



Monthly Budget Statement
August 2018

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Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

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Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, is spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. . In Maletswai Municipality this means votes such as Council, Financial Services, Corporate Services, Public Works etc.

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Legislative Framework

This report has been prepared in terms of the following enabling legislation. The Municipal Finance Management Act – No. 56 of 2003 Section 71: Monthly budget statements. Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations (MBRR)

PART 1 – IN-YEAR REPORT

Section 1 – Mayor’s Report

1.1 In-Year Report - Monthly Budget Statement

The report outline the financial performance and position of the municipality for the month of August. The budget of the municipality is compiled with the objective that Bitou municipality remains a financial viable and sustainable institution. The financial management and sustainability of the municipality is critical for the future of this community. We have made various financial commitments through loans and some of our plans require stable financial position of the municipality.

The financial viability is measured through the current ratio and acid test ratio. This ratios are critical in terms of evaluation the ability of the municipality to meet its short term obligations. As can be seen in the C7 Cashflow statement the municipality requires R35 to R40 million per month to be able to cover its operating cost. The current cash position as at 31st August 2018 will cover the municipality for the next three to four months.

We are usually concerned about the revenue collection ability of the institution. We have budgeted for a 95% collection rate and also targeted to cover 4600 indigent households with our indigent policy. This will only be possible if the municipality implements the policy fully and the community needs to be encouraged to pay for the service they receive from the municipality.

Section 2 – Resolutions

IN-YEAR REPORTS 2018/2019

This is the resolution that will be presented to Council when the In-Year Report is tabled:

RECOMMENDATION:

- That Council notes the monthly budget statement and supporting documentation.

Section 3 – Executive Summary

3.1 Introduction

As was said in the Mayor’s report, the monthly budget statement has been prepared in terms of the Municipal Budget and Reporting Regulations

1.2 Consolidated performance

Revenue by Source

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- The revenue for electricity did not meet the target by R6 million. The estimate cannot be accurately made due to the fact that the electricity income is based on the consumption.
- The revenue of the municipality is generally performing as expected. We do not foresee any future anomalies in this regard.

Expenditure by Type

Depreciation: The cost relating to depreciation of assets and the impairment of assets are currently not accounted for in this report. We are awaiting the depreciation run to be performed in September 2018. The expenditure for this month is therefore under estimated because of lack of depreciation costs.

Bulk Purchases: The expenditure for bulk purchases amounts to R 13 264 073.12 for August 2018, which relates to the purchase of electricity from Eskom. The expenditure on Bulk Purchases for the month of August is notably higher than the previous month.

Capital expenditure

The actual capital expenditure as at 31 August 2018 was R8 130 938.31 and accumulated capital expenditure for the months of July and August is R9 617 684.82. This represents a spending percentage of 11.73% of the annual capital budget of R 81 969 181.78. Due to the fact that we are currently at the beginning of the financial year the capital expenditure is as per trends.

Section 4 – In-year budget statement tables

4.1 Monthly budget statements

The tables included in section 4 to the end of this report are from the 'C Schedule Monthly Budget Statement' legislated as part of the MBRR.

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WC047 Bitou - Table C1 Monthly Budget Statement Summary - M02 August

Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	130,947	-	9,994	25,781	21,824	3,957	18%	130,947
Service charges	-	318,405	-	27,693	55,664	53,068	2,596	5%	318,405
Investment revenue	-	8,842	-	-	-	405	(405)	-100%	8,842
Transfers and subsidies	-	149,028	-	168	47,905	34,813	13,092	38%	149,028
Other own revenue	-	55,192	-	1,732	3,277	1,292	1,985	154%	55,192
Total Revenue (excluding capital transfers and contributions)	-	682,413	-	39,587	132,627	111,403	21,224	19%	682,413
Employee costs	-	209,541	-	15,455	30,933	34,923	(3,990)	-11%	209,541
Remuneration of Councillors	-	7,047	-	450	932	1,175	(242)	-21%	7,047
Depreciation & asset impairment	-	29,908	-	100	167	4,985	(4,818)	-97%	29,908
Finance charges	-	17,805	-	81	162	2,967	(2,805)	-95%	17,805
Materials and bulk purchases	-	115,261	-	13,392	15,397	19,210	(3,813)	-20%	115,261
Transfers and subsidies	-	11,500	-	-	2,595	1,917	678	35%	11,500
Other expenditure	-	226,503	-	11,813	26,451	37,751	(11,299)	-30%	226,503
Total Expenditure	-	617,565	-	41,291	76,638	102,927	(26,289)	-26%	617,565
Surplus/(Deficit)	-	44,848	-	(1,704)	55,989	8,476	47,513	561%	44,848
Transfers and subsidies - capital (monetary allocations)	-	38,545	-	-	1,448	6,424	(4,976)	-77%	38,545
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	83,393	-	(1,704)	57,437	14,900	42,537	285%	83,393
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	83,393	-	(1,704)	57,437	14,900	42,537	285%	83,393
Capital expenditure & funds sources									
Capital expenditure	-	81,989	-	8,131	9,618	13,662	(4,044)	-30%	81,989
Capital transfers recognised	-	34,913	-	3,005	4,391	5,819	(1,428)	-25%	34,913
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	47,056	-	5,125	5,227	7,843	(2,616)	-33%	47,056
Total sources of capital funds	-	81,969	-	8,131	9,618	13,662	(4,044)	-30%	81,969
Financial position									
Total current assets	220,437	272,215	-	-	234,013	-	-	-	-
Total non current assets	1,089,759	1,148,987	-	-	1,128,202	-	-	-	-
Total current liabilities	155,991	147,329	-	-	124,144	-	-	-	-
Total non current liabilities	240,628	234,936	-	-	240,526	-	-	-	-
Community wealth/Equity	913,577	1,038,938	-	-	997,545	-	-	-	-
Cash flows									
Net cash from (used) operating	113,601	105,292	-	(304)	46,210	17,549	(28,661)	-163%	105,292
Net cash from (used) investing	(116,116)	(66,340)	-	(8,131)	(9,615)	(11,054)	(1,439)	13%	(66,340)
Net cash from (used) financing	14,414	(18,871)	-	(62)	(123)	(3,145)	(3,022)	96%	(18,871)
Cash/cash equivalents at the month/year end	137,954	148,138	-	-	174,427	129,405	(45,022)	-35%	158,036
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	36,727	27,769	6,960	5,009	104,017	-	-	-	180,483
Creditors Age Analysis									
Total Creditors	1,592	-	-	-	-	-	-	-	1,592

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The municipality is reporting a deficit of R1.7 million for the month of August 2018 but a surplus of R55 million for year to date. The revenue for August is R39 million and the operating expenditure is R41 million. The operating expenditure exclude the provision for depreciation as the depreciation run will be done in September. This means the deficit for August is understated due to the non-inclusion of the depreciation.

As compared to the year to date budget the operating expenditure is not performing as expected and this is due to slow start experienced in the month of July. The reality is that departments don't commence with the implementation of the SDBIP in the first month of the year they rather wait for the later start.

The below tables analyse the income and expenditure by VOTE and the performance of each sub vote. As mentioned above the performance will increased with the implementation of the SDBIP.

WC047 Bitou - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Ref	Budget Year 2018/19								
		2017/18 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue - Functional										
<i>Governance and administration</i>		-	200,627	-	10,720	61,686	33,438	28,248	84%	200,627
Executive and council		-	48,059	-	79	34,744	8,010	26,735	334%	48,059
Finance and administration		-	152,568	-	10,641	26,941	25,428	1,513	6%	152,568
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	73,550	-	14	1,997	12,258	(10,261)	-84%	73,550
Community and social services		-	12,668	-	6	597	2,111	(1,514)	-72%	12,668
Sport and recreation		-	475	-	7	7	79	(72)	-92%	475
Public safety		-	375	-	1	1	62	(61)	-98%	375
Housing		-	60,033	-	-	1,392	10,006	(8,614)	-86%	60,033
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	36,551	-	303	1,036	6,092	(5,056)	-83%	36,551
Planning and development		-	9,414	-	295	912	1,569	(657)	-42%	9,414
Road transport		-	27,136	-	8	124	4,523	(4,398)	-97%	27,136
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	386,859	-	28,515	58,343	64,476	(6,133)	-10%	386,859
Energy sources		-	188,684	-	9,775	21,635	31,481	(9,846)	-31%	188,684
Water management		-	95,549	-	7,440	14,678	15,925	(1,247)	-8%	95,549
Waste water management		-	61,331	-	7,298	14,027	10,222	3,805	37%	61,331
Waste management		-	41,094	-	4,001	8,004	6,849	1,155	17%	41,094
<i>Other</i>	4	-	3,371	-	34	69	562	(493)	-88%	3,371
Total Revenue - Functional	2	-	700,958	-	39,587	123,131	116,826	6,305	5%	700,958
Expenditure - Functional										
<i>Governance and administration</i>		-	144,301	-	9,081	20,109	24,050	(3,941)	-16%	144,301
Executive and council		-	27,037	-	2,077	4,728	4,506	221	5%	27,037
Finance and administration		-	112,484	-	6,677	14,720	18,747	(4,027)	-21%	112,484
Internal audit		-	4,781	-	327	661	797	(135)	-17%	4,781
<i>Community and public safety</i>		-	128,627	-	9,011	15,090	21,438	(6,348)	-30%	128,627
Community and social services		-	21,840	-	1,189	2,351	3,640	(1,289)	-35%	21,840
Sport and recreation		-	19,440	-	1,111	2,298	3,240	(942)	-29%	19,440
Public safety		-	31,474	-	2,208	4,318	5,246	(928)	-18%	31,474
Housing		-	55,873	-	4,503	6,123	9,312	(3,189)	-34%	55,873
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	91,857	-	3,653	13,034	15,310	(2,275)	-15%	91,857
Planning and development		-	42,740	-	2,069	9,690	7,123	2,567	36%	42,740
Road transport		-	49,118	-	1,584	3,345	8,186	(4,842)	-59%	49,118
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	243,202	-	19,546	28,405	40,534	(12,129)	-30%	243,202
Energy sources		-	149,844	-	15,266	19,999	24,974	(4,975)	-20%	149,844
Water management		-	43,008	-	1,828	3,753	7,168	(3,415)	-48%	43,008
Waste water management		-	18,161	-	752	1,629	3,027	(1,397)	-46%	18,161
Waste management		-	32,169	-	1,699	3,024	5,365	(2,341)	-44%	32,169
<i>Other</i>		-	9,577	-	-	-	1,996	(1,996)	-100%	9,577
Total Expenditure - Functional	3	-	617,565	-	41,291	76,638	102,927	(26,289)	-26%	617,565
Surplus/ (Deficit) for the year		-	83,393	-	(1,704)	46,493	13,899	32,594	235%	83,393

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The table below relates to the budget performance by department. Only the corporate services and strategic services have exceeded the budget estimate. This might mean two things its either the departments are fast tracking the implementation of their projects or programme as planned to a sign of under budgeting.

WC047 Bitou - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Council		-	3,291	-	-	-	549	(549)	-100.0%	3,291
Vote 2 - Office of the Municipal Manager		-	44,767	-	-	0	7,461	(7,461)	-100.0%	44,767
Vote 3 - Community Services		-	140,928	-	4,023	10,125	23,488	(13,363)	-56.9%	140,928
Vote 4 - Corporate Services		-	360	-	79	34,744	60	34,664	57806.7%	360
Vote 5 - Financial Services		-	150,801	-	10,596	26,850	25,133	1,717	6.8%	150,801
Vote 6 - Strategic Services		-	11,578	-	375	736	1,930	(1,194)	-61.9%	11,578
Vote 7 - Engineering Services		-	349,232	-	24,514	50,676	58,205	(7,529)	-12.9%	349,232
Total Revenue by Vote	2	-	700,958	-	39,587	123,131	116,826	6,305	5.4%	700,958
Expenditure by Vote	1									
Vote 1 - Council		-	7,209	-	464	989	1,201	(212)	-17.7%	7,209
Vote 2 - Office of the Municipal Manager		-	24,609	-	1,559	2,868	4,101	(1,233)	-30.1%	24,609
Vote 3 - Community Services		-	176,758	-	11,584	20,001	29,460	(9,459)	-32.1%	176,758
Vote 4 - Corporate Services		-	31,393	-	2,080	6,003	5,232	771	14.7%	31,393
Vote 5 - Financial Services		-	62,021	-	4,058	7,238	10,337	(3,099)	-30.0%	62,021
Vote 6 - Strategic Services		-	49,887	-	1,812	9,472	6,314	1,158	13.9%	49,887
Vote 7 - Engineering Services		-	265,689	-	19,734	30,095	44,281	(14,187)	-32.0%	265,689
Total Expenditure by Vote	2	-	617,565	-	41,291	76,666	102,927	(26,262)	-25.5%	617,565
Surplus/ (Deficit) for the year	2	-	83,393	-	(1,704)	46,465	13,899	32,567	234.3%	83,393

The table below reflects the detail of the C1 table above. The electricity income is not performing as expected. This might be as a result of low consumption by consumer, inaccurate metering or overstated budget. The performance will be monitored in the next few months and if the income is not improving the budget will be adjusted downwards. The revenue for Property Rates, Sanitation and Refuse seems to be performing above estimate but this might be due to annual charges for rate payers who opted to be billed annually.

As mentioned above the operating expenditure is not operating as expected due to the fact that we are still at the start of the financial year. We are expecting the expenditure to increase in the third quarter.

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WC047 Bitou - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	Budget Year 2018/19								
		2017/18 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		-	130,947	-	9,994	25,781	21,824	3,957	18%	130,947
Service charges - electricity revenue		-	165,844	-	9,684	21,472	27,641	(6,169)	-22%	165,844
Service charges - water revenue		-	67,808	-	7,256	12,883	11,301	1,581	14%	67,808
Service charges - sanitation revenue		-	53,310	-	6,952	13,572	8,885	4,687	53%	53,310
Service charges - refuse revenue		-	31,443	-	3,800	7,737	5,241	2,497	48%	31,443
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	1,560	-	1,304	2,343	66	2,277	3442%	1,560
Interest earned - external investments		-	8,842	-	-	-	405	(405)	-100%	8,842
Interest earned - outstanding debtors		-	5,654	-	-	-	568	(568)	-100%	5,654
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	23,813	-	41	176	315	(139)	-44%	23,813
Licences and permits		-	2,500	-	10	13	3	10	331%	2,500
Agency services		-	1,372	-	-	-	-	-	-	1,372
Transfers and subsidies		-	149,028	-	168	47,905	34,813	13,092	36%	149,028
Other revenue		-	19,511	-	377	745	340	404	119%	19,511
Gains on disposal of PPE		-	782	-	-	-	-	-	-	782
Total Revenue (excluding capital transfers and contributions)		-	682,413	-	39,587	132,627	111,483	21,224	19%	662,413
Expenditure By Type										
Employee related costs		-	209,541	-	15,455	30,933	34,923	(3,990)	-11%	209,541
Remuneration of councillors		-	7,047	-	450	932	1,175	(242)	-21%	7,047
Debt impairment		-	20,112	-	1,676	3,352	3,352	0	0%	20,112
Depreciation & asset impairment		-	29,908	-	100	167	4,985	(4,818)	-97%	29,908
Finance charges		-	17,805	-	81	162	2,967	(2,805)	-95%	17,805
Bulk purchases		-	112,024	-	13,264	15,036	18,671	(3,635)	-19%	112,024
Other materials		-	3,237	-	128	361	540	(178)	-33%	3,237
Contracted services		-	139,445	-	7,181	12,438	23,241	(10,803)	-46%	139,445
Transfers and subsidies		-	11,500	-	-	2,595	1,917	678	35%	11,500
Other expenditure		-	66,946	-	2,956	10,661	11,158	(497)	-4%	66,946
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		-	617,565	-	41,291	76,638	102,927	(26,289)	-26%	617,565
Surplus/(Deficit)										
(National / Provincial and District)		-	44,848	-	(1,704)	55,989	8,478	47,513	0	44,848
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	38,545	-	-	1,448	6,424	(4,976)	(0)	38,545
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	83,393	-	(1,704)	57,437	14,900			83,393
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	83,393	-	(1,704)	57,437	14,900			83,393
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	83,393	-	(1,704)	57,437	14,900			83,393
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		-	83,393	-	(1,704)	57,437	14,900			83,393

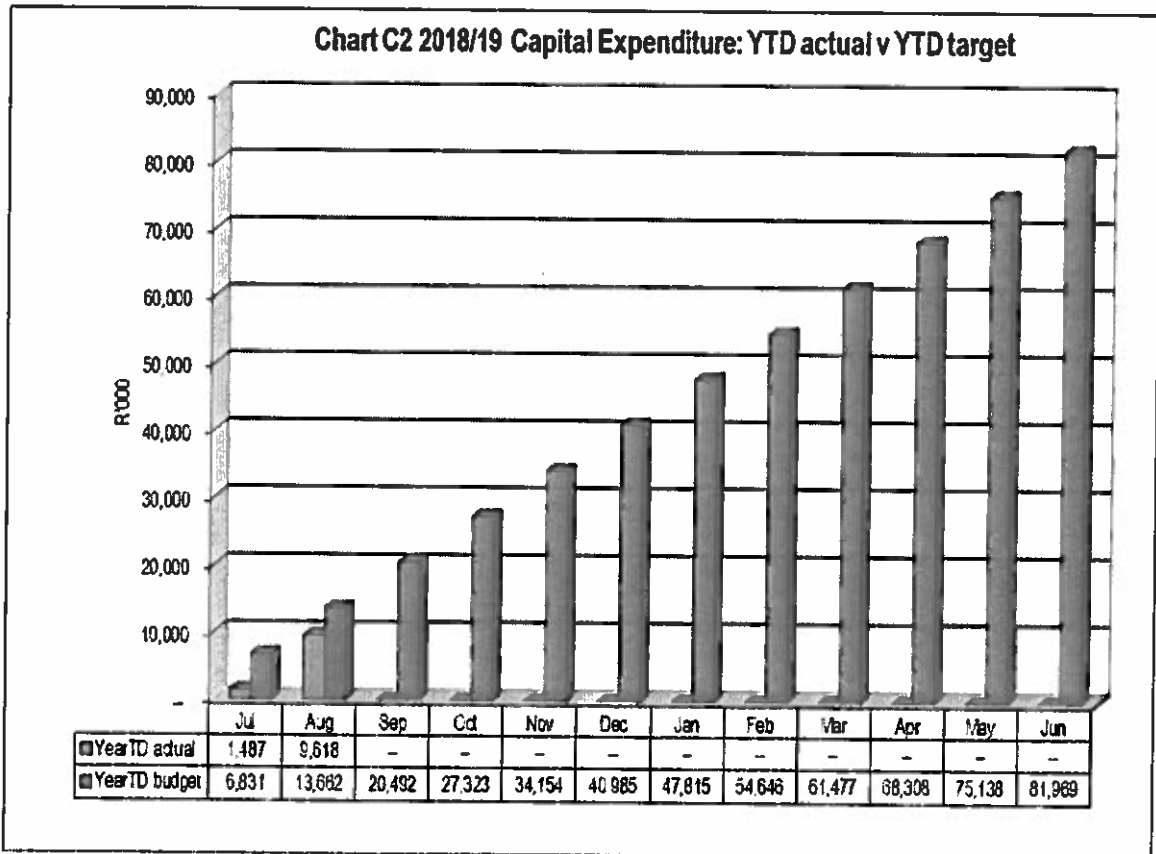
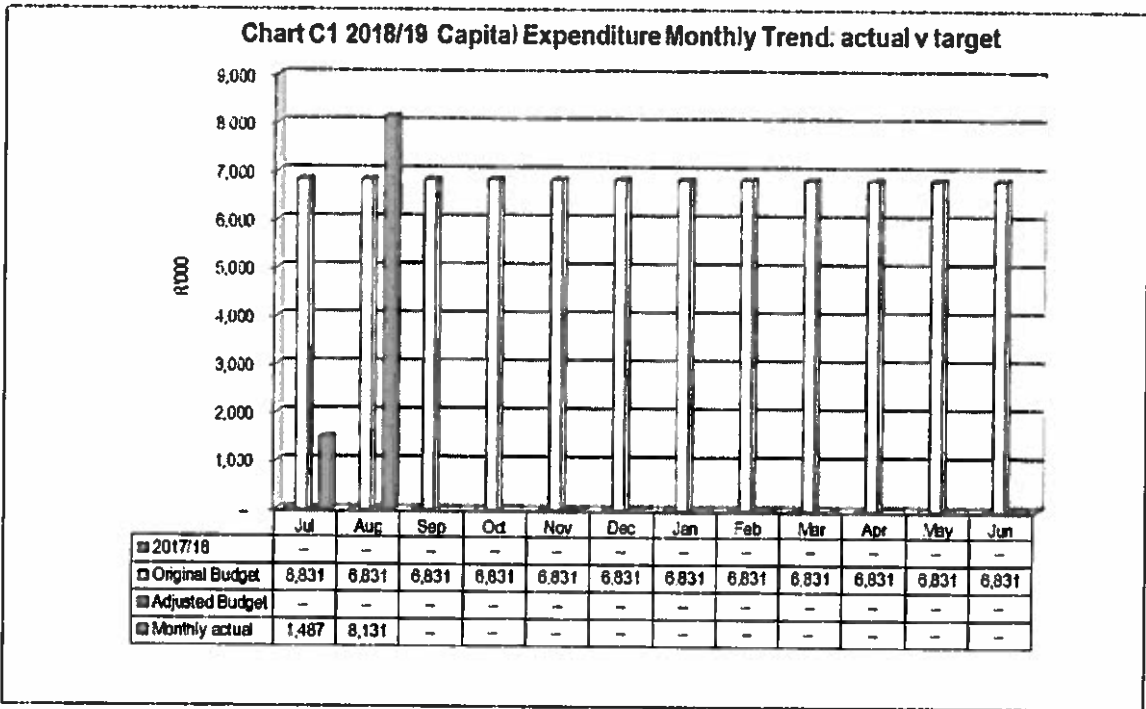
The table below reflects the capital expenditure by vote. The municipality have spent R9 million of the budgeted R81 million of the budget. We have received R10 million from MIG for the current trench and the plan is to spend those funds in terms of the infrastructure expenditure plan.

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WC047 Bitou - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		-	2,092	-	48	48	349	(301)	-86%	2,092
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	2,092	-	48	48	349	(301)	-86%	2,092
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	6,031	-	1,235	1,640	888	752	85%	6,031
Community and social services		-	703	-	-	-	117	(117)	-100%	703
Sport and recreation		-	4,978	-	1,235	1,640	830	810	98%	4,978
Public safety		-	350	-	-	-	58	(58)	-100%	350
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	27,318	-	4,048	4,605	4,553	52	1%	27,318
Planning and development		-	2,094	-	-	-	349	(349)	-100%	2,094
Road transport		-	25,224	-	4,048	4,605	4,204	401	10%	25,224
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	46,528	-	2,800	3,325	7,755	(4,430)	-57%	46,528
Energy sources		-	12,306	-	-	-	2,051	(2,051)	-100%	12,306
Water management		-	13,820	-	218	324	2,303	(1,900)	-86%	13,820
Waste water management		-	19,402	-	2,582	3,001	3,234	(232)	-7%	19,402
Waste management		-	1,000	-	-	-	167	(167)	-100%	1,000
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	-	81,969	-	8,131	9,618	13,544	(3,927)	-29%	81,969
Funded by:										
National Government		-	24,210	-	3,005	4,391	4,035	356	9%	24,210
Provincial Government		-	10,703	-	-	-	1,784	(1,784)	-100%	10,703
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	34,913	-	3,005	4,391	5,819	(1,428)	-25%	34,913
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	47,056	-	5,125	5,227	7,843	(2,616)	-33%	47,056
Total Capital Funding		-	81,969	-	8,131	9,618	13,662	(4,044)	-30%	81,969

BITOU LOCAL MUNICIPALITY



The table below reflects the statement of financial position of the municipality. The total current assets of the municipality have increased by R14 million to R234 million. The increase is attributed to the increase in the cash and cash equivalent due to the recent equitable shares received. The current liabilities have decreased to R124 million as

BITOU LOCAL MUNICIPALITY

compared to the R155 at the beginning of the financial year. The major contribution in the decrease is the standard implemented by management of ensuring that creditors are paid within 30 days.

The decrease will also be due to decrease in the expenditure for the past two months. The creditors are influenced by spending and due to slow start in the implementation of the projects and the under performance by operating expenditure this might have direct impact in the current liabilities. The municipality continues to honour its long term liabilities from various funders.

The current ratio of the municipality is 1.89 and liquidity ratio is 1.32. The substantial impairment of the household debtors has direct impact in the current ratio. The .50 reduction in the liquidity ratio as compared to the current ratio is mainly due to the fact that the R60 million relating to outstanding debt is deemed non-monetary. These no signs currently that the municipality may experience any serious financial situation.

WC047 Bitou - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	Budget Year 2018/19				
		2017/18 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		140,813	77,970		98,068	-
Call investment deposits		-	121,963		66,482	-
Consumer debtors		33,575	68,078		33,575	-
Other debtors		35,962	4,202		27,413	-
Current portion of long-term receivables		3	2		-	-
Inventory		10,083	-		8,475	-
Total current assets		220,437	272,215	-	234,013	-
Non current assets						
Long-term receivables		9	7		2	-
Investments		6 853	8,090		6 853	-
Investment property		26,620	55,425		55,452	-
Investments in Associate		-	-		-	-
Property, plant and equipment		1,056,100	1,084,837		1,065,718	-
Agricultural		-	-		-	-
Biological assets		-	-		-	-
Intangible assets		143	592		143	-
Other non-current assets		35	35		35	-
Total non current assets		1,089,759	1,148,987	-	1,128,202	-
TOTAL ASSETS		1,310,195	1,421,202	-	1,362,216	-
LIABILITIES						
Current liabilities						
Bank overdraft		-	-		-	-
Borrowing		20,904	19,804		18,256	-
Consumer deposits		7,996	6,910		8,001	-
Trade and other payables		74,570	78,244		59,781	-
Provisions		52,520	44,370		38,106	-
Total current liabilities		155,991	147,329	-	124,144	-
Non current liabilities						
Borrowing		140,691	122 206		140,691	-
Provisions		99,937	112 730		99 836	-
Total non current liabilities		240,628	234,936	-	240,526	-
TOTAL LIABILITIES		396,619	382,265	-	364,670	-
NET ASSETS	2	913,577	1,038,937	-	997,545	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		864,722	973 535		920,710	-
Reserves		48,855	65,403		76 835	-
TOTAL COMMUNITY WEALTH/EQUITY	2	913,577	1,038,938	-	997,545	-

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We are reporting a negative net cash from operating activities of R304 thousand for the month of August. The net cash from operating activities for the year to date is R46 million. The results are positive and its mainly influence by R60 million grants we received in the last month. The positive operating cash activities should be maintained even though is not planned due to fluctuations in the budget. Net cash from investing activities is influenced by payments relating to capital spending. The financing activities are mostly influenced by the repayment of the loans and the interest.

WC047 Bitou - Table C7 Monthly Budget Statement - Cash Flow - M02 August

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		113,361	121,803	-	10,004	18,754	20,301	(1,546)	-8%	121,803
Service charges		234,036	296,172	-	22,089	43,260	49,362	(6,102)	-12%	296,172
Other revenue		45,875	30,053	-	1,732	2,456	5,009	(2,553)	-51%	30,053
Government - operating		104,838	149,028	-	12,901	50,956	24,838	26,118	105%	149,028
Government - capital		66,575	38,545	-	-	10,850	6,424	4,426	69%	38,545
Interest		18,329	14,101	-	-	568	2,350	(1,782)	-76%	14,101
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(447,756)	(517,337)	-	(46,949)	(77,877)	(86,223)	(8,346)	10%	(517,337)
Finance charges		(17,658)	(15,572)	-	(81)	(162)	(2,595)	(2,433)	94%	(15,572)
Transfers and Grants		(4,000)	(11,500)	-	-	(2,595)	(1,917)	678	-35%	(11,500)
NET CASH FROM/(USED) OPERATING ACTIVITIES		113,601	105,292	-	(304)	46,210	17,549	(28,661)	-163%	105,292
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(2,307)	1,274	-	-	-	212	(212)	-100%	1,274
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		3	2	-	-	3	3	-	-	2
Decrease (increase) in non-current investments		(750)	(1,146)	-	-	-	(191)	191	-100%	(1,146)
Payments										
Capital assets		(113,062)	(66,470)	-	(8,131)	(9,618)	(11,078)	(1,461)	13%	(66,470)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(116,116)	(66,340)	-	(8,131)	(9,615)	(11,054)	(1,439)	13%	(66,340)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		30,874	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		1,705	352	-	-	-	59	(59)	-100%	352
Payments										
Repayment of borrowing		(18,164)	(19,223)	-	(62)	(123)	(3,204)	(3,081)	96%	(19,223)
NET CASH FROM/(USED) FINANCING ACTIVITIES		14,414	(18,871)	-	(62)	(123)	(3,145)	(3,022)	96%	(18,871)
NET INCREASE/ (DECREASE) IN CASH HELD		11,899	20,081	-	(8,497)	36,472	3,350			20,081
Cash/cash equivalents at beginning:		126,055	126,055	-		137,954	126,055			137,954
Cash/cash equivalents at month/year end:		137,954	146,136	-		174,427	129,405			158,036

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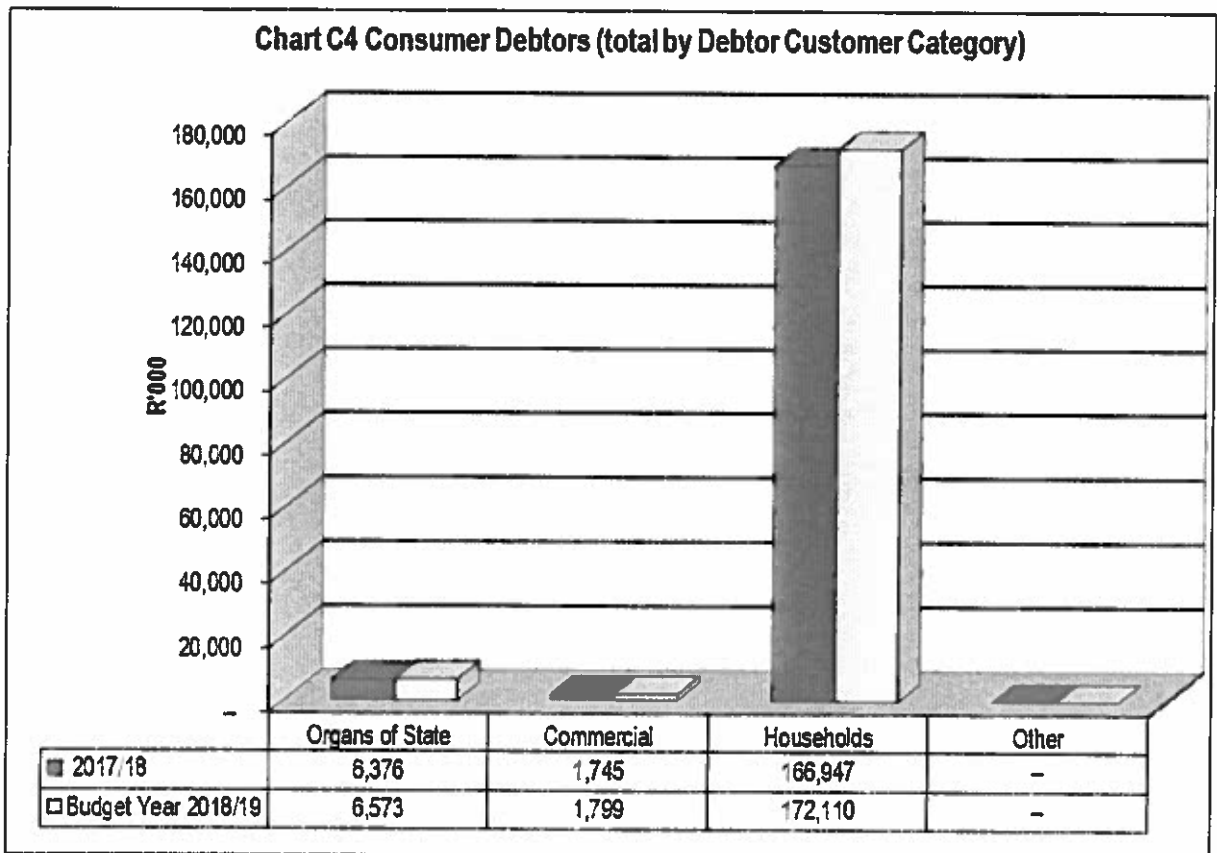
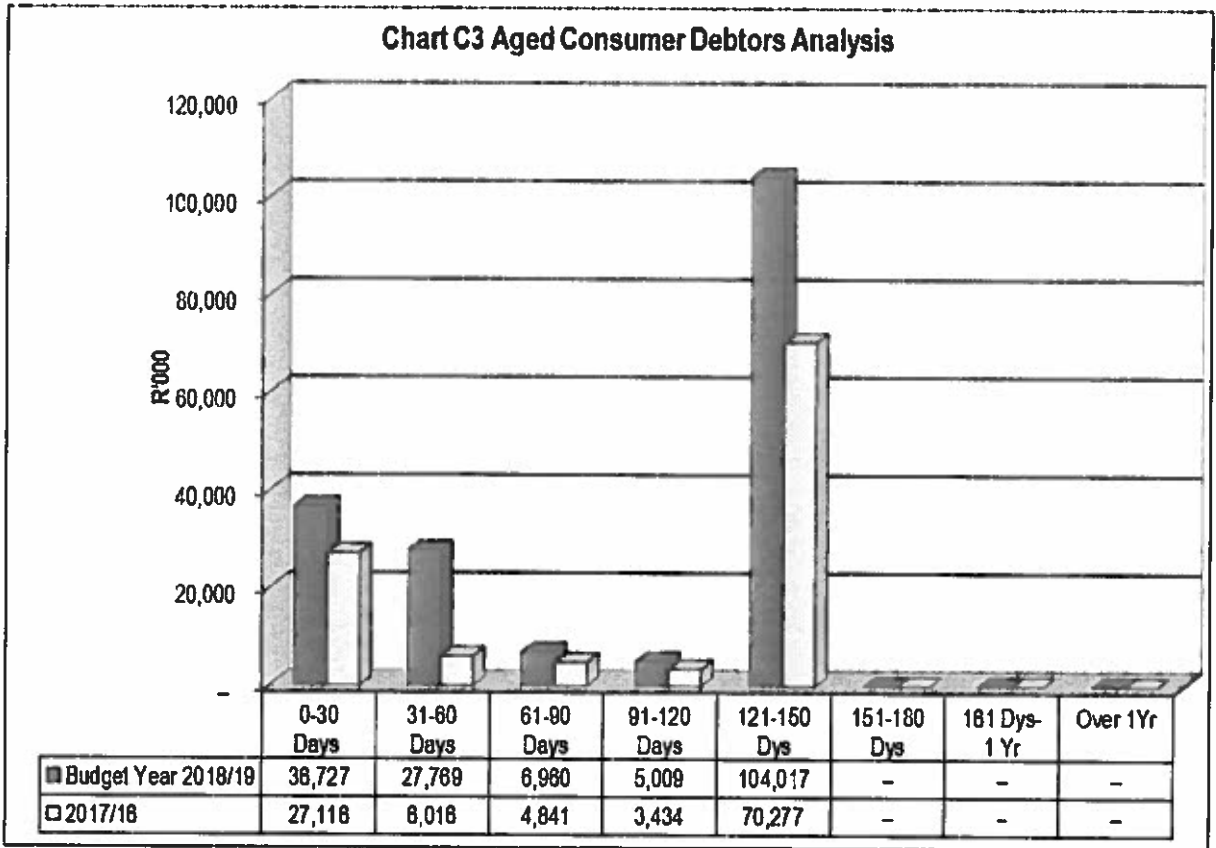
Section 5 – Debtors' analysis

5.1 Supporting Table SC3

WC047 Bitou - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2018/19						Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys			
R thousands									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	1200	6,580	4,063	1,659	1,057	24,130	37,490	25,187	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	10,314	2,050	1,458	590	7,441	21,853	8,030	
Receivables from Non-exchange Transactions - Property Rates	1400	8,370	15,192	1,507	1,166	25,084	51,319	26,250	
Receivables from Exchange Transactions - Waste Water Management	1500	7,128	4,050	1,395	1,342	21,161	35,076	22,503	
Receivables from Exchange Transactions - Waste Management	1600	4,206	2,306	835	790	20,367	28,504	21,157	
Receivables from Exchange Transactions - Property Rental Debtors	1700						-	-	
Interest on Arrear Debtor Accounts	1810						-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820						-	-	
Other	1900	130	108	106	63	5,835	6,242	5,898	
Total By Income Source	2000	36,727	27,769	6,960	5,009	104,017	180,483	109,026	
2017/18 - totals only		27,118	6,016	4,841	3,434	70,277	111,686	73,711	
Debtors Age Analysis By Customer Group									
Organs of State	2200	299	2,304	177	168	3,626	6,573	3,794	
Commercial	2300	422	280	639	29	430	1,799	459	
Households	2400	36,007	25,185	6,145	4,812	99,961	172,110	104,774	
Other	2500						-	-	
Total By Customer Group	2600	36,727	27,769	6,960	5,009	104,017	180,483	109,026	

Debtors' age analysis: According to the age analysis the total outstanding debt is R 180 million. Total debt over 90 days is R109 million. As presented in the table R104 million of the debt outstanding more than 90 days relates to households. The reduction in the debt will only be successful if Council and Administration have the same objective. Currently these different view on how the outstanding debt needs to be tackled and this create a lot of uncertainty in the drive to reduce debt.



BITOU LOCAL MUNICIPALITY

Section 6 – Creditors' analysis

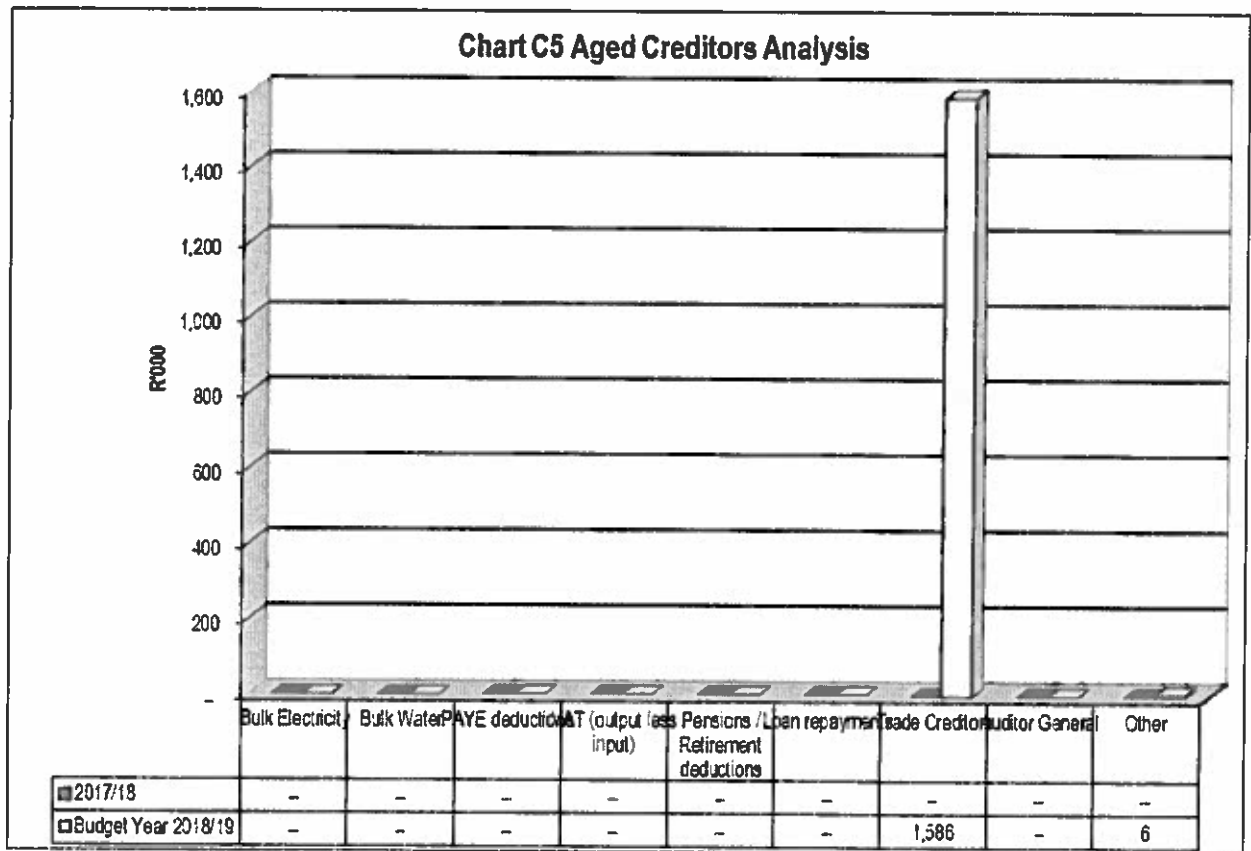
6.1 Supporting Table SC4

Table SC4 reflects the trade creditors, Auditor General, ESKOM and other creditors.

WC047 Bitou - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description R thousands	NT Code	Budget Year 2018/19								
		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	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	1,586	-	-	-	-	-	-	-	1,586
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	6	-	-	-	-	-	-	-	6
Total By Customer Type	1000	1,592	-	-	-	-	-	-	-	1,592

The municipality have paid all the outstanding creditors as at 31st August 2018. The creditors reflected above relates to goods received notes were invoices haven't been received.



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Section 7 – Investment portfolio analysis

7.1 Supporting Table SC5

WC047 Bitou - Supporting Table SC5 Monthly Budget Statement - Investment portfolio - M02 August

Investments by maturity Name of Institution & Investment ID	Ref	Period of Investment	Type of Investment	Expiry date of Investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
R thousands									
Municipality									
Inveslac: 1100443838501		Call deposit	Call deposit	Call deposit	55	6.4%	10 173	55	10 228
Inveslac: 1100443838500		Call deposit	Call deposit	Call deposit	109	6.4%	20 347	110	20 456
Nedbank: 03/7881052406/000075		LONG TERM	Fixed deposit	30/12/2022	-	14.2%	6 853	-	6 853
Nedbank: 03/7881052406/000083		180 DAYS	Fixed deposit	17/07/2018	-	8.1%	-	-	-
Absa:4094254679		Call deposit	Call deposit	Call deposit	28	6.4%	5 086	28	5 114
Absa:4094254174		Call deposit	Call deposit	Call deposit	55	6.4%	10 173	55	10 228
Absa:4094250421		Call deposit	Call deposit	Call deposit	110	6.4%	20 345	110	20 456
Municipality sub-total					357		72 977	358	73 334
Entities									
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				357		72 977	358	73 334

Investment Management

The market value of investments at the end of the August 2018 amounts to R73 334 495.58 compared to R72 976 512.28 in July 2018. This is due to interest accrued for the month of August 2018.

Municipal manager's quality certification

Municipal manager's quality certification
27. An in-year report must be covered by a quality certificate in the format described below:

QUALITY CERTIFICATE

I, Thabo C. Ndlovu, the Municipal Manager of Bitou Local Municipality, hereby certify that

(mark as appropriate)

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state of affairs of the municipality
- mid-year budget and performance assessment

for the month of August 2018 of 2018/2019 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Signature



Print Name: Thabo C. Ndlovu

Municipal Manager of Bitou Local Municipality – WC047

Date

14/09/2018