

# Harry Gwala District Municipality

MFMA s71 report for the period ending 30 November 2016.

8/12/2016

Budget & Treasury Office

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## **REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 30 NOVEMBER 2016**

### **1. PART 1 – MONTHLY REPORT**

#### **1.1 PURPOSE**

To table a report on the Implementation of the current budget and the financial state of the Municipality in terms of Section 71 of the Municipal Finance Management Act (MFMA)

#### **LEGAL FRAMEWORK**

- Local Government: Municipal Finance Management Act, 56 of 2003
- SCM Regulations
- SCM Policy
- Municipal Budget Reporting Regulation
- Division of Revenue Act

#### **1.2 Executive Summary or Background**

##### **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 above, intends to inform the Finance and Corporate Services Committee on the progress made thus far in terms of implementing the 2016/2017 budget for the period ending 30 November 2016

### **1.3 Resolutions**

This report will be tabled to Executive committee and therefore the resolution will be available once it tabled to council in terms of Sec 52 (d) of the MFMA.

### **Revenue by Source**

The original approved revenue for the 2016/17 budget amounts to R686, 5m. The year to date actual revenue for the period ended 30 November 2016 amounted to R286m which is 45% of the Year to Date (YTD) budget. The year to date revenue is largely constituted of the Operational & Capital grant receipts with the Water & Sanitation Revenue contributing to the balance.

## **Borrowings**

The balance of borrowings amounts to R19m at the end of November 2016 for ABSA loan. The amount of R1m was paid in the month of November.

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

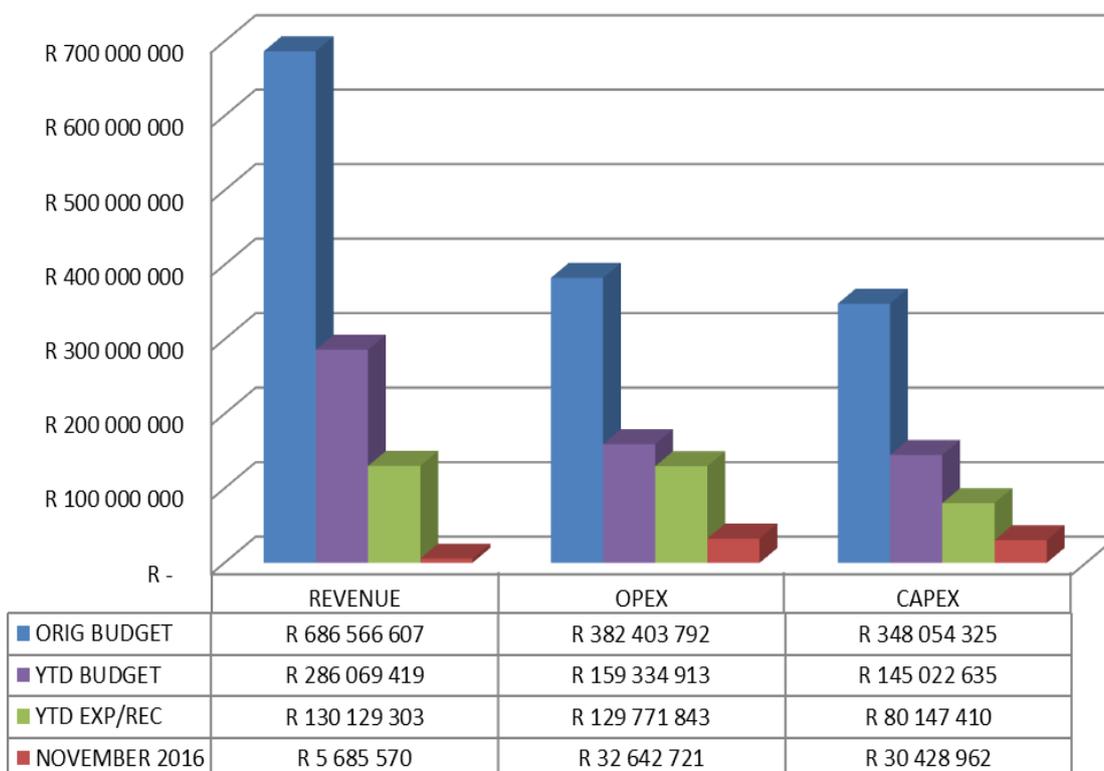
The total operating budget for the current year amounts to R382, 4m. The YTD Operating expenditure for the month ended 30 November amounted to R129, 7m against a year to date (YTD) budget of R159, 3m. The actual YTD expenditure represented 81% of the planned.

## **Capital expenditure**

The total capital budget for the current year amounts to R348m. The YTD expenditure on capital amounts to R80million, or 55% of the planned expenditure. Capital expenditure is mainly funded by means of national grants in the form of Municipal Infrastructure Grant.

## **Chart 1: Budget vs. Expenditure Summary**

## BUDGET SUMMARY NOVEMBER 2016



### Cash flows

The municipality started the year with a positive cashbook balance of R5, 8 million and the closing cash and cash equivalents as at the end of November 2016 was R37, 2million. Refer to Supporting Table C6 for more detail on the cash position.

### Allocations received (National & Provincial Grants)

All DORA and provincial grants allocations for 2016/2017 first quarter have been received as per payment schedule. Total grants receipts amounted to R347, 2million, being made up of R111, 6million operational and R235, 8million capital grants. Operational grants are largely defined by the Equitable Share while capital grants are largely constituted of the Municipal Infrastructure Grant.

## 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 - M05 November

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original 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	3 840	12 080	25 231	(13 151)	-52%	60 553
Investment revenue	3 375	3 500	414	2 134	1 458	676	46%	3 500
Transfers recognised - operational	260 403	277 632	-	108 362	115 680	(7 318)	-6%	277 632
Other own revenue	9 098	9 109	1 432	7 553	3 796	3 758	99%	9 109
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328 699</b>	<b>350 794</b>	<b>5 686</b>	<b>130 129</b>	<b>146 164</b>	<b>(16 035)</b>	<b>-11%</b>	<b>350 794</b>
Employee costs	116 031	125 313	10 884	54 561	52 214	2 347	4%	125 313
Remuneration of Councillors	7 321	7 906	491	2 191	3 294	(1 104)	-33%	7 906
Depreciation & asset impairment	30 000	31 874	-	-	13 281	(13 281)	-100%	31 874
Finance charges	1 114	1 926	1 010	1 010	802	207	26%	1 926
Materials and bulk purchases	9 852	10 709	949	1 548	4 462	(2 914)	-65%	10 709
Transfers and grants	18 096	20 000	-	6 667	8 333	(1 667)	-20%	20 000
Other expenditure	204 636	184 675	19 309	63 796	76 948	(13 152)	-17%	184 675
<b>Total Expenditure</b>	<b>387 050</b>	<b>382 404</b>	<b>32 643</b>	<b>129 772</b>	<b>159 335</b>	<b>(29 563)</b>	<b>-19%</b>	<b>382 404</b>
<b>Surplus/(Deficit)</b>	<b>(58 351)</b>	<b>(31 610)</b>	<b>(26 957)</b>	<b>357</b>	<b>(13 171)</b>	<b>13 528</b>	<b>-103%</b>	<b>(31 610)</b>
Transfers recognised - capital	244 290	335 772	-	-	139 905	(139 905)	-100%	335 772
Contributions & Contributed assets	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>185 939</b>	<b>304 163</b>	<b>(26 957)</b>	<b>357</b>	<b>126 735</b>	<b>(126 377)</b>	<b>-100%</b>	<b>304 163</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(26 957)</b>	<b>357</b>	<b>126 735</b>	<b>(126 377)</b>	<b>-100%</b>	<b>304 163</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>30 429</b>	<b>80 147</b>	<b>145 023</b>	<b>(64 875)</b>	<b>-45%</b>	<b>348 054</b>
Capital transfers recognised	244 290	335 772	30 263	79 577	139 905	(60 329)	-43%	335 772
Internally generated funds	5 948	12 282	166	571	5 118	(4 547)	-89%	12 282
<b>Total sources of capital funds</b>	<b>250 238</b>	<b>348 054</b>	<b>30 429</b>	<b>80 147</b>	<b>145 023</b>	<b>(64 875)</b>	<b>-45%</b>	<b>348 054</b>
<b>Financial position</b>								
Total current assets	65 577	96 627		97 190				96 627
Total non current assets	1 572 358	1 914 112		1 668 991				1 914 112
Total current liabilities	108 886	60 999		303 072				60 999
Total non current liabilities	31 018	29 859		44 988				29 859
<b>Community wealth/Equity</b>	<b>1 498 031</b>	<b>1 919 882</b>		<b>1 418 120</b>				<b>1 919 882</b>
<b>Cash flows</b>								
Net cash from (used) operating	263 590	329 265	(28 684)	113 034	137 194	24 159	18%	329 265
Net cash from (used) investing	(276 912)	(310 943)	(30 429)	(80 147)	(129 559)	(49 412)	38%	(310 943)
Net cash from (used) financing	(2 694)	(2 822)	(1 453)	(1 453)	(1 176)	277	-24%	178
<b>Cash/cash equivalents at the month/year end</b>	<b>9 855</b>	<b>35 377</b>	<b>-</b>	<b>37 253</b>	<b>26 335</b>	<b>(10 918)</b>	<b>-41%</b>	<b>24 319</b>
<b>Debtors &amp; creditors analysis</b>								
	<b>0-30 Days</b>	<b>31-60 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	5 443	3 895	3 344	3 079	2 539	15 451	118 769	155 980
<b>Creditors Age Analysis</b>								
Total Creditors	11 578	3 808	5 355	-	-	-	-	24 574

## 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) - M05 November

Description	2015/16	Budget Year 2016/17						Full Year Forecast
	Audited Outcome	Original 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	1 778	117 588	91 658	25 930	28%	274 973
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	255 059	274 973	1 778	117 588	91 658	25 930	28%	274 973
Corporate services	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	1 100	400	-	-	167	(167)	-100%	400
Planning and development	1 100	400	-	-	167	(167)	-100%	400
<i>Trading services</i>	316 829	411 194	3 908	12 455	171 331	(158 875)	-93%	411 194
Electricity	-	-	-	-	-	-	-	-
Water	56 539	60 550	3 908	12 455	25 229	(12 774)	-51%	60 550
Waste water management	260 290	350 644	-	-	146 102	(146 102)	-100%	350 644
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>572 988</b>	<b>686 567</b>	<b>5 686</b>	<b>130 043</b>	<b>263 155</b>	<b>(133 112)</b>	<b>-51%</b>	<b>686 567</b>
<b>Expenditure - Standard</b>								
<i>Governance and administration</i>	131 608	143 616	13 449	43 780	59 840	(16 061)	-27%	143 616
Executive and council	24 484	29 224	2 534	8 018	12 176	(4 158)	-34%	29 224
Budget and treasury office	63 444	64 031	5 832	16 184	26 680	(10 496)	-39%	64 031
Corporate services	43 680	50 362	5 083	19 577	20 984	(1 407)	-7%	50 362
<i>Economic and environmental services</i>	52 428	58 937	2 730	18 482	24 557	(6 074)	-25%	58 937
Planning and development	52 428	58 937	2 730	18 482	24 557	(6 074)	-25%	58 937
<i>Trading services</i>	203 013	179 851	16 464	67 510	74 938	(7 428)	-10%	179 851
Electricity	-	-	-	-	-	-	-	-
Water	159 142	146 344	13 997	56 299	60 977	(4 678)	-8%	146 344
Waste water management	43 872	33 506	2 466	11 211	13 961	(2 750)	-20%	33 506
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>387 050</b>	<b>382 404</b>	<b>32 643</b>	<b>129 772</b>	<b>159 335</b>	<b>(29 563)</b>	<b>-19%</b>	<b>382 404</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(26 957)</b>	<b>271</b>	<b>103 820</b>	<b>(103 549)</b>	<b>-100%</b>	<b>304 163</b>

This table assess the revenue by department and then the expenditure for the period ending 30 November 2016. Revenue receipts in November have largely constituted of service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of November is 2%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 23% in the period ending 30 November 2016. 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) - M05 November

Vote Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original 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	1 778	117 588	91 658	25 930	28,3%	274 973
Vote 4 - Corporate services admin	-	-	-	-	-	-	-	-
Vote 5 - Social economic & development planning admin	1 100	400	-	-	167	(167)	-100,0%	400
Vote 6 - Infrastructure services admin	260 290	350 644	-	-	146 102	(146 102)	-100,0%	350 644
Vote 7 - Water services admin	56 539	60 550	3 908	12 455	25 229	(12 774)	-50,6%	60 550
<b>Total Revenue by Vote</b>	<b>572 988</b>	<b>686 567</b>	<b>5 686</b>	<b>130 043</b>	<b>263 155</b>	<b>(133 112)</b>	<b>-50,6%</b>	<b>686 567</b>
<b>Expenditure by Vote</b>								
Vote 1 - Mayor	12 024	12 382	1 134	3 598	5 159	(1 562)	-30,3%	12 382
Vote 2 - Municipal Manager Admin	12 460	16 841	1 400	4 421	7 017	(2 596)	-37,0%	16 841
Vote 3 - Budget & Treasury Administration	63 444	64 031	5 832	16 184	26 680	(10 496)	-39,3%	64 031
Vote 4 - Corporate services admin	43 680	50 362	5 083	19 577	20 984	(1 407)	-6,7%	50 362
Vote 5 - Social economic & development planning admin	52 428	58 937	2 730	18 482	24 557	(6 074)	-24,7%	58 937
Vote 6 - Infrastructure services admin	43 872	34 982	2 466	11 211	14 576	(3 365)	-23,1%	34 982
Vote 7 - Water services admin	159 142	144 869	13 997	56 299	60 362	(4 063)	-6,7%	144 869
<b>Total Expenditure by Vote</b>	<b>387 050</b>	<b>382 404</b>	<b>32 643</b>	<b>129 772</b>	<b>159 335</b>	<b>(29 563)</b>	<b>-18,6%</b>	<b>382 404</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(26 957)</b>	<b>271</b>	<b>103 820</b>	<b>(103 549)</b>	<b>-99,7%</b>	<b>304 163</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 November 2016.

DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original 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						-		
Service charges - water revenue	38 329	40 714	2 688	8 396	16 964	(8 569)	-51%	40 714
Service charges - sanitation revenue	16 461	17 449	1 152	3 598	7 270	(3 672)	-51%	17 449
Service charges - refuse revenue	-	-	-	-	-	-		-
Service charges - other	1 032	2 391	-	86	996	(910)	-91%	2 391
Rental of facilities and equipment			-	-	-	-		
Interest earned - external investments	3 375	3 500	414	2 134	1 458	676	46%	3 500
Interest earned - outstanding debtors	8 000	8 500	1 325	6 573	3 542	3 032	86%	8 500
Transfers recognised - operational	260 403	277 632	-	108 362	115 680	(7 318)	-6%	277 632
Other revenue	1 098	609	107	980	254	726	286%	609
Gains on disposal of PPE						-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328 699</b>	<b>350 794</b>	<b>5 686</b>	<b>130 129</b>	<b>146 164</b>	<b>(16 035)</b>	<b>-11%</b>	<b>350 794</b>
<b>Expenditure By Type</b>								
Employee related costs	116 031	125 313	10 884	54 561	52 214	2 347	4%	125 313
Remuneration of councillors	7 321	7 906	491	2 191	3 294	(1 104)	-33%	7 906
Debt impairment	24 692	25 394	-	-	10 581	(10 581)	-100%	25 394
Depreciation & asset impairment	30 000	31 874	-	-	13 281	(13 281)	-100%	31 874
Finance charges	1 114	1 926	1 010	1 010	802	207	26%	1 926
Bulk purchases	9 852	10 709	949	1 548	4 462	(2 914)	-65%	10 709
Other materials			-	-	-	-		
Contracted services	53 356	44 923	4 890	9 210	18 718	(9 507)	-51%	44 923
Transfers and grants	18 096	20 000	-	6 667	8 333	(1 667)	-20%	20 000
Other expenditure	126 589	114 358	14 419	54 586	47 649	6 936	15%	114 358
Loss on disposal of PPE						-		
<b>Total Expenditure</b>	<b>387 050</b>	<b>382 404</b>	<b>32 643</b>	<b>129 772</b>	<b>159 335</b>	<b>(29 563)</b>	<b>-19%</b>	<b>382 404</b>
<b>Surplus/(Deficit)</b>	<b>(58 351)</b>	<b>(31 610)</b>	<b>(26 957)</b>	<b>357</b>	<b>(13 171)</b>	<b>13 528</b>	<b>(0)</b>	<b>(31 610)</b>
Transfers recognised - capital	244 290	335 772			139 905	(139 905)	(0)	335 772
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>185 939</b>	<b>304 163</b>	<b>(26 957)</b>	<b>357</b>	<b>126 735</b>			<b>304 163</b>
<b>Surplus/(Deficit) after taxation</b>	<b>185 939</b>	<b>304 163</b>	<b>(26 957)</b>	<b>357</b>	<b>126 735</b>			<b>304 163</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>185 939</b>	<b>304 163</b>	<b>(26 957)</b>	<b>357</b>	<b>126 735</b>			<b>304 163</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(26 957)</b>	<b>357</b>	<b>126 735</b>			<b>304 163</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.

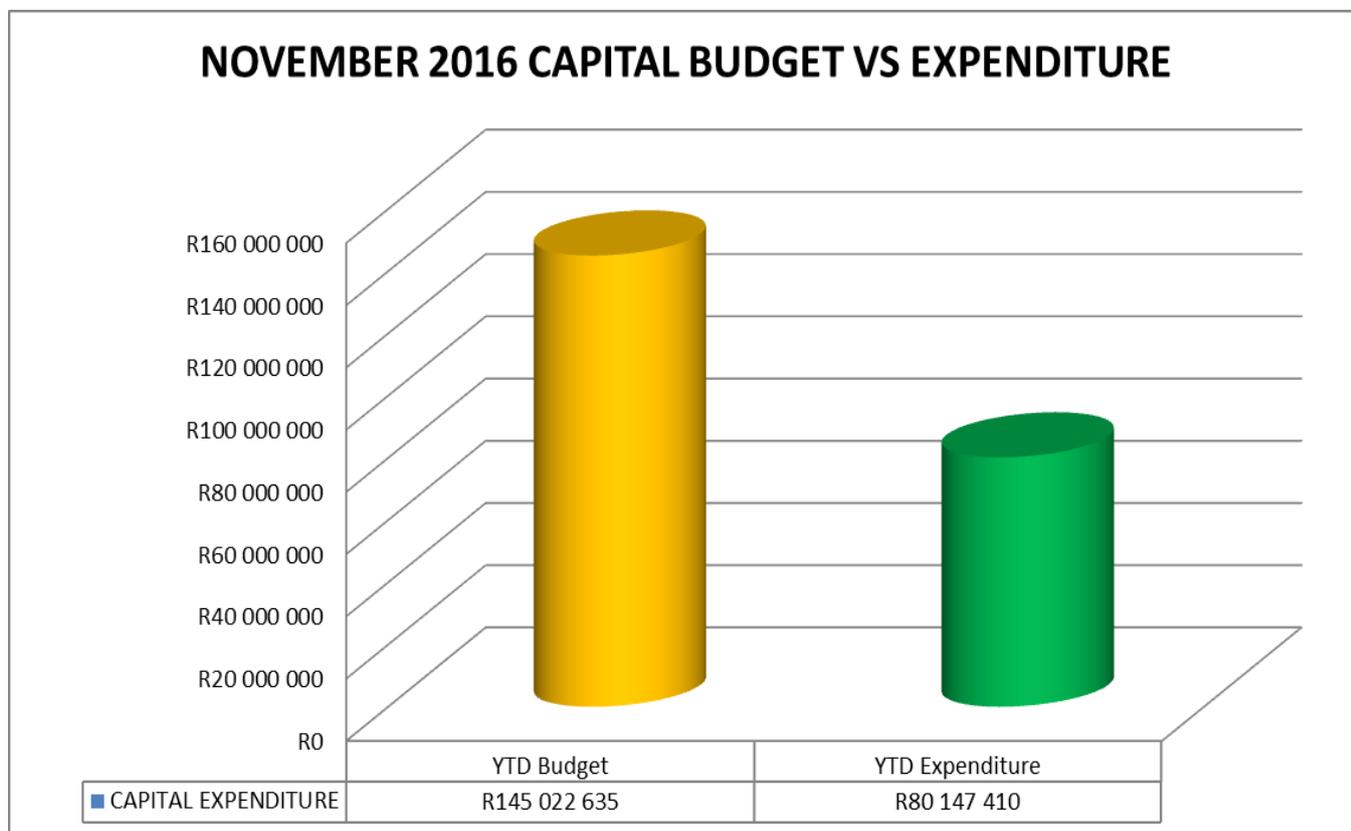
DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M05 November

Vote Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original 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	168	573	1 926	(1 353)	-70%	4 624
Vote 5 - Social economic & development planning admin	400	1 117	-	-	465	(465)	-100%	1 117
Vote 6 - Infrastructure services admin	244 590	337 272	30 261	79 574	140 530	(60 956)	-43%	337 272
Vote 7 - Water services admin	3 605	5 042	-	-	2 101	(2 101)	-100%	5 042
<b>Total Capital Multi-year expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>30 429</b>	<b>80 147</b>	<b>145 023</b>	<b>(64 875)</b>	<b>-45%</b>	<b>348 054</b>
<b>Total Capital Expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>30 429</b>	<b>80 147</b>	<b>145 023</b>	<b>(64 875)</b>	<b>-45%</b>	<b>348 054</b>
<b>Capital Expenditure - Standard Classification</b>								
<b>Governance and administration</b>	<b>1 643</b>	<b>4 624</b>	<b>168</b>	<b>573</b>	<b>1 926</b>	<b>(1 353)</b>	<b>-70%</b>	<b>4 624</b>
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	1 643	4 624	168	573	1 926	(1 353)	-70%	4 624
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Economic and environmental services</b>	<b>400</b>	<b>1 117</b>	<b>-</b>	<b>-</b>	<b>465</b>	<b>(465)</b>	<b>-100%</b>	<b>1 117</b>
Planning and development	400	1 117	-	-	465	(465)	-100%	1 117
<b>Trading services</b>	<b>248 195</b>	<b>342 314</b>	<b>30 261</b>	<b>79 574</b>	<b>142 631</b>	<b>(63 057)</b>	<b>-44%</b>	<b>342 314</b>
Electricity	-	-	-	-	-	-	-	-
Water	3 605	5 042	-	-	2 101	(2 101)	-100%	5 042
Waste water management	244 590	337 272	30 261	79 574	140 530	(60 956)	-43%	337 272
Waste management	-	-	-	-	-	-	-	-
<b>Other</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>30 429</b>	<b>80 147</b>	<b>145 023</b>	<b>(64 875)</b>	<b>-45%</b>	<b>348 054</b>
<b>Funded by:</b>								
National Government	244 290	335 772	30 263	79 577	139 905	(60 329)	-43%	335 772
Transfers recognised - capital	244 290	335 772	30 263	79 577	139 905	(60 329)	-43%	335 772
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	5 948	12 282	166	571	5 118	(4 547)	-89%	12 282
<b>Total Capital Funding</b>	<b>250 238</b>	<b>348 054</b>	<b>30 429</b>	<b>80 147</b>	<b>145 023</b>	<b>(64 875)</b>	<b>-45%</b>	<b>348 054</b>

As alluded to above, the capital expenditure programme for the month ending 30 November was R30, 4m which represents 55% of capital expenditure against year to date budget and thus shows a great improvement 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 CAPEX YTD BUDGET & YTD ACTUAL**



As at 30 November 2016, the year to date actual expenditure was R80m against a YTD budget of R145million. In monetary terms, these figures represent 55% per cent performance against the capital development programme as at 30 November 2016.

Table C6 displays the financial position of the municipality as at 30 November 2016.

## DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M05

Description	2015/16	Budget Year 2016/17		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>				
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash	9 855	35 377	37 253	35 377
Call investment deposits	-	-	-	-
Consumer debtors	39 061	48 078	35 978	48 078
Other debtors	12 065	12 789	23 768	12 789
Current portion of long-term receivables	4 246	-	-	-
Inventory	349	384	192	384
<b>Total current assets</b>	<b>65 577</b>	<b>96 627</b>	<b>97 190</b>	<b>96 627</b>
<b>Non current assets</b>				
Property, plant and equipment	1 571 174	1 912 816	1 668 684	1 912 816
Biological assets	-	-	-	-
Intangible assets	1 184	1 296	307	1 296
Other non-current assets	-	-	-	-
<b>Total non current assets</b>	<b>1 572 358</b>	<b>1 914 112</b>	<b>1 668 991</b>	<b>1 914 112</b>
<b>TOTAL ASSETS</b>	<b>1 637 935</b>	<b>2 010 739</b>	<b>1 766 181</b>	<b>2 010 739</b>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities</b>				
Bank overdraft	-	-	-	-
Borrowing	3 592	3 330	3 842	3 330
Consumer deposits	1 415	1 593	1 394	1 593
Trade and other payables	95 710	51 770	295 175	51 770
Provisions	8 169	4 305	2 661	4 305
<b>Total current liabilities</b>	<b>108 886</b>	<b>60 999</b>	<b>303 072</b>	<b>60 999</b>
<b>Non current liabilities</b>				
Borrowing	16 683	12 353	17 539	12 353
Provisions	14 334	17 506	27 449	17 506
<b>Total non current liabilities</b>	<b>31 018</b>	<b>29 859</b>	<b>44 988</b>	<b>29 859</b>
<b>TOTAL LIABILITIES</b>	<b>139 904</b>	<b>90 858</b>	<b>348 061</b>	<b>90 858</b>
<b>NET ASSETS</b>	<b>1 498 031</b>	<b>1 919 882</b>	<b>1 418 120</b>	<b>1 919 882</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>				
Accumulated Surplus/(Deficit)	1 498 031	1 919 882	1 418 120	1 919 882
Reserves				
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 498 031</b>	<b>1 919 882</b>	<b>1 418 120</b>	<b>1 919 882</b>

Table C7 below display the Cash Flow Statement for the period ending 30 November 2016.

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M05 November

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original 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	2 635	11 356	13 503	(2 147)	-16%	32 408
Other revenue	2 034	305	107	980	127	853	672%	305
Government - operating	260 403	277 632	-	112 707	115 680	(2 973)	-3%	277 632
Government - capital	244 290	335 772	-	234 735	139 905	94 830	68%	335 772
Interest	8 294	3 500	1 739	8 708	1 458	7 249	497%	3 500
Dividends	-	-	-	-	-	-		-
<b>Payments</b>								
Suppliers and employees	(262 968)	(298 426)	(32 155)	(247 775)	(124 344)	123 431	-99%	(298 426)
Finance charges	(1 114)	(1 926)	(1 010)	(1 010)	(802)	207	-26%	(1 926)
Transfers and Grants	(18 096)	(20 000)	-	(6 667)	(8 333)	(1 667)	20%	(20 000)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>263 590</b>	<b>329 265</b>	<b>(28 684)</b>	<b>113 034</b>	<b>137 194</b>	<b>24 159</b>	<b>18%</b>	<b>329 265</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)	(30 429)	(80 147)	(129 559)	(49 412)	38%	(310 943)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(276 912)</b>	<b>(310 943)</b>	<b>(30 429)</b>	<b>(80 147)</b>	<b>(129 559)</b>	<b>(49 412)</b>	<b>38%</b>	<b>(310 943)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Increase (decrease) in consumer deposits	151	178			74	(74)	-100%	178
<b>Payments</b>								
Repayment of borrowing	(2 845)	(3 000)	(1 453)	(1 453)	(1 250)	203	-16%	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2 694)</b>	<b>(2 822)</b>	<b>(1 453)</b>	<b>(1 453)</b>	<b>(1 176)</b>	<b>277</b>	<b>-24%</b>	<b>178</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>								
Cash/cash equivalents at beginning:	25 871	19 877		5 819	19 877			5 819
Cash/cash equivalents at month/year end:	9 855	35 377		37 253	26 335			24 319

The billing vs Collection ratio for the month of November was 55% (Oct: 98%) showing a decrease in collection by 43% as compared to previous month

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 30 November 2016.

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

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M05 November

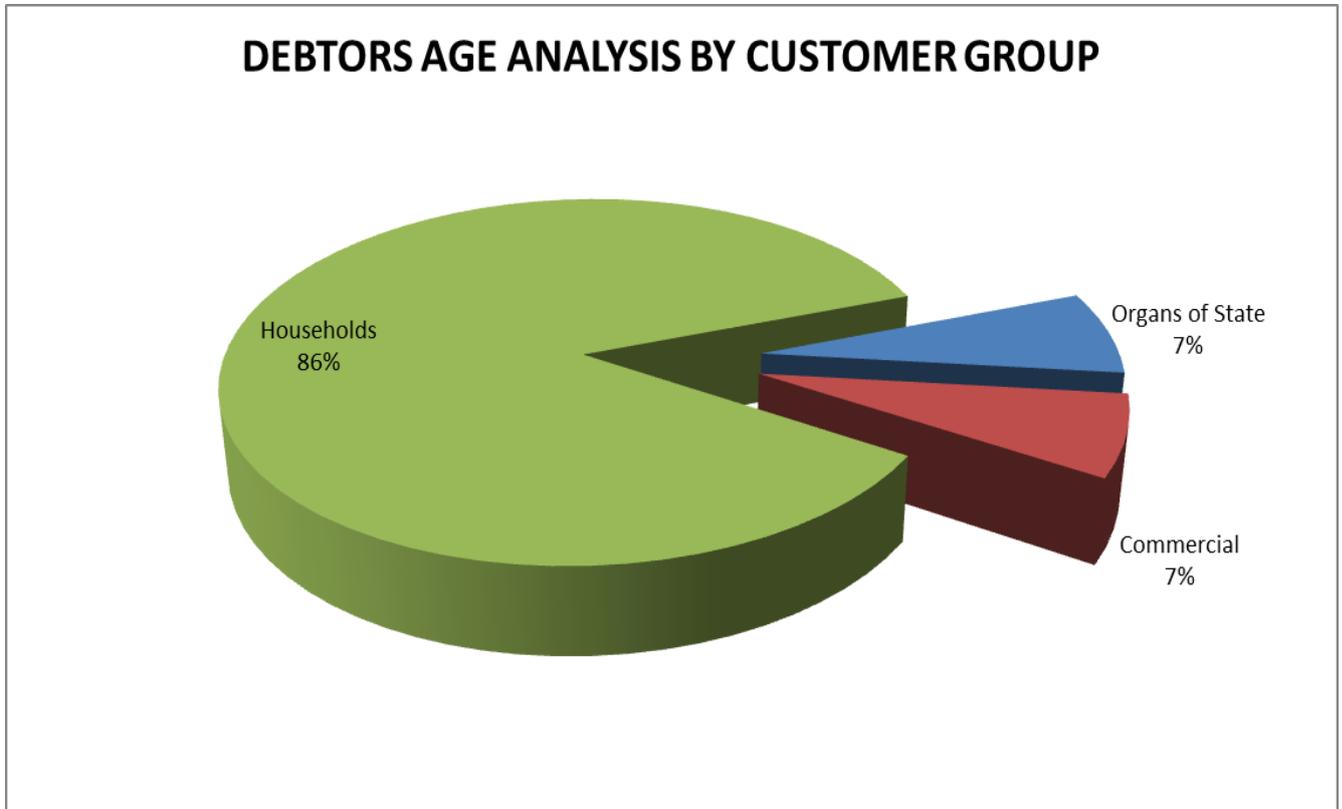
Description	Budget Year 2016/17									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	3 494	2 500	2 221	2 146	1 977	1 630	9 918	76 240	100 127	91 912
Receivables from Non-exchange Transactions - Property Rates	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Water Management	1 365	977	868	838	772	637	3 875	29 784	39 116	35 906
Receivables from Exchange Transactions - Waste Management	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	584	418	371	359	330	272	1 658	12 744	16 737	15 364
Other	–	–	–	–	–	–	–	–	–	–
<b>Total By Income Source</b>	<b>5 443</b>	<b>3 895</b>	<b>3 460</b>	<b>3 344</b>	<b>3 079</b>	<b>2 539</b>	<b>15 451</b>	<b>118 769</b>	<b>155 980</b>	<b>143 181</b>
<b>2015/16 - totals only</b>										
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	1 098	1 026	600	493	395	384	1 703	7 391	13 089	10 366
Commercial	492	250	215	218	213	157	1 088	8 388	11 020	10 064
Households	3 853	2 620	2 645	2 633	2 471	1 998	12 660	102 991	131 871	122 752
Other	–	–	–	–	–	–	–	–	–	–
<b>Total By Customer Group</b>	<b>5 443</b>	<b>3 895</b>	<b>3 460</b>	<b>3 344</b>	<b>3 079</b>	<b>2 539</b>	<b>15 451</b>	<b>118 769</b>	<b>155 980</b>	<b>143 181</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.

### 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.

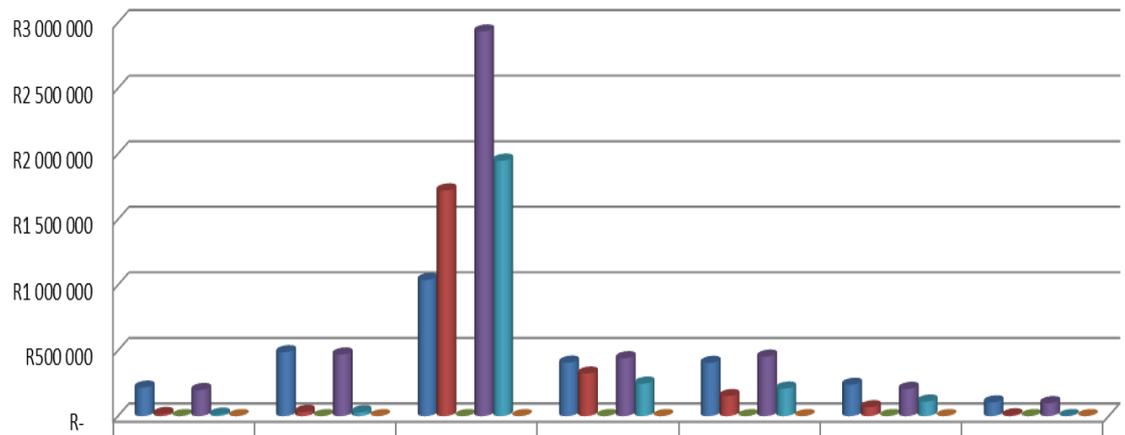
The table that follows below unpacks the revenue receipts per Local Municipality in the District

**REVENUE RECEIPTS****Revenue receipts per Area**

AREA	AMOUNT		
		NOVEMBER 2016	OCTOBER 2016
Unallocated receipts	R 76 400,84	3%	23%
Bhongweni	R 11 462,20	0%	1%
Shayamoya	R 29 223,38	1%	1%
Kokstad	R 1 948 698,93	74%	56%
Ixopo	R 247 529,29	9%	11%
NDZ	R 209 866,62	8%	5%
Umzimkulu	R 111 167,16	4%	2%
Fairview	R 789,30	0%	0%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 2 635 137,72</b>	<b>100%</b>	<b>100%</b>

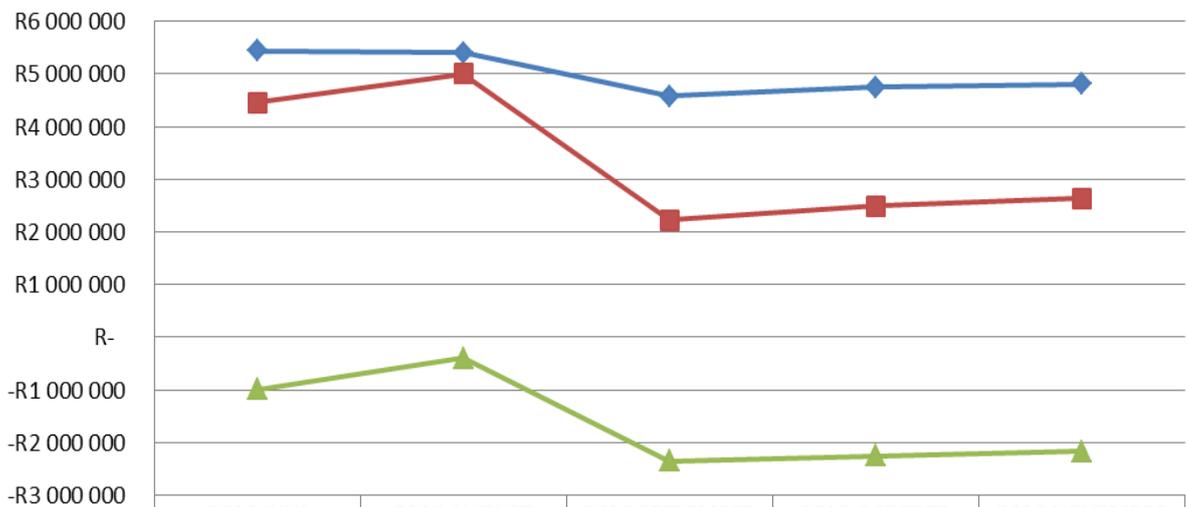
The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for November is R2, 6million. It is evident from the figures presented above that the largest percentage receipts of the revenue per local municipality as was the previous month in November is from Kokstad at 74% followed by Ixopo at 9%. These statistics confirm dependency on Kokstad as the greatest contributor to the District Municipality's revenue. The Unallocated receipts for the month of November amounting to 3% which still need to be allocated according to the local municipalities.

### NOVEMBER 2016 BILLING VS COLLECTION



	BHONGWENI	SHAYAMOYA	KOKSTAD	IXOPO	NDZ	UMZIMKULU	FAIRVIEW
■ OCTOBER 2016 BILLING	R217 399	R487 495	R1 038 774	R407 275	R405 563	R238 840	R104 449
■ OCTOBER 2016 COLLECTION	R15 987	R31 177	R1 721 602	R324 649	R153 092	R68 303	R6 209
■ PERCENTAGE	7%	6%	166%	80%	38%	29%	6%
■ NOVEMBER 2016 BILLING	R198 928	R470 092	R2 934 009	R441 314	R453 698	R207 766	R98 543
■ NOVEMBER 2016 COLLECTION	R11 462	R29 223	R1 948 699	R247 529	R209 867	R111 167	R789
■ PERCENTAGE	6%	6%	66%	56%	46%	54%	1%

### BILLING VS COLLECTION TREND



	2016 JULY	2016 AUGUST	2016 SEPTEMBER	2016 OCTOBER	2016 NOVEMBER
◆ BILLING	R5 441 960	R5 402 077	R4 577 009	R4 747 109	R4 804 349
■ COLLECTION	R4 457 720	R5 002 892	R2 228 606	R2 489 856	R2 635 138
▲ VARIANCE	-R984 240	-R399 185	-R2 348 404	-R2 257 253	-R2 169 212

## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 30 November 2016.

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M05 November

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	398	334	286	594					1 612
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments	2 463								2 463
Trade Creditors	8 718	3 475	3 546	4 761					20 499
Auditor General									-
Other									-
<b>Total By Customer Type</b>	<b>11 578</b>	<b>3 808</b>	<b>3 832</b>	<b>5 355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 574</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 November 2016.

### Cash and Bank Balances (Investments)

DC43 Harry Gwala - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M05 November

Investments by maturity Name of institution & investment ID	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>Municipality</b>								
FIRST NATIONAL BANK		CALL ACCOUNT		22		2 170	(1 364)	828
FIRST NATIONAL BANK		CALL ACCOUNT		68		21 136	(14 286)	6 919
FIRST NATIONAL BANK		ADMIN CALL		0		9		9
INVESTEC		FIXED DEPOSIT		62		11 360		11 421
FIRST NATIONAL BANK		FIXED DEPOSIT		191		43 131	(29 845)	13 477
FIRST NATIONAL BANK		CALL ACCOUNT		8		2 101		2 109
FIRST NATIONAL BANK		CALL ACCOUNT		0		5		5
FIRST NATIONAL BANK		CALL ACCOUNT		3		859		862
FIRST NATIONAL BANK		FIXED DEPOSIT		5		1 262		1 268
<b>Municipality sub-total</b>				<b>359</b>		<b>82 035</b>	<b>(45 495)</b>	<b>36 899</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>359</b>		<b>82 035</b>	<b>(45 495)</b>	<b>36 899</b>

## 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 - M05 November

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original 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>-</b>	<b>112 707</b>	<b>115 513</b>	<b>(0)</b>	<b>0,0%</b>	<b>277 232</b>
Local Government Equitable Share	241 033	260 069	-	108 362	108 362	(0)	0,0%	260 069
Finance Management	1 250	1 250	-	1 250	521			1 250
Municipal Systems Improvement	940	1 041	-	-	434			1 041
Municipal Infrastructure Grant (PMU)	9 460	4 777	-	-	1 990			4 777
Energy Efficiency And Demand Side Management Grant	-	8 000	-	-	3 333			8 000
Water Services Operating Subsidy	-	-	-	-	-			-
Rural Roads Asset Management Grant	2 040	2 095	-	1 095	873			2 095
Rural Household Infrastructure Grant	4 500	-	-	-	-			-
Energy Efficiency and Demand Management Grant	-	-	-	2 000	-			-
<b>Provincial Government:</b>	<b>1 180</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>(167)</b>	<b>-100,0%</b>	<b>400</b>
Infrastructure Sport Facilities	-	-	-	-	-	-		-
LG Seta	80	-	-	-	-			-
Development Planning Shared Services	1 100	400	-	-	167	(167)	-100,0%	400
						-		
<b>Total Operating Transfers and Grants</b>	<b>260 403</b>	<b>277 632</b>	<b>-</b>	<b>112 707</b>	<b>115 680</b>	<b>(167)</b>	<b>-0,1%</b>	<b>277 632</b>
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	<b>244 290</b>	<b>335 772</b>	<b>-</b>	<b>234 735</b>	<b>139 905</b>	<b>39 379</b>	<b>28,1%</b>	<b>335 772</b>
Municipal Infrastructure Grant (MIG)	183 324	186 290	-	117 000	77 621	39 379	50,7%	186 290
Regional Bulk Infrastructure	14 000	60 000	-	48 000	25 000			60 000
Municipal Water Infrastructure Grant	43 500	86 118	-	68 894	35 883			86 118
Expanded public works programme incentive grant	3 466	3 364	-	841	1 402			3 364
Rural Household Infrastructure Grant	-	-	-	-	-			-
						-		
<b>Total Capital Transfers and Grants</b>	<b>244 290</b>	<b>335 772</b>	<b>-</b>	<b>234 735</b>	<b>139 905</b>	<b>39 379</b>	<b>28,1%</b>	<b>335 772</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>504 693</b>	<b>613 404</b>	<b>-</b>	<b>347 442</b>	<b>255 585</b>	<b>39 212</b>	<b>15,3%</b>	<b>613 404</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 - M05 November

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>EXPENDITURE</b>								
<b>Operating expenditure of Transfers and Grants</b>								
<b>National Government:</b>	259 223	277 232	108 889	108 931	115 513	(400)	-0,3%	277 232
Local Government Equitable Share	241 033	260 069	108 362	108 362	108 362	-		260 069
Finance Management	1 250	1 250	54	95	521			1 250
Municipal Systems Improvement	940	1 041	-	-	434			1 041
Municipal Infrastructure Grant (PMU)	9 460	4 777	-	-	1 990			4 777
Energy Efficiency And Demand Side Management Grant	-	8 000	-	-	3 333			8 000
Water Services Operating Subsidy	-	-	-	-	-	-		-
Rural Roads Asset Management Grant	2 040	2 095	473	473	873	(400)	-45,8%	2 095
Rural Household Infrastructure Grant	4 500	-	-	-	-	-		-
Energy Efficiency and Demand Management Grant	-	-	-	-	-	-		-
<b>Provincial Government:</b>	1 180	400	-	-	167	-		400
Infrastructure Sport Facilities	-	-	-	-	-	-		-
LG Seta	80	-	-	-	-	-		-
Accredited Councillors Training	-	-	-	-	-	-		-
Development Planning Shared Services	1 100	400	-	-	167	-		400
<i>[insert description]</i>						-		
<b>Total operating expenditure of Transfers and Grants:</b>	<b>260 403</b>	<b>277 632</b>	<b>108 889</b>	<b>108 931</b>	<b>115 680</b>	<b>(400)</b>	<b>-0,3%</b>	<b>277 632</b>
<b>Capital expenditure of Transfers and Grants</b>								
<b>National Government:</b>	244 290	335 772	32 710	83 613	139 905	(12 850)	-9,2%	335 772
Municipal Infrastructure Grant (MIG)	183 324	186 290	28 315	64 771	77 621	(12 850)	-16,6%	186 290
Regional Bulk Infrastructure	14 000	60 000	137	3 155	25 000			60 000
Municipal Water Infrastructure Grant	43 500	86 118	4 257	15 688	35 883			86 118
Expanded public works programme incentive grant	3 466	3 364	-	-	1 402			3 364
Rural Household Infrastructure Grant	-	-	-	-	-			-
<b>Total capital expenditure of Transfers and Grants</b>	<b>244 290</b>	<b>335 772</b>	<b>32 710</b>	<b>83 613</b>	<b>139 905</b>	<b>(12 850)</b>	<b>-9,2%</b>	<b>335 772</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>504 693</b>	<b>613 404</b>	<b>141 599</b>	<b>192 544</b>	<b>255 585</b>	<b>(13 249)</b>	<b>-5,2%</b>	<b>613 404</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 30 November 2016.

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M05 November

Summary of Employee and Councillor remuneration R thousands	2015/16	Budget Year 2016/17						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
	A	B					%	D
<b>Councillors (Political Office Bearers plus Other)</b>								
Basic Salaries and Wages	621	5 361	333	1 485	2 234	(748)	-33%	5 361
Pension and UIF Contributions	311	399	25	111	166	(56)	-33%	399
Medical Aid Contributions	771	94	6	26	31	(5)	-17%	94
Motor Vehicle Allowance	621	1 178	73	326	491	(164)	-33%	1 178
Cellphone Allowance	2 636	259	16	72	108	(36)	-33%	259
Housing Allowances	1 618	-	-	-	-	-	-	-
Other benefits and allowances	742	616	38	171	257	(86)	-33%	616
<b>Sub Total - Councillors</b>	<b>7 321</b>	<b>7 906</b>	<b>491</b>	<b>2 191</b>	<b>3 286</b>	<b>(1 096)</b>	<b>-33%</b>	<b>7 906</b>
% increase		8,0%						8,0%
<b>Senior Managers of the Municipality</b>								
Basic Salaries and Wages	5 551	5 995	457	2 293	2 498	(204)	-8%	5 995
Pension and UIF Contributions	3	3	0	1	1	0	4%	3
Medical Aid Contributions	5	6	0	2	2	0	4%	6
Overtime	-	-	-	-	-	-	-	-
Performance Bonus	-	-	63	317	-	317	#DIV/0!	-
Motor Vehicle Allowance	3 049	3 293	286	1 434	1 372	62	4%	3 293
Cellphone Allowance	143	154	13	67	64	3	4%	154
Housing Allowances	-	-	-	-	-	-	-	-
Other benefits and allowances	4	5	0	2	2	0	4%	5
Post-retirement benefit obligations	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>8 755</b>	<b>9 455</b>	<b>821</b>	<b>4 117</b>	<b>3 940</b>	<b>177</b>	<b>4%</b>	<b>9 455</b>
% increase		8,0%						8,0%
<b>Other Municipal Staff</b>								
Basic Salaries and Wages	77 494	83 693	7 269	36 440	34 872	1 567	4%	83 693
Pension and UIF Contributions	13 103	14 151	1 229	6 161	5 896	265	4%	14 151
Medical Aid Contributions	1 811	1 955	170	851	815	37	4%	1 955
Overtime	1 618	1 747	152	761	728	33	4%	1 747
Performance Bonus	7 180	7 755	674	3 376	3 231	145	4%	7 755
Motor Vehicle Allowance	3 300	3 564	310	1 552	1 485	67	4%	3 564
Cellphone Allowance	563	608	53	265	253	11	4%	608
Housing Allowances	49	53	5	23	22	1	4%	53
Other benefits and allowances	2 158	2 331	202	1 015	971	44	4%	2 331
Post-retirement benefit obligations	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>	<b>107 276</b>	<b>115 858</b>	<b>10 063</b>	<b>50 444</b>	<b>48 274</b>	<b>2 170</b>	<b>4%</b>	<b>115 858</b>
% increase		8,0%						8,0%
<b>Total Parent Municipality</b>	<b>123 351</b>	<b>133 219</b>	<b>11 375</b>	<b>56 751</b>	<b>55 500</b>	<b>1 251</b>	<b>2%</b>	<b>133 219</b>
		8,0%						8,0%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>123 351</b>	<b>133 219</b>	<b>11 375</b>	<b>56 751</b>	<b>55 500</b>	<b>1 251</b>	<b>2%</b>	<b>133 219</b>
% increase		8,0%						8,0%
<b>TOTAL MANAGERS AND STAFF</b>	<b>116 031</b>	<b>125 313</b>	<b>10 884</b>	<b>54 561</b>	<b>52 214</b>	<b>2 347</b>	<b>4%</b>	<b>125 313</b>

## 2.6 Material Variances to the SDBIP

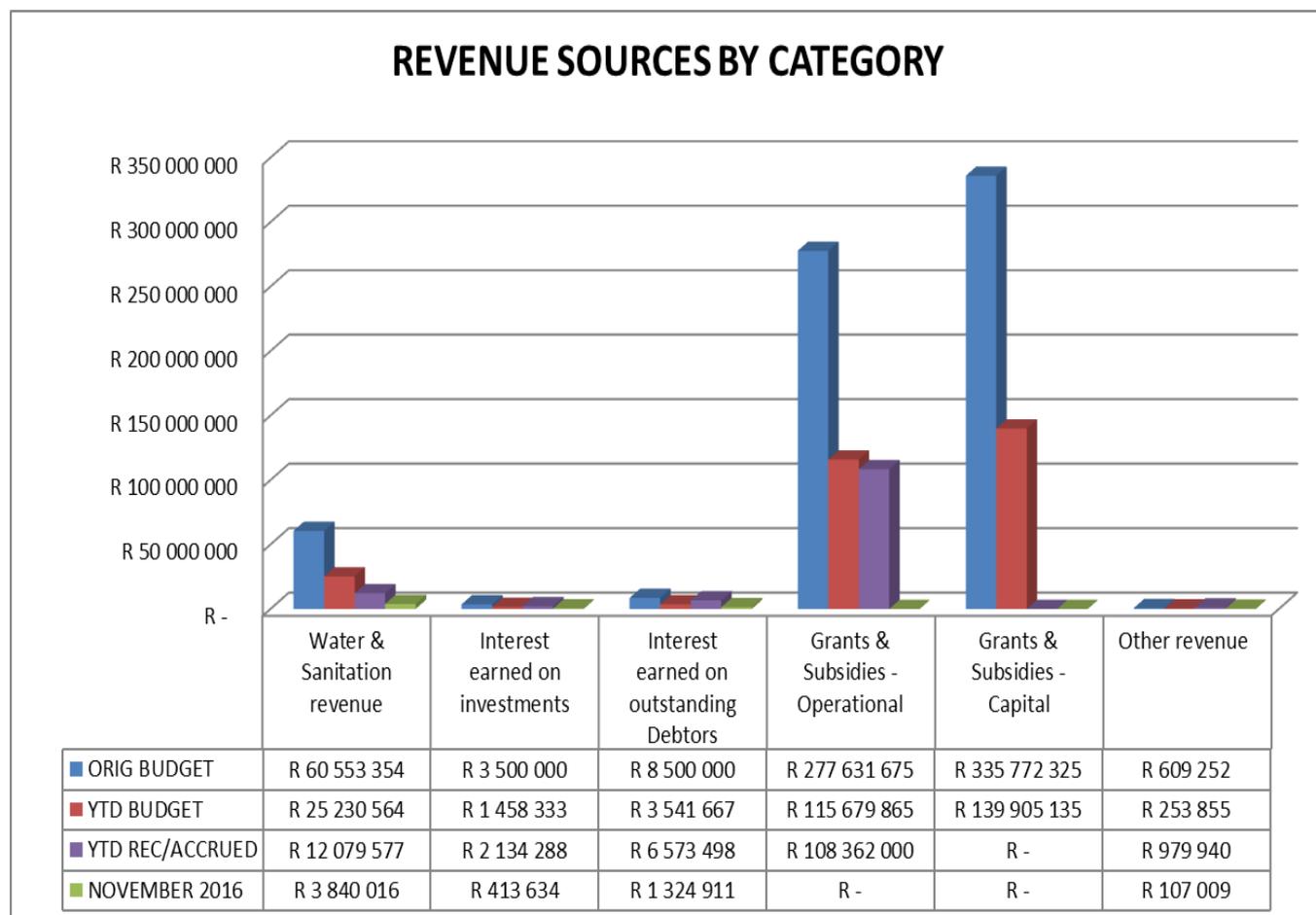
The following section analyses material variances between the actual targets as at 30 November 2016 and the budget for the same period. This report analyses each major component under following headings;

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

### REVENUE

The chart displays a comparison between the 2016/17 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 November 2016 was R12million against a year to date **budget** of R25, 2million.

**Interest Earned on External Investments**

The year to date actual interest earned on external investments as at 30 November 2016 is R 2, 1m against year to date budget of R1, 4m. This represents 146% of actual against year to date budget. The interest received is over performed by 46%.

### **Transfers Recognised – Operational**

No operational grants received for the month of November 2016.

### **Transfers Recognised – Capital**

The low expenditure trends on grant funded expenditure had resulted in a rather lower than expected recognition of Income against the set targets, however there is 55% expenditure for capital grants that was spent on current financial year's budget. The actual R80m (against a YTD budget of R145million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 55% performance in Conditional Capital grant funding expenditures. No Capital grants received for the month of November 2016

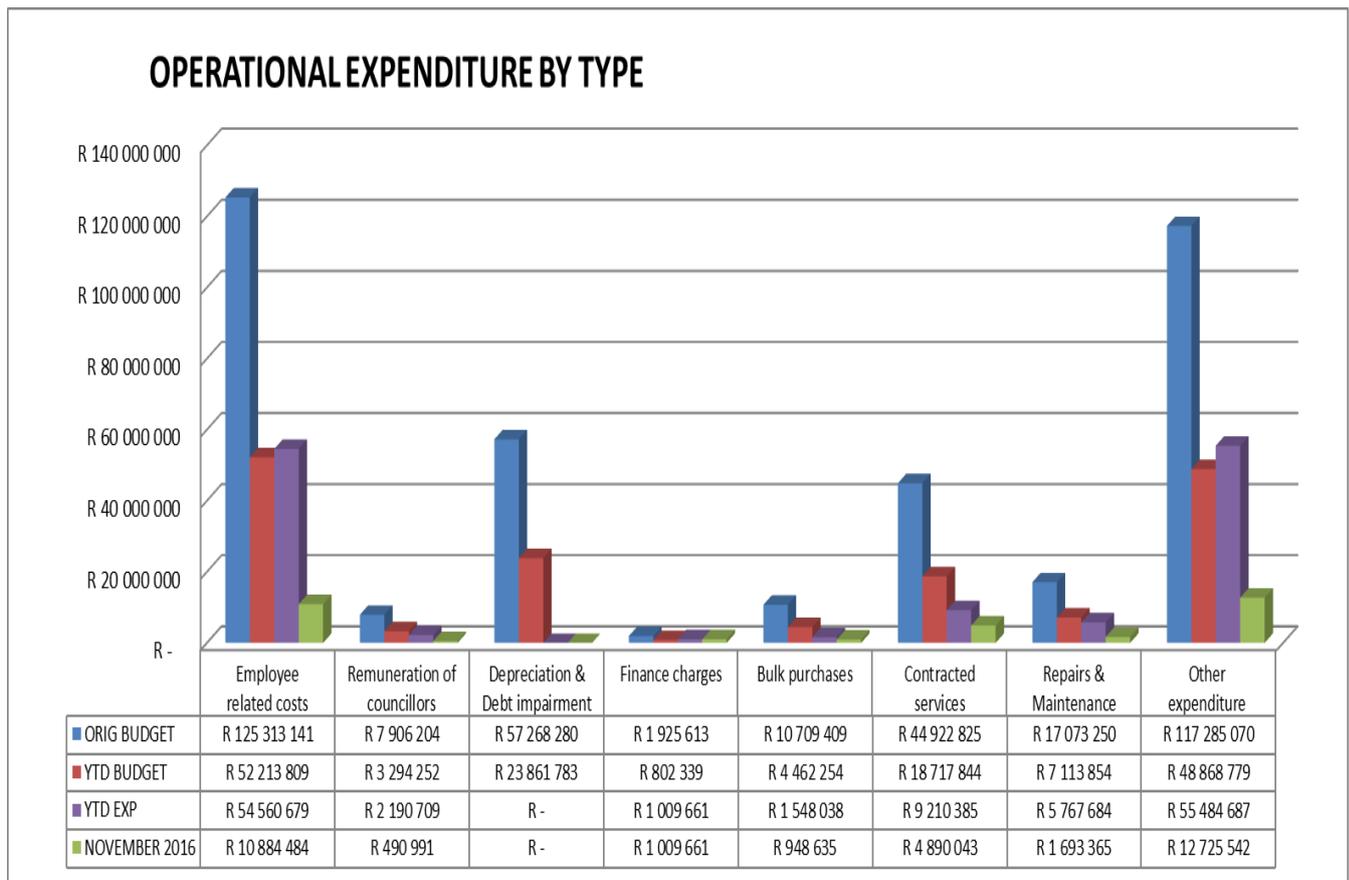
### **Other Revenue**

The YTD performance of other revenue is R 979 940 k against YTD budget of R 253 855k of YTD 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 R52, 2million against a YTD actual of R54, 5million which is 104% of the YTD budget.

### Remuneration of Councillors

The remuneration of councillor’s expenditure as at 30 November 2016 was R2, 1m against a YTD budget of R3, 2m.

### Finance Charges

As at 30 November 2016, year to date budget for finance charges is R1m against year to actual of R1m.

## Bulk Purchases

The YTD budget for bulk purchases was at R4, 4m against a YTD expenditure of R1, 5m. The bulk purchases for the month of November 2016 is at R 948 635K

## Other Expenditure

The YTD budget for other expenditure was at R48, 8million against a YTD expenditure of R55, 4million. The other expenditure is over performed by 14% in the month of November.

## Performance assessment

The Performance Assessment Report will be available on the second quarter of 2016/2017 financial year in terms of mid-term performance assessment in accordance with the Municipal Finance Management Act.

## Actual and revised targets for cash receipts

DC43 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M05 November

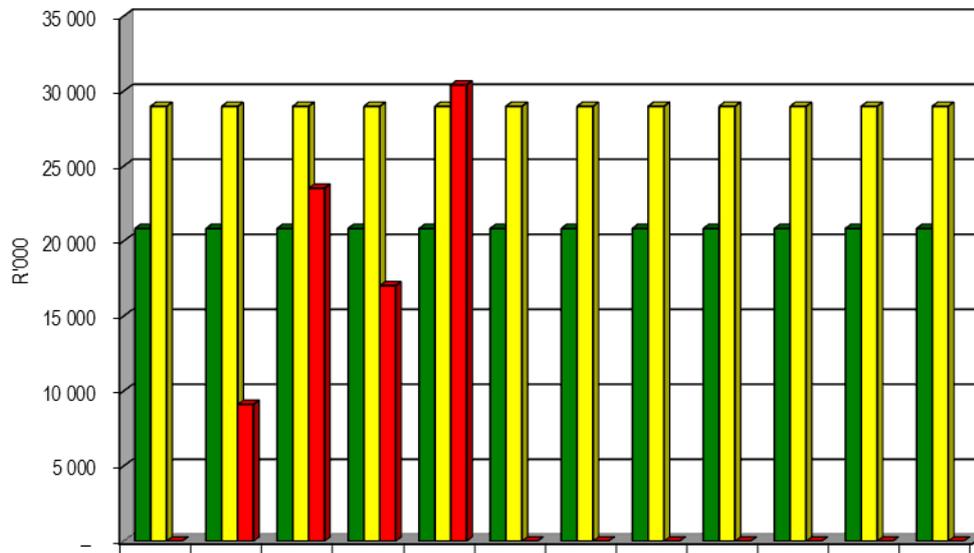
Description	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework		
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>															
Property rates													-	-	-
Service charges - electricity revenue													-	-	-
Service charges - water revenue	1 393	1 104	1 470	2 138	1 845							15 036	22 985	23 305	24 703
Service charges - sanitation revenue	597	473	630	916	791							6 016	9 422	9 988	10 587
Service charges - other													-	-	-
Interest earned - external investments	183	102	700	734	414							1 366	3 500	3 710	3 933
Interest earned - outstanding debtors	1 303	1 311	1 322	1 312	1 325							(6 573)	-	-	-
Transfer receipts - operating	108 362	1 250	1 095	2 000	-							164 925	277 632	294 948	317 863
Other revenue	(158)	131	658	242	107							(675)	305	323	342
<b>Cash Receipts by Source</b>	<b>111 681</b>	<b>4 371</b>	<b>5 876</b>	<b>7 342</b>	<b>4 481</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180 094</b>	<b>313 844</b>	<b>332 273</b>	<b>357 428</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	172 835	841		61 059	-								101 037	335 772	401 643
Increase in consumer deposits													178	178	200
Change in non-current investments													-	-	-
<b>Total Cash Receipts by Source</b>	<b>284 516</b>	<b>5 212</b>	<b>5 876</b>	<b>68 401</b>	<b>4 481</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281 309</b>	<b>649 794</b>	<b>734 117</b>	<b>730 733</b>
<b>Cash Payments by Type</b>															
Employee related costs	10 685	11 568	10 613	10 810	10 884								70 752	125 313	135 338
Remuneration of councillors	497	432	378	393	491								5 715	7 906	8 539
Interest paid					1 010								916	1 926	1 595
Bulk purchases - Water & Sewer			599		949								9 161	10 709	11 641
Contracted services	1 026	1 238	237	1 819	4 890								35 712	44 923	46 016
Grants and subsidies paid - other municipalities	6 667												(6 667)	-	-
Grants and subsidies paid - other													20 000	20 000	22 218
General expenses	107 026	37 235	27 895	(6 831)	14 941								(70 690)	109 575	109 032
<b>Cash Payments by Type</b>	<b>125 902</b>	<b>51 071</b>	<b>39 123</b>	<b>6 191</b>	<b>33 164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64 901</b>	<b>320 352</b>	<b>334 380</b>	<b>357 588</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	8	9 125	23 544	17 043	30 429								230 795	310 943	365 496
Repayment of borrowing					1 453								1 547	3 000	3 330
<b>Total Cash Payments by Type</b>	<b>125 909</b>	<b>60 196</b>	<b>62 666</b>	<b>23 234</b>	<b>65 046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>297 243</b>	<b>634 294</b>	<b>703 206</b>	<b>701 302</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>158 606</b>	<b>(54 984)</b>	<b>(56 790)</b>	<b>45 167</b>	<b>(60 566)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15 934)</b>	<b>15 500</b>	<b>30 910</b>	<b>29 431</b>
Cash/cash equivalents at the monthly year begin	5 819	164 425	109 442	52 651	97 819	37 253	37 253	37 253	37 253	37 253	37 253	37 253	37 253	5 819	21 319
Cash/cash equivalents at the monthly year end:	164 425	109 442	52 651	97 819	37 253	37 253	37 253	37 253	37 253	37 253	37 253	21 319	21 319	52 229	81 661

### Capital Expenditure Trend

DC43 Harry Gwala - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M05 November

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
R thousands								%	
<b>Monthly expenditure performance trend</b>									
July	20 853	29 005		8	8	29 005	28 997	100,0%	0%
August	20 853	29 005		9 125	9 132	58 009	48 877	84,3%	3%
September	20 853	29 005		23 544	32 676	87 014	54 338	62,4%	9%
October	20 853	29 005		17 043	49 718	116 018	66 300	57,1%	14%
November	20 853	29 005		30 429	80 147	145 023	64 875	44,7%	23%
December	20 853	29 005				174 027	-		
January	20 853	29 005				203 032	-		
February	20 853	29 005				232 036	-		
March	20 853	29 005				261 041	-		
April	20 853	29 005				290 045	-		
May	20 853	29 005				319 050	-		
June	20 853	29 005				348 054	-		
<b>Total Capital expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>-</b>	<b>80 147</b>					

Chart C1 2016/17 Capital Expenditure Monthly Trend: actual v target



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
■ 2015/16	20 853	20 853	20 853	20 853	20 853	20 853	20 853	20 853	20 853	20 853	20 853	20 853
■ Original Budget	29 005	29 005	29 005	29 005	29 005	29 005	29 005	29 005	29 005	29 005	29 005	29 005
■ Monthly actual	8	9 125	23 544	17 043	30 429	-	-	-	-	-	-	-

### 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 - M05 November

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original 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	29 869	78 680	138 030	59 350	43,0%	331 272
Infrastructure - Road transport	-	500	-	-	208	208	100,0%	500
<i>Roads, Pavements &amp; Bridges</i>	-	500	-	-	208	208	100,0%	500
<i>Storm water</i>	-	-	-	-	-	-	-	-
Infrastructure - Water	203 688	297 107	26 230	58 084	123 794	65 710	53,1%	297 107
<i>Dams &amp; Reservoirs</i>	-	-	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-	-
<i>Reticulation</i>	203 688	297 107	26 230	58 084	123 794	65 710	53,1%	297 107
Infrastructure - Sanitation	28 500	33 666	3 639	20 595	14 027	(6 568)	-46,8%	33 666
<i>Reticulation</i>	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>	28 500	33 666	3 639	20 595	14 027	(6 568)	-46,8%	33 666
Infrastructure - Other	-	-	-	-	-	-	-	-
<i>Waste Management</i>	-	-	-	-	-	-	-	-
<b>Other assets</b>	9 950	10 533	33	69	4 389	4 320	98,4%	10 533
General vehicles	-	4 642	-	-	1 934	1 934	100,0%	4 642
Specialised vehicles	-	-	-	-	-	-	-	-
Plant & equipment	4 600	2 600	-	-	1 083	1 083	100,0%	2 600
Computers - hardware/equipment	-	-	-	-	-	-	-	-
Furniture and other office equipment	1 450	1 791	31	67	746	679	91,1%	1 791
Other Buildings	600	-	2	2	-	(2)	#DIV/0!	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-
Other	3 300	1 500	-	-	625	625	100,0%	1 500
<b>Intangibles</b>	1 100	1 250	135	504	521	16	3,1%	1 250
Computers - software & programming	1 100	1 250	135	504	521	16	3,1%	1 250
Other	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>243 238</b>	<b>343 054</b>	<b>30 037</b>	<b>79 253</b>	<b>142 939</b>	<b>63 686</b>	<b>44,6%</b>	<b>343 054</b>
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-

## Capital Expenditure on Renewal of Existing Assets by Asset Class

DC43 Harry Gwala - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M05 November

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 renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	7 000	5 000	-	392	894	2 083	1 189	57,1%	5 000
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
<i>Street Lighting</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Water	7 000	5 000	-	392	894	2 083	1 189	57,1%	5 000
<i>Dams &amp; Reservoirs</i>	-	-	-	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	7 000	5 000	-	392	894	2 083	1 189	57,1%	5 000
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>7 000</b>	<b>5 000</b>	<b>-</b>	<b>392</b>	<b>894</b>	<b>2 083</b>	<b>1 189</b>	<b>57,1%</b>	<b>5 000</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

For the month of November 2016 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\_\_\_\_\_