

**Section 52 D ,2<sup>nd</sup>**

**Financial Year**

**2020/2021**

2020/2021 FINANCIAL YEAR



**MKHAMBATHINI**  
**Municipality**  
*For the community*

**MKHAMBATHINI**  
**MUNICIPALITY**

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## INTRODUCTION

### REPORT OF THE MAYOR

In my capacity as the Mayor, it is an honor to present this Mid-Year Budget and Performance Assessment for the six months ended 31 December 2020. Primarily let me take this opportunity to thank the community of Mkhambathini Municipality for the unstinting support they have given to the Councilors and Administration of our municipality under different political and economic situations.

#### Purpose

The purpose of this report is to comply with Sections 72 (1) (a) and 52 (d) of the Municipal Finance Management Act (MFMA) and the requirements as promulgated in the Government Gazette No. 32141 of 17 April 2009 regarding Municipal Budget and Reporting Regulations, which requires that specific financial particulars be reported on and in the formats prescribed. Therefore, this report is presented to the Council to obtain approval for adjustments to the approved 2020/2021 Medium Term and Expenditure Framework (MTREF) in terms of the MFMA.

#### Background

In terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA), the Accounting Officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such assessment must then be submitted to the Mayor, Provincial Treasury and National Treasury each year in terms of Section 72(1)(b) of the Act.

Section 52 (d) of the Municipal Finance Management Act (MFMA) states that:

“The Mayor of a municipality must within 30 days of the end of each quarter, submit a report to Council on the implementation of the budget and the financial state of the municipality”. Section 54 of the Municipal Finance Management Act (MFMA) says one the Mayor has considered the report he must submit the report to Council by the 31 January of each year.

The mid-year reports and supporting tables of Mkhambathini Municipality prepared in accordance with the Municipal Budget and Reporting Regulations.

#### Impact of the National and Provincial Adjustments Budgets

Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia for the following:

*“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council but not later than 28 February of each year”.*

Furthermore, except under certain circumstances only one adjustment budget may be tabled in the Municipal Council during a financial year.

Accordingly, Council will submit a report on adjustments to the budget for consideration at its meeting to be held on or before 28 February 2021.

Due to the 2020/21 Adjusted Estimates of National Expenditure and its proposed adjustments to the allocations made to the Provinces, the municipality anticipates a similar effect on its budget taking also into account adjustments due to unforeseen circumstances as well virement and shifting of funds amongst votes.

There are **no** changes to the annual budget arising from the National and Provincial Adjusted Estimates to be made according to the gazettes.

**Recommendation by the Mayor**

- **THAT** this report which is submitted in compliance with Section 72 (1) (a) and 52 (d) of the MFMA and in terms of Government Gazette 32141 dated 17 April 2009, relating to the “Local Government: Municipal Finance Management Act, Municipal Budget and Reporting Regulations”, and the financial results and supporting documentation (Schedule C) as at 31 December 20 be considered by the Council.
- **THAT** in the light of the financial assessment and forecasting of figures on the annual budget based on the first six months of the financial year an adjustment budget for the 2020/2021 financial year is required.

I place on record my appreciation to all Councilors, Senior Management, the entire staff of the municipality and all stakeholders in the community of Mkhambathini for their tireless dedication, co-operation and participation in the programs of the municipality.

Their contributions will always be cherished.

I thank you

## Part 1

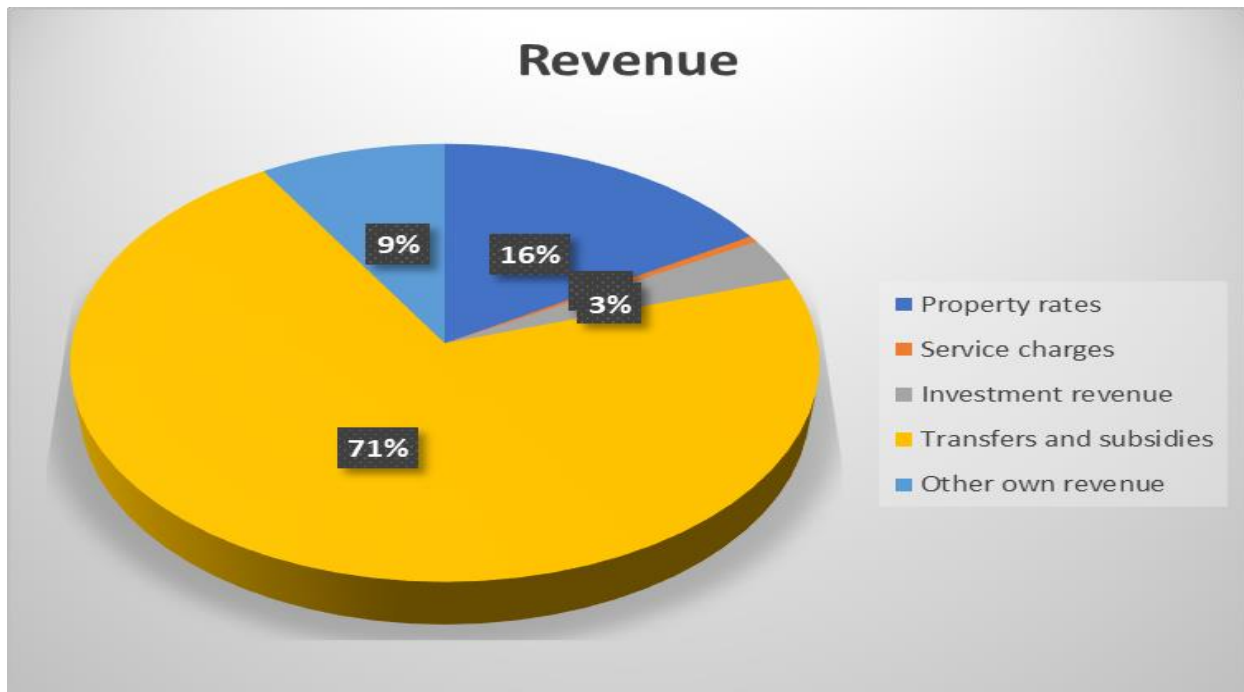
Table 1: Summary of operating revenue for the period ended 31 December 2020

| KZN226 Mkhambathini - Table C1 Monthly Budget Statement Summary - M06 December |                 |                     |                 |                |               |               |               |              |                    |
|--|-----------------|---------------------|-----------------|----------------|---------------|---------------|---------------|--------------|--------------------|
| Description  | 2019/20         | Budget Year 2020/21 |                 |                |               |               |               |              |                    |
|  | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance  | YTD variance | Full Year Forecast |
| R thousands  |                 |                     |                 |                |               |               |               | %            |                    |
| <b>Financial Performance</b>   |                 |                     |                 |                |               |               |               |              |                    |
| Property rates   | 17 368          | 19 782              | 19 782          | 1 600          | 9 598         | 9 891         | (293)         | -3%          | 19 782             |
| Service charges  | 528             | 574                 | 574             | 44             | 267           | 287           | (20)          | -7%          | 574                |
| Investment revenue   | 4 286           | 3 850               | 3 850           | 127            | 893           | 1 925         | (1 032)       | -54%         | 3 850              |
| Transfers and subsidies  | 69 092          | 73 463              | 85 868          | 33 031         | 65 398        | 42 934        | 22 464        | 52%          | 85 868             |
| Other own revenue  | 6 471           | 10 558              | 10 558          | 2 688          | 5 287         | 5 279         | 8             | 0%           | 10 558             |
| <b>Total Revenue (excluding capital transfers and contributions)</b>           | <b>97 745</b>   | <b>108 226</b>      | <b>120 631</b>  | <b>37 491</b>  | <b>81 442</b> | <b>60 316</b> | <b>21 126</b> | <b>35%</b>   | <b>120 631</b>     |

The table above summarizes the income for the mid-year. This income excludes income from the transfer of capital grants. As it can be seen above we are sitting at R81 442 million.

The figure below diagrammatically presents the income for the Mid-Year:

Figure 1: Operating income for the First quarter



Transfers and Subsidies shows 71% contribution to total income, while Property Rates income comprises 16% of the total income of municipality. Own Revenue contributed 9% while service charges shows 3% and Investment contributed

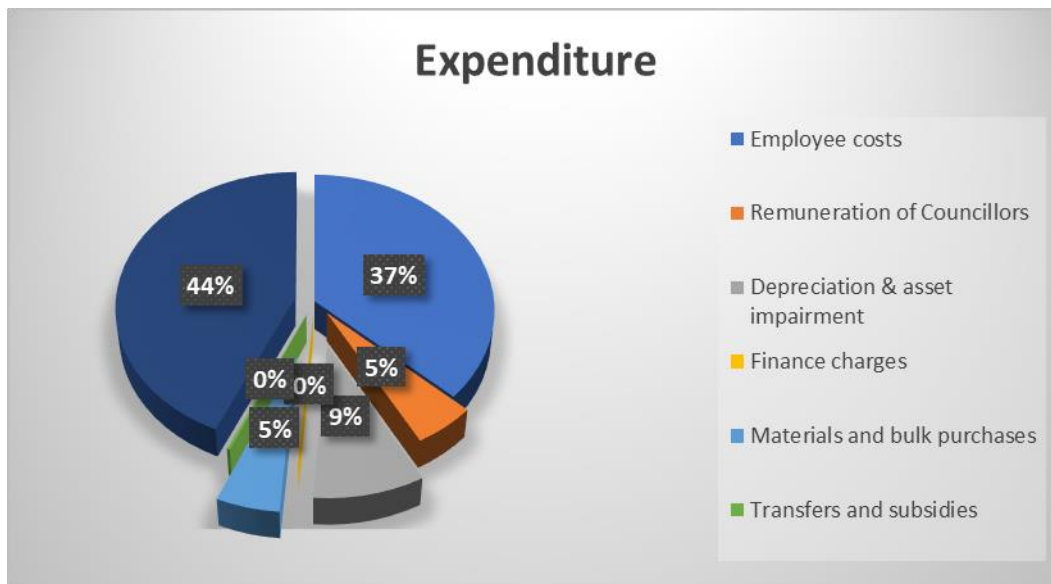
**2.2 Expenditure:**

Table below represent operational expenditure as at 31 December 2020

| Description                     | 2019/20         | Budget Year 2020/21 |                 |                |               |               |                |                |                    |
|---------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|----------------|--------------------|
|                                 | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance % | Full Year Forecast |
| <b>R thousands</b>              |                 |                     |                 |                |               |               |                | %              |                    |
| Employee costs                  | 36 529          | 44 692              | 44 692          | 5 121          | 20 701        | 22 346        | (1 645)        | -7%            | 44 692             |
| Remuneration of Councillors     | 6 024           | 6 374               | 6 374           | 502            | 2 974         | 3 187         | (213)          | -7%            | 6 374              |
| Depreciation & asset impairment | 9 319           | 11 173              | 11 173          | 811            | 4 807         | 5 587         | (780)          | -14%           | 11 173             |
| Finance charges                 | 4               | -                   | -               | -              | 4             | -             | 4              | #DIV/0!        | -                  |
| Materials and bulk purchases    | 2 898           | 6 367               | 6 367           | 310            | 2 378         | 3 183         | (805)          | -25%           | 6 367              |
| Transfers and subsidies         | -               | 309                 | 309             | -              | 66            | 155           | (88)           | -57%           | 309                |
| Other expenditure               | 42 093          | 52 622              | 52 622          | 4 259          | 27 515        | 26 311        | 1 204          | 5%             | 52 622             |
| <b>Total Expenditure</b>        | <b>96 867</b>   | <b>121 537</b>      | <b>121 537</b>  | <b>11 004</b>  | <b>58 445</b> | <b>60 769</b> | <b>(2 324)</b> | <b>-4%</b>     | <b>121 537</b>     |

Diagrammatically, the expenditure for the quarter is shown below:

Figure 2: Summary of Expenditure for the Mid-Year/second quarter



The actual expenditure as at 31 December 2020 as stated on the above shows that the salaries represent 44%. Actual Remuneration of Councillors is 5%. Depreciation and asset impairment is 9%. Material and bulk purchases is 5% and General Expenditure 37%.

**Conclusion**

The financial performance of the municipality for this Quarter has been stable and favorable. Revenue raised amounts to R 81 442 million compared to expenditure incurred of R 58 445 million.

## 1. In-Year Budget Tables

Table 2: C1 Monthly Budget Statement Summary

Choose name from list - Table C1 Monthly Budget Statement Summary - Q2 Second Quarter

| Description  | 2019/20         | Budget Year 2020/21 |                 |                |               |                |                |                |                    |
|--|-----------------|---------------------|-----------------|----------------|---------------|----------------|----------------|----------------|--------------------|
|  | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget  | YTD variance   | YTD variance % | Full Year Forecast |
| <b>R thousands</b>   |                 |                     |                 |                |               |                |                |                |                    |
| <b>Financial Performance</b>   |                 |                     |                 |                |               |                |                |                |                    |
| Property rates   | 17,368          | 19,782              | 19,782          | 1,600          | 9,598         | 9,891          | (293)          | -3%            | 19,782             |
| Service charges  | 528             | 574                 | 574             | 44             | 267           | 287            | (20)           | -7%            | 574                |
| Investment revenue   | 4,286           | 3,850               | 3,850           | 127            | 893           | 1,925          | (1,032)        | -54%           | 3,850              |
| Transfers and subsidies  | 69,092          | 73,463              | 85,868          | 33,239         | 65,606        | 42,934         | 22,672         | 53%            | 85,868             |
| Other own revenue  | 6,471           | 10,558              | 10,558          | 2,688          | 5,287         | 5,279          | 8              | 0%             | 10,558             |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | <b>97,745</b>   | <b>108,226</b>      | <b>120,631</b>  | <b>37,699</b>  | <b>81,650</b> | <b>60,316</b>  | <b>21,334</b>  | <b>35%</b>     | <b>120,631</b>     |
| Employee costs   | 36,529          | 44,692              | 44,692          | 5,121          | 20,701        | 22,346         | (1,645)        | -7%            | 44,692             |
| Remuneration of Councillors  | 6,024           | 6,374               | 6,374           | 502            | 2,974         | 3,187          | (213)          | -7%            | 6,374              |
| Depreciation & asset impairment  | 9,319           | 11,173              | 11,173          | 811            | 4,807         | 5,587          | (780)          | -14%           | 11,173             |
| Finance charges  | 4               | -                   | -               | -              | 4             | -              | 4              | #DIV/0!        | -                  |
| Materials and bulk purchases   | 2,898           | 6,367               | 6,367           | 322            | 2,389         | 3,183          | (794)          | -25%           | 6,367              |
| Transfers and subsidies  | -               | 309                 | 309             | -              | 66            | 155            | (88)           | -57%           | 309                |
| Other expenditure  | 42,093          | 52,622              | 52,622          | 4,223          | 27,479        | 26,311         | 1,168          | 4%             | 52,622             |
| <b>Total Expenditure</b>   | <b>96,867</b>   | <b>121,537</b>      | <b>121,537</b>  | <b>10,979</b>  | <b>58,420</b> | <b>60,769</b>  | <b>(2,349)</b> | <b>-4%</b>     | <b>121,537</b>     |
| <b>Surplus/(Deficit)</b>   | <b>878</b>      | <b>(13,310)</b>     | <b>(905)</b>    | <b>26,720</b>  | <b>23,230</b> | <b>(453)</b>   | <b>23,683</b>  | <b>-5230%</b>  | <b>(906)</b>       |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | 16,076          | 15,996              | 15,996          | 333            | 11,107        | 7,998          | 3,109          | 39%            | 15,996             |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and | -               | -                   | -               | -              | 10            | -              | 10             | #DIV/0!        | -                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>16,954</b>   | <b>2,686</b>        | <b>15,091</b>   | <b>27,053</b>  | <b>34,347</b> | <b>7,545</b>   | <b>26,802</b>  | <b>355%</b>    | <b>15,090</b>      |
| Share of surplus/ (deficit) of associate   | -               | -                   | -               | -              | -             | -              | -              | -              | -                  |
| <b>Surplus/ (Deficit) for the year</b>   | <b>16,954</b>   | <b>2,686</b>        | <b>15,091</b>   | <b>27,053</b>  | <b>34,347</b> | <b>7,545</b>   | <b>26,802</b>  | <b>355%</b>    | <b>15,090</b>      |
| <b>Capital expenditure &amp; funds sources</b>   |                 |                     |                 |                |               |                |                |                |                    |
| <b>Capital expenditure</b>   | <b>210,788</b>  | <b>25,697</b>       | <b>33,421</b>   | <b>4,031</b>   | <b>22,129</b> | <b>15,971</b>  | <b>6,159</b>   | <b>39%</b>     | <b>31,941</b>      |
| Capital transfers recognised   | 124,282         | 15,997              | 15,996          | 290            | 9,241         | 7,998          | 1,243          | 16%            | 15,996             |
| Borrowing  | -               | -                   | -               | -              | -             | -              | -              | -              | -                  |
| Internally generated funds   | 92,393          | 9,700               | 17,425          | 3,741          | 12,889        | 7,973          | 4,916          | 62%            | 15,945             |
| <b>Total sources of capital funds</b>  | <b>216,675</b>  | <b>25,697</b>       | <b>33,421</b>   | <b>4,031</b>   | <b>22,129</b> | <b>15,971</b>  | <b>6,159</b>   | <b>39%</b>     | <b>31,941</b>      |
| <b>Financial position</b>  |                 |                     |                 |                |               |                |                |                |                    |
| Total current assets   | 87,885          | 106,813             | 106,813         |                | 122,934       |                |                |                | 106,813            |
| Total non current assets   | 141,519         | 176,891             | 176,891         |                | 168,740       |                |                |                | 170,645            |
| Total current liabilities  | 13,053          | 12,961              | 12,961          |                | 18,544        |                |                |                | 7,961              |
| Total non current liabilities  | 2,591           | 5,110               | 5,110           |                | 2,374         |                |                |                | 5,110              |
| Community wealth/Equity  | 213,760         | 265,633             | 265,633         |                | 270,756       |                |                |                | 264,387            |
| <b>Cash flows</b>  |                 |                     |                 |                |               |                |                |                |                    |
| Net cash from (used) operating   | 51,630          | 17,535              | 17,535          | 30,639         | 42,302        | 46,653         | 4,351          | 9%             | 17,750             |
| Net cash from (used) investing   | 189,452         | (31,942)            | (31,942)        | (4,031)        | (22,129)      | (15,971)       | 6,158          | -39%           | 31,941             |
| Net cash from (used) financing   | -               | -                   | -               | -              | -             | -              | -              | -              | -                  |
| <b>Cash/cash equivalents at the month/year end</b>   | <b>306,537</b>  | <b>95,635</b>       | <b>95,635</b>   | <b>-</b>       | <b>85,628</b> | <b>140,723</b> | <b>55,096</b>  | <b>39%</b>     | <b>115,146</b>     |
| <b>Debtors &amp; creditors analysis</b>  |                 |                     |                 |                |               |                |                |                |                    |
|  | 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              |
| <b>Debtors Age Analysis</b>  |                 |                     |                 |                |               |                |                |                |                    |
| Total By Income Source   | 1,264           | 681                 | (761)           | 634            | 468           | 449            | 2,527          | 23,873         | 29,135             |
| <b>Creditors Age Analysis</b>  |                 |                     |                 |                |               |                |                |                |                    |
| Total Creditors  | 1,176           | -                   | -               | -              | -             | -              | -              | -              | 1,176              |

Table 3: C2 Monthly Budget Statement – Financial Performance (Standard Classification)

Choose name from list - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q2 Second Quarter

| Description                                | Ref | 2019/20         | Budget Year 2020/21 |                 |                |               |               |              |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|  |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                         | 1   |                 |                     |                 |                |               |               |              |                |                    |
| <b>Revenue - Functional</b>                |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Governance and administration</b>       |     | 106,050         | 113,346             | 125,751         | 34,986         | 86,198        | 62,875        | 23,322       | 37%            | 125,751            |
| Executive and council                      |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Finance and administration                 |     | 106,050         | 113,346             | 125,751         | 34,986         | 86,198        | 62,875        | 23,322       | 37%            | 125,751            |
| Internal audit                             |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Community and public safety</b>         |     | 2,502           | 2,212               | 2,212           | 341            | 1,119         | 1,106         | 13           | 1%             | 2,212              |
| Community and social services              |     | 2,477           | 2,212               | 2,212           | 341            | 1,119         | 1,106         | 13           | 1%             | 2,212              |
| Sport and recreation                       |     | 25              | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Public safety                              |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Housing                                    |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Health                                     |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Economic and environmental services</b> |     | 156             | 969                 | 969             | 2,255          | 2,371         | 484           | 1,886        | 389%           | 969                |
| Planning and development                   |     | 133             | 939                 | 939             | 2,255          | 2,371         | 469           | 1,901        | 405%           | 939                |
| Road transport                             |     | 23              | 30                  | 30              | -              | -             | 15            | (15)         | -100%          | 30                 |
| Environmental protection                   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Trading services</b>                    |     | 528             | 574                 | 574             | 44             | 267           | 287           | (20)         | -7%            | 574                |
| Energy sources                             |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Water management                           |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Waste water management                     |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Waste management                           |     | 528             | 574                 | 574             | 44             | 267           | 287           | (20)         | -7%            | 574                |
| <b>Other</b>                               | 4   | 4,704           | 7,121               | 7,121           | 406            | 2,813         | 3,561         | (747)        | -21%           | 7,121              |
| <b>Total Revenue - Functional</b>          | 2   | 113,941         | 124,222             | 136,627         | 38,032         | 92,767        | 68,314        | 24,453       | 36%            | 136,627            |
| <b>Expenditure - Functional</b>            |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Governance and administration</b>       |     | 53,964          | 69,554              | 69,554          | 4,510          | 25,824        | 34,777        | (8,953)      | -26%           | 69,554             |
| Executive and council                      |     | 12,620          | 19,002              | 19,002          | 1,315          | 8,161         | 9,501         | (1,340)      | -14%           | 19,002             |
| Finance and administration                 |     | 41,344          | 50,552              | 50,552          | 3,194          | 17,663        | 25,276        | (7,613)      | -30%           | 50,552             |
| Internal audit                             |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Community and public safety</b>         |     | 18,243          | 24,955              | 24,955          | 3,494          | 11,173        | 12,478        | (1,305)      | -10%           | 24,955             |
| Community and social services              |     | 14,040          | 21,370              | 21,370          | 2,968          | 10,059        | 10,685        | (626)        | -6%            | 21,370             |
| Sport and recreation                       |     | 4,086           | 3,300               | 3,300           | 430            | 1,004         | 1,650         | (646)        | -39%           | 3,300              |
| Public safety                              |     | 2               | 15                  | 15              | -              | -             | 8             | (8)          | -100%          | 15                 |
| Housing                                    |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Health                                     |     | 115             | 270                 | 270             | 96             | 110           | 135           | (25)         | -18%           | 270                |
| <b>Economic and environmental services</b> |     | 11,984          | 17,957              | 17,957          | 790            | 16,918        | 8,978         | 7,939        | 88%            | 17,957             |
| Planning and development                   |     | 1,695           | 580                 | 580             | 15             | 50            | 290           | (240)        | -83%           | 580                |
| Road transport                             |     | 10,289          | 17,377              | 17,377          | 775            | 16,868        | 8,688         | 8,180        | 94%            | 17,377             |
| Environmental protection                   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Trading services</b>                    |     | 8,849           | 2,558               | 2,558           | 2,029          | 3,840         | 1,279         | 2,561        | 200%           | 2,558              |
| Energy sources                             |     | 6,224           | -                   | -               | 1,820          | 2,981         | -             | 2,981        | #DIV/0!        | -                  |
| Water management                           |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Waste water management                     |     | 0               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Waste management                           |     | 2,626           | 2,558               | 2,558           | 209            | 859           | 1,279         | (420)        | -33%           | 2,558              |
| <b>Other</b>                               |     | 3,827           | 6,513               | 6,513           | 156            | 666           | 3,257         | (2,590)      | -80%           | 6,513              |
| <b>Total Expenditure - Functional</b>      | 3   | 96,867          | 121,537             | 121,537         | 10,979         | 58,420        | 60,769        | (2,349)      | -4%            | 121,537            |
| <b>Surplus/ (Deficit) for the year</b>     |     | 17,074          | 2,686               | 15,091          | 27,053         | 34,347        | 7,545         | 26,802       | 355%           | 15,091             |



Table 4: C3 Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Vote)

Choose name from list - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q2 Second

| Vote Description                        | Ref      | 2019/20         | Budget Year 2020/21 |                 |                |               |               |                |                |                    |
|---|----------|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|----------------|--------------------|
|   |          | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                      |          |                 |                     |                 |                |               |               |                |                |                    |
| <b>Revenue by Vote</b>                  |          |                 |                     |                 |                |               |               |                |                |                    |
| Vote 1 - Finance and Administration     | 1        | 106,050         | 113,346             | 125,751         | 34,986         | 86,198        | 62,875        | 23,322         | 37.1%          | 125,751            |
| Vote 2 - Finance and Administration2    |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 3 - Executive and Council          |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 4 - Community and Social Services  |          | 2,477           | 2,212               | 2,212           | 341            | 1,119         | 1,106         | 13             | 1.1%           | 2,212              |
| Vote 5 - Community and Social Services2 |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 6 - Energy Sources                 |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 7 - Road Transport                 |          | 23              | 30                  | 30              | -              | -             | 15            | (15)           | -100.0%        | 30                 |
| Vote 8 - Planning and Development       |          | 133             | 939                 | 939             | 2,255          | 2,371         | 469           | 1,901          | 405.0%         | 939                |
| Vote 9 - Sport and Recreation           |          | 25              | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 10 - Public Safety                 |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 11 - Other                         |          | 4,704           | 7,121               | 7,121           | 406            | 2,813         | 3,561         | (747)          | -21.0%         | 7,121              |
| Vote 12 - Waste Management              |          | 528             | 574                 | 574             | 44             | 267           | 287           | (20)           | -7.1%          | 574                |
| Vote 13 - Housing                       |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 14 - Waste Water Management        |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 15 - Health                        |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Total Revenue by Vote</b>            | <b>2</b> | <b>113,941</b>  | <b>124,222</b>      | <b>136,627</b>  | <b>38,032</b>  | <b>92,767</b> | <b>68,314</b> | <b>24,453</b>  | <b>35.8%</b>   | <b>136,627</b>     |
| <b>Expenditure by Vote</b>              |          |                 |                     |                 |                |               |               |                |                |                    |
| Vote 1 - Finance and Administration     | 1        | 41,273          | 49,902              | 49,902          | 3,088          | 17,556        | 24,951        | (7,395)        | -29.6%         | 49,902             |
| Vote 2 - Finance and Administration2    |          | 71              | 650                 | 650             | 106            | 106           | 325           | (219)          | -67.2%         | 650                |
| Vote 3 - Executive and Council          |          | 12,620          | 19,002              | 19,002          | 1,315          | 8,161         | 9,501         | (1,340)        | -14.1%         | 19,002             |
| Vote 4 - Community and Social Services  |          | 5,197           | 9,158               | 9,158           | 1,332          | 3,219         | 4,579         | (1,360)        | -29.7%         | 9,158              |
| Vote 5 - Community and Social Services2 |          | 8,843           | 12,213              | 12,213          | 1,636          | 6,840         | 6,106         | 734            | 12.0%          | 12,213             |
| Vote 6 - Energy Sources                 |          | 6,224           | -                   | -               | 1,820          | 2,981         | -             | 2,981          | #DIV/0!        | -                  |
| Vote 7 - Road Transport                 |          | 10,289          | 17,377              | 17,377          | 775            | 16,868        | 8,688         | 8,180          | 94.1%          | 17,377             |
| Vote 8 - Planning and Development       |          | 1,695           | 580                 | 580             | 15             | 50            | 290           | (240)          | -82.8%         | 440                |
| Vote 9 - Sport and Recreation           |          | 4,086           | 3,300               | 3,300           | 430            | 1,004         | 1,650         | (646)          | -39.2%         | 3,300              |
| Vote 10 - Public Safety                 |          | 2               | 15                  | 15              | -              | -             | 8             | (8)            | -100.0%        | 15                 |
| Vote 11 - Other                         |          | 3,827           | 6,513               | 6,513           | 156            | 333           | 3,257         | (2,924)        | -89.8%         | 6,513              |
| Vote 12 - Waste Management              |          | 2,626           | 2,558               | 2,558           | 209            | 859           | 1,279         | (420)          | -32.9%         | 2,558              |
| Vote 13 - Housing                       |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 14 - Waste Water Management        |          | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 15 - Health                        |          | 115             | 270                 | 270             | 96             | 443           | 135           | 308            | 228.5%         | 270                |
| <b>Total Expenditure by Vote</b>        | <b>2</b> | <b>96,867</b>   | <b>121,537</b>      | <b>121,537</b>  | <b>10,979</b>  | <b>58,420</b> | <b>60,769</b> | <b>(2,349)</b> | <b>-3.9%</b>   | <b>121,397</b>     |
| <b>Surplus/ (Deficit) for the year</b>  | <b>2</b> | <b>17,074</b>   | <b>2,686</b>        | <b>15,091</b>   | <b>27,053</b>  | <b>34,347</b> | <b>7,545</b>  | <b>26,802</b>  | <b>355.2%</b>  | <b>15,231</b>      |

Table 5: C4 Monthly Budget Statement – Financial Performance (Revenue and Expenditure)

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

| Description   | Ref | 2019/20         | Budget Year 2020/21 |                 |                |               |               |                |                | Full Year Forecast |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|----------------|--------------------|
|   |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance % |                    |
| <b>R thousands</b>  |     |                 |                     |                 |                |               |               |                |                |                    |
| <b>Revenue By Source</b>  |     |                 |                     |                 |                |               |               |                |                |                    |
| Property rates  |     | 17,368          | 19,782              | 19,782          | 1,600          | 9,598         | 9,891         | (293)          | -3%            | 19,782             |
| Service charges - electricity revenue   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Service charges - water revenue   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Service charges - sanitation revenue  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Service charges - refuse revenue  |     | 528             | 574                 | 574             | 44             | 267           | 287           | (20)           | -7%            | 574                |
| Rental of facilities and equipment  |     | 248             | 345                 | 345             | -              | -             | 173           | (173)          | -100%          | 345                |
| Interest earned - external investments  |     | 4,286           | 3,850               | 3,850           | 127            | 893           | 1,925         | (1,032)        | -54%           | 3,850              |
| Interest earned - outstanding debtors   |     | 960             | 1,883               | 1,883           | -              | -             | 942           | (942)          | -100%          | 1,883              |
| Dividends received  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Fines, penalties and forfeits   |     | 25              | 34                  | 34              | -              | 0             | 17            | (17)           | -100%          | 34                 |
| Licences and permits  |     | 4,704           | 7,121               | 7,121           | 406            | 2,813         | 3,561         | (747)          | -21%           | 7,121              |
| Agency services   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Transfers and subsidies   |     | 69,092          | 73,463              | 85,868          | 33,239         | 65,606        | 42,934        | 22,672         | 53%            | 85,868             |
| Other revenue   |     | 534             | 1,174               | 1,174           | 2,282          | 2,474         | 587           | 1,887          | 321%           | 1,174              |
| Gains   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b>  |     | <b>97,745</b>   | <b>108,226</b>      | <b>120,631</b>  | <b>37,699</b>  | <b>81,650</b> | <b>60,316</b> | <b>21,334</b>  | <b>35%</b>     | <b>120,631</b>     |
| <b>Expenditure By Type</b>  |     |                 |                     |                 |                |               |               |                |                |                    |
| Employee related costs  |     | 36,529          | 44,692              | 44,692          | 5,121          | 20,701        | 22,346        | (1,645)        | -7%            | 44,692             |
| Remuneration of councillors   |     | 6,024           | 6,374               | 6,374           | 502            | 2,974         | 3,187         | (213)          | -7%            | 6,374              |
| Debt impairment   |     | 590             | 3,140               | 3,140           | -              | -             | 1,570         | (1,570)        | -100%          | 3,140              |
| Depreciation & asset impairment   |     | 9,319           | 11,173              | 11,173          | 811            | 4,807         | 5,587         | (780)          | -14%           | 11,173             |
| Finance charges   |     | 4               | -                   | -               | -              | 4             | -             | 4              | #DIV/0!        | -                  |
| Bulk purchases  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Other materials   |     | 2,898           | 6,367               | 6,367           | 322            | 2,389         | 3,183         | (794)          | -25%           | 6,367              |
| Contracted services   |     | 27,530          | 30,420              | 30,420          | 489            | 18,825        | 15,210        | 3,615          | 24%            | 30,420             |
| Transfers and subsidies   |     | -               | 309                 | 309             | -              | 66            | 155           | (88)           | -57%           | 309                |
| Other expenditure   |     | 13,860          | 19,062              | 19,062          | 3,734          | 8,654         | 9,531         | (878)          | -9%            | 19,062             |
| Losses  |     | 113             | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Total Expenditure</b>  |     | <b>96,867</b>   | <b>121,537</b>      | <b>121,537</b>  | <b>10,979</b>  | <b>58,420</b> | <b>60,769</b> | <b>(2,349)</b> | <b>-4%</b>     | <b>121,537</b>     |
| <b>Surplus/(Deficit)</b>  |     | <b>878</b>      | <b>(13,310)</b>     | <b>(905)</b>    | <b>26,720</b>  | <b>23,230</b> | <b>(453)</b>  | <b>23,683</b>  | <b>(0)</b>     | <b>(906)</b>       |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)   |     | 16,076          | 15,996              | 15,996          | 333            | 11,107        | 7,998         | 3,109          | 0              | 15,996             |
| (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Transfers and subsidies - capital (in-kind - all)   |     | -               | -                   | -               | -              | 10            | 10            | #DIV/0!        | -              | -                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>  |     | <b>16,954</b>   | <b>2,686</b>        | <b>15,091</b>   | <b>27,053</b>  | <b>34,347</b> | <b>7,545</b>  |                |                | <b>15,090</b>      |
| Taxation  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Surplus/(Deficit) after taxation</b>   |     | <b>16,954</b>   | <b>2,686</b>        | <b>15,091</b>   | <b>27,053</b>  | <b>34,347</b> | <b>7,545</b>  |                |                | <b>15,090</b>      |
| Attributable to minorities  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Surplus/(Deficit) attributable to municipality</b>   |     | <b>16,954</b>   | <b>2,686</b>        | <b>15,091</b>   | <b>27,053</b>  | <b>34,347</b> | <b>7,545</b>  |                |                | <b>15,090</b>      |
| Share of surplus/ (deficit) of associate  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Surplus/ (Deficit) for the year</b>  |     | <b>16,954</b>   | <b>2,686</b>        | <b>15,091</b>   | <b>27,053</b>  | <b>34,347</b> | <b>7,545</b>  |                |                | <b>15,090</b>      |

References

1. Material variances to be explained on Table SC1

Total Revenue (excluding capital transfers and contributions) inclu 113,821 124,222 136,627 38,032 92,767 68,314 136,627

Table 6: C5 Monthly Budget Statement Capital Expenditure

| Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment |     |                         |                 |                 |                |               |               |              |                |                    |
|---|-----|-------------------------|-----------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| Vote Description  | Ref | Budget Year 2020/21     |                 |                 |                |               |               |              |                |                    |
|   |     | 2019/20 Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| <b>R thousands</b>  | 1   |                         |                 |                 |                |               |               |              |                |                    |
| <b>Single Year expenditure appropriation</b>  | 2   |                         |                 |                 |                |               |               |              |                |                    |
| Vote 1 - Finance and Administration   |     | 33,565                  | 6,700           | 6,700           | 1,071          | 1,240         | 3,350         | (2,110)      | -63%           | 6,700              |
| Vote 2 - Finance and Administration2  |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| Vote 3 - Executive and Council  |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| Vote 4 - Community and Social Services  |     | 3,033                   | 1,539           | 1,539           | -              | 965           | 769           | 196          | 25%            | 1,539              |
| Vote 5 - Community and Social Services2   |     | 9,953                   | 7,990           | 7,990           | 290            | 2,422         | 3,995         | (1,573)      | -39%           | 7,990              |
| Vote 6 - Energy Sources   |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| Vote 7 - Road Transport   |     | 73,517                  | 9,468           | 17,192          | 2,670          | 17,502        | 7,856         | 9,646        | 123%           | 15,712             |
| Vote 8 - Planning and Development   |     | 90,719                  | -               | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Capital single-year expenditure</b>  | 4   | 210,788                 | 25,697          | 33,421          | 4,031          | 22,129        | 15,971        | 6,159        | 39%            | 31,941             |
| <b>Total Capital Expenditure</b>  |     | 210,788                 | 25,697          | 33,421          | 4,031          | 22,129        | 15,971        | 6,159        | 39%            | 31,941             |
| <b>Capital Expenditure - Functional Classification</b>  |     |                         |                 |                 |                |               |               |              |                |                    |
| <b>Governance and administration</b>  |     | 33,565                  | 6,700           | 6,700           | 1,071          | 1,240         | 3,350         | (2,110)      | -63%           | 6,700              |
| Executive and council   |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| Finance and administration  |     | 33,565                  | 6,700           | 6,700           | 1,071          | 1,240         | 3,350         | (2,110)      | -63%           | 6,700              |
| Internal audit  |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| <b>Community and public safety</b>  |     | 12,987                  | 9,529           | 9,529           | 290            | 3,387         | 4,764         | (1,377)      | -29%           | 9,529              |
| Community and social services   |     | 12,987                  | 9,529           | 9,529           | 290            | 3,387         | 4,764         | (1,377)      | -29%           | 9,529              |
| Sport and recreation  |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| Public safety   |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| Housing   |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| Health  |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| <b>Economic and environmental services</b>  |     | 170,124                 | 9,468           | 17,192          | 2,670          | 17,502        | 7,856         | 9,646        | 123%           | 15,712             |
| Planning and development  |     | 96,606                  | -               | -               | -              | -             | -             | -            | -              | -                  |
| Road transport  |     | 73,517                  | 9,468           | 17,192          | 2,670          | 17,502        | 7,856         | 9,646        | 123%           | 15,712             |
| Environmental protection  |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| <b>Trading services</b>   |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Capital Expenditure - Functional Classification</b>  | 3   | 216,675                 | 25,697          | 33,421          | 4,031          | 22,129        | 15,971        | 6,159        | 39%            | 31,941             |
| <b>Funded by:</b>   |     |                         |                 |                 |                |               |               |              |                |                    |
| National Government   |     | 124,282                 | 15,997          | 15,996          | 290            | 9,241         | 7,998         | 1,243        | 16%            | 15,996             |
| Provincial Government   |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| District Municipality   |     | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| <b>Transfers recognised - capital</b>   |     | 124,282                 | 15,997          | 15,996          | 290            | 9,241         | 7,998         | 1,243        | 16%            | 15,996             |
| <b>Borrowing</b>  | 6   | -                       | -               | -               | -              | -             | -             | -            | -              | -                  |
| <b>Internally generated funds</b>   |     | 92,393                  | 9,700           | 17,425          | 3,741          | 12,889        | 7,973         | 4,916        | 62%            | 15,945             |
| <b>Total Capital Funding</b>  |     | 216,675                 | 25,697          | 33,421          | 4,031          | 22,129        | 15,971        | 6,159        | 39%            | 31,941             |

Table 7: C6 Monthly Budget Statement Financial Position

Choose name from list - Table C6 Monthly Budget Statement - Financial Position - Q2 Second Quarter

| Description                              | Ref | 2019/20         | Budget Year 2020/21 |                 |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|--------------------|
|  |     | Audited Outcome | Original Budget     | Adjusted Budget | YearTD actual  | Full Year Forecast |
| <b>R thousands</b>                       | 1   |                 |                     |                 |                |                    |
| <b>ASSETS</b>                            |     |                 |                     |                 |                |                    |
| <b>Current assets</b>                    |     |                 |                     |                 |                |                    |
| Cash                                     |     | 6,807           | 6,807               | 6,807           | 9,689          | 6,807              |
| Call investment deposits                 |     | 57,135          | 60,544              | 60,544          | 75,939         | 60,544             |
| Consumer debtors                         |     | 19,225          | 38,919              | 38,919          | 29,135         | 38,919             |
| Other debtors                            |     | 4,710           | 543                 | 543             | 7,510          | 543                |
| Current portion of long-term receivables |     | -               | -                   | -               | -              | -                  |
| Inventory                                |     | 8               | -                   | -               | 661            | -                  |
| <b>Total current assets</b>              |     | <b>87,885</b>   | <b>106,813</b>      | <b>106,813</b>  | <b>122,934</b> | <b>106,813</b>     |
| <b>Non current assets</b>                |     |                 |                     |                 |                |                    |
| Long-term receivables                    |     |                 |                     |                 |                |                    |
| Investments                              |     |                 |                     |                 |                |                    |
| Investment property                      |     |                 | 4,524               | 4,524           | 10,405         | 4,524              |
| Investments in Associate                 |     |                 |                     |                 |                |                    |
| Property, plant and equipment            |     | 141,109         | 172,367             | 172,367         | 157,969        | 166,122            |
| Biological                               |     |                 |                     |                 |                |                    |
| Intangible                               |     | 409             |                     |                 | 366            |                    |
| Other non-current assets                 |     |                 |                     |                 |                |                    |
| <b>Total non current assets</b>          |     | <b>141,519</b>  | <b>176,891</b>      | <b>176,891</b>  | <b>168,740</b> | <b>170,645</b>     |
| <b>TOTAL ASSETS</b>                      |     | <b>229,403</b>  | <b>283,704</b>      | <b>283,704</b>  | <b>291,674</b> | <b>277,458</b>     |
| <b>LIABILITIES</b>                       |     |                 |                     |                 |                |                    |
| <b>Current liabilities</b>               |     |                 |                     |                 |                |                    |
| Bank overdraft                           |     | -               | -                   | -               | -              | -                  |
| Borrowing                                |     | -               | -                   | -               | -              | -                  |
| Consumer deposits                        |     | 71              | -                   | -               | 71             | -                  |
| Trade and other payables                 |     | 12,981          | 10,353              | 10,353          | 18,473         | 5,353              |
| Provisions                               |     | -               | 2,608               | 2,608           | -              | 2,608              |
| <b>Total current liabilities</b>         |     | <b>13,053</b>   | <b>12,961</b>       | <b>12,961</b>   | <b>18,544</b>  | <b>7,961</b>       |
| <b>Non current liabilities</b>           |     |                 |                     |                 |                |                    |
| Borrowing                                |     | -               | -                   | -               | -              | -                  |
| Provisions                               |     | 2,591           | 5,110               | 5,110           | 2,374          | 5,110              |
| <b>Total non current liabilities</b>     |     | <b>2,591</b>    | <b>5,110</b>        | <b>5,110</b>    | <b>2,374</b>   | <b>5,110</b>       |
| <b>TOTAL LIABILITIES</b>                 |     | <b>15,643</b>   | <b>18,071</b>       | <b>18,071</b>   | <b>20,918</b>  | <b>13,071</b>      |
| <b>NET ASSETS</b>                        | 2   | <b>213,760</b>  | <b>265,633</b>      | <b>265,633</b>  | <b>270,756</b> | <b>264,387</b>     |
| <b>COMMUNITY WEALTH/EQUITY</b>           |     |                 |                     |                 |                |                    |
| Accumulated Surplus/(Deficit)            |     | 213,760         | 265,633             | 265,633         | 270,756        | 264,387            |
| Reserves                                 |     | -               | -                   | -               | -              | -                  |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | 2   | <b>213,760</b>  | <b>265,633</b>      | <b>265,633</b>  | <b>270,756</b> | <b>264,387</b>     |

References

1. Material variances to be explained in Table SC1
2. Net assets must balance with Total Community Wealth/Equity

check balance - - - - -

Table 8: C7 Monthly Budget Statement Cash Flow

Choose name from list - Table C7 Monthly Budget Statement - Cash Flow - Q2 Second Quarter

| Description                                      | Ref | 2019/20         | Budget Year 2020/21 |                 |                |                 |                 |              |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|-----------------|-----------------|--------------|----------------|--------------------|
|  |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual   | YearTD budget   | YTD variance | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                               | 1   |                 |                     |                 |                |                 |                 |              |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |     |                 |                     |                 |                |                 |                 |              |                |                    |
| <b>Receipts</b>                                  |     |                 |                     |                 |                |                 |                 |              |                |                    |
| Property rates                                   |     | 16,814          | 16,814              | 16,814          | 1,045          | 10,028          | 8,407           | 1,621        | 19%            | 16,814             |
| Service charges                                  |     | 574             | 574                 | 574             | 42             | 265             | 287             | (22)         | -8%            | 574                |
| Other revenue                                    |     | 8,675           | 8,675               | 8,675           | 2,688          | 7,541           | 4,337           | 3,204        | 74%            | 8,675              |
| Transfers and Subsidies - Operational            |     | 76,871          | 76,871              | 76,871          | 32,604         | 73,319          | 73,319          | -            |                | 76,871             |
| Transfers and Subsidies - Capital                |     | 15,996          | 15,996              | 15,996          | 3,000          | 11,000          | 11,000          | -            |                | 15,996             |
| Interest   |     | 5,733           | 5,733               | 5,733           | 127            | 893             | 2,867           | (1,974)      | -69%           | 5,733              |
| Dividends  |     | -               | -                   | -               | -              | -               | -               | -            |                | -                  |
| <b>Payments</b>                                  |     |                 |                     |                 |                |                 |                 |              |                |                    |
| Suppliers and employees                          |     | (73,031)        | (106,914)           | (106,914)       | (8,852)        | (60,652)        | (53,457)        | 7,195        | -13%           | (106,914)          |
| Finance charges                                  |     | (3)             | (215)               | (215)           | (16)           | (92)            | (107)           | (16)         | 14%            | -                  |
| Transfers and Grants                             |     | -               | -                   | -               | -              | -               | -               | -            |                | -                  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> |     | <b>51,630</b>   | <b>17,535</b>       | <b>17,535</b>   | <b>30,639</b>  | <b>42,302</b>   | <b>46,653</b>   | <b>4,351</b> | <b>9%</b>      | <b>17,750</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |     |                 |                     |                 |                |                 |                 |              |                |                    |
| <b>Receipts</b>                                  |     |                 |                     |                 |                |                 |                 |              |                |                    |
| Proceeds on disposal of PPE                      |     |                 |                     |                 |                |                 |                 | -            |                |                    |
| Decrease (increase) in non-current receivables   |     |                 |                     |                 |                |                 |                 | -            |                |                    |
| Decrease (increase) in non-current investments   |     |                 |                     |                 |                |                 |                 | -            |                |                    |
| <b>Payments</b>                                  |     |                 |                     |                 |                |                 |                 |              |                |                    |
| Capital assets                                   |     | 189,452         | (31,942)            | (31,942)        | (4,031)        | (22,129)        | (15,971)        | 6,158        | -39%           | 31,941             |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> |     | <b>189,452</b>  | <b>(31,942)</b>     | <b>(31,942)</b> | <b>(4,031)</b> | <b>(22,129)</b> | <b>(15,971)</b> | <b>6,158</b> | <b>-39%</b>    | <b>31,941</b>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |     |                 |                     |                 |                |                 |                 |              |                |                    |
| <b>Receipts</b>                                  |     |                 |                     |                 |                |                 |                 |              |                |                    |
| Short term loans                                 |     |                 |                     |                 |                |                 |                 | -            |                |                    |
| Borrowing long term/refinancing                  |     |                 |                     |                 |                |                 |                 | -            |                |                    |
| Increase (decrease) in consumer deposits         |     |                 |                     |                 |                |                 |                 | -            |                |                    |
| <b>Payments</b>                                  |     |                 |                     |                 |                |                 |                 |              |                |                    |
| Repayment of borrowing                           |     |                 |                     |                 |                |                 |                 | -            |                |                    |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> |     | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>        | <b>-</b>        | <b>-</b>     |                | <b>-</b>           |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     |     | <b>241,082</b>  | <b>(14,406)</b>     | <b>(14,406)</b> | <b>26,608</b>  | <b>20,173</b>   | <b>30,682</b>   |              |                | <b>49,691</b>      |
| Cash/cash equivalents at beginning:              |     | 65,455          | 110,041             | 110,041         |                | 65,455          | 110,041         |              |                | 65,455             |
| Cash/cash equivalents at month/year end:         |     | 306,537         | 95,635              | 95,635          |                | 85,628          | 140,723         |              |                | 115,146            |

## Part 2 – Supporting Documents

### 1. Debtors Analysis

The gross outstanding debt from consumers amounts to R 29 132 mil as at 31 December 2019. This is depicted as follows:

*Figure 3: Outstanding Debtors as at 31 December 2020*

The table above details the outstanding debt as at 31 December 2020.

| Service            | 180 Days             | 150 Days          | 120 days          | 90 Days           | 60 Days            | 30 Days           | Current             | Balance              |
|--------------------|----------------------|-------------------|-------------------|-------------------|--------------------|-------------------|---------------------|----------------------|
| Interest           | 6 227 795.70         | 0.00              | 0.00              | 0.00              | 0.00               | 0.00              | 0.00                | 6 227 795.70         |
| Property Rates     | 19 524 073.55        | 433 395.44        | 454 687.21        | 616 345.11        | -781 447.11        | 654 403.57        | 1 219 162.36        | 22 120 620.13        |
| OTHER              | 365 684.34           | 0.00              | 0.00              | 0.00              | 0.00               | 0.00              | 209.96              | 365 894.30           |
| Refuse             | 280 719.68           | 14 424.74         | 14 939.67         | 16 796.92         | 19 538.35          | 26 658.71         | 44 617.55           | 417 695.62           |
| <b>Grand Total</b> | <b>26 398 273.27</b> | <b>447 820.18</b> | <b>469 626.88</b> | <b>633 142.03</b> | <b>-761 908.76</b> | <b>681 062.28</b> | <b>1 263 989.87</b> | <b>29 132 005.75</b> |

## 2 Investment Portfolio Analysis

The investments of the municipality as at 31 December 2020, were as follows:

*Table 9: Investments as at 31 December 2020*

| Investments   |                |                   |
|---------------|----------------|-------------------|
| Institution   | Account Number | Balance           |
| FNB           | 62831920766    | 45 938 526        |
| Standard Bank | 358478994      | 30 000 000        |
|               |                | <b>75 938 526</b> |

Interest rates from other financial institutions are also being sourced to ensure that the maximum amount of interest is realized on these investments. All Municipal grants are cashed-back

## 3 Allocation and grant receipts and expenditure

Grants for the period ended 31 December 2020 are as follows:

Table 10: Outstanding conditional grants

| Description                               | 2019/20           | Budget Year 2020/2021 |                 |                   |                   |                    |
|---|-------------------|-----------------------|-----------------|-------------------|-------------------|--------------------|
|   | Audited Outcome   | Original Budget       | Adjusted Budget | Monthly Actual    | Year TD Actual    | Full Year Forecast |
| National Government                       | 73 789 000        | 90 495 000            |                 | 32 604 000        | 73 319 000        | 90 495 000         |
| Municipal Infrastructure Grant            | 16 076 000        | 15 996 000            |                 | 3 000 000         | 12 000 000        | 15 996 000         |
| <b>Total Capital Transfers and Grants</b> | <b>89 865 000</b> | <b>106 491 000</b>    |                 | <b>35 604 000</b> | <b>85 319 000</b> | <b>106 491 000</b> |

From the table above R12 millions of conditional Capital grant has been received from the anticipated annual grant of R 15 996 000. We have spent R11 107 million .The reconciliations expenditure is checked by the General Manager for Technical Services and General Manager for Finance department to ensure that amounts outstanding on projects are correct.

TABLE 13: table SC7(1) Monthly Budget Statement

Capital Grants Unspent

Choose name from list - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q2 Second Quarter

| Description   | Ref | 2019/20         | Budget Year 2020/21 |                 |                |               |               |              |                |                    |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|   |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| <b>R thousands</b>  |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>EXPENDITURE</b>  |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Operating expenditure of Transfers and Grants</b>        |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>National Government:</b>                                 |     | 72,075          | 88,678              | 88,678          | 6,940          | 31,533        | 44,339        | (12,806)     | -28.9%         | 88,678             |
| Local Government Equitable Share                            |     | 62,733          | 79,735              | 79,735          | 6,645          | 26,578        | 39,868        | (13,289)     | -33.3%         | 79,735             |
| Finance Management  |     | 2,435           | 2,800               | 2,800           | 87             | 457           | 1,400         | (943)        | -67.3%         | 2,800              |
| EPWP Incentive  |     | 1,440           | 1,143               | 1,143           | 208            | 1,134         | 572           | 563          | 98.5%          | 1,143              |
| Integrated National Electrification Programme               |     | 5,467           | 5,000               | 5,000           | -              | 3,363         | 2,500         | 863          | 34.5%          | 5,000              |
| Other transfers and grants [insert description]             |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Provincial Government:</b>                               |     | 1,714           | 1,817               | 1,817           | 340            | 1,112         | 909           | 204          | 22.4%          | 1,817              |
| Library Grant   |     | 1,714           | 1,817               | 1,817           | 340            | 1,112         | 909           | 204          | 22.4%          | 1,817              |
| Other transfers and grants [insert description]             |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>District Municipality:</b>                               |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| [insert description]  |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Other grant providers:</b>                               |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| [insert description]  |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Total operating expenditure of Transfers and Grants:</b> |     | 73,789          | 90,495              | 90,495          | 7,280          | 32,646        | 45,248        | (12,602)     | -27.9%         | 90,495             |
| <b>Capital expenditure of Transfers and Grants</b>          |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>National Government:</b>                                 |     | 16,076          | 15,996              | 15,996          | 290            | 11,107        | 7,998         | 3,109        | 38.9%          | 15,996             |
| Municipal Infrastructure Grant (MIG)                        |     | 16,076          | 15,996              | 15,996          | 290            | 11,107        | 7,998         | 3,109        | 38.9%          | 15,996             |
| Other capital transfers [insert description]                |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Provincial Government:</b>                               |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other capital transfers [insert description]                |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>District Municipality:</b>                               |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other capital transfers [insert description]                |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Other grant providers:</b>                               |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| [insert description]  |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Total capital expenditure of Transfers and Grants</b>    |     | 16,076          | 15,996              | 15,996          | 290            | 11,107        | 7,998         | 3,109        | 38.9%          | 15,996             |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>            |     | 89,865          | 106,491             | 106,491         | 7,569          | 43,752        | 53,246        | (9,493)      | -17.8%         | 106,491            |



## 4. Employee Benefits and Councillors remuneration

TABLE 14: SC8 Monthly Budget Statement

Choose name from list - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q2 Second Quarter

| Summary of Employee and Councillor remuneration          | Ref | 2019/20         | Budget Year 2020/21 |                 |                |               |               |                |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|----------------|----------------|--------------------|
|  |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance   | YTD variance % | Full Year Forecast |
| R thousands  |     | A               | B                   | C               |                |               |               |                |                | D                  |
| <b>Councillors (Political Office Bearers plus Other)</b> | 1   |                 |                     |                 |                |               |               |                |                |                    |
| Basic Salaries and Wages                                 |     | 5,430           | 5,752               | 5,752           | 468            | 2,816         | 2,876         | (60)           | -2%            | 5,752              |
| Pension and UIF Contributions                            |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Medical Aid Contributions                                |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Motor Vehicle Allowance                                  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Cellphone Allowance                                      |     | 594             | 622                 | 622             | 33             | 158           | 311           | (153)          | -49%           | 622                |
| Housing Allowances                                       |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Other benefits and allowances                            |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Sub Total - Councillors</b>                           |     | <b>6,024</b>    | <b>6,374</b>        | <b>6,374</b>    | <b>502</b>     | <b>2,974</b>  | <b>3,187</b>  | <b>(213)</b>   | <b>-7%</b>     | <b>6,374</b>       |
| <b>% increase</b>  | 4   |                 | <b>5.8%</b>         | <b>5.8%</b>     |                |               |               |                |                | <b>5.8%</b>        |
| <b>Senior Managers of the Municipality</b>               | 3   |                 |                     |                 |                |               |               |                |                |                    |
| Basic Salaries and Wages                                 |     | 3,359           | 4,718               | 4,718           | 257            | 1,027         | 2,359         | (1,332)        | -56%           | 4,718              |
| Pension and UIF Contributions                            |     | 14              | 29                  | 29              | 4              | 18            | 15            | 4              | 25%            | 29                 |
| Medical Aid Contributions                                |     | 11              | -                   | -               | 5              | 20            | -             | 20             | #DIV/0!        | -                  |
| Overtime   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Performance Bonus  |     | 171             | 122                 | 122             | -              | -             | 61            | (61)           | -100%          | 122                |
| Motor Vehicle Allowance                                  |     | 2               | -                   | -               | 10             | 42            | -             | 42             | #DIV/0!        | -                  |
| Cellphone Allowance                                      |     | 47              | 78                  | 78              | 11             | 391           | 39            | 352            | 902%           | 78                 |
| Housing Allowances                                       |     | 60              | 13                  | 13              | -              | -             | 7             | (7)            | -100%          | 13                 |
| Other benefits and allowances                            |     | 0               | 0                   | 0               | -              | 4             | 0             | 4              | 5328%          | 0                  |
| Payments in lieu of leave                                |     | 5               | 121                 | 121             | -              | 27            | 60            | (34)           | -56%           | 121                |
| Long service awards                                      |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Post-retirement benefit obligations                      | 2   | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Sub Total - Senior Managers of Municipality</b>       |     | <b>3,669</b>    | <b>5,082</b>        | <b>5,082</b>    | <b>287</b>     | <b>1,529</b>  | <b>2,541</b>  | <b>(1,012)</b> | <b>-40%</b>    | <b>5,082</b>       |
| <b>% increase</b>  | 4   |                 | <b>38.5%</b>        | <b>38.5%</b>    |                |               |               |                |                | <b>38.5%</b>       |
| <b>Other Municipal Staff</b>                             |     |                 |                     |                 |                |               |               |                |                |                    |
| Basic Salaries and Wages                                 |     | 24,117          | 28,015              | 28,015          | 2,285          | 13,007        | 14,007        | (1,000)        | -7%            | 28,015             |
| Pension and UIF Contributions                            |     | 3,774           | 4,403               | 4,403           | 407            | 2,240         | 2,201         | 39             | 2%             | 4,403              |
| Medical Aid Contributions                                |     | 1,558           | 1,893               | 1,893           | 155            | 1,000         | 947           | 53             | 6%             | 1,893              |
| Overtime   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Performance Bonus  |     | 1,520           | 2,168               | 2,168           | 1,166          | 1,463         | 1,084         | 379            | 35%            | 2,168              |
| Motor Vehicle Allowance                                  |     | 168             | -                   | -               | 39             | 211           | -             | 211            | #DIV/0!        | -                  |
| Cellphone Allowance                                      |     | 10              | 57                  | 57              | -              | 70            | 29            | 42             | 147%           | 57                 |
| Housing Allowances                                       |     | 109             | 324                 | 324             | 18             | 126           | 162           | (36)           | -22%           | 324                |
| Other benefits and allowances                            |     | 202             | 1,068               | 1,068           | 21             | 166           | 534           | (368)          | -69%           | 1,068              |
| Payments in lieu of leave                                |     | 1,437           | 1,682               | 1,682           | -              | 109           | 841           | (732)          | -87%           | 1,682              |
| Long service awards                                      |     | 17              | -                   | -               | 743            | 743           | -             | 743            | #DIV/0!        | -                  |
| Post-retirement benefit obligations                      | 2   | (52)            | -                   | -               | -              | 35            | -             | 35             | #DIV/0!        | -                  |
| <b>Sub Total - Other Municipal Staff</b>                 |     | <b>32,860</b>   | <b>39,609</b>       | <b>39,609</b>   | <b>4,834</b>   | <b>19,172</b> | <b>19,805</b> | <b>(633)</b>   | <b>-3%</b>     | <b>39,609</b>      |
| <b>% increase</b>  | 4   |                 | <b>20.5%</b>        | <b>20.5%</b>    |                |               |               |                |                | <b>20.5%</b>       |
| <b>Total Parent Municipality</b>                         |     | <b>42,553</b>   | <b>51,066</b>       | <b>51,066</b>   | <b>5,623</b>   | <b>23,675</b> | <b>25,533</b> | <b>(1,858)</b> | <b>-7%</b>     | <b>51,066</b>      |

## 5. Financial Performance

The financial performance for the first quarter is highlighted in the executive summary above and detailed in Table C4 above. It has been reported that the financial performance of the municipality has been favorable for the past six months. This is summarized in the table below. The table includes capital transfers.

Table 13: Summary of

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

| Description   | Ref | Budget Year 2020/21           |                    |                    |                   |                  |                  |                 |                      |                       |
|---|-----|-------------------------------|--------------------|--------------------|-------------------|------------------|------------------|-----------------|----------------------|-----------------------|
|   |     | 2019/20<br>Audited<br>Outcome | Original<br>Budget | Adjusted<br>Budget | Monthly<br>actual | YearTD<br>actual | YearTD<br>budget | YTD<br>variance | YTD<br>variance<br>% | Full Year<br>Forecast |
| <b>R thousands</b>  |     |                               |                    |                    |                   |                  |                  |                 |                      |                       |
| <b>Revenue By Source</b>  |     |                               |                    |                    |                   |                  |                  |                 |                      |                       |
| Property rates  |     | 17,368                        | 19,782             | 19,782             | 1,600             | 9,598            | 9,891            | (293)           | -3%                  | 19,782                |
| Service charges - electricity revenue   |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Service charges - water revenue   |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Service charges - sanitation revenue  |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Service charges - refuse revenue  |     | 528                           | 574                | 574                | 44                | 267              | 287              | (20)            | -7%                  | 574                   |
| Rental of facilities and equipment  |     | 248                           | 345                | 345                | -                 | -                | 173              | (173)           | -100%                | 345                   |
| Interest earned - external investments  |     | 4,286                         | 3,850              | 3,850              | 127               | 893              | 1,925            | (1,032)         | -54%                 | 3,850                 |
| Interest earned - outstanding debtors   |     | 960                           | 1,883              | 1,883              | -                 | -                | 942              | (942)           | -100%                | 1,883                 |
| Dividends received  |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Fines, penalties and forfeits   |     | 25                            | 34                 | 34                 | -                 | 0                | 17               | (17)            | -100%                | 34                    |
| Licences and permits  |     | 4,704                         | 7,121              | 7,121              | 406               | 2,813            | 3,561            | (747)           | -21%                 | 7,121                 |
| Agency services   |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Transfers and subsidies   |     | 69,092                        | 73,463             | 85,868             | 33,239            | 65,606           | 42,934           | 22,672          | 53%                  | 85,868                |
| Other revenue   |     | 534                           | 1,174              | 1,174              | 2,282             | 2,474            | 587              | 1,887           | 321%                 | 1,174                 |
| Gains   |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| <b>Total Revenue (excluding capital transfers and contributions)</b>  |     | <b>97,745</b>                 | <b>108,226</b>     | <b>120,631</b>     | <b>37,699</b>     | <b>81,650</b>    | <b>60,316</b>    | <b>21,334</b>   | <b>35%</b>           | <b>120,631</b>        |
| <b>Expenditure By Type</b>  |     |                               |                    |                    |                   |                  |                  |                 |                      |                       |
| Employee related costs  |     | 36,529                        | 44,692             | 44,692             | 5,121             | 20,701           | 22,346           | (1,645)         | -7%                  | 44,692                |
| Remuneration of councillors   |     | 6,024                         | 6,374              | 6,374              | 502               | 2,974            | 3,187            | (213)           | -7%                  | 6,374                 |
| Debt impairment   |     | 590                           | 3,140              | 3,140              | -                 | -                | 1,570            | (1,570)         | -100%                | 3,140                 |
| Depreciation & asset impairment   |     | 9,319                         | 11,173             | 11,173             | 811               | 4,807            | 5,587            | (780)           | -14%                 | 11,173                |
| Finance charges   |     | 4                             | -                  | -                  | -                 | 4                | -                | 4               | #DIV/0!              | -                     |
| Bulk purchases  |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Other materials   |     | 2,898                         | 6,367              | 6,367              | 322               | 2,389            | 3,183            | (794)           | -25%                 | 6,367                 |
| Contracted services   |     | 27,530                        | 30,420             | 30,420             | 489               | 18,825           | 15,210           | 3,615           | 24%                  | 30,420                |
| Transfers and subsidies   |     | -                             | 309                | 309                | -                 | 66               | 155              | (88)            | -57%                 | 309                   |
| Other expenditure   |     | 13,860                        | 19,062             | 19,062             | 3,734             | 8,654            | 9,531            | (878)           | -9%                  | 19,062                |
| Losses  |     | 113                           | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| <b>Total Expenditure</b>  |     | <b>96,867</b>                 | <b>121,537</b>     | <b>121,537</b>     | <b>10,979</b>     | <b>58,420</b>    | <b>60,769</b>    | <b>(2,349)</b>  | <b>-4%</b>           | <b>121,537</b>        |
| <b>Surplus/(Deficit)</b>  |     | <b>878</b>                    | <b>(13,310)</b>    | <b>(905)</b>       | <b>26,720</b>     | <b>23,230</b>    | <b>(453)</b>     | <b>23,683</b>   | <b>(0)</b>           | <b>(906)</b>          |
| Transfers and subsidies - capital (monetary allocations)<br>(National / Provincial and District)  |     | 16,076                        | 15,996             | 15,996             | 333               | 11,107           | 7,998            | 3,109           | 0                    | 15,996                |
| (National / Provincial Departmental Agencies,<br>Households, Non-profit Institutions, Private Enterprises,<br>Public Corporations, Higher Educational Institutions) |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Transfers and subsidies - capital (in-kind - all)   |     | -                             | -                  | -                  | -                 | 10               | 10               | -               | #DIV/0!              | -                     |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>  |     | <b>16,954</b>                 | <b>2,686</b>       | <b>15,091</b>      | <b>27,053</b>     | <b>34,347</b>    | <b>7,545</b>     |                 |                      | <b>15,090</b>         |
| Taxation  |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| <b>Surplus/(Deficit) after taxation</b>   |     | <b>16,954</b>                 | <b>2,686</b>       | <b>15,091</b>      | <b>27,053</b>     | <b>34,347</b>    | <b>7,545</b>     |                 |                      | <b>15,090</b>         |
| Attributable to minorities  |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| <b>Surplus/(Deficit) attributable to municipality</b>   |     | <b>16,954</b>                 | <b>2,686</b>       | <b>15,091</b>      | <b>27,053</b>     | <b>34,347</b>    | <b>7,545</b>     |                 |                      | <b>15,090</b>         |
| Share of surplus/ (deficit) of associate  |     | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| <b>Surplus/ (Deficit) for the year</b>  |     | <b>16,954</b>                 | <b>2,686</b>       | <b>15,091</b>      | <b>27,053</b>     | <b>34,347</b>    | <b>7,545</b>     |                 |                      | <b>15,090</b>         |

References

1. Material variances to be explained on Table SC1

Total Revenue (excluding capital transfers and contributions) inclu 113,821 124,222 136,627 38,032 92,767 68,314 136,627

## 6. FINANCIAL RATIOS

7.1 Personnel costs to total expenditure = employee related costs/ total expenditure x 100

$$= R 20\,700\,872 / 58\,419\,846 \times 100$$

$$= 35\%$$

This ratio measures the extent of Remuneration to Total Operating Expenditure. If the ratio exceeds the norm it could indicate inefficiencies, overstaffing or even the incorrect focus due to misdirected expenditure to non-service delivery related expenditure. The norm ranges between 25% and 40%.

7.2 Cost coverage ratio = Cash and Cash Equivalent – unspent grant / Current liabilities

$$= R85\,628M - R9\,581\,m / R18\,544$$

$$= 6\text{months}$$

The ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month. The norm ranges between 1 month to 3 months.

7.3 Creditors payment period = Trade creditors outstanding / Trade creditors Purchases X 365

$$= R 1\,176M / 25\,000M \times 365$$

$$= 18\text{ days}$$

Creditors Payment Period (Trade Creditors)

This ratio indicates the average number of days taken for trade creditors to be paid and the norm is 30 days.

A period of longer than 30 days to settle creditors is normally an indication that the municipality may be experiencing cash flow problems, however in certain instances this may be as a result of disputes, processing of payments, etc.

7.4 Net Debtors Days = ((Gross Debtors- Bad Debt Provision)/Billed Revenue)) X 365

$$= R29\,132 - R2\,795 / 9\,903 \times 365$$

$$= 956\text{ Days}$$

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality to receive payment from its consumers for bills issued to them for services rendered.

7.5 Collection Rate= Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance- Bad Debts Written Off)/Billed Revenue x 100

$$= 30\,835\,288 + 9\,906\,204 - 29\,132\,006 / 9\,906\,204 \times 100$$

$$= 117\%$$

The ratio indicates the collection rate; i.e. level of payments. It measures increases or decreases in debtors relative to annual billed revenue. In order to determine the real collection rate bad debts written-off is taken into consideration. The norm is 95%.

7.6 Current Ratio = Current Assets /Current Liabilities

$$= R122\,934 / R18\,544$$

$$= 1: 7$$

The ratio is used to assess the municipality's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The norm ranges between 1.5 to 2.1. The higher the current ratio, the more capable the municipality will be able to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired level.

7.7 Capital Expenditure to Total Expenditure = Total Capital Expenditure/Total Expenditure x 100

$$= R22\,129 / R58\,420 \times 100$$

$$= 38\%$$

The norm ranges between 10% and 20%. A ratio less than 10% reflects lower spending by the municipality in infrastructure and holds potential risks to service delivery. A ratio of more than 20% reflects higher spending on infrastructure and acceleration in service delivery, but could also hold financial sustainability risks if the infrastructure does not include both economic (revenue generating) and social type infrastructure.

7.8 Capital Expenditure Budget Implementation Indicator= Actual Capital Expenditure/Budget Capital Expenditure x 100

$$= R\,22\,129 / 33\,421 \times 100$$

$$= 66\%$$

This ratio measures the extent to which Budgeted Capital Expenditure has been spent during the financial year, under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.

7.11 Operating Expenditure Budget Implementation Indicator= Actual Operating Expenditure/Budgeted Operating Expenditure X 100

$$= R58\,420 / R121\,537 \times 100$$

$$= 48\%$$

This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the financial year, under review. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. The norm ranges between 95% and 100%.

7.12 Operating Revenue Budget Implementation Indicator= Actual Operating Revenue/Budgeted Operating Revenue x 100

$$= R81\,650 / R120\,631 \times 100$$

$$= 68\%$$

This ratio measures the extent of Actual Operating Revenue (excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the financial year, under review. The norm ranges between 95% and 100%.

The ratio measures the extent to which Total Capital Expenditure of the Municipality is funded through Internally Generated Funds. No norm at this stage. The funding mix for capital expenditure is dependent on the municipal policy and ability to raise revenue from different sources. Increased capacity for internally generated funding is required in some circumstances, which could also improve the balance in funding sources.

## 7. Municipal Manager's Quality Certificate

I, Mr. S Mngwengwe, Municipal Manager of Mkhambathini Municipality, hereby certify that the Mid-Year Budget Performance Assessment report on the implementation of the budget and financial state of affairs of the municipality for the Six Months/Mid-Year Budget Performance assessment of the financial year ending 31 December 2020 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

**Mr. S Mngwengwe**

**MUNICIPAL MANAGER: MKHAMBATHINI MUNICIPALITY, KZN226**

**SIGNATURE** \_\_\_\_\_

**DATE** \_\_\_\_\_