

# Harry Gwala District Municipality

MFMA s71 report for the period ending 31 October 2018.

11/13/2018

Budget & Treasury Office

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## **REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 31 OCTOBER 2018**

### **1. PART 1 – MONTHLY REPORT**

#### **1.1 PURPOSE**

To table the monthly expenditure report in terms of s71 of the MFMA for the period ending 31 October 2018 to Finance and Corporate Services Committee.

#### **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**

##### **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 & Corporate services committee and Executive committee on the progress made thus far in terms of implementing the 2018/2019 budget for the period ending 31 October 2018.

### **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.

### **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 - M04 October

Description	2017/18	Budget Year 2018/19						
	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	67 394	59 157	5 389	22 646	19 719	2 927	15%	59 157
Investment revenue	8 716	6 946	946	3 726	2 315	1 411	61%	6 946
Transfers and subsidies	347 365	328 823	-	132 531	109 608	22 923	21%	328 823
Other own revenue	17 421	14 576	1 067	4 546	4 859	(312)	-6%	14 576
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>440 896</b>	<b>409 502</b>	<b>7 402</b>	<b>163 450</b>	<b>136 501</b>	<b>26 949</b>	<b>20%</b>	<b>409 502</b>
Employee costs	161 904	166 778	14 718	56 996	55 593	1 404	3%	166 778
Remuneration of Councillors	6 340	6 848	541	2 094	2 283	(189)	-8%	6 848
Depreciation & asset impairment	50 650	41 944	-	-	13 981	(13 981)	-100%	41 944
Finance charges	1 605	3 954	-	-	1 318	(1 318)	-100%	3 954
Materials and bulk purchases	16 225	15 000	1 106	4 084	5 000	(916)	-18%	15 000
Transfers and subsidies	-	-	-	-	-	-		-
Other expenditure	218 006	169 616	15 796	51 630	56 539	(4 909)	-9%	169 616
<b>Total Expenditure</b>	<b>454 729</b>	<b>404 141</b>	<b>32 162</b>	<b>114 804</b>	<b>134 714</b>	<b>(19 909)</b>	<b>-15%</b>	<b>404 141</b>
<b>Surplus/(Deficit)</b>	<b>(13 833)</b>	<b>5 361</b>	<b>(24 760)</b>	<b>48 646</b>	<b>1 787</b>	<b>46 858</b>	<b>2622%</b>	<b>5 361</b>
Transfers and subsidies - capital (monetary allocations)	343 397	341 982	-	-	113 994	(113 994)	-100%	341 982
Contributions & Contributed assets	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>	<b>(67 136)</b>	<b>-58%</b>	<b>347 343</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>	<b>(67 136)</b>	<b>-58%</b>	<b>347 343</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>351 350</b>	<b>349 789</b>	<b>25 466</b>	<b>57 321</b>	<b>116 388</b>	<b>(59 068)</b>	<b>-51%</b>	<b>349 789</b>
Capital transfers recognised	343 397	341 982	23 393	55 248	113 994	(58 746)	-52%	341 982
Internally generated funds	7 953	7 807	2 073	2 073	2 602	(530)	-20%	7 807
<b>Total sources of capital funds</b>	<b>351 350</b>	<b>349 789</b>	<b>25 466</b>	<b>57 321</b>	<b>116 596</b>	<b>(59 276)</b>	<b>-51%</b>	<b>349 789</b>
<b>Financial position</b>								
Total current assets	54 121	72 385		246 017				-
Total non current assets	2 129 037	2 436 371		2 000 896				-
Total current liabilities	176 239	212 563		242 696				-
Total non current liabilities	45 500	33 784		41 926				-
Community wealth/Equity	1 945 150	2 247 140		1 962 291				-
<b>Cash flows</b>								
Net cash from (used) operating	335 448	378 013	6 375	166 191	31 025	(135 166)	-436%	378 013
Net cash from (used) investing	(351 550)	(349 789)	(25 466)	(71 494)	(29 149)	42 344	-145%	(349 789)
Net cash from (used) financing	(3 130)	(3 496)	-	-	(308)	(308)	100%	(3 496)
<b>Cash/cash equivalents at the month/year end</b>	<b>5 041</b>	<b>67 750</b>	<b>-</b>	<b>191 659</b>	<b>44 590</b>	<b>(147 069)</b>	<b>-330%</b>	<b>121 689</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	8 715	6 159	4 622	3 365	3 284	67 211	91 493	189 825
<b>Creditors Age Analysis</b>								
Total Creditors	8 704	671	2 606	-	-	-	-	11 984

## Financial Performance

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

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M04 October

Description	2017/18	Budget Year 2018/19						
	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>	307 943	330 749	1 014	136 566	110 250	26 316	24%	330 749
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	307 943	330 749	1 014	136 566	110 250	26 316	24%	330 749
Internal audit	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	341	308	-	-	103	(103)	-100%	-
Planning and development	341	308	-	-	103	(103)	-100%	-
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	476 008	420 428	6 388	26 884	140 143	(113 258)	-81%	420 428
Energy sources	-	-	-	-	-	-	-	-
Water management	71 524	294 299	4 772	20 090	98 100	(78 010)	-80%	294 299
Waste water management	404 484	126 128	1 617	6 794	42 043	(35 249)	-84%	126 128
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>784 293</b>	<b>751 484</b>	<b>7 402</b>	<b>163 450</b>	<b>250 495</b>	<b>(87 045)</b>	<b>-35%</b>	<b>751 177</b>
<b>Expenditure - Functional</b>								
<i>Governance and administration</i>	152 958	147 427	11 175	42 966	49 142	(6 176)	-13%	147 427
Executive and council	21 783	29 498	1 592	6 278	9 833	(3 555)	-36%	29 498
Finance and administration	131 175	117 929	9 583	36 689	39 310	(2 621)	-7%	117 929
Internal audit	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	41 777	51 538	3 168	12 851	17 179	(4 329)	-25%	51 538
Planning and development	41 777	51 538	3 168	12 851	17 179	(4 329)	-25%	51 538
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	259 994	205 177	17 818	58 987	68 392	(9 405)	-14%	205 177
Energy sources	-	-	-	-	-	-	-	-
Water management	174 092	173 388	12 437	48 126	57 796	(9 670)	-17%	173 388
Waste water management	85 902	31 789	5 381	10 861	10 596	265	3%	31 789
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>454 729</b>	<b>404 141</b>	<b>32 162</b>	<b>114 804</b>	<b>134 714</b>	<b>(19 909)</b>	<b>-15%</b>	<b>404 141</b>
<b>Surplus/ (Deficit) for the year</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>	<b>(67 136)</b>	<b>-58%</b>	<b>347 036</b>

This table assess the revenue by department and then the expenditure for the period ending 31 October 2018. Revenue receipts in October have largely constituted of service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of October is 3%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 22% in the period ending 31 October 2018. 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) - M04 October

Vote Description	2017/18	Budget Year 2018/19						
	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 - Council	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	307 943	330 749	1 014	136 566	110 250	26 316	23,9%	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-
Vote 5 - Social Services & Development Planning	341	308	-	-	103	(103)	-100,0%	-
Vote 6 - Infrastructure Services	404 484	351 731	1 617	6 794	117 244	(110 450)	-94,2%	351 731
Vote 7 - Water Services	71 524	68 697	4 772	20 090	22 899	(2 809)	-12,3%	68 697
<b>Total Revenue by Vote</b>	<b>784 293</b>	<b>751 484</b>	<b>7 402</b>	<b>163 450</b>	<b>250 495</b>	<b>(87 045)</b>	<b>-34,7%</b>	<b>420 428</b>
<b>Expenditure by Vote</b>								
Vote 1 - Council	9 184	15 620	789	2 485	5 207	(2 721)	-52,3%	15 620
Vote 2 - Municipal Manager	12 599	13 878	803	3 792	4 626	(833)	-18,0%	13 878
Vote 3 - Budget & Treasury Office	70 508	64 802	4 304	14 693	21 601	(6 908)	-32,0%	64 802
Vote 4 - Corporate Services	60 668	53 127	5 279	21 995	17 709	4 286	24,2%	53 127
Vote 5 - Social Services & Development Planning	41 777	51 538	3 168	12 851	17 179	(4 329)	-25,2%	51 538
Vote 6 - Infrastructure Services	85 902	31 789	5 381	10 861	10 596	265	2,5%	31 789
Vote 7 - Water Services	174 092	173 388	12 437	48 126	57 796	(9 670)	-16,7%	173 388
<b>Total Expenditure by Vote</b>	<b>454 729</b>	<b>404 141</b>	<b>32 162</b>	<b>114 804</b>	<b>134 714</b>	<b>(19 909)</b>	<b>-14,8%</b>	<b>404 141</b>
<b>Surplus/ (Deficit) for the year</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>	<b>(67 136)</b>	<b>-58,0%</b>	<b>16 287</b>

## Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 October 2018.

DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	2017/18	Budget Year 2018/19						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>								
Property rates						-		
Service charges - electricity revenue						-		
Service charges - water revenue	47 671	41 410	3 772	15 852	13 803	2 049	15%	41 410
Service charges - sanitation revenue	19 723	17 747	1 617	6 794	5 916	878	15%	17 747
Interest earned - external investments	8 716	6 946	946	3 726	2 315	1 411	61%	6 946
Interest earned - outstanding debtors	12 606	9 540	736	3 091	3 180	(89)	-3%	9 540
Transfers and subsidies	347 365	328 823	-	132 531	109 608	22 923	21%	328 823
Other revenue	4 815	5 036	331	1 456	1 679	(223)	-13%	5 036
Gains on disposal of PPE			-	-	-	-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>440 896</b>	<b>409 502</b>	<b>7 402</b>	<b>163 450</b>	<b>136 501</b>	<b>26 949</b>	<b>20%</b>	<b>409 502</b>
<b>Expenditure By Type</b>								
Employee related costs	161 904	166 778	14 718	56 996	55 593	1 404	3%	166 778
Remuneration of councillors	6 340	6 848	541	2 094	2 283	(189)	-8%	6 848
Debt impairment	34 098	25 266	-	-	8 422	(8 422)	-100%	25 266
Depreciation & asset impairment	50 650	41 944	-	-	13 981	(13 981)	-100%	41 944
Finance charges	1 605	3 954	-	-	1 318	(1 318)	-100%	3 954
Bulk purchases	16 225	15 000	1 106	4 084	5 000	(916)	-18%	15 000
Other materials					-	-		
Contracted services	24 505	34 510	1 246	9 538	11 503	(1 966)	-17%	34 510
Transfers and subsidies	-	-			-	-		
Other expenditure	159 403	109 840	14 550	42 092	36 613	5 478	15%	109 840
Loss on disposal of PPE			-	-	-	-		
<b>Total Expenditure</b>	<b>454 729</b>	<b>404 141</b>	<b>32 162</b>	<b>114 804</b>	<b>134 714</b>	<b>(19 909)</b>	<b>-15%</b>	<b>404 141</b>
<b>Surplus/(Deficit)</b>	<b>(13 833)</b>	<b>5 361</b>	<b>(24 760)</b>	<b>48 646</b>	<b>1 787</b>	<b>46 858</b>	<b>0</b>	<b>5 361</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	343 397	341 982	-		113 994	(113 994)	(0)	341 982
Transfers and subsidies - capital (in-kind - all)						-		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>			<b>347 343</b>
Taxation						-		
<b>Surplus/(Deficit) after taxation</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>			<b>347 343</b>
Attributable to minorities								
<b>Surplus/(Deficit) attributable to municipality</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>			<b>347 343</b>
Share of surplus/ (deficit) of associate								
<b>Surplus/ (Deficit) for the year</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>			<b>347 343</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.

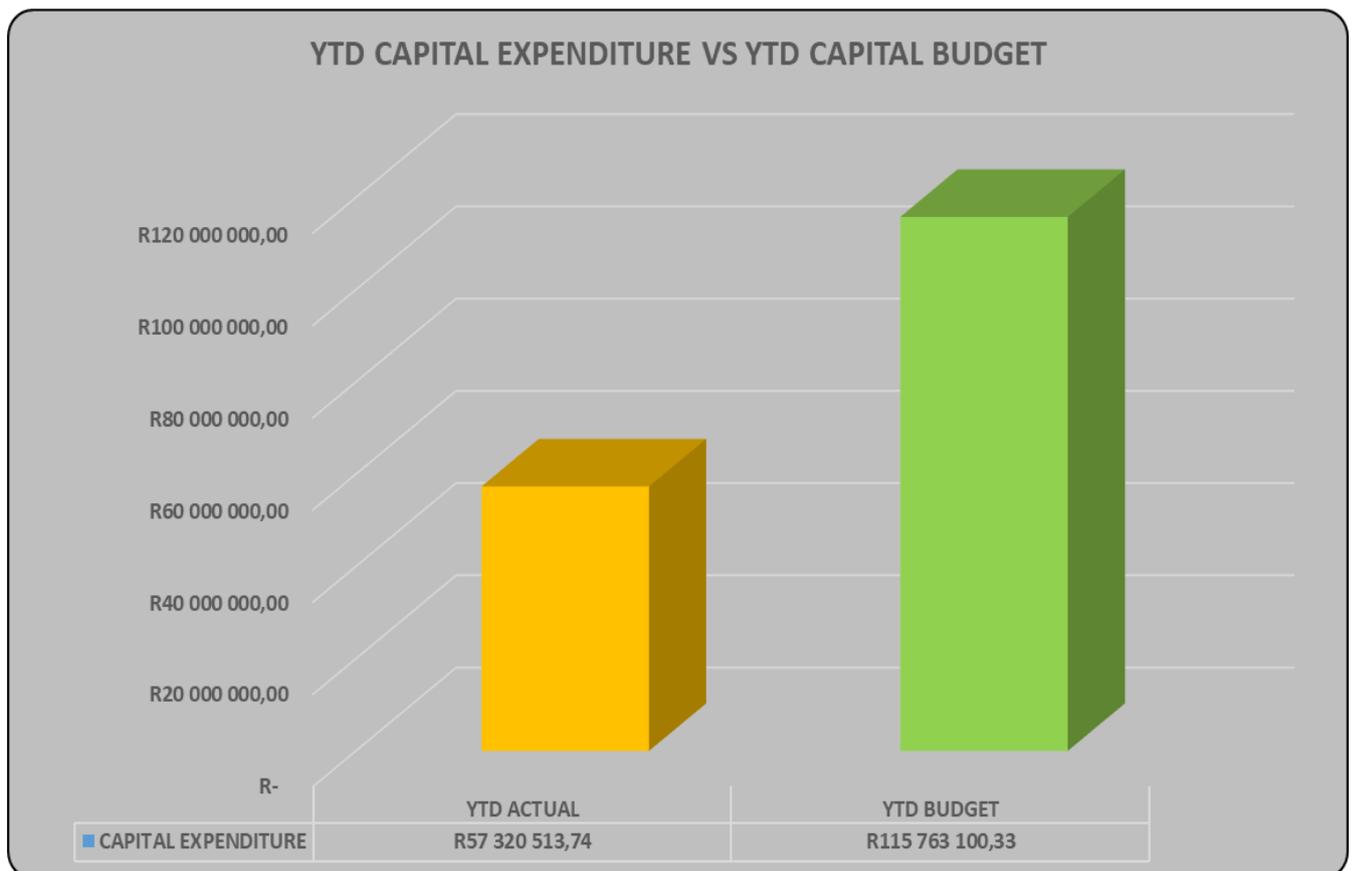
DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04

Vote Description	2017/18	Budget Year 2018/19						
	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 - Council	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	-	550	-	-	183	(183)	-100%	550
Vote 4 - Corporate Services	6 153	3 760	2 073	2 073	1 253	819	65%	3 760
Vote 5 - Social Services & Development Planning	300	497	-	-	166	(166)	-100%	497
Vote 6 - Infrastructure Services	349 297	342 482	23 393	55 248	114 161	(58 913)	-52%	342 482
Vote 7 - Water Services	(4 400)	2 500	-	-	625	(625)	-100%	2 500
<b>Total Capital Multi-year expenditure</b>	<b>351 350</b>	<b>349 789</b>	<b>25 466</b>	<b>57 321</b>	<b>116 388</b>	<b>(59 068)</b>	<b>-51%</b>	<b>349 789</b>
<b>Total Capital Expenditure</b>	<b>351 350</b>	<b>349 789</b>	<b>25 466</b>	<b>57 321</b>	<b>116 388</b>	<b>(59 068)</b>	<b>-51%</b>	<b>349 789</b>
<b>Capital Expenditure - Functional Classification</b>								
<b>Governance and administration</b>	<b>6 153</b>	<b>4 310</b>	<b>2 073</b>	<b>2 073</b>	<b>1 437</b>	<b>636</b>	<b>44%</b>	<b>4 310</b>
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	6 153	4 310	2 073	2 073	1 437	636	44%	4 310
Internal audit	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>300</b>	<b>497</b>	<b>-</b>	<b>-</b>	<b>166</b>	<b>(166)</b>	<b>-100%</b>	<b>497</b>
Planning and development	300	497	-	-	166	(166)	-100%	497
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>343 397</b>	<b>342 482</b>	<b>23 393</b>	<b>55 248</b>	<b>114 161</b>	<b>(58 913)</b>	<b>-52%</b>	<b>342 482</b>
Energy sources	-	-	-	-	-	-	-	-
Water management	343 397	342 482	23 393	55 248	114 161	(58 913)	-52%	342 482
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
<b>Other</b>	<b>1 500</b>	<b>2 500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 500</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>351 350</b>	<b>349 789</b>	<b>25 466</b>	<b>57 321</b>	<b>115 763</b>	<b>(58 443)</b>	<b>-50%</b>	<b>349 789</b>
<b>Funded by:</b>								
National Government	343 397	341 982	23 393	55 248	113 994	(58 746)	-52%	341 982
Provincial Government	-	-	-	-	-	-	-	-
Transfers recognised - capital	343 397	341 982	23 393	55 248	113 994	(58 746)	-52%	341 982
Internally generated funds	7 953	7 807	2 073	2 073	2 602	(530)	-20%	7 807
<b>Total Capital Funding</b>	<b>351 350</b>	<b>349 789</b>	<b>25 466</b>	<b>57 321</b>	<b>116 596</b>	<b>(59 276)</b>	<b>-51%</b>	<b>349 789</b>

As alluded to above, the capital expenditure programme for the month ending 31 October was R25, 4m of capital expenditure against year to date budget.

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

**Chart 1: 2018/2019 CAPEX YTD BUDGET & YTD ACTUAL**



As at 31 October 2018, the year to date actual expenditure was R57, 3million against a YTD budget of R115, 7million. In monetary terms, these figures represent 50% per cent performance against the capital development programme as at 31 October 2018.

Table C6 displays the financial position of the municipality as at 31 October 2018.

## DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M04 October

Description	2017/18	Budget Year 2018/19		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>				
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash	12 394	28 182	191 659	28 182
Consumer debtors	34 358	38 849	20 531	38 849
Other debtors	7 107	5 174	33 656	5 174
Inventory	263	180	171	180
<b>Total current assets</b>	<b>54 121</b>	<b>72 385</b>	<b>246 017</b>	<b>72 385</b>
<b>Non current assets</b>				
Investments in Associate				
Property, plant and equipment	2 125 417	2 431 162	1 999 549	2 431 162
Agricultural				
Intangible	3 619	5 209	1 347	5 209
Other non-current assets				
<b>Total non current assets</b>	<b>2 129 037</b>	<b>2 436 371</b>	<b>2 000 896</b>	<b>2 436 371</b>
<b>TOTAL ASSETS</b>	<b>2 183 158</b>	<b>2 508 756</b>	<b>2 246 913</b>	<b>2 508 756</b>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities</b>				
Borrowing	11 604	11 716	6 429	11 716
Consumer deposits	1 794	1 524	1 671	1 524
Trade and other payables	161 822	197 890	233 864	197 890
Provisions	1 019	1 433	732	1 433
<b>Total current liabilities</b>	<b>176 239</b>	<b>212 563</b>	<b>242 696</b>	<b>212 563</b>
<b>Non current liabilities</b>				
Borrowing	19 046	7 330	19 709	7 330
Provisions	26 454	26 454	22 217	26 454
<b>Total non current liabilities</b>	<b>45 500</b>	<b>33 784</b>	<b>41 926</b>	<b>33 784</b>
<b>TOTAL LIABILITIES</b>	<b>221 738</b>	<b>246 347</b>	<b>284 622</b>	<b>246 347</b>
<b>NET ASSETS</b>	<b>1 961 419</b>	<b>2 262 409</b>	<b>1 962 291</b>	<b>2 262 409</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>				
Accumulated Surplus/(Deficit)	1 945 150	2 247 140	1 962 291	2 247 140
Reserves				
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 945 150</b>	<b>2 247 140</b>	<b>1 962 291</b>	<b>2 247 140</b>

Table C7 below display the Cash Flow Statement for the period ending 31 October 2018.

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M04 October

Description	2017/18	Budget Year 2018/19						
	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						-		
Service charges	42 411	31 945	4 880	18 661	2 662	15 999	601%	31 945
Other revenue	4 779	2 522	736	1 457	210	1 247	594%	2 522
Government - operating	301 213	328 823	-	135 719	27 402	108 317	395%	328 823
Government - capital	343 397	341 982	20 000	174 467	28 499	145 969	512%	341 982
Interest	8 816	6 946				-		6 946
Dividends						-		
<b>Payments</b>								
Suppliers and employees	(361 210)	(332 976)	(19 241)	(164 113)	(27 748)	136 365	-491%	(332 976)
Finance charges	(3 958)	(1 229)	-			-		(1 229)
Transfers and Grants	-	-				-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>335 448</b>	<b>378 013</b>	<b>6 375</b>	<b>166 191</b>	<b>31 025</b>	<b>(135 166)</b>	<b>-436%</b>	<b>378 013</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(351 550)	(349 789)	(25 466)	(71 494)	(29 149)	42 344	-145%	(349 789)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(351 550)</b>	<b>(349 789)</b>	<b>(25 466)</b>	<b>(71 494)</b>	<b>(29 149)</b>	<b>42 344</b>	<b>-145%</b>	<b>(349 789)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Increase (decrease) in consumer deposits	200	200	-			-		200
<b>Payments</b>								
Repayment of borrowing	(3 330)	(3 697)	-		(308)	(308)	100%	(3 697)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 130)</b>	<b>(3 496)</b>	<b>-</b>	<b>-</b>	<b>(308)</b>	<b>(308)</b>	<b>100%</b>	<b>(3 496)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(19 232)</b>	<b>24 727</b>	<b>(19 091)</b>	<b>94 697</b>	<b>1 567</b>			<b>24 727</b>
Cash/cash equivalents at beginning:	24 273	43 023		96 962	-			96 962
Cash/cash equivalents at month/year end:	5 041	67 750		191 659	1 567			121 689

The billing vs Collection ratio for the month of October was 63% (September: 77%) showing a decrease in collection by 14% as compared to previous month

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 31 October 2018.

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

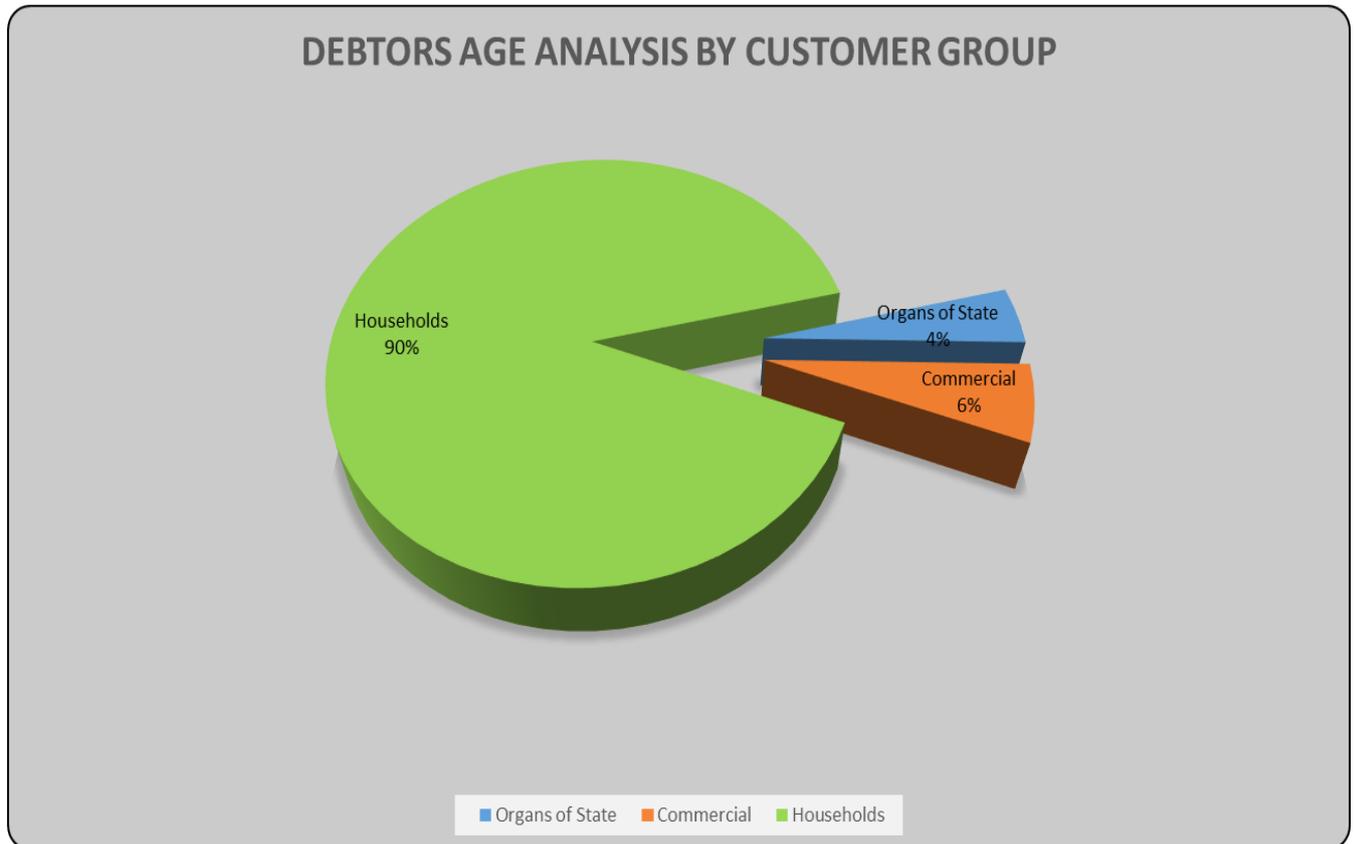
DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	Budget Year 2018/19									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	5 595	3 954	3 194	2 967	2 160	2 108	43 144	58 731	121 853	109 110
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	2 186	1 544	1 248	1 159	844	823	16 855	22 944	47 603	42 625
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	935	661	534	496	361	352	7 212	9 617	20 369	18 239
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
<b>Total By Income Source</b>	<b>8 715</b>	<b>6 159</b>	<b>4 976</b>	<b>4 622</b>	<b>3 365</b>	<b>3 284</b>	<b>67 211</b>	<b>91 493</b>	<b>189 825</b>	<b>169 974</b>
<b>2017/18 - totals only</b>									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2 446	1 399	375	178	177	132	1 251	973	6 931	2 711
Commercial	876	583	417	357	234	195	3 863	4 501	11 024	9 149
Households	5 393	4 177	4 185	4 088	2 953	2 957	62 097	86 019	171 869	158 114
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>8 715</b>	<b>6 159</b>	<b>4 976</b>	<b>4 622</b>	<b>3 365</b>	<b>3 284</b>	<b>67 211</b>	<b>91 493</b>	<b>189 825</b>	<b>169 974</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: 90%
- ✓ Government 4%
- ✓ Business 6%

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

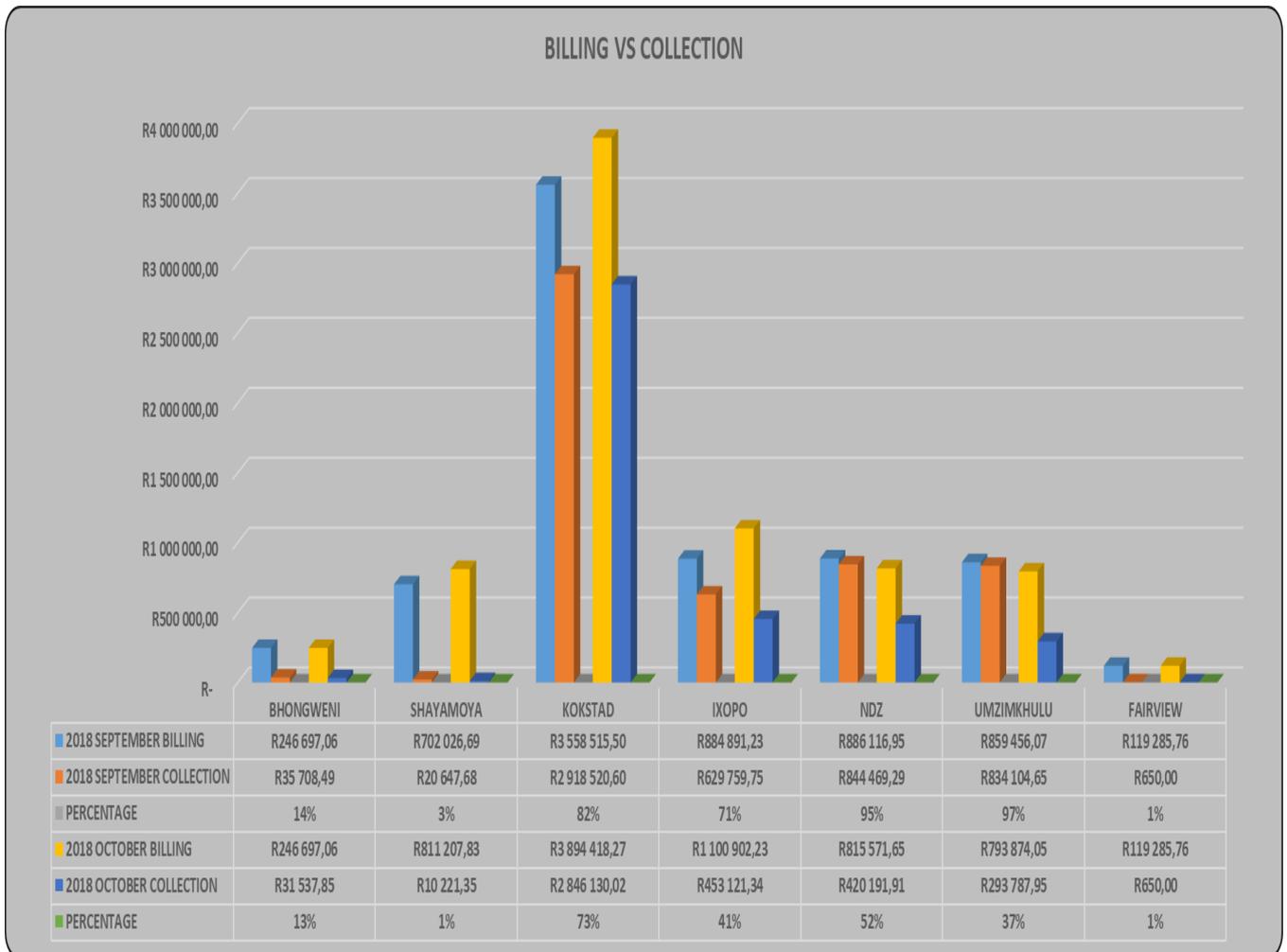
The table that follows below unpacks the revenue receipts per Local Municipality in the District

### REVENUE RECEIPTS PER AREA

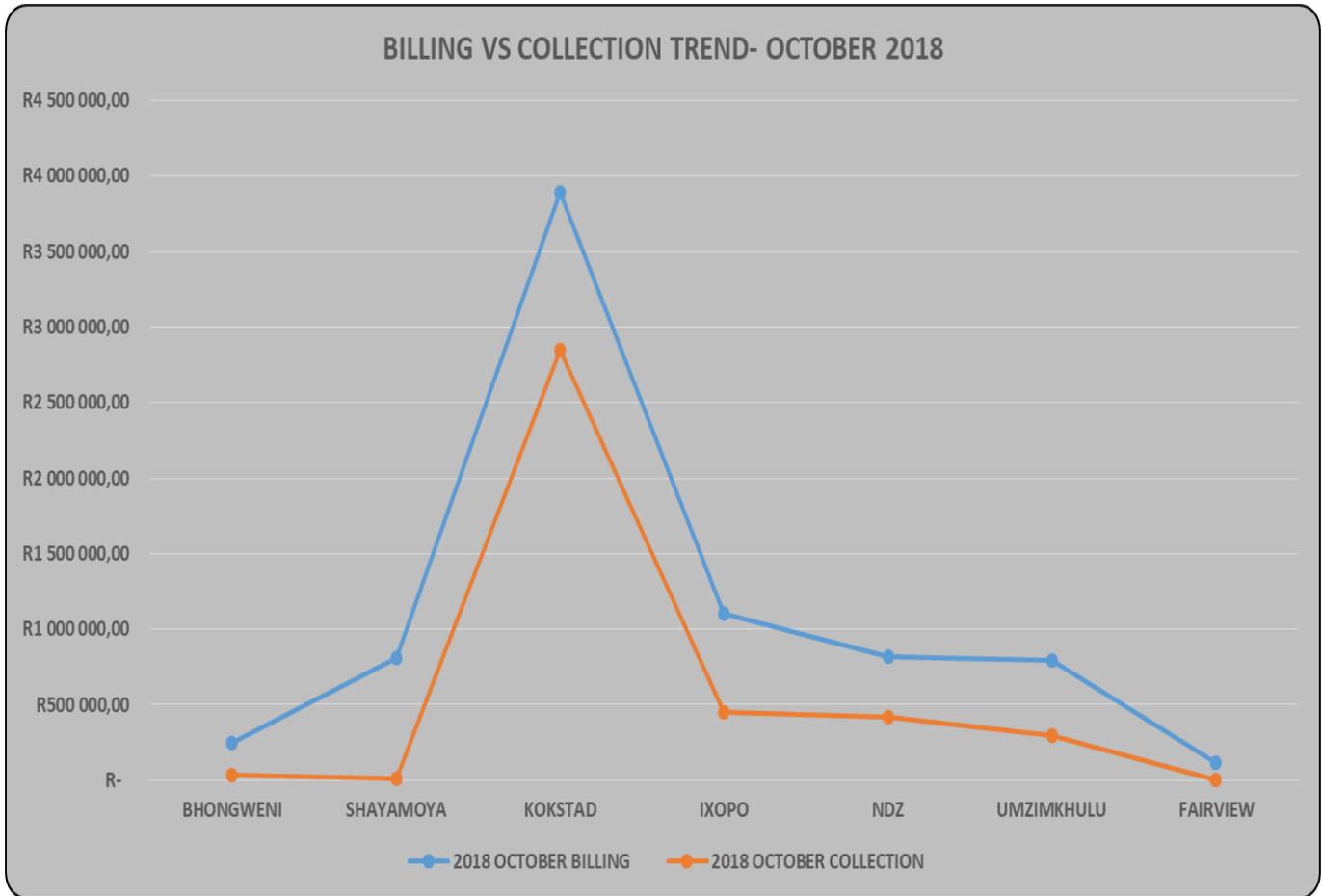
AREA	AMOUNT		
		OCTOBER 2018	SEPTEMBER 2018
Unallocated receipts	R 824 366,97	17%	5%
Bhongweni	R 31 537,85	1%	1%
Shayamoya	R 10 221,35	0%	0%
Kokstad	R 2 846 130,02	58%	52%
Ixopo	R 453 121,34	9%	11%
NDZ	R 420 191,91	9%	15%
Umzimkulu	R 293 787,95	6%	15%
Fairview	R 650.00	0%	0%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 4 880 007,39</b>	100%	100%

The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for October 2018 is R4, 8million

**BILLING VS COLLECTION FOR SEPTEMBER AND OCTOBER 2018**



### BILLING VS COLLECTION TREND FOR OCTOBER 2018



## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 October 2018.

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

Description	Budget Year 2018/19								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity									-
Bulk Water	2 958	-	-	-					2 958
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	4 194	671	-	2 600					7 465
Auditor General	1 552	0	3	5					1 561
Other									-
<b>Total By Customer Type</b>	<b>8 704</b>	<b>671</b>	<b>3</b>	<b>2 606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 984</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 October 2018.

### Cash and Bank Balances (Investments)

DC43 Harry Gwala - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M04 October

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			147		33 064	(15 529)	17 682
FIRST NATIONAL BANK	CALL ACCOUNT			305		75 263	(17 665)	57 903
FIRST NATIONAL BANK	ADMIN CALL			57		12 607	(5 352)	7 313
INVESTEC	FIXED DEPOSIT			176		32 587	-	32 763
FIRST NATIONAL BANK	FIXED DEPOSIT			160		32 367	18 204	50 731
FIRST NATIONAL BANK	CALL ACCOUNT			2		643	(93)	552
FIRST NATIONAL BANK	CALL ACCOUNT			6		1 636	-	1 642
FIRST NATIONAL BANK	CALL ACCOUNT			82		20 718	(3 324)	17 477
FIRST NATIONAL BANK	FIXED DEPOSIT			4		1 008		1 012
FIRST NATIONAL BANK	CURRENT ACCOUNT					857		4 586
<b>Municipality sub-total</b>				<b>939</b>		<b>210 751</b>	<b>(23 759)</b>	<b>191 659</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>939</b>		<b>210 751</b>	<b>(23 759)</b>	<b>191 659</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 - M04 October

Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>RECEIPTS:</b>								
<b>Operating Transfers and Grants</b>								
<b>National Government:</b>	<b>347 365</b>	<b>328 823</b>	<b>-</b>	<b>135 719</b>	<b>109 608</b>	<b>27 113</b>	<b>24,7%</b>	<b>328 823</b>
Local Government Equitable Share	285 028	318 074	-	132 531	106 025	26 506	25,0%	318 074
Finance Management	1 250	1 000	-	1 000	333	-	-	1 000
Municipal Systems Improvement	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (PMU)	49 148	5 005	-	-	1 668	-	-	5 005
Energy Efficiency And Demand Side Management Grant	8 000	-	-	-	-	-	-	-
Water Services Operating Subsidy	-	-	-	-	-	-	-	-
Rural Roads Asset Management Grant	2 221	2 226	-	1 558	742	816	110,0%	2 226
Rural Household Infrastructure Grant	-	-	-	-	-	-	-	-
Expanded public works programme incentive grant	1 718	2 518	-	630	839	(209)	-24,9%	2 518
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>347 365</b>	<b>328 823</b>	<b>-</b>	<b>135 719</b>	<b>109 608</b>	<b>27 113</b>	<b>24,7%</b>	<b>328 823</b>
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	<b>387 544</b>	<b>341 982</b>	<b>20 000</b>	<b>174 467</b>	<b>113 994</b>	<b>35 206</b>	<b>30,9%</b>	<b>341 982</b>
Municipal Infrastructure Grant (MIG)	199 544	191 582	-	99 067	63 861	35 206	55,1%	191 582
Regional Bulk Infrastructure	90 000	70 000	-	25 000	23 333	-	-	70 000
Municipal Water Infrastructure Grant	98 000	80 400	20 000	50 400	26 800	-	-	80 400
Expanded public works programme incentive grant	-	-	-	-	-	-	-	-
Rural Household Infrastructure Grant	-	-	-	-	-	-	-	-
Drought Relief	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>387 544</b>	<b>341 982</b>	<b>20 000</b>	<b>174 467</b>	<b>113 994</b>	<b>35 206</b>	<b>30,9%</b>	<b>341 982</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>734 909</b>	<b>670 805</b>	<b>20 000</b>	<b>310 186</b>	<b>223 602</b>	<b>62 319</b>	<b>27,9%</b>	<b>670 805</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 - M04 October

Description	2017/18	Budget Year 2018/19						
	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>	347 365	328 823	109 648	110 354	109 608	1 480	1,4%	328 823
Local Government Equitable Share	285 028	318 074	106 025	106 025	106 025	-		318 074
Finance Management	1 250	1 000	50	358	333	24	7,3%	1 000
Municipal Systems Improvement	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (PMU)	49 148	5 005	3 124	3 124	1 668	1 456	87,3%	5 005
Energy Efficiency And Demand Side Management Grant	8 000	-	-	-	-	-	-	-
Water Services Operating Subsidy	-	-	-	-	-	-	-	-
Rural Roads Asset Management Grant	2 221	2 226	229	229	742	-	-	2 226
Rural Household Infrastructure Grant	-	-	-	-	-	-	-	-
Expanded public works programme incentive grant	1 718	2 518	220	618	839	-	-	2 518
0								
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	<b>347 365</b>	<b>328 823</b>	<b>109 648</b>	<b>110 354</b>	<b>109 608</b>	<b>1 480</b>	<b>1,4%</b>	<b>328 823</b>
<b>Capital expenditure of Transfers and Grants</b>								
<b>National Government:</b>	387 544	341 982	26 341	62 209	113 994	(30 099)	-26,4%	341 982
Municipal Infrastructure Grant (MIG)	199 544	191 582	20 443	47 104	63 861	(16 756)	-26,2%	191 582
Regional Bulk Infrastructure	90 000	70 000	3 255	9 990	23 333	(13 343)	-57,2%	70 000
Municipal Water Infrastructure Grant	98 000	80 400	2 643	5 114	26 800	-	-	80 400
Expanded public works programme incentive grant	-	-	-	-	-	-	-	-
Rural Household Infrastructure Grant	-	-	-	-	-	-	-	-
Drought Relief	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	<b>387 544</b>	<b>341 982</b>	<b>26 341</b>	<b>62 209</b>	<b>113 994</b>	<b>(30 099)</b>	<b>-26,4%</b>	<b>341 982</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>734 909</b>	<b>670 805</b>	<b>135 989</b>	<b>172 563</b>	<b>223 602</b>	<b>(28 619)</b>	<b>-12,8%</b>	<b>670 805</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 31 October 2018.

# Harry Gwala District Municipality

## DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October

Summary of Employee and Councillor remuneration	2017/18	Budget Year 2018/19						
	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	3 795	4 098	367	1 420	1 366	54	4%	
Pension and UIF Contributions	399	431	27	106	144	(38)	-26%	
Medical Aid Contributions	94	101	6	25	34	(9)	-26%	
Motor Vehicle Allowance	1 178	1 272	81	312	424	(112)	-26%	
Cellphone Allowance	259	279	18	68	93	(25)	-26%	
Other benefits and allowances	616	665	42	163	222	(59)	-26%	
<b>Sub Total - Councillors</b>	<b>6 340</b>	<b>6 847</b>	<b>541</b>	<b>2 094</b>	<b>2 282</b>	<b>(189)</b>	<b>-8%</b>	<b>-</b>
<b>% increase</b>		<b>8,0%</b>						
<b>Senior Managers of the Municipality</b>								
Basic Salaries and Wages	4 509	4 870	704	2 727	1 623	1 103	68%	
Pension and UIF Contributions	4	4	0	1	1	0	10%	
Medical Aid Contributions	6	7	1	3	2	0	10%	
Motor Vehicle Allowance	3 797	4 101	387	1 498	1 367	131	10%	
Cellphone Allowance	178	192	18	70	64	6	10%	
Other benefits and allowances	5	6	1	2	2	0	10%	
<b>Sub Total - Senior Managers of Municipality</b>	<b>8 500</b>	<b>9 180</b>	<b>1 111</b>	<b>4 300</b>	<b>3 060</b>	<b>1 241</b>	<b>41%</b>	<b>-</b>
<b>% increase</b>		<b>8,0%</b>						
<b>Other Municipal Staff</b>								
Basic Salaries and Wages	101 821	102 213	9 830	38 066	34 071	3 995	12%	
Pension and UIF Contributions	16 798	18 142	1 662	6 436	6 047	389	6%	
Medical Aid Contributions	2 321	2 507	230	889	836	54	6%	
Overtime	2 074	2 240	205	795	747	48	6%	
Performance Bonus	9 205	9 942	911	3 527	3 314	213	6%	
Motor Vehicle Allowance	4 231	4 570	419	1 621	1 523	98	6%	
Cellphone Allowance	722	780	71	277	260	17	6%	
Housing Allowances	63	68	6	24	23	1	6%	
Other benefits and allowances	2 767	2 988	274	1 060	996	64	6%	
<b>Sub Total - Other Municipal Staff</b>	<b>140 002</b>	<b>143 449</b>	<b>13 608</b>	<b>52 696</b>	<b>47 816</b>	<b>4 880</b>	<b>10%</b>	<b>-</b>
<b>% increase</b>		<b>2,5%</b>						
<b>Total Parent Municipality</b>	<b>154 842</b>	<b>159 475</b>	<b>15 259</b>	<b>59 090</b>	<b>53 158</b>	<b>5 932</b>	<b>11%</b>	<b>-</b>
		<b>3,0%</b>						
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>								
<b>Board Members of Entities</b>								
Other benefits and allowances	100					-		
Board Fees	200	350				-		
<b>Sub Total - Board Members of Entities</b>	<b>300</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>% increase</b>		<b>16,7%</b>						
<b>Senior Managers of Entities</b>								
Basic Salaries and Wages	2 006	2 166				-		
Motor Vehicle Allowance	288	311				-		
Cellphone Allowance	55	59				-		
Other benefits and allowances	55	59				-		
<b>Sub Total - Senior Managers of Entities</b>	<b>2 404</b>	<b>2 597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>% increase</b>		<b>8,0%</b>						
<b>Other Staff of Entities</b>								
Basic Salaries and Wages	10 160	10 973				-		
Motor Vehicle Allowance	175	189				-		
Other benefits and allowances	362	391				-		
<b>Sub Total - Other Staff of Entities</b>	<b>10 697</b>	<b>11 553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>% increase</b>		<b>8,0%</b>						
<b>Total Municipal Entities</b>	<b>13 402</b>	<b>14 500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>168 244</b>	<b>173 975</b>	<b>15 259</b>	<b>59 090</b>	<b>53 158</b>	<b>5 932</b>	<b>11%</b>	<b>-</b>
<b>% increase</b>		<b>3,4%</b>						
<b>TOTAL MANAGERS AND STAFF</b>	<b>161 604</b>	<b>166 778</b>	<b>14 718</b>	<b>56 996</b>	<b>50 876</b>	<b>6 120</b>	<b>12%</b>	<b>-</b>

## 2.6 Material Variances to the SDBIP

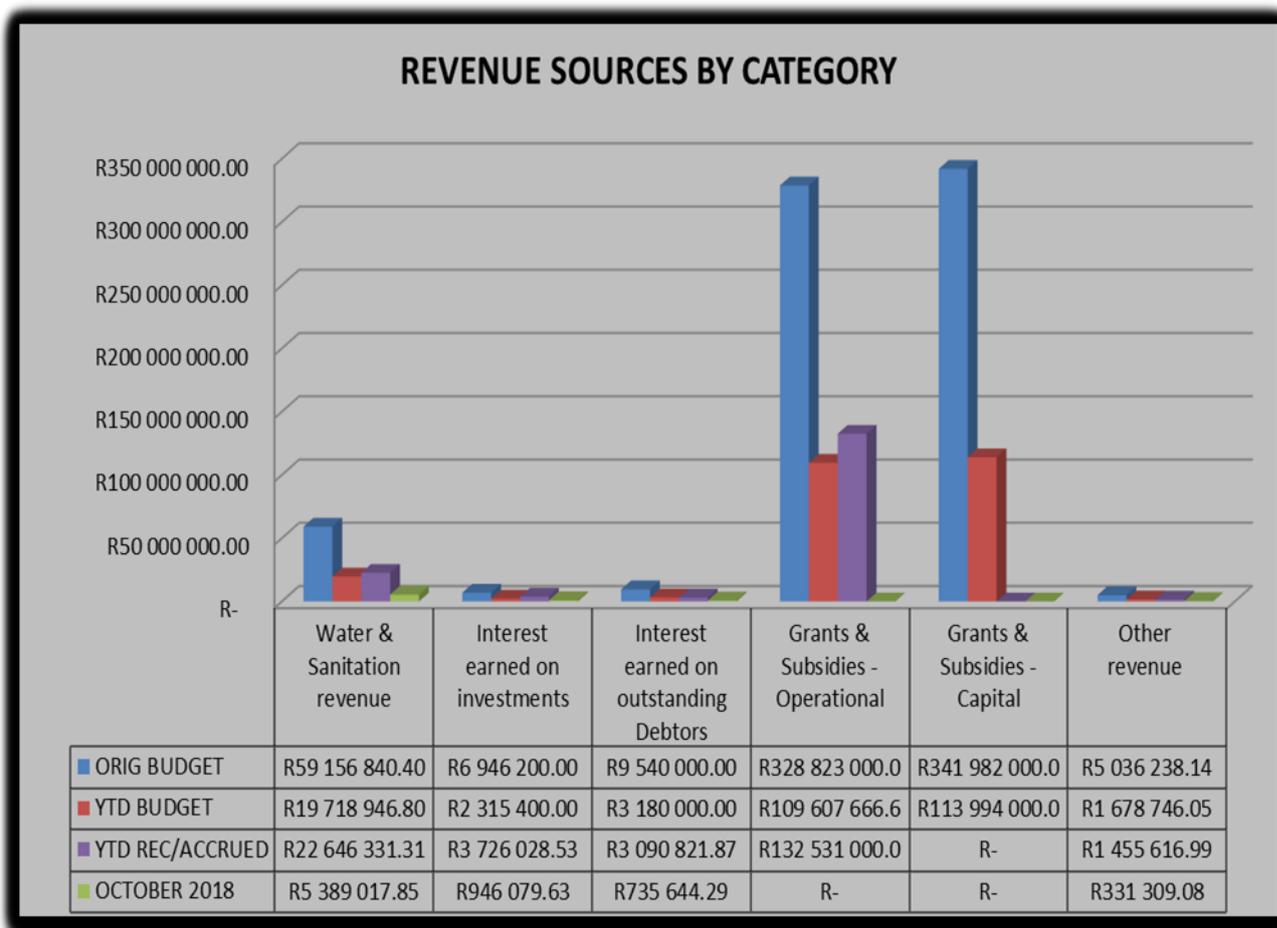
The following section analyses material variances between the actual targets as at 31 October 2018 and the budget for the same period. This report analyses each major component under following headings;

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

### **REVENUE**

The chart displays a comparison between the 2018/19 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 31 October 2018 was R22, 6million against a year to date **budget** of R19, 7million.

**Interest Earned on External Investments**

The year to date actual on interest earned on external investments as at 31 October 2018 is R3m against year to date budget of R3, 1million.

### **Transfers Recognised – Operational**

No operational grant received for the month of October 2018

### **Transfers Recognised – Capital**

The year to date actual R57, 3million (against a YTD budget of R115, 7million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 50% performance in Conditional Capital grant funding expenditures.

One Capital grants received namely:

- Water Services Infrastructure Grant- R 20 000 000

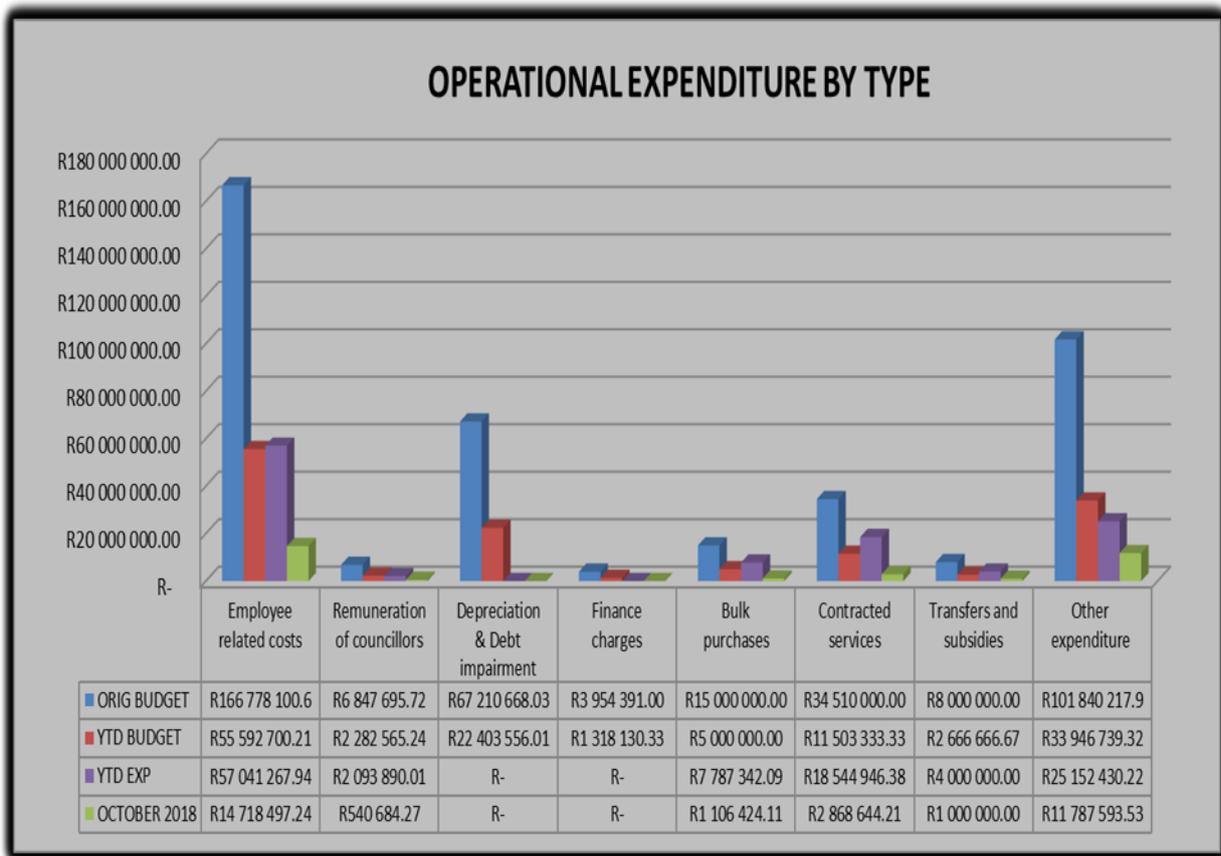
### **Other Revenue**

The YTD performance of other revenue is R1, 4million against YTD budget of R1, 6million 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: 2018/19 Financial year Opex**



**Employee Related Costs**

The Original budget for employee related costs is R166, 7million and the year to date budget is R55, 6 against a YTD actual of R57 million which is 103%. Employee related costs over performed by 3% in monetary value it is over performed by R1 448 568.

**Remuneration of Councillors**

The remuneration of councillor’s year to date expenditure is at R 2, 1million against a YTD budget of R2, 2million representing 92% of the year to date budget.

### **Finance Charges**

As at 31 October 2018, there was no expenditure incurred for finance charges. The budgeted amount for finance charges was R3, 9million.

### **Bulk Purchases**

The original budget for Bulk Water purchases is R15million and the year to date expenditure is at R 7, 8million against a year to date budget of R 5 million. The expenditure for bulk water purchases is at 156% of the original budget as at 31 October 2018. The over performance is due to the payment arrangement that the municipality has with Umngeni water.

### **Other Expenditure**

The YTD budget for other expenditure was at R33, 9million against a YTD expenditure of R 25, 1million for the month of October 2018 representing 74 per cent of the year to date budget.

### **Performance assessment**

The Performance Assessment Report will be available on the second quarter of 2018/2019 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 - M04 October

Description	Budget Year 2018/19												2018/19 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 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>															
<b>Cash Receipts By Source</b>															
Property rates												-			
Service charges - electricity revenue												-			
Service charges - water revenue	2 823	2 923	3 900	3 416	1 643	2 500	1 639	1 631	1 677	1 465	1 668	(2 924)	22 361	23 882	25 506
Service charges - sanitation revenue	1 210	1 253	1 672	1 464	1 200	689	648	807	789	680	774	(1 602)	9 583	10 235	10 931
Transfer receipts - operating	132 531	3 188	-	-	56 498	-	-	506	126 198	-	103	9 799	328 823	353 324	383 130
Other revenue	385	1	336	736	73	186	146	69	393	262	424	(697)	2 314	2 649	2 790
<b>Cash Receipts by Source</b>	<b>136 949</b>	<b>7 365</b>	<b>5 908</b>	<b>5 616</b>	<b>59 852</b>	<b>3 794</b>	<b>3 383</b>	<b>3 960</b>	<b>129 532</b>	<b>2 826</b>	<b>3 952</b>	<b>6 593</b>	<b>369 728</b>	<b>397 188</b>	<b>429 934</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	129 467	25 000	-	20 000	57 071	15 188	58 260	13 720	61 733			(38 457)	341 982	343 859	378 480
Contributions & Contributed assets												-			
Change in non-current investments												-			
<b>Total Cash Receipts by Source</b>	<b>266 416</b>	<b>32 365</b>	<b>5 908</b>	<b>25 616</b>	<b>116 923</b>	<b>18 982</b>	<b>61 642</b>	<b>17 680</b>	<b>191 265</b>	<b>2 826</b>	<b>3 952</b>	<b>(31 864)</b>	<b>711 710</b>	<b>741 047</b>	<b>808 414</b>
<b>Cash Payments by Type</b>															
Employee related costs	13 633	13 781	15 411	14 718	13 477	12 577	12 776	14 567	11 066	13 218	13 086	18 468	166 778	179 780	193 955
Remuneration of councillors	509	487	532	541	577	577	577	577	577	577	577	738	6 848	7 396	7 987
Interest paid					204	617	204	204	204	204	204	2 106	3 945	4 356	1 668
Bulk purchases - Electricity					-	-	-	-	-	-	-	-			
Bulk purchases - Water & Sewer	1 300	1 955	1 503	1 106	2 232	1 132	1 163	1 136	1 103	1 193	1 152	25	15 000	15 810	16 680
Other materials					-	-	-	-	-	-	-	-			
Contracted services	1 100	3 140	4 252	1 246	3 164	4 317	3 500	3 069	1 856	1 701	1 869	5 295	34 510	46 914	49 494
Grants and subsidies paid - other municipalities					-	-	-	-	-	-	-	-			
Grants and subsidies paid - other					5 000	-	-	-	5 000	-	-	5 000	15 000	17 000	20 000
General expenses	24 830	42 079	20 359	1 629	9 500	8 500	4 996	4 427	20 100	4 527	5 631	(53 194)	93 384	87 193	110 937
<b>Cash Payments by Type</b>	<b>41 373</b>	<b>61 442</b>	<b>42 058</b>	<b>19 241</b>	<b>34 153</b>	<b>27 720</b>	<b>23 216</b>	<b>23 979</b>	<b>39 906</b>	<b>21 420</b>	<b>22 520</b>	<b>(21 563)</b>	<b>335 465</b>	<b>358 448</b>	<b>400 720</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	28 722	10 900	6 406	25 466	28 499	28 499	28 499	28 499	28 499	28 499	28 499	70 999	341 982	338 858	373 429
Repayment of borrowing												-			
Other Cash Flows/Payments												-			
<b>Total Cash Payments by Type</b>	<b>70 094</b>	<b>72 341</b>	<b>48 464</b>	<b>44 707</b>	<b>62 652</b>	<b>56 218</b>	<b>51 715</b>	<b>52 478</b>	<b>68 405</b>	<b>49 919</b>	<b>51 018</b>	<b>49 436</b>	<b>677 447</b>	<b>697 306</b>	<b>774 149</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>196 322</b>	<b>(39 976)</b>	<b>(42 556)</b>	<b>(19 091)</b>	<b>54 271</b>	<b>(37 236)</b>	<b>9 928</b>	<b>(34 798)</b>	<b>122 860</b>	<b>(47 093)</b>	<b>(47 067)</b>	<b>(81 300)</b>	<b>34 263</b>	<b>43 741</b>	<b>34 264</b>
Cash/cash equivalents at the month/year beginning:	96 962	293 284	253 307	210 751	191 659	245 931	208 694	218 622	183 824	306 685	259 592	212 525	96 962	131 225	174 966
Cash/cash equivalents at the month/year end:	293 284	253 307	210 751	191 659	245 931	208 694	218 622	183 824	306 685	259 592	212 525	131 225	131 225	174 966	209 230

## Parent Municipal financial performance

DC43 Harry Gwala - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M04 October

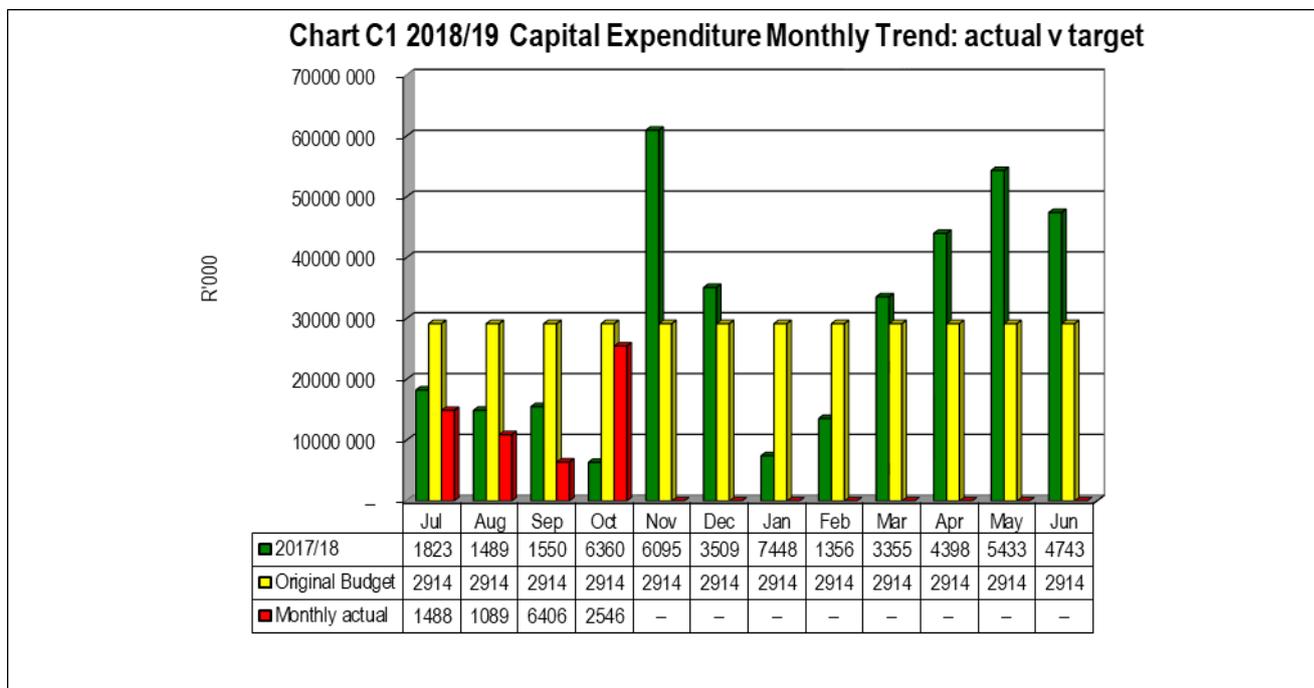
Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Revenue By Source</b>								
Property rates						-		
Service charges - electricity revenue						-		
Service charges - water revenue	47 671	41 410	3 772	15 852	13 803	2 049	15%	41 410
Service charges - sanitation revenue	19 723	17 747	1 617	6 794	5 916	878	15%	17 747
Interest earned - external investments	8 716	6 946	946	3 726	2 315	1 411	61%	6 946
Interest earned - outstanding debtors	12 606	9 540	736	3 091	3 180	(89)	-3%	9 540
Transfers and subsidies	347 365	328 823	-	132 531	109 608	22 923	21%	328 823
Other revenue	4 815	5 036	331	1 456	1 679	(223)	-13%	5 036
Gains on disposal of PPE						-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>440 896</b>	<b>409 502</b>	<b>7 402</b>	<b>163 450</b>	<b>136 501</b>	<b>26 949</b>	<b>20%</b>	<b>409 502</b>
<b>Expenditure By Type</b>								
Employee related costs	161 904	166 778	14 718	56 996	55 593	1 404	3%	166 778
Remuneration of councillors	6 340	6 848	541	2 094	2 283	(189)	-8%	6 848
Debt impairment	34 098	25 266	-	-	8 422	(8 422)	-100%	25 266
Depreciation & asset impairment	50 650	41 944	-	-	13 981	(13 981)	-100%	41 944
Finance charges	1 605	3 954	-	-	1 318	(1 318)	-100%	3 954
Bulk purchases	16 225	15 000	1 106	4 084	5 000	(916)	-18%	15 000
Contracted services	24 505	34 510	1 246	9 538	11 503	(1 966)	-17%	34 510
Other expenditure	159 403	109 840	14 550	42 092	36 613	5 478	15%	109 840
<b>Total Expenditure</b>	<b>454 729</b>	<b>404 141</b>	<b>32 162</b>	<b>114 804</b>	<b>134 714</b>	<b>(19 909)</b>	<b>-15%</b>	<b>404 141</b>
<b>Surplus/(Deficit)</b>								
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	(13 833)	5 361	(24 760)	48 646	1 787	46 858	2622%	5 361
Transfers and subsidies - capital (in-kind - all)	343 397	341 982	-	-	113 994	(113 994)	-100%	341 982
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>	<b>(67 136)</b>	<b>-58%</b>	<b>347 343</b>
Taxation						-		
<b>Surplus/(Deficit) after taxation</b>	<b>329 564</b>	<b>347 343</b>	<b>(24 760)</b>	<b>48 646</b>	<b>115 781</b>	<b>(67 136)</b>	<b>-58%</b>	<b>347 343</b>

### Capital Expenditure Trend

DC43 Harry Gwala - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M04 October

Month	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>								
<b>Monthly expenditure performance trend</b>								
July	18 231	29 149	14 889	14 889	29 149	14 260	48,9%	4%
August	14 892	29 149	10 900	25 789	58 298	32 509	55,8%	7%
September	15 501	29 149	6 406	32 195	87 447	55 252	63,2%	9%
October	6 361	29 149	25 466	57 661	116 596	58 935	50,5%	16%
November	60 953	29 149			145 746	-		
December	35 093	29 149			174 895	-		
January	7 449	29 149			204 044	-		
February	13 561	29 149			233 193	-		
March	33 559	29 149			262 342	-		
April	43 982	29 149			291 491	-		
May	54 335	29 149			320 640	-		
June	47 433	29 149			349 789	-		
<b>Total Capital expenditure</b>	<b>351 350</b>	<b>349 789</b>	<b>57 661</b>					

### CAPITAL EXPENDITURE MONTHLY TREND



### 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 - M04 October

Description	2017/18	Budget Year 2018/19						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>								
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	338 697	320 275	23 393	55 248	106 758	51 511	48,2%	320 275
Roads Infrastructure	-	-	-	-	-	-	-	-
<i>Capital Spares</i>								
Water Supply Infrastructure	280 553	257 732	15 437	37 848	85 911	48 062	55,9%	257 732
<i>Water Treatment Works</i>	280 553	257 732	15 437	37 848	85 911	48 062	55,9%	257 732
<i>Bulk Mains</i>								
Sanitation Infrastructure	58 143	62 543	7 956	17 399	20 848	3 448	16,5%	62 543
<i>Pump Station</i>								
<i>Reticulation</i>								
<i>Waste Water Treatment Works</i>	58 143	62 543	7 956	17 399	20 848	3 448	16,5%	62 543
<i>Outfall Sewers</i>								
<i>Unimproved Property</i>								
<b>Other assets</b>	-	200	-	-	67	67	100,0%	200
Operational Buildings	-	200	-	-	67	67	100,0%	200
<i>Municipal Offices</i>		200			67	67	100,0%	200
<i>Pay/Enquiry Points</i>								
<b>Intangible Assets</b>	2 100	2 100	-	-	700	700	100,0%	2 100
Servitudes								
Licences and Rights	2 100	2 100	-	-	700	700	100,0%	2 100
<i>Solid Waste Licenses</i>								
<i>Computer Software and Applications</i>	2 100	2 100			700	700	100,0%	2 100
<i>Load Settlement Software Applications</i>								
<b>Computer Equipment</b>	-	4 510	-	-	-	-	-	-
Computer Equipment								
<b>Furniture and Office Equipment</b>	1 210	1 210	345	345	403	58	14,4%	1 210
Furniture and Office Equipment	1 210	1 210	345	345	403	58	14,4%	1 210
<b>Machinery and Equipment</b>	3 043	2 000	1 728	1 728	667	(1 061)	-159,1%	2 000
Machinery and Equipment	3 043	2 000	1 728	1 728	667	(1 061)	-159,1%	2 000
<b>Transport Assets</b>	1 300	1 300	-	-	433	433	100,0%	1 300
Transport Assets	1 300	1 300			433	433	100,0%	1 300
<b>Total Capital Expenditure on new assets</b>	<b>346 350</b>	<b>327 085</b>	<b>25 466</b>	<b>57 321</b>	<b>109 028</b>	<b>51 708</b>	<b>47,4%</b>	<b>327 085</b>

## 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 October 2018 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\_\_\_\_\_