332 484	335 875	14 175	294 544	223 455	71 090	31.8%	335 875
Vote 3 - CORPORATE SERVICES		565	319	721	103	482	481	1	0.3%	721
Vote 4 - COMMUNITY SERVICES		96 379	105 755	103 834	6 110	57 653	69 344	(11 691)	-16.9%	103 834
Vote 5 - INFRASTRUCTURE AND ENGINEERING		502 543	563 015	586 305	43 847	351 766	386 708	(34 942)	-9.0%	586 305
Vote 6 - PLANNING DEVELOPMENT AND TOURISM		4 586	4 082	5 001	447	3 108	3 334	(226)	-6.8%	5 001
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
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 Revenue by Vote	2	**933 060**	**1 005 656**	**1 032 806**	**64 682**	**707 553**	**683 322**	**24 232**	**3.5%**	**1 032 806**
Expenditure by Vote	1									
Vote 1 - EXECUTIVE COUNCIL		51 232	52 647	55 260	2 938	30 083	37 151	(7 068)	-19.0%	55 260
Vote 2 - FINANCIAL SERVICES		80 189	107 877	100 944	7 086	47 821	68 466	(20 645)	-30.2%	100 944
Vote 3 - CORPORATE SERVICES		56 843	45 011	64 037	2 616	25 472	43 089	(17 617)	-40.9%	64 037
Vote 4 - COMMUNITY SERVICES		195 873	213 660	213 895	15 825	131 515	145 260	(13 745)	-9.5%	213 895
Vote 5 - INFRASTRUCTURE AND ENGINEERING		572 561	621 597	647 745	43 481	408 485	433 011	(24 526)	-5.7%	647 745
Vote 6 - PLANNING DEVELOPMENT AND TOURISM		22 202	33 658	30 976	1 598	14 072	21 051	(6 980)	-33.2%	30 976
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
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 Expenditure by Vote	2	**978 900**	**1 074 449**	**1 112 858**	**73 543**	**657 448**	**748 029**	**(90 581)**	**-12.1%**	**1 112 858**
Surplus/ (Deficit) for the year	2	**(45 840)**	**(68 793)**	**(80 052)**	**(8 861)**	**50 105**	**(64 707)**	**114 813**	**-177.4%**	**(80 052)**

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) – M08 February 2022

Description	Ref	2020/21	Budget Year 2021/22							
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		210 205	218 711	224 085	13 666	169 043	149 308	19 736	13%	224 085
Service charges - electricity revenue		281 916	334 173	342 329	29 148	229 859	229 419	441	0%	342 329
Service charges - water revenue		80 983	89 581	81 646	8 433	55 170	54 526	643	1%	81 646
Service charges - sanitation revenue		52 346	58 635	57 754	4 888	39 048	38 516	532	1%	57 754
Service charges - refuse revenue		53 974	55 744	57 811	4 714	39 033	38 556	476	1%	57 811
Rental of facilities and equipment		2 347	1 169	2 800	266	2 278	1 867	412	22%	2 800
Interest earned - external investments		4 192	5 780	2 811	192	1 906	1 874	32	2%	2 811
Interest earned - outstanding debtors		9 982	10 674	12 820	1 225	8 517	8 547	(30)	0%	12 820
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		3 308	2 238	794	487	960	530	430	81%	794
Licences and permits		11 639	25 746	12 873	428	9 092	8 582	510	6%	12 873
Agency services		–	–	–	–	–	–	–		–
Transfers and subsidies		166 982	152 602	154 418	244	114 221	103 198	11 023	11%	154 418
Other revenue		9 211	10 348	23 022	652	18 223	15 348	2 876	19%	23 022
Gains		57	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**887 140**	**965 400**	**973 163**	**64 342**	**687 350**	**650 270**	**37 081**	**6%**	**973 163**
Expenditure By Type										
Employee related costs		335 334	378 677	377 340	25 896	225 040	257 553	(32 513)	-13%	377 340
Remuneration of councillors		12 780	13 651	13 651	1 149	8 972	9 100	(128)	-1%	13 651
Debt impairment		31 535	53 726	45 817	2 328	2 328	30 545	(28 217)	-92%	45 817
Depreciation & asset impairment		80 852	91 830	91 830	6 521	49 658	61 220	(11 562)	-19%	91 830
Finance charges		3 094	716	716	4	247	477	(230)	-48%	716
Bulk purchases - electricity		254 058	290 000	300 000	21 462	206 612	200 000	6 612	3%	300 000
Inventory consumed		71 675	66 261	69 536	2 031	44 400	46 357	(1 957)	-4%	69 536
Contracted services		95 785	78 598	82 430	4 120	45 878	54 953	(9 074)	-17%	82 430
Transfers and subsidies		761	650	550	–	–	367	(367)	-100%	550
Other expenditure		91 018	100 339	130 987	10 040	74 319	87 323	(13 004)	-15%	130 987
Losses		2 007	–	–	–	–	–	–		–
Total Expenditure		**978 900**	**1 074 449**	**1 112 858**	**73 551**	**657 456**	**747 896**	**(90 440)**	**-12%**	**1 112 858**
Surplus/(Deficit)		**(91 760)**	**(109 049)**	**(139 695)**	**(9 209)**	**29 895**	**(97 626)**	**127 521**	**(0)**	**(139 695)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		46 787	40 256	59 643	344	20 206	33 652	(13 446)	**(0)**	59 643
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	0	–	5	5	–	5	**#DIV/0!**	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**(44 973)**	**(68 793)**	**(80 052)**	**(8 861)**	**50 105**	**(63 974)**			**(80 052)**
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		**(44 973)**	**(68 793)**	**(80 052)**	**(8 861)**	**50 105**	**(63 974)**			**(80 052)**
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**(44 973)**	**(68 793)**	**(80 052)**	**(8 861)**	**50 105**	**(63 974)**			**(80 052)**
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**(44 973)**	**(68 793)**	**(80 052)**	**(8 861)**	**50 105**	**(63 974)**			**(80 052)**

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) – M08 February 2022

Vote Description	Ref	2020/21	Budget Year 2021/22							
		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		182	1 990	2 695	18	738	1 797	(1 058)	-59%	2 695
Vote 2 - FINANCIAL SERVICES		49 578	2 210	3 704	44	756	2 469	(1 713)	-69%	3 704
Vote 3 - CORPORATE SERVICES		2 308	1 923	2 230	214	681	1 486	(806)	-54%	2 230
Vote 4 - COMMUNITY SERVICES		(2 458)	6 110	5 740	194	2 831	3 827	(996)	-26%	5 740
Vote 5 - INFRASTRUCTURE AND ENGINEERING		38 142	45 230	72 737	3 565	24 616	48 491	(23 875)	-49%	72 737
Vote 6 - PLANNING DEVELOPMENT AND TOURISM		340	670	1 154	7	219	769	(550)	-71%	1 154
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
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	**88 093**	**58 133**	**88 259**	**4 042**	**29 842**	**58 839**	**(28 998)**	**-49%**	**88 259**
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE COUNCIL		91	750	775	–	213	517	(303)	-59%	775
Vote 2 - FINANCIAL SERVICES		(57 971)	250	13	–	13	8	4	50%	13
Vote 3 - CORPORATE SERVICES		22 363	–	–	–	–	–	–		–
Vote 4 - COMMUNITY SERVICES		681	1 380	414	24	112	276	(164)	-60%	414
Vote 5 - INFRASTRUCTURE AND ENGINEERING		(28 215)	–	1 129	54	455	752	(298)	-40%	1 129
Vote 6 - PLANNING DEVELOPMENT AND TOURISM		686	500	752	31	197	501	(304)	-61%	752
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
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	(62 364)	2 880	3 082	110	989	2 054	**(1 065)**	**-52%**	3 082
Total Capital Expenditure	3	**25 728**	**61 013**	**91 341**	**4 152**	**30 831**	**60 894**	**(30 063)**	**-49%**	**91 341**
Capital Expenditure - Functional Classification										
Governance and administration		**16 925**	**8 963**	**10 337**	**276**	**2 949**	**6 891**	(3 943)	-57%	**10 337**
Executive and council		274	2 240	3 425	18	952	2 283	(1 332)	-58%	3 425
Finance and administration		16 651	6 723	6 887	258	1 997	4 591	(2 594)	-57%	6 887
Internal audit		–	–	25	–	–	17	(17)	-100%	25
Community and public safety		**6 630**	**8 987**	**7 775**	**219**	**2 357**	**5 183**	(2 826)	-55%	**7 775**
Community and social services		–	570	150	–	–	100	(100)	-100%	150
Sport and recreation		243	6 217	4 822	194	566	3 215	(2 649)	-82%	4 822
Public safety		6 338	2 200	2 803	25	1 791	1 869	(77)	-4%	2 803
Housing		340	–	–	–	–	–	–		–
Health		(290)	–	–	–	–	–	–		–
Economic and environmental services		**(37 205)**	**15 555**	**17 119**	**960**	**9 136**	**11 413**	(2 277)	-20%	**17 119**
Planning and development		1 115	1 120	2 884	92	826	1 923	(1 097)	-57%	2 884
Road transport		(38 320)	14 435	14 235	868	8 310	9 490	(1 180)	-12%	14 235
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**39 378**	**27 458**	**55 959**	**2 697**	**16 344**	**37 306**	(20 963)	-56%	**55 959**
Energy sources		12 588	9 783	9 930	770	7 776	6 620	1 156	17%	9 930
Water management		7 172	2 245	28 888	1 927	4 458	19 258	(14 800)	-77%	28 888
Waste water management		19 881	14 630	16 842	–	4 071	11 228	(7 156)	-64%	16 842
Waste management		(263)	800	300	–	37	200	(163)	-81%	300
Other		–	50	150	–	45	100	(55)	-55%	150
Total Capital Expenditure - Functional Classification	3	**25 728**	**61 013**	**91 341**	**4 152**	**30 831**	**60 894**	**(30 063)**	**-49%**	**91 341**
Funded by:										
National Government		35 675	34 385	50 440	1 245	18 026	33 627	(15 601)	-46%	50 440
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		5 713	1 600	1 638	–	1 299	1 092	207	19%	1 638
Other transfers and grants		–	–	–	–	–	–	–		–
Transfers recognised - capital		**41 388**	**35 985**	**52 078**	**1 245**	**19 325**	**34 719**	**(15 394)**	**-44%**	**52 078**
Public contributions & donations	5	–	–	–	–	–	–	–		–
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		(7 061)	25 028	39 263	2 907	11 506	26 175	(14 669)	-56%	39 263
Total Capital Funding		**34 327**	**61 013**	**91 341**	**4 152**	**30 831**	**60 894**	**(30 063)**	**-49%**	**91 341**

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 – M08 February 2022

Description	Ref	2020/21	Budget Year 2021/22			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash		12 188	12 224	3 118	36 102	3 118
Call investment deposits		40 490	33 116	987	66 532	987
Consumer debtors		85 286	67 296	86 056	53 060	86 056
Other debtors		142 012	48 618	47 032	25 139	47 032
Current portion of long-term receivables		–	3	–	–	–
Inventory		12 570	8 798	12 570	19 068	12 570
Total current assets		**292 547**	**170 054**	**149 763**	**199 900**	**149 763**
Non current assets						
Long-term receivables		–	13	–	–	–
Investments		–	–	–	–	–
Investment property		242 552	242 552	262 645	262 645	262 645
Investments in Associate		–	–	–	–	–
Property, plant and equipment		2 071 777	2 042 419	2 053 106	2 033 292	2 053 106
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		1 295	2 934	2 402	1 369	2 402
Other non-current assets		–	–	–	–	–
Total non current assets		**2 315 624**	**2 287 917**	**2 318 153**	**2 297 307**	**2 318 153**
TOTAL ASSETS		**2 608 171**	**2 457 971**	**2 467 916**	**2 497 207**	**2 467 916**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		6 747	0	–	130	–
Consumer deposits		20 774	17 378	20 774	23 164	20 774
Trade and other payables		182 904	135 300	101 573	62 213	101 573
Provisions		35 447	29 649	38 275	34 696	38 275
Total current liabilities		**245 872**	**182 327**	**160 622**	**120 203**	**160 622**
Non current liabilities						
Borrowing		(0)	–	–		–
Provisions		175 631	163 445	191 375	176 381	191 375
Total non current liabilities		**175 631**	**163 445**	**191 375**	**176 381**	**191 375**
TOTAL LIABILITIES		**421 502**	**345 772**	**351 998**	**296 585**	**351 998**
NET ASSETS	2	**2 186 668**	**2 112 199**	**2 115 918**	**2 200 622**	**2 115 918**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 231 641	2 112 199	2 115 918	2 200 622	2 115 918
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 231 641**	**2 112 199**	**2 115 918**	**2 200 622**	**2 115 918**

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 – M08 February 2022

Description	Ref	2020/21	Budget Year 2021/22							
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		545 688	203 401	212 184	14 551	162 009	141 456	20 553	15%	212 184
Service charges		70 769	500 464	711 473	61 400	421 607	474 315	(52 708)	-11%	711 473
Other revenue		33 622	39 500	57 614	1 833	21 563	38 409	(16 846)	-44%	57 614
Government - operating		152 544	152 602	154 418	1 149	115 897	102 945	12 951	13%	154 418
Government - capital		2 151	40 256	53 680	15 100	43 154	35 787	7 367	21%	53 680
Interest		782 820	15 706	2 811	1 438	9 304	1 874	7 430	397%	2 811
Dividends		–	–	–				–		–
Payments										
Suppliers and employees		3 573	(927 527)	(1 142 665)	(87 896)	(684 601)	(761 777)	(77 176)	10%	(1 142 665)
Finance charges		–	(716)	(716)	(4)	(243)	(477)	(235)	49%	(716)
Transfers and Grants		–	(650)	–		–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**1 591 166**	**23 037**	**48 798**	**7 572**	**88 689**	**32 532**	**(56 157)**	**-173%**	**48 798**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–		–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		27 043	(61 013)	(91 341)	(1 858)	(33 317)	(60 894)	(27 577)	45%	(91 341)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**27 043**	**(61 013)**	**(91 341)**	**(1 858)**	**(33 317)**	**(60 894)**	**(27 577)**	**45%**	**(91 341)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		(20 774)						–		
Payments										
Repayment of borrowing		–	(6 747)	(6 747)	(422)	(6 133)	(4 498)	1 635	-36%	(6 747)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(20 774)**	**(6 747)**	**(6 747)**	**(422)**	**(6 133)**	**(4 498)**	**1 635**	**-36%**	**(6 747)**
NET INCREASE/ (DECREASE) IN CASH HELD		**1 597 435**	**(44 723)**	**(49 289)**	**5 291**	**49 240**	**(32 860)**			**(49 289)**
Cash/cash equivalents at beginning:		141 033	90 062	53 394		53 394	53 394			53 394
Cash/cash equivalents at month/year end:		1 738 468	45 339	4 105		102 634	20 535			4 105

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

i. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
ii. It reflects the expected cash inflows versus outflows that are likely to result from the implementation of the budget.

ANALYSIS OF THE MUNICIPALITY’S STATEMENT OF FINANCIAL POSITION

In this section the Municipality’s Debtors, Creditors and Investments will be analysed. These components have a significant impact on the Municipality’s financial position.

1. Overview of outstanding Consumer Debtors (Inclusive of VAT)

Below is an analysis of the outstanding consumer debtors as at 30 June 2021, compared to the position as at 28 February 2022.

Debtors’ Age Analysis (Inclusive of VAT) as at 30 June 2021

Description	Budget Year 2020/21								
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	8 991	2 241	1 945	1 830	1 723	1 656	10 008	39 230	67 624
Trade and Other Receivables from Exchange Transactions - Electricity	18 074	1 630	1 144	982	882	789	3 435	8 300	35 237
Receivables from Non-exchange Transactions - Property Rates	10 483	1 107	839	690	600	540	7 781	21 458	43 498
Receivables from Exchange Transactions - Waste Water Management	5 510	1 152	982	919	863	803	4 609	17 228	32 067
Receivables from Exchange Transactions - Waste Management	4 595	1 193	1 099	1 018	992	963	5 278	23 366	38 503
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	59	85	101	120	139	162	1 612	22 743	25 022
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(14 397)	476	329	304	288	273	2 029	11 637	940
Total By Income Source	**33 316**	**7 885**	**6 439**	**5 863**	**5 488**	**5 186**	**34 751**	**143 963**	**242 891**
Debtors Age Analysis By Customer Group									
Organs of State	1 004	449	371	360	354	206	1 461	2 731	6 937
Commercial	6 748	407	380	330	370	249	1 050	4 100	13 634
Households	25 564	7 029	5 688	5 173	4 763	4 731	32 240	137 131	222 320
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**33 316**	**7 885**	**6 439**	**5 863**	**5 488**	**5 186**	**34 751**	**143 963**	**242 891**

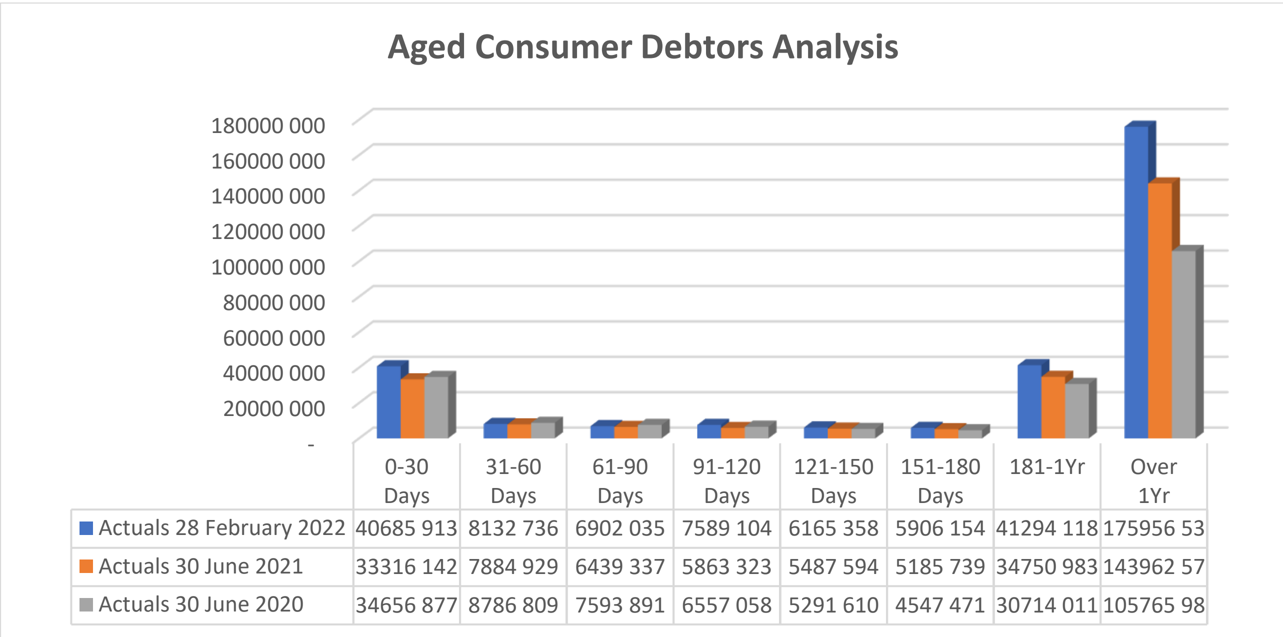
Debtors’ Age Analysis (Inclusive of VAT) as at 28 February 2022.

Description	Budget Year 2021/22								
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	12 282	2 473	1 860	1 887	1 781	1 683	10 380	48 889	81 235
Trade and Other Receivables from Exchange Transactions - Electricity	24 137	1 511	1 203	1 145	930	900	3 837	9 732	43 394
Receivables from Non-exchange Transactions - Property Rates	12 570	1 238	1 061	1 830	768	713	10 000	24 354	52 534
Receivables from Exchange Transactions - Waste Water Management	6 243	1 166	1 031	1 069	938	901	4 992	21 890	38 231
Receivables from Exchange Transactions - Waste Management	5 124	1 284	1 200	1 158	1 127	1 097	5 715	29 389	46 093
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	80	89	109	183	184	203	1 860	28 649	31 357
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(19 749)	372	437	316	437	411	4 510	13 053	(212)
Total By Income Source	**40 686**	**8 133**	**6 902**	**7 589**	**6 165**	**5 906**	**41 294**	**175 957**	**292 632**
									–
Debtors Age Analysis By Customer Group									
Organs of State	1 268	659	576	726	552	588	4 344	5 033	13 746
Commercial	7 365	390	348	272	252	267	1 130	4 678	14 702
Households	32 053	7 083	5 978	6 591	5 362	5 050	35 819	166 246	264 184
Other	–	–	–	–	–	–	–	–	–
Total By Customer Group	**40 686**	**8 133**	**6 902**	**7 589**	**6 165**	**5 906**	**41 294**	**175 957**	**292 632**

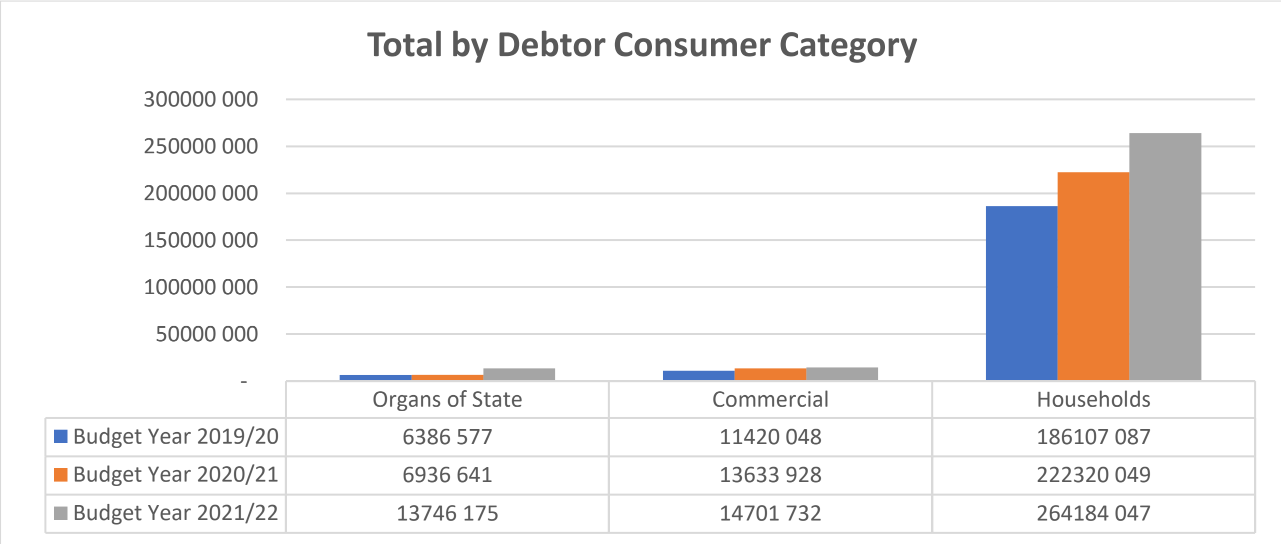
The aforementioned analysis indicates that from 30 June 2021 to 28 February 2022, the overdue debts have increased by R 42,372 million from R 209,574 million to R 251,946 million, as follows:

R thousands	**OVERDUE AMOUNTS AS AT**		
Debtors Age Analysis By Income Source	**30-Jun-21**	**28-Feb-22**	**DIFFERENCE**
Trade and Other Receivables from Exchange Transactions - Water	58 633	68 954	10 321
Trade and Other Receivables from Exchange Transactions - Electricity	17 163	19 257	2 095
Receivables from Non-exchange Transactions - Property Rates	33 015	39 965	6 950
Receivables from Exchange Transactions - Waste Water Management	26 556	31 988	5 431
Receivables from Exchange Transactions - Waste Management	33 908	40 969	7 060
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–
Interest on Arrear Debtor Accounts	24 963	31 277	6 314
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	15 337	19 537	4 201
Total By Income Source	**209 574**	**251 946**	**42 372**
Debtors Age Analysis By Customer Group		–	
Organs of State	5 932	12 478	6 546
Commercial	6 886	7 336	450
Households	196 756	232 131	35 375
Other	–	–	–
Total By Customer Group	**209 574**	**251 946**	**42 372**

Graphical Analysis of consumer debtors



Graphical Analysis of consumer debtors (total by Debtor Consumer Category)



2. Overview of Creditors position

Below is an analysis of the status of the major creditors.

Description	Budget Year 2021/22								
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	24 134	–	–	–	–	–	(7)	–	**24 127**
Bulk Water	–	18	15	14	13	13	(1 737)	–	**(1 665)**
PAYE deductions	3 675								**3 675**
VAT (output less input)									**–**
Pensions / Retirement deductions									**–**
Loan repayments									**–**
Trade Creditors	4 953	410	51	55	29	91	78	1 263	**6 930**
Auditor General									**–**
Other									**–**
Total By Customer Type	**32 763**	**428**	**65**	**69**	**42**	**104**	**(1 666)**	**1 263**	**33 068**

The above amounts represent invoices still to be paid. The major creditors as at 28 February 2022 are as follows:

Eskom	R 24,127 million
NMBM	R -1,665 million
PAYE	R 3,675 million
Other Creditors	R 6,930 million
Total	**R 33,068 million**

It is to be noted that the Eskom amount of R 24,127 million, represents the current account for February 2022, which will be fully paid on 23 March 2022.

The PAYE deductions represent employee related costs for the month of February 2022, with the amount only due on 4 March 2022.

3. Allocation and Grants receipts and expenditure for the 2021/22 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M08 February 2022.

Description	Budget Year 2021/22							
	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:	148 588	148 588	427	112 093	112 093	–	0.0%	148 588
Operational Revenue:General Revenue:Equitable Share	143 774	143 774	–	107 831	107 831	–	0.0%	143 774
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 423	1 423	427	1 423	1 423	–		1 423
Local Government Financial Management Grant [Schedule 5B]	1 720	1 720		1 720	1 720	–	0.0%	1 720
Municipal Infrastructure Grant [Schedule 5B]	1 671	1 671	–	1 119	1 119	–	0.0%	1 671
District Municipality:	1 964	2 888	722	2 166	2 166	–		2 888
Enviromental Health Subsidy	1 964	2 888	722	2 166	2 166	–		2 888
Provincial Government:	2 050	2 050	–	2 050	2 050	–		2 050
Sport and Recreation	2 050	2 050		2 050	2 050	–		2 050
Other grant providers:		892	–	892	892	–	–	892
South Africa Local Government Association (SALGA)		722		722	722			722
Foreign Government and International Organisations		170		170	170			170
Total Operating Transfers and Grants	152 602	154 418	1 149	117 201	117 201	–	0.0%	154 418
Capital Transfers and Grants								–
National Government:	39 542	58 005	15 100	48 642	48 642	–	0.0%	58 005
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	7 800	7 800	2 600	7 800	7 800	–	0.0%	7 800
Municipal Disaster Relief Grant		12 500	12 500	12 500	12 500			12 500
Municipal Infrastructure Grant [Schedule 5B]	31 742	37 705	–	28 342	28 342	–	0.0%	37 705
District Municipality:	714	1 638	–	475	475	–		1 638
Fire Services Subsidy	714	1 638		475	475	–		1 638
Other grant providers:		39 263	–	–	–			39 263
Transfer from Operational Revenue		39 263						39 263
Total Capital Transfers and Grants	40 256	98 906	15 100	49 117	49 117	–	0.0%	98 906

Below is an analysis of the spending associated with the grants as at 28 February 2022:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M08 February 2022.

Description	Budget Year 2021/22							
	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:	148 588	148 588	244	110 727	110 639	88	0.1%	148 588
Operational Revenue:General Revenue:Equitable Share	143 774	143 774	–	107 831	107 831	–	0.0%	143 774
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1 423	1 423	142	970	830	140	16.9%	1 423
Local Government Financial Management Grant [Schedule 5B]	1 720	1 720	51	580	1 003	(423)	-42.2%	1 720
Municipal Infrastructure Grant [Schedule 5B]	1 671	1 671	50	1 346	975	371	38.1%	1 671
District Municipality:	1 964	2 888	–	2 166	2 166	–		2 888
Enviromental Health Subsidy	1 964	2 888		2 166	2 166	–		2 888
Provincial Government:	2 050	2 050	–	2 050	2 050	–		2 050
Sport and Recreation	2 050	2 050		2 050	2 050	–		2 050
Other grant providers:		892	–	892	892			892
South Africa Local Government Association (SALGA)		722		722	722			722
Foreign Government and International Organisations		170		170	170			170
Total operating expenditure of Transfers and Grants:	152 602	154 418	244	115 835	115 747	88	0.1%	154 418
Capital expenditure of Transfers and Grants								–
National Government:	39 542	58 005	344	19 731	26 545	(6 814)	-25.7%	58 005
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	7 800	7 800	281	6 301	4 550	1 751	38.5%	7 800
Municipal Disaster Relief Grant		12 500	–	–	–			12 500
Municipal Infrastructure Grant [Schedule 5B]	31 742	37 705	63	13 430	21 995	(8 565)		37 705
District Municipality:	714	1 638	–	1 299	1 299	–		1 638
Fire Services Subsidy	714	1 638		1 299	1 299	–		1 638
Other grant providers:		39 263	2 907	11 506	11 506			39 263
Transfer from Operational Revenue		39 263	2 907	11 506	11 506			39 263
Total capital expenditure of Transfers and Grants	40 256	98 906	3 250	32 537	39 350	(6 814)	-17.3%	98 906
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	192 858	253 324	3 494	148 372	155 097	(6 726)	-4.3%	253 324

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.

<u>Grants received from National Government.</u>

<u>DORA Operating Grants</u>

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 1,720,000
Amount of Grant Received:	R 1,720,000
Expenditure to date:	R 579,960
Unspent as at 28 February 2022:	R 1,140,040

The spending of the grant amounted to 33.72% as at 28 February 2022, 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 1,423,000
Amount of Grant Received:	R 1,423,000
Expenditure to date:	R 970,239
Unspent as at 28 February 2022:	R 439,479

The spending of the grant amounted to 68.18% as at 28 February 2022, compared to the amount of the grant received.

<u>DORA Capital Grants</u>

Municipal Infrastructure Grant (MIG)
The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs.

DORA Allocation:	R 33,413,000
Approved Rollover:	R 5,962,915
Amount of Grant Received:	R 28,341,915
Expenditure to date:	R 14,775,401
Unspent as at 28 February 2022:	R 13,566,514

The spending of the grant amounted to 52.13% as at 28 February 2022, 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 7,800,000
Amount of Grant Received:	R 7,800,000
Expenditure to date:	R 6,301,368
Unspent as at 28 February 2022:	R 1,498,632

The spending of the grant amounted to 80.79% as at 28 February 2022, compared to the amount of the grant received.

Municipal Disaster Relief Grant (MDRG)
The purpose of the approved funding is to augment the resources of the municipality with regard to the following prioritised area:

a) Development and equipping of 4 boreholes in Humansdorp.

DORA Allocation:	R 12,500,000
Amount of Grant Received:	R 12,500,000
Expenditure to date:	R 0.00
Unspent as at 28 February 2022:	R 12,500,000

The spending of the grant amounted to 0% as at 28 February 2022, compared to the amount of the grant received.

4. Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M08 February 2022.

Summary of Employee and Councillor remuneration	2020/21	Budget Year 2021/22							
	Audited Outcome	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	8 637	9 104	9 104	756	5 840	6 070	(229)	-4%	9 104
Pension and UIF Contributions	–	–	–	–	–	–	–		–
Medical Aid Contributions	–	–	–	30	310	–	310		–
Motor Vehicle Allowance	2 879	3 081	3 081	252	1 950	2 054	(104)	-5%	3 081
Cellphone Allowance	1 265	1 465	1 465	111	872	977	(104)	-11%	1 465
Housing Allowances	–	–	–	–	–	–	–		–
Other benefits and allowances	–	–	–	–	–	–	–		–
Sub Total - Councillors	**12 780**	**13 651**	**13 651**	**1 149**	**8 972**	**9 100**	**(128)**	**-1%**	**13 651**
Senior Managers of the Municipality									
Basic Salaries and Wages	7 457	6 954	6 423	445	4 205	4 282	(77)	-2%	6 423
Pension and UIF Contributions	126	106	107	5	50	71	(21)	-29%	107
Medical Aid Contributions	38	31	31	2	26	20	5	25%	31
Overtime	–	–	–	–	–	–	–		–
Performance Bonus	612	23	1 211	–	–	807	(807)	-100%	1 211
Motor Vehicle Allowance	640	1 605	1 405	48	574	937	(363)	-39%	1 405
Cellphone Allowance	10	10	10	1	6	7	(0)	-6%	10
Housing Allowances	–	–	–	–	–	–	–		–
Other benefits and allowances	55	1	1	0	0	1	(0)	-14%	1
Payments in lieu of leave	440	2 358	4 703	373	2 834	3 135	(301)	-10%	4 703
Long service awards	–	–	–	–	–	–	–		–
Post-retirement benefit obligations	–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality	**9 378**	**11 088**	**13 891**	**875**	**7 695**	**9 260**	**(1 565)**	**-17%**	**13 891**
Other Municipal Staff									
Basic Salaries and Wages	187 829	232 525	212 200	16 160	135 824	141 333	(5 509)	-4%	212 200
Pension and UIF Contributions	31 918	36 881	35 748	2 657	21 703	23 832	(2 129)	-9%	35 748
Medical Aid Contributions	16 812	23 684	21 437	1 393	10 881	14 291	(3 410)	-24%	21 437
Overtime	30 580	31 142	23 860	2 482	17 144	15 906	1 238	8%	23 860
Performance Bonus	–	23	43	–	21	29	(7)	-26%	43
Motor Vehicle Allowance	9 703	9 871	12 290	834	6 671	8 193	(1 522)	-19%	12 290
Cellphone Allowance	–	85	93	4	25	62	(37)	-59%	93
Housing Allowances	900	1 787	1 782	62	546	1 188	(642)	-54%	1 782
Other benefits and allowances	26 052	29 863	35 288	1 405	23 494	29 653	(6 159)	-21%	35 288
Payments in lieu of leave	3 812	25	767	8	557	511	45	9%	767
Long service awards	1 287	1 702	1 686	16	478	1 124	(646)	-57%	1 686
Post-retirement benefit obligations	17 063	–	18 256	–	–	12 171	(12 171)	-100%	18 256
Sub Total - Other Municipal Staff	**325 956**	**367 590**	**363 449**	**25 021**	**217 345**	**248 293**	**(30 948)**	**-12%**	**363 449**
Total Parent Municipality	**348 114**	**392 328**	**390 991**	**27 045**	**234 012**	**266 654**	**(32 641)**	**-12%**	**390 991**
TOTAL SALARY, ALLOWANCES & BENEFITS	**348 114**	**392 328**	**391 191**	**27 046**	**234 090**	**266 787**	**(32 697)**	**-12%**	**391 191**
TOTAL MANAGERS AND STAFF	**335 334**	**378 677**	**377 340**	**25 896**	**225 040**	**257 553**	**(32 513)**	**-13%**	**377 340**

6. Key performance indicators

The table below reflects the key performance indicators as per the 2021/22 Budget and the associated performance to date.

Borrowing Management		**Actuals as at 30 June 2018**	**Actuals as at 30 June 2019**	**Actuals as at 30 June 2020**	**Actuals as at 30 June 2021**	**Approved Adjusted Budget 2021/22**	**Actuals as at 28 February 2022**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	1.78%	1.29%	1.22%	1.13%	0.67%	0.97%
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	0.02	0.01	0.01	0.01	0.01	0.01
Liquidity							
Current Ratio	Current assets / current liabilities	0.97	1.58	1.26	1.30	0.93	1.66
Liquidity Ratio	Monetary assets / current liabilities	0.47	0.75	0.61	0.34	0.03	0.85
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	90.73%	97,62%	95.42%	94.41%	94%	93.02%

Other indicators		**Actuals as at 30 June 2018**	**Actuals as at 30 June 2019**	**Actuals as at 30 June 2020**	**Actuals as at 30 June 2021**	**Approved Adjusted Budget 2020/21**	**Actuals as at 28 February 2022**
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)	1.73	1.90	1.79	0.65	0.04	0.97
Employee Costs	Employee Costs / Total Operating Expenditure	33.21%	33.39%	32.53%	34.26%	33.91%	34.23%
Capital Expenditure	Capital Expenditure / Capital Budget	72.98%	44.59%	75.33%	71.24%	95%	33.75%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	3.82%	5.63%	6.68%	7.00%	4.57%	5.00%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	1.41%	2.29%	2.90%	3.33%	2.48%	1.62%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	80.22%	75.36%	71.88%	77.11%	84.13%	83.38%

The above table is discussed in detail below.

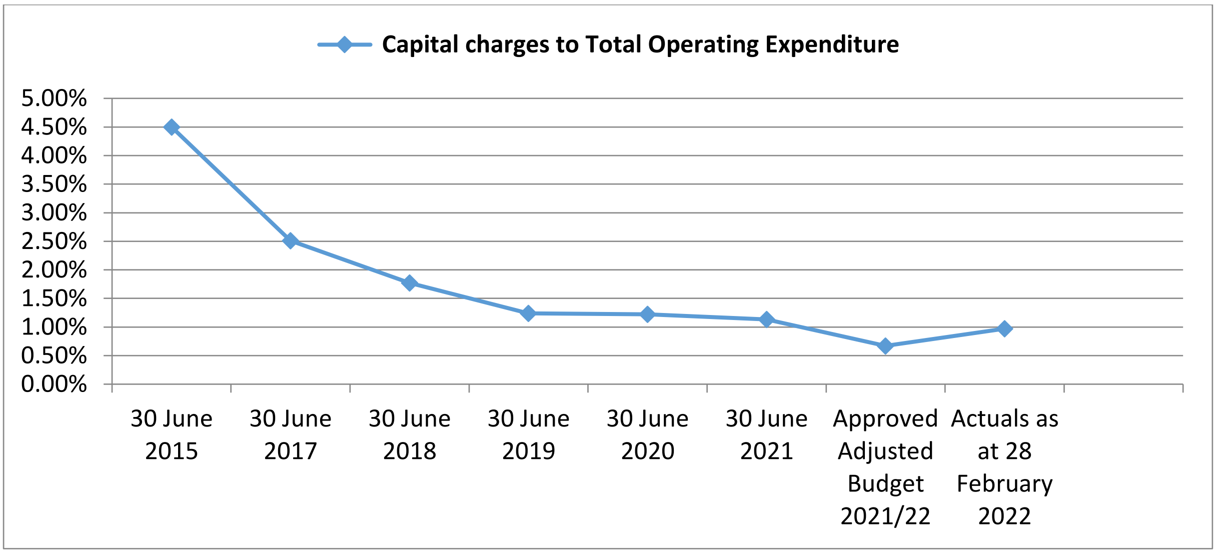
4.1. Borrowing Management

4.1.1. 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 0.97% of the Total Operating Expenditure was utilised for capital charges as at 28 February 2022, compared to the approved adjusted budget ratio of 0.67%.



4.1.2. 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 2021/22 Operating Budget.

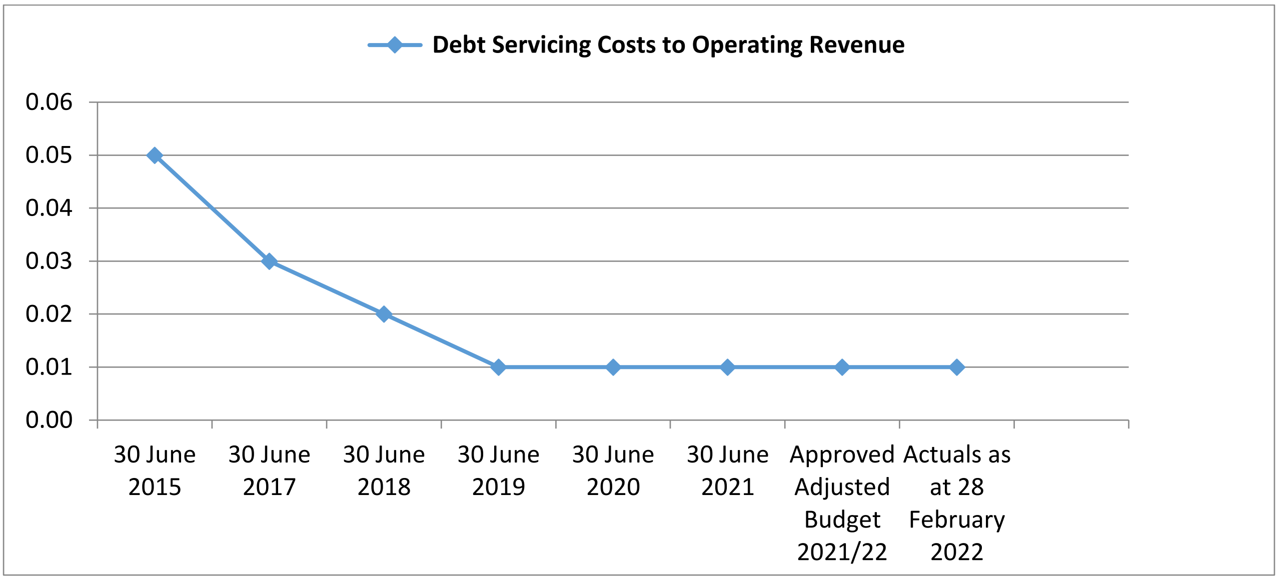
4.1.3. Debt Servicing Costs to Operating Revenue Ratio

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 28 February 2022, the ratio was 0.01:1, compared to the approved adjusted budget ratio of 0.01:1.



4.2. Liquidity

4.2.1. 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:

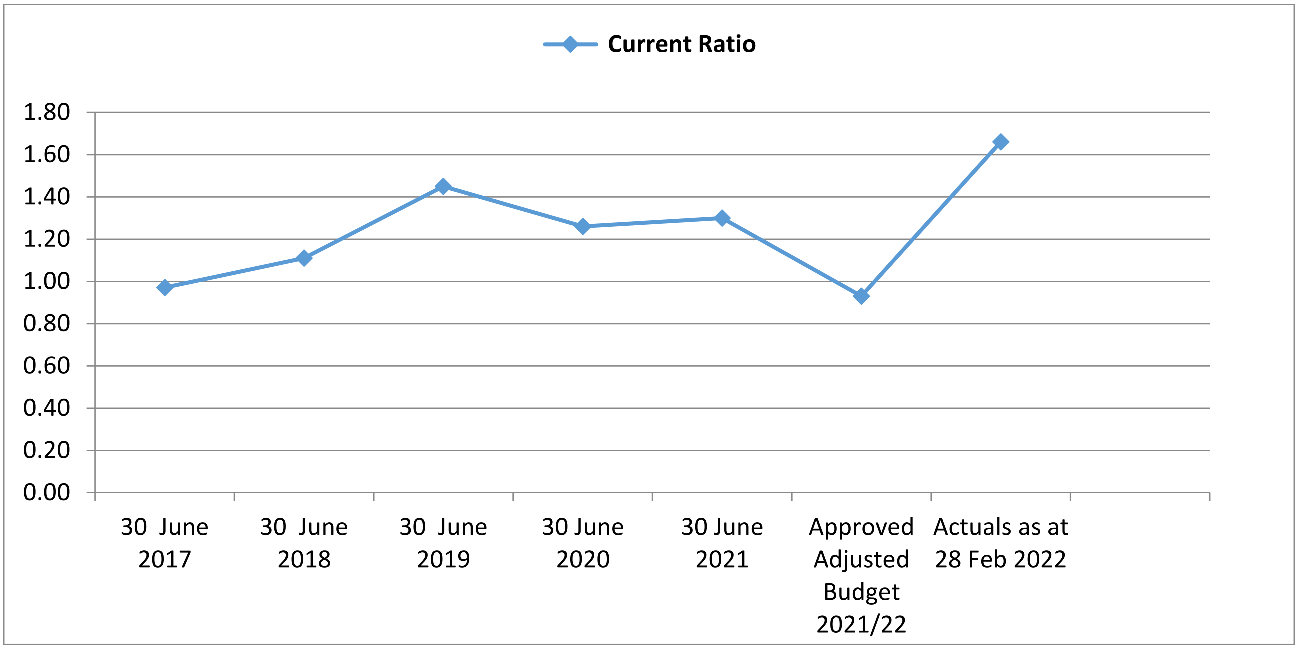
Current assets/Current liabilities

The ratio as at 28 February 2022 was 1.66:1, compared to the approved adjusted budget ratio of 0.93:1.

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.



4.2.2. Liquidity Ratio

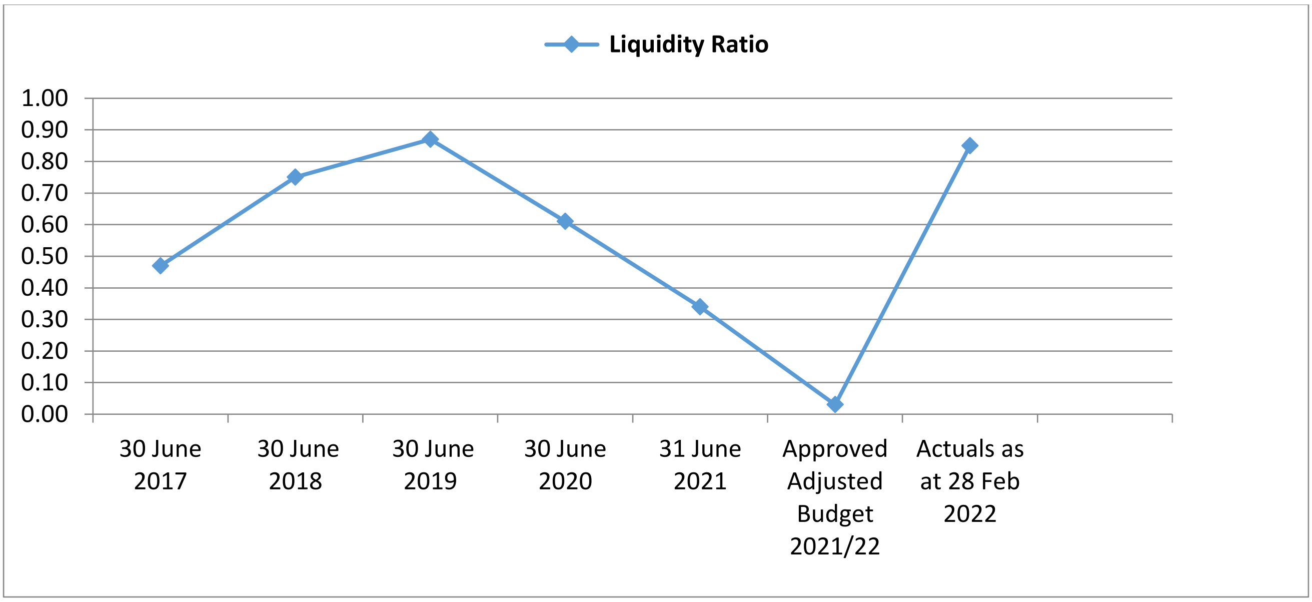
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

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 28 February 2022 was 0.85:1, compared to the approved adjusted budget ratio of 0.03:1.

The liquidity ratio is of the utmost importance to measure the financial liquidity and sustainability of the municipality.



4.3. Revenue Management

4.3.1. Annual Debtors Collection Rate

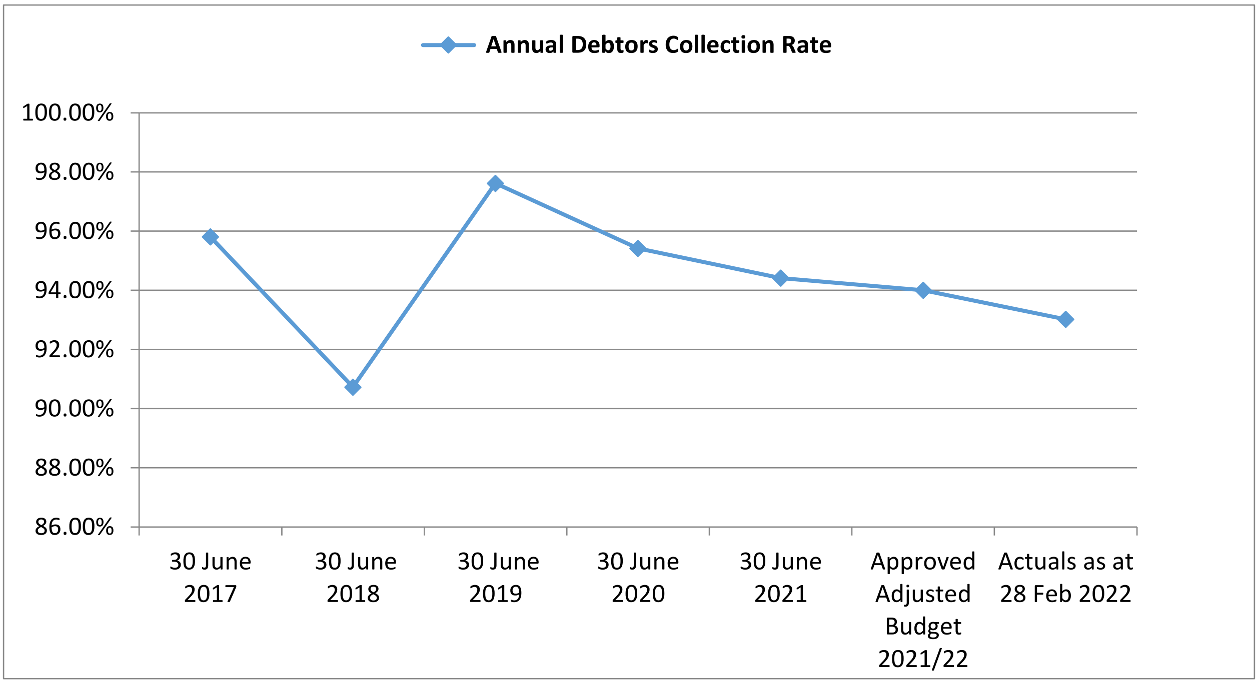
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

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 28 February 2022 was 93.02%, compared to the approved adjusted budget collection rate of 94%. The actual collection rate for February is 98.26%. The collection rates have been calculated, based on the revenue receipted, compared to the revenue billed on a month – to - month basis.



4.4. Other indicators

4.4.1. 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.

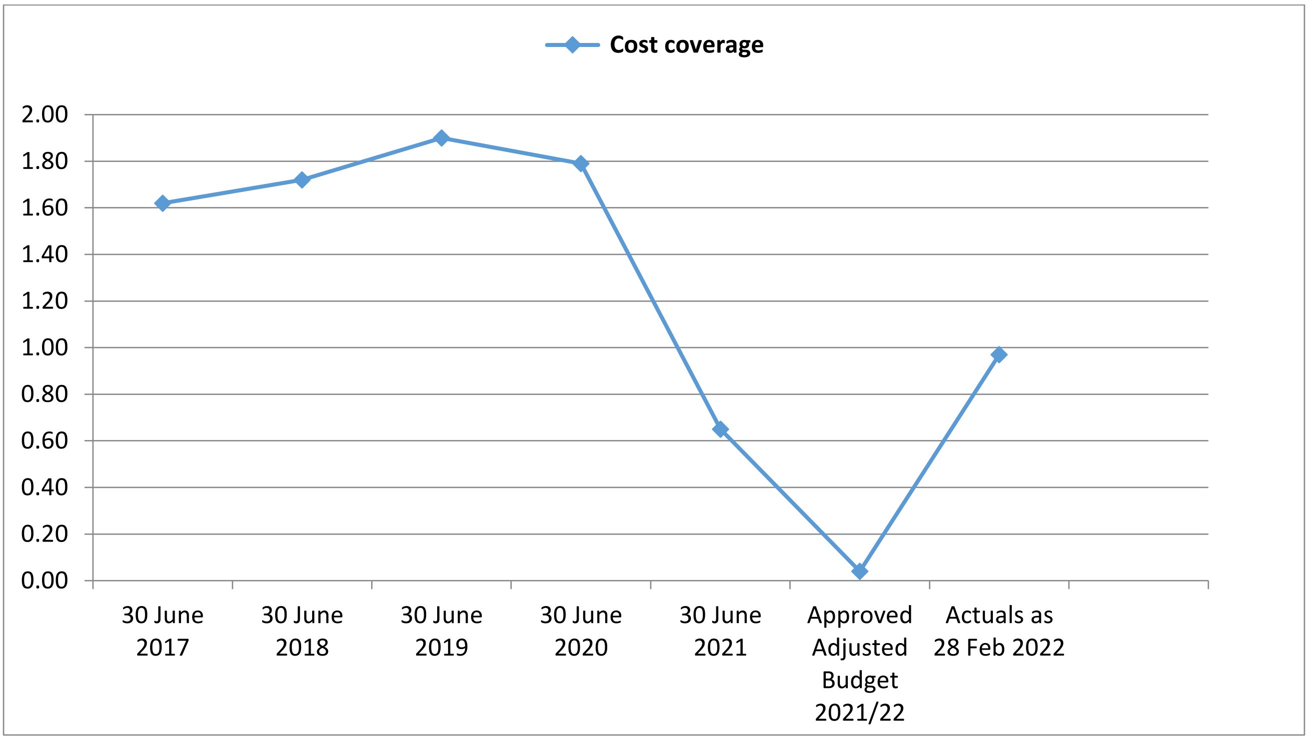
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

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 28 February 2022, the Ratio was 0.97 months, compared to the approved adjusted budget ratio of 0.04 months.

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



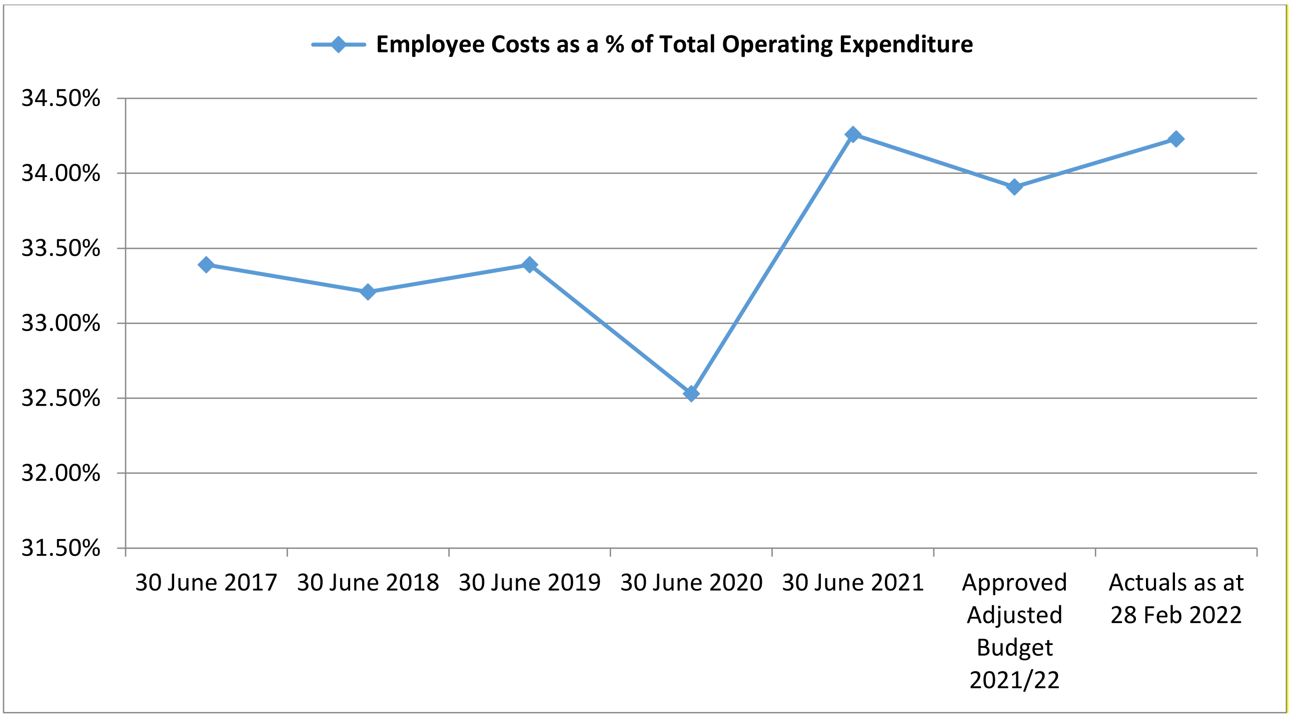
4.4.2. Employee costs as a % of Total Operating Expenditure

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 28 February 2022, Employee Related Costs constituted 34.23% of the Total Operating Expenditure compared to the approved adjusted budget ratio 33.91%.



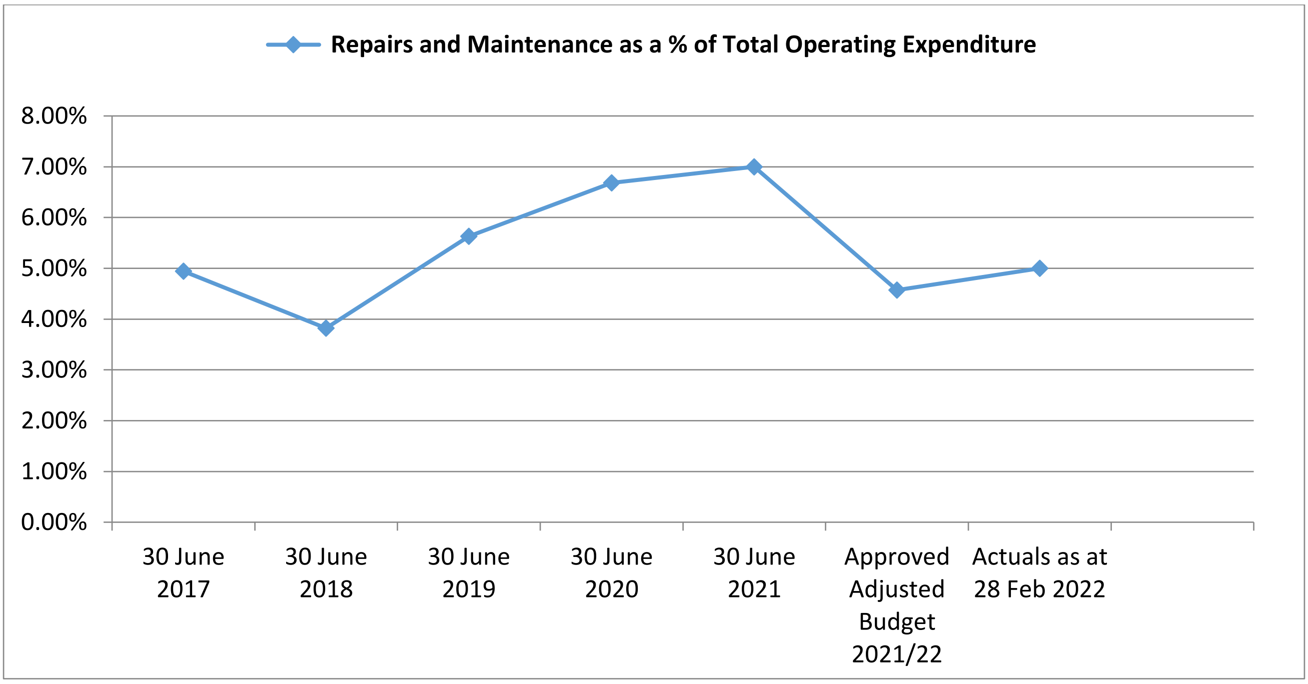
4.4.3. Repairs and Maintenance as a % of Total Operating Expenditure

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 28 February 2022, the ratio was 5.00%, compared to the approved adjusted budget ratio of 4.57%.



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

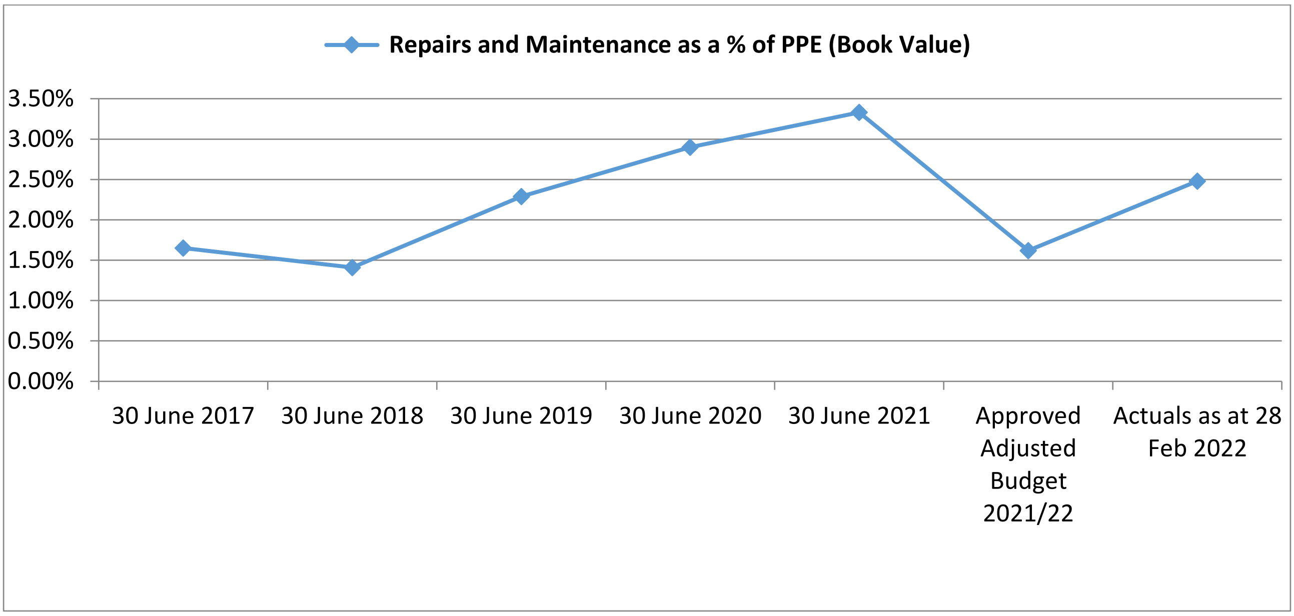
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

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

As at 28 February 2022, repairs and maintenance expenditure constituted 1.62% of the book value of PPE, compared to the approved adjusted budget ratio of 2.48%.

In terms of the MFMA Circular No.71, the norm is 8%.



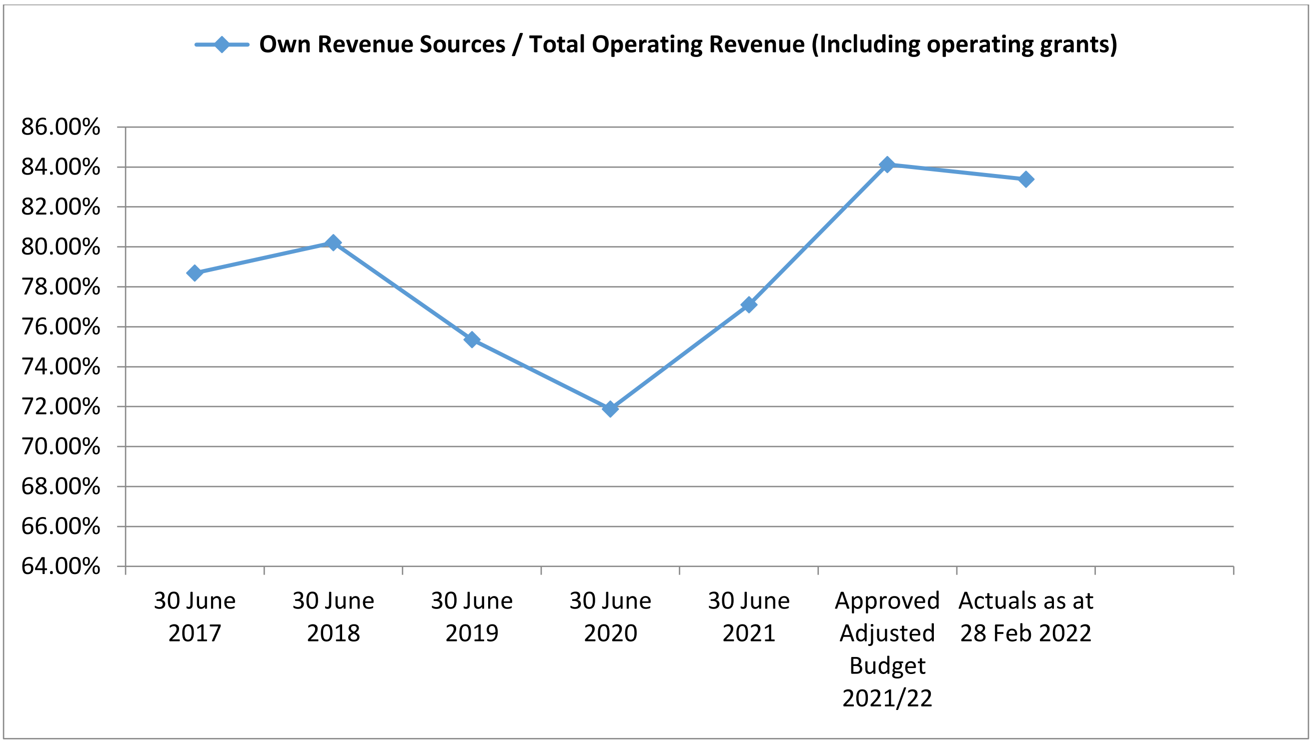
4.4.5. Own Revenue Generation

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 28 February 2022, the Municipality's own revenue sources constituted 83.33% of its total Operating Income, compared to the approved adjusted budget ratio of 84.13%.



4.4.6. 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 February 2022 amounted to 33.75% compared to the approved adjusted budget ratio of 95%.