

# Harry Gwala District Municipality

MFMA s71 & s52 (d) report for the period ending 31 March 2019.

4/16/2019

Budget & Treasury Office

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## Glossary

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

**AFS** – Annual Financial Statements

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

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

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

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

**FMG** – Financial Management Grant.

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

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

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

**MFMA** – Local Government: Municipal Finance Management Act (56/2003). The principle legislation relating to municipal financial management.

**MIG** – Municipal Infrastructure Grant.

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

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

**SDBIP** – Service Delivery and Budget Implementation Plan (SDBIP). A detailed plan

comprising annual and quarterly performance information. Harry Gwala District Municipality MFMA s71 Monthly Report Page 5

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

**Vote** – one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. .

**YTD** – Year to date

**YoY** – Year on Year

**DBSA** – Development Bank of South Africa

## **1. PART 1 – MONTHLY AND QUARTERLY REPORT**

### **1.1 PURPOSE**

To table a report on the Implementation of the current budget and the financial state of the Municipality in terms of Section 71 and Section 52(d) of the Municipal Finance Management Act (MFMA)

### **LEGAL FRAMEWORK**

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

### **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

## **1.2 Mayors Report**

In accordance with Section 52(d) of the Municipal Finance Management Act, The mayor submit a report to the council within 30 days after the end of each quarter which is the third quarter of 2018/19, on the implementation of the budget and the financial state of affairs of the Harry Gwala District Municipality.

This report forms part of the general responsibilities of the Mayor of a Municipality, and is intended to inform and enable the council to fulfil its oversight responsibility.

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

A comprehensive report detailing the implementation for the third quarter ended 31 March 2019 will be tabled in a separate report to council.

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

The cash flow position as at 31 March 2019 of the Municipality shows an improvement when compared to the previous financial year. However, the municipality will seek to improve more in order for the municipality to be stable and continue to show great improvements and close the financial year with positive bank balance.

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

## 1.2 Executive Summary

This report is a summary of the main budget issues arising from the in-year monitoring process. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

The following table summarises the overall position on the capital and operating budgets.

Description	Budget Year 2018/19					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	Quarterly Variance %	Monthly Variance %
<b>R thousands</b>					%	%
Transfers and subsidies: Operational	404 141	30 334	82 598	101 035	82%	30%
Transfers and subsidies:Capital	349 789	6 406	32 195	87 447	37%	7%
Operation Revenue	409 502	8 235	156 048	100 568	155%	8%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 163 433</b>	<b>44 975</b>	<b>270 841</b>	<b>289 050</b>	<b>274%</b>	<b>46%</b>

## Revenue by Source

The Year-to-Date actual revenue is 64% below the YTD budget. All the allocated conditional grants receipted as per Division of Revenue Bill, However the recognition as revenue only occur when the expenditure is incurred.

## **Borrowings**

The balance of borrowings amounts to R10, 5m at the end of March 2019 for ABSA loan. The next payment will be made in June 2019 as per ABSA amortisation.

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

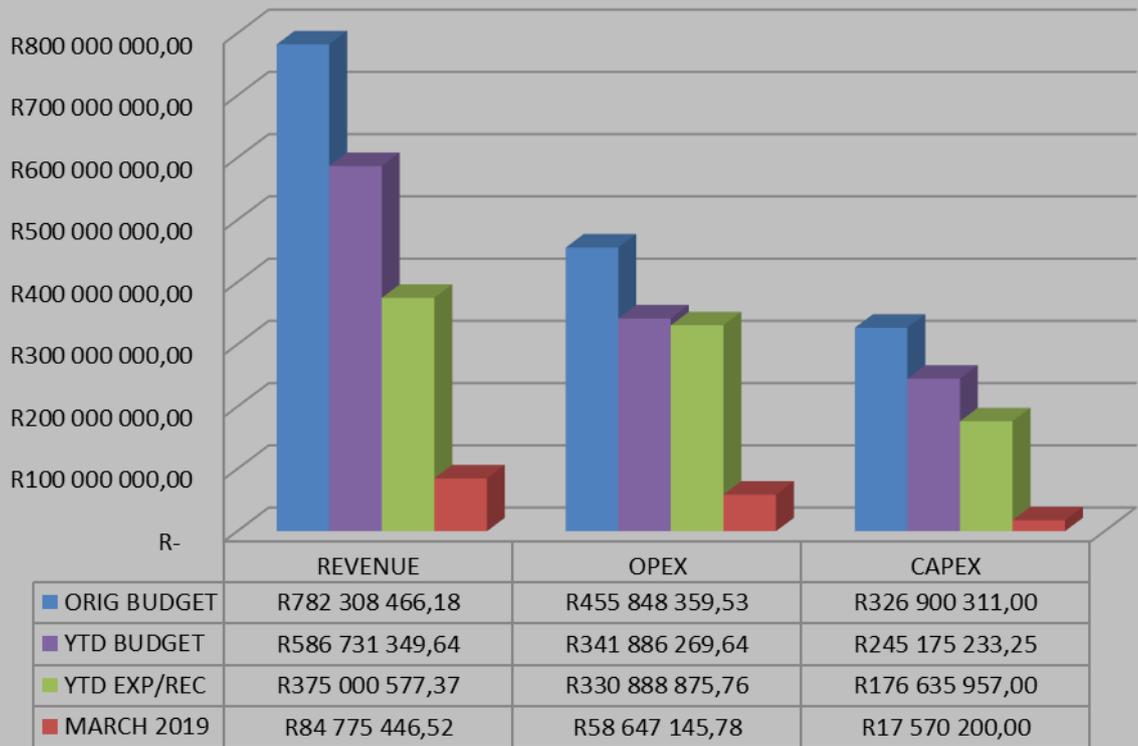
The total operating budget for the current year amounts to R455, 8m. The YTD Operating expenditure for the month ended 31 March amounted to R330, 8m against a year to date (YTD) budget of R341, 8m. The actual YTD expenditure represented 97% of the year to date budget.

## **Capital expenditure**

The total capital budget for the current year amounts to R326, 9m. The YTD expenditure on capital amounts to R176, 6million against year to date budget of R245million, or 72% of the planned expenditure. Capital expenditure is mainly funded by means of National grants

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

### BUDGET SUMMARY MARCH 2019



### Cash flows

The municipality started the year with a positive cashbook balance of R96, 6million. The closing cash and cash equivalents as at the end of March 2019 was R249, 3million refer to the table below for cash and cash equivalent register for more detail on the municipality’s cash position.

## CASH AND INVESTMENT REGISTER FOR THE PERIOD ENDING 31 MARCH 2019

Investments by maturity Name of institution & investment ID R thousands	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			1		254	-	25 255
FIRST NATIONAL BANK	CALL ACCOUNT			104		13 539	10 044	86 119
FIRST NATIONAL BANK	ADMIN CALL			6		1 848	-	31 855
INVESTEC	FIXED DEPOSIT			122		26 808	6 000	20 930
FIRST NATIONAL BANK	FIXED DEPOSIT			22		6 687	5 263	1 446
FIRST NATIONAL BANK	CALL ACCOUNT			7		1 830	-	1 837
FIRST NATIONAL BANK	CALL ACCOUNT			6		492	-	10 498
FIRST NATIONAL BANK	CALL ACCOUNT			111		26 560	765	25 906
FIRST NATIONAL BANK	FIXED DEPOSIT			3		822	-	825
FIRST NATIONAL BANK	CURRENT ACCOUNT			-		4 286	-	44 724
<b>Municipality sub-total</b>				382		83 127	22 072	249 394
<b>TOTAL INVESTMENTS AND INTEREST</b>				382		83 127	22 072	249 394

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

All DORA and provincial grants allocations for 2018/2019 have been received as per payment schedule. The total conditional grants received as at 31 March 2019 was R372, 7million and the equitable share is R318million.

One operational grant received for the month of March 2019 namely

**Transfers Recognised – Operational**

- Equitable Share- R 79 518 000

**Transfers Recognised – Capital**

Three Capital grants received for the month of March 2019 namely:

- Municipal Infrastructure Grant- R 56 773 000
- Water Services Infrastructure Grant- R 50 000 000
- Rural Bulk Infrastructure Grant- R 10 000 000

Refer to the Table SC6 below for more detail on the grants receipts as at 31 March 2019.

### **Spending on Grants**

Spending on grants amounted to R176, 6million or 72% for 2018/19 second quarter.

### **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 - M03 September

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	6 337	18 332	14 789	3 543	24%	59 157
Investment revenue	8 716	6 946	1 123	2 780	1 737	1 043	60%	6 946
Transfers and subsidies	347 365	328 823	-	132 531	82 206	50 325	61%	328 823
Other own revenue	17 421	14 576	775	2 405	3 644	(1 239)	-34%	14 576
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>440 896</b>	<b>409 502</b>	<b>8 235</b>	<b>156 048</b>	<b>102 376</b>	<b>53 672</b>	<b>52%</b>	<b>409 502</b>
Employee costs	161 904	166 778	15 411	42 323	41 695	628	2%	166 778
Remuneration of Councillors	6 340	6 848	532	1 553	1 712	(159)	-9%	6 848
Depreciation & asset impairment	50 650	41 944	-	-	10 486	(10 486)	-100%	41 944
Finance charges	1 605	3 954	-	-	989	(989)	-100%	3 954
Materials and bulk purchases	16 225	15 000	3 227	12 987	3 750	9 237	246%	15 000
Transfers and subsidies	-	-	1 000	3 000	-	3 000	#DIV/0!	-
Other expenditure	218 006	169 616	10 164	22 735	42 404	(19 669)	-46%	169 616
<b>Total Expenditure</b>	<b>454 729</b>	<b>404 141</b>	<b>30 334</b>	<b>82 598</b>	<b>101 035</b>	<b>(18 437)</b>	<b>-18%</b>	<b>404 141</b>
<b>Surplus/(Deficit)</b>	<b>(13 833)</b>	<b>5 361</b>	<b>(22 099)</b>	<b>73 450</b>	<b>1 340</b>	<b>72 109</b>	<b>5380%</b>	<b>5 361</b>
Transfers and subsidies - capital (monetary allocations)	343 397	341 982	-	-	85 496	(85 496)	-100%	341 982
Contributions & Contributed assets	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>329 564</b>	<b>347 343</b>	<b>(22 099)</b>	<b>73 450</b>	<b>86 836</b>	<b>(13 386)</b>	<b>-15%</b>	<b>347 343</b>
<b>Surplus/ (Deficit) for the year</b>	<b>329 564</b>	<b>347 343</b>	<b>(22 099)</b>	<b>73 450</b>	<b>86 836</b>	<b>(13 386)</b>	<b>-15%</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>6 406</b>	<b>32 195</b>	<b>87 447</b>	<b>(55 252)</b>	<b>-63%</b>	<b>349 789</b>
Capital transfers recognised	343 397	341 982	6 406	32 195	85 496	(53 300)	-62%	341 982
Internally generated funds	7 953	7 807	-	-	1 952	(1 952)	-100%	7 807
<b>Total sources of capital funds</b>	<b>351 350</b>	<b>349 789</b>	<b>6 406</b>	<b>32 195</b>	<b>87 447</b>	<b>(55 252)</b>	<b>-63%</b>	<b>349 789</b>
<b>Financial position</b>								
Total current assets	54 121	72 385		249 681				72 385
Total non current assets	2 129 037	2 436 371		1 975 770				2 436 371
Total current liabilities	176 239	212 563		322 018				208 177
Total non current liabilities	45 500	33 784		38 973				38 973
Community wealth/Equity	1 945 150	2 247 140		1 864 459				1 864 459
<b>Cash flows</b>								
Net cash from (used) operating	335 448	378 013	(36 150)	159 816	31 025	(128 791)	-415%	378 013
Net cash from (used) investing	(351 550)	(349 789)	(6 406)	(46 027)	(29 149)	16 878	-58%	(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>210 751</b>	<b>44 590</b>	<b>(166 160)</b>	<b>-373%</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	8 143	6 228	3 561	3 417	3 056	65 483	92 372	187 146
<b>Creditors Age Analysis</b>								
Total Creditors	49 161	12 863	22 587	-	-	-	-	88 448

## 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) - M03 September

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	1 242	135 767	82 687	53 080	64%	330 749
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	307 943	330 749	1 242	135 767	82 687	53 080	64%	330 749
Internal audit	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	341	308	-	-	-	-	-	-
Planning and development	341	308	-	-	-	-	-	-
<i>Trading services</i>	476 008	420 428	6 993	20 280	105 107	(84 827)	-81%	420 428
Energy sources	-	-	-	-	-	-	-	-
Water management	71 524	294 299	5 358	15 626	73 575	(57 949)	-79%	294 299
Waste water management	404 484	126 128	1 635	4 654	31 532	(26 878)	-85%	126 128
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>784 293</b>	<b>751 484</b>	<b>8 235</b>	<b>156 048</b>	<b>187 794</b>	<b>(31 746)</b>	<b>-17%</b>	<b>751 177</b>
<b>Expenditure - Functional</b>								
<i>Governance and administration</i>	152 958	147 427	12 581	31 791	36 857	(5 066)	-14%	147 427
Executive and council	21 783	29 498	1 587	4 686	7 374	(2 688)	-36%	29 498
Finance and administration	131 175	117 929	10 994	27 105	29 482	(2 377)	-8%	117 929
Internal audit	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	41 777	51 538	3 376	9 683	12 884	(3 202)	-25%	51 538
Planning and development	41 777	51 538	3 376	9 683	12 884	(3 202)	-25%	51 538
<i>Trading services</i>	259 994	205 177	14 466	41 169	51 294	(10 125)	-20%	205 177
Energy sources	-	-	-	-	-	-	-	-
Water management	174 092	173 388	12 713	35 689	43 347	(7 658)	-18%	173 388
Waste water management	85 902	31 789	1 753	5 480	7 947	(2 467)	-31%	31 789
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>454 729</b>	<b>404 141</b>	<b>30 423</b>	<b>82 642</b>	<b>101 035</b>	<b>(18 393)</b>	<b>-18%</b>	<b>404 141</b>
<b>Surplus/ (Deficit) for the year</b>	<b>329 564</b>	<b>347 343</b>	<b>(22 189)</b>	<b>73 405</b>	<b>86 759</b>	<b>(13 354)</b>	<b>-15%</b>	<b>347 036</b>

This table assess the revenue by department and then the expenditure for the period ending 30 September 2018. Revenue receipts in September have largely constituted of equitable share and service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of September is 4%.

Expenditure by standard classification presents the expenditures by the departments. Water Services Department has the largest expenditure for the month of September as the department responsible for the repairs and maintenance of the municipal assets and also with the largest staff complement, shares the greatest bulk of this budget and hence the expenditure of R12, 7m followed by the Corporate Services department.

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) - M03**

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	1 242	135 767	82 687	53 080	64,2%	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-
Vote 5 - Social Services & Development Planning	341	308	-	-	-	-	-	-
Vote 6 - Infrastructure Services	404 484	351 731	1 635	4 654	87 933	(83 279)	-94,7%	351 731
Vote 7 - Water Services	71 524	68 697	5 358	15 626	17 174	(1 548)	-9,0%	68 697
Vote 8 - NDZ	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>784 293</b>	<b>751 484</b>	<b>8 235</b>	<b>156 048</b>	<b>187 794</b>	<b>(31 746)</b>	<b>-16,9%</b>	<b>420 428</b>
<b>Expenditure by Vote</b>								
Vote 1 - Council	9 184	15 620	547	1 697	3 905	(2 208)	-56,5%	15 620
Vote 2 - Municipal Manager	12 599	13 878	1 040	2 989	3 469	(480)	-13,8%	13 878
Vote 3 - Budget & Treasury Office	70 508	64 802	4 085	10 389	16 201	(5 812)	-35,9%	64 802
Vote 4 - Corporate Services	60 668	53 127	6 909	16 716	13 282	3 434	25,9%	53 127
Vote 5 - Social Services & Development Planning	41 777	51 538	3 376	9 683	12 884	(3 202)	-24,9%	51 538
Vote 6 - Infrastructure Services	85 902	31 789	1 753	5 480	7 947	(2 467)	-31,0%	31 789
Vote 7 - Water Services	174 092	173 388	12 713	35 689	43 347	(7 658)	-17,7%	173 388
Vote 8 - NDZ	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>454 729</b>	<b>404 141</b>	<b>30 423</b>	<b>82 642</b>	<b>101 035</b>	<b>(18 393)</b>	<b>-18,2%</b>	<b>404 141</b>
<b>Surplus/ (Deficit) for the year</b>	<b>329 564</b>	<b>347 343</b>	<b>(22 189)</b>	<b>73 405</b>	<b>86 759</b>	<b>(13 354)</b>	<b>-15,4%</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 30 September 2018.

DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

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	4 899	14 274	10 352	3 922	38%	41 410
Service charges - sanitation revenue	19 723	17 747	1 438	4 058	4 437	(379)	-9%	17 747
Interest earned - external investments	8 716	6 946	1 123	2 780	1 737	1 043	60%	6 946
Interest earned - outstanding debtors	12 606	9 540	771	2 355	2 385	(30)	-1%	9 540
Dividends received						-		
Fines, penalties and forfeits			2	48	-	48	#DIV/0!	
Transfers and subsidies	347 365	328 823	-	132 531	82 206	50 325	61%	328 823
Other revenue	4 815	5 036	1	2	1 259	(1 257)	-100%	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>8 235</b>	<b>156 048</b>	<b>102 376</b>	<b>53 672</b>	<b>52%</b>	<b>409 502</b>
<b>Expenditure By Type</b>								
Employee related costs	161 904	166 778	15 411	42 323	41 695	628	2%	166 778
Remuneration of councillors	6 340	6 848	532	1 553	1 712	(159)	-9%	6 848
Debt impairment	34 098	25 266	-	-	6 317	(6 317)	-100%	25 266
Depreciation & asset impairment	50 650	41 944	-	-	10 486	(10 486)	-100%	41 944
Finance charges	1 605	3 954	-	-	989	(989)	-100%	3 954
Bulk purchases	16 225	15 000	3 019	6 681	3 750	2 931	78%	15 000
Other materials			209	6 306	-	6 306	#DIV/0!	
Contracted services	24 505	34 510	7 024	15 676	8 628	7 049	82%	34 510
Transfers and subsidies	-	-	1 000	3 000	-	3 000	#DIV/0!	-
Other expenditure	159 403	109 840	3 139	7 059	27 460	(20 402)	-74%	109 840
Loss on disposal of PPE			-	-	-	-		
<b>Total Expenditure</b>	<b>454 729</b>	<b>404 141</b>	<b>30 334</b>	<b>82 598</b>	<b>101 035</b>	<b>(18 437)</b>	<b>-18%</b>	<b>404 141</b>
<b>Surplus/(Deficit)</b>								
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	(13 833)	5 361	(22 099)	73 450	1 340	72 109	0	5 361
Transfers and subsidies - capital (in-kind - all)	343 397	341 982	-		87 303	(87 303)	(0)	341 982
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>329 564</b>	<b>347 343</b>	<b>(22 099)</b>	<b>73 450</b>	<b>88 644</b>			<b>347 343</b>
Taxation						-		
<b>Surplus/(Deficit) after taxation</b>	<b>329 564</b>	<b>347 343</b>	<b>(22 099)</b>	<b>73 450</b>	<b>88 644</b>			<b>347 343</b>
Attributable to minorities								
<b>Surplus/(Deficit) attributable to municipality</b>	<b>329 564</b>	<b>347 343</b>	<b>(22 099)</b>	<b>73 450</b>	<b>88 644</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>(22 099)</b>	<b>73 450</b>	<b>88 644</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.

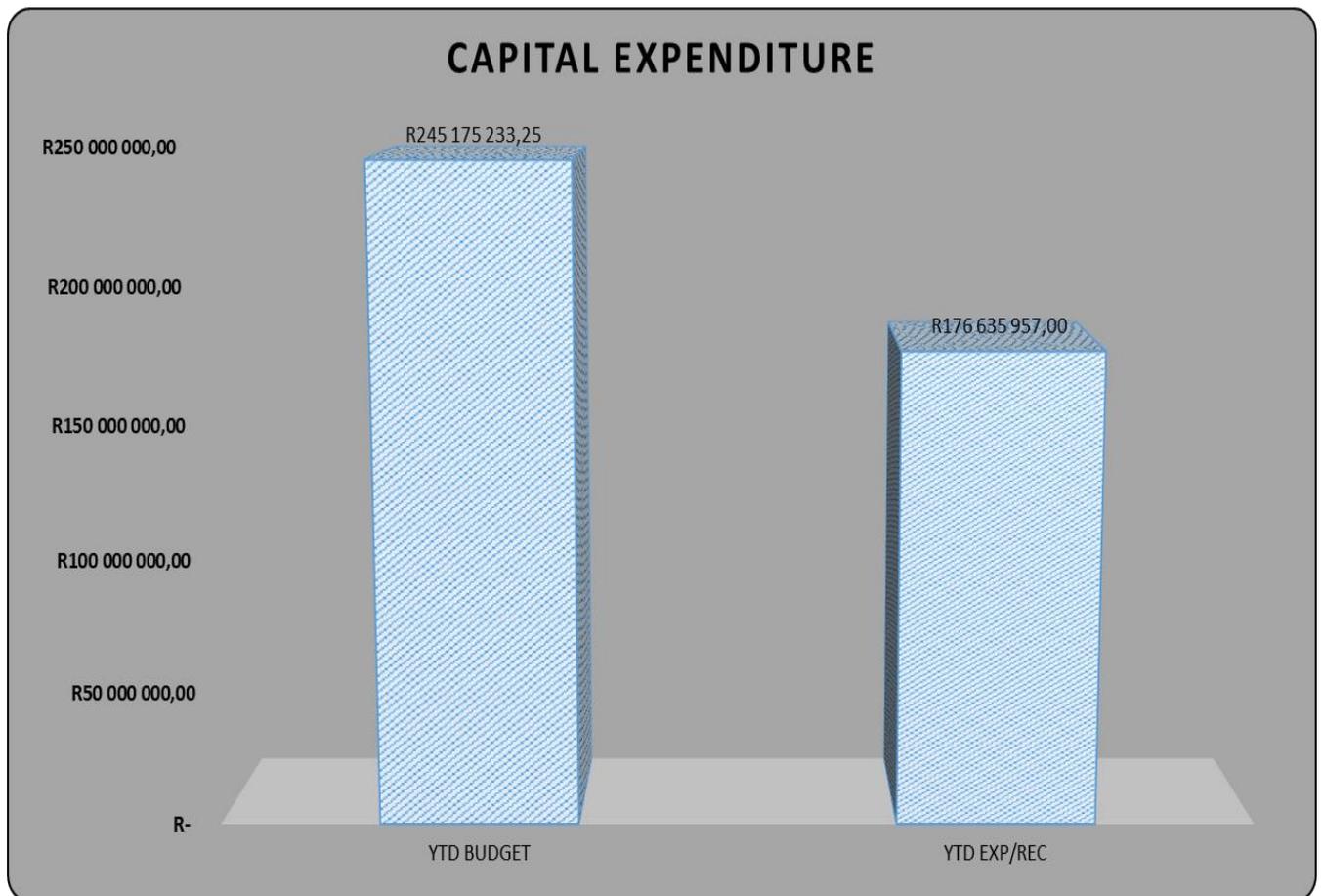
DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September

Vote 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>Multi-Year expenditure appropriation</b>								
Vote 1 - Council	-	-	-	-	-	-		-
Vote 2 - Municipal Manager	-	-	-	-	-	-		-
Vote 3 - Budget & Treasury Office	-	550	-	-	138	(138)	-100%	550
Vote 4 - Corporate Services	6 153	3 760	-	-	940	(940)	-100%	3 760
Vote 5 - Social Services & Development Planning	300	497	-	-	124	(124)	-100%	497
Vote 6 - Infrastructure Services	349 297	342 482	6 406	32 195	85 621	(53 425)	-62%	342 482
Vote 7 - Water Services	(4 400)	2 500	-	-	625	(625)	-100%	2 500
Vote 8 - NDZ	-	-	-	-	-	-		-
<b>Total Capital Multi-year expenditure</b>	<b>351 350</b>	<b>349 789</b>	<b>6 406</b>	<b>32 195</b>	<b>87 447</b>	<b>(55 252)</b>	<b>-63%</b>	<b>349 789</b>
<b>Total Capital Expenditure</b>	<b>351 350</b>	<b>349 789</b>	<b>6 406</b>	<b>32 195</b>	<b>87 447</b>	<b>(55 252)</b>	<b>-63%</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>-</b>	<b>-</b>	<b>1 078</b>	<b>(1 078)</b>	<b>-100%</b>	<b>4 310</b>
Executive and council	-	-	-	-	-	-		-
Finance and administration	6 153	4 310	-	-	1 078	(1 078)	-100%	4 310
Internal audit	-	-	-	-	-	-		-
<b>Economic and environmental services</b>	<b>300</b>	<b>497</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>(124)</b>	<b>-100%</b>	<b>497</b>
Planning and development	300	497	-	-	124	(124)	-100%	497
<b>Trading services</b>	<b>343 397</b>	<b>342 482</b>	<b>6 406</b>	<b>32 195</b>	<b>85 621</b>	<b>(53 425)</b>	<b>-62%</b>	<b>342 482</b>
Energy sources	-	-	-	-	-	-		-
Water management	343 397	342 482	6 406	32 195	85 621	(53 425)	-62%	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>2 500</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>351 350</b>	<b>349 789</b>	<b>6 406</b>	<b>32 195</b>	<b>86 822</b>	<b>(54 627)</b>	<b>-63%</b>	<b>349 789</b>
<b>Funded by:</b>								
National Government	343 397	341 982	6 406	32 195	85 496	(53 300)	-62%	341 982
Transfers recognised - capital	343 397	341 982	6 406	32 195	85 496	(53 300)	-62%	341 982
Internally generated funds	7 953	7 807	-	-	1 952	(1 952)	-100%	7 807
<b>Total Capital Funding</b>	<b>351 350</b>	<b>349 789</b>	<b>6 406</b>	<b>32 195</b>	<b>87 447</b>	<b>(55 252)</b>	<b>-63%</b>	<b>349 789</b>

As alluded to above, the capital expenditure programme for the period ending 30 September 2018 was R32, 1m which represents 37% of capital expenditure against year to date budget of R87, 4million. The capital expenditure programme has started on a rather slower footing and thus the low expenditures reflected on National grant funding

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

**Chart 1: 2018/2019 FIRST QUARTER CAPEX**



As at 31 March 2019, the year to date actual expenditure was R176, 6million against a YTD budget of R245, 1million. In monetary terms, these figures represent 72 per cent performance against the capital development programme as at 31 March 2019.

Table C6 displays the financial position of the municipality as at 31 March 2019.

**DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M03 September**

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	210 751	28 182
Consumer debtors	34 358	38 849	30 974	38 849
Other debtors	7 107	5 174	7 786	5 174
Current portion of long-term receivables	-			
Inventory	263	180	171	180
<b>Total current assets</b>	<b>54 121</b>	<b>72 385</b>	<b>249 681</b>	<b>72 385</b>
<b>Non current assets</b>				
Property, plant and equipment	2 125 417	2 431 162	1 974 316	2 431 162
Intangible	3 619	5 209	1 455	5 209
Other non-current assets				
<b>Total non current assets</b>	<b>2 129 037</b>	<b>2 436 371</b>	<b>1 975 770</b>	<b>2 436 371</b>
<b>TOTAL ASSETS</b>	<b>2 183 158</b>	<b>2 508 756</b>	<b>2 225 451</b>	<b>2 508 756</b>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities</b>				
Bank overdraft				
Borrowing	11 604	7 330	6 159	7 330
Consumer deposits	1 794	1 524	1 653	1 524
Trade and other payables	161 822	197 890	308 584	197 890
Provisions	1 019	1 433	5 622	1 433
<b>Total current liabilities</b>	<b>176 239</b>	<b>208 177</b>	<b>322 018</b>	<b>208 177</b>
<b>Non current liabilities</b>				
Borrowing	19 046	11 716	16 757	16 757
Provisions	26 454	26 454	22 217	22 217
<b>Total non current liabilities</b>	<b>45 500</b>	<b>38 170</b>	<b>38 973</b>	<b>38 973</b>
<b>TOTAL LIABILITIES</b>	<b>221 738</b>	<b>246 347</b>	<b>360 992</b>	<b>247 150</b>
<b>NET ASSETS</b>	<b>1 961 419</b>	<b>2 262 409</b>	<b>1 864 459</b>	<b>2 261 606</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>				
Accumulated Surplus/(Deficit)	1 945 150	2 247 140	1 864 459	1 864 459
Reserves				
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 945 150</b>	<b>2 247 140</b>	<b>1 864 459</b>	<b>1 864 459</b>

Table C7 below display the Cash Flow Statement for the period ending 31 March 2019.

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M03 September

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	5 572	13 781	2 662	11 119	418%	31 945
Other revenue	4 779	2 522	336	722	210	512	243%	2 522
Government - operating	301 213	328 823	-	135 719	27 402	108 317	395%	328 823
Government - capital	343 397	341 982	-	154 467	28 499	125 969	442%	341 982
Interest	8 816	6 946				-		6 946
Dividends						-		
<b>Payments</b>								
Suppliers and employees	(361 210)	(332 976)	(42 058)	(144 872)	(27 748)	117 124	-422%	(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>(36 150)</b>	<b>159 816</b>	<b>31 025</b>	<b>(128 791)</b>	<b>-415%</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)	(6 406)	(46 027)	(29 149)	16 878	-58%	(349 789)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(351 550)</b>	<b>(349 789)</b>	<b>(6 406)</b>	<b>(46 027)</b>	<b>(29 149)</b>	<b>16 878</b>	<b>-58%</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>(42 556)</b>	<b>113 789</b>	<b>1 567</b>			<b>24 727</b>
Cash/cash equivalents at beginning:	24 273	43 023		96 962	10 756			96 962
Cash/cash equivalents at month/year end:	5 041	67 750		210 751	16 938			121 689

The interest earned on investments and on outstanding debtors for the period ending 30 September is R 2, 7million which is representing 65% of the year to date budget.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 31 March 2019.

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

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

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	5 227	3 998	3 137	2 286	2 194	1 961	42 035	59 295	120 133	107 772
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	2 042	1 562	1 225	893	857	766	16 422	23 164	46 932	42 102
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	874	668	524	382	367	328	7 027	9 912	20 081	18 015
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
<b>Total By Income Source</b>	<b>8 143</b>	<b>6 228</b>	<b>4 887</b>	<b>3 561</b>	<b>3 417</b>	<b>3 056</b>	<b>65 483</b>	<b>92 372</b>	<b>187 146</b>	<b>167 889</b>
<b>2017/18 - totals only</b>									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2 810	1 304	221	204	166	160	1 307	987	7 160	2 824
Commercial	862	530	399	262	218	201	3 768	4 554	10 794	9 003
Households	4 470	4 394	4 267	3 095	3 033	2 695	60 408	86 830	169 192	156 061
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>8 143</b>	<b>6 228</b>	<b>4 887</b>	<b>3 561</b>	<b>3 417</b>	<b>3 056</b>	<b>65 483</b>	<b>92 372</b>	<b>187 146</b>	<b>167 889</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.

**Table 2.1.2: Debtors Age Analysis By Customer Category**

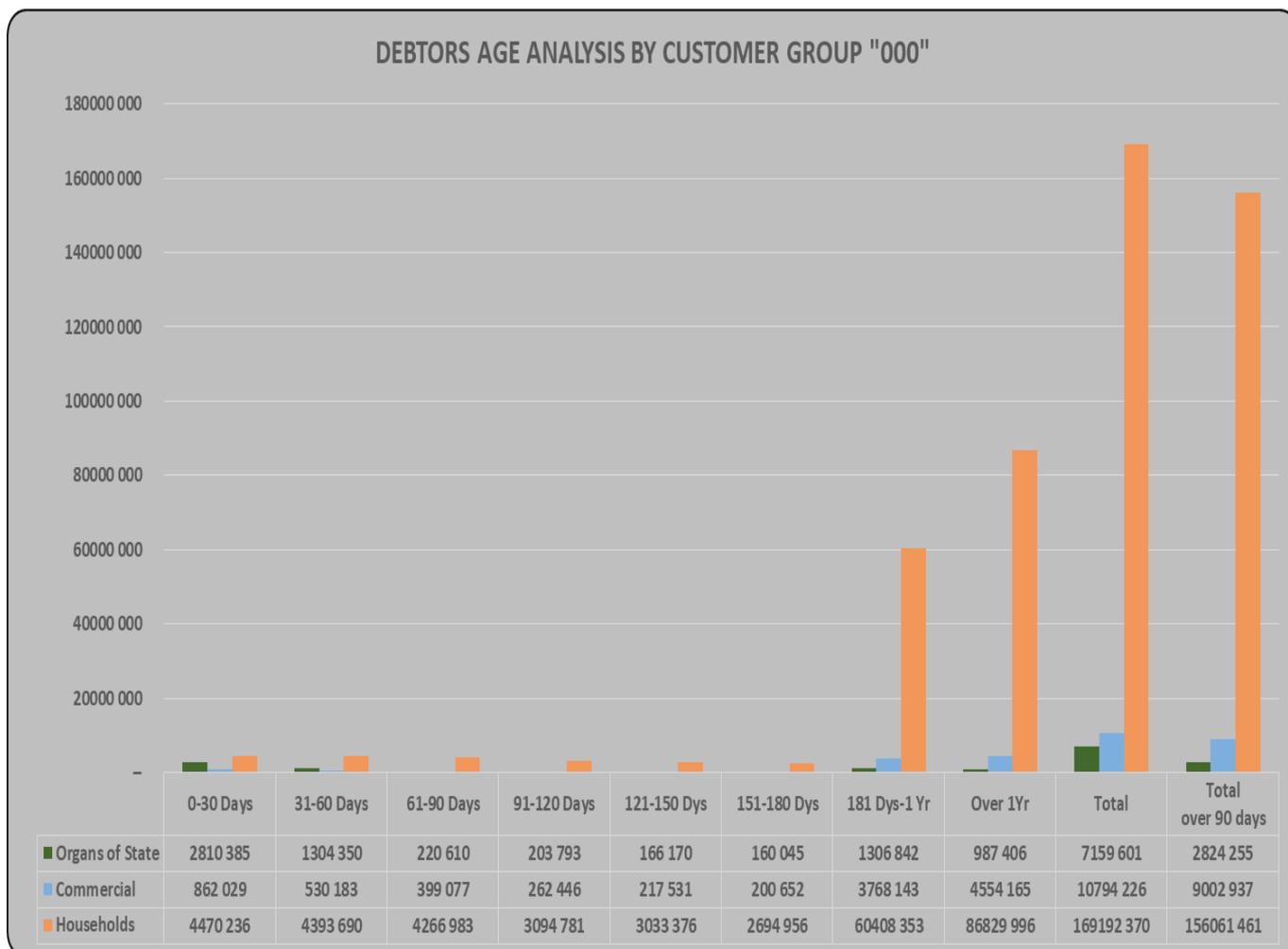
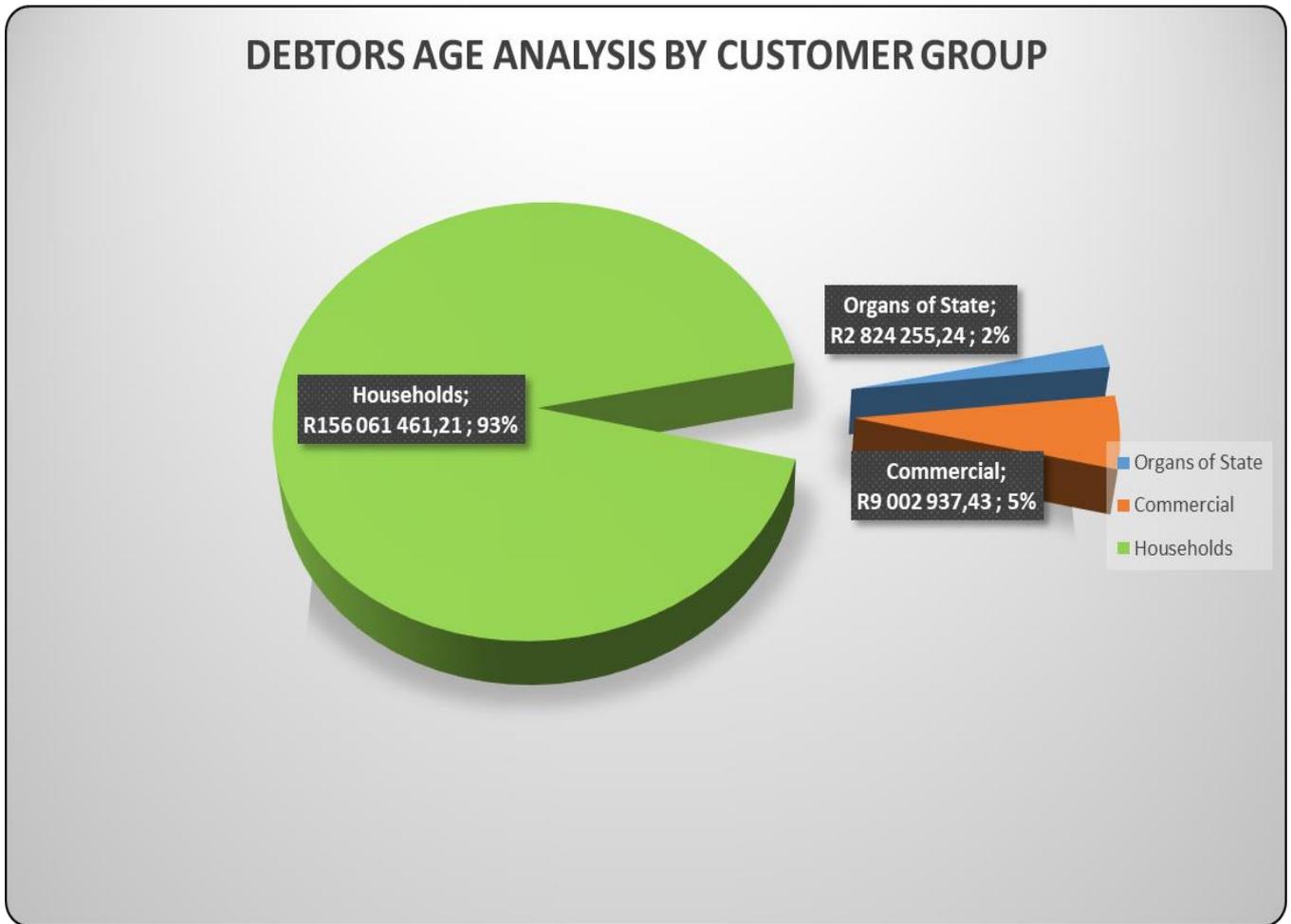


Table 2.1.2 analyses consumer debt by Category. A further analysis in the form of a chart is provided below.

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

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

- ✓ Households: 93%
- ✓ 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.

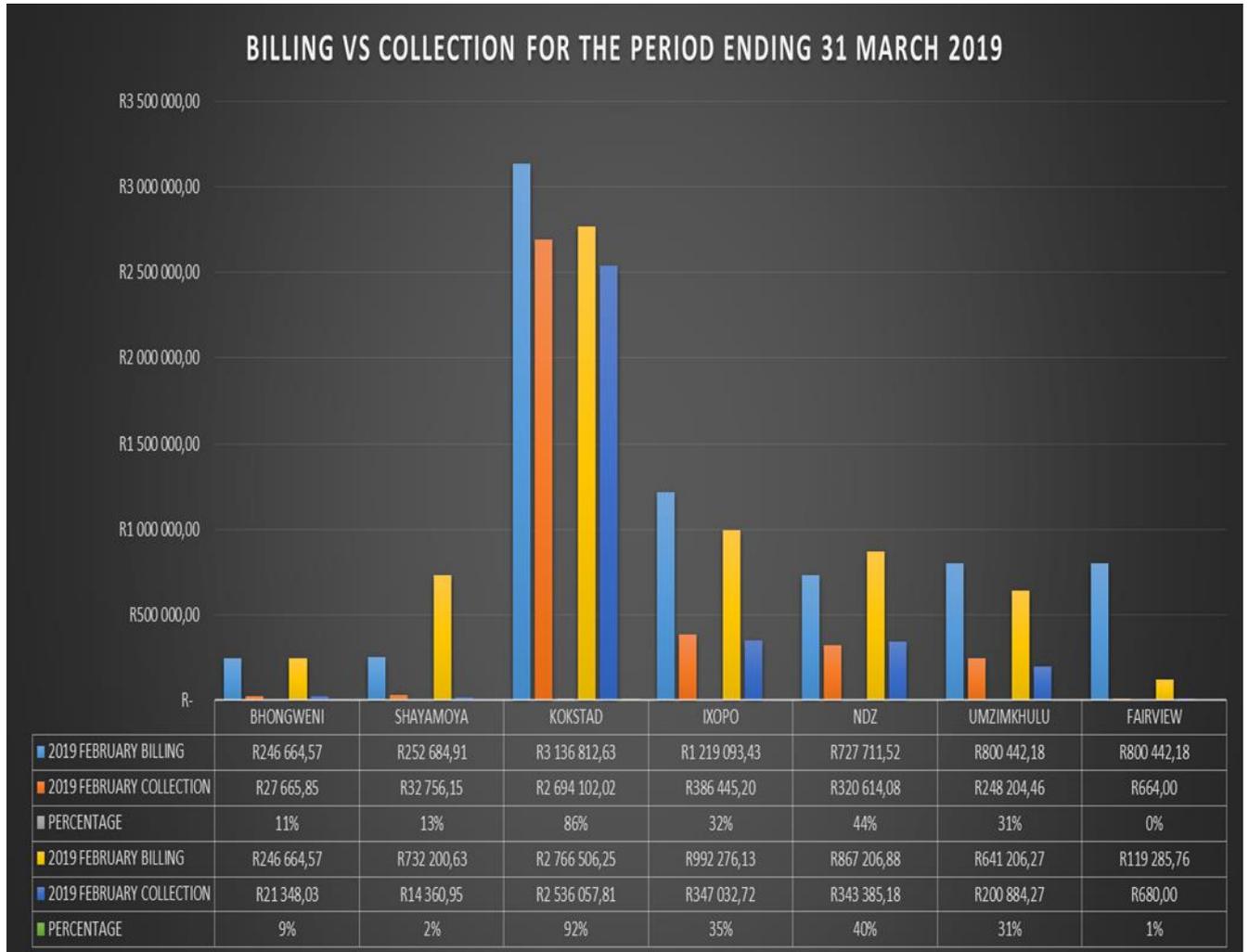
The table that follows below unpacks the revenue receipts per Local Municipality in the District

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

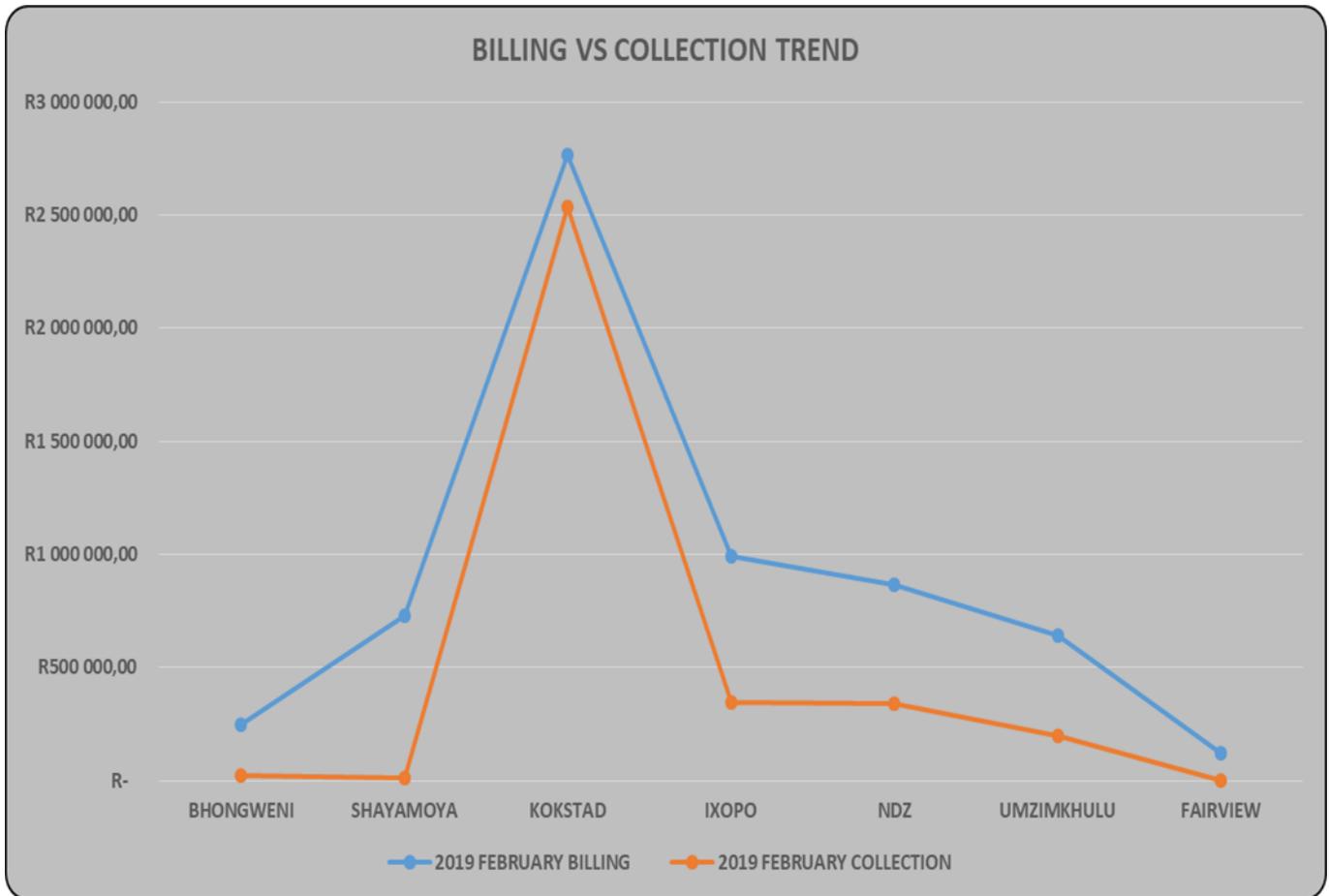
AREA	AMOUNT		
		<b>MARCH 2019</b>	<b>FEBRUARY 2019</b>
Unallocated receipts	R 1 981 879,27	36%	6%
Bhongweni	R 21 348,03	0%	1%
Shayamoya	R 14 360,95	0%	1%
Kokstad	R 2 536 057,81	47%	68%
Ixopo	R 347 032,72	6%	10%
NDZ	R 343 385,18	6%	8
Umzimkulu	R 200 884,27	4%	6%
Fairview	R 680,00	0%	0%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 5 445 628,23</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 March 2019 is R5, 4million against the billed amount of R6, 3million representing 86 per cent collection for the month ending 31 March 2019.

The chart that follows below shows the comparison between billing and collection for the period ending 31 March 2019.



The chart that follows below shows the comparison between billing and collection trend for the period ending 31 March 2019



## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 March 2019

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

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	2 987	109	99	8 131					11 326
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	26 169	12 751	3 737	11 142					53 799
Auditor General	5	3	2	314					324
Other									-
<b>Total By Customer Type</b>	<b>29 161</b>	<b>12 863</b>	<b>3 837</b>	<b>19 587</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65 448</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 March 2019.

#### Cash and Bank Balances (Investments)

DC43 Harry Gwala - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September

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>R thousands</b>								
<b>Municipality</b>								
FIRST NATIONAL BANK	CALL ACCOUNT			219		48 266	(15 421)	33 064
FIRST NATIONAL BANK	CALL ACCOUNT			373		87 814	(12 924)	75 263
FIRST NATIONAL BANK	ADMIN CALL			94		19 077	(6 563)	12 607
INVESTEC	FIXED DEPOSIT			169		32 418	-	32 587
FIRST NATIONAL BANK	FIXED DEPOSIT			169		33 520	(1 322)	32 367
FIRST NATIONAL BANK	CALL ACCOUNT			2		642		643
FIRST NATIONAL BANK	CALL ACCOUNT			6		1 631		1 636
FIRST NATIONAL BANK	CALL ACCOUNT			90		27 508	(6 879)	20 718
FIRST NATIONAL BANK	FIXED DEPOSIT			4		1 004		1 008
FIRST NATIONAL BANK	CURRENT ACCOUNT					1 426		857
<b>Municipality sub-total</b>				1 123		253 307	(43 110)	210 751
<b>TOTAL INVESTMENTS AND INTEREST</b>				1 123		253 307	(43 110)	210 751

## 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 - M03 September

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>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>82 206</b>	<b>54 015</b>	<b>65,7%</b>	<b>328 823</b>
Local Government Equitable Share	285 028	318 074	-	132 531	79 519	53 013	66,7%	318 074
Finance Management	1 250	1 000	-	1 000	250	-	-	1 000
Municipal Systems Improvement	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (PMU)	49 148	5 005	-	-	1 251	-	-	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	557	1 002	180,0%	2 226
Rural Household Infrastructure Grant	-	-	-	-	-	-	-	-
Expanded public works programme incentive grant	1 718	2 518	-	630	630	1	0,1%	2 518
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>347 365</b>	<b>328 823</b>	<b>-</b>	<b>135 719</b>	<b>82 206</b>	<b>54 015</b>	<b>65,7%</b>	<b>328 823</b>
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	<b>387 544</b>	<b>341 982</b>	<b>-</b>	<b>154 467</b>	<b>85 496</b>	<b>51 172</b>	<b>59,9%</b>	<b>341 982</b>
Municipal Infrastructure Grant (MIG)	199 544	191 582	-	99 067	47 896	51 172	106,8%	191 582
Regional Bulk Infrastructure	90 000	70 000	-	25 000	17 500	-	-	70 000
Municipal Water Infrastructure Grant	98 000	80 400	-	30 400	20 100	-	-	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>-</b>	<b>154 467</b>	<b>85 496</b>	<b>51 172</b>	<b>59,9%</b>	<b>341 982</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>734 909</b>	<b>670 805</b>	<b>-</b>	<b>290 186</b>	<b>167 701</b>	<b>105 186</b>	<b>62,7%</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 - M03 September

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>	<b>347 365</b>	<b>328 823</b>	<b>79 914</b>	<b>80 224</b>	<b>82 206</b>	<b>(1 194)</b>	<b>-1,5%</b>	<b>328 823</b>
Local Government Equitable Share	285 028	318 074	79 519	79 519	79 519	-		318 074
Finance Management	1 250	1 000	208	308	250	58	23,0%	1 000
Municipal Systems Improvement	-	-	-	-	-	-		-
Municipal Infrastructure Grant (PMU)	49 148	5 005	-	-	1 251	(1 251)	-100,0%	5 005
Energy Efficiency And Demand Side Management Grant	8 000	-	-	-	-	-		-
Water Services Operating Subsidy	-	-	-	-	-	-		-
Rural Roads Asset Management Grant	2 221	2 226	-	-	557			2 226
Rural Household Infrastructure Grant	-	-	-	-	-			-
Expanded public works programme incentive grant	1 718	2 518	188	398	630			2 518
0								
Other transfers and grants [insert description]								
[insert description]								
<b>Total operating expenditure of Transfers and Grants:</b>	<b>347 365</b>	<b>328 823</b>	<b>79 914</b>	<b>80 224</b>	<b>82 206</b>	<b>(1 194)</b>	<b>-1,5%</b>	<b>328 823</b>
<b>Capital expenditure of Transfers and Grants</b>								
<b>National Government:</b>	<b>387 544</b>	<b>341 982</b>	<b>7 208</b>	<b>35 114</b>	<b>85 496</b>	<b>(32 752)</b>	<b>-38,3%</b>	<b>341 982</b>
Municipal Infrastructure Grant (MIG)	199 544	191 582	7 175	26 661	47 896	(21 235)	-44,3%	191 582
Regional Bulk Infrastructure	90 000	70 000	-	5 982	17 500	(11 518)	-65,8%	70 000
Municipal Water Infrastructure Grant	98 000	80 400	32	2 471	20 100			80 400
Expanded public works programme incentive grant	-	-	-	-	-			-
Rural Household Infrastructure Grant	-	-	-	-	-			-
Drought Relief								
0								
<b>Total capital expenditure of Transfers and Grants</b>	<b>387 544</b>	<b>341 982</b>	<b>7 208</b>	<b>35 114</b>	<b>85 496</b>	<b>(32 752)</b>	<b>-38,3%</b>	<b>341 982</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>734 909</b>	<b>670 805</b>	<b>87 122</b>	<b>115 338</b>	<b>167 701</b>	<b>(33 946)</b>	<b>-20,2%</b>	<b>670 805</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 31 March 2019.

# Harry Gwala District Municipality

## DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

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	361	1 053	1 025	29	3%	4 098
Pension and UIF Contributions	399	431	27	78	108	(29)	-27%	431
Medical Aid Contributions	94	101	6	18	25	(7)	-27%	101
Motor Vehicle Allowance	1 178	1 272	79	231	318	(87)	-27%	1 272
Cellphone Allowance	259	279	17	51	70	(19)	-27%	279
Other benefits and allowances	616	665	41	121	166	(45)	-27%	665
<b>Sub Total - Councillors</b>	<b>6 340</b>	<b>6 847</b>	<b>532</b>	<b>1 553</b>	<b>1 712</b>	<b>(159)</b>	<b>-9%</b>	<b>6 847</b>
% increase		8,0%						8,0%
<b>Senior Managers of the Municipality</b>								
Basic Salaries and Wages	4 509	4 870	737	2 025	1 217	807	66%	4 870
Pension and UIF Contributions	4	4	0	1	1	0	8%	4
Medical Aid Contributions	6	7	1	2	2	0	8%	7
Motor Vehicle Allowance	3 797	4 101	405	1 112	1 025	87	8%	4 101
Cellphone Allowance	178	192	19	52	48	4	8%	192
Other benefits and allowances	5	6	1	2	1	0	8%	6
<b>Sub Total - Senior Managers of Municipality</b>	<b>8 500</b>	<b>9 180</b>	<b>1 163</b>	<b>3 193</b>	<b>2 295</b>	<b>898</b>	<b>39%</b>	<b>9 180</b>
% increase		8,0%						8,0%
<b>Other Municipal Staff</b>								
Basic Salaries and Wages	101 821	102 213	10 293	28 266	25 553	2 713	11%	102 213
Pension and UIF Contributions	16 798	18 142	1 740	4 779	4 535	244	5%	18 142
Medical Aid Contributions	2 321	2 507	240	660	627	34	5%	2 507
Overtime	2 074	2 240	215	590	560	30	5%	2 240
Performance Bonus	9 205	9 942	954	2 619	2 485	134	5%	9 942
Motor Vehicle Allowance	4 231	4 570	438	1 204	1 142	61	5%	4 570
Cellphone Allowance	722	780	75	205	195	10	5%	780
Housing Allowances	63	68	6	18	17	1	5%	68
Other benefits and allowances	2 767	2 988	287	787	747	40	5%	2 988
<b>Sub Total - Other Municipal Staff</b>	<b>140 002</b>	<b>143 449</b>	<b>14 248</b>	<b>39 129</b>	<b>35 862</b>	<b>3 267</b>	<b>9%</b>	<b>143 449</b>
% increase		2,5%						2,5%
<b>Total Parent Municipality</b>	<b>154 842</b>	<b>159 475</b>	<b>15 943</b>	<b>43 876</b>	<b>39 869</b>	<b>4 007</b>	<b>10%</b>	<b>159 475</b>
<b>Board Members of Entities</b>								
Other benefits and allowances	100					-		
Board Fees	200	350				-		350
<b>Sub Total - Board Members of Entities</b>	<b>300</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>350</b>
% increase		16,7%						16,7%
<b>Senior Managers of Entities</b>								
Basic Salaries and Wages	2 006	2 166				-		2 166
Motor Vehicle Allowance	288	311				-		311
Cellphone Allowance	55	59				-		59
Other benefits and allowances	55	59				-		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>2 597</b>
% increase		8,0%						8,0%
<b>Other Staff of Entities</b>								
Basic Salaries and Wages	10 160	10 973				-		10 973
Motor Vehicle Allowance	175	189				-		189
Other benefits and allowances	362	391				-		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>11 553</b>
% increase		8,0%						8,0%
<b>Total Municipal Entities</b>	<b>13 402</b>	<b>14 500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>14 500</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>								
	<b>168 244</b>	<b>173 975</b>	<b>15 943</b>	<b>43 876</b>	<b>39 869</b>	<b>4 007</b>	<b>10%</b>	<b>173 975</b>
% increase		3,4%						3,4%
<b>TOTAL MANAGERS AND STAFF</b>								
	<b>161 604</b>	<b>166 778</b>	<b>15 411</b>	<b>42 323</b>	<b>38 157</b>	<b>4 166</b>	<b>11%</b>	<b>166 778</b>

## 2.6 Material Variances to the SDBIP

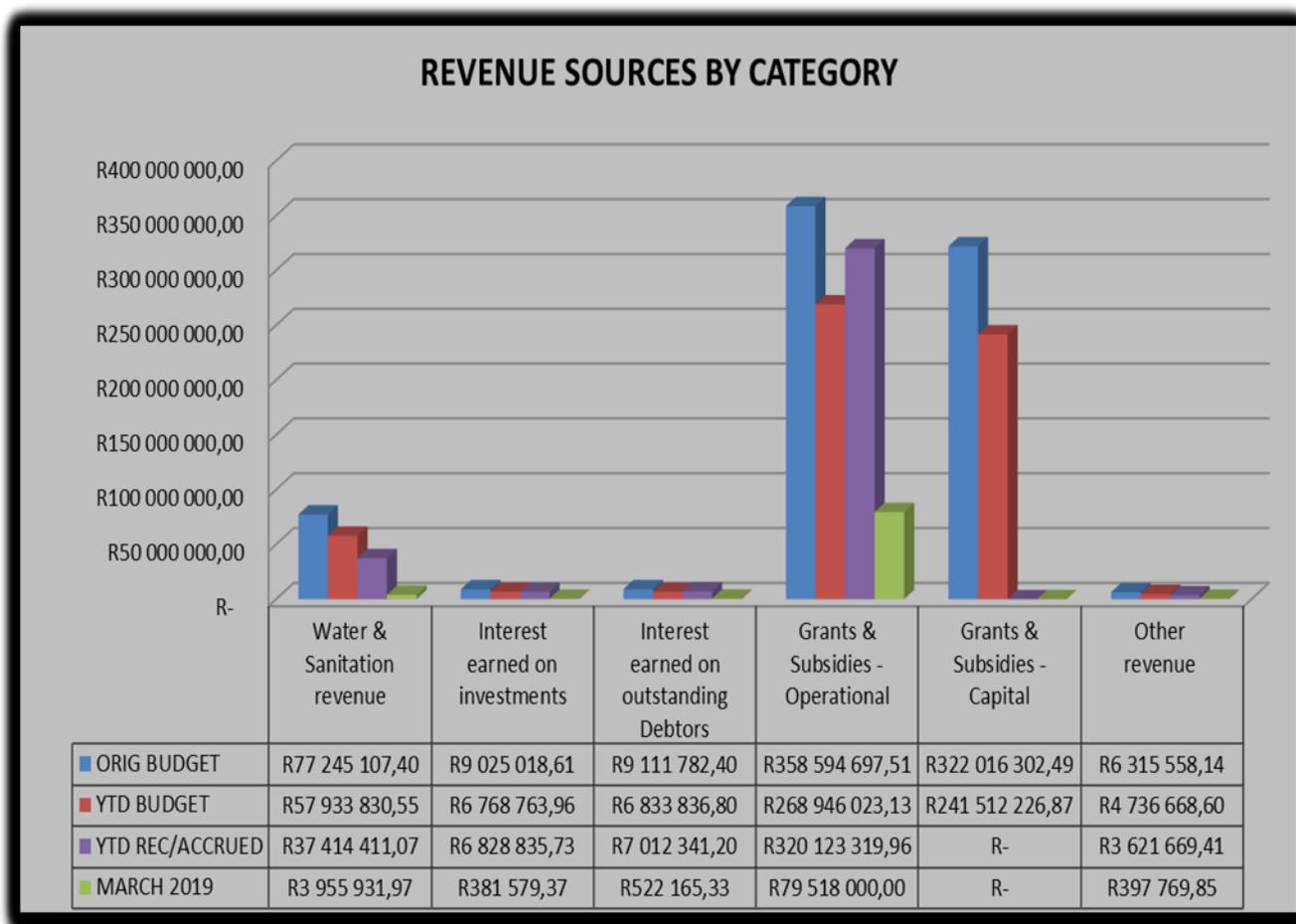
The following section analyses material variances between the actual targets as at 31 March 2019 and the budget for the same period. This report analyses each major component under following headings;

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

### **REVENUE**

The chart displays a comparison between the 201819 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 March 2019 was R37, 4million against a year to date **budget** of R57, 9million.

**Interest Earned on External Investments**

The year to date actual interest earned on external investments for the period ended March 2019 is R6, 8m or 101% actual against year to date budget of R6, 7million.

### **Transfers Recognised - Operational**

The operational grants revenue of R320, 1million against a year to date budget of R268, 9million is largely attributable to the YTD equitable share received.

### **Transfers Recognised – Capital**

The low expenditure trends on grant funded expenditure had resulted in a rather lower than expected recognition of Income against the set targets. The actual R176, 6million (against a YTD budget of R245, 1million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 72% performance in Conditional Capital grant funding expenditures

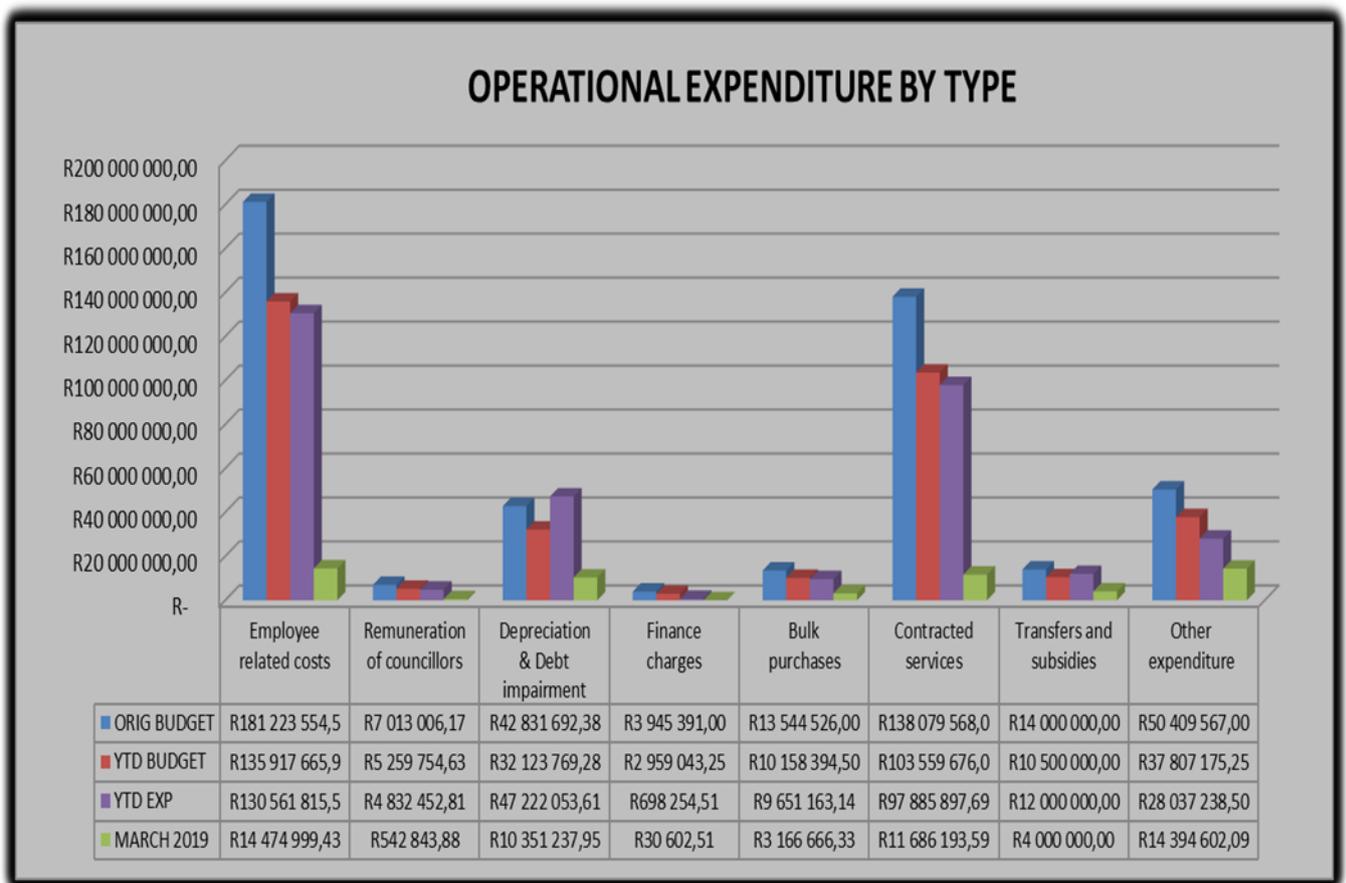
### **Other Revenue**

The YTD performance of other revenue is R3, 6million against YTD budget of R4, 7million representing over performance of 8 per cent.

### **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 R181, 2million and the year to date budget is R135, 9 against a YTD actual of R130, 5million which is 96% of the planned budget.

### Remuneration of Councillors

The remuneration of councillor’s year to date expenditure is at R 4, 8million against a YTD budget of R5, 2million representing 92% of the year to date budget.

### **Finance Charges**

As at 31 March 2019, the year to date expenditure for finance charges is at R698 255 against a YTD budget of R2, 9million representing 24% of the year to date budget.

### **Bulk Purchases**

The original budget for Bulk Water purchases is R13, 5million and the year to date expenditure is at R 9, 6million against a year to date budget of R 10, 1million. The expenditure for bulk water purchases is at 95% of the planned budget as at 31 March 2019.

### **Other Expenditure**

The YTD budget for other expenditure was at R50, 4million against a YTD expenditure of R 28million for the month of March 2019 representing 74 per cent of the year to date budget.

### **Performance assessment**

The Performance Assessment Report will be available on the fourth quarter in terms of Sec 52 (d) of 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 - M03 September**

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	2 000	1 643	2 500	1 639	1 631	1 677	1 465	1 668	(1 508)	22 361	23 882	25 506
Service charges - sanitation revenue	1 210	1 253	1 672	681	1 200	689	648	807	789	680	774	(819)	9 583	10 235	10 931
Interest earned - external investments				422	437	419	950	948	475	418	983	1 595	6 646	7 098	7 577
Agency services				-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operating	132 531	3 188	-	2 980	56 498	-	-	506	126 198	-	103	6 819	328 823	353 324	383 130
Other revenue	385	1	336	376	73	186	146	69	393	262	424	(337)	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>6 459</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>5 749</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	-	29 726	57 071	15 188	58 260	13 720	61 733			(48 183)	341 982	343 859	378 480
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>36 185</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>(42 434)</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	19 076	13 477	12 577	12 776	14 567	11 066	13 218	13 086	14 111	166 778	179 780	193 955
Remuneration of councillors	509	487	532	579	577	577	577	577	577	577	577	699	6 848	7 396	7 987
Interest paid				204	204	617	204	204	204	204	204	1 902	3 945	4 356	1 668
Bulk purchases - Water & Sewer	1 300	1 955	1 503	-	2 232	1 132	1 163	1 136	1 103	1 193	1 152	1 131	15 000	15 810	16 680
Contracted services	1 100	3 140	4 252	3 000	3 164	4 317	3 500	3 069	1 856	1 701	1 869	3 541	34 510	46 914	49 494
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	1 370	9 500	8 500	4 996	4 427	20 100	4 527	5 631	(52 935)	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>24 229</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>(26 551)</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	28 499	28 499	28 499	28 499	28 499	28 499	28 499	28 499	67 967	341 982	338 858	373 429
<b>Total Cash Payments by Type</b>	<b>70 094</b>	<b>72 341</b>	<b>48 464</b>	<b>52 728</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>41 416</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>(16 542)</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>(83 850)</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	194 209	248 480	211 244	221 171	186 374	309 234	262 141	215 074	96 962	131 225	174 966
Cash/cash equivalents at the month/year end:	293 284	253 307	210 751	194 209	248 480	211 244	221 171	186 374	309 234	262 141	215 074	131 225	131 225	174 966	209 230



## Capital Expenditure on New Assets by Asset Class

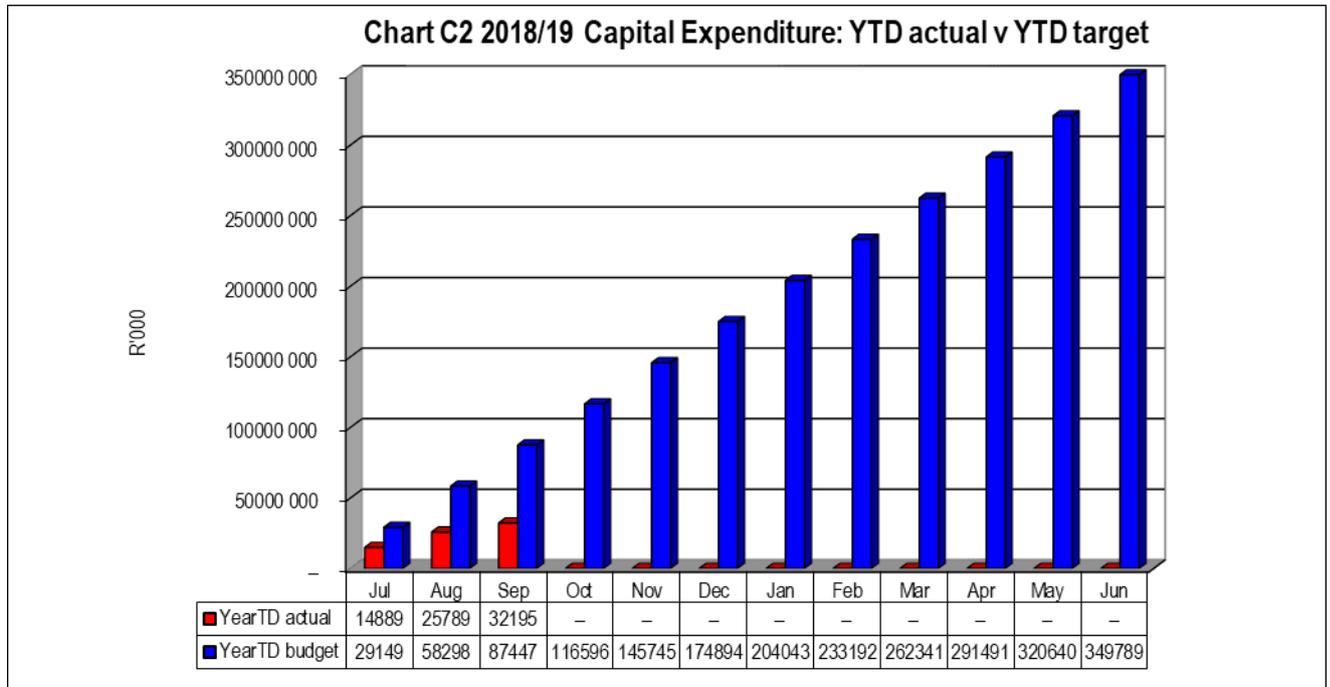
DC43 Harry Gwala - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M03 September

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>	<b>338 697</b>	<b>320 275</b>	<b>6 401</b>	<b>31 854</b>	<b>80 069</b>	<b>48 215</b>	<b>60,2%</b>	<b>320 275</b>
Roads Infrastructure	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-
Water Supply Infrastructure	280 553	257 732	3 612	22 411	64 433	42 022	65,2%	257 732
<i>Pump Stations</i>	-	-	-	-	-	-	-	-
<i>Water Treatment Works</i>	280 553	257 732	3 612	22 411	64 433	42 022	65,2%	257 732
<i>Capital Spares</i>	-	-	-	-	-	-	-	-
Sanitation Infrastructure	58 143	62 543	2 789	9 443	15 636	6 193	39,6%	62 543
<i>Waste Water Treatment Works</i>	58 143	62 543	2 789	9 443	15 636	6 193	39,6%	62 543
<b>Other assets</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>100,0%</b>	<b>200</b>
Operational Buildings	-	200	-	-	50	50	100,0%	200
<i>Municipal Offices</i>	-	200	-	-	50	50	100,0%	200
<i>Pay/Enquiry Points</i>	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Biological or Cultivated Assets	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>2 100</b>	<b>2 100</b>	<b>-</b>	<b>-</b>	<b>525</b>	<b>525</b>	<b>100,0%</b>	<b>2 100</b>
Servitudes	-	-	-	-	-	-	-	-
Licences and Rights	2 100	2 100	-	-	525	525	100,0%	2 100
<i>Computer Software and Applications</i>	2 100	2 100	-	-	525	525	100,0%	2 100
<b>Computer Equipment</b>	<b>-</b>	<b>4 510</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment	-	4 510	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	<b>1 210</b>	<b>1 210</b>	<b>5</b>	<b>341</b>	<b>303</b>	<b>(38)</b>	<b>-12,7%</b>	<b>1 210</b>
Furniture and Office Equipment	1 210	1 210	5	341	303	(38)	-12,7%	1 210
<b>Machinery and Equipment</b>	<b>3 043</b>	<b>2 000</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>100,0%</b>	<b>2 000</b>
Machinery and Equipment	3 043	2 000	-	-	500	500	100,0%	2 000
<b>Transport Assets</b>	<b>1 300</b>	<b>1 300</b>	<b>-</b>	<b>-</b>	<b>325</b>	<b>325</b>	<b>100,0%</b>	<b>1 300</b>
Transport Assets	1 300	1 300	-	-	325	325	100,0%	1 300
<b>Total Capital Expenditure on new assets</b>	<b>346 350</b>	<b>327 085</b>	<b>6 406</b>	<b>32 195</b>	<b>81 771</b>	<b>49 576</b>	<b>60,6%</b>	<b>327 085</b>

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

DC43 Harry Gwala - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M03

Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	5 000	22 704	-	-	-	5 676	5 676	100,0%	22 704
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	5 000	22 704	-	-	-	5 676	5 676	100,0%	22 704
Dams and Weirs	-	-	-	-	-	-	-	-	-
Pump Stations	-	-	-	-	-	-	-	-	-
Water Treatment Works	5 000	22 704	-	-	-	5 676	5 676	100,0%	22 704
Land	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>5 000</b>	<b>22 704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 676</b>	<b>5 676</b>	<b>100,0%</b>	<b>22 704</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
- the quarterly report on the implementation of the budget in terms of s52 (d) of the MFMA

For the month of March 2019 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 \_\_\_\_\_