

# Harry Gwala District Municipality



**MFMA S 72 Midyear Budget & Performance Assessment Incorporating S 52 (d) and S 71 Monthly report 2017/2018 financial year.**

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## 1. PART 1 – IN YEAR REPORT

### 1.1 Mayors Report

#### PREAMBLE

The Mayor, Honourable Councillor M Ndobe

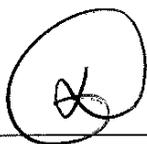
In accordance with S72 of the Municipal Finance Management Act, I submit the required statement assessing the performance of the Harry Gwala District Municipality and Harry Gwala District Entity during the first half of the 2017/2018 financial year.

Section 54 of the MFMA requires the Mayor of the municipality to take certain actions on receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

The information and analysis contained in this report has been reviewed and it is evident that an Operational Budget adjustment and hence adjustments to the SDBIP will be necessary.

The planned results and the comments have been included in the performance assessment report as the senior managers were requested to indicate the status as well as their remedial actions in order to achieve those planned targets.

In terms of s72 of the MFMA the budget and SDBIP projections will have to be reviewed to ensure that the planned services will be rendered within the budgetary constraints.



Municipal Manager: Mrs N Dlamini

Municipal Manager: Harry Gwala DM

25 January 2018



Councillor: M. E. Ndobe

Honourable Mayor: Harry Gwala DM

25 January 2018

## **1.2 Executive Summary**

### **Legislative Requirements**

In terms of Section 72 of the MFMA, the Accounting Officer of the Municipality is required to submit a report in the prescribed format to the Mayor by the 25 January of each year, reviewing the financial performance of the municipality for the first six months of the year. This mid-year report is a critical stage in the in year reporting cycle. As part of the review, in terms of Section 72(3), the accounting officer needs to make recommendations as to whether the SDBIP and Annual budget, i.e. Both Operational & Capital, need to be adjusted. Furthermore, Section 54(f) of the MFMA requires the Mayor to consider and submit a report to Council by 31 January.

### **Midyear Budget & Performance Assessment**

The municipality's implementation of the approved budget is best summarised in table C1 under the heading "1.4 In Year Budget statement Tables". While the operational budget expenditure has been good, accelerated implementation of the Capital projects would have to be sought in order to increase the provision of basic services to the communities. Piling outstanding consumer debts still continue to be a challenge and pose a threat to the municipality's liquidity position. A more rigorous approach is necessary to deal with this challenge.

### **Material Variances in the SDBIP**

The performance of the Municipality, as discussed in detail under 2.7 Material Variances in the SDBIP, shows that the Municipality has managed to achieve 60% of the planned target as at midyear. It can be stated that the performance of the municipality at midyear is slightly above average; however the departments need to improve their performance in the next remaining months.

Section 2.7 also assesses the material variances between the planned operational, capital and revenue targets an analysis which is crucial to give direction to the second half of the final year. The revenue of the municipality would have to be reviewed to for adjustments of underperformance as well as over performance.

## **REVENUE**

The consolidated actual year to date revenue recognised as at 31 December 2017 was R236, 3million against a year to date budget of R382, 2million representing under performance of 38%. The 38% is excluding the revenue recognition on the Transfers & subsidies Capital and this is due to the E-Venus MSCOA transition, there will be a change once the opening balances and Work in Progress are effected in the system.

## **OPERATIONAL EXPENDITURE**

The operational budget performance at midyear was 76% when compared to the Year to Date (YTD) budget. An under performance of 24% was reported at mid-year but the 24% is inclusive of Non-cash items. An analysis of each expenditure line item category will be conducted so as to implement a downward adjustment budget.

## **CAPITAL EXPENDITURE**

As at Midyear, the capital budget was underspent by 46%. This is an indication for a need for much accelerated infrastructure expenditure programme.

### **1.3 In Year 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.

# Harry Gwala District Municipality

DC43 Harry Gwala - Table C1 Consolidated Monthly Budget Statement Summary - M06 December								
Description	2016/17	Budget Year 2017/18						
	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>								
Service charges	33 447	55 390	(9 967)	53 587	27 695	25 892	93%	55 390
Investment revenue	6 075	6 230	727	3 900	3 115	785	25%	6 230
Transfers and subsidies	324 383	303 218	54 214	167 619	151 609	16 010	11%	303 218
Other own revenue	16 720	12 155	9 874	11 364	6 078	5 287	87%	12 155
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>380 625</b>	<b>376 993</b>	<b>54 949</b>	<b>236 470</b>	<b>188 497</b>	<b>47 974</b>	<b>25%</b>	<b>376 993</b>
Employee costs	147 159	160 716	17 055	78 234	80 358	(2 124)	-3%	160 716
Remuneration of Councillors	7 906	8 539	469	2 879	4 269	(1 390)	-33%	8 539
Depreciation & asset impairment	42 844	34 996	377	377	17 498	(17 121)	-98%	34 996
Finance charges	2 035	2 009	852	852	1 005	(152)	-15%	2 009
Materials and bulk purchases	10 709	13 688	1 209	8 439	6 844	1 595	23%	13 688
Other expenditure	229 450	167 164	12 514	56 960	83 582	(26 622)	-32%	167 164
<b>Total Expenditure</b>	<b>440 103</b>	<b>387 112</b>	<b>32 476</b>	<b>147 741</b>	<b>193 556</b>	<b>(45 815)</b>	<b>-24%</b>	<b>387 112</b>
<b>Surplus/(Deficit)</b>	<b>(59 478)</b>	<b>(10 119)</b>	<b>22 473</b>	<b>88 729</b>	<b>(5 059)</b>	<b>93 789</b>	<b>-1854%</b>	<b>(10 119)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial)	311 695	387 544	-	-	193 772	(193 772)	-100%	387 544
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>252 216</b>	<b>377 425</b>	<b>22 473</b>	<b>88 729</b>	<b>188 713</b>	<b>(99 983)</b>	<b>-53%</b>	<b>377 425</b>
<b>Surplus/ (Deficit) for the year</b>	<b>252 216</b>	<b>377 425</b>	<b>22 473</b>	<b>88 729</b>	<b>188 713</b>	<b>(99 983)</b>	<b>-53%</b>	<b>377 425</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>313 343</b>	<b>399 054</b>	<b>13 663</b>	<b>108 084</b>	<b>199 527</b>	<b>(91 443)</b>	<b>-46%</b>	<b>399 054</b>
Capital transfers recognised	309 100	387 544	13 298	104 895	193 772	(88 877)	-46%	387 544
Internally generated funds	4 244	11 510	365	3 189	5 755	(2 566)	-45%	11 510
<b>Total sources of capital funds</b>	<b>313 343</b>	<b>399 054</b>	<b>13 663</b>	<b>108 084</b>	<b>199 527</b>	<b>(91 443)</b>	<b>-46%</b>	<b>399 054</b>
<b>Financial position</b>								
Total current assets	67 853	52 126	-	-	-	-	-	-
Total non current assets	1 885 279	2 236 509	-	-	-	-	-	-
Total current liabilities	239 003	59 988	-	-	-	-	-	-
Total non current liabilities	32 449	41 270	-	-	-	-	-	-
<b>Community wealth/Equity</b>	<b>1 681 679</b>	<b>2 187 377</b>						
<b>Cash flows</b>								
Net cash from (used) operating	274 241	405 784	81 115	262 424	202 892	(59 532)	-29%	405 784
Net cash from (used) investing	(277 696)	(399 054)	(13 663)	(108 056)	(199 527)	(91 471)	46%	(399 054)
Net cash from (used) financing	(4 369)	(3 130)	(1 615)	(1 615)	(1 565)	50	-3%	(3 130)
<b>Cash/cash equivalents at the month/year end</b>	<b>(2 005)</b>	<b>8 601</b>	<b>-</b>	<b>177 026</b>	<b>6 800</b>	<b>(170 226)</b>	<b>-2503%</b>	<b>27 873</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	6 290	31 335	4 065	4 642	4 982	25 936	106 936	189 442
<b>Creditors Age Analysis</b>								
Total Creditors	3 181	2 807	5 535	-	-	-	-	12 654

## Financial Performance

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

DC43 Harry Gwala - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) -								
Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>Revenue - Functional</b>								
<b>Governance and administration</b>	291 219	301 751	49 571	172 050	150 876	21 174	14%	301 751
Finance and administration	291 219	301 751	49 571	172 050	150 876	21 174	14%	301 751
<b>Economic and environmental services</b>	205	405	165	165	203	(37)	-19%	405
Planning and development	205	405	165	165	203	(37)	-19%	405
<b>Trading services</b>	400 895	462 381	5 213	64 255	231 190	(166 935)	-72%	462 381
Water management	62 251	57 897	5 213	64 255	28 948	35 307	122%	57 897
Waste water management	338 644	404 484	-	-	202 242	(202 242)	-100%	404 484
<b>Total Revenue - Functional</b>	<b>692 319</b>	<b>764 537</b>	<b>54 949</b>	<b>236 470</b>	<b>382 269</b>	<b>(145 798)</b>	<b>-38%</b>	<b>764 537</b>
<b>Expenditure - Functional</b>								
<b>Governance and administration</b>	137 169	141 710	8 546	53 370	70 855	(17 485)	-25%	141 710
Executive and council	22 463	27 496	2 335	10 617	13 748	(3 131)	-23%	27 496
Finance and administration	114 706	114 213	6 211	42 752	57 107	(14 355)	-25%	114 213
<b>Economic and environmental services</b>	53 384	59 294	11 292	28 432	29 647	(1 215)	-4%	59 294
Planning and development	53 384	59 294	11 292	28 432	29 647	(1 215)	-4%	59 294
<b>Trading services</b>	249 551	186 108	12 638	65 940	93 054	(27 114)	-29%	186 108
Water management	180 179	147 917	7 594	52 975	73 959	(20 983)	-28%	147 917
Waste water management	69 372	38 191	5 044	12 965	19 096	(6 131)	-32%	38 191
<b>Total Expenditure - Functional</b>	<b>440 103</b>	<b>387 112</b>	<b>32 476</b>	<b>147 741</b>	<b>193 556</b>	<b>(45 815)</b>	<b>-24%</b>	<b>387 112</b>
<b>Surplus/ (Deficit) for the year</b>	<b>252 216</b>	<b>377 425</b>	<b>22 473</b>	<b>88 729</b>	<b>188 713</b>	<b>(99 983)</b>	<b>-53%</b>	<b>377 425</b>

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue received as at December 2017 was R 236, 4million against a year to date budget of R 382, 2million representing under performance of 38%.

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

DC43 Harry Gwala - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by								
Vote Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>Revenue by Vote</b>								
Vote 3 - Budget & Treasury Office	291 219	301 751	49 571	172 050	150 876	21 174	14.0%	301 751
Vote 5 - Social Services & Development Planning	205	405	165	165	203	(37)	-18.5%	405
Vote 6 - Infrastructure Services	338 644	404 484	-	-	202 242	(202 242)	-100.0%	404 484
Vote 7 - Water Services	62 251	57 897	5 213	64 255	28 948	35 307	122.0%	57 897
<b>Total Revenue by Vote</b>	<b>692 319</b>	<b>764 537</b>	<b>54 949</b>	<b>236 470</b>	<b>382 269</b>	<b>(145 798)</b>	<b>-38.1%</b>	<b>764 537</b>
<b>Expenditure by Vote</b>								
Vote 1 - Mayor	9 763	12 346	608	4 609	6 173	(1 564)	-25.3%	12 346
Vote 2 - Municipal Manager	12 700	15 150	1 727	6 008	7 575	(1 567)	-20.7%	15 150
Vote 3 - Budget & Treasury Office	59 112	63 901	2 823	14 627	31 951	(17 324)	-54.2%	63 901
Vote 4 - Corporate Services	55 594	50 312	3 388	28 125	25 156	2 969	11.8%	50 312
Vote 5 - Social Services & Development Planning	53 384	59 294	11 292	28 432	29 647	(1 215)	-4.1%	59 294
Vote 6 - Infrastructure Services	69 372	38 191	5 044	12 965	19 096	(6 131)	-32.1%	38 191
Vote 7 - Water Services	180 179	147 917	7 594	52 975	73 959	(20 983)	-28.4%	147 917
<b>Total Expenditure by Vote</b>	<b>440 103</b>	<b>387 112</b>	<b>32 476</b>	<b>147 741</b>	<b>193 556</b>	<b>(45 815)</b>	<b>-23.7%</b>	<b>387 112</b>
<b>Surplus/ (Deficit) for the year</b>	<b>252 216</b>	<b>377 425</b>	<b>22 473</b>	<b>88 729</b>	<b>188 713</b>	<b>(99 983)</b>	<b>-53.0%</b>	<b>377 425</b>

Expenditure by municipal vote classification presents the expenditure by the departments. The operational budget reported an under performance at midyear of 48%.

## Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2017.

DC43 Harry Gwala - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M0€

Description	2016/17	Budget Year 2017/18						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>								
<b>Revenue By Source</b>								
Service charges - water revenue	18 039	39 269	(6 907)	37 511	19 634	17 876	91%	39 269
Service charges - sanitation revenue	15 209	16 122	(2 960)	16 076	8 061	8 015	99%	16 122
Service charges - other	199					-		
Interest earned - external investments	6 075	6 230	727	3 900	3 115	785	25%	6 230
Interest earned - outstanding debtors	14 658	9 000	8 154	8 521	4 500	4 021	89%	9 000
Transfers and subsidies	324 383	303 218	54 214	167 619	151 609	16 010	11%	303 218
Other revenue	2 062	3 155	1 721	2 843	1 578	1 266	80%	3 155
Gains on disposal of PPE						-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>380 625</b>	<b>376 993</b>	<b>54 949</b>	<b>236 470</b>	<b>188 497</b>	<b>47 974</b>	<b>25%</b>	<b>376 993</b>
<b>Expenditure By Type</b>								
Employee related costs	147 159	160 716	17 055	78 234	80 358	(2 124)	-3%	160 716
Remuneration of councillors	7 906	8 539	469	2 879	4 269	(1 390)	-33%	8 539
Debt impairment	26 044	27 843	-	(1 483)	13 921	(15 404)	-111%	27 843
Depreciation & asset impairment	42 844	34 996	377	377	17 498	(17 121)	-98%	34 996
Finance charges	2 035	2 009	852	852	1 005	(152)	-15%	2 009
Bulk purchases	10 709	13 688	1 209	8 439	6 844	1 595	23%	13 688
Contracted services	28 075	20 298	237	10 873	10 149	724	7%	20 298
Other expenditure	175 332	119 024	12 277	47 570	59 512	(11 942)	-20%	119 024
<b>Total Expenditure</b>	<b>440 103</b>	<b>387 112</b>	<b>32 476</b>	<b>147 741</b>	<b>193 556</b>	<b>(45 815)</b>	<b>-24%</b>	<b>387 112</b>
<b>Surplus/(Deficit)</b>	<b>(59 478)</b>	<b>(10 119)</b>	<b>22 473</b>	<b>88 729</b>	<b>(5 059)</b>	<b>93 789</b>	<b>(0)</b>	<b>(10 119)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	311 695	387 544	-	-	193 772	(193 772)	(0)	387 544
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>252 216</b>	<b>377 425</b>	<b>22 473</b>	<b>88 729</b>	<b>188 713</b>			<b>377 425</b>
<b>Surplus/(Deficit) after taxation</b>	<b>252 216</b>	<b>377 425</b>	<b>22 473</b>	<b>88 729</b>	<b>188 713</b>			<b>377 425</b>
Attributable to minorities								
<b>Surplus/(Deficit) attributable to municipality</b>	<b>252 216</b>	<b>377 425</b>	<b>22 473</b>	<b>88 729</b>	<b>188 713</b>			<b>377 425</b>
Share of surplus/ (deficit) of associate								
<b>Surplus/ (Deficit) for the year</b>	<b>252 216</b>	<b>377 425</b>	<b>22 473</b>	<b>88 729</b>	<b>188 713</b>			<b>377 425</b>

A detailed analysis of the anomalies is provided under "2,6 Material Variances in the SDBIP".

## 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.

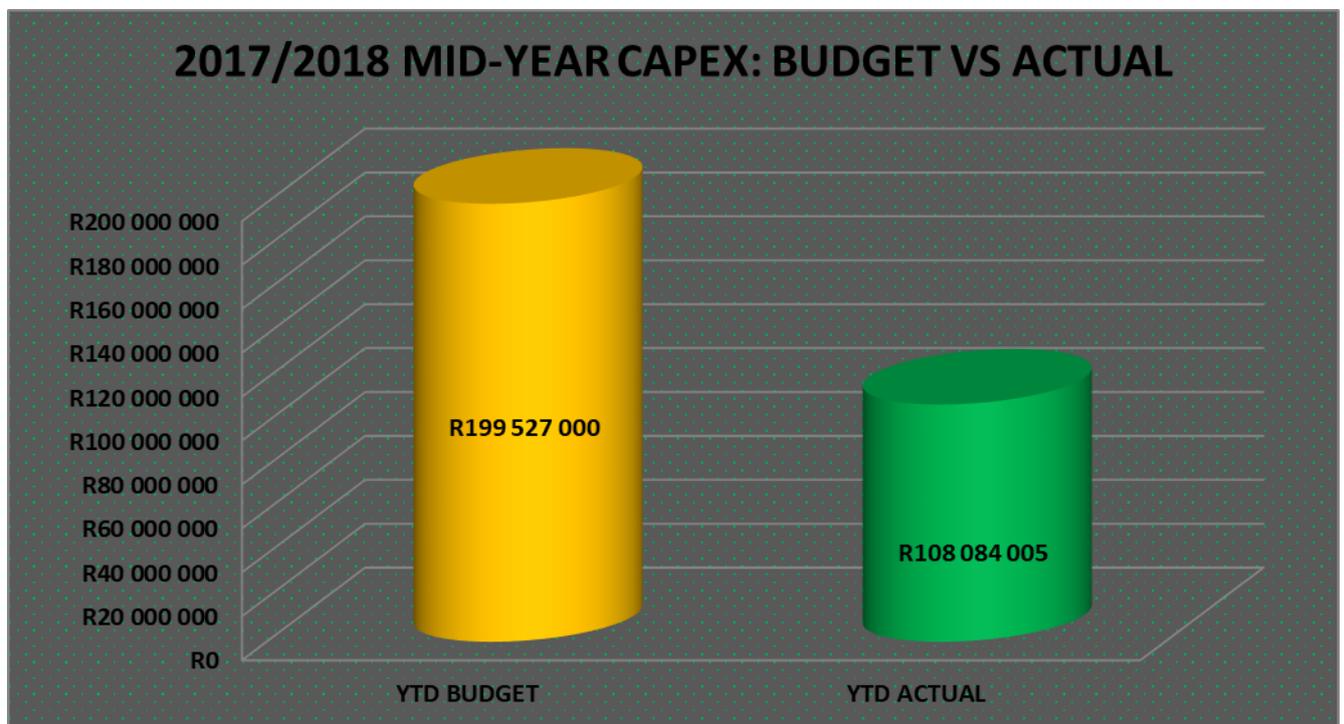
DC43 Harry Gwala - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification)								
Vote Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>Multi-Year expenditure appropriation</b>								
Vote 4 - Corporate Services	2 732	5 110	-	2 747	2 555	192	8%	5 110
Vote 5 - Social Services & Development Planning	1 511	500	116	116	250	(134)	-54%	500
Vote 6 - Infrastructure Services	299 101	330 444	13 298	104 895	165 222	(60 327)	-37%	330 444
Vote 7 - Water Services	10 000	63 000	250	326	31 500	(31 174)	-99%	63 000
<b>Total Capital Multi-year expenditure</b>	<b>313 343</b>	<b>399 054</b>	<b>13 663</b>	<b>108 084</b>	<b>199 527</b>	<b>(91 443)</b>	<b>-46%</b>	<b>399 054</b>
<b>Total Capital Expenditure</b>	<b>313 343</b>	<b>399 054</b>	<b>13 663</b>	<b>108 084</b>	<b>199 527</b>	<b>(91 443)</b>	<b>-46%</b>	<b>399 054</b>
<b>Capital Expenditure - Functional Classification</b>								
<b>Governance and administration</b>	<b>2 732</b>	<b>5 110</b>	<b>-</b>	<b>2 824</b>	<b>2 555</b>	<b>269</b>	<b>11%</b>	<b>5 110</b>
Finance and administration	2 732	5 110	-	2 824	2 555	269	11%	5 110
<b>Economic and environmental services</b>	<b>1 511</b>	<b>500</b>	<b>116</b>	<b>116</b>	<b>250</b>	<b>(134)</b>	<b>-54%</b>	<b>500</b>
Planning and development	1 511	500	116	116	250	(134)	-54%	500
<b>Trading services</b>	<b>309 101</b>	<b>393 444</b>	<b>13 547</b>	<b>105 144</b>	<b>196 722</b>	<b>(91 578)</b>	<b>-47%</b>	<b>387 544</b>
Water management	10 000	330 444	13 298	104 895	165 222	(60 327)	-37%	324 544
Waste water management	299 101	63 000	250	250	31 500	(31 250)	-99%	63 000
<b>Total Capital Expenditure - Functional Classification</b>	<b>313 343</b>	<b>399 054</b>	<b>13 663</b>	<b>108 084</b>	<b>199 527</b>	<b>(91 443)</b>	<b>-46%</b>	<b>393 154</b>
<b>Funded by:</b>								
National Government	309 100	387 544	13 298	104 895	193 772	(88 877)	-46%	387 544
<b>Transfers recognised - capital</b>	<b>309 100</b>	<b>387 544</b>	<b>13 298</b>	<b>104 895</b>	<b>193 772</b>	<b>(88 877)</b>	<b>-46%</b>	<b>387 544</b>
<b>Internally generated funds</b>	<b>4 244</b>	<b>11 510</b>	<b>365</b>	<b>3 189</b>	<b>5 755</b>	<b>(2 566)</b>	<b>-45%</b>	<b>11 510</b>
<b>Total Capital Funding</b>	<b>313 343</b>	<b>399 054</b>	<b>13 663</b>	<b>108 084</b>	<b>199 527</b>	<b>(91 443)</b>	<b>-46%</b>	<b>399 054</b>

The 2017/18 mid-year capital expenditure has underspent by 46% to the year to date to budget. This is an indication for a need for much accelerated infrastructure expenditure programme as it affects the grant funding given by National Treasury.

The capital budget continues to be largely dependent on the National Government grants.

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

**Chart 1: Midyear Capex**



As at midyear, the consolidated year to date actual expenditure was R108 million against a YTD budget of R199 million. In monetary terms, these figures represent 54% percent performance against the capital development programme as at midyear.

**Table C6 displays the financial position of the municipality as at 31 December 2017.**

No movements appear on C6. The reason for no movements in C6 is because the system was waiting for the final audited Annual Financial Statements so as to get the opening balances and include them in the MSCOA structure on the system.

**DC43 Harry Gwala - Table C6 Consolidated Monthly Budget Statement -**

Description	2016/17	Budget Year 2017/18		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>				
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash	3 642	8 601		8 601
Call investment deposits	2 931	-		-
Consumer debtors	48 078	36 156		36 156
Other debtors	12 818	7 107		7 107
Inventory	384	263		263
<b>Total current assets</b>	<b>67 853</b>	<b>52 126</b>	<b>-</b>	<b>52 126</b>
<b>Non current assets</b>				
Property, plant and equipment	1 881 807	2 236 142		2 236 142
Intangible assets	3 472	366		366
<b>Total non current assets</b>	<b>1 885 279</b>	<b>2 236 509</b>	<b>-</b>	<b>2 236 509</b>
<b>TOTAL ASSETS</b>	<b>1 953 132</b>	<b>2 288 635</b>	<b>-</b>	<b>2 288 635</b>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities</b>				
Borrowing	3 330	3 758		3 758
Consumer deposits	1 593	1 794		1 794
Trade and other payables	229 775	53 417		53 417
Provisions	4 305	1 019		1 019
<b>Total current liabilities</b>	<b>239 003</b>	<b>59 988</b>	<b>-</b>	<b>59 988</b>
<b>Non current liabilities</b>				
Borrowing	12 353	12 379		12 379
Provisions	20 096	28 891		28 891
<b>Total non current liabilities</b>	<b>32 449</b>	<b>41 270</b>	<b>-</b>	<b>41 270</b>
<b>TOTAL LIABILITIES</b>	<b>271 453</b>	<b>101 258</b>	<b>-</b>	<b>101 258</b>
<b>NET ASSETS</b>	<b>1 681 679</b>	<b>2 187 377</b>	<b>-</b>	<b>2 187 377</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>				
Accumulated Surplus/(Deficit)	1 681 679	2 187 377		2 187 377
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 681 679</b>	<b>2 187 377</b>	<b>-</b>	<b>2 187 377</b>

Table C7 below display the Cash Flow Statement for the mid-year.

DC43 Harry Gwala - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M06 December								
Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Service charges	42 081	29 911	4 240	25 903	14 955	10 947	73%	29 911
Other revenue	310	3 155	1 871	2 851	1 578	1 274	81%	3 155
Government - operating	308 623	303 218	48 857	174 627	151 609	23 018	15%	303 218
Government - capital	309 101	387 544	79 545	267 945	193 772	74 173	38%	387 544
Interest	7 138	6 230	752	7 045	3 115	3 930	126%	6 230
<b>Payments</b>								
Suppliers and employees	(390 993)	(322 264)	(53 299)	(215 095)	(161 132)	53 962	-33%	(322 264)
Finance charges	(2 019)	(2 009)	(852)	(852)	(1 005)	(152)	15%	(2 009)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>274 241</b>	<b>405 784</b>	<b>81 115</b>	<b>262 424</b>	<b>202 892</b>	<b>(59 532)</b>	<b>-29%</b>	<b>405 784</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Payments</b>								
Capital assets	(277 696)	(399 054)	(13 663)	(108 056)	(199 527)	(91 471)	46%	(399 054)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(277 696)</b>	<b>(399 054)</b>	<b>(13 663)</b>	<b>(108 056)</b>	<b>(199 527)</b>	<b>(91 471)</b>	<b>46%</b>	<b>(399 054)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Increase (decrease) in consumer deposits	178	200	-		100	(100)	-100%	200
<b>Payments</b>								
Repayment of borrowing	(4 547)	(3 330)	(1 615)	(1 615)	(1 665)	(50)	3%	(3 330)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 369)</b>	<b>(3 130)</b>	<b>(1 615)</b>	<b>(1 615)</b>	<b>(1 565)</b>	<b>50</b>	<b>-3%</b>	<b>(3 130)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(7 824)</b>	<b>3 601</b>	<b>65 837</b>	<b>152 753</b>	<b>1 800</b>			<b>3 601</b>
Cash/cash equivalents at beginning:	5 819	5 000		24 273	5 000			24 273
Cash/cash equivalents at month/year end:	(2 005)	8 601		177 026	6 800			27 873

There has rather been higher than expected collection levels signalled by a collection of 73%. The increase has been attributed by the amnesty programme where consumers had 50% of their debt written off when they pay 50% of what they owe. Water restrictions were introduced for defaulting consumers. Faulty meters were replaced so as to capture the actual consumption. Interest has been more than the year to date budget which was influenced by the investments account that we have this financial year and also influenced by the interest on outstanding debtors.

## 1.4 Parent municipality Schedules

DC43 Harry Gwala - Table C1 Monthly Budget Statement Summary - M06 December								
Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>Financial Performance</b>								
Service charges	33 447	55 390	(9 867)	53 587	27 695	25 892	93%	55 390
Investment revenue	6 075	6 230	570	3 743	3 115	628	20%	6 230
Transfers and subsidies	324 383	303 218	48 857	167 619	151 609	16 010	11%	303 218
Other own revenue	16 720	12 155	9 867	11 357	6 078	5 279	87%	12 155
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>380 625</b>	<b>376 993</b>	<b>49 427</b>	<b>236 305</b>	<b>188 497</b>	<b>47 809</b>	<b>25%</b>	<b>376 993</b>
Employee costs	147 159	160 716	12 772	73 951	80 358	(6 407)	-8%	160 716
Remuneration of Councillors	7 906	8 539	469	2 879	4 269	(1 390)	-33%	8 539
Depreciation & asset impairment	42 844	34 996	-	-	17 498	(17 498)	-100%	34 996
Finance charges	2 035	2 009	848	848	1 005	(157)	-16%	2 009
Materials and bulk purchases	10 709	13 688	1 209	8 439	6 844	1 595	23%	13 688
Transfers and subsidies	-	-	-	4 000	-	4 000	#DIV/0!	-
Other expenditure	229 450	167 164	8 273	48 719	83 582	(34 863)	-42%	167 164
<b>Total Expenditure</b>	<b>440 103</b>	<b>387 112</b>	<b>23 571</b>	<b>138 836</b>	<b>193 556</b>	<b>(54 720)</b>	<b>-28%</b>	<b>387 112</b>
<b>Surplus/(Deficit)</b>	<b>(59 478)</b>	<b>(10 119)</b>	<b>25 856</b>	<b>97 469</b>	<b>(5 059)</b>	<b>102 529</b>	<b>-2027%</b>	<b>(10 119)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial)	311 695	387 544	-	-	193 772	(193 772)	-100%	387 544
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>252 216</b>	<b>377 425</b>	<b>25 856</b>	<b>97 469</b>	<b>188 713</b>	<b>(91 243)</b>	<b>-48%</b>	<b>377 425</b>
<b>Surplus/ (Deficit) for the year</b>	<b>252 216</b>	<b>377 425</b>	<b>25 856</b>	<b>97 469</b>	<b>188 713</b>	<b>(91 243)</b>	<b>-48%</b>	<b>377 425</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>313 343</b>	<b>399 054</b>	<b>13 547</b>	<b>107 968</b>	<b>199 527</b>	<b>(91 559)</b>	<b>-46%</b>	<b>399 054</b>
Capital transfers recognised	309 100	387 544	13 298	104 895	193 772	(88 877)	-46%	387 544
Internally generated funds	4 244	11 510	250	3 073	5 755	(2 682)	-47%	11 510
<b>Total sources of capital funds</b>	<b>313 343</b>	<b>399 054</b>	<b>13 547</b>	<b>107 968</b>	<b>199 527</b>	<b>(91 559)</b>	<b>-46%</b>	<b>399 054</b>
<b>Financial position</b>								
Total current assets	67 853	52 126	-	-	-	-	-	-
Total non current assets	1 885 279	2 236 509	-	-	-	-	-	-
Total current liabilities	239 003	59 988	-	-	-	-	-	-
Total non current liabilities	32 449	41 270	-	-	-	-	-	-
<b>Community wealth/Equity</b>	<b>1 681 679</b>	<b>2 187 377</b>	-	-	-	-	-	-
<b>Cash flows</b>								
Net cash from (used) operating	274 241	405 784	89 478	262 309	202 892	(59 416)	-29%	405 784
Net cash from (used) investing	(277 696)	(399 054)	(13 547)	(107 940)	(199 527)	(91 587)	46%	(399 054)
Net cash from (used) financing	(4 369)	(3 130)	(1 615)	(1 615)	(1 565)	50	-3%	(3 130)
<b>Cash/cash equivalents at the month/year end</b>	<b>(2 005)</b>	<b>8 601</b>	<b>-</b>	<b>177 026</b>	<b>6 800</b>	<b>(170 226)</b>	<b>-2503%</b>	<b>27 873</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	6 290	31 335	4 065	4 642	4 982	25 936	106 936	189 442
<b>Creditors Age Analysis</b>								
Total Creditors	3 181	2 807	5 535	-	-	-	-	12 654

# Harry Gwala District Municipality

**DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December**

Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Revenue - Functional</b>								
<i>Governance and administration</i>	291 219	301 751	49 571	172 050	150 876	21 174	14%	301 751
Finance and administration	291 219	301 751	49 571	172 050	150 876	21 174	14%	301 751
<i>Economic and environmental services</i>	205	405	-	-	203	(203)	-100%	405
Planning and development	205	405	-	-	203	(203)	-100%	405
<i>Trading services</i>	400 895	462 381	5 213	64 255	231 190	(166 935)	-72%	462 381
Energy sources	-	-	-	-	-	-		-
Water management	62 251	57 897	5 213	64 255	28 948	35 307	122%	57 897
Waste water management	338 644	404 484	-	-	202 242	(202 242)	-100%	404 484
<b>Total Revenue - Functional</b>	<b>692 319</b>	<b>764 537</b>	<b>54 784</b>	<b>236 305</b>	<b>382 269</b>	<b>(145 963)</b>	<b>-38%</b>	<b>764 537</b>
<b>Expenditure - Functional</b>								
<i>Governance and administration</i>	137 169	141 710	8 546	53 370	70 855	(17 485)	-25%	141 710
Executive and council	22 463	27 496	2 335	10 617	13 748	(3 131)	-23%	27 496
Finance and administration	114 706	114 213	6 211	42 752	57 107	(14 355)	-25%	114 213
<i>Economic and environmental services</i>	53 384	59 294	2 387	19 527	29 647	(10 120)	-34%	59 294
Planning and development	53 384	59 294	2 387	19 527	29 647	(10 120)	-34%	59 294
<i>Trading services</i>	249 551	186 108	12 638	65 940	93 054	(27 114)	-29%	186 108
Water management	180 179	147 917	7 594	52 975	73 959	(20 983)	-28%	147 917
Waste water management	69 372	38 191	5 044	12 965	19 096	(6 131)	-32%	38 191
<b>Total Expenditure - Functional</b>	<b>440 103</b>	<b>387 112</b>	<b>23 571</b>	<b>138 836</b>	<b>193 556</b>	<b>(54 720)</b>	<b>-28%</b>	<b>387 112</b>
<b>Surplus/ (Deficit) for the year</b>	<b>252 216</b>	<b>377 425</b>	<b>31 213</b>	<b>97 469</b>	<b>188 713</b>	<b>(91 243)</b>	<b>-48%</b>	<b>377 425</b>

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

Vote Description	2016/17	Budget Year 2017/18						
	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 3 - Budget & Treasury Office	291 219	301 751	49 571	172 050	150 876	21 174	14.0%	301 751
Vote 4 - Corporate Services	-	-	-	-	-	-		-
Vote 5 - Social Services & Development Planning	205	405	-	-	203	(203)	-100.0%	405
Vote 6 - Infrastructure Services	338 644	404 484	-	-	202 242	(202 242)	-100.0%	404 484
Vote 7 - Water Services	62 251	57 897	5 213	64 255	28 948	35 307	122.0%	57 897
<b>Total Revenue by Vote</b>	<b>692 319</b>	<b>764 537</b>	<b>54 784</b>	<b>236 305</b>	<b>382 269</b>	<b>(145 963)</b>	<b>-38.2%</b>	<b>764 537</b>
<b>Expenditure by Vote</b>								
Vote 1 - Mayor	9 763	12 346	608	4 609	6 173	(1 564)	-25.3%	12 346
Vote 2 - Municipal Manager	12 700	15 150	1 727	6 008	7 575	(1 567)	-20.7%	15 150
Vote 3 - Budget & Treasury Office	59 112	63 901	2 823	14 627	31 951	(17 324)	-54.2%	63 901
Vote 4 - Corporate Services	55 594	50 312	3 388	28 125	25 156	2 969	11.8%	50 312
Vote 5 - Social Services & Development Planning	53 384	59 294	2 387	19 527	29 647	(10 120)	-34.1%	59 294
Vote 6 - Infrastructure Services	69 372	38 191	5 044	12 965	19 096	(6 131)	-32.1%	38 191
Vote 7 - Water Services	180 179	147 917	7 594	52 975	73 959	(20 983)	-28.4%	147 917
<b>Total Expenditure by Vote</b>	<b>440 103</b>	<b>387 112</b>	<b>23 571</b>	<b>138 836</b>	<b>193 556</b>	<b>(54 720)</b>	<b>-28.3%</b>	<b>387 112</b>
<b>Surplus/ (Deficit) for the year</b>	<b>252 216</b>	<b>377 425</b>	<b>31 213</b>	<b>97 469</b>	<b>188 713</b>	<b>(91 243)</b>	<b>-48.4%</b>	<b>377 425</b>

# Harry Gwala District Municipality

**DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

Description	2016/17	Budget Year 2017/18						
	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>								
Service charges - water revenue	18 039	39 269	(6 907)	37 511	19 634	17 876	91%	39 269
Service charges - sanitation revenue	15 209	16 122	(2 960)	16 076	8 061	8 015	99%	16 122
Service charges - other	199					-		
Interest earned - external investments	6 075	6 230	570	3 743	3 115	628	20%	6 230
Interest earned - outstanding debtors	14 658	9 000	8 154	8 521	4 500	4 021	89%	9 000
Transfers and subsidies	324 383	303 218	48 857	167 619	151 609	16 010	11%	303 218
Other revenue	2 062	3 155	1 713	2 836	1 578	1 258	80%	3 155
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>380 625</b>	<b>376 993</b>	<b>49 427</b>	<b>236 305</b>	<b>188 497</b>	<b>47 809</b>	<b>25%</b>	<b>376 993</b>
<b>Expenditure By Type</b>								
Employee related costs	147 159	160 716	12 772	73 951	80 358	(6 407)	-8%	160 716
Remuneration of councillors	7 906	8 539	469	2 879	4 269	(1 390)	-33%	8 539
Debt impairment	26 044	27 843	-	(1 483)	13 921	(15 404)	-111%	27 843
Depreciation & asset impairment	42 844	34 996	-	-	17 498	(17 498)	-100%	34 996
Finance charges	2 035	2 009	848	848	1 005	(157)	-16%	2 009
Bulk purchases	10 709	13 688	1 209	8 439	6 844	1 595	23%	13 688
Contracted services	28 075	20 298	237	10 873	10 149	724	7%	20 298
Transfers and subsidies	-	-	-	4 000		4 000	#DIV/0!	-
Other expenditure	175 332	119 024	8 036	39 329	59 512	(20 183)	-34%	119 024
<b>Total Expenditure</b>	<b>440 103</b>	<b>387 112</b>	<b>23 571</b>	<b>138 836</b>	<b>193 556</b>	<b>(54 720)</b>	<b>-28%</b>	<b>387 112</b>
<b>Surplus/(Deficit)</b>	<b>(59 478)</b>	<b>(10 119)</b>	<b>25 856</b>	<b>97 469</b>	<b>(5 059)</b>	<b>102 529</b>	<b>(0)</b>	<b>(10 119)</b>
Transfers and subsidies - capital (monetary allocations) (National/ Provincial and District)	311 695	387 544	-	-	193 772	(193 772)	(0)	387 544
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>252 216</b>	<b>377 425</b>	<b>25 856</b>	<b>97 469</b>	<b>188 713</b>			<b>377 425</b>
<b>Surplus/(Deficit) after taxation</b>	<b>252 216</b>	<b>377 425</b>	<b>25 856</b>	<b>97 469</b>	<b>188 713</b>			<b>377 425</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>252 216</b>	<b>377 425</b>	<b>25 856</b>	<b>97 469</b>	<b>188 713</b>			<b>377 425</b>
<b>Surplus/ (Deficit) for the year</b>	<b>252 216</b>	<b>377 425</b>	<b>25 856</b>	<b>97 469</b>	<b>188 713</b>			<b>377 425</b>

**DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) -**

Vote Description	2016/17	Budget Year 2017/18						
	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 4 - Corporate Services	2 732	5 110	-	2 747	2 555	192	8%	5 110
Vote 5 - Social Services & Development Planning	1 511	500	-	-	250	(250)	-100%	500
Vote 6 - Infrastructure Services	299 101	330 444	13 298	104 895	165 222	(60 327)	-37%	330 444
Vote 7 - Water Services	10 000	63 000	250	326	31 500	(31 174)	-99%	63 000
<b>Total Capital Multi-year expenditure</b>	<b>313 343</b>	<b>399 054</b>	<b>13 547</b>	<b>107 968</b>	<b>199 527</b>	<b>(91 559)</b>	<b>-46%</b>	<b>399 054</b>
<b>Total Capital Expenditure</b>	<b>313 343</b>	<b>399 054</b>	<b>13 547</b>	<b>107 968</b>	<b>199 527</b>	<b>(91 559)</b>	<b>-46%</b>	<b>399 054</b>
<b>Capital Expenditure - Functional Classification</b>								
<b>Governance and administration</b>	<b>2 732</b>	<b>5 110</b>	<b>-</b>	<b>2 747</b>	<b>2 555</b>	<b>192</b>	<b>8%</b>	<b>5 110</b>
Finance and administration	2 732	5 110	-	2 747	2 555	192	8%	5 110
<b>Economic and environmental services</b>	<b>1 511</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>(250)</b>	<b>-100%</b>	<b>500</b>
Planning and development	1 511	500	-	-	250	(250)	-100%	500
<b>Trading services</b>	<b>309 101</b>	<b>393 444</b>	<b>13 547</b>	<b>105 221</b>	<b>196 722</b>	<b>(91 501)</b>	<b>-47%</b>	<b>387 544</b>
Water management	10 000	330 444	13 298	104 895	165 222	(60 327)	-37%	324 544
Waste water management	299 101	63 000	250	326	31 500	(31 174)	-99%	63 000
<b>Total Capital Expenditure - Functional Classification</b>	<b>313 343</b>	<b>399 054</b>	<b>13 547</b>	<b>107 968</b>	<b>199 527</b>	<b>(91 559)</b>	<b>-46%</b>	<b>393 154</b>
<b>Funded by:</b>								
National Government	309 100	387 544	13 298	104 895	193 772	(88 877)	-46%	387 544
<b>Transfers recognised - capital</b>	<b>309 100</b>	<b>387 544</b>	<b>13 298</b>	<b>104 895</b>	<b>193 772</b>	<b>(88 877)</b>	<b>-46%</b>	<b>387 544</b>
<b>Internally generated funds</b>	<b>4 244</b>	<b>11 510</b>	<b>250</b>	<b>3 073</b>	<b>5 755</b>	<b>(2 682)</b>	<b>-47%</b>	<b>11 510</b>
<b>Total Capital Funding</b>	<b>313 343</b>	<b>399 054</b>	<b>13 547</b>	<b>107 968</b>	<b>199 527</b>	<b>(91 559)</b>	<b>-46%</b>	<b>399 054</b>

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M06 December								
Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Service charges	42 081	29 911	4 240	25 903	14 955	10 947	73%	29 911
Other revenue	310	3 155	1 864	2 843	1 578	1 266	80%	3 155
Government - operating	308 623	303 218	48 857	174 627	151 609	23 018	15%	303 218
Government - capital	309 101	387 544	79 545	267 945	193 772	74 173	38%	387 544
Interest	7 138	6 230	595	6 896	3 115	3 781	121%	6 230
<b>Payments</b>								
Suppliers and employees	(390 993)	(322 264)	(44 775)	(211 058)	(161 132)	49 925	-31%	(322 264)
Finance charges	(2 019)	(2 009)	(848)	(848)	(1 005)	(157)	16%	(2 009)
Transfers and Grants	-	-		(4 000)	-	4 000	#DIV/0!	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>274 241</b>	<b>405 784</b>	<b>89 478</b>	<b>262 309</b>	<b>202 892</b>	<b>(59 416)</b>	<b>-29%</b>	<b>405 784</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Payments</b>								
Capital assets	(277 696)	(399 054)	(13 547)	(107 940)	(199 527)	(91 587)	46%	(399 054)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(277 696)</b>	<b>(399 054)</b>	<b>(13 547)</b>	<b>(107 940)</b>	<b>(199 527)</b>	<b>(91 587)</b>	<b>46%</b>	<b>(399 054)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Increase (decrease) in consumer deposits	178	200	-		100	(100)	-100%	200
<b>Payments</b>								
Repayment of borrowing	(4 547)	(3 330)	(1 615)	(1 615)	(1 665)	(50)	3%	(3 330)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 369)</b>	<b>(3 130)</b>	<b>(1 615)</b>	<b>(1 615)</b>	<b>(1 565)</b>	<b>50</b>	<b>-3%</b>	<b>(3 130)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(7 824)</b>	<b>3 601</b>	<b>74 316</b>	<b>152 753</b>	<b>1 800</b>			<b>3 601</b>
Cash/cash equivalents at beginning:	5 819	5 000		24 273	5 000			24 273
Cash/cash equivalents at month/year end:	(2 005)	8 601		177 026	6 800			27 873

## 2. PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at Midyear.

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

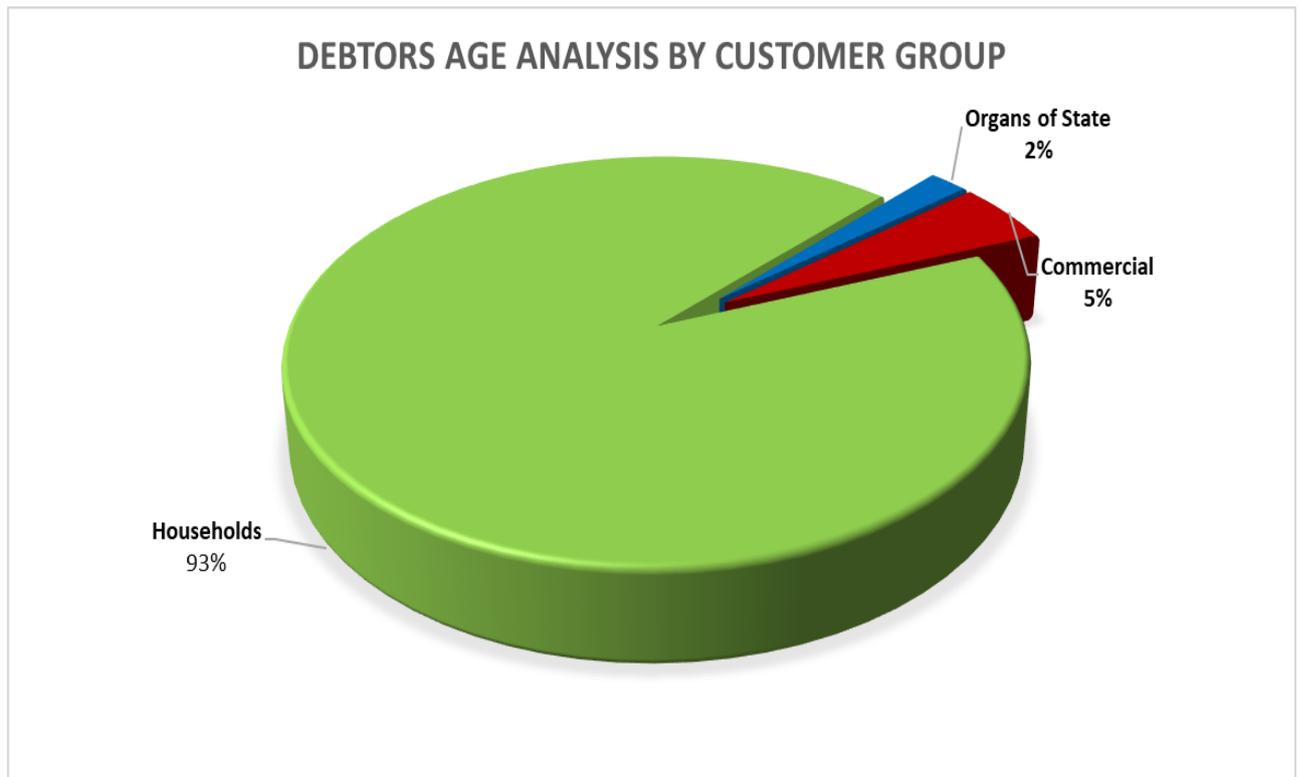
DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December										
Description	Budget Year 2017/18									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	4 038	20 114	3 374	2 609	2 980	3 198	16 649	68 644	121 607	94 081
Receivables from Exchange Transactions - Waste Water Management	1 577	7 858	1 318	1 019	1 164	1 249	6 504	26 817	47 507	36 754
Interest on Arrear Debtor Accounts	675	3 362	564	436	498	535	2 783	11 474	20 328	15 726
<b>Total By Income Source</b>	<b>6 290</b>	<b>31 335</b>	<b>5 256</b>	<b>4 065</b>	<b>4 642</b>	<b>4 982</b>	<b>25 936</b>	<b>106 936</b>	<b>189 442</b>	<b>146 561</b>
2016/17 - totals only									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2 464	1 879	464	262	359	201	687	1 352	7 667	2 860
Commercial	501	1 908	516	276	341	222	1 895	5 010	10 669	7 744
Households	3 325	27 548	4 276	3 527	3 943	4 559	23 355	100 574	171 106	135 957
<b>Total By Customer Group</b>	<b>6 290</b>	<b>31 335</b>	<b>5 256</b>	<b>4 065</b>	<b>4 642</b>	<b>4 982</b>	<b>25 936</b>	<b>106 936</b>	<b>189 442</b>	<b>146 561</b>

**Table 2.1.2 Debtors Age Analyses Consumer Debt by Category.**

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December										
Description	Budget Year 2017/18									
	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 Customer Group</b>										
Organs of State	2 464	1 879	464	262	359	201	687	1 352	7 667	2 860
Commercial	501	1 908	516	276	341	222	1 895	5 010	10 669	7 744
Households	3 325	27 548	4 276	3 527	3 943	4 559	23 355	100 574	171 106	135 957
<b>Total By Customer Group</b>	<b>6 290</b>	<b>31 335</b>	<b>5 256</b>	<b>4 065</b>	<b>4 642</b>	<b>4 982</b>	<b>25 936</b>	<b>106 936</b>	<b>189 442</b>	<b>146 561</b>

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: 93%
- ✓ Government 2%
- ✓ Business 5%

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

## 2.2 Creditors Analysis

Table SC4 presents the aged creditors as at 31 December 2017

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2017/18				
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Total
<b>R thousands</b>						
<b>Creditors Age Analysis By Customer Type</b>						
Bulk Electricity	0100					-
Bulk Water	0200	634	1 449	720	2 100	4 903
Trade Creditors	0700	1 337	1 358	411	3 435	6 541
Auditor General	0800	1 210	-	-	-	1 210
<b>Total By Customer Type</b>	<b>1000</b>	<b>3 181</b>	<b>2 807</b>	<b>1 131</b>	<b>5 535</b>	<b>12 654</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 31 December 2017.

DC43 Harry Gwala - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 Dec

Investments by maturity Name of institution & investment ID	Type 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
<b>R thousands</b>						
<b>Municipality</b>						
FIRST NATIONAL BANK	CALL ACCOUNT	44		6 364	19 918	26 326
FIRST NATIONAL BANK	CALL ACCOUNT	44		2 936	77 594	80 575
FIRST NATIONAL BANK	ADMIN CALL	12		1 096	5 709	6 817
INVESTEC	FIXED DEPOSIT	110		3 373	30 000	33 483
FIRST NATIONAL BANK	FIXED DEPOSIT	306		66 869	(47 494)	19 680
FIRST NATIONAL BANK	CALL ACCOUNT	7		1 573	305	1 884
FIRST NATIONAL BANK	CALL ACCOUNT	0		147	-	147
FIRST NATIONAL BANK	CALL ACCOUNT	42		17 041	(11 845)	5 239
FIRST NATIONAL BANK	FIXED DEPOSIT	5		1 271	-	1 276
<b>Municipality sub-total</b>		<b>570</b>		<b>100 671</b>	<b>74 186</b>	<b>175 426</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>		<b>570</b>		<b>100 671</b>	<b>74 186</b>	<b>175 426</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 - M06 December								
Description	2016/17	Budget Year 2017/18						
	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>300 862</b>	<b>303 218</b>	<b>48 857</b>	<b>175 489</b>	<b>149 109</b>	<b>26 380</b>	<b>17.7%</b>	<b>303 218</b>
Local Government Equitable Share	260 069	285 028	48 857	167 619	142 514	25 105	17.6%	285 028
Finance Management	1 250	1 250	–	1 250	625	625	100.0%	1 250
Municipal Systems Improvement	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant (PMU)	16 084	5 001	–	–	–	–	–	5 001
Energy Efficiency And Demand Side Management Grant	8 000	8 000	–	3 862	4 000	(138)	-3.5%	8 000
Water Services Operating Subsidy	10 000	–	–	–	–	–	–	–
Rural Roads Asset Management Grant	2 095	2 221	–	1 555	1 111	445	40.0%	2 221
Rural Household Infrastructure Grant	–	–	–	–	–	–	–	–
Expanded public works programme incentive grant	3 364	1 718	–	1 203	859	344	40.0%	1 718
	–	–	–	–	–	–	–	–
<b>Total Operating Transfers and Grants</b>	<b>300 862</b>	<b>303 218</b>	<b>48 857</b>	<b>175 489</b>	<b>149 109</b>	<b>26 380</b>	<b>17.7%</b>	<b>303 218</b>
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	<b>309 101</b>	<b>387 544</b>	<b>79 545</b>	<b>267 945</b>	<b>193 772</b>	<b>74 173</b>	<b>38.3%</b>	<b>387 544</b>
Municipal Infrastructure Grant (MIG)	174 983	199 544	79 545	149 545	99 772	49 773	49.9%	199 544
Regional Bulk Infrastructure	48 000	90 000	–	40 000	45 000	(5 000)	-11.1%	90 000
Municipal Water Infrastructure Grant	76 118	98 000	–	78 400	49 000	29 400	60.0%	98 000
Expanded public works programme incentive grant	–	–	–	–	–	–	–	–
Rural Household Infrastructure Grant	–	–	–	–	–	–	–	–
Drought Relief	10 000	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	<b>309 101</b>	<b>387 544</b>	<b>79 545</b>	<b>267 945</b>	<b>193 772</b>	<b>74 173</b>	<b>38.3%</b>	<b>387 544</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>609 963</b>	<b>690 762</b>	<b>128 402</b>	<b>443 434</b>	<b>342 881</b>	<b>100 553</b>	<b>29.3%</b>	<b>690 762</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 - M06 December								
Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>EXPENDITURE</b>								
<b>Operating expenditure of Transfers and Grants</b>								
<b>National Government:</b>	<b>300 862</b>	<b>303 218</b>	<b>142 884</b>	<b>144 291</b>	<b>151 609</b>	<b>(7 318)</b>	<b>-4.8%</b>	<b>303 218</b>
Local Government Equitable Share	260 069	285 028	142 514	142 514	142 514	-		285 028
Finance Management	1 250	1 250	94	346	625	(279)	-44.6%	1 250
Municipal Systems Improvement	-	-	-	-	-	-		-
Municipal Infrastructure Grant (PMU)	16 084	5 001	-	-	2 501	(2 501)	-100.0%	5 001
Energy Efficiency And Demand Side Management Grant	8 000	8 000	106	862	4 000	(3 138)	-78.5%	8 000
Water Services Operating Subsidy	10 000	-	-	-	-	-		-
Rural Roads Asset Management Grant	2 095	2 221	-	-	1 111	(1 111)	-100.0%	2 221
Rural Household Infrastructure Grant	-	-	-	-	-	-		-
Expanded public works programme incentive grant	3 364	1 718	171	569	859	(290)	-33.7%	1 718
<b>Total operating expenditure of Transfers and Grants:</b>	<b>300 862</b>	<b>303 218</b>	<b>142 884</b>	<b>144 291</b>	<b>151 609</b>	<b>(7 318)</b>	<b>-4.8%</b>	<b>303 218</b>
<b>Capital expenditure of Transfers and Grants</b>								
<b>National Government:</b>	<b>309 101</b>	<b>387 544</b>	<b>13 547</b>	<b>107 968</b>	<b>193 772</b>	<b>(60 479)</b>	<b>-31.2%</b>	<b>387 544</b>
Municipal Infrastructure Grant (MIG)	174 983	199 544	12 049	54 381	99 772	(45 391)	-45.5%	199 544
Regional Bulk Infrastructure	48 000	90 000	-	29 913	45 000	(15 087)	-33.5%	90 000
Municipal Water Infrastructure Grant	76 118	98 000	1 498	23 675	49 000			98 000
Drought Relief	10 000	-	-	-	-	-		-
<b>Total capital expenditure of Transfers and Grants</b>	<b>309 101</b>	<b>387 544</b>	<b>13 547</b>	<b>107 968</b>	<b>193 772</b>	<b>(60 479)</b>	<b>-31.2%</b>	<b>387 544</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>609 963</b>	<b>690 762</b>	<b>156 431</b>	<b>252 260</b>	<b>345 381</b>	<b>(67 796)</b>	<b>-19.6%</b>	<b>690 762</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at midyear.

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December								
Summary of Employee and Councillor remuneration	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
	A	B						D
<b>Councillors (Political Office Bearers plus Other)</b>								
Basic Salaries and Wages	5 361	5 790	318	1 952	1 930	22	1%	5 790
Pension and UIF Contributions	399	431	24	145	144	2	1%	431
Medical Aid Contributions	94	101	6	34	34	0	1%	101
Motor Vehicle Allowance	1 178	1 272	70	429	424	5	1%	1 272
Cellphone Allowance	259	279	15	94	93	1	1%	279
Other benefits and allowances	616	665	37	224	222	3	1%	665
<b>Sub Total - Councillors</b>	<b>7 906</b>	<b>8 539</b>	<b>469</b>	<b>2 879</b>	<b>2 846</b>	<b>33</b>	<b>1%</b>	<b>8 539</b>
<b>% increase</b>		<b>8.0%</b>						<b>8.0%</b>
<b>Senior Managers of the Municipality</b>								
Basic Salaries and Wages	6 391	4 509	537	3 108	1 503	1 605	107%	4 509
Pension and UIF Contributions	3	4	0	2	1	1	54%	4
Medical Aid Contributions	6	6	1	3	2	1	54%	6
Performance Bonus	-	-	74	429	-	429	#DIV/0!	-
Motor Vehicle Allowance	3 511	3 797	336	1 943	1 266	678	54%	3 797
Cellphone Allowance	164	178	16	91	59	32	54%	178
Other benefits and allowances	5	5	0	3	2	1	54%	5
<b>Sub Total - Senior Managers of Municipality</b>	<b>10 080</b>	<b>8 500</b>	<b>964</b>	<b>5 580</b>	<b>2 833</b>	<b>2 747</b>	<b>97%</b>	<b>8 500</b>
<b>% increase</b>		<b>-15.7%</b>						<b>-15.7%</b>
<b>Other Municipal Staff</b>								
Basic Salaries and Wages	89 226	98 912	8 530	49 390	32 971	16 419	50%	98 912
Pension and UIF Contributions	15 087	16 318	1 442	8 351	5 439	2 912	54%	16 318
Medical Aid Contributions	2 085	2 255	199	1 154	752	402	54%	2 255
Overtime	1 863	2 015	178	1 031	672	360	54%	2 015
Performance Bonus	8 267	8 942	790	4 576	2 981	1 596	54%	8 942
Motor Vehicle Allowance	3 800	4 110	363	2 104	1 370	733	54%	4 110
Cellphone Allowance	648	701	62	359	234	125	54%	701
Housing Allowances	56	61	5	31	20	11	54%	61
Other benefits and allowances	2 485	2 688	238	1 376	896	480	54%	2 688
<b>Sub Total - Other Municipal Staff</b>	<b>123 518</b>	<b>136 002</b>	<b>11 808</b>	<b>68 371</b>	<b>45 334</b>	<b>23 037</b>	<b>51%</b>	<b>136 002</b>
<b>% increase</b>		<b>10.1%</b>						<b>10.1%</b>
<b>Total Parent Municipality</b>	<b>141 504</b>	<b>153 040</b>	<b>13 241</b>	<b>76 831</b>	<b>51 013</b>	<b>25 817</b>	<b>51%</b>	<b>153 040</b>
		<b>8.2%</b>						<b>8.2%</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>								

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December								
Summary of Employee and Councillor remuneration	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
	A	B						D
<b>Board Members of Entities</b>								
Other benefits and allowances		100					-	100
Board Fees	360	250	127				-	250
<b>Sub Total - Board Members of Entities</b>	<b>360</b>	<b>350</b>	<b>127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350</b>
% increase		-2.8%						-2.8%
<b>Senior Managers of Entities</b>								
Basic Salaries and Wages	1 018	2 006	1 287				-	2 006
Motor Vehicle Allowance	1 299	288					-	288
Cellphone Allowance	57	55					-	55
Other benefits and allowances	50	55	42				-	55
<b>Sub Total - Senior Managers of Entities</b>	<b>2 424</b>	<b>2 404</b>	<b>1 329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 404</b>
% increase		-0.8%						-0.8%
<b>Other Staff of Entities</b>								
Basic Salaries and Wages	5 715	12 923	2 827				-	12 923
Motor Vehicle Allowance	161	175					-	175
Other benefits and allowances	332	362					-	362
<b>Sub Total - Other Staff of Entities</b>	<b>6 208</b>	<b>13 460</b>	<b>2 827</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 460</b>
% increase		116.8%						116.8%
<b>Total Municipal Entities</b>	<b>8 992</b>	<b>16 214</b>	<b>4 283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 214</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>150 496</b>	<b>169 255</b>	<b>17 524</b>	<b>76 831</b>	<b>51 013</b>	<b>25 817</b>	<b>51%</b>	<b>169 255</b>
% increase		12.5%						12.5%
<b>TOTAL MANAGERS AND STAFF</b>	<b>142 230</b>	<b>160 366</b>	<b>16 927</b>	<b>73 951</b>	<b>48 167</b>	<b>25 784</b>	<b>54%</b>	<b>160 366</b>

## 2.6 Actual and Revised Targets

Table SC9 presents the actual and revised targets for cash receipts

DC43 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December													2017/18 Medium Term Revenue & Expenditure Forecasts			
Description	Budget Year 2017/18												Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June				
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget				
<b>Cash Receipts By Source</b>																
Service charges - water revenue	1 851	5 311	1 475	2 430	4 097	2 968	1 639	1 631	1 677	1 465	1 668	(5 007)	21 205	22 194	23 525	
Service charges - sanitation revenue	793	2 276	632	1 041	1 756	1 272	648	807	789	680	774	(2 763)	8 706	6 658	7 058	
Interest earned - external investments				1 817	1 357	727							(3 900)			
Interest earned - outstanding debtors	1 438	1 932	1 476	(1 798)	79	25		948	475	418	983	254	6 230	6 600	6 992	
Transfer receipts - operating	120 012	4 985			1 635	47 995	666	2 515	71 257				54 153	303 218	335 594	
Other revenue	110	301	72	259	239	1 864	146	69	393	262	424	(982)	3 155	2 786	2 914	
<b>Cash Receipts by Source</b>	<b>124 204</b>	<b>14 805</b>	<b>3 654</b>	<b>3 749</b>	<b>9 162</b>	<b>54 851</b>	<b>3 099</b>	<b>5 969</b>	<b>74 390</b>	<b>2 826</b>	<b>3 849</b>	<b>41 755</b>	<b>342 514</b>	<b>373 832</b>	<b>400 950</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	134 000			54 400		79 545		69 600	55 000				(5 001)	387 544	420 310	420 891
Increase in consumer deposits							4	10	5	13	7	162	200	226	254	
<b>Total Cash Receipts by Source</b>	<b>258 204</b>	<b>14 805</b>	<b>3 654</b>	<b>58 149</b>	<b>9 162</b>	<b>134 396</b>	<b>3 103</b>	<b>75 579</b>	<b>129 595</b>	<b>2 839</b>	<b>3 856</b>	<b>36 916</b>	<b>730 258</b>	<b>794 368</b>	<b>822 095</b>	
<b>Cash Payments by Type</b>																
Employee related costs	12 070	13 771	11 619	11 512	11 470	21 296	12 776	14 567	11 066	13 218	13 086	14 267	160 716	173 087	186 423	
Remuneration of councillors	482	516	475	464	473	469	668	668	1 059	713	713	1 838	8 539	9 222	9 960	
Interest paid						852	23	(1)	13	13	14	1 095	2 009	2 127	2 251	
Bulk purchases - Water & Sewer		1 672	1 548	2 023	1 987	1 209	1 163	1 136	1 103	1 193	1 152	(498)	13 688	12 022	12 719	
Contracted services	3 050	250	1 983	428	4 924	237	464	3 069	1 856	1 701	1 869	466	20 298	22 864	20 799	
Grants and subsidies paid - other	4 000					(4 000)										
General expenses	26 050	17 732	19 458	16 126	5 341	26 460	4 996	4 427	34 461	4 527	5 631	(46 184)	119 024	138 500	140 712	
<b>Cash Payments by Type</b>	<b>45 652</b>	<b>33 940</b>	<b>35 083</b>	<b>30 554</b>	<b>24 194</b>	<b>46 523</b>	<b>20 090</b>	<b>23 865</b>	<b>49 558</b>	<b>21 365</b>	<b>22 466</b>	<b>(29 017)</b>	<b>324 273</b>	<b>357 822</b>	<b>372 863</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	7 458	14 892	15 501	6 361	50 180	13 663	17 925	16 906	22 258	43 653	68 865	121 392	399 054	426 925	426 272	
Repayment of borrowing						1 615						1 715	3 330	3 697	4 102	
<b>Other Cash Flows/Payments</b>																
<b>Total Cash Payments by Type</b>	<b>53 111</b>	<b>48 833</b>	<b>50 583</b>	<b>36 914</b>	<b>74 375</b>	<b>61 801</b>	<b>38 015</b>	<b>40 771</b>	<b>71 815</b>	<b>65 018</b>	<b>91 331</b>	<b>94 090</b>	<b>726 657</b>	<b>788 444</b>	<b>803 237</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>																
	205 094	(34 028)	(46 929)	21 235	(65 212)	72 595	(34 912)	34 808	57 780	(62 179)	(87 475)	(57 174)	3 601	5 923	18 858	
Cash/cash equivalents at the month/year beginning:	24 273	229 366	195 338	148 409	169 643	104 431	177 026	142 114	176 922	234 702	172 522	85 048	24 273	27 873	33 797	
Cash/cash equivalents at the month/year end:	229 366	195 338	148 409	169 643	104 431	177 026	142 114	176 922	234 702	172 522	85 048	27 873	27 873	33 797	52 655	

## **2.7 Material Variances to the SDBIP**

The following section analyses material variances between the actual targets as at Midyear 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

The analysis also provides a brief on the impact of this report on the adjustments budget.

The last section under this heading analyses the actual targets against the planned targets as at 31 December 2017.

# Harry Gwala District Municipality

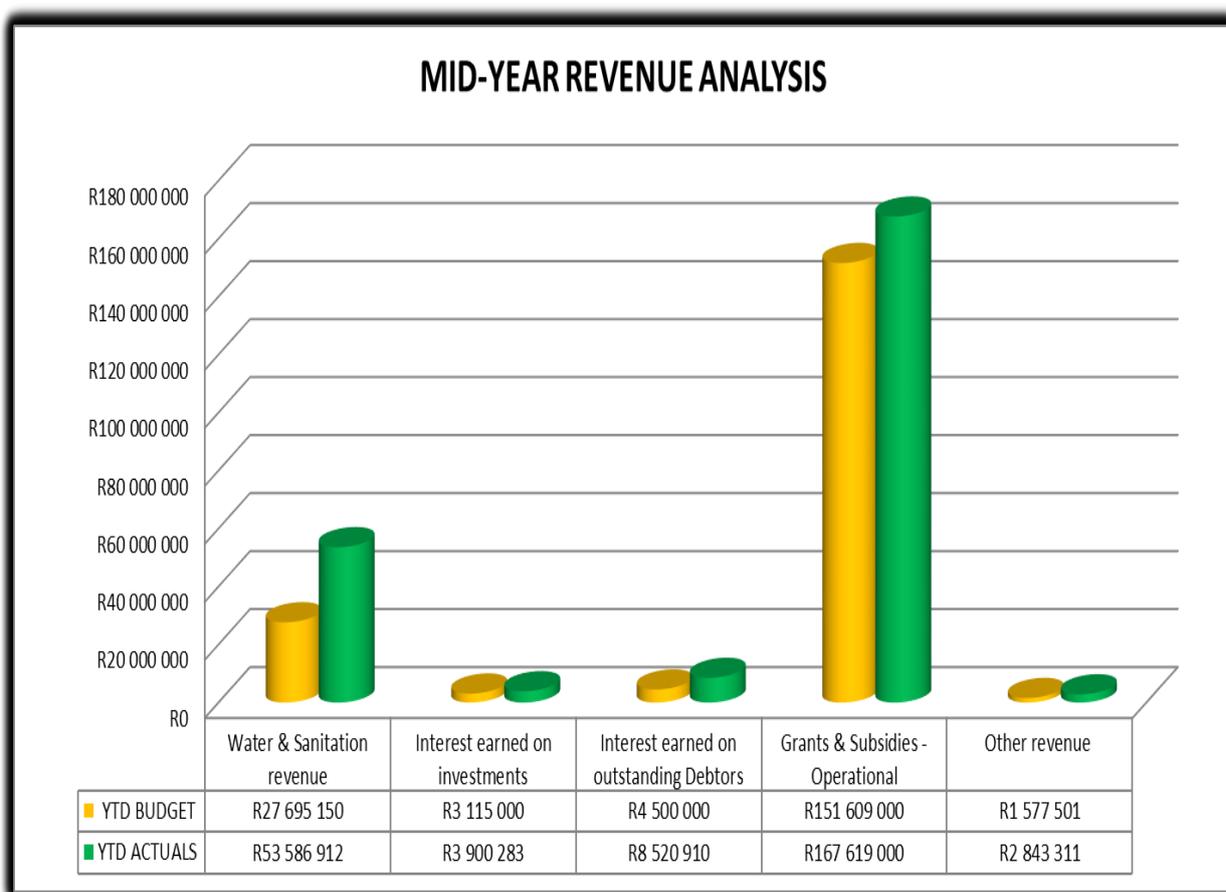
## DC43 Harry Gwala - Supporting Table SC1 Material variance explanations - M06 December

Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
<b>R thousands</b>			
<b>Revenue By Source</b>			
Service charges - water revenue	91%	Water charges (billing) reported an over performance of 91%. This is due to the fact that in 2017/2018 most of the faulty meters were replaced and consumers are now billed on consumption bases instead of estimation. The actual consumption by consumers is the result of an increase on billing from July to December. A review of this budget would be required.	To review and adjust budget upward
Service charges - sanitation revenue	99%	Sanitation charges (billing) reported an over performance of 91%. This is due to the fact that in 2017/2018 most of the faulty meters were replaced and consumers are now billed on consumption bases instead of estimation. The actual consumption by consumers is the result of an increase on billing from July to December. A review of this budget would be required.	To review and adjust budget upward
Interest earned - external investments	25%	Over performance in revenue	adjust budget upward
Interest earned - outstanding debtors	89%	Over performance in revenue	To review and adjust budget upward
Transfers and subsidies	11%	No material varinace	No material varinace
Other revenue	80%	Over performance in revenue	adjust budget upward
<b>Expenditure By Type</b>			
Employee related costs	-3%	No material varinace	No material varinace
Remuneration of councillors	-33%	An underperformance of 33% on this line item mainly due to the fact that the adjustments of the Councillor Allowance in line with the determination is often undertaken in the third quarter.	To review
Debt impairment	-111%	Debt impairment not adjusted	Timeous processing og journals
Depreciation & asset impairment	-98%	The variance was due to the fact that Work in Progress (WIP) has not been done in the system due to MSCOA transition glitches.	This will improve in the 3rd quarter as the system vendors are busy with unbudding the assets and effecting the opening balances in the system.
Finance charges	-15%	No material varinace	No material varinace
Bulk purchases	23%	No material varinace	No material varinace
Contracted services	7%	No material varinace	No material varinace
Other expenditure	-20%	The under expenditure was due to cash flow problem	To review and adjust budget downward
<b>Capital Expenditure</b>			
Vote 4 - Corporate Services	11%	This was due to cash flow problems faces by the municipality	A downward budget adjustment is required as the funding source for these projects is Equitable share
Vote 5 - Social Services & Development Planning	-54%	Under expenditure in the capital projects	This will improve in the 3rd quarter.
Vote 6 - Infrastructure Services	-37%	Under expenditure in the capital projects	This will improve in the 3rd quarter.
Vote 7 - Water Services	-99%	Under expenditure in the capital projects	This will improve in the 3rd quarter.
<b>Cash Flow</b>			
<b>Receipts</b>			
Service charges	73%	There has rather been higher than expected collection levels signalled by a collection of 73%. The increase has been attributed by the amnesty programme were consumers had 50% of their debt written off when they pay 50% of what they owe. Water restrictions were introduced for defaulting consumers. Faulty meters were replaced so as to capture the actual consumption. Interest has been more than the year to date budget which was influenced by the investments account that we have this financial year and also influenced by the interest on outstanding.	An upward adjustment will be required.
Other revenue	81%	Other revenue results from the sale of Tender Documents, water tanker hire, water sales and revenue generated by the Harry Gwala Agency	An upward adjustment of this budget would be necessary.
Government - operating	15%	No material varinace	No material varinace
Government - capital	38%	All capital grants were received according to payment schedule	
Interest	126%	Interest on outstanding debtors has over performed by 89%. This is due to the fact that in 2017/2018 most of the faulty meters were replaced and consumers are now billed on consumption bases instead of estimation.	An upward adjustment of this budget would be necessary.
<b>Payments</b>			
Suppliers and employees	-33%	The under expenditure was due to cash flow problem	To review and adjust budget downward
Finance charges	15%	No material varinace	No material varinace
<b>Payments</b>			
Capital assets	46%	Under expenditure in the capital projects	This will improve in the 3rd quarter.
<b>Payments</b>			
Repayment of borrowing	3%	This is due to the fact that the loan repayment is only paid twice a year	A review will required and the municipality will budget according to what will be due for the second payment
<b>Measureable performance</b>			
CORPORATE	27%		
MUNICIPAL MANAGER	31%		
SOCIAL SERVICES & DEVELOPMENT PLANNING	16%		
INFRASTRUCTURE	3%		
WATER	3%		
FINANCE	20%		

## REVENUE

The chart displays a comparison between the midyear 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**

- ✓ Water & Sanitation charges (billing) reported an over performance of 93%. This is due to the fact that in 2017/2018 most of the faulty meters were replaced and consumers are now billed on consumption bases instead of estimation. The actual consumption by consumers is the result of an increase on billing from July to December. A review of this budget would be required.

## **Interest Earned on External Investments**

- ✓ Has reported an over performance of 25%. An upward adjustment of this budget would be necessary.

## **Interest Earned on Outstanding Debtors**

- ✓ Interest on outstanding debtors has over performed by 89%. This is due to the fact that in 2017/2018 most of the faulty meters were replaced and consumers are now billed on consumption bases instead of estimation. This is also due to the Amnesty programme where 50% of the debt was written off if consumers paid 50% of what they owe.

## **Transfers Recognised - Operational**

- ✓ The actual operational grants revenue of R167, 6million against a budget of R151, 6million is attributable to the YTD equitable share received of R167, 6million.

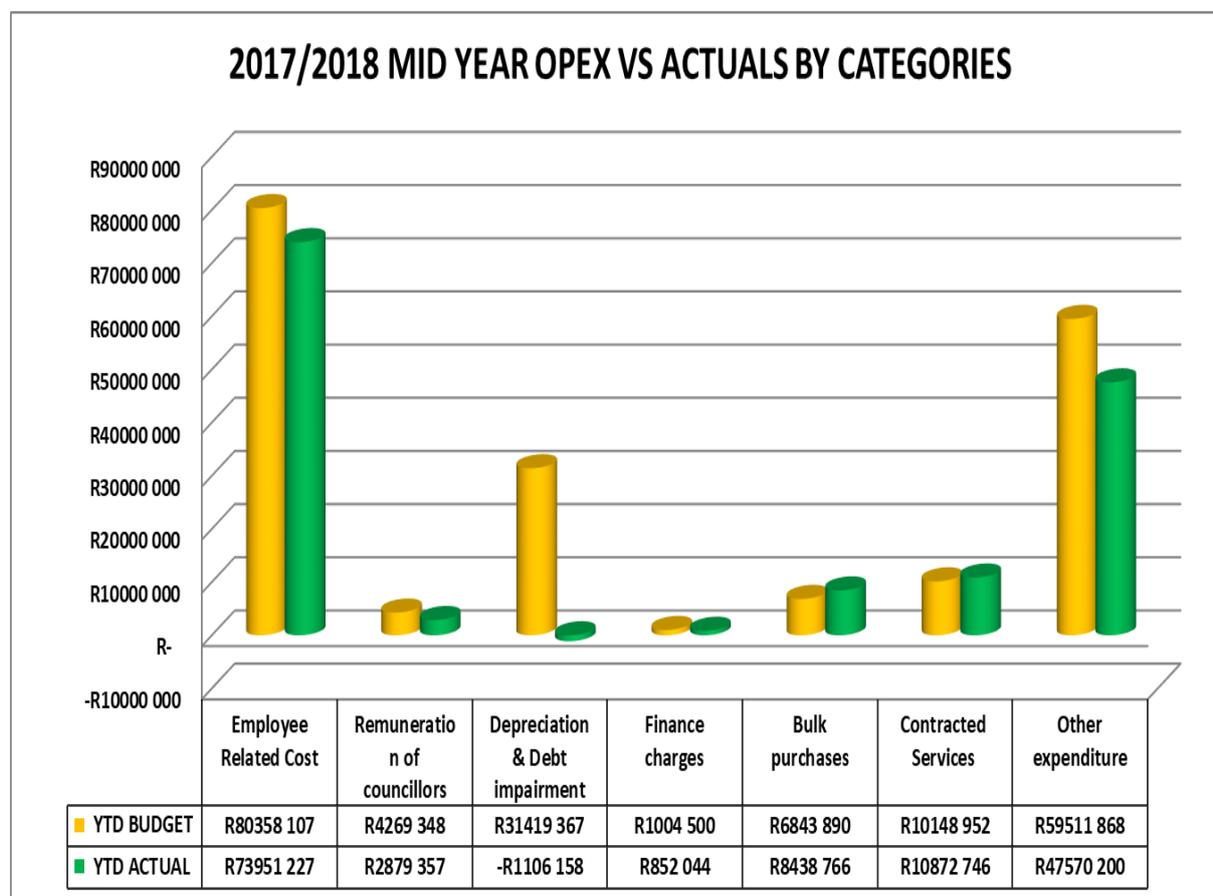
## **Other Revenue**

- ✓ Other revenue results from the sale of Tender Documents, water tanker hire, water sales and revenue generated by the Harry Gwala Agency. Other revenue has over performed by R1, 1million. An upward adjustment of this budget would be necessary.

## **OPERATIONAL EXPENDITURE**

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

**Chart 4: Midyear Opex**



### Employee Related Costs

An under expenditure of 2% was reported at mid-year for the employee related cost.

### Remuneration of Councillors

An underperformance of 33% on this line item mainly due to the fact that the adjustments of the Councillor Allowance in line with the determination is often undertaken in the third quarter.

### Finance Charges

This item which relates mainly to the interest cost on loans, was as at midyear 85% expenditure when compared to the YTD budget. A review of this budget would be required.

### **Bulk Purchases**

An over performance of 23% was reported at mid-year. The over performance was related to the balance owed to Umngeni water in the 2016/2017 financial year. A review of this budget would be required.

### **Other Expenditure**

An under expenditure of 20% was reported at mid-year. A review of the classification of other expenditure would need to be undertaken.

### **Performance assessment**

The Mid-Year Performance Assessment Report is an important instrument which allows the municipality to learn and appreciate the extent to which planned targets have been met. But of critical importance is the fact that the findings of the assessment allows the municipality to quickly detect challenges and bottlenecks that may prohibit the successful implementation of projects, particularly in the long- run. It further affords the municipality an opportunity to change the strategies used especially when the planned targets were not met within the agreed time-frame, budget and standards.

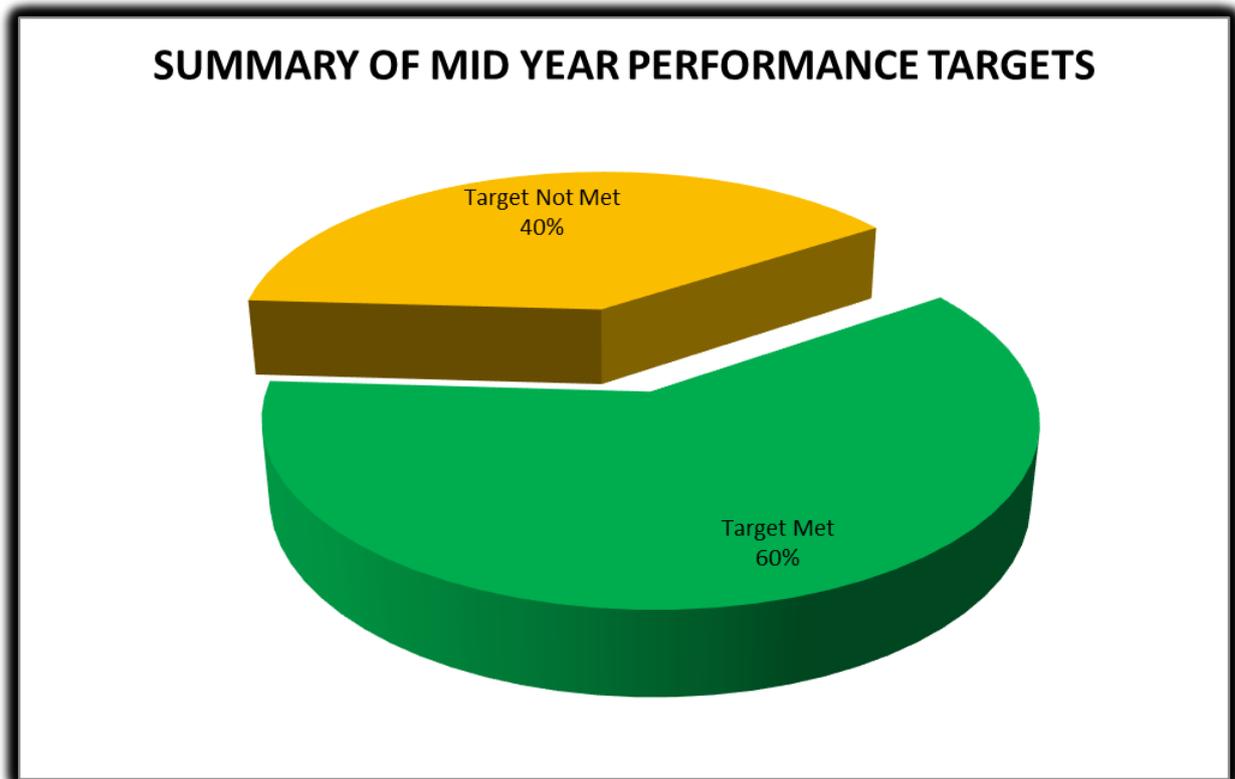


Chart 5 above provides a summary of the targets achieved or met (60%) as well the targets not met (40%). It can be stated that the performance of the municipality at midyear is above average; however there is still more room for improvement. There are reasons why some of the targets could not be met, and as such, the Performance Management unit has listed all the possible challenges that have hindered/ contributed to non- performance or non -implementation of the 40% targets not met.

**Chart 6: Departmental performance targets**

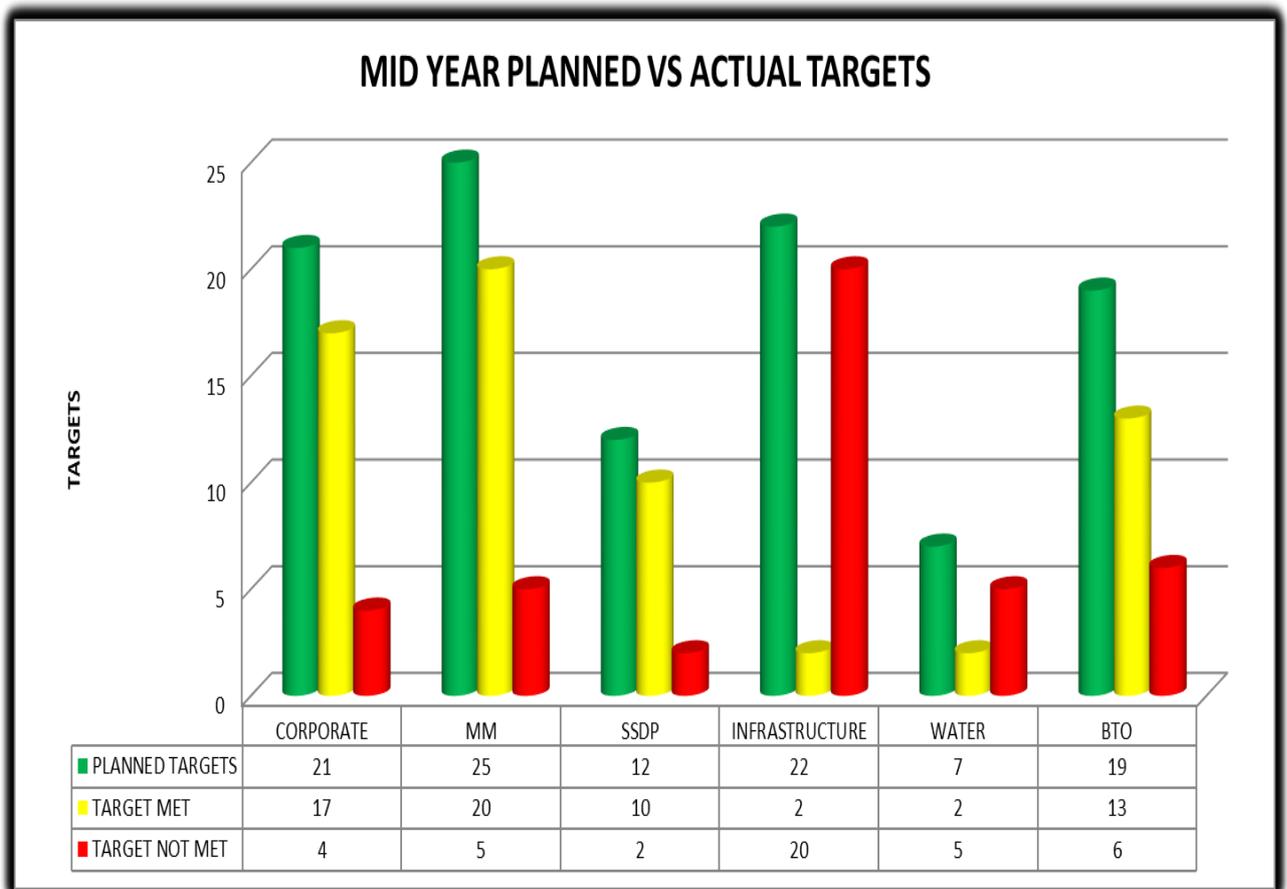


Chart 6 above provides an analysis of the planned targets versus the targets achieved and the ones not met per Department.

**Chart 7: Performance targets Departments**

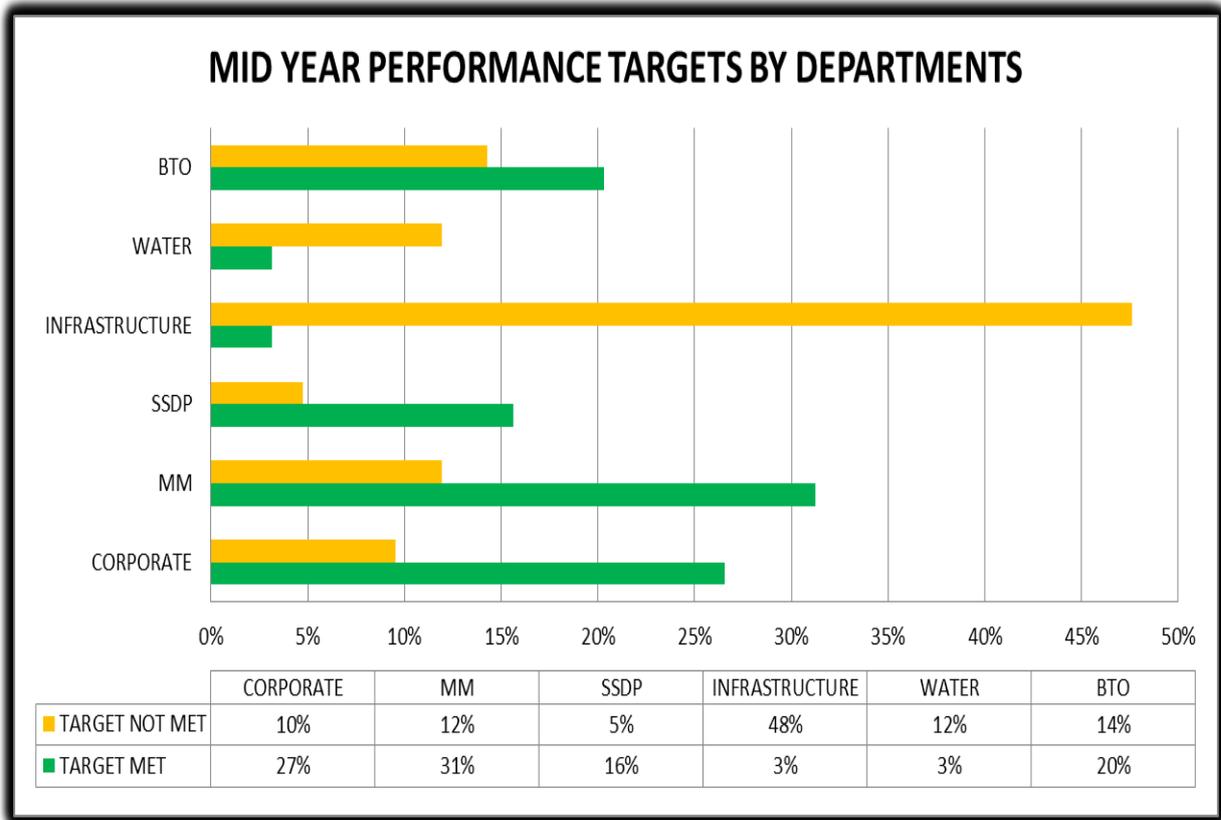


Chart 7 above examines the extent to which performance targets, in percentage terms, were met by ranking departments.

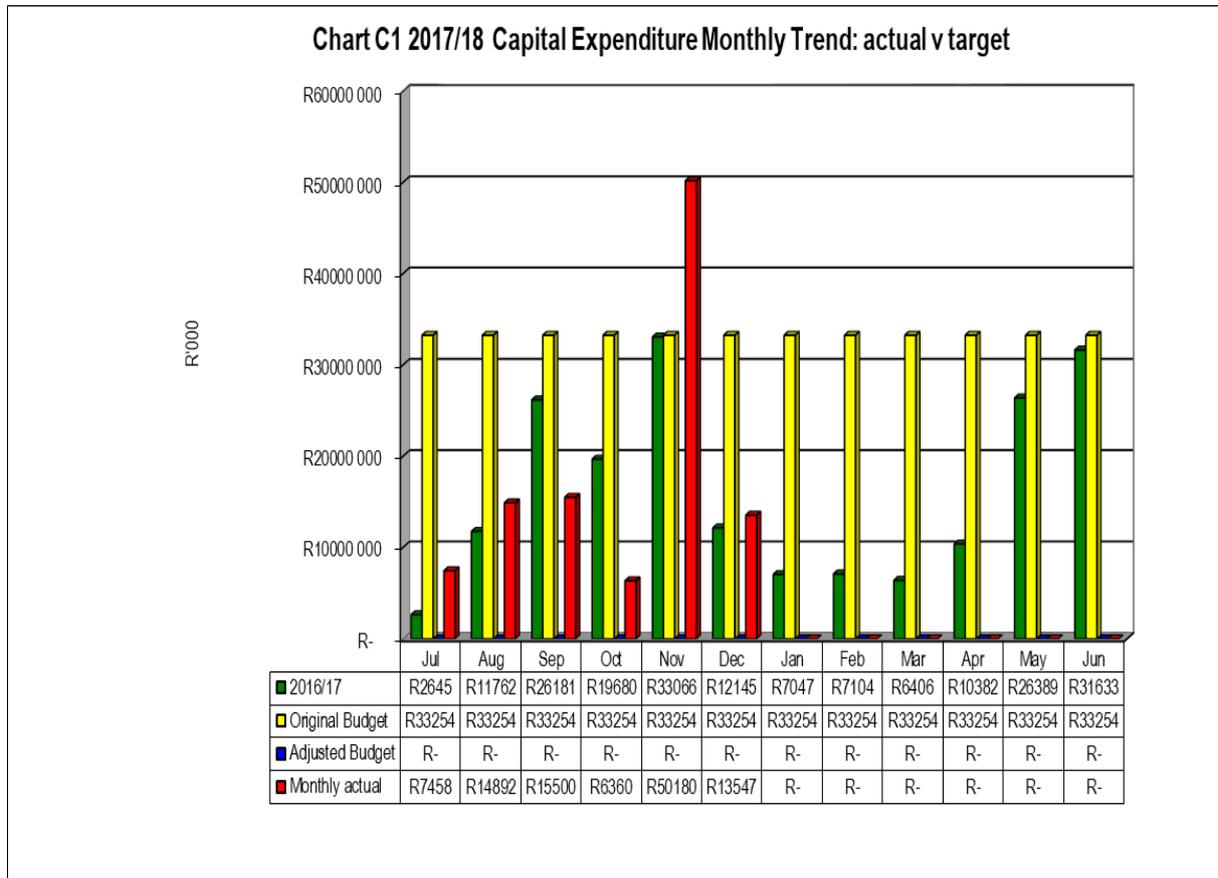
## 2.8 Capital Programme Performance

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

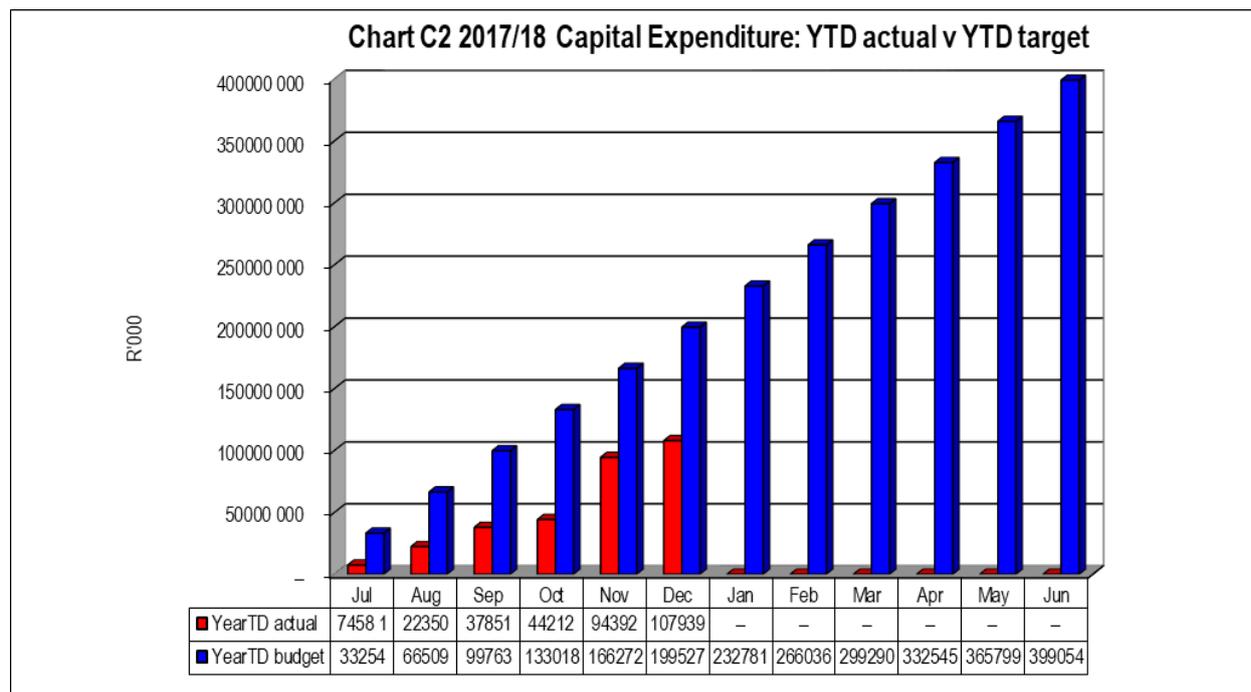
Chart SC12 below display a comparison between the previous year's capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods July to December 2017 and the planned monthly targets is also displayed.

DC43 Harry Gwala - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M06 Decem								
Month	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands							%	
<b>Monthly expenditure performance trend</b>								
July	2 645	33 255	7 458	7 458	33 255	25 796	77.6%	2%
August	11 763	33 255	14 892	22 351	66 509	44 158	66.4%	6%
September	26 181	33 255	15 501	37 852	99 764	61 912	62.1%	9%
October	19 680	33 255	6 361	44 212	133 018	88 806	66.8%	11%
November	33 067	33 255	50 180	94 393	166 273	71 880	43.2%	24%
December	12 146	33 255	13 547	107 940	199 527	91 587	45.9%	27%
January	7 047	33 255			232 782	-		
February	7 105	33 255			266 036	-		
March	6 407	33 255			299 291	-		
April	10 383	33 255			332 545	-		
May	26 389	33 255			365 800	-		
June	31 633	33 255			399 054	-		
<b>Total Capital expenditure</b>	<b>194 447</b>	<b>399 054</b>	<b>107 940</b>					

**Chart C1: Capital Expenditure Monthly Trend: Actual v Target**



**Chart C2: Capital Expenditure: YTD Actual v YTD Target**



The chart above, 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.

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

## 2.9 Municipal Manager's Quality's Certification

### Quality Certificate

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

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

The performance for the month of **31 December** of **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 (DC43)**

Signature  \_\_\_\_\_

Date 25/1/2018