

# Harry Gwala District Municipality

MFMA s71 & s52 (d) report for the period ending 30 June 2017.

Budget & Treasury Office

Table of Contents

<b>1.1</b>	<b>Mayors Report</b> .....	<b>5</b>
<b>1.2</b>	<b>Executive Summary</b> .....	<b>6</b>
	<b>DELIBERATION</b> .....	<b>7</b>
<b>1.3</b>	<b>Resolutions</b> .....	<b>8</b>
<b>1.4</b>	<b>Monthly Budget Statement Tables</b> .....	<b>9</b>
<b>2.1</b>	<b>Debtors Analysis</b> .....	<b>17</b>
<b>2.2</b>	<b>Creditors Analysis</b> .....	<b>20</b>
<b>2.3</b>	<b>Investment Portfolio Analysis</b> .....	<b>21</b>
<b>2.4</b>	<b>Allocation and Grant receipts and Expenditure</b> .....	<b>21</b>
<b>2.5</b>	<b>Councillor and Staff Benefits</b> .....	<b>24</b>
<b>2.6</b>	<b>Material Variances to the SDBIP</b> .....	<b>25</b>
<b>2.7</b>	<b>Municipal Manager’s Quality’s Certificate</b> .....	<b>36</b>

## 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.

**AFS** – Annual Financial Statements

**Budget** – The financial plan of the Municipality.

**Capital expenditure** - Spending on assets such as infrastructure, land & buildings minor assets etc. Any capital expenditure must be reflected as an asset on the Municipality's statement of financial position.

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

**Equitable share** – An unconditional grant paid to municipalities. It is predominantly targeted towards funding the Indigent Policy.

**FMG** – Financial Management Grant.

**GRAP** – Generally Recognised Accounting Practice. The 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 legislation relating to municipal financial management.

**MIG** – Municipal Infrastructure Grant.

**MTREF** – Medium Term Revenue and Expenditure Framework (MTREF). The medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes financial information of the previous and current year.

**Operating expenditure** – Spending on the day to day expenses of the Municipality such as salaries and wages, repairs and maintenance etc.

**SDBIP** – Service Delivery and Budget Implementation Plan (SDBIP). A detailed plan comprising annual and quarterly performance information. Harry Gwala District Municipality MFMA s71 Monthly Report Page 5

**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.

**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 which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. .

**YTD** – Year to date

**YoY** – Year on Year

**DBSA** – Development Bank of South Africa

## **1. PART 1 – MONTHLY REPORT**

### **1.1 Mayors Report**

#### **1.1.2 Implementation of the budget in accordance with the SDBIP**

A comprehensive report detailing the implementation for the fourth quarter ended 30 June 2017 will be tabled in a separate report to council.

#### **1.1.3 Financial problems or risks facing the municipality**

The cash flow position as at 30 June 2017 of the Municipality shows an enormous decrease when compared to the previous financial year. However, in its 2016/17 budget, the municipality will seek to monitor the expenditure and consider reducing non-essential expenditure by implementing cost containment measures as per Municipal Finance Management Act circular 82 to improve cash position and continue to implement the “belt-tightening” measures.

The municipality also need to improve more in collection in order to reduce consumer debts as the will immensely contribute towards the municipality’s cash flow. Improving the debt collection will continue to rank high in the municipality’s priorities as we seek to improve financial sustainability.

## 1.2 Executive Summary

### Legislative Requirements

In terms of the section 71 of the MFMA the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) Actual revenue, per revenue source;
- (b) actual borrowings;
- (c) actual expenditure, per vote;
- (d) actual capital expenditure, per vote;
- (e) the amount of any allocations received;
- (f) actual expenditure on those allocations, excluding expenditure on—
  - (i) its share of the local government equitable share; and
  - (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) when necessary, an explanation of—
  - (i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
  - (ii) any material variances from the service delivery and budget implementation plan; and
  - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's

## **DELIBERATION**

The discussion that follows, in terms of MFMA Section 71 & Section 52 (d) above, intends to inform the Council on the progress made thus far in terms of implementing the 2016/2017 budget for the period ending 30 June 2017.

### **Revenue by Source**

The Year-to-Date actual revenue is 104% when compared to the YTD budget.

### **Borrowings**

The balance of borrowings amounts to R15, 6m at the end of June 2017. This balance is made up of the loan with ABSA Bank.

### **Operating expenditure by vote & type**

Operating expenditure is at 112% when compared to YTD budget for the period ending June 2017.

### **Capital expenditure**

The YTD expenditure on capital amounts to R162, 7 million, or 52%, of a total budget of R311, 8million. Capital expenditure is mainly funded by means of national grants in the form of Municipal Infrastructure Grant.

### **Cash flows**

The municipality started the year with a positive cashbook balance of R5, 8 million and the closing balance as at 30 June 2017 amounts to R5, 8million. Refer to Supporting Table C6 for more detail on the cash position.

### **Allocations received (National & Provincial Grants)**

All DORA allocations for 2016/2017 fourth Quarter have been received as per payment schedule. Details of the grants have been presented in SC6.

### **Spending on Grants**

Spending on grants amounted to R162, 7 million or 52% for 2016/17 fourth quarter.

### **1.3 Resolutions**

The following recommendations are linked to the responsibilities of the Mayor as contained in s54 of the MFMA.

It is recommended that the Mayor;

1. Notes the monthly budget statement and any other supporting documentation
2. Notes the quarterly report on the implementation of the budget in terms of s52 (d) of the MFMA

## 1.4 Monthly Budget Statement Tables

### Monthly Budget Statements Summary

Table C1 below provides a summary of the overall performance in the Municipality and is unpacked in the sections that follow.

DC43 Harry Gwala - Table C1 Monthly Budget Statement Summary - M12 June

Description	2015/16	Budget Year 2016/17							
	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	-	-	-	-	-	-	-	-	-
Service charges	55 822	60 553	52 255	5 842	79 839	52 255	27 584	53%	52 255
Investment revenue	3 375	3 500	5 500	211	5 281	5 500	(219)	-4%	5 500
Transfers recognised - operational	260 403	277 632	300 862	-	265 513	300 862	(35 349)	-12%	300 862
Other own revenue	9 098	9 109	17 215	3 762	20 474	17 215	3 259	19%	17 215
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328 699</b>	<b>350 794</b>	<b>375 831</b>	<b>9 814</b>	<b>371 107</b>	<b>375 831</b>	<b>(4 724)</b>	<b>-1%</b>	<b>375 831</b>
Employee costs	116 031	125 313	133 598	10 892	119 147	133 598	(14 451)	-11%	133 598
Remuneration of Councillors	7 321	7 906	7 906	442	5 002	7 906	(2 904)	-37%	7 906
Depreciation & asset impairment	30 000	31 874	42 534	(7 533)	29 423	42 534	(13 111)	-31%	42 534
Finance charges	1 114	1 926	2 010	916	1 926	2 010	(84)	-4%	2 010
Materials and bulk purchases	9 852	10 709	10 709	1 277	7 186	10 709	(3 524)	-33%	10 709
Transfers and grants	18 096	20 000	17 333	-	17 333	17 333	-	-	17 333
Other expenditure	204 636	184 675	223 474	155 410	308 771	223 474	85 297	38%	223 474
<b>Total Expenditure</b>	<b>387 050</b>	<b>382 404</b>	<b>437 564</b>	<b>161 404</b>	<b>488 788</b>	<b>437 564</b>	<b>51 224</b>	<b>12%</b>	<b>437 564</b>
<b>Surplus/(Deficit)</b>	<b>(58 351)</b>	<b>(31 610)</b>	<b>(61 733)</b>	<b>(151 590)</b>	<b>(117 681)</b>	<b>(61 733)</b>	<b>(55 948)</b>	<b>91%</b>	<b>(61 733)</b>
Transfers recognised - capital	244 290	335 772	9 560	-	343 406	7 966	335 440	4211%	309 101
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>185 939</b>	<b>304 163</b>	<b>(52 173)</b>	<b>(151 590)</b>	<b>225 725</b>	<b>(53 767)</b>	<b>279 492</b>	<b>-520%</b>	<b>247 368</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(52 173)</b>	<b>(151 590)</b>	<b>225 725</b>	<b>(53 767)</b>	<b>279 492</b>	<b>-520%</b>	<b>247 368</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>311 833</b>	<b>28 995</b>	<b>162 792</b>	<b>311 833</b>	<b>(149 041)</b>	<b>-48%</b>	<b>311 833</b>
Capital transfers recognised	244 290	335 772	309 101	28 372	161 211	309 101	(147 890)	-48%	309 101
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	5 948	12 282	2 732	623	1 581	2 732	(1 151)	-42%	2 732
<b>Total sources of capital funds</b>	<b>250 238</b>	<b>348 054</b>	<b>311 833</b>	<b>28 995</b>	<b>162 792</b>	<b>311 833</b>	<b>(149 041)</b>	<b>-48%</b>	<b>311 833</b>
<b>Financial position</b>									
Total current assets	65 577	96 627	67 392	-	120 863	-	-	-	96 627
Total non current assets	1 572 358	1 914 112	1 877 891	-	1 653 977	-	-	-	1 914 112
Total current liabilities	108 886	60 999	233 003	-	98 766	-	-	-	60 999
Total non current liabilities	31 018	29 859	29 859	-	40 981	-	-	-	29 859
<b>Community wealth/Equity</b>	<b>1 498 031</b>	<b>1 919 882</b>	<b>1 682 421</b>	-	<b>1 635 093</b>	-	-	-	<b>1 919 882</b>
<b>Cash flows</b>									
Net cash from (used) operating	263 590	329 265	279 413	2 446	179 929	232 844	52 915	23%	279 413
Net cash from (used) investing	(276 912)	(310 943)	(274 721)	(24 986)	(158 783)	(228 934)	(70 152)	31%	(274 721)
Net cash from (used) financing	(2 694)	(2 822)	(4 369)	(4 010)	(5 463)	(3 641)	1 822	-50%	(4 369)
<b>Cash/cash equivalents at the month/year end</b>	<b>9 855</b>	<b>35 377</b>	<b>6 142</b>	<b>-</b>	<b>21 503</b>	<b>6 088</b>	<b>(15 415)</b>	<b>-253%</b>	<b>6 142</b>
<b>Debtors &amp; creditors analysis</b>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	9 158	6 834	13 921	4 513	3 556	3 800	16 613	125 539	183 934
<b>Creditors Age Analysis</b>									
Total Creditors	7 249	1 112	1 190	3 462	-	-	-	-	13 012

## Financial Performance

Table C2 provides the statement of financial performance by standard classification.

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M12 June

Description	2015/16	Budget Year 2016/17							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 - Standard</b>									
<i>Governance and administration</i>	255 059	274 973	284 037	3 860	284 948	284 037	911	0%	284 037
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	255 059	274 973	284 037	3 860	284 948	284 037	911	0%	284 037
Corporate services	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	1 100	400	-	-	-	-	-	-	-
Planning and development	1 100	400	-	-	-	-	-	-	-
<i>Trading services</i>	316 829	411 194	400 895	5 954	429 565	400 895	28 671	7%	400 895
Electricity	-	-	-	-	-	-	-	-	-
Water	56 539	60 550	62 251	-	348 671	62 251	286 420	460%	62 251
Waste water management	260 290	350 644	338 644	5 954	80 895	338 644	(257 749)	-76%	338 644
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>572 988</b>	<b>686 567</b>	<b>684 932</b>	<b>9 814</b>	<b>714 513</b>	<b>684 932</b>	<b>29 581</b>	<b>4%</b>	<b>684 932</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	131 608	143 616	137 169	18 896	114 864	137 169	(22 305)	-16%	137 169
Executive and council	24 484	29 224	22 463	3 282	18 955	22 463	(3 508)	-16%	22 463
Budget and treasury office	63 444	64 031	59 112	5 619	33 896	59 112	(25 216)	-43%	59 112
Corporate services	43 680	50 362	55 594	9 996	62 013	55 594	6 419	12%	55 594
<i>Economic and environmental services</i>	52 428	58 937	50 845	2 207	43 957	50 845	(6 888)	-14%	50 845
Planning and development	52 428	58 937	50 845	2 207	43 957	50 845	(6 888)	-14%	50 845
<i>Trading services</i>	203 013	179 851	249 551	140 301	329 968	249 551	80 417	32%	249 551
Electricity	-	-	-	-	-	-	-	-	-
Water	159 142	146 344	182 845	12 550	128 985	182 845	(53 860)	-29%	182 845
Waste water management	43 872	33 506	66 705	127 751	200 982	66 705	134 277	201%	66 705
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>387 050</b>	<b>382 404</b>	<b>437 564</b>	<b>161 404</b>	<b>488 788</b>	<b>437 564</b>	<b>51 224</b>	<b>12%</b>	<b>437 564</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>247 368</b>	<b>(151 590)</b>	<b>225 725</b>	<b>247 368</b>	<b>(21 643)</b>	<b>-9%</b>	<b>247 368</b>

This table assess the revenue by department and then the expenditure for the period ending 30 June 2017. Revenue receipts in June has largely constituted of by service charges which is water and sanitation.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Services has largest expenditure accounting for 71% of the YTD expenditure for the period ending 30 June 2017. This being largely attributable to the backlog demand of operations and maintenance of water schemes in the District.

Table C3 presents the same information as the table above, the difference being that it's by Municipal vote.

DC43 Harry Gwala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	2015/16	Budget Year 2016/17							
	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 - Mayor	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager Admin	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Administration	255 059	274 973	284 037	3 860	284 948	284 037	911	0,3%	284 037
Vote 4 - Corporate services admin	-	-	-	-	-	-	-	-	-
Vote 5 - Social economic & development planning admin	1 100	400	-	-	-	-	-	-	-
Vote 6 - Infrastructure services admin	260 290	350 644	338 644	5 954	80 895	338 644	(257 749)	-76,1%	338 644
Vote 7 - Water services admin	56 539	60 550	62 251	-	348 671	62 251	286 420	460,1%	62 251
<b>Total Revenue by Vote</b>	<b>572 988</b>	<b>686 567</b>	<b>684 932</b>	<b>9 814</b>	<b>714 513</b>	<b>684 932</b>	<b>29 581</b>	<b>4,3%</b>	<b>684 932</b>
<b>Expenditure by Vote</b>									
Vote 1 - Mayor	12 024	12 382	9 763	2 288	8 445	9 763	(1 318)	-13,5%	9 763
Vote 2 - Municipal Manager Admin	12 460	16 841	12 700	994	10 511	12 700	(2 190)	-17,2%	12 700
Vote 3 - Budget & Treasury Administration	63 444	64 031	59 112	5 619	33 896	59 112	(25 216)	-42,7%	59 112
Vote 4 - Corporate services admin	43 680	50 362	55 594	9 996	62 013	55 594	6 419	11,5%	55 594
Vote 5 - Social economic & development planning admin	52 428	58 937	50 845	2 207	43 957	50 845	(6 888)	-13,5%	50 845
Vote 6 - Infrastructure services admin	43 872	34 982	66 705	127 751	200 982	66 705	134 277	201,3%	66 705
Vote 7 - Water services admin	159 142	144 869	182 845	12 550	128 985	182 845	(53 860)	-29,5%	182 845
<b>Total Expenditure by Vote</b>	<b>387 050</b>	<b>382 404</b>	<b>437 564</b>	<b>161 404</b>	<b>488 788</b>	<b>437 564</b>	<b>51 224</b>	<b>11,7%</b>	<b>437 564</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>247 368</b>	<b>(151 590)</b>	<b>225 725</b>	<b>247 368</b>	<b>(21 643)</b>	<b>-8,7%</b>	<b>247 368</b>

## Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 30 June 2017.

DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	2015/16	Budget Year 2016/17							
	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 Source</b>									
Property rates							-		
Property rates - penalties & collection charges							-		
Service charges - electricity revenue							-		
Service charges - water revenue	38 329	40 714	35 488	4 089	55 887	35 488	20 400	57%	35 488
Service charges - sanitation revenue	16 461	17 449	15 209	1 753	23 952	15 209	8 743	57%	15 209
Service charges - refuse revenue	-	-	-	-	-	-	-		-
Service charges - other	1 032	2 391	1 558	-	-	1 558	(1 558)	-100%	1 558
Rental of facilities and equipment							-		
Interest earned - external investments	3 375	3 500	5 500	211	5 281	5 500	(219)	-4%	5 500
Interest earned - outstanding debtors	8 000	8 500	15 158	1 468	16 395	15 158	1 237	8%	15 158
Transfers recognised - operational	260 403	277 632	300 862	-	265 513	300 862	(35 349)	-12%	300 862
Other revenue	1 098	609	2 057	2 293	4 079	2 057	2 023	98%	2 057
Gains on disposal of PPE							-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328 699</b>	<b>350 794</b>	<b>375 831</b>	<b>9 814</b>	<b>371 107</b>	<b>375 831</b>	<b>(4 724)</b>	<b>-1%</b>	<b>375 831</b>
<b>Expenditure By Type</b>									
Employee related costs	116 031	125 313	133 598	10 892	119 147	133 598	(14 451)	-11%	133 598
Remuneration of councillors	7 321	7 906	7 906	442	5 002	7 906	(2 904)	-37%	7 906
Debt impairment	24 692	25 394	25 394	-	-	25 394	(25 394)	-100%	25 394
Depreciation & asset impairment	30 000	31 874	42 534	(7 533)	29 423	42 534	(13 111)	-31%	42 534
Finance charges	1 114	1 926	2 010	916	1 926	2 010	(84)	-4%	2 010
Bulk purchases	9 852	10 709	10 709	1 277	7 186	10 709	(3 524)	-33%	10 709
Contracted services	53 356	44 923	28 075	6 028	27 945	28 075	(129)	0%	28 075
Transfers and grants	18 096	20 000	17 333	-	17 333	17 333	-		17 333
Other expenditure	126 589	114 358	170 006	19 237	150 682	170 006	(19 324)	-11%	170 006
Loss on disposal of PPE				130 144	130 144		130 144	#DIV/0!	
<b>Total Expenditure</b>	<b>387 050</b>	<b>382 404</b>	<b>437 564</b>	<b>161 404</b>	<b>488 788</b>	<b>437 564</b>	<b>51 224</b>	<b>12%</b>	<b>437 564</b>
<b>Surplus/(Deficit)</b>	<b>(58 351)</b>	<b>(31 610)</b>	<b>(61 733)</b>	<b>(151 590)</b>	<b>(117 681)</b>	<b>(61 733)</b>	<b>(55 948)</b>	<b>0</b>	<b>(61 733)</b>
Transfers recognised - capital	244 290	335 772	9 560	-	343 406	7 966	335 440	0	309 101
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>185 939</b>	<b>304 163</b>	<b>(52 173)</b>	<b>(151 590)</b>	<b>225 725</b>	<b>(53 767)</b>			<b>247 368</b>
<b>Surplus/(Deficit) after taxation</b>	<b>185 939</b>	<b>304 163</b>	<b>(52 173)</b>	<b>(151 590)</b>	<b>225 725</b>	<b>(53 767)</b>			<b>247 368</b>
Attributable to minorities									
	185 939	304 163	(52 173)	(151 590)	225 725	(53 767)			247 368
<b>Surplus/(Deficit) attributable to municipality</b>									
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(52 173)</b>	<b>(151 590)</b>	<b>225 725</b>	<b>(53 767)</b>			<b>247 368</b>

## Capital Expenditure

Table C5 below reports on the capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

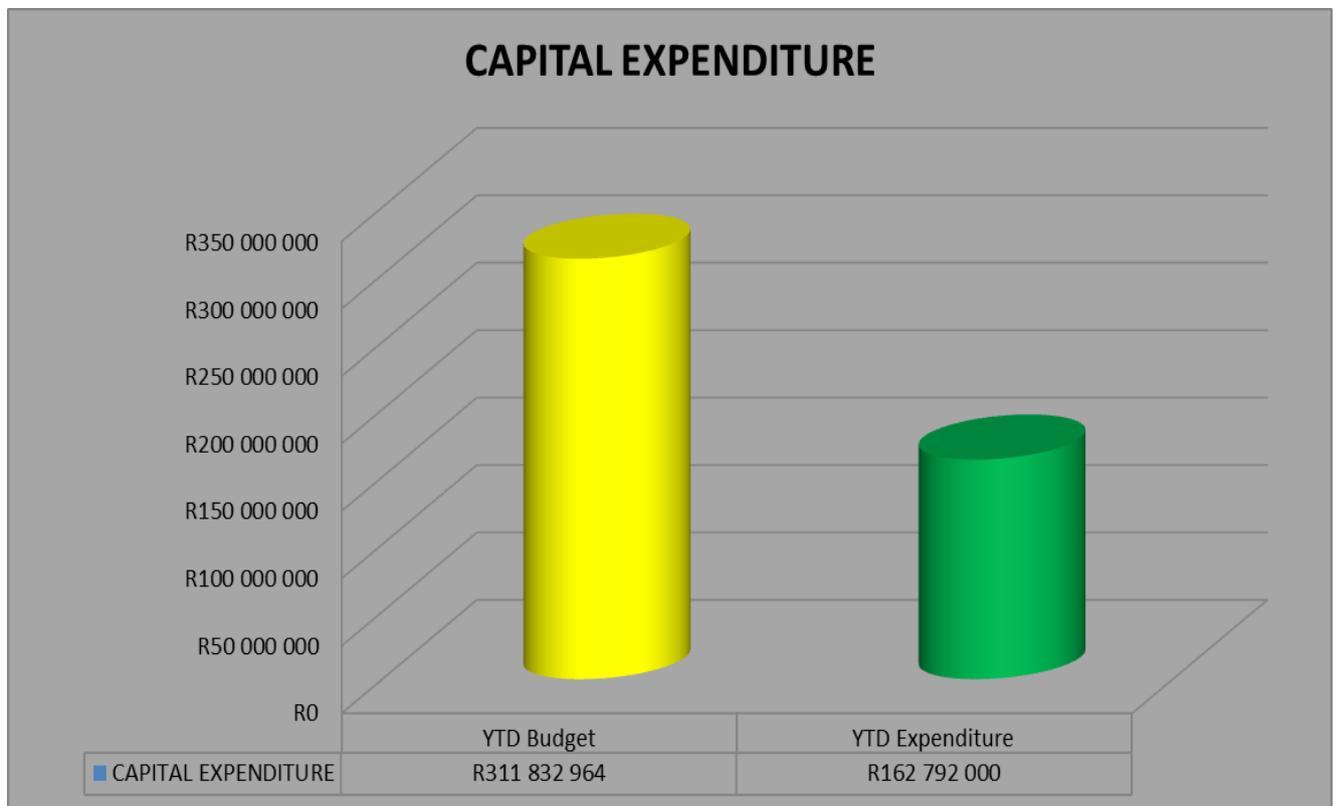
DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M12 June

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 1 - Mayor	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager Admin	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Administration	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate services admin	1 643	4 624	2 732	2 555	3 513	2 732	781	29%	2 732
Vote 5 - Social economic & development planning admin	400	1 117	-	-	-	-	-	-	-
Vote 6 - Infrastructure services admin	244 590	337 272	299 101	26 440	151 222	299 101	(147 879)	-49%	299 101
Vote 7 - Water services admin	3 605	5 042	10 000	-	8 057	10 000	(1 943)	-19%	10 000
<b>Total Capital Multi-year expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>311 833</b>	<b>28 995</b>	<b>162 792</b>	<b>311 833</b>	<b>(149 041)</b>	<b>-48%</b>	<b>311 833</b>
<b>Total Capital Expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>311 833</b>	<b>28 995</b>	<b>162 792</b>	<b>311 833</b>	<b>(149 041)</b>	<b>-48%</b>	<b>311 833</b>
<b>Capital Expenditure - Standard Classification</b>									
<b>Governance and administration</b>	<b>1 643</b>	<b>4 624</b>	<b>2 732</b>	<b>2 555</b>	<b>3 513</b>	<b>2 732</b>	<b>781</b>	<b>29%</b>	<b>2 732</b>
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-
Corporate services	1 643	4 624	2 732	2 555	3 513	2 732	781	29%	2 732
<b>Economic and environmental services</b>	<b>400</b>	<b>1 117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	400	1 117	-	-	-	-	-	-	-
<b>Trading services</b>	<b>248 195</b>	<b>342 314</b>	<b>309 101</b>	<b>26 440</b>	<b>159 279</b>	<b>309 101</b>	<b>(149 822)</b>	<b>-48%</b>	<b>309 101</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	3 605	5 042	10 000	-	8 057	10 000	(1 943)	-19%	10 000
Waste water management	244 590	337 272	299 101	26 440	151 222	299 101	(147 879)	-49%	299 101
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard Classification</b>	<b>250 238</b>	<b>348 054</b>	<b>311 833</b>	<b>28 995</b>	<b>162 792</b>	<b>311 833</b>	<b>(149 041)</b>	<b>-48%</b>	<b>311 833</b>
<b>Funded by:</b>									
National Government	244 290	335 772	309 101	28 372	161 211	309 101	(147 890)	-48%	309 101
Provincial Government	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	244 290	335 772	309 101	28 372	161 211	309 101	(147 890)	-48%	309 101
Internally generated funds	5 948	12 282	2 732	623	1 581	2 732	(1 151)	-42%	2 732
<b>Total Capital Funding</b>	<b>250 238</b>	<b>348 054</b>	<b>311 833</b>	<b>28 995</b>	<b>162 792</b>	<b>311 833</b>	<b>(149 041)</b>	<b>-48%</b>	<b>311 833</b>

As alluded to above, the capital expenditure programme for the period ending 30 June was R162, 7m which represent 52% of capital expenditure and thus shows the reduction on expenditures reflected on National grant funding.

The chart below presents a high level analysis of YTD capital expenditure budget against the YTD actual expenditure.

**Chart 1: 2016/2017 FOURTH QUARTER CAPEX**



As at 30 June 2017, the year to date actual expenditure was R162, 7million against a YTD budget of R311, 8million. In monetary terms, these figures represent 52% per cent performance against the capital development programme as at 30 June 2017.

**Table C6 displays the financial position of the municipality as at 30 June 2017.**

DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M12 June

Description	2015/16	Budget Year 2016/17			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	9 855	35 377	6 142	5 819	35 377
Consumer debtors	39 061	48 078	48 078	103 882	48 078
Other debtors	12 065	12 789	12 789	10 971	12 789
Current portion of long-term receivables	4 246	-	-	-	-
Inventory	349	384	384	192	384
<b>Total current assets</b>	<b>65 577</b>	<b>96 627</b>	<b>67 392</b>	<b>120 863</b>	<b>96 627</b>
<b>Non current assets</b>					
Investments in Associate	-	-	-	-	-
Property, plant and equipment	1 571 174	1 912 816	1 876 595	1 653 669	1 912 816
Agricultural	-	-	-	-	-
Biological assets	-	-	-	-	-
Intangible assets	1 184	1 296	1 296	307	1 296
<b>Total non current assets</b>	<b>1 572 358</b>	<b>1 914 112</b>	<b>1 877 891</b>	<b>1 653 977</b>	<b>1 914 112</b>
<b>TOTAL ASSETS</b>	<b>1 637 935</b>	<b>2 010 739</b>	<b>1 945 283</b>	<b>1 774 840</b>	<b>2 010 739</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	3 592	3 330	3 330	2 463	3 330
Consumer deposits	1 415	1 593	1 593	1 441	1 593
Trade and other payables	95 710	51 770	223 775	92 201	51 770
Provisions	8 169	4 305	4 305	2 661	4 305
<b>Total current liabilities</b>	<b>108 886</b>	<b>60 999</b>	<b>233 003</b>	<b>98 766</b>	<b>60 999</b>
<b>Non current liabilities</b>					
Borrowing	16 683	12 353	12 353	13 532	12 353
Provisions	14 334	17 506	17 506	27 449	17 506
<b>Total non current liabilities</b>	<b>31 018</b>	<b>29 859</b>	<b>29 859</b>	<b>40 981</b>	<b>29 859</b>
<b>TOTAL LIABILITIES</b>	<b>139 904</b>	<b>90 858</b>	<b>262 862</b>	<b>139 747</b>	<b>90 858</b>
<b>NET ASSETS</b>	<b>1 498 031</b>	<b>1 919 882</b>	<b>1 682 421</b>	<b>1 635 093</b>	<b>1 919 882</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	1 498 031	1 919 882	1 682 421	1 635 093	1 919 882
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 498 031</b>	<b>1 919 882</b>	<b>1 682 421</b>	<b>1 635 093</b>	<b>1 919 882</b>

Table C7 below display the Cash Flow Statement for the period ending 30 June 2017.

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M12 June

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates, penalties & collection charges	-	-	-	-	-	-	-		-
Service charges	30 746	32 408	42 081	1 893	25 863	35 067	(9 205)	-26%	42 081
Other revenue	2 034	305	305	2 293	3 996	254	3 742	1474%	305
Government - operating	260 403	277 632	300 862	-	269 339	250 719	18 621	7%	300 862
Government - capital	244 290	335 772	309 101	-	340 456	257 584	82 872	32%	309 101
Interest	8 294	3 500	6 538	1 679	21 709	5 449	16 261	298%	6 538
<b>Payments</b>									
Suppliers and employees	(262 968)	(298 426)	(360 131)	(2 503)	(462 175)	(300 109)	162 066	-54%	(360 131)
Finance charges	(1 114)	(1 926)	(2 010)	(916)	(1 926)	(1 675)	251	-15%	(2 010)
Transfers and Grants	(18 096)	(20 000)	(17 333)	-	(17 333)	(14 444)	2 889	-20%	(17 333)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>263 590</b>	<b>329 265</b>	<b>279 413</b>	<b>2 446</b>	<b>179 929</b>	<b>232 844</b>	<b>52 915</b>	<b>23%</b>	<b>279 413</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Decrease (increase) other non-current receivables							-		
<b>Payments</b>									
Capital assets	(276 912)	(310 943)	(274 721)	(24 986)	(158 783)	(228 934)	(70 152)	31%	(274 721)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(276 912)</b>	<b>(310 943)</b>	<b>(274 721)</b>	<b>(24 986)</b>	<b>(158 783)</b>	<b>(228 934)</b>	<b>(70 152)</b>	<b>31%</b>	<b>(274 721)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Increase (decrease) in consumer deposits	151	178	178	-	-	148	(148)	-100%	178
<b>Payments</b>									
Repayment of borrowing	(2 845)	(3 000)	(4 547)	(4 010)	(5 463)	(3 789)	1 674	-44%	(4 547)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2 694)</b>	<b>(2 822)</b>	<b>(4 369)</b>	<b>(4 010)</b>	<b>(5 463)</b>	<b>(3 641)</b>	<b>1 822</b>	<b>-50%</b>	<b>(4 369)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 016)</b>	<b>15 500</b>	<b>323</b>	<b>(26 549)</b>	<b>15 684</b>	<b>269</b>			<b>323</b>
Cash/cash equivalents at beginning:	25 871	19 877	5 819		5 819	5 819			5 819
Cash/cash equivalents at month/year end:	9 855	35 377	6 142		21 503	6 088			6 142

There has been an increase in collection levels signalled by a collection ratio of 66%. The interest earned on investments and on outstanding debtors for the period ending 30 June is R3, 6m recorded a 41% performance above the year to date budget.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 30 June 2017.

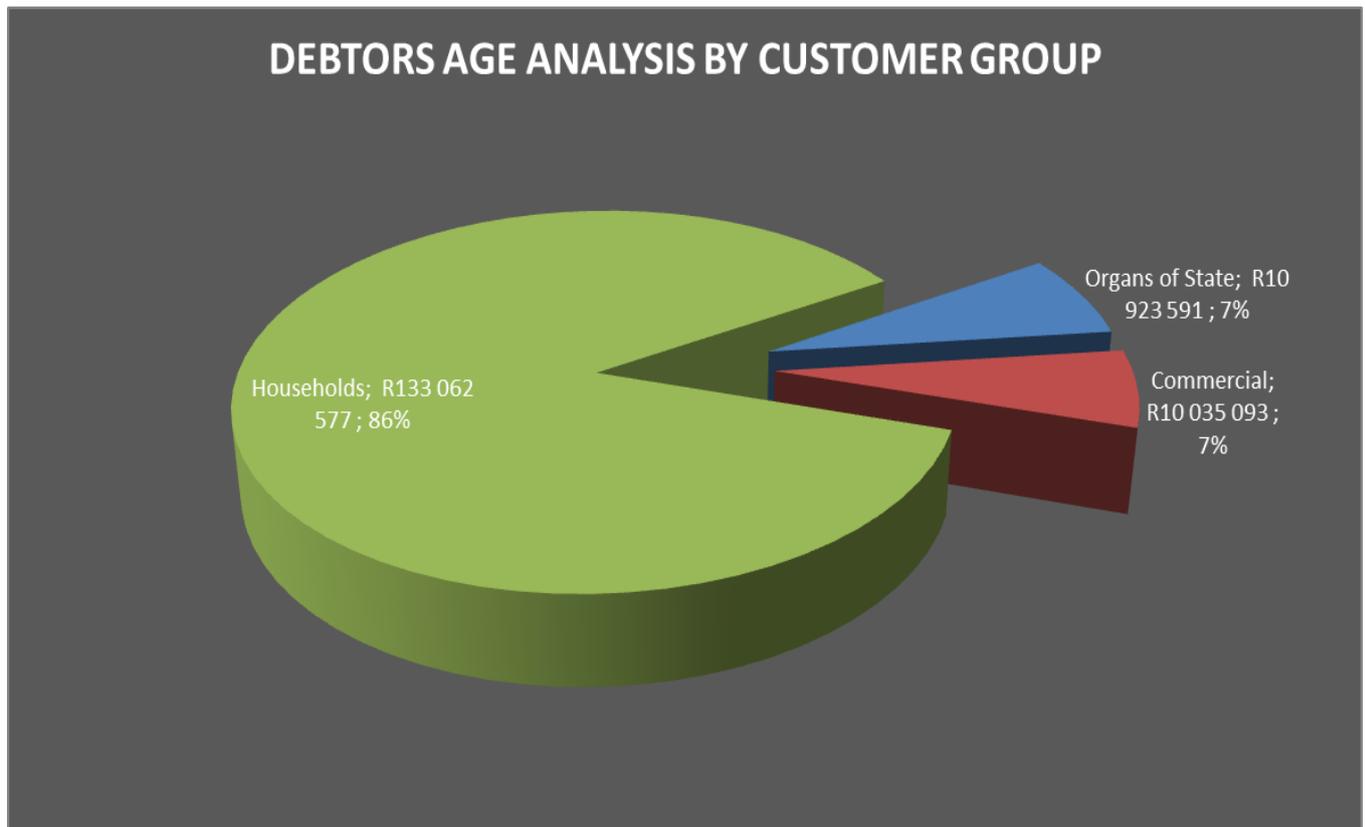
**Table 2.1.1: Debtors Age Analysis by Income Source**

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June										
Description	Budget Year 2016/17									
	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	Total over 90 days
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	5 879	4 387	8 936	2 897	2 283	2 439	10 664	80 587	118 071	98 870
Trade and Other Receivables from Exchange Transactions - Electricity	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	2 297	1 714	3 491	1 132	892	953	4 166	31 482	46 126	38 625
Receivables from Exchange Transactions - Waste Management	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	983	733	1 494	484	382	408	1 783	13 471	19 737	16 527
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Income Source</b>	<b>9 158</b>	<b>6 834</b>	<b>13 921</b>	<b>4 513</b>	<b>3 556</b>	<b>3 800</b>	<b>16 613</b>	<b>125 539</b>	<b>183 934</b>	<b>154 021</b>
<b>2015/16 - totals only</b>										
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	1 336	1 434	1 630	1 002	518	224	1 822	7 357	15 324	10 924
Commercial	1 127	663	6 116	623	187	243	949	8 033	17 942	10 035
Households	6 695	4 736	6 174	2 889	2 851	3 332	13 842	110 149	150 668	133 063
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>9 158</b>	<b>6 834</b>	<b>13 921</b>	<b>4 513</b>	<b>3 556</b>	<b>3 800</b>	<b>16 613</b>	<b>125 539</b>	<b>183 934</b>	<b>154 021</b>

The municipal consumer debt is currently increasing citing rigorous actions to ensure that this trend is prevented from continuing as it has a direct negative impact on municipal cash flows.

### Debtors Age Analysis By Customer Category

Table 2.1.2 analyses consumer debt by Category. A further analysis in the form of a chart is provided below.



**Chart 2: Debtors Age Analysis by Customer Group**

The information presented in the chart above ranks total debt owed to the municipality from highest to the lowest,

- ✓ Households: 86%
- ✓ Government 7%
- ✓ Business 7%

The chart above shows that for each debtor type the amounts owing to the municipality have increased on a year to year basis.

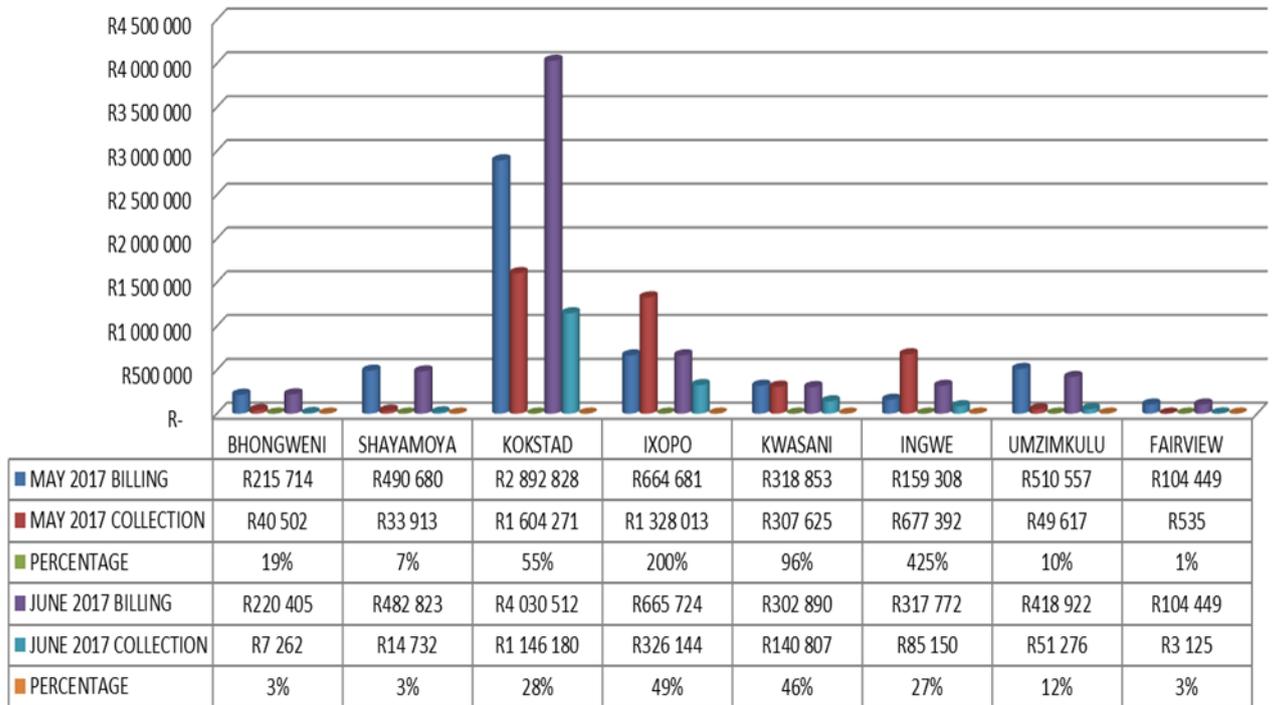
**Revenue receipts per Area**

AREA	AMOUNT		
		<b>JUNE 2017</b>	<b>MAY 2017</b>
Unallocated receipts	R 118 044,17	6%	2%
Kokstad	R 1 146 180,12	61%	39%
Bhongweni	R 7 262,10	0%	1%
Shayamoya	R 14 732,20	1%	1%
Ixopo	R 326 143,82	17%	32%
Fairview	R 3 125,00	0%	0%
NDZ	R 225 957,07	12%	24%
Umzimkhulu	R 51 275,96	3%	1%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 1 892 720,84</b>	100%	100%

The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for June is R1, 8million. It is evident from the figures presented above that the largest percentage receipts of the revenue per local municipality as was the previous month in June is from Kokstad at 61% followed by Ixopo at 17%. These statistics confirm dependency on Kokstad as the greatest contributor to the District Municipality's revenue. The Unallocated receipts for the month of June amounting to 6% which still need to be allocated according to the local municipalities.

**Billing vs Collection Trend**

### BILLING VS COLLECTION AS AT END JUNE 2017



## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 30 June 2017

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

Description	Budget Year 2016/17								Total
	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	
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity									-
Bulk Water	1 284	561	702	1 329					3 877
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	5 800	550	488	2 132					8 971
Auditor General	165	-	-	-					165
Other									-
<b>Total By Customer Type</b>	<b>7 249</b>	<b>1 112</b>	<b>1 190</b>	<b>3 462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 012</b>

## 2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short term investments balances broken down per investment type as at 30 June 2017.

### Cash and Bank Balances (Investments)

DC43 Harry Gwala - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

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							
<b>R thousands</b>									
<b>Municipality</b>									
FIRST NATIONAL BANK	62095523281	N/A	CALL ACCOUNT	N/A	102		18 383	(12 614)	5 870
FIRST NATIONAL BANK	62138538692	N/A	CALL ACCOUNT	N/A	4		1 204	(1 207)	1
FIRST NATIONAL BANK	62032587331	N/A	ADMIN CALL	N/A	8		2 346	11 150	13 504
INVESTEC	50006688425	N/A	FIXED DEPOSIT	N/A	17		3 268	-	3 286
FIRST NATIONAL BANK	62398395204	N/A	FIXED DEPOSIT	N/A	63		12 149	(12 210)	1
FIRST NATIONAL BANK	62414264797	N/A	CALL ACCOUNT	N/A	2		663	(662)	3
FIRST NATIONAL BANK	62434151239	N/A	CALL ACCOUNT	N/A	0		6	(5)	1
FIRST NATIONAL BANK	62434147072	N/A	CALL ACCOUNT	N/A	2		983	(982)	3
FIRST NATIONAL BANK	62434145331	N/A	FIXED DEPOSIT	N/A	4		1 044	(1 043)	5
<b>Municipality sub-total</b>					202		40 044	(17 572)	22 674
<b>TOTAL INVESTMENTS AND INTEREST</b>	2				202		40 044	(17 572)	22 674

## 2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>259 223</b>	<b>277 232</b>	<b>300 862</b>	<b>-</b>	<b>292 862</b>	<b>290 862</b>	<b>-</b>		<b>300 862</b>
Local Government Equitable Share	241 033	260 069	260 069	-	260 069	260 069	-		260 069
Finance Management	1 250	1 250	1 250	-	1 250	1 250	-		1 250
Municipal Systems Improvement	940	1 041	-	-	-	-	-		-
Municipal Infrastructure Grant (PMU)	9 460	4 777	16 084	-	16 084	16 084	-		16 084
Energy Efficiency And Demand Side Management Grant	-	8 000	8 000	-	-	8 000	-		8 000
Water Services Operating Subsidy	-	-	-	-	-	-	-		-
Rural Roads Asset Management Grant	2 040	2 095	2 095	-	2 095	2 095	-		2 095
Rural Household Infrastructure Grant	4 500	-	-	-	-	-	-		-
Municipal Water Infrastructure Grant	-	-	10 000	-	10 000	-	-		10 000
Expanded public works programme incentive grant	-	-	3 364	-	3 364	3 364	-		3 364
Other transfers and grants [insert description]									
<b>Provincial Government:</b>	<b>1 180</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
Infrastructure Sport Facilities	-	-	-	-	-	-	-		-
LG Seta	80	-	-	-	-	-	-		-
Community Development Project	-	-	-	-	-	-	-		-
Development Planning Shared Services	1 100	400	-	-	-	-	-		-
Tourism route	-	-	-	-	-	-	-		-
<b>Total Operating Transfers and Grants</b>	<b>260 403</b>	<b>277 632</b>	<b>300 862</b>	<b>-</b>	<b>292 862</b>	<b>290 862</b>	<b>-</b>		<b>300 862</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>244 290</b>	<b>335 772</b>	<b>309 101</b>	<b>-</b>	<b>309 101</b>	<b>299 101</b>	<b>-</b>		<b>309 101</b>
Municipal Infrastructure Grant (MIG)	183 324	186 290	174 983	-	174 983	174 983	-		174 983
Regional Bulk Infrastructure	14 000	60 000	48 000	-	48 000	48 000	-		48 000
Municipal Water Infrastructure Grant	43 500	86 118	76 118	-	76 118	76 118	-		76 118
Expanded public works programme incentive grant	3 466	3 364	-	-	-	-	-		-
Rural Household Infrastructure Grant	-	-	-	-	-	-	-		-
Drought Relief	-	-	10 000	-	10 000	-	-		10 000
<b>Total Capital Transfers and Grants</b>	<b>244 290</b>	<b>335 772</b>	<b>309 101</b>	<b>-</b>	<b>309 101</b>	<b>299 101</b>	<b>-</b>		<b>309 101</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>504 693</b>	<b>613 404</b>	<b>609 963</b>	<b>-</b>	<b>601 963</b>	<b>589 963</b>	<b>-</b>		<b>609 963</b>

It is clear from the chart above that the bulk of the grants received by the municipality are from the National Treasury.

**Table SC7 track the expenditure on Conditional grant funding.**

DC43 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June

Description	2015/16	Budget Year 2016/17							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>									
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	259 223	277 232	300 862	260 888	292 963	300 862	(1 622)	-0,5%	300 862
Local Government Equitable Share	241 033	260 069	260 069	260 069	260 069	260 069	-		260 069
Finance Management	1 250	1 250	1 250	50	1 250	1 250			1 250
Municipal Systems Improvement	940	1 041	-	-	-	-			-
Municipal Infrastructure Grant (PMU)	9 460	4 777	16 084	-	16 084	16 084			16 084
Energy Efficiency And Demand Side Management Grant	-	8 000	8 000	769	3 554	8 000			8 000
Water Services Operating Subsidy	-	-	-	-	-	-	-		-
Rural Roads Asset Management Grant	2 040	2 095	2 095	-	473	2 095	(1 622)	-77,4%	2 095
Rural Household Infrastructure Grant	4 500	-	-	-	-	-	-		-
Municipal Water Infrastructure Grant	-	-	10 000	-	10 000	10 000	-		10 000
Expanded public works programme incentive grant	-	-	3 364	-	1 532	3 364	-		3 364
Other transfers and grants [insert description]	-	-	-	-	-	-	-		-
<b>Provincial Government:</b>	1 180	400	-	-	-	-	-		-
Infrastructure Sport Facilities	-	-	-	-	-	-	-		-
LG Sela	80	-	-	-	-	-	-		-
Development Planning Shared Services	1 100	400	-	-	-	-	-		-
Tourism route	-	-	-	-	-	-	-		-
[insert description]	-	-	-	-	-	-	-		-
<b>Total operating expenditure of Transfers and Grants:</b>	<b>260 403</b>	<b>277 632</b>	<b>300 862</b>	<b>260 888</b>	<b>292 963</b>	<b>300 862</b>	<b>(1 622)</b>	<b>-0,5%</b>	<b>300 862</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	244 290	335 772	309 101	28 995	162 792	309 101	(89 258)	-28,9%	309 101
Municipal Infrastructure Grant (MIG)	183 324	186 290	174 983	9 475	85 725	174 983	(89 258)	-51,0%	174 983
Regional Bulk Infrastructure	14 000	60 000	48 000	8 258	22 562	48 000			48 000
Municipal Water Infrastructure Grant	43 500	86 118	76 118	11 263	46 448	76 118			76 118
Expanded public works programme incentive grant	3 466	3 364	-	-	-	-			-
Rural Household Infrastructure Grant	-	-	-	-	-	-			10 000
Drought Relief	-	-	10 000	-	8 057	10 000			-
<b>Total capital expenditure of Transfers and Grants</b>	<b>244 290</b>	<b>335 772</b>	<b>309 101</b>	<b>28 995</b>	<b>162 792</b>	<b>309 101</b>	<b>(89 258)</b>	<b>-28,9%</b>	<b>309 101</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>504 693</b>	<b>613 404</b>	<b>609 963</b>	<b>289 883</b>	<b>455 755</b>	<b>609 963</b>	<b>(90 880)</b>	<b>-14,9%</b>	<b>609 963</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 30 June 2017.

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June

Summary of Employee and Councillor remuneration	2015/16	Budget Year 2016/17							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	A	B	C					%	D
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	621	5 361	5 361	305	3 397	5 361	(1 964)	-37%	5 361
Pension and UIF Contributions	311	399	399	23	253	399	(146)	-37%	399
Medical Aid Contributions	771	94	94	5	60	94	(34)	-37%	94
Motor Vehicle Allowance	621	1 178	1 178	67	746	1 178	(431)	-37%	1 178
Cellphone Allowance	2 636	259	259	15	164	259	(95)	-37%	259
Housing Allowances	1 618	-	-	-	-	-	-	-	-
Other benefits and allowances	742	616	616	35	390	616	(226)	-37%	616
<b>Sub Total - Councillors</b>	<b>7 321</b>	<b>7 906</b>	<b>7 906</b>	<b>450</b>	<b>5 010</b>	<b>7 906</b>	<b>(2 896)</b>	<b>-37%</b>	<b>7 906</b>
<b>% increase</b>		<b>8,0%</b>	<b>8,0%</b>						<b>8,0%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	5 551	5 995	6 391	523	5 702	6 391	(689)	-11%	5 615
Pension and UIF Contributions	3	3	3	0	3	3	(0)	-11%	3
Medical Aid Contributions	5	6	6	0	5	6	(1)	-11%	6
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	776
Motor Vehicle Allowance	3 049	3 293	3 511	287	3 132	3 511	(379)	-11%	3 511
Cellphone Allowance	143	154	164	13	147	164	(18)	-11%	164
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	4	5	5	0	4	5	(1)	-11%	5
<b>Sub Total - Senior Managers of Municipality</b>	<b>8 755</b>	<b>9 455</b>	<b>10 080</b>	<b>825</b>	<b>8 993</b>	<b>10 080</b>	<b>(1 087)</b>	<b>-11%</b>	<b>10 080</b>
<b>% increase</b>		<b>8,0%</b>	<b>15,1%</b>						<b>15,1%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	77 494	83 693	89 226	7 302	79 602	89 226	(9 624)	-11%	89 226
Pension and UIF Contributions	13 103	14 151	15 087	1 235	13 459	15 087	(1 627)	-11%	15 087
Medical Aid Contributions	1 811	1 955	2 085	171	1 860	2 085	(225)	-11%	2 085
Overtime	1 618	1 747	1 863	152	1 662	1 863	(201)	-11%	1 863
Performance Bonus	7 180	7 755	8 267	677	7 376	8 267	(892)	-11%	8 267
Motor Vehicle Allowance	3 300	3 564	3 800	311	3 390	3 800	(410)	-11%	3 800
Cellphone Allowance	563	608	648	53	578	648	(70)	-11%	648
Housing Allowances	49	53	56	5	50	56	(6)	-11%	56
Other benefits and allowances	2 158	2 331	2 485	203	2 217	2 485	(268)	-11%	2 485
<b>Sub Total - Other Municipal Staff</b>	<b>107 276</b>	<b>115 858</b>	<b>123 518</b>	<b>10 108</b>	<b>110 195</b>	<b>123 518</b>	<b>(13 323)</b>	<b>-11%</b>	<b>123 518</b>
<b>% increase</b>		<b>8,0%</b>	<b>15,1%</b>						<b>15,1%</b>
<b>Total Parent Municipality</b>	<b>123 351</b>	<b>133 219</b>	<b>141 504</b>	<b>11 383</b>	<b>124 198</b>	<b>141 504</b>	<b>(17 306)</b>	<b>-12%</b>	<b>141 504</b>
		<b>8,0%</b>	<b>14,7%</b>						<b>14,7%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>123 351</b>	<b>133 219</b>	<b>141 504</b>	<b>11 383</b>	<b>124 198</b>	<b>141 504</b>	<b>(17 306)</b>	<b>-12%</b>	<b>141 504</b>
<b>% increase</b>		<b>8,0%</b>	<b>14,7%</b>						<b>14,7%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>116 031</b>	<b>125 313</b>	<b>133 598</b>	<b>10 933</b>	<b>119 188</b>	<b>133 598</b>	<b>(14 410)</b>	<b>-11%</b>	<b>133 598</b>

## 2.6 Material Variances to the SDBIP

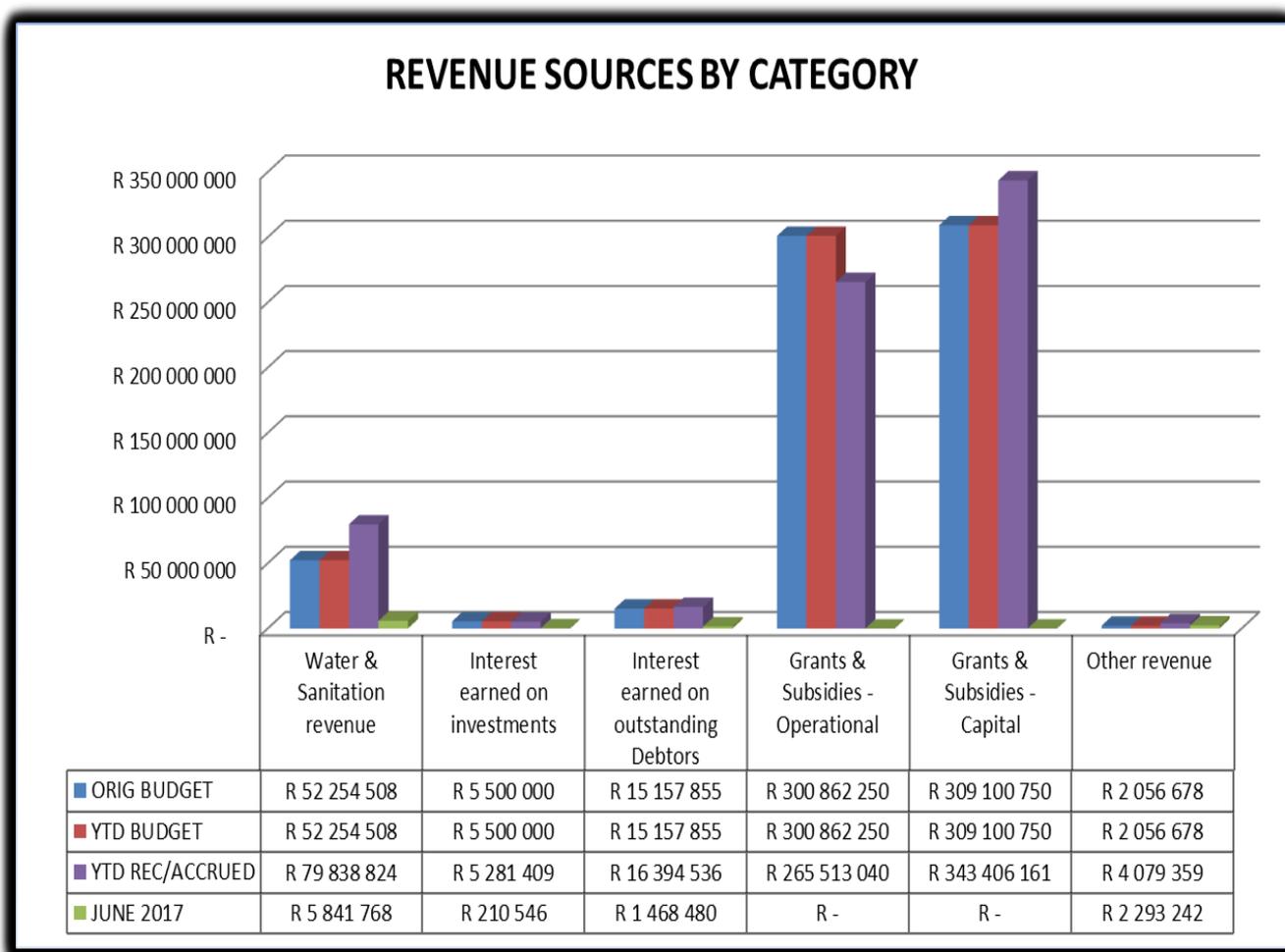
The following section analyses material variances between the actual targets as at 30 June 2017 and the budget for the same period. This report analyses each major component under following headings;

- ✓ Revenue by Source
- ✓ Operational Expenditure by Type, and
- ✓ Capital Expenditure
- ✓ Financial Position
- ✓ Cash Flows

### REVENUE

The chart displays a comparison between the 2016/2017 financial year revenue budget and the performance against this budget as depicted in the form of Year to date (YTD) Actual figures. It should be emphasised that the information presented relates to "performance" rather than "cash movements" in terms of the revenue items listed below. This accounting principle relating to municipal performance is best illustrated in the analysis that follows.

### Chart 3: Revenue Analysis



### Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 30 June 2017 was R79, 7million against a year to date **budget** of R52, 5million 153%. However, this percentage measures the municipal performance in terms of the ability to bill consumers that are receiving services from the municipality and **is not** a measure of the ability to collect outstanding consumer accounts.

### Interest Earned on External Investments

The year to date actual interest earned on external investments for the period ended June 2017 is R5, 2m against a year to date budget of R5, 5m.

### **Transfers Recognised - Operational**

The operational grants revenue of R265, 5million against a budget of R300, 8million is largely attributable to the YTD equitable share.

### **Transfers Recognised – Capital**

The expenditure trends on grant funded expenditure had resulted in a positive way as expected against the set targets. The actual R343, 4million (against a YTD budget of R309, 1million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 11% over performance in Conditional Capital grant funding expenditures.

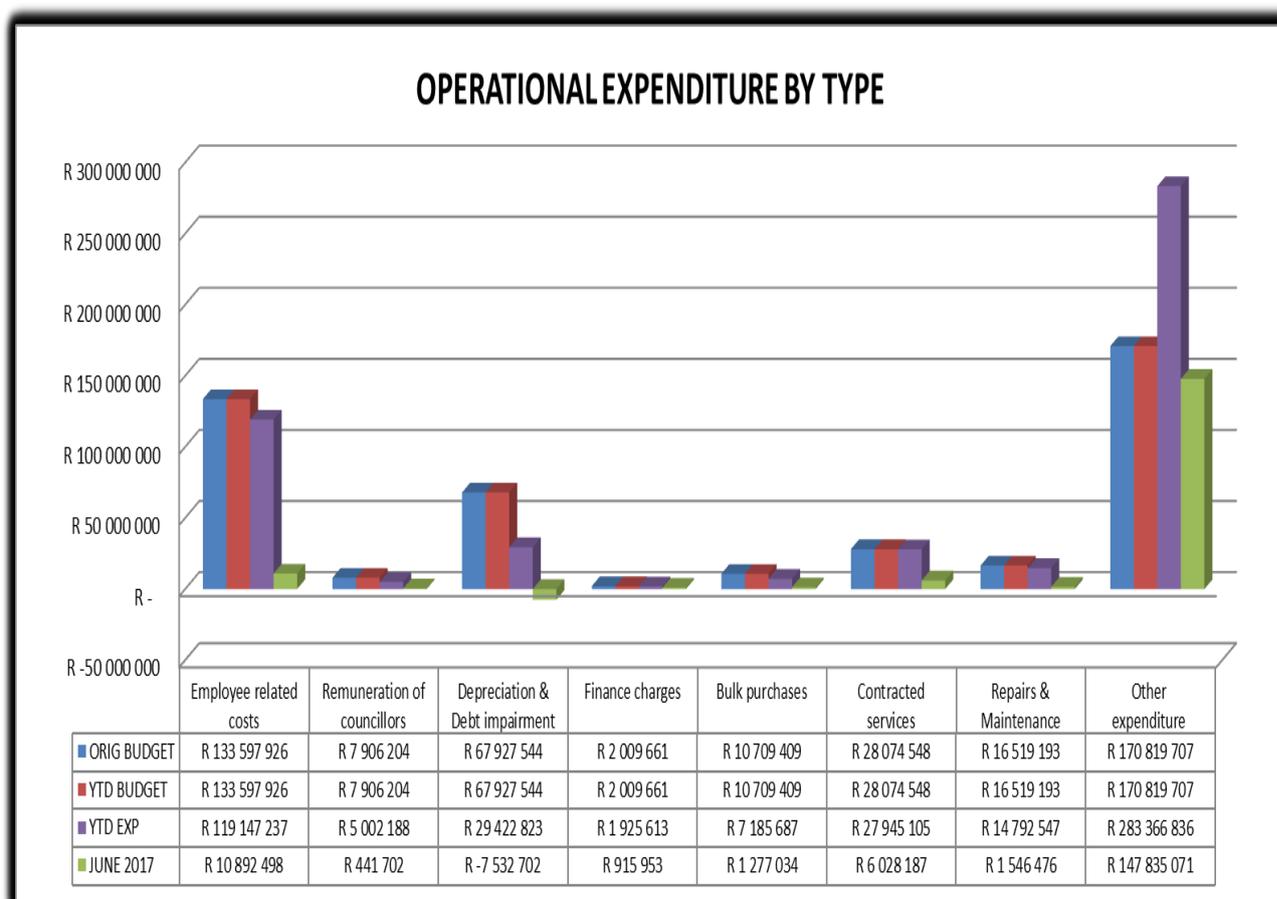
### **Other Revenue**

The YTD performance of other revenue is R4m against YTD budget of R2m of original budget.

## OPERATIONAL EXPENDITURE

The chart below presents the YTD operational expenditure movements against the YTD budgets. An analysis of each expenditure line item category is discussed below.

**Chart 4: 2016/17 Financial year Opex**



### Employee Related Costs

The YTD budget for employee related costs is R133, 5million against a YTD actual of R119, 1million. Employee related costs under spent by 11% for 2016/17 financial year.

### Remuneration of Councillors

The remuneration of councillor's expenditure as at 30 June 2017 was R5million against a budget of R7, 9million resulting in a 37% under expenditure.

### **Finance Charges**

As at 30 June 2017, the finance charges Year to date budget was R2million and the year to date actual is R1, 9million 96%.

### **Bulk Purchases**

As at end of June 2017, the municipality had spent only 67 percent on Bulk water purchases which is too low as compared to previous financial year. The year to budget is R10, 7million against year to date expenditure of R7, 1million resulting in under performed by 33% for the period ending 30 June 2017.

### **Other Expenditure**

The YTD budget for other expenditure was at R 283, 3million against a YTD expenditure of R 170, 8million.

### **Performance assessment**

The section that follows takes a look at actual performance achieved against planned targets

### SUMMARY OF FOURTH QUARTER PERFORMANCE TARGETS

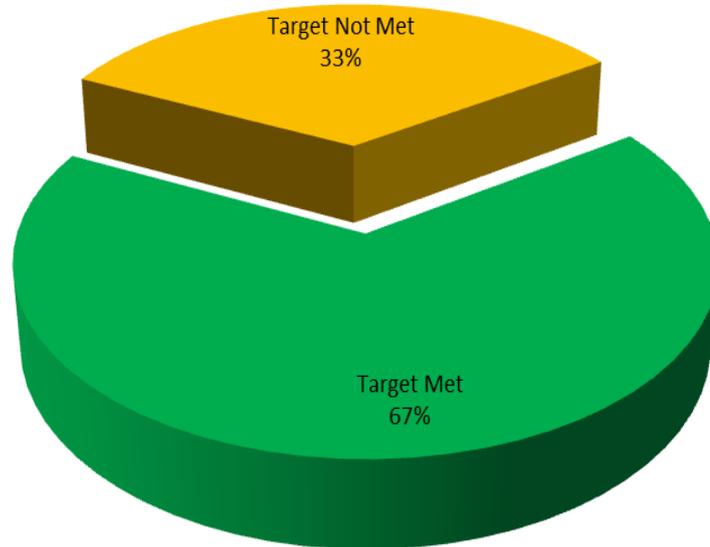
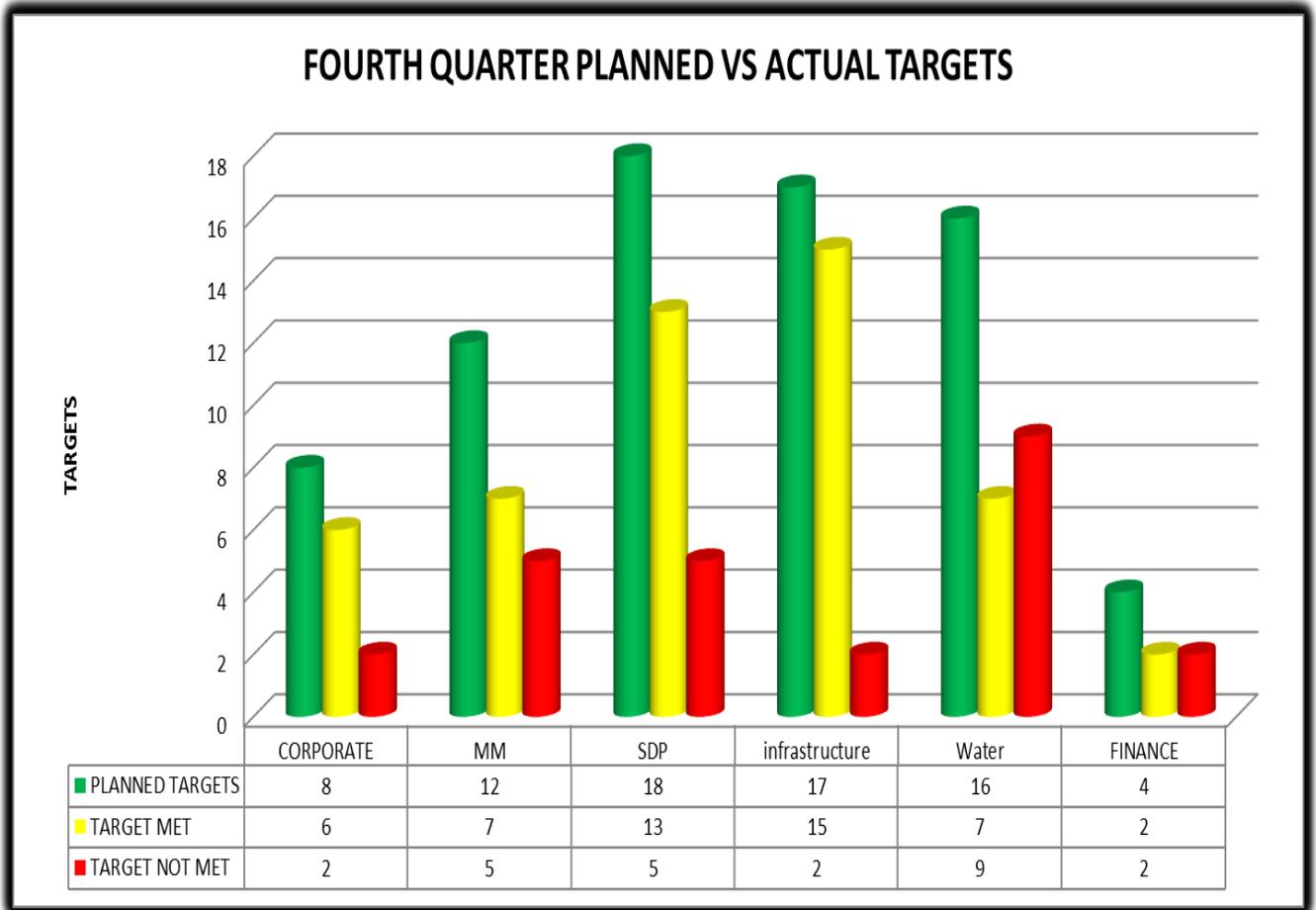


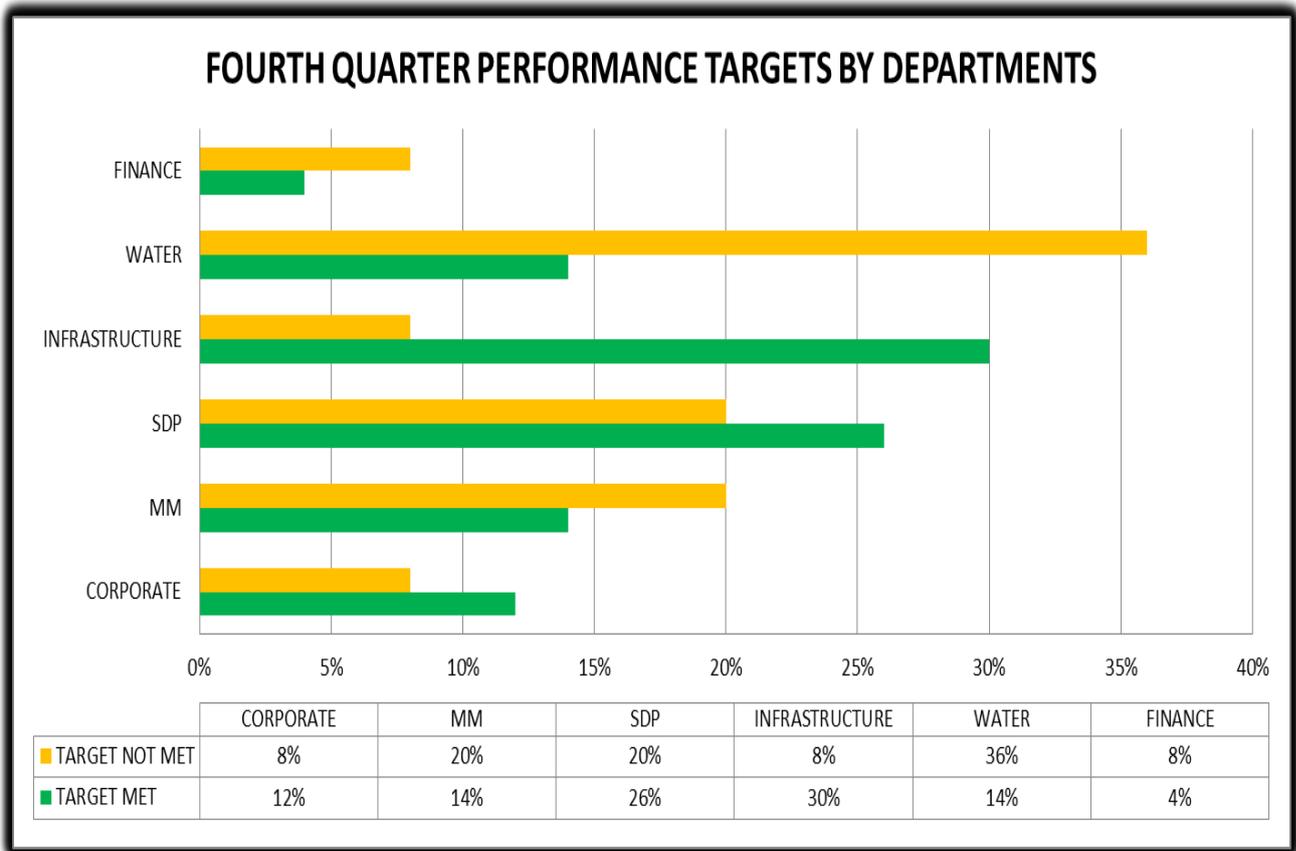
Chart 5 above provides a summary of the targets met (67%) as well the targets not met (33%). It can be stated that the performance of the municipality year ending 30 June 2017 is slightly above average. There is an excess of reasons why some of the targets could not be met, and as such, the Performance Management unit has listed all the possible challenges that have hindered to non- performance or non - implementation of the 33% targets not met.

**Departmental performance targets**



The chart below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest

### Performance Targets Departments



### The next section looks at the performance of the capital expenditure

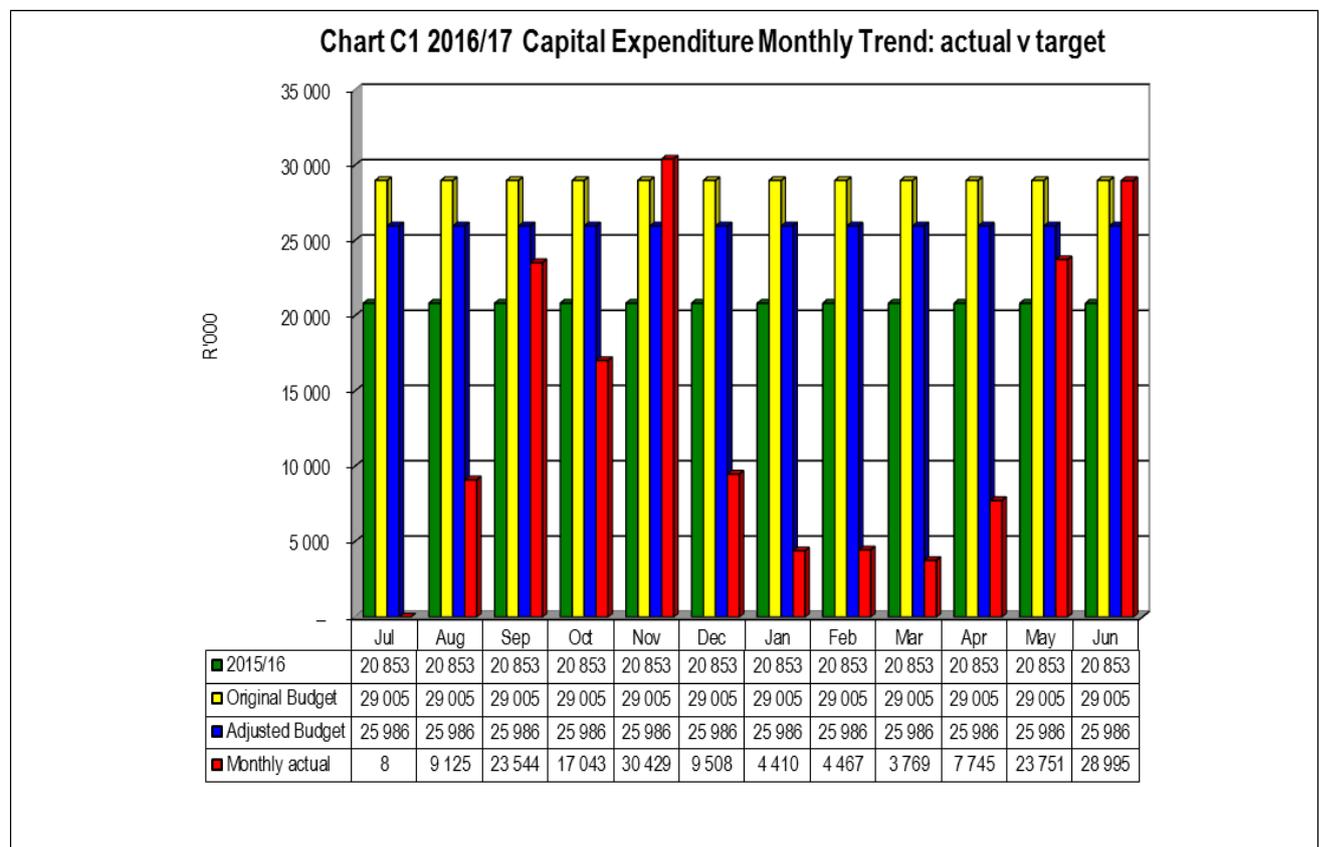
DC43 Harry Gwala - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M12 June

Month	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	20 853	29 005	25 986	8	8	25 986	25 979	100,0%	0%
August	20 853	29 005	25 986	9 125	9 132	51 972	42 840	82,4%	3%
September	20 853	29 005	25 986	23 544	32 676	77 958	45 282	58,1%	9%
October	20 853	29 005	25 986	17 043	49 718	103 944	54 226	52,2%	14%
November	20 853	29 005	25 986	30 429	80 147	129 930	49 783	38,3%	23%
December	20 853	29 005	25 986	9 508	89 656	155 916	66 261	42,5%	26%
January	20 853	29 005	25 986	4 410	94 065	181 903	87 838	48,3%	27%
February	20 853	29 005	25 986	4 467	98 532	207 889	109 357	52,6%	28%
March	20 853	29 005	25 986	3 769	102 301	233 875	131 574	56,3%	29%
April	20 853	29 005	25 986	7 745	110 046	259 861	149 815	57,7%	0
May	20 853	29 005	25 986	23 751	133 797	285 847	152 050	53,2%	0
June	20 853	29 005	25 986	28 995	162 792	311 833	149 041	47,8%	0
<b>Total Capital expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>311 833</b>	<b>162 792</b>					

This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

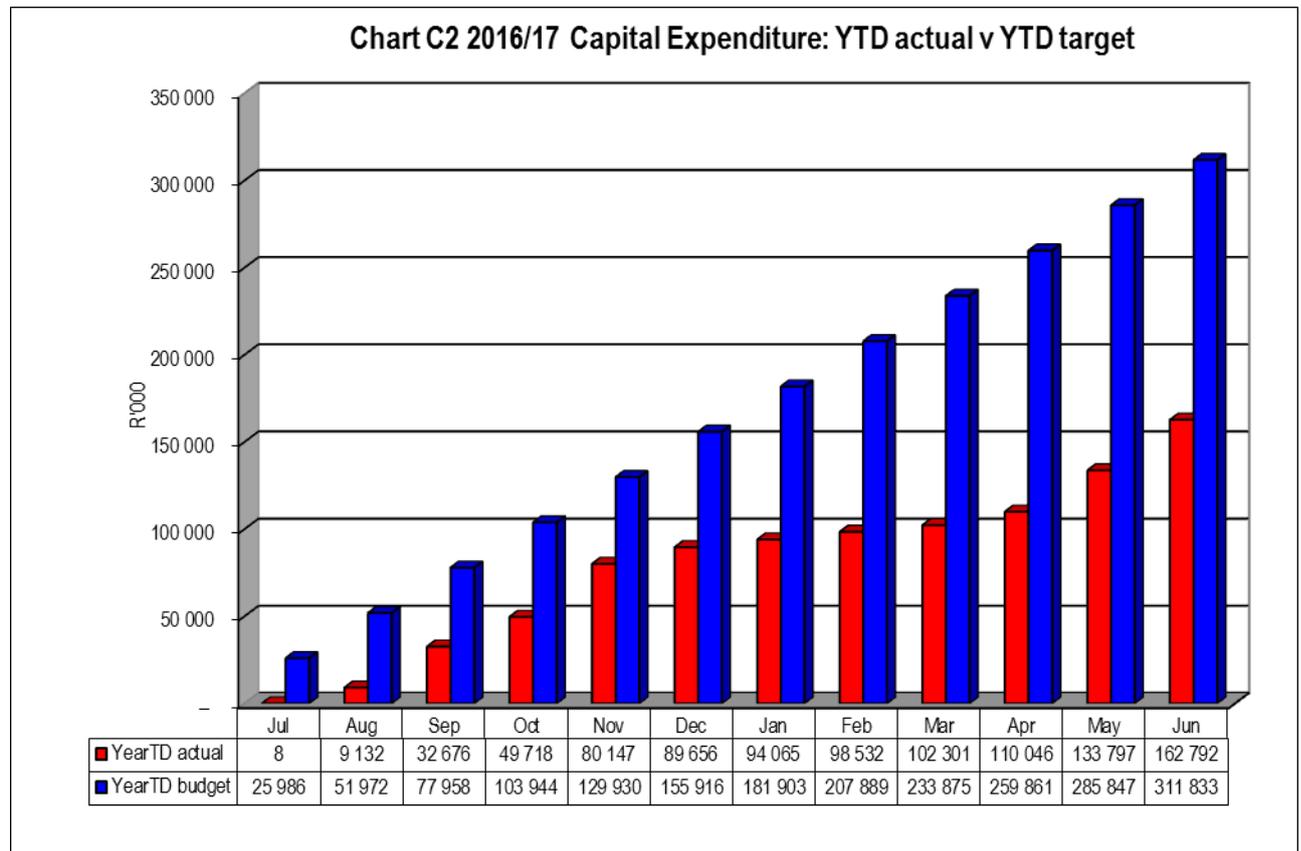
Chart C1 below display a comparison between the previous year’s capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods January to June 2017 and the planned monthly targets is also displayed

### Capital Expenditure Monthly Trend: Actual v Target



The chart below, on the other hand, track the capital expenditure’s cumulative balances budget versus actual. It is clearly that expenditure started on a rather slower trend but showed acceleration towards the end of the mid-year.

**Capital Expenditure: YTD Actual v YTD Target**



In order for the municipality to reach its annual targets in the capital development programme, expenditure in this budget would have to be maintained or increased at the trends experienced in June 2017.

### Capital Expenditure on New Assets by Asset Class

DC43 Harry Gwala - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M12 June

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	232 188	331 272	306 251	26 675	158 598	306 251	147 653	48,2%	306 251
Infrastructure - Road transport	-	500	-	-	-	-	-	-	-
Roads, Pavements & Bridges	-	500	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	203 688	297 107	282 804	26 076	154 477	282 804	128 327	45,4%	282 804
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	203 688	297 107	282 804	26 076	154 477	282 804	128 327	45,4%	282 804
Infrastructure - Sanitation	28 500	33 666	23 447	599	4 121	23 447	19 326	82,4%	23 447
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	28 500	33 666	23 447	599	4 121	23 447	19 326	82,4%	23 447
Other	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	9 950	10 533	1 783	1 932	2 438	1 783	(655)	-36,7%	1 783
General vehicles	-	4 642	1 000	-	-	1 000	1 000	100,0%	1 000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	4 600	2 600	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	1 450	1 791	783	1 932	2 438	783	(1 655)	-211,5%	783
Other Buildings	600	-	-	-	-	-	-	-	-
Other	3 300	1 500	-	-	-	-	-	-	-
<b>Intangibles</b>	1 100	1 250	950	623	1 076	950	(126)	-13,3%	950
Computers - software & programming	1 100	1 250	950	623	1 076	950	(126)	-13,3%	950
<b>Total Capital Expenditure on new assets</b>	<b>243 238</b>	<b>343 054</b>	<b>308 983</b>	<b>29 230</b>	<b>162 111</b>	<b>308 983</b>	<b>146 872</b>	<b>47,5%</b>	<b>308 983</b>
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

## 2.7 Municipal Manager's Quality's Certificate

### Quality Certificate

I, Adelaide Nomnandi Dlamini, the Municipal Manager of Harry Gwala District Municipality, hereby certify that-

- The monthly budget statement, and
- Quartely report on the implementation of the budget and financial state of affairs of the municipality

For the month of June 2017 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Adelaide Nomnandi Dlamini

Municipal Manager of: Harry Gwala District Municipality

Signed \_\_\_\_\_

Date \_\_\_\_\_

