

ELIAS MOTSOLEDI LOCAL MUNICIPALITY



SECTION 52 REPORT: 2019/20

REPORTING PERIOD: SECOND QUARTER

PART 1: QUARTERLY REPORT

PURPOSE

To submit a report to council within 30 days of the end of each quarter on implementation of the Budget and Financial state of the Municipality as required by Section 52 of the Municipal Finance Management Act

Executive Summary

Section 52 of the Municipal Finance Management Act deals with requirements for quarterly reporting and further states that the Mayor of the Municipality must within 30 days of the end of each quarter submit a report to council on implementation of the Budget and the financial state of the Municipality.

IN YEAR BUDGET STATEMENT TABLES

DESCRIPTION	2019/20			
	ORIGINAL BUDGET	ADJUSTED BUDGET	YEAR TO DATE ACTUAL	PERCENT AGE
OPERATING REVENUE	500,884,685	-	281,927,720	56%
		-		
OPERATING EXPENDITURE	482,591,369	-	207,514,354	43%
		-		
TRANSFER - CAPITAL	73,921,000	-	39,782,270	54%
SURPLUS/(DEFICIT)	92,214,316	-	121,610,729	132%
CAPITAL EXPENDITURE	95,653,510	-	48,663,944	51%

Table C1: Quarterly Budget Statement Summary

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Financial Performance									
Property rates	33,010	34,727	-	8,901	17,813	17,364	449	3%	34,727
Service charges	89,925	101,507	-	24,220	47,574	45,195	2,379	5%	101,507
Investment revenue	2,800	2,946	-	73	1,187	1,173	14	1%	2,946
Transfers and subsidies	245,278	272,618	-	90,444	203,629	181,465	22,164	12%	-
Other own revenue	84,683	89,087	-	5,807	11,724	50,946	(39,222)	-77%	361,705
Total Revenue (excluding capital transfers and contributions)	455,697	500,885	-	129,445	281,928	296,143	(14,215)	-5%	500,885
Employee costs	130,473	147,530	-	41,446	74,881	78,208	(3,327)	-4%	147,530
Remuneration of Councillors	24,291	25,554	-	6,170	12,110	12,777	(667)	-5%	25,554
Depreciation & asset impairment	51,181	56,520	-	-	-	28,260	(28,260)	-100%	56,520
Finance charges	2,900	2,505	-	1,173	1,173	1,253	(80)	-6%	2,505
Materials and bulk purchases	78,909	94,531	-	24,666	44,670	49,967	(5,297)	-11%	94,531
Transfers and subsidies	3,580	3,740	-	675	1,262	1,790	(528)	-30%	3,740
Other expenditure	157,835	152,210	-	40,555	73,418	80,522	(7,104)	-9%	152,210
Total Expenditure	449,169	482,591	-	114,685	207,514	252,777	(45,263)	-18%	482,591
Surplus/(Deficit)	6,528	18,293	-	14,761	74,413	43,366	31,048	72%	18,293
Transfers and subsidies - capital (monetary allocations)	94,050	73,921	-	31,047	47,197	64,400	(17,203)	-27%	73,921
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	100,578	92,214	-	45,807	121,611	107,766	13,845	13%	92,214
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	100,578	92,214	-	45,807	121,611	107,766	13,845	13%	92,214
Capital expenditure & funds sources									
Capital expenditure	97,258	95,654	-	34,419	48,664	54,203	(5,539)	-10%	95,654
Capital transfers recognised	81,841	73,921	-	25,724	39,782	42,146	(2,364)	-6%	73,921
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	15,417	21,733	-	8,695	8,882	12,057	(3,175)	-26%	21,733
Total sources of capital funds	97,258	95,654	-	34,419	48,664	54,203	(5,539)	-10%	95,654
Financial position									
Total current assets	211,349	115,014	-		155,575				115,014
Total non current assets	1,053,184	1,123,066	-		1,111,984				1,123,066
Total current liabilities	140,539	81,128	-		117,590				81,128
Total non current liabilities	121,097	103,696	-		98,557				103,696
Community wealth/Equity	1,002,897	1,053,256	-		1,051,412				1,053,256
Cash flows									
Net cash from (used) operating	118,137	102,851	-	10,457	51,705	83,344	31,639	38%	102,851
Net cash from (used) investing	(44,880)	(88,001)	-	(28,971)	(40,471)	(54,203)	(13,732)	25%	(88,001)
Net cash from (used) financing	(9,023)	(10,086)	-	(2,476)	(4,534)	(4,448)	86	-2%	(10,086)
Cash/cash equivalents at the month/year end	70,428	29,037	-	-	31,682	48,965	17,283	35%	29,746
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	12,343	3,992	2,563	2,372	2,394	2,479	15,279	52,429	93,851
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

Revenue

For the second quarter of October to December 2019, the year to date actual amounted to R 281, 928 million. Of the total revenue received during the second quarter, the major portion of R89, 670 million that translate to 32% is from equitable share. Other receipts are from property rates, service charges and other grants.

Operating Expenditure

The operating expenditure for the quarter amounts to R114, 685 million with the year to date expenditure of R207, 514 million which shows 18% year to date variance when compared to the year to date budget.

Capital Expenditure

The year to date actual capital expenditure as at end of the quarter amounts to R48, 664 million and the year to date budget amounts to R54, 207 million and this deviates with 10% when compared to year to date target.

Surplus/Deficit

Taking the above into consideration the net operating surplus for the quarter ending 30 December 2019 amounts to Positive R121, 611 million.

Debtors

Outstanding debtors' is comprised of consumer and sundry debtors. The total outstanding debtors as at end of December amounts to R93, 851 million and this shows an increase of R5, 945 million as compared to previous quarter of R87, 907.

Consumer debtors is made up of service charges and property rates and other debtors. Debtors such those relating to traffic fines are reported as other debtors as presented under current assets on Table C6 and as a result, they do not form part of consumer debtors.

Creditors

The municipality is currently striving for paying its creditors within 30 days of receipt of invoice as required by MFMA. However, the municipality has instances where the cash flow position was quite unfavorable and it was then unable to service certain creditors as and when became due. This resulted in the municipality incurring penalties and/or fruitless and wasteful expenditure due to late payment.

Table C2 – Quarterly Financial Performance (Standard Classification)

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue - Functional									
Governance and administration	198,283	214,636	-	73,223	155,865	135,448	20,417	15%	214,636
Executive and council	42,873	46,559	-	16,662	37,994	30,830	7,164	23%	46,559
Finance and administration	147,508	159,127	-	52,927	110,945	98,692	12,253	12%	159,127
Internal audit	7,902	8,950	-	3,634	6,926	5,926	1,000	17%	8,950
Community and public safety	88,850	94,968	-	7,495	17,551	58,891	(41,340)	-70%	94,968
Community and social services	7,973	9,026	-	2,666	5,988	5,963	25	0%	9,026
Sport and recreation	10,677	12,092	-	3,556	8,922	8,003	919	11%	12,092
Public safety	70,200	73,850	-	1,274	2,640	44,925	(42,285)	-94%	73,850
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	141,810	117,004	-	40,785	77,077	88,877	(11,800)	-13%	117,004
Planning and development	17,107	21,564	-	6,221	13,891	14,324	(433)	-3%	21,564
Road transport	123,685	94,287	-	34,224	62,422	73,789	(11,367)	-15%	94,287
Environmental protection	1,018	1,153	-	339	764	764	0	0%	1,153
Trading services	120,804	148,197	-	38,989	78,633	77,327	1,306	2%	148,197
Energy sources	102,039	119,623	-	31,082	60,386	61,030	(645)	-1%	119,623
Water management	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	18,765	28,574	-	7,907	18,247	16,297	1,950	12%	28,574
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	549,746	574,806	-	160,492	329,125	360,543	(31,418)	-9%	574,806
Expenditure - Functional									
Governance and administration	184,555	191,835	-	63,650	113,409	102,470	10,939	11%	191,835
Executive and council	39,998	41,658	-	16,547	29,957	21,553	8,404	39%	41,658
Finance and administration	135,446	141,488	-	43,305	78,119	75,779	2,340	3%	141,488
Internal audit	9,111	8,689	-	3,798	5,333	5,138	195	4%	8,689
Community and public safety	68,557	76,535	-	7,353	13,702	39,569	(25,867)	-65%	76,535
Community and social services	5,563	7,457	-	1,449	2,635	3,977	(1,341)	-34%	7,457
Sport and recreation	9,713	11,037	-	1,597	2,979	5,774	(2,795)	-48%	11,037
Public safety	53,281	58,041	-	4,307	8,088	29,818	(21,730)	-73%	58,041
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	79,856	87,675	-	13,731	24,976	45,712	(20,736)	-45%	87,675
Planning and development	15,813	17,147	-	4,034	7,599	8,768	(1,169)	-13%	17,147
Road transport	63,315	69,685	-	9,507	17,052	36,490	(19,439)	-53%	69,685
Environmental protection	728	843	-	189	325	453	(128)	-28%	843
Trading services	116,200	126,546	-	29,952	55,427	65,026	(9,599)	-15%	126,546
Energy sources	92,646	99,370	-	22,830	42,331	50,942	(8,611)	-17%	99,370
Water management	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	23,554	27,177	-	7,122	13,096	14,084	(988)	-7%	27,177
Other	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	449,169	482,591	-	114,685	207,514	252,777	(45,263)	-18%	482,591
Surplus/ (Deficit) for the year	100,578	92,214	-	45,807	121,611	107,766	13,845	13%	92,214

Table C3 – Quarterly Fin’ Performance (Revenue and Expenditure by vote)

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue by Vote									
Vote 1 - Executive & Council	38,168	46,559	–	15,134	34,302	27,302	7,000	26%	46,559
Vote 2 - Municipal Manager	31,469	35,643	–	13,450	26,766	23,602	3,164	13%	35,643
Vote 3 - Budget & Treasury	59,272	64,188	–	18,368	39,423	35,828	3,595	10%	64,188
Vote 4 - Corporate Services	39,931	40,227	–	15,916	30,751	26,635	4,117	15%	40,227
Vote 5 - Community Services	120,478	132,693	–	16,943	39,133	79,798	(40,665)	-51%	132,693
Vote 6 - Technical Services	233,051	227,629	–	70,495	136,615	145,352	(8,737)	-6%	227,629
Vote 7 - Developmental Planning	11,282	14,966	–	4,279	9,522	9,955	(433)	-4%	14,966
Vote 8 - Executive Support	16,094	18,229	–	5,906	12,612	12,071	541	4%	18,229
Total Revenue by Vote	549,746	580,134	–	160,492	329,125	360,543	(31,418)	-9%	580,134
Expenditure by Vote									
Vote 1 - Executive & Council	35,307	36,873	–	11,631	24,336	19,060	5,276	28%	36,873
Vote 2 - Municipal Manager	37,306	35,065	–	17,397	28,959	19,231	9,728	51%	35,065
Vote 3 - Budget & Treasury	51,072	52,917	–	17,248	33,112	29,009	4,102	14%	52,917
Vote 4 - Corporate Services	30,600	36,814	–	6,256	10,742	19,146	(8,404)	-44%	36,814
Vote 5 - Community Services	100,333	112,427	–	16,628	30,734	58,222	(27,487)	-47%	112,427
Vote 6 - Technical Services	167,702	181,124	–	36,676	64,553	93,772	(29,220)	-31%	181,124
Vote 7 - Developmental Planning	9,977	13,185	–	2,227	4,282	6,635	(2,352)	-35%	13,185
Vote 8 - Executive Support	14,187	15,088	–	6,621	10,796	7,702	3,095	40%	15,088
Total Expenditure by Vote	446,483	483,492	–	114,685	207,514	252,777	(45,263)	-18%	483,492
Surplus/ (Deficit) for the year	103,263	96,642	–	45,807	121,611	107,766	13,845	13%	96,642

Table C2 and C3 measures the quarterly actual against the year to date performance targets which is realized by vote and standard classification. The variances are all reflected in the year to date variance column.

The financial results portrayed in the two tables are the same as those in other tables (i.e. it is only the description or basis of reporting that is based on financial or budget performance by vote or department, and National Treasury’s standard classification.

Table C4: Quarterly Financial performance by Revenue Source and Expenditure Type

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue By Source									
Property rates	33,010	34,727		8,901	17,813	17,364	449	3%	34,727
Service charges - electricity revenue	81,798	92,957		22,111	43,372	42,078	1,294	3%	92,957
Service charges - water revenue							-		
Service charges - sanitation revenue							-		
Service charges - refuse revenue	8,127	8,550		2,109	4,202	3,116	1,085	35%	8,550
Rental of facilities and equipment	1,000	1,052		140	324	526	(202)	-38%	1,052
Interest earned - external investments	2,800	2,946		73	1,187	1,173	14	1%	2,946
Interest earned - outstanding debtors	6,692	7,040		2,890	5,568	2,659	2,909	109%	7,040
Dividends received							-		
Fines, penalties and forfeits	70,209	73,860		1,250	2,616	44,933	(42,316)	-94%	73,860
Licences and permits	5,200	5,470		1,226	2,600	2,173	427	20%	5,470
Agency services							-		
Transfers and subsidies	245,278	272,618		90,444	203,629	181,465	22,164	12%	
Other revenue	1,582	1,664		301	616	655	(39)	-6%	272,618
Gains on disposal of PPE	-	-		-	-	-	-		1,664
Total Revenue (excluding capital transfers and contributions)	455,697	500,885	-	129,445	281,928	296,143	(14,215)	-5%	500,885
Expenditure By Type									
Employee related costs	130,473	147,530		41,446	74,881	78,208	(3,327)	-4%	147,530
Remuneration of councillors	24,291	25,554		6,170	12,110	12,777	(667)	-5%	25,554
Debt impairment	55,000	57,860		141	183	28,930	(28,747)	-99%	57,860
Depreciation & asset impairment	51,181	56,520		-	-	28,260	(28,260)	-100%	56,520
Finance charges	2,900	2,505		1,173	1,173	1,253	(80)	-6%	2,505
Bulk purchases	70,000	80,941		20,114	38,241	41,380	(3,139)	-8%	80,941
Other materials	8,909	13,590		4,552	6,429	8,587	(2,158)	-25%	13,590
Contracted services	59,841	53,788		27,586	45,692	30,474	15,218	50%	53,788
Transfers and subsidies	3,580	3,740		675	1,262	1,790	(528)	-30%	3,740
Other expenditure	42,994	40,562		12,828	27,543	21,118	6,425	30%	40,562
Loss on disposal of PPE	-	(0)		-	-	-	-		(0)
Total Expenditure	449,169	482,591	-	114,685	207,514	252,777	(45,263)	-18%	482,591
Surplus/(Deficit)	6,528	18,293	-	14,761	74,413	43,366	31,048	72%	18,293
Transfers and subsidies - capital (monetary allocations)	94,050	73,921		31,047	47,197	64,400	(17,203)	-27%	73,921
Transfers and subsidies - capital (monetary allocations)							-		
Transfers and subsidies - capital (in-kind - all)							-		
Surplus/(Deficit) after capital transfers & contributions	100,578	92,214	-	45,807	121,611	107,766			92,214
Taxation							-		
Surplus/(Deficit) after taxation	100,578	92,214	-	45,807	121,611	107,766			92,214
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	100,578	92,214	-	45,807	121,611	107,766			92,214
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	100,578	92,214	-	45,807	121,611	107,766			92,214

This table provides the quarterly details for revenue by source and expenditure by type. The reasons for deviations will only be provided in cases where the difference is more than 10% and can be viewed in supporting table SC1.

Table C5 Capex: Quarterly Capital Expenditure by Standard Classification and Fundin

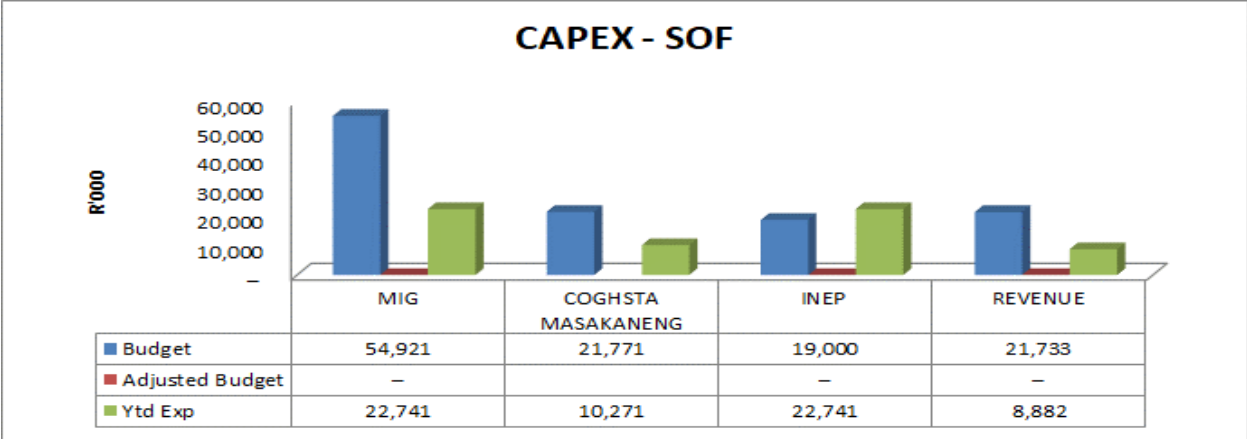
Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Capital Expenditure - Functional Classification									
Governance and administration	2,200	1,800	-	353	539	737	(198)	-27%	1,800
Executive and council							-		
Finance and administration	2,200	1,800		353	539	737	(198)	-27%	1,800
Internal audit							-		
Community and public safety	522	500	-	-	-	500	(500)	-100%	500
Community and social services	522	500				500	(500)	-100%	500
Sport and recreation							-		
Public safety							-		
Housing							-		
Health							-		
Economic and environmental services	79,449	72,006	-	26,437	34,643	40,706	(6,062)	-15%	72,006
Planning and development							-		
Road transport	79,449	72,006		26,437	34,643	40,706	(6,062)	-15%	72,006
Environmental protection							-		
Trading services	15,087	21,348	-	7,629	13,482	12,260	1,221	10%	21,348
Energy sources	13,487	19,522		7,003	12,856	10,434	2,421	23%	19,522
Water management							-		
Waste water management							-		
Waste management	1,600	1,826		626	626	1,826	(1,200)	-66%	1,826
Other							-		
Total Capital Expenditure - Functional Classification	97,258	95,654	-	34,419	48,664	54,203	(5,539)	-10%	95,654
Funded by:									
National Government	62,910	73,921		25,724	39,782	42,146	(2,364)	-6%	73,921
Provincial Government	18,931	-					-		
District Municipality							-		
Other transfers and grants							-		
Transfers recognised - capital	81,841	73,921	-	25,724	39,782	42,146	(2,364)	-6%	73,921
Borrowing							-		
Internally generated funds	15,417	21,733		8,695	8,882	12,057	(3,175)	-26%	21,733
Total Capital Funding	97,258	95,654	-	34,419	48,664	54,203	(5,539)	-10%	95,654

Table C5C: Quarterly Capital Expenditure by Vote

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Multi-Year expenditure appropriation									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1,400	-	-	-	-	-	-	-	-
Vote 5 - Community Services	1,600	-	-	-	-	-	-	-	-
Vote 6 - Technical Services	25,714	50,583	-	19,914	26,252	27,457	(1,204)	-4%	50,583
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	28,714	50,583	-	19,914	26,252	27,457	(1,204)	-4%	50,583
Single Year expenditure appropriation									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	500	-	-	-	-	-	-	500
Vote 4 - Corporate Services	800	1,800	-	353	539	1,237	(698)	-56%	1,800
Vote 5 - Community Services	522	1,826	-	626	626	1,826	(1,200)	-66%	1,826
Vote 6 - Technical Services	67,222	40,945	-	13,527	21,246	23,683	(2,437)	-10%	40,945
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	68,544	45,071	-	14,505	22,412	26,747	(4,335)	-16%	45,071
Total Capital Expenditure	97,258	95,654	-	34,419	48,664	54,203	(5,539)	-10%	95,654

Table C5 Capex and C5C present capital expenditure performance for all votes, standard classification and the funding thereof and measures the year-to-date performance targets against the actual capital expenditure figures.

For the second quarter R34, 419 million spending was incurred on capital budget, the year to date budget is R54, 203 million, and this gave rise to underperformance variance of R5, 539 million that translates to 10%.



The above graph shows the components of sources of finance for capital budget. Of the total capital budget, R54, 921 million is funded from Municipal Infrastructure grant, R19, 000 million from INEP and R21, 733 million from own revenue and the spending per source of finance is presented in the above graph. CoGHSTA - Development of Masakaneng was not budget for, it will be incorporated during the Adjustment Budget.

Table C6: Quarterly Budget Statement Financial Position

Description	2018/19	Budget Year 2019/20			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS					
Current assets					
Cash	3,136	4,882		31,682	4,882
Call investment deposits	67,292	24,155		–	24,155
Consumer debtors	45,009	41,950		50,315	41,950
Other debtors	89,584	40,727		65,441	40,727
Current portion of long-term receivables	–	–		–	–
Inventory	6,328	3,300		8,137	3,300
Total current assets	211,349	115,014	–	155,575	115,014
Non current assets					
Long-term receivables	–	–		–	–
Investments	–	–		–	–
Investment property	54,139	53,739		58,240	53,739
Investments in Associate	–	–		–	–
Property, plant and equipment	997,723	1,055,765		1,053,667	1,055,765
Biological					
Intangible	85	85		39	85
Other non-current assets	1,237	13,476		37	13,476
Total non current assets	1,053,184	1,123,066	–	1,111,984	1,123,066
TOTAL ASSETS	1,264,533	1,238,080	–	1,267,559	1,238,080
LIABILITIES					
Current liabilities					
Bank overdraft	–	–		–	–
Borrowing	5,002	9,686		10,192	9,686
Consumer deposits	5,373	4,860		5,510	4,860
Trade and other payables	126,449	60,924		90,530	60,924
Provisions	3,715	5,658		11,358	5,658
Total current liabilities	140,539	81,128	–	117,590	81,128
Non current liabilities					
Borrowing	23,097	13,554		13,469	13,554
Provisions	98,000	90,142		85,088	90,142
Total non current liabilities	121,097	103,696	–	98,557	103,696
TOTAL LIABILITIES	261,637	184,824	–	216,147	184,824
NET ASSETS	1,002,897	1,053,256	–	1,051,412	1,053,256
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	1,002,897	1,053,256		1,051,412	1,053,256
Reserves	–	–		–	–
TOTAL COMMUNITY WEALTH/EQUITY	1,002,897	1,053,256	–	1,051,412	1,053,256

The above table shows that community wealth amounts to R1 051,412 billion, total liabilities R216, 147 million and the total assets R1, 267, 559 billion. Non-current liabilities are mainly made up of provisions for long service award, landfill site and bonus.

Total current assets appear not to be fairly reasonable relative to total current liabilities and this as a result portray unfavorable picture of the municipality's current ratio.

Table C7: Quarterly Budgeted Statement Cash Flow

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	18,029	21,878		6,105	12,706	17,364	(4,658)	-27%	21,878
Service charges	69,861	91,398		22,896	42,913	45,195	(2,282)	-5%	91,398
Other revenue	30,398	17,441		5,678	12,124	23,865	(11,741)	-49%	17,441
Government - operating	186,331	272,618		89,670	204,336	181,465	22,871	13%	272,618
Government - capital	93,601	73,921		22,467	53,434	64,400	(10,966)	-17%	73,921
Interest	3,493	3,861		269	1,792	3,833	(2,040)	-53%	3,861
Dividends	-	-					-		-
Payments									
Suppliers and employees	(280,260)	(372,021)		(134,788)	(272,919)	(249,735)	23,184	-9%	(372,021)
Finance charges	(1,397)	(2,505)		(1,164)	(1,419)	(1,253)	167	-13%	(2,505)
Transfers and Grants	(1,919)	(3,740)		(675)	(1,262)	(1,790)	(528)	30%	(3,740)
NET CASH FROM/(USED) OPERATING ACTIVITIES	118,137	102,851	-	10,457	51,705	83,344	31,639	38%	102,851
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	3,022	-		-	-	-	-		-
Decrease (Increase) in non-current debtors	-	-		5,431	10,082	-	10,082	#DIV/0!	-
Decrease (increase) other non-current receivables	150	-		-	-	-	-		-
Decrease (increase) in non-current investments	-	-		-	-	-	-		-
Payments									
Capital assets	(48,052)	(88,001)		(34,402)	(50,553)	(54,203)	(3,650)	7%	(88,001)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(44,880)	(88,001)	-	(28,971)	(40,471)	(54,203)	(13,732)	25%	(88,001)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-					-		-
Borrowing long term/refinancing	-	-					-		-
Increase (decrease) in consumer deposits	124	(400)		(106)	124	(916)	1,040	-114%	(400)
Payments									
Repayment of borrowing	(9,147)	(9,686)		(2,370)	(4,659)	(3,533)	1,126	-32%	(9,686)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(9,023)	(10,086)	-	(2,476)	(4,534)	(4,448)	86	-2%	(10,086)
NET INCREASE/ (DECREASE) IN CASH HELD	64,234	4,764	-	(20,989)	6,700	24,692			4,764
Cash/cash equivalents at beginning:	6,194	24,273			24,982	24,273			24,982
Cash/cash equivalents at month/year end:	70,428	29,037			31,682	48,965			29,746

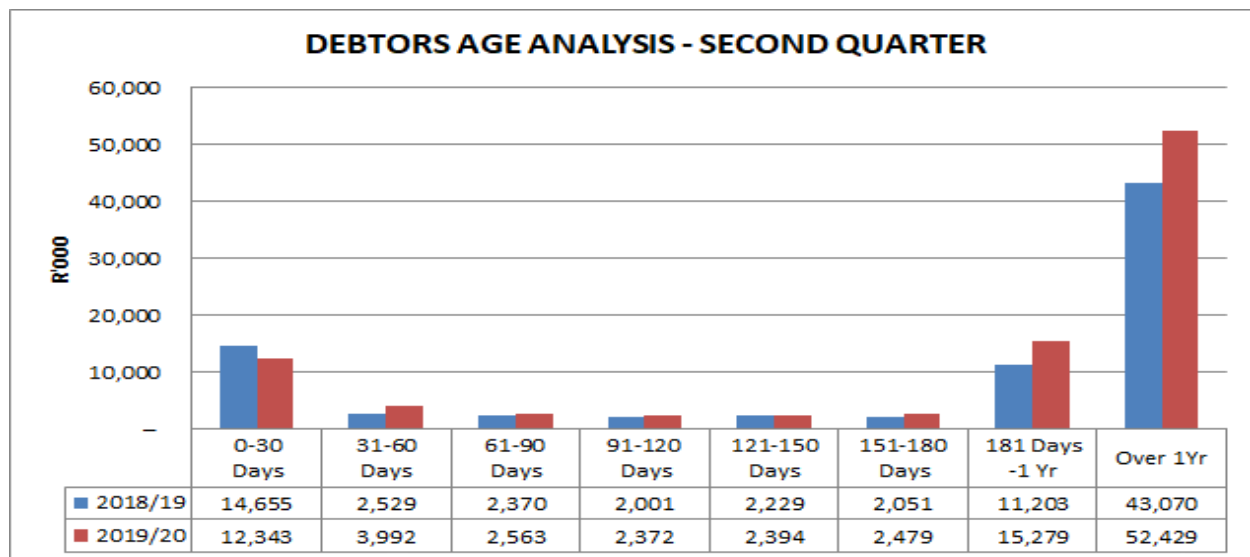
Table C7 provides details of the cash in and outflow. For the quarter ending 30 December 2019 the net cash from operating activities is R51, 705 million whilst cash used for investing activities is –R40, 471 million and the net cash from financing activities is –R4, 534 million. The cash and cash equivalent held at end of the second quarter amounted to R31, 682 million.

PART 2: SUPPORTING TABLES

Table SC3: Debtors Analysis

Description	Budget Year 2019/20								Total	Total over 90 days	Actual Bad Debts Written Off	Impairment Bad Debts
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	7,115	1,286	164	82	71	89	310	2,839	11,957	3,392	13%	
Receivables from Non-exchange Transactions - Property Rates	2,988	1,372	1,100	1,078	1,058	1,036	7,955	23,333	39,920	34,460	43%	
Receivables from Exchange Transactions - Waste Water Management	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	702	456	388	380	376	391	2,080	7,616	12,388	10,842	13%	
Receivables from Exchange Transactions - Property Rental Debtors	42	10	8	8	9	64	100	815	1,056	996	1%	
Interest on Arrear Debtor Accounts	1,005	968	930	903	877	849	4,456	17,762	27,750	24,847	30%	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Other	491	(99)	(27)	(78)	2	48	378	65	781	415	1%	
Total By Income Source	12,343	3,992	2,563	2,372	2,394	2,479	15,279	52,429	93,851	74,952	-	-
2018/19 - totals only	14,655	2,529	2,370	2,001	2,229	2,051	11,203	43,070	80,108	60,554		
Debtors Age Analysis By Customer Group												
Organs of State	1,497	895	680	491	543	583	3,218	11,547	19,454	16,382		
Commercial	6,520	779	355	345	312	322	1,414	7,770	17,817	10,163		
Households	3,500	1,641	1,022	1,030	1,033	1,010	6,193	21,092	36,522	30,359		
Other	825	678	506	506	505	564	4,454	12,020	20,058	18,049		
Total By Customer Group	12,343	3,992	2,563	2,372	2,394	2,479	15,279	52,429	93,851	74,952	-	-

This table provides a breakdown of the consumer and sundry debtors at the end of the quarter. The outstanding debtors amounted to R 93, 851 million as at 30 December 2019. Consumer debtors amounts to R 65, 320 million and sundry debtors amounts to R 28, 531 million as at end of the second quarter.



The graph compares debtors' age analysis for 2017/18 financial year and 2019/20 (as at end of second quarter) and noted from the graph there is an increase in the municipal debt book for 2019/20 financial year.

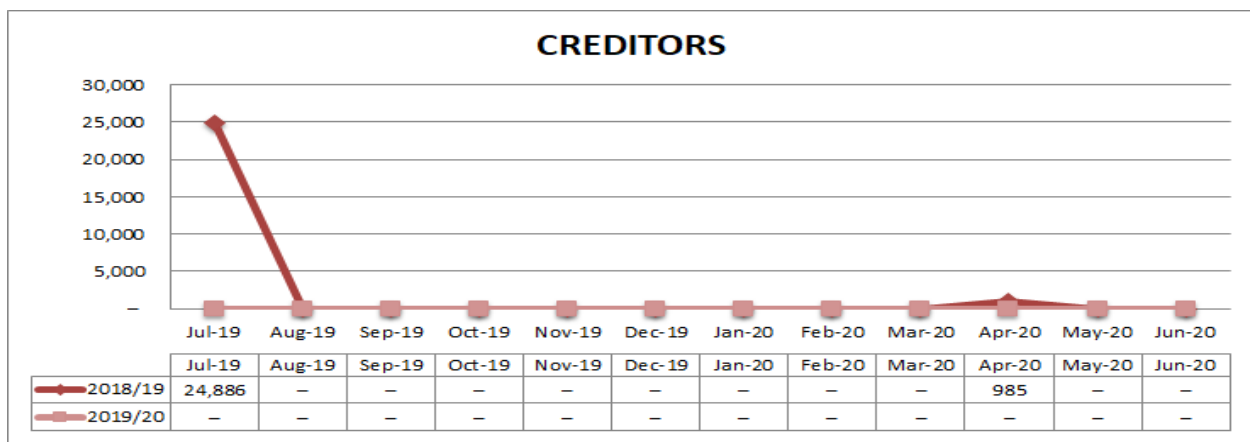
Table SC4: Creditors Analysis

Description	Budget Year 2019/20									Prior year totals for chart
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type										
Bulk Electricity										-
Bulk Water										-
PAYE deductions										-
VAT (output less input)										-
Pensions / Retirement deductions										-
Loan repayments										-
Trade Creditors										-
Auditor General										-
Other										-
Total By Customer Type	-	-	-	-	-	-	-	-	-	-

Supporting table SC4 provides creditors age analysis. In terms of section 65 of the MFMA all creditors must be paid within 30 days of receiving an invoice. No creditors were outstanding for more than 30 days. All invoices were paid within the prescribed period for the second quarter. The municipality is having challenges relating to extraction of creditors age analysis and below are the contributing factors:

- Goods received vouchers (GRV) are only processed on the system as and when we are about to pay and this approach distorts the entire picture of ageing our creditors since the system will count the number of days taken to process an invoice from the date the GRV is processed.
- The contracted services are paid through direct/straight payments that do not feed the age analysis module.

Proposal was made that the municipality need to maintain the invoice register that should be used for manually updating the creditors age analysis and the Budget and Treasury department is in a process of implementing the proposed register.



The graph compares creditors’ age analysis for 2018/19 financial year and 2019/20 (as at end of second quarter) and noted from the graph there is a decrease in 0-30 days.

Table SC5: Investment Portfolio Analysis

Name of institution & investment ID	Period of Investment	Type of Investment	Interest Rate ³	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
	Yrs/Months								
Municipality									
Nedbank 03/7881068264/0037	1 Month	Current Inves	5.20%	8-Oct-19	-	41,099	(22,191,115)	22,191,115	41,099
Nedbank 03/7881068264/0055	1 Month	Current Inves	7.74%	31-Oct-19	22,158,798	32,317	(22,191,115)	-	-
Nedbank 03/7881068264/0037	1 Month	Current Inves	5.20%	31-Oct-19		-	(41,099)		(41,099)
TOTAL INVESTMENTS AND INTEREST					22,158,798		(44,423,328)	22,191,115	0

Supporting Table SC5 displays the council’s investments portfolio and indicates that the municipality had not invested as at end of the second quarter.

Table SC6- Allocation and grant receipts

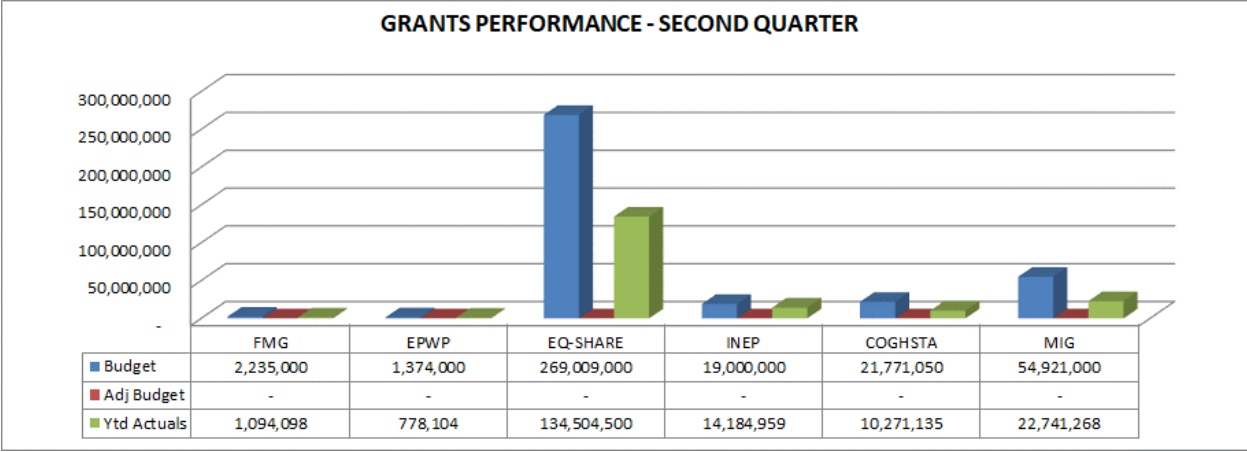
Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
RECEIPTS:									
Operating Transfers and Grants									
National Government:	245,278	272,618	-	90,289	204,955	181,465	23,490	13%	272,618
Local Government Equitable Share	237,506	269,009		89,670	201,757	178,130	23,627	13%	269,009
Finance Management	1,770	2,235		-	2,235	2,235	-		2,235
EPWP Incentive	1,002	1,374		619	963	1,100	(137)	-12%	1,374
Energy Efficiency and Demand Management	5,000	-		-	-	-			-
Provincial Government:	-	-	-	-	-	-	-		-
N/A									
District Municipality:	-	-	-	-	-	-	-		-
N/A									
Other grant providers:	-	-	-	-	-	-	-		-
N/A									
Total Operating Transfers and Grants	245,278	272,618	-	90,289	204,955	181,465	23,490	13%	272,618
Capital Transfers and Grants									
National Government:	72,279	73,921	-	22,476	53,444	64,400	(10,956)	-17%	73,921
Municipal Infrastructure Grant (MIG)	62,270	54,921		17,476	39,444	49,500	(10,056)	-20%	54,921
Intergrated National Electrification Grant	10,009	19,000		5,000	14,000	14,900	(900)	-6%	19,000
Provincial Government:	21,771	-	-	-	-	-	-		-
Coghsta - Development	21,771	-		-	-	-	-		-
District Municipality:	-	-	-	-	-	-	-		-
N/A									
Other grant providers:	-	-	-	-	-	-	-		-
N/A									
Total Capital Transfers and Grants	94,050	73,921	-	22,476	53,444	64,400	(10,956)	-17%	73,921
TOTAL RECEIPTS OF TRANSFERS & GRANTS	339,328	346,539	-	112,765	258,399	245,865	12,534	5%	346,539

Supporting tables SC6 provides details of grants received. The year to date actual receipts amounts to R258, 399 million of which the major portion is attributed to equitable share. For the reporting period at least R201, 757 million was received from Equitable share, R39, 444 from MIG. Other receipts were from FMG, INEG and EPWP. All the grants allocated for the current financial year, so far have been received in line with National Treasury payment schedule.

Table SC7: Transfers and Grant Expenditure

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	245,278	272,618	-	68,026	136,377	180,815	(44,438)	-25%	272,618
Local Government Equitable Share	237,506	269,009		67,252	134,505	178,130	(43,626)	-24%	269,009
Finance Management	1,770	2,235		377	1,094	2,235	(1,141)	-51%	2,235
EPWP Incentive	1,002	1,374		398	778	450	328	73%	1,374
Energy Efficiency and Demand Management	5,000	-				-	-		-
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A									
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total operating expenditure of Transfers and Grants:	245,278	272,618	-	68,026	136,377	180,815	(44,438)	-25%	272,618
Capital expenditure of Transfers and Grants									
National Government:	72,279	73,921	-	22,892	36,926	60,400	(23,474)	-39%	73,921
Municipal Infrastructure Grant (MIG)	62,270	54,921		15,176	22,741	49,500	(26,759)	-54%	54,921
Intergrated National Electrification Grant	10,009	19,000		7,716	14,185	10,900	3,285	30%	19,000
Provincial Government:	21,771	21,771	-	8,155	10,271	4,256	6,015	141%	21,771
Coghsta - Development	21,771	21,771		8,155	10,271	4,256	6,015	141%	21,771
District Municipality:	-	-	-	-	-	-	-	-	-
N/A									
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A									
Total capital expenditure of Transfers and Grants	94,050	95,692	-	31,047	47,197	64,656	(17,459)	-27%	95,692
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	339,328	368,310	-	99,073	183,574	245,471	(61,897)	-25%	368,310

A total amount of R99, 073 million has been spent on grants as at second quarter and the year to date budget thereof amount to R245, 471 million and this resulted in underspending variance of R61, 897 million that translates to -25%. Of the total spending amounting to R99, 073 million, R68, 026 million is spent on operational grants whilst R31, 047 million is spent of capital grants.



The above graph depicts the gazetted and/or budgeted amounts for all the grants and the expenditure thereof as at end of second quarter. The grants expenditure is shown below in percentages:

- Financial Management Grant 48.95%
- Expanded Public Work Programme 56.63%
- Equitable Share 50%
- Municipal Infrastructure Grant 41.41%
- Integrated National Electrification Grant 74.66%
- COGHSTA-Development of Masakaneng 47.18%

Table SC8: Councilor Allowances and Employee Benefits

Summary of Employee and Councilor remuneration	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	14,450	15,201		3,702	7,204	7,601	(397)	-5%	15,201
Pension and UIF Contributions	1,657	1,744		413	824	872	(48)	-5%	1,744
Medical Aid Contributions	351	369		82	165	185	(20)	-11%	369
Motor Vehicle Allowance	5,334	5,611		1,242	2,463	2,806	(342)	-12%	5,611
Cellphone Allowance	2,499	2,629		677	1,347	1,314	32	2%	2,629
Housing Allowances	-	-					-		-
Other benefits and allowances	-	-		54	107		107	#DIV/0!	-
Sub Total - Councillors	24,291	25,554	-	6,170	12,110	12,777	(667)	-5%	25,554
% increase		5%							5%
Senior Managers of the Municipality									
Basic Salaries and Wages	4,532	5,150		1,076	2,152	2,575	(423)	-16%	5,150
Pension and UIF Contributions	245	172		40	81	86	(5)	-6%	172
Medical Aid Contributions	102	64		20	39	32	7	23%	64
Overtime	-	-					-		-
Performance Bonus	-	-					-		-
Motor Vehicle Allowance	760	918		164	328	459	(131)	-28%	918
Cellphone Allowance	141	188		42	85	94	(9)	-10%	188
Housing Allowances	-	-					-		-
Other benefits and allowances	528	331		280	333	314	19	6%	331
Payments in lieu of leave	-	-					-		-
Long service awards	-	-					-		-
Post-retirement benefit obligations	-	-					-		-
Sub Total - Senior Managers of Municipality	6,308	6,824	-	1,623	3,018	3,560	(542)	-15%	6,824
% increase		8%							8%
Other Municipal Staff									
Basic Salaries and Wages	79,451	91,339		23,021	45,032	45,670	(638)	-1%	91,339
Pension and UIF Contributions	16,141	18,714		4,476	8,933	9,357	(424)	-5%	18,714
Medical Aid Contributions	4,726	4,761		1,357	2,690	2,380	310	13%	4,761
Overtime	2,108	1,948		234	567	974	(407)	-42%	1,948
Performance Bonus	-	-					-		-
Motor Vehicle Allowance	10,043	11,571		2,779	5,555	5,785	(230)	-4%	11,571
Cellphone Allowance	1,147	1,171		447	894	586	309	53%	1,171
Housing Allowances	160	437		44	87	704	(617)	-88%	437
Other benefits and allowances	8,638	8,329		7,253	7,584	7,932	(348)	-4%	8,329
Payments in lieu of leave	1,173	1,951		153	365	976	(611)	-63%	1,951
Long service awards	578	486		58	155	284	(129)	-45%	486
Post-retirement benefit obligations	-	-					-		-
Sub Total - Other Municipal Staff	124,165	140,707	-	39,823	71,863	74,648	(2,785)	-4%	140,707
% increase		13%							13%
Total Parent Municipality	154,764	173,085	-	47,616	86,991	90,985	(3,994)	-4%	173,085
		12%							12%
TOTAL SALARY, ALLOWANCES & BENEFITS	154,764	173,085	-	47,616	86,991	90,985	(3,994)	-4%	173,085
% increase		12%							12%
TOTAL MANAGERS AND STAFF	130,473	147,530	-	41,446	74,881	78,208	(3,327)	-4%	147,530

This table provides the details for councilor and employee benefits. For the second quarter the total salaries, allowances and benefits amounted to R47, 616 million which deviates with R3, 994 million from the planned figure.

Table SC9: Actual and Revised Targets for Cash Receipts

Description	Budget Year 2019/20												2019/20 Medium Term Revenue			
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget	Budget	Budget	
	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget	Year	Year +1	Year +2	
Cash Receipts By Source																
Property rates	2,340	2,014	2,246	2,012	2,102	1,991	1,823	1,823	1,823	1,823	1,823	56	21,878	27,452	28,934	
Service charges - electricity revenue	5,598	6,336	6,911	7,093	7,290	7,485	6,741	6,741	6,741	6,741	6,741	12,965	87,380	86,220	90,876	
Service charges - water revenue												-	-	-	-	
Service charges - sanitation revenue												-	-	-	-	
Service charges - refuse	428	406	338	342	360	327	335	335	335	335	335	143	4,018	4,596	4,844	
Rental of facilities and equipment	17	188	59	24	34	43	59	59	59	59	59	45	705	721	760	
Interest earned - external investments	425	456	233	41	-	-	245	245	245	245	245	564	2,946	3,105	3,272	
Interest earned - outstanding debtors	150	133	127	102	52	74	76	76	76	76	76	(104)	915	1,484	1,564	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	-	-	-	-	-	-	800	800	800	800	800	5,601	9,602	10,120	10,667	
Licences and permits	475	481	456	521	415	289	456	456	456	456	456	554	5,470	5,766	6,077	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operating	112,431	2,235	-	-	19,963	69,707	23,135	23,135	23,135	23,135	23,135	(47,392)	272,618	291,737	314,255	
Other revenue	1,285	1,215	2,271	1,371	1,521	1,458	139	139	139	139	139	(8,150)	1,664	1,754	1,849	
Cash Receipts by Source	123,149	13,464	12,640	11,507	31,737	81,374	33,809	33,809	33,809	33,809	33,809	(35,718)	407,197	432,954	463,098	
Other Cash Flows by Source																
Transfer receipts - capital	30,967	-	-	-	5,000	17,467	6,160	6,160	6,160	6,160	6,160	(10,313)	73,921	74,234	75,773	
Contributions & Contributed assets												-				
Proceeds on disposal of PPE												-				
Short term loans												-				
Borrowing long term/refinancing												-				
Increase in consumer deposits	56	113	61	(115)	2	7						(524)	(400)	(350)	(300)	
Receipt of non-current debtors			4,651	2,585	2,846	-						(10,082)				
Receipt of non-current receivables												-				
Change in non-current investments												-				
Total Cash Receipts by Source	154,172	13,577	17,352	13,977	39,585	98,849	39,969	39,969	39,969	39,969	39,969	(56,638)	480,718	506,838	538,571	
Cash Payments by Type																
Employee related costs	11,243	11,085	11,107	12,045	11,072	18,328	12,609	12,609	12,609	12,609	12,609	9,606	147,530	157,231	165,564	
Remuneration of councillors	1,936	1,903	2,102	2,238	1,951	1,981	2,130	2,130	2,130	2,130	2,130	2,796	25,554	27,266	28,093	
Interest paid	255	-	-	731	217	217	207	207	207	207	207	48	2,505	1,141	53	
Bulk purchases - Electricity	85	8,918	9,123	7,369	6,053	6,691	6,382	6,382	6,382	6,382	6,382	10,789	80,941	93,406	107,884	
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials	289	598	990	1,306	803	2,443	773	773	773	773	773	(1,176)	9,120	9,612	9,831	
Contracted services	7,339	3,265	7,503	8,035	5,181	14,370	4,990	4,990	4,990	4,990	4,990	(14,375)	56,268	58,464	61,929	
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-	-	-	3,740	3,740	3,942	4,155	
Grants and subsidies paid - other	217	228	142	209	119	347	312	312	312	312	312	(2,820)				
General expenses	6,799	3,168	4,748	5,317	2,254	5,258	4,247	4,247	4,247	4,247	4,247	(6,224)	42,552	40,284	40,150	
Cash Payments by Type	28,163	29,164	35,715	37,250	27,650	49,635	31,650	31,650	31,650	31,650	31,650	2,384	368,211	391,346	417,660	
Other Cash Flows/Payments by Type																
Capital assets	1,421	9,187	5,542	12,834	14,910	6,657	6,452	6,452	6,452	6,452	6,452	5,188	88,001	89,158	88,783	
Repayment of borrowing	754	763	771	781	790	799	807	807	807	807	807	992	9,686	11,050	2,504	
Other Cash Flows/Payments	38,713	6,411	-	9,746	-	12,347	838	838	838	838	838	(61,352)	10,055	13,000	15,000	
Total Cash Payments by Type	69,053	45,525	42,028	60,612	43,350	69,438	39,747	39,747	39,747	39,747	39,747	(52,788)	475,953	504,555	523,947	
NET INCREASE/(DECREASE) IN CASH HELD	85,119	(31,948)	(24,677)	(46,635)	(3,765)	29,411	222	222	222	222	222	(3,850)	4,764	2,283	14,624	
Cash/cash equivalents at the month/year beginning:	24,177	109,296	77,348	52,671	6,036	2,271	31,682	31,904	32,126	32,347	32,569	32,791	24,177	28,941	31,224	
Cash/cash equivalents at the month/year end:	109,296	77,348	52,671	6,036	2,271	31,682	31,904	32,126	32,347	32,569	32,791	28,941	28,941	31,224	45,848	

Supporting table SC9 provides detailed monthly cash flow statement that spells out the receipts by source and payments by type. The Quarterly cash receipts reflect an amount of R152, 411 million and the total cash payment for the Quarter were R173, 400 million and this resulted in net decrease in cash held amounting to R29, 411 million. With cash and cash equivalent of R52, 671 million at the beginning of the reporting period, the municipality closed off the month with cash and cash equivalent amounting of R31, 682 million.

Table SC12: Capital Expenditure Trend

Month	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
Monthly expenditure performance trend									
July	4,292	9,466			1,112	9,466	8,353	88%	1%
August	1,635	3,712			8,934	13,178	4,244	32%	9%
September	9,816	14,062			13,172	27,239	14,068	52%	14%
October	5,461	8,364		12,834	26,006	35,603	9,597	27%	27%
November	6,413	8,687		14,910	40,916	44,290	3,374	8%	43%
December	7,217	9,913		6,657	47,574	54,203	6,629	12%	50%
January	2,762	8,429				62,632	–		
February	5,583	4,675				67,307	–		
March	2,500	10,432				77,739	–		
April	5,844	4,917				82,656	–		
May	8,105	5,184				87,840	–		
June	11,742	7,813				95,654	–		
Total Capital expenditure	71,370	95,654	–	34,402					

Supporting table SC12 provides information on the monthly trends for capital expenditure and this tables serves as a supporting table for table C5. In terms of this table the capital expenditure for the quarter amounts to R114, 496 million. The year to date capital budget is R134, 096 million that gives rise to underspending variance of R19, 600 million.

Table SC13a: Quarterly Capital Expenditure on New Assets

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Capital expenditure on new assets by Asset Class									
Infrastructure	47,545	53,043	-	15,434	25,420	27,633	2,214	8%	53,043
Roads Infrastructure	34,057	33,521	-	8,431	12,564	17,199	4,635	27%	33,521
Roads	34,057	33,521		8,431	12,564	17,199	4,635	27%	33,521
Road Structures							-		
Road Furniture							-		
Storm water Infrastructure	-	-	-	-	-	-	-		-
Drainage Collection							-		
Electrical Infrastructure	13,487	19,522	-	7,003	12,856	10,434	(2,421)	-23%	19,522
HV Substations							-		
HV Switching Station							-		
HV Transmission Conductors							-		
MV Networks	13,487	19,522		7,003	12,856	10,434	(2,421)	-23%	19,522
Solid Waste Infrastructure	-	-	-	-	-	-	-		-
Landfill Sites							-		
Waste Transfer Stations							-		
Waste Processing Facilities							-		
Community Assets	-	-	-	-	-	-	-		-
Community Facilities	-	-	-	-	-	-	-		-
Libraries							-		
Cemeteries/Crematoria							-		
Police							-		
Other assets	4,947	900	-	-	-	733	733	100%	900
Operational Buildings	4,947	900	-	-	-	733	733	100%	900
Municipal Offices	4,947	900		-	-	733	733	100%	900
Pay/Enquiry Points							0%		
Building Plan Offices							-		
Workshops							-		
Intangible Assets	-	-	-	-	-	-	-		-
Servitudes							-		
Licences and Rights	-	-	-	-	-	-	-		-
Water Rights							-		
Computer Equipment	1,000	500	-	13	13	420	408	97%	500
Computer Equipment	1,000	500		13	13	420	408	97%	500
Furniture and Office Equipment	400	400	-	526	526	317	(209)	-66%	400
Furniture and Office Equipment	400	400		526	526	317	(209)	-66%	400
Machinery and Equipment	300	2,326	-	440	626	1,909	1,283	67%	2,326
Machinery and Equipment	300	2,326		440	626	1,909	1,283	67%	2,326
Transport Assets	-	-	-	-	-	-	-		-
Transport Assets							-		
Total Capital Expenditure on new assets	54,192	57,169	-	16,413	26,585	31,013	4,429	14%	57,169

Table SC13b: Quarterly Expenditure on Existing Assets

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Capital expenditure on renewal of existing assets by Asset Class									
Infrastructure	40,944	21,663	-	12,799	13,169	11,060	(2,109)	-19%	21,663
Roads Infrastructure	40,944	21,663	-	12,799	13,169	11,060	(2,109)	-19%	21,663
Roads	40,944	21,663		12,799	13,169	11,060	(2,109)	-19%	21,663
Road Structures							-		
Road Furniture							-		
Storm water Infrastructure	-	-	-	-	-	-	-		-
Electrical Infrastructure	-	-	-	-	-	-	-		-
HV Substations							-		
HV Switching Station							-		
HV Transmission Conductors							-		
MV Networks							-		
Solid Waste Infrastructure	-	-	-	-	-	-	-		-
Landfill Sites							-		
Waste Transfer Stations							-		
Community Assets	522	-	-	-	-	-	-		-
Community Facilities	522	-	-	-	-	-	-		-
Libraries							-		
Cemeteries/Crematoria	522	-					-		
Police							-		
Sport and Recreation Facilities	-	-	-	-	-	-	-		-
Indoor Facilities							-		
Outdoor Facilities							-		
Other assets	-	-	-	-	-	-	-		-
Operational Buildings	-	-	-	-	-	-	-		-
Municipal Offices							-		
Workshops							-		
Intangible Assets	-	-	-	-	-	-	-		-
Servitudes							-		
Licences and Rights	-	-	-	-	-	-	-		-
Water Rights							-		
Computer Equipment	-	-	-	-	-	-	-		-
Computer Equipment							-		
Furniture and Office Equipment	-	-	-	-	-	-	-		-
Furniture and Office Equipment							-		
Machinery and Equipment	-	-	-	-	-	-	-		-
Machinery and Equipment							-		
Transport Assets	-	-	-	-	-	-	-		-
Transport Assets							-		
Total Capital Expenditure on renewal of existing assets	41,466	21,663	-	12,799	13,169	11,060	(2,109)	-19.1%	21,663

Table SC13c: Quarterly Expenditure on Repairs & Maintenance

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Repairs and maintenance expenditure by Asset Class									
Infrastructure	6,704	6,756	-	2,078	3,097	3,887	789	20%	6,756
Roads Infrastructure	2,000	2,000	-	-	107	1,333	1,227	92%	2,000
Roads	2,000	2,000		-	107	1,333	1,227	92%	2,000
Road Structures							-		
Road Furniture							-		
Electrical Infrastructure	1,000	1,052	-	1,312	1,593	701	(892)	-127%	1,052
HV Substations							-		
HV Switching Station							-		
HV Transmission Conductors							-		
MV Networks	1,000	1,052		1,312	1,593	701	(892)	-127%	1,052
Solid Waste Infrastructure	3,704	3,704	-	766	1,397	1,852	455	25%	3,704
Landfill Sites	3,704	3,704		766	1,397	1,852	455	25%	3,704
Waste Transfer Stations							-		
Other assets	1,000	1,052	-	1,058	1,343	701	(642)	-92%	1,052
Operational Buildings	1,000	1,052	-	1,058	1,343	701	(642)	-92%	1,052
Municipal Offices	1,000	1,052		1,058	1,343	701	(642)	-92%	1,052
Workshops							-		
Intangible Assets	-	-	-	-	-	-	-		-
Servitudes							-		
Licences and Rights	-	-	-	-	-	-	-		-
Solid Waste Licenses							-		
Computer Equipment	-	-	-	-	-	-	-		-
Computer Equipment							-		
Furniture and Office Equipment	-	-	-	-	-	-	-		-
Furniture and Office Equipment							-		
Machinery and Equipment	1,670	1,757	-	183	718	1,112	395	35%	1,757
Machinery and Equipment	1,670	1,757		183	718	1,112	395	35%	1,757
Transport Assets	1,000	1,052	-	1,249	1,256	701	(555)	-79%	1,052
Transport Assets	1,000	1,052		1,249	1,256	701	(555)	-79%	1,052
Total Repairs and Maintenance Expenditure	10,374	10,617	-	4,568	6,415	6,402	(13)	0%	10,617

Table SC13d: Quarterly Depreciation by Asset Class

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Depreciation by Asset Class/Sub-class									
Infrastructure	34,653	39,133	-	-	-	17,161	17,161	100%	39,133
Roads Infrastructure	25,147	29,133	-	-	-	14,566	14,566	100%	29,133
Roads	25,147	29,133				14,566	14,566	100%	29,133
Road Structures							-		
Road Furniture							-		
Storm water Infrastructure	3,712	3,905	-	-	-	-	-		3,905
Attenuation							-		
Electrical Infrastructure	5,166	5,434	-	-	-	2,264	2,264	100%	5,434
HV Substations							-		
HV Switching Station							-		
HV Transmission Conductors	5,166	5,434				2,264	2,264	100%	5,434
MV Networks							-		
Solid Waste Infrastructure	629	662	-	-	-	331	331	100%	662
Landfill Sites	629	662				331	331	100%	662
Waste Transfer Stations							-		
Community Assets	2,918	3,070	-	-	-	1,535	1,535	100%	3,070
Community Facilities	2,918	3,070	-	-	-	1,535	1,535	100%	3,070
Libraries							-		
Cemeteries/Crematoria	2,918	3,070				1,535	1,535	100%	3,070
Police							-		
Other assets	2,180	2,293	-	-	-	1,147	1,147	0	2,293
Operational Buildings	2,180	2,293	-	-	-	1,147	1,147	100%	2,293
Municipal Offices	2,180	2,293				1,147	1,147	100%	2,293
Workshops							-		
Intangible Assets	378	398	-	-	-	875	875	100%	398
Servitudes							-		
Licences and Rights	378	398	-	-	-	875	875	100%	398
Computer Software and Applications	378	398				875	875	100%	398
Computer Equipment	1,518	1,597	-	-	-	798	798	100%	1,597
Computer Equipment	1,518	1,597				798	798	100%	1,597
Furniture and Office Equipment	3,817	4,015	-	-	-	2,007	2,007	100%	4,015
Furniture and Office Equipment	3,817	4,015				2,007	2,007	100%	4,015
Machinery and Equipment	2,175	2,288	-	-	-	1,144	1,144	100%	2,288
Machinery and Equipment	2,175	2,288				1,144	1,144	100%	2,288
Transport Assets	3,542	3,727	-	-	-	1,863	1,863	100%	3,727
Transport Assets	3,542	3,727				1,863	1,863	100%	3,727
Total Depreciation	51,181	56,520	-	-	-	26,531	26,531	100%	56,520

Table SC13e: Quarterly Capital Expenditure on upgrading of existing assets

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Capital expenditure on upgrading of existing assets by Asset Class									
Infrastructure	1,600	14,346	-	4,558	8,262	9,863	1,602	16%	14,346
Roads Infrastructure	-	14,346	-	4,558	8,262	9,863	1,602	16%	14,346
Roads		14,346		4,558	8,262	9,863	1,602	16%	14,346
Road Structures							-		
Road Furniture							-		
Storm water Infrastructure	-	-	-	-	-	-	-		-
Storm water Conveyance							-		
Attenuation							-		
Electrical Infrastructure	-	-	-	-	-	-	-		-
HV Substations							-		
HV Switching Station							-		
HV Transmission Conductors							-		
MV Networks							-		
Solid Waste Infrastructure	1,600	-	-	-	-	-	-		-
Landfill Sites	1,600	-					-		-
Waste Transfer Stations							-		
Community Assets	-	-	-	-	-	-	-		-
Community Facilities	-	-	-	-	-	-	-		-
Libraries							-		
Cemeteries/Crematoria							-		
Police							-		
Other assets	-	2,476	-	649	649	2,266	1,617	0	2,476
Operational Buildings	-	2,476	-	649	649	2,266	1,617	71%	2,476
Municipal Offices	-	2,476		649	649	2,266	1,617	71%	2,476
Workshops							-		
Intangible Assets	-	-	-	-	-	-	-		-
Servitudes							-		
Licences and Rights	-	-	-	-	-	-	-		-
Computer Software and Applications							-		
Computer Equipment	-	-	-	-	-	-	-		-
Computer Equipment							-		
Furniture and Office Equipment	-	-	-	-	-	-	-		-
Furniture and Office Equipment							-		
Machinery and Equipment	-	-	-	-	-	-	-		-
Machinery and Equipment							-		
Transport Assets	-	-	-	-	-	-	-		-
Transport Assets							-		
Total Capital Expenditure on upgrading of existing assets	1,600	16,822	-	5,207	8,910	12,129	3,219	27%	16,822

Supporting table SC13a, SC13b and SC13e provide details of capital expenditure in terms of asset classification based on new assets and renewal of existing assets; while table SC13c provide details of expenditure performance on repairs and maintenance by asset classification and Table SC13d presents expenditure on depreciation and asset impairment. These tables present the capital programme, and assets management and performance of the Municipality.

The capital expenditure on new assets amounted to R16, 413 million for the second quarter which reflects a 14% variance when compared to the quarterly target.

For renewal and upgrading of existing assets to R12, 799 thousand has been spent during the quarter on renewal of assets. This reflects 19.1% variance when compared to the target.

The repairs and maintenance for the quarter amounted to R4, 568 thousand reflecting a 13% variance when compared to the second quarter target

Quality certificate

I **KGWALE MAHLAGAUME MESHACK**, Acting Municipal Manager of **ELIAS MOTSOLEDI LOCAL MUNICIPALITY**, hereby certify that the quarterly report and supporting documentation for the quarter ending 31 December 2019 have been prepared in accordance with the Municipal Finance Management Act and the regulation made under the Act.

Municipal Manager of Elias Motsoaledi Local Municipality (EliM)

Signature

Date 17/01/2020

