

Harry Gwala District Municipality



**MFMA S 72 Midyear Budget & Performance Assessment
Incorporating S 52 (d) and S 71 Monthly report.**

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1. PART 1 – IN YEAR REPORT

1.1 Mayors Report

PREAMBLE

The Mayor, Hounarable Councillor Z D Nxumalo

In accordance with S72 of the Municipal Finance Management Act, I submit the required statement assessing the performance of the Harry Gwala District Municipality during the first half of the 2021/22 financial year.

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

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

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

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



Municipal Manager: Mrs N Dlamini

Municipal Manager: Harry Gwala DM

26 January 2022



Councillor: Z. D. Nxumalo

Honourable Mayor: Harry Gwala DM

26 January 2022

1.2 Executive Summary

Legislative Requirements

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

Midyear Budget & Performance Assessment

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

Material Variances in the SDBIP

The performance of the Municipality, as discussed in detail under 2.6 Material Variances in the SDBIP, shows that the Municipality has managed to achieve 78% of the planned target as at midyear. It can be stated that the performance of the municipality at midyear is slightly above average; however the departments need to improve their performance in the next remaining months.

Section 2.6 also assesses the material variances between the planned operational, capital and revenue targets an analysis which is crucial to give direction to the second half of the final year. The revenue of the municipality would have to be reviewed to for adjustments of underperformance as well as over performance and to recognise National & Provincial additional budget allocations.

REVENUE

The year to date actual revenue for the period ended 31 December 2021 amounted to R506m against year to date budget of R402, 7million which is 126% of the Year to Date (YTD) budget.

OPERATIONAL EXPENDITURE

The operational budget performance at midyear was 8% above the Year to Date YTD budget. An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

CAPITAL EXPENDITURE

As at Midyear, the capital budget was under performed by 9%. This mainly due to the VAT treatment, the budget is inclusive of VAT while the actual expenditure is VAT exclusive.

An adjustment would result in both operational and capital budget adjustments.

It should be noted that the Dec Section 71 and Section 52 (d), quarterly budget monitoring report will be incorporated into this report. This report is detailed to an extent that additional comments will be limited to the most important aspects.

1.3 Resolutions

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

It is recommended that the Council;

1. Notes the monthly budget statement and any other supporting documentation
2. Notes the quarterly report on the implementation of the budget in terms of s52(d) MFMA
3. Notes the Midyear budget & Performance assessment in terms of s72 of the MFMA.
4. Notes the Midyear budget & performance assessment report for the Harry Gwala Development Agency.
5. Prepares the adjustments budget for Tabling to Council before the 25th February 2022 in terms of Municipal Budget Regulations.
6. Revise the projections for Revenue & Expenditure in the SDBIP to reflect the adjustments to the Annual Budget.

1.4 In Year Budget Statement Tables

Monthly Budget Statements Summary

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

DC43 Harry Gwala - Table C1 Consolidated Monthly Budget Statement Summary - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	67 765	69 422	69 422	3 807	30 899	34 711	(3 812)	-11%	69 422
Investment revenue	3 011	5 682	5 682	326	2 107	2 841	(735)	-26%	5 682
Transfers and subsidies	430 342	417 406	417 406	143 718	304 973	208 703	96 270	46%	417 406
Other own revenue	10 879	10 748	10 748	973	5 556	5 374	182	3%	10 748
Total Revenue (excluding capital transfers and contributions)	511 997	503 258	503 258	148 824	343 535	251 629	91 906	37%	503 258
Employee costs	217 969	237 156	237 156	20 990	115 913	118 579	(2 666)	-2%	237 156
Remuneration of Councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
Depreciation & asset impairment	79 359	87 410	87 410	38 485	38 485	43 705	(5 220)	-12%	87 410
Finance charges	995	1 328	1 328	-	-	664	(664)	-100%	1 328
Inventory consumed and bulk purchases	27 868	31 249	31 249	6 848	22 011	15 624	6 387	41%	31 249
Transfers and subsidies	17 000	17 000	17 000	5 000	10 600	8 500	2 100	25%	17 000
Other expenditure	224 777	194 529	194 529	26 061	119 818	97 265	22 553	23%	194 529
Total Expenditure	575 782	577 594	577 594	98 082	310 293	288 799	21 495	7%	577 594
Surplus/(Deficit)	(63 785)	(74 336)	(74 336)	50 742	33 241	(37 170)	70 411	-189%	(74 336)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	302 857	298 258	302 258	162 562	162 562	150 729	11 833	8%	302 258
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	4 693	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	243 766	223 922	227 922	213 304	195 803	113 559	82 244	72%	227 922
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	243 766	223 922	227 922	213 304	195 803	113 559	82 244	72%	227 922
Capital expenditure & funds sources									
Capital expenditure	296 457	307 283	311 283	33 726	140 994	155 242	(14 248)	-9%	311 283
Capital transfers recognised	268 028	298 258	302 258	33 726	134 173	150 729	(16 557)	-11%	302 258
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	28 430	9 025	9 025	-	6 821	4 513	2 309	51%	9 025
Total sources of capital funds	296 457	307 283	311 283	33 726	140 994	155 242	(14 248)	-9%	311 283
Financial position									
Total current assets	1 195 666	1 076 619	1 076 619		262 115				1 076 619
Total non current assets	2 551 972	2 845 908	2 849 908		2 654 481				2 849 908
Total current liabilities	234 977	106 785	106 785		180 862				106 785
Total non current liabilities	42 646	25 676	25 676		27 730				25 676
Community wealth/Equity	2 597 195	2 821 066	2 821 066		2 432 102				2 821 066
Cash flows									
Net cash from (used) operating	(99 976)	307 375	311 375	94 124	144 797	155 688	10 891	7%	311 375
Net cash from (used) investing	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
Net cash from (used) financing	(170)	(122)	-	1	(2 126)	(1 078)	1 048	-97%	(2 155)
Cash/cash equivalents at the month/year end	(292 796)	48 701	48 823	-	53 540	(1 032)	(54 572)	5290%	(2 063)
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	5 094	4 487	3 788	3 790	3 935	3 823	24 343	190 049	239 309
Creditors Age Analysis									
Total Creditors	1 567	26	-	154	-	-	-	-	1 747

Financial Performance by Functional Classification

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

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

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Functional									
<i>Governance and administration</i>	422 901	404 553	404 553	129 689	293 058	202 277	90 781	45%	404 553
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	422 901	404 553	404 553	129 689	293 058	202 277	90 781	45%	404 553
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	8 568	22 412	22 412	10 142	10 142	11 206	(1 064)	-9%	22 412
Planning and development	8 568	22 412	22 412	10 142	10 142	11 206	(1 064)	-9%	22 412
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	388 078	374 551	378 551	171 556	202 897	188 875	14 022	7%	378 551
Energy sources	-	-	-	-	-	-	-	-	-
Water management	358 853	360 199	360 199	167 549	193 524	180 099	13 425	7%	360 199
Waste water management	29 226	14 352	18 352	4 007	9 373	8 776	598	7%	18 352
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	819 547	801 516	805 516	311 386	506 097	402 358	103 739	26%	805 516
Expenditure - Functional									
<i>Governance and administration</i>	233 309	251 534	251 134	25 646	119 609	125 635	(6 026)	-5%	251 134
Executive and council	27 920	24 745	24 745	2 093	16 689	12 373	4 316	35%	24 745
Finance and administration	195 887	217 553	217 153	22 795	98 781	108 644	(9 863)	-9%	217 153
Internal audit	9 503	9 236	9 236	758	4 139	4 618	(479)	-10%	9 236
<i>Community and public safety</i>	17 674	18 501	18 501	2 438	9 870	9 250	619	7%	18 501
Community and social services	17 674	18 501	18 501	2 438	9 870	9 250	619	7%	18 501
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	123 312	154 812	154 812	41 587	64 538	77 407	(12 869)	-17%	154 812
Planning and development	123 312	154 812	154 812	41 587	64 538	77 407	(12 869)	-17%	154 812
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	201 487	152 747	153 147	28 411	116 277	76 507	39 770	52%	153 147
Energy sources	-	-	-	-	-	-	-	-	-
Water management	200 625	151 849	152 249	28 342	115 690	76 058	39 632	52%	152 249
Waste water management	862	898	898	69	587	449	138	31%	898
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	575 782	577 594	577 594	98 082	310 293	288 799	21 495	7%	577 594
Surplus/ (Deficit) for the year	243 766	223 922	227 922	213 304	195 803	113 559	82 244	72%	227 922

Table C2: Consolidated Monthly Budget Statement: Financial Performance, reflects the operating revenue in the standard classifications

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2021 was R 506million against a year to date budget of R 402, 3million representing over performance of 26%.

Financial Performance, reflects operating expenditure in the standard classifications

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 107% against the year to date budget representing an over performance of 7%.

Financial Performance by Municipal Vote

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

DC43 Harry Gwala - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

Vote Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	422 192	404 553	404 553	129 689	292 858	202 277	90 581	44,8%	404 553
Vote 04 - Summary Corporate Services	665	-	-	-	159	-	159	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planning	3 875	22 412	22 412	10 142	10 142	11 206	(1 064)	-9,5%	22 412
Vote 06 - Summary Infrastructure Services	305 438	311 333	311 333	163 912	165 479	155 666	9 812	6,3%	311 333
Vote 07 - Summary Water Services	87 377	63 218	67 218	7 644	37 460	33 209	4 251	12,8%	67 218
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	819 547	801 516	805 516	311 386	506 097	402 358	103 739	25,8%	805 516
Expenditure by Vote									
Vote 01 - Summary Council	14 956	16 256	16 256	1 332	10 211	8 128	2 083	25,6%	16 256
Vote 02 - Summary Municipal Manager	22 466	17 726	17 726	1 519	10 617	8 863	1 754	19,8%	17 726
Vote 03 - Summary Budget And Treasury Office	59 812	85 267	85 267	8 555	30 035	42 634	(12 599)	-29,6%	85 267
Vote 04 - Summary Corporate Services	89 619	89 530	89 530	9 650	40 895	44 765	(3 871)	-8,6%	89 530
Vote 05 - Summary Social Services & Development Planning	48 107	68 717	68 717	8 699	27 683	34 359	(6 676)	-19,4%	68 717
Vote 06 - Summary Infrastructure Services	97 107	109 078	109 078	35 699	51 958	54 539	(2 581)	-4,7%	109 078
Vote 07 - Summary Water Services	243 714	191 021	191 021	32 628	138 895	95 511	43 384	45,4%	191 021
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	575 782	577 594	577 594	98 082	310 293	288 799	21 495	7,4%	577 594
Surplus/ (Deficit) for the year	243 766	223 922	227 922	213 304	195 803	113 559	82 244	72,4%	227 922

Table C3: Consolidated Monthly Budget Statement – Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The municipal directorates are Executive Council; Municipal Manager; Budget and Treasury; Corporate Services; Social Services and Development Planning; Infrastructure Services and Water Services. The operating expenditure budget is approved by Council on the municipal vote level.

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2021.

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

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Property rates	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue									
Service charges - water revenue	54 003	48 866	48 866	2 995	24 627	24 433	194	1%	48 866
Service charges - sanitation revenue	13 762	20 555	20 555	811	6 271	10 278	(4 006)	-39%	20 555
Interest earned - external investments	3 011	5 682	5 682	326	2 107	2 841	(735)	-26%	5 682
Interest earned - outstanding debtors	10 100	10 198	10 198	973	5 278	5 099	179	4%	10 198
Transfers and subsidies	430 342	417 406	417 406	143 718	304 973	208 703	96 270	46%	417 406
Other revenue	778	549	549	-	278	275	3	1%	549
Gains	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	511 997	503 258	503 258	148 824	343 535	251 629	91 906	37%	503 258
Expenditure By Type									
Employee related costs	217 969	237 156	237 156	20 990	115 913	118 579	(2 666)	-2%	237 156
Remuneration of councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
Debt impairment	31 734	27 645	27 645	-	-	13 822	(13 822)	-100%	27 645
Depreciation & asset impairment	79 359	87 410	87 410	38 485	38 485	43 705	(5 220)	-12%	87 410
Finance charges	995	1 328	1 328	-	-	664	(664)	-100%	1 328
Bulk purchases - electricity	22 023	-	-	-	(1)	-	(1)	#DIV/0!	-
Inventory consumed	5 845	31 249	31 249	6 848	22 012	15 624	6 388	41%	31 249
Contracted services	129 640	105 296	106 076	18 522	84 382	53 078	31 304	59%	106 076
Transfers and subsidies	17 000	17 000	17 000	5 000	10 600	8 500	2 100	25%	17 000
Other expenditure	56 907	61 589	60 809	7 539	35 435	30 364	5 071	17%	60 809
Losses	6 496	-	-	-	-	-	-	-	-
Total Expenditure	575 782	577 594	577 594	98 082	310 293	288 799	21 495	7%	577 594
Surplus/(Deficit)	(63 785)	(74 336)	(74 336)	50 742	33 241	(37 170)	70 411	(0)	(74 336)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	302 857	298 258	302 258	162 562	162 562	150 729	11 833	0	302 258
Transfers and subsidies - capital (in-kind - all)	4 693	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	243 766	223 922	227 922	213 304	195 803	113 559			227 922
Taxation									
Surplus/(Deficit) after taxation	243 766	223 922	227 922	213 304	195 803	113 559			227 922
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	243 766	223 922	227 922	213 304	195 803	113 559			227 922
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	243 766	223 922	227 922	213 304	195 803	113 559			227 922

A detailed analysis of the anomalies is provided under "2.6 Material Variances in the SDBIP"

Service charges – Currently the year to date collection rate is at 85%. The actual figure is based on accrued revenue. Billing is slightly less than anticipated, however based on actual collections only R27, 4million cash is actually received

Interest earned on outstanding receivables – budget is based on realistically collectible revenue while the actual figures are accrued. The accrued basis refers to billed interest and not actual cash received.

Interest earned external investments – the actual interest earned on bank accounts held by Harry Gwala District Municipality together with Development Agency has been less than anticipated or projected. This amount can therefore be amended during the budget adjustment.

Government grants – Equitable Share, FMG, MIG, RBIG, and WSIG tranches received. There has been no indication from National Treasury that any of the Grants in terms of DORA would be reduced in the remaining six months of the 2021/2022 financial year. There is an additional funding from Provincial COGTA amounting to R30million received and need to be adjusted in February 2022.

CONSOLIDATED EXPENDITURE AS PER TABLE A4

Employee Related Costs – remains the largest expenditure incurred. The fixed nature of the salaries makes it difficult to reduce the level of expenditure when compared to operating expenditure. The municipality must certify prudence in the filling of vacated positions to ensure that adequate budget is available till the end of the financial year.

Councillor Remuneration - the budgeted expenditure for councillors is based on the previous gazette, the current financial year have not yet been effected as the regulating gazette specifying the remuneration packages was not yet issued by the end of December 2021.

Depreciation – Depreciation processed to date amounts to R38, 4million and reflects an under performance of R7.69 million when compared to the year-to-date budget. The year to date actual for Development agency is R335 503 against year to budget of R 437 500. The original budgeted amount is currently deemed to be sufficient.

Finance costs – This is the interest on the finance leases (for rental of Municipal vehicles, printers and fax machines). The consolidated year to date expenditure is R7 500.

Inventory Consumed – this line item pertains to bulk water purchases from Umngeni Water and Ugu District Municipality. The budget for inventory consumed appears to be insufficient for the next 6 months and the upward adjustment is necessary.

Contracted services – includes the rental of office accommodation, Repairs and Maintenance, Security. This expenditure is linked to contractual commitments. This line item will be adjusted upwards during the adjustment process.

Other expenditure – includes items such as fleet costs (fuel & oil, tyres, admin costs, licences), telephone system rental, advertising etc. Based on projections to the end of the second quarter, a review of the classification of other expenditure would need to be undertaken

Capital Expenditure

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

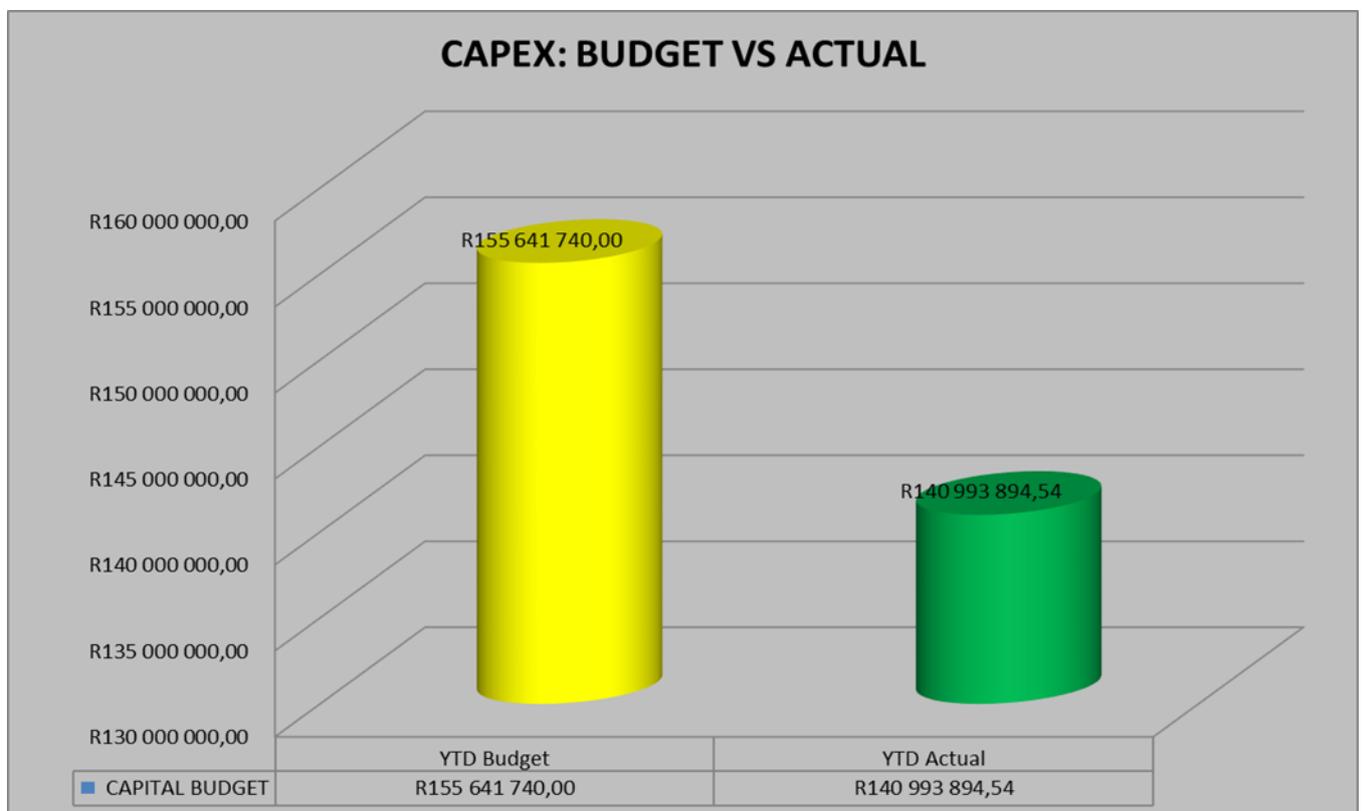
DC43 Harry Gwala - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M06

Vote Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	500	500	-	-	250	(250)	-100%	500
Vote 04 - Summary Corporate Services	7 226	4 031	4 031	-	5 822	2 015	3 807	189%	4 031
Vote 05 - Summary Social Services & Development Planning	7 355	1 870	1 870	-	47	935	(888)	-95%	1 870
Vote 06 - Summary Infrastructure Services	46 050	16 300	16 300	626	7 839	8 150	(311)	-4%	16 300
Vote 07 - Summary Water Services	235 826	284 583	288 583	33 100	127 285	143 891	(16 606)	-12%	288 583
Total Capital Multi-year expenditure	296 457	307 283	311 283	33 726	140 994	155 242	(14 248)	-9%	311 283
Total Capital Expenditure	296 457	307 283	311 283	33 726	140 994	155 242	(14 248)	-9%	311 283
Capital Expenditure - Functional Classification									
Governance and administration	7 226	5 110	5 110	-	5 822	2 555	3 267	128%	5 110
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	7 226	5 110	5 110	-	5 822	2 555	3 267	128%	5 110
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	7 355	1 021	1 021	-	47	510	(463)	-91%	1 021
Community and social services	7 355	1 021	1 021	-	47	510	(463)	-91%	1 021
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	18 541	1 270	1 270	-	-	635	(635)	-100%	1 270
Planning and development	18 541	1 270	1 270	-	-	635	(635)	-100%	1 270
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	263 335	299 883	303 883	33 726	135 125	151 541	(16 417)	-11%	303 883
Energy sources	-	-	-	-	-	-	-	-	-
Water management	248 698	244 033	243 033	28 272	106 598	121 950	(15 352)	-13%	243 033
Waste water management	14 637	55 850	60 850	5 454	28 527	29 592	(1 065)	-4%	60 850
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	296 457	307 283	311 283	33 726	140 994	155 242	(14 248)	-9%	311 283
Funded by:									
National Government	249 289	298 258	298 258	33 179	133 578	149 129	(15 551)	-10%	298 258
Provincial Government	18 739	-	4 000	547	547	1 600	(1 053)	-66%	4 000
District Municipality	-	-	-	-	47	-	47	#DIV/0!	-
Transfers recognised - capital	268 028	298 258	302 258	33 726	134 173	150 729	(16 557)	-11%	302 258
Internally generated funds	28 430	9 025	9 025	-	6 821	4 513	2 309	51%	9 025
Total Capital Funding	296 457	307 283	311 283	33 726	140 994	155 242	(14 248)	-9%	311 283

The 2021/2022 mid-year capital expenditure has underperformed by 9% from year to date to budget, however there is a slightly improvement in the expenditure of CAPEX for the midyear as the municipality succeeded to reach the target of 60 per cent given by National Treasury. The capital budget continues to be largely dependent on the National Government grants.

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

Chart 1: Midyear Capex



As at midyear, the year to date actual expenditure was R140, 9million against a YTD budget of R155, 6million. In monetary terms, these figures a represent 91% percent performance against the capital development programme as at midyear.

Table C6 displays the financial position of the municipality as at 31 December 2021.

DC43 Harry Gwala - Table C6 Consolidated Monthly Budget Statement - Financial Position - M06

Description	2020/21	Budget Year 2021/22			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
<u>ASSETS</u>					
Current assets					
Cash	355 843	11 058	11 058	(363 322)	11 058
Call investment deposits	787 515	40 121	40 121	549 484	40 121
Consumer debtors	29 191	30 951	30 951	39 514	30 951
Other debtors	22 709	25 222	25 222	36 032	25 222
Current portion of long-term receivables	-	-	-	-	-
Inventory	408	267	267	408	267
Total current assets	1 195 666	107 619	107 619	262 115	107 619
Non current assets					
Long-term receivables	-	-	-	-	-
Investments					
Investment property	-	-	-	-	-
Investments in Associate					
Property, plant and equipment	2 551 394	2 843 962	2 847 962	2 654 003	2 847 962
Intangible	578	1 946	1 946	477	1 946
Other non-current assets	0	0	0	0	0
Total non current assets	2 551 972	2 845 908	2 849 908	2 654 481	2 849 908
TOTAL ASSETS	3 747 638	2 953 527	2 957 527	2 916 596	2 957 527
<u>LIABILITIES</u>					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	-	-	-	13 194	-
Consumer deposits	2 034	2 155	2 155	2 126	2 155
Trade and other payables	217 856	91 336	91 336	150 455	91 336
Provisions	15 088	13 294	13 294	15 088	13 294
Total current liabilities	234 977	106 785	106 785	180 862	106 785
Non current liabilities					
Borrowing	18 098	1 878	1 878	3 182	1 878
Provisions	24 548	23 797	23 797	24 548	23 797
Total non current liabilities	42 646	25 676	25 676	27 730	25 676
TOTAL LIABILITIES	277 622	132 461	132 461	208 592	132 461
NET ASSETS	3 470 016	2 821 066	2 825 066	2 708 004	2 825 066
<u>COMMUNITY WEALTH/EQUITY</u>					
Accumulated Surplus/(Deficit)	3 470 016	2 821 066	2 825 066	2 708 004	2 825 066
Reserves	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	3 470 016	2 821 066	2 825 066	2 708 004	2 825 066

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

DC43 Harry Gwala - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates							-		
Service charges	130 189	53 905	53 905	7 241	33 921	26 952	6 968	26%	53 905
Other revenue	307	549	549	-	109	275	(166)	-60%	549
Transfers and Subsidies - Operational	234 355	389 288	389 288	129 203	321 218	194 644	126 574	65%	389 288
Transfers and Subsidies - Capital	215 028	303 580	307 580	70 500	252 221	153 790	98 431	64%	307 580
Interest	3 011	5 592	5 592	326	2 107	2 796	(690)	-25%	5 592
Dividends							-		
Payments									
Suppliers and employees	(682 380)	(444 212)	(444 212)	(113 146)	(464 778)	(222 106)	242 672	-109%	(444 212)
Finance charges	-	(1 328)	(1 328)	-	-	(664)	(664)	100%	(1 328)
Transfers and Grants	(486)	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES	(99 976)	307 375	311 375	94 124	144 797	155 688	10 891	7%	311 375
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE							-		
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments							-		
Payments									
Capital assets	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits	(170)	(122)	-	1	(2 126)	(1 078)	(1 048)	97%	(2 155)
Payments									
Repayment of borrowing							-		
NET CASH FROM/(USED) FINANCING ACTIVITIES	(170)	(122)	-	1	(2 126)	(1 078)	1 048	-97%	(2 155)
NET INCREASE/ (DECREASE) IN CASH HELD	(333 467)	(30)	92	60 398	1 678	(1 032)			(2 063)
Cash/cash equivalents at beginning:	40 671	48 731	48 731	-	51 862				
Cash/cash equivalents at month/year end:	(292 796)	48 701	48 823		53 540	(1 032)			(2 063)

There has rather been higher than expected collection levels signalled by a collection of 85%. Faulty meters are being replaced so as to capture the actual consumption. A debt collector was appointed to assist the municipality to further improve the collection of old debt.

Interest has been less than the year to date budget which was influenced by the negative variance was as a result of a reduction of investment during the financial year due to available cash being committed to day to day operational activities of the municipality.

Table C1 Parent Monthly Budget

DC43 Harry Gwala - Table C1 Consolidated Monthly Budget Statement Summary - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	67 765	69 422	69 422	3 807	30 899	34 711	(3 812)	-11%	69 422
Investment revenue	3 011	5 592	5 592	326	2 107	2 796	(690)	-25%	5 592
Transfers and subsidies	430 342	400 406	400 406	143 718	304 973	200 203	104 770	52%	400 406
Other own revenue	10 879	10 748	10 748	973	5 556	5 374	182	3%	10 748
Total Revenue (excluding capital transfers and contributions)	511 997	486 168	486 168	148 824	343 535	243 084	100 451	41%	486 168
Employee costs	217 969	224 855	224 855	20 990	115 913	112 429	3 484	3%	224 855
Remuneration of Councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
Depreciation & asset impairment	79 359	86 885	86 885	38 485	38 485	43 443	(4 958)	-11%	86 885
Finance charges	995	1 313	1 313	-	-	656	(656)	-100%	1 313
Inventory consumed and bulk purchases	27 868	30 950	30 950	6 848	22 011	15 475	6 536	42%	30 950
Transfers and subsidies	17 000	17 000	17 000	5 000	10 600	8 500	2 100	25%	17 000
Other expenditure	224 777	191 158	191 158	26 061	119 818	95 580	24 238	25%	191 158
Total Expenditure	575 782	561 084	561 084	98 082	310 293	280 544	29 750	11%	561 084
Surplus/(Deficit)	(63 785)	(74 916)	(74 916)	50 742	33 241	(37 460)	70 701	-189%	(74 916)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	302 857	298 258	302 258	162 562	162 562	150 729	11 833	8%	302 258
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	4 693	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	243 766	223 342	227 342	213 304	195 803	113 269	82 534	73%	227 342
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	243 766	223 342	227 342	213 304	195 803	113 269	82 534	73%	227 342
Capital expenditure & funds sources									
Capital expenditure	296 457	306 704	310 704	33 726	140 994	154 952	(13 958)	-9%	310 704
Capital transfers recognised	268 028	298 258	302 258	33 726	134 173	150 729	(16 557)	-11%	302 258
Internally generated funds	28 430	8 446	8 446	-	6 821	4 223	2 598	62%	8 446
Total sources of capital funds	296 457	306 704	310 704	33 726	140 994	154 952	(13 958)	-9%	310 704
Financial position									
Total current assets	1 195 666	1 076 619	1 076 619		262 115				1 076 619
Total non current assets	2 551 972	2 845 328	2 849 328		2 654 481				2 849 328
Total current liabilities	234 977	106 785	106 785		180 862				106 785
Total non current liabilities	42 646	25 676	25 676		27 730				25 676
Community wealth/Equity	2 597 195	2 820 507	2 820 507		2 432 102				2 820 507
Cash flows									
Net cash from (used) operating	(99 976)	307 375	311 375	94 124	144 797	155 688	10 891	7%	311 375
Net cash from (used) investing	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
Net cash from (used) financing	(170)	(122)	-	1	(2 126)	(1 078)	1 048	-97%	(2 155)
Cash/cash equivalents at the month/year end	(292 796)	48 701	48 823	-	53 540	(1 032)	(54 572)	5290%	(2 063)
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	5 094	4 487	3 788	3 790	3 935	3 823	24 343	190 049	239 309
Creditors Age Analysis									
Total Creditors	1 567	26	-	154	-	-	-	-	1 747

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

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Functional									
<i>Governance and administration</i>	422 901	404 553	404 553	129 689	293 058	202 277	90 781	45%	404 553
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	422 901	404 553	404 553	129 689	293 058	202 277	90 781	45%	404 553
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	8 568	5 322	5 322	10 142	10 142	2 661	7 481	281%	5 322
Planning and development	8 568	5 322	5 322	10 142	10 142	2 661	7 481	281%	5 322
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	388 078	374 551	378 551	171 556	202 897	188 875	14 022	7%	378 551
Energy sources	-	-	-	-	-	-	-	-	-
Water management	358 853	360 199	360 199	167 549	193 524	180 099	13 425	7%	360 199
Waste water management	29 226	14 352	18 352	4 007	9 373	8 776	598	7%	18 352
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	819 547	784 426	788 426	311 386	506 097	393 813	112 284	29%	788 426
Expenditure - Functional									
<i>Governance and administration</i>	233 309	251 534	251 134	25 646	119 609	125 635	(6 026)	-5%	251 134
Executive and council	27 920	24 745	24 745	2 093	16 689	12 373	4 316	35%	24 745
Finance and administration	195 887	217 553	217 153	22 795	98 781	108 644	(9 863)	-9%	217 153
Internal audit	9 503	9 236	9 236	758	4 139	4 618	(479)	-10%	9 236
<i>Community and public safety</i>	17 674	18 501	18 501	2 438	9 870	9 250	619	7%	18 501
Community and social services	17 674	18 501	18 501	2 438	9 870	9 250	619	7%	18 501
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	123 312	138 302	138 302	41 587	64 538	69 151	(4 613)	-7%	138 302
Planning and development	123 312	138 302	138 302	41 587	64 538	69 151	(4 613)	-7%	138 302
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	201 487	152 747	153 147	28 411	116 277	76 507	39 770	52%	153 147
Energy sources	-	-	-	-	-	-	-	-	-
Water management	200 625	151 849	152 249	28 342	115 690	76 058	39 632	52%	152 249
Waste water management	862	898	898	69	587	449	138	31%	898
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	575 782	561 084	561 084	98 082	310 293	280 544	29 750	11%	561 084
Surplus/ (Deficit) for the year	243 766	223 342	227 342	213 304	195 803	113 269	82 534	73%	227 342

Table C2: Parent Monthly Budget Statement: Financial Performance, reflects the operating revenue in the standard classifications

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2021 was R 393, 8million against a year to date budget of R 402, 7million representing over performance of 29%.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 111% against the year to date budget which is over performed by 11%.

DC43 Harry Gwala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

Vote Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	422 192	404 553	404 553	129 689	292 858	202 277	90 581	44,8%	404 553
Vote 04 - Summary Corporate Services	665	-	-	-	159	-	159	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planning	3 875	5 322	5 322	10 142	10 142	2 661	7 481	281,1%	5 322
Vote 06 - Summary Infrastructure Services	305 438	311 333	311 333	163 912	165 479	155 666	9 812	6,3%	311 333
Vote 07 - Summary Water Services	87 377	63 218	67 218	7 644	37 460	33 209	4 251	12,8%	67 218
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	819 547	784 426	788 426	311 386	506 097	393 813	112 284	28,5%	788 426
Expenditure by Vote									
Vote 01 - Summary Council	14 956	16 256	16 256	1 332	10 211	8 128	2 083	25,6%	16 256
Vote 02 - Summary Municipal Manager	22 466	17 726	17 726	1 519	10 617	8 863	1 754	19,8%	17 726
Vote 03 - Summary Budget And Treasury Office	59 812	85 267	85 267	8 555	30 035	42 634	(12 599)	-29,6%	85 267
Vote 04 - Summary Corporate Services	89 619	89 530	89 530	9 650	40 895	44 765	(3 871)	-8,6%	89 530
Vote 05 - Summary Social Services & Development Planning	48 107	52 206	52 206	8 699	27 683	26 103	1 580	6,1%	52 206
Vote 06 - Summary Infrastructure Services	97 107	109 078	109 078	35 699	51 958	54 539	(2 581)	-4,7%	109 078
Vote 07 - Summary Water Services	243 714	191 021	191 021	32 628	138 895	95 511	43 384	45,4%	191 021
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	575 782	561 084	561 084	98 082	310 293	280 544	29 750	10,6%	561 084
Surplus/ (Deficit) for the year	243 766	223 342	227 342	213 304	195 803	113 269	82 534	72,9%	227 342

Table C3: Monthly Budget Statement – Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The municipal directorates are Executive Council; Municipal Manager; Budget and Treasury; Corporate Services; Social Services and Development Planning; Infrastructure Services and Water Services. The operating expenditure budget is approved by Council on the municipal vote level.

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

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Property rates	-	-	-	-	-	-	-		-
Service charges - electricity revenue									
Service charges - water revenue	54 003	48 866	48 866	2 995	24 627	24 433	194	1%	48 866
Service charges - sanitation revenue	13 762	20 555	20 555	811	6 271	10 278	(4 006)	-39%	20 555
Interest earned - external investments	3 011	5 592	5 592	326	2 107	2 796	(690)	-25%	5 592
Interest earned - outstanding debtors	10 100	10 198	10 198	973	5 278	5 099	179	4%	10 198
Transfers and subsidies	430 342	400 406	400 406	143 718	304 973	200 203	104 770	52%	400 406
Other revenue	778	549	549	-	278	275	3	1%	549
Gains	-	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)	511 997	486 168	486 168	148 824	343 535	243 084	100 451	41%	486 168
Expenditure By Type									
Employee related costs	217 969	224 855	224 855	20 990	115 913	112 429	3 484	3%	224 855
Remuneration of councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
Debt impairment	31 734	27 645	27 645	-	-	13 822	(13 822)	-100%	27 645
Depreciation & asset impairment	79 359	86 885	86 885	38 485	38 485	43 443	(4 958)	-11%	86 885
Finance charges	995	1 313	1 313	-	-	656	(656)	-100%	1 313
Bulk purchases - electricity	22 023	-	-	-	(1)	-	(1)	#DIV/0!	-
Inventory consumed	5 845	30 950	30 950	6 848	22 012	15 475	6 537	42%	30 950
Contracted services	129 640	104 211	104 991	18 522	84 382	52 536	31 846	61%	104 991
Transfers and subsidies	17 000	17 000	17 000	5 000	10 600	8 500	2 100	25%	17 000
Other expenditure	56 907	59 303	58 523	7 539	35 435	29 221	6 214	21%	58 523
Losses	6 496	-	-	-	-	-	-		-
Total Expenditure	575 782	561 084	561 084	98 082	310 293	280 544	29 750	11%	561 084
Surplus/(Deficit)	(63 785)	(74 916)	(74 916)	50 742	33 241	(37 460)	70 701	(0)	(74 916)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	302 857	298 258	302 258	162 562	162 562	150 729	11 833	0	302 258
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)									
Transfers and subsidies - capital (in-kind - all)	4 693	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	243 766	223 342	227 342	213 304	195 803	113 269			227 342
Taxation									
Surplus/(Deficit) after taxation	243 766	223 342	227 342	213 304	195 803	113 269			227 342
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	243 766	223 342	227 342	213 304	195 803	113 269			227 342
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	243 766	223 342	227 342	213 304	195 803	113 269			227 342

DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06

Vote Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	500	500	-	-	250	(250)	-100%	500
Vote 04 - Summary Corporate Services	7 226	4 031	4 031	-	5 822	2 015	3 807	189%	4 031
Vote 05 - Summary Social Services & Development Planning	7 355	1 291	1 291	-	47	645	(598)	-93%	1 291
Vote 06 - Summary Infrastructure Services	46 050	16 300	16 300	626	7 839	8 150	(311)	-4%	16 300
Vote 07 - Summary Water Services	235 826	284 583	288 583	33 100	127 285	143 891	(16 606)	-12%	288 583
Total Capital Multi-year expenditure	296 457	306 704	310 704	33 726	140 994	154 952	(13 958)	-9%	310 704
Total Capital Expenditure	296 457	306 704	310 704	33 726	140 994	154 952	(13 958)	-9%	310 704
Capital Expenditure - Functional Classification									
Governance and administration	7 226	4 531	4 531	-	5 822	2 265	3 557	157%	4 531
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	7 226	4 531	4 531	-	5 822	2 265	3 557	157%	4 531
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	7 355	1 021	1 021	-	47	510	(463)	-91%	1 021
Community and social services	7 355	1 021	1 021	-	47	510	(463)	-91%	1 021
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	18 541	1 270	1 270	-	-	635	(635)	-100%	1 270
Planning and development	18 541	1 270	1 270	-	-	635	(635)	-100%	1 270
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	263 335	299 883	303 883	33 726	135 125	151 541	(16 417)	-11%	303 883
Energy sources	-	-	-	-	-	-	-	-	-
Water management	248 698	244 033	243 033	28 272	106 598	121 950	(15 352)	-13%	243 033
Waste water management	14 637	55 850	60 850	5 454	28 527	29 592	(1 065)	-4%	60 850
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	296 457	306 704	310 704	33 726	140 994	154 952	(13 958)	-9%	310 704
Funded by:									
National Government	249 289	298 258	298 258	33 179	133 578	149 129	(15 551)	-10%	298 258
Provincial Government	18 739	-	4 000	547	547	1 600	(1 053)	-66%	4 000
District Municipality	-	-	-	-	47	-	47	#DIV/0!	-
Transfers recognised - capital	268 028	298 258	302 258	33 726	134 173	150 729	(16 557)	-11%	302 258
Internally generated funds	28 430	8 446	8 446	-	6 821	4 223	2 598	62%	8 446
Total Capital Funding	296 457	306 704	310 704	33 726	140 994	154 952	(13 958)	-9%	310 704

Capital expenditure typically includes vehicles, computer, equipment, Office furniture's, etc. which are funded by internal contributions. It also includes expenditure on water and sanitation infrastructure funded by external funds such as MIG. Capital expenditure reflects overspending for the mid-year ending 31 December 2021. The 2021/2022 year to date actual capital expenditure amounting to R140, 9million against year to date budget of R154, 9million representing 91% of the year to date budget.

DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	2020/21	Budget Year 2021/22			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
<u>ASSETS</u>					
Current assets					
Cash	355 843	11 058	11 058	(363 322)	11 058
Call investment deposits	787 515	40 121	40 121	549 484	40 121
Consumer debtors	29 191	30 951	30 951	39 514	30 951
Other debtors	22 709	25 222	25 222	36 032	25 222
Current portion of long-term receivables	-	-	-	-	-
Inventory	408	267	267	408	267
Total current assets	1 195 666	107 619	107 619	262 115	107 619
Non current assets					
Long-term receivables					
Investments					
Investment property	-	-	-	-	-
Investments in Associate					
Property, plant and equipment	2 551 394	2 843 832	2 847 832	2 654 003	2 847 832
Intangible	578	1 496	1 496	477	1 496
Other non-current assets	0	0	0	0	0
Total non current assets	2 551 972	2 845 328	2 849 328	2 654 481	2 849 328
TOTAL ASSETS	3 747 638	2 952 948	2 956 948	2 916 596	2 956 948
<u>LIABILITIES</u>					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	-	-	-	13 194	-
Consumer deposits	2 034	2 155	2 155	2 126	2 155
Trade and other payables	217 856	91 336	91 336	150 455	91 336
Provisions	15 088	13 294	13 294	15 088	13 294
Total current liabilities	234 977	106 785	106 785	180 862	106 785
Non current liabilities					
Borrowing	18 098	1 878	1 878	3 182	1 878
Provisions	24 548	23 797	23 797	24 548	23 797
Total non current liabilities	42 646	25 676	25 676	27 730	25 676
TOTAL LIABILITIES	277 622	132 461	132 461	208 592	132 461
NET ASSETS	3 470 016	2 820 487	2 824 487	2 708 004	2 824 487
<u>COMMUNITY WEALTH/EQUITY</u>					
Accumulated Surplus/(Deficit)	3 470 016	2 820 487	2 824 487	2 708 004	2 824 487
Reserves	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	3 470 016	2 820 487	2 824 487	2 708 004	2 824 487

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates							-		
Service charges	130 189	53 905	53 905	7 241	33 921	26 952	6 968	26%	53 905
Other revenue	307	549	549	-	109	275	(166)	-60%	549
Transfers and Subsidies - Operational	234 355	389 288	389 288	129 203	321 218	194 644	126 574	65%	389 288
Transfers and Subsidies - Capital	215 028	303 580	307 580	70 500	252 221	153 790	98 431	64%	307 580
Interest	3 011	5 592	5 592	326	2 107	2 796	(690)	-25%	5 592
Dividends							-		
Payments									
Suppliers and employees	(682 380)	(444 212)	(444 212)	(113 146)	(464 778)	(222 106)	242 672	-109%	(444 212)
Finance charges	-	(1 328)	(1 328)	-	-	(664)	(664)	100%	(1 328)
Transfers and Grants	(486)	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES	(99 976)	307 375	311 375	94 124	144 797	155 688	10 891	7%	311 375
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE							-		
Decrease (increase) in non-current receivables							-		
Decrease (increase) in non-current investments							-		
Payments									
Capital assets	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits	(170)	(122)	-	1	(2 126)	(1 078)	(1 048)	97%	(2 155)
Payments									
Repayment of borrowing							-		
NET CASH FROM/(USED) FINANCING ACTIVITIES	(170)	(122)	-	1	(2 126)	(1 078)	1 048	-97%	(2 155)
NET INCREASE/ (DECREASE) IN CASH HELD	(333 467)	(30)	92	60 398	1 678	(1 032)			(2 063)
Cash/cash equivalents at beginning:	40 671	48 731	48 731	-	51 862				
Cash/cash equivalents at month/year end:	(292 796)	48 701	48 823		53 540	(1 032)			(2 063)

2. PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

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

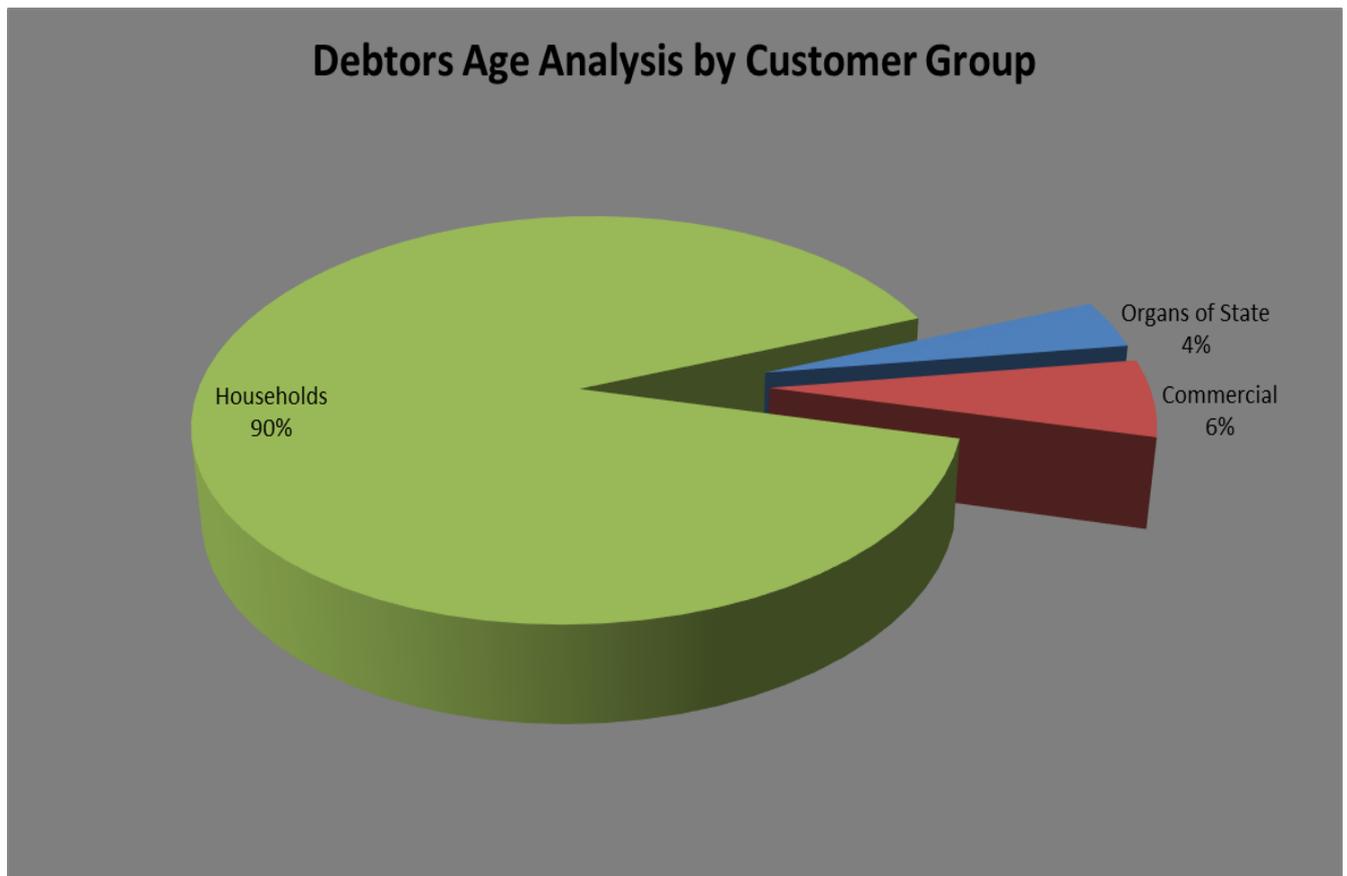
Table 2.1.1: Debtors Age Analysis by Income Source

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	Budget Year 2021/22									
	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
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	3 270	2 880	2 432	2 433	2 526	2 454	15 626	121 997	153 618	145 036
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	1 278	1 125	950	950	987	959	6 105	47 660	60 013	56 660
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	547	481	406	407	422	410	2 612	20 393	25 678	24 244
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
Total By Income Source	5 094	4 487	3 788	3 790	3 935	3 823	24 343	190 049	239 309	225 940
2020/21 - totals only									-	-
Debtors Age Analysis By Customer Group										
Organs of State	2 058	1 371	1 002	542	401	391	1 110	3 710	10 586	6 155
Commercial	680	680	370	351	502	413	2 261	9 617	14 875	13 145
Households	2 357	2 436	2 416	2 896	3 032	3 019	20 971	176 722	213 849	206 640
Other									-	-
Total By Customer Group	5 094	4 487	3 788	3 790	3 935	3 823	24 343	190 049	239 309	225 940

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

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		
		DECEMBER 2021	NOVEMBER 2021
Unallocated receipts	R 46 498,75	1%	1%
Bhongweni	R 78 640,46	1%	0%
Shayamoya	R 113 643,45	2%	0%
Kokstad	R 3 505 429,76	55%	39%
Ixopo	R 945 056,94	15%	13%
NDZ	R 1 358 669,06	21%	35%
Umzimkhulu	R 361 873,34	6%	6%
Fairview	R 2 050,00	0%	0%
TOTAL RECEIPTS INCL VAT	R 6 411 861,76	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 December 2021 is R6, 4million. The total billing for the mid-year is R 32, 3million against collection of R 27, 4million representing 85 per cent.

BILLING VS COLLECTION TREND FOR NOVEMBER AND DECEMBER

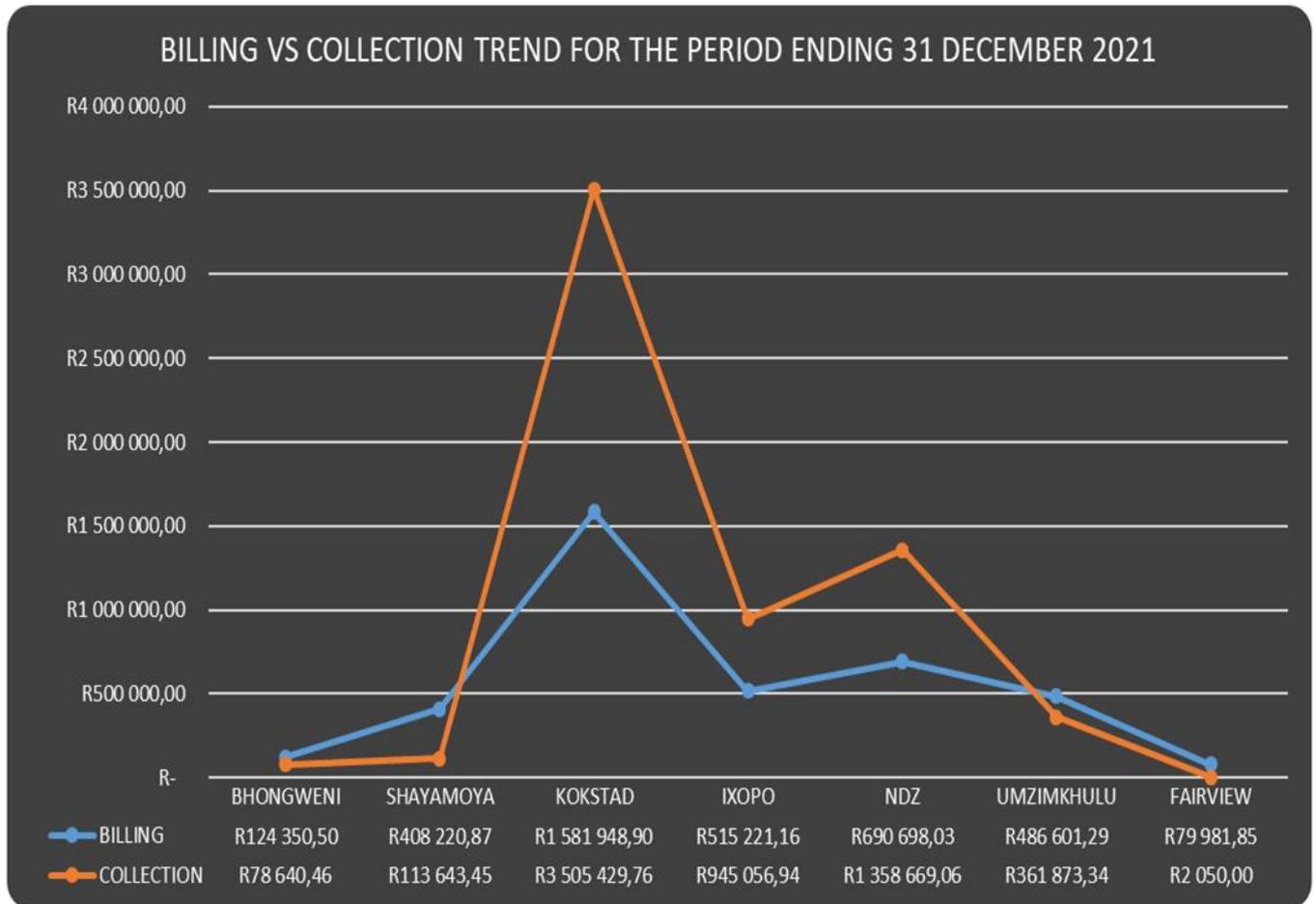
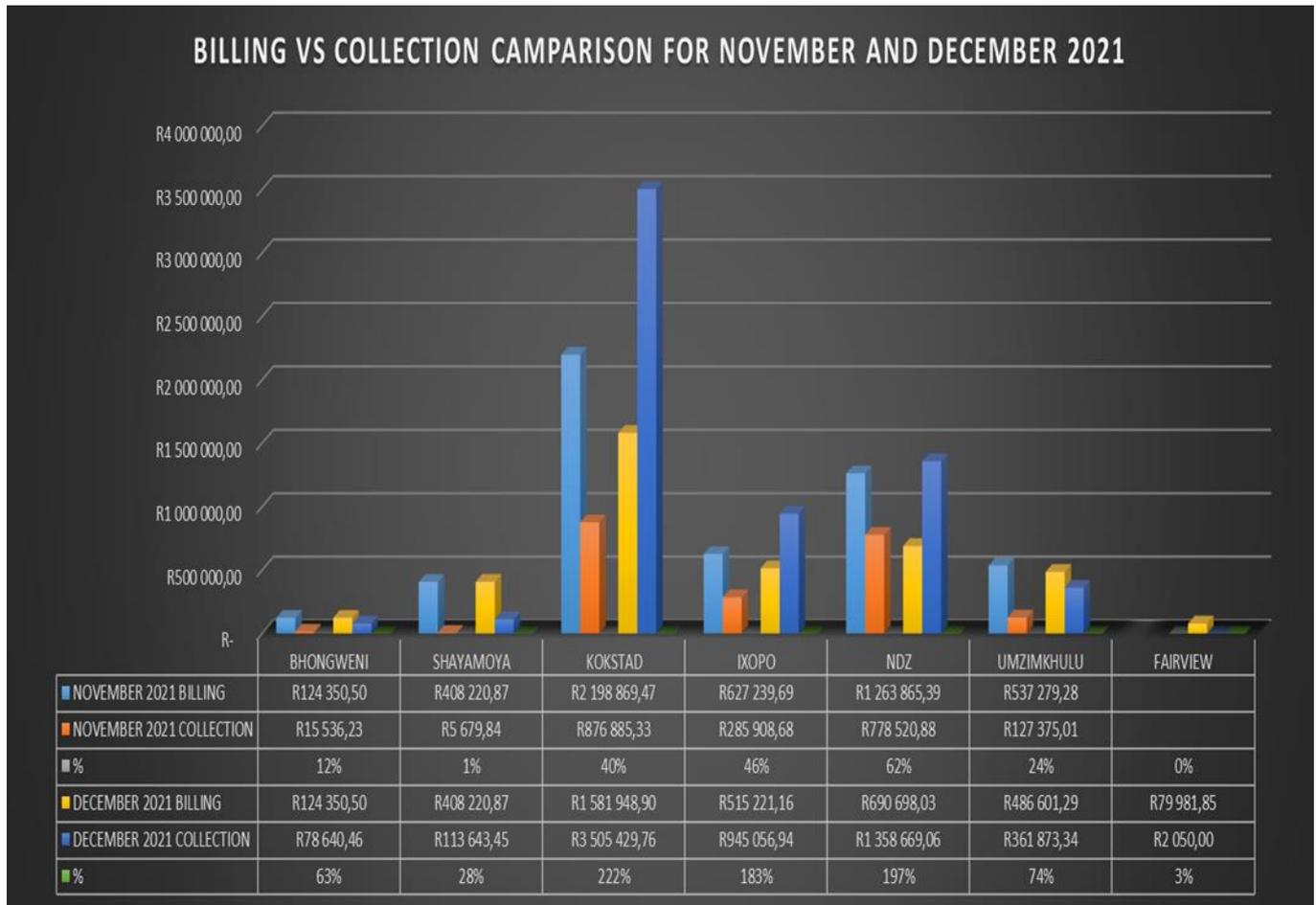


CHART 3: BILLING VS COLLECTION (COMPARISON BETWEEN NOVEMBER AND DECEMBER 2021)



Debtors age analysis per service

The municipality's total outstanding debtors amounted to R 239 308 888 as at 31 December 2021 compared with the R 241 962 204 as at 30 November 2021. Current debt represent 2% of the total outstanding debt compared with the 3% of November 2021; 30 days and older debt 2% compared with the 2% for November 2021; 60 days and older debt 2% compared with the 2% of November 2021; and 90 days 2% compared with the 2% of November 2021; 120 days to History and older 93% compared with the 91% for November 2021.

Current debt decreased with R 2,653,317 to R 239,308,888 compared with the R 241,962,204 as at 30 November 2021; 30 days + debt decreased with R 856,878; 60 days + decreased with R 571,332; 90 days + debt decreased with R 522,734 and 120 + days and older debt as at 30 November 2021 has Increased with R 803,622 to R 222,149,806 compared with the R 221,346,144 as at 30 November 2021.

Debtors age analysis per debtor type

Business debtors owes the municipality R 14,629,109 (6%); Municipal debtors R 1,103,353 (0%); domestic debtors R 199,796,141 (83%); Government accounts R 9,213,071 (4%); Indigent debtors R 9,137,203 (4%) and other debtors R 5,430,010 (2%) of the total outstanding debt of R 239,308,888.

2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2021

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

Description	Budget Year 2021/22								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity									-
Bulk Water									-
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	1 567	26	-	154	-	-	-	-	1 747
Auditor General									-
Other									-
Total By Customer Type	1 567	26	-	154	-	-	-	-	1 747

2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short term investments balances broken down per investment type as at 31 December 2021.

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

Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
	Yrs/Months							
R thousands								
Municipality								
FIRST NATIONAL BANK		CALL ACCOUNT		3 459	10	(21 262)	80 000	62 207
FIRST NATIONAL BANK		CALL ACCOUNT		66 590	134	(36 219)	40 500	71 005
FIRST NATIONAL BANK		ADMIN CALL		1 803	2	(23 253)	30 000	8 552
INVESTEC		FIXED DEPOSIT		1 557	5	-	-	1 562
FIRST NATIONAL BANK		FIXED DEPOSIT		37 923	97	(10 921)	-	27 099
FIRST NATIONAL BANK		CALL ACCOUNT		1 164	3	(1 000)	2 068	2 235
FIRST NATIONAL BANK		CALL ACCOUNT		4 016	3	(2 477)	-	1 542
FIRST NATIONAL BANK		CALL ACCOUNT		2	-	-	-	2
FIRST NATIONAL BANK		FIXED DEPOSIT		1 212	0	(1 000)	-	213
NEDBANK		FIXED DEPOSIT		21 272	64	-	-	21 336
FIRST NATIONAL BANK		CURRENT ACCOUNT		15 900			15 874	31 774
								-
Municipality sub-total				154 898	318	(96 132)	168 442	227 527
TOTAL INVESTMENTS AND INTEREST				154 898		(96 132)	168 442	227 527

2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	429 587	400 406	400 406	143 718	304 973	200 203	104 770	52,3%	400 406
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	417 623	387 013	387 013	129 004	290 259	193 506	96 753	50,0%	387 013
Expanded Public Works Programme Integrated Grant	5 195	4 596	4 596	3 217	3 217	2 298	919	40,0%	4 596
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 000	1 200	1 200	356	356	600	(244)	-40,7%	1 200
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	3 524	5 322	5 322	10 142	10 142	2 661	7 481	281,1%	5 322
Rural Road Asset Management Systems Grant	2 245	2 275	2 275	1 000	1 000	1 137	(137)	-12,1%	2 275
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
Provincial Government:	352	-	-	-	-	-	-	-	-
Capacity Building and Other Grants	352	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	17 000	17 000	-	-	8 500	(8 500)	-100,0%	17 000
Specify (Add grant description)	-	17 000	17 000	-	-	8 500	(8 500)	-100,0%	17 000
Other grant providers:	404	-	-	-	-	-	-	-	-
Chemical Industry Seta	404	-	-	-	-	-	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	430 342	417 406	417 406	143 718	304 973	208 703	96 270	46,1%	417 406
Capital Transfers and Grants									
National Government:	287 857	298 258	298 258	159 456	159 456	149 129	10 327	6,9%	298 258
Equitable Share	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	205 476	207 558	207 558	116 777	116 777	103 779	12 998	12,5%	207 558
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	22 381	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	60 000	90 700	90 700	42 679	42 679	45 350	(2 671)	-5,9%	90 700
Provincial Government:	19 693	-	4 000	3 107	3 107	1 600	1 507	94,2%	4 000
Infrastructure Grant	19 693	-	4 000	3 107	3 107	1 600	1 507	94,2%	4 000
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	307 550	298 258	302 258	162 562	162 562	150 729	11 833	7,9%	302 258
TOTAL RECEIPTS OF TRANSFERS & GRANTS	737 892	715 664	719 664	306 281	467 536	359 432	108 104	30,1%	719 664

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

Table SC7 track the expenditure on Conditional grant funding.

DC43 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	487 163	507 017	507 417	92 560	275 233	253 643	21 589	8,5%	507 417
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	478 059	492 327	494 048	91 645	270 607	246 959	23 648	9,6%	494 048
Expanded Public Works Programme Integrated Grant	5 467	5 976	4 655	626	3 313	2 328	986	42,3%	4 655
Local Government Financial Management Grant	836	1 117	1 117	57	443	558	(115)	-20,6%	1 117
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	849	5 322	5 322	-	-	2 661	(2 661)	-100,0%	5 322
Rural Road Asset Management Systems Grant	1 952	2 275	2 275	232	870	1 138	(268)	-23,6%	2 275
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
Capacity Building and Other Grants	-	-	-	-	-	-	-	-	-
Development Planning and Shared Services	-	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	16 510	16 510	-	-	8 255	(8 255)	-100,0%	16 510
Other grant providers:	-	-	-	-	-	-	-	-	-
Chemical Industry Seta	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	487 163	507 017	507 417	92 560	275 233	253 643	21 589	8,5%	507 417
Capital expenditure of Transfers and Grants									
National Government:	249 289	298 258	298 258	33 179	133 578	149 129	(15 551)	-10,4%	298 258
Local Government Financial Management Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	178 208	207 558	207 558	25 512	95 880	103 779	(7 899)	-7,6%	207 558
Regional Bulk Infrastructure Grant	19 682	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	51 399	90 700	90 700	7 666	37 698	45 350	(7 652)	-16,9%	90 700
Provincial Government:	18 739	-	4 000	547	547	1 600	(1 053)	-65,8%	4 000
Infrastructure Grant	18 739	-	4 000	547	547	1 600	(1 053)	-65,8%	4 000
District Municipality:	-	-	-	-	47	-	47	#DIV/0!	-
Specify (Add grant description)	-	-	-	-	47	-	47	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	268 028	298 258	302 258	33 726	134 173	150 729	(16 557)	-11,0%	302 258
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	755 191	805 275	809 675	126 286	409 405	404 373	5 033	1,2%	809 675

2.5 Councillor and Staff Benefits

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

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B	C						D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	5 324	6 027	6 027	477	2 341	3 014	(673)	-22%	6 027
Pension and UIF Contributions	498	698	698	42	217	349	(132)	-38%	698
Medical Aid Contributions	57	61	61	-	24	31	(6)	-21%	61
Cellphone Allowance	663	875	875	41	271	437	(166)	-38%	875
Other benefits and allowances	1 271	1 262	1 262	138	615	631	(16)	-3%	1 262
Sub Total - Councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
% increase		14,2%	14,2%						14,2%
Senior Managers of the Municipality									
Basic Salaries and Wages	4 029	4 281	4 281	336	2 014	2 141	(127)	-6%	4 281
Pension and UIF Contributions	11	11	11	1	6	6	1	11%	11
Medical Aid Contributions	171	182	182	14	87	91	(4)	-5%	182
Performance Bonus	106	56	56	-	55	28	27	98%	56
Motor Vehicle Allowance	1 052	1 153	1 153	88	526	576	(50)	-9%	1 153
Cellphone Allowance	117	125	125	10	58	62	(4)	-7%	125
Housing Allowances	160	177	177	13	80	89	(9)	-10%	177
Other benefits and allowances	459	492	492	38	230	246	(16)	-7%	492
Sub Total - Senior Managers of Municipality	6 105	6 477	6 477	500	3 056	3 239	(182)	-6%	6 477
% increase		6,1%	6,1%						6,1%
Other Municipal Staff									
Basic Salaries and Wages	126 815	136 771	136 771	12 828	69 090	68 386	704	1%	136 771
Pension and UIF Contributions	18 955	19 567	19 567	1 735	10 238	9 783	455	5%	19 567
Medical Aid Contributions	9 177	9 338	9 338	822	4 913	4 669	243	5%	9 338
Overtime	129	119	119	13	75	60	15	26%	119
Performance Bonus	8 464	7 716	7 716	845	4 345	3 858	487	13%	7 716
Motor Vehicle Allowance	16 182	17 160	17 160	1 778	10 158	8 580	1 578	18%	17 160
Cellphone Allowance	851	858	858	84	485	429	56	13%	858
Housing Allowances	570	586	586	49	292	293	(1)	0%	586
Other benefits and allowances	20 465	20 906	20 906	2 045	11 704	10 453	1 251	12%	20 906
Payments in lieu of leave	3 207	1 204	1 204	223	1 068	602	466	77%	1 204
Long service awards	981	810	810	68	489	405	84	21%	810
Post-retirement benefit obligations	6 069	3 343	3 343	-	-	1 672	(1 672)	-100%	3 343
Sub Total - Other Municipal Staff	211 864	218 378	218 378	20 490	112 857	109 190	3 667	3%	218 378
% increase		3,1%	3,1%						3,1%
Total Parent Municipality	225 782	233 777	233 777	21 688	119 380	116 890	2 490	2%	233 777
		3,5%	3,5%						3,5%
Unpaid salary, allowances & benefits in arrears:									
Board Members of Entities									
Basic Salaries and Wages	-	373	373	12	275	186	88	47%	373
Sub Total - Board Members of Entities	-	373	373	12	275	186	88	47%	373
% increase		#DIV/0!	#DIV/0!						#DIV/0!
Senior Managers of Entities									
Basic Salaries and Wages	-	1 730	1 730	-	-	865	(865)	-100%	1 730
Sub Total - Senior Managers of Entities	-	1 730	1 730	-	-	865	(865)	-100%	1 730
% increase		#DIV/0!	#DIV/0!						#DIV/0!
Other Staff of Entities									
Basic Salaries and Wages	-	7 675	7 675	1 111	4 454	3 837	616	16%	7 675
Pension and UIF Contributions	-	1 470	1 470	-	-	735	(735)	-100%	1 470
Medical Aid Contributions	-	479	479	-	-	240	(240)	-100%	479
Performance Bonus	-	533	533	-	-	266	(266)	-100%	533
Payments in lieu of leave	-	43	43	-	-	21	(21)	-100%	43
Sub Total - Other Staff of Entities	-	10 199	10 199	1 111	4 454	5 099	(646)	-13%	10 199
% increase		#DIV/0!	#DIV/0!						#DIV/0!
Total Municipal Entities	-	12 301	12 301	1 123	4 728	6 151	(1 422)	-23%	12 301
TOTAL SALARY, ALLOWANCES & BENEFITS	225 782	246 079	246 079	22 811	124 109	123 041	1 068	1%	246 079
% increase		9,0%	9,0%						9,0%
TOTAL MANAGERS AND STAFF	217 969	236 784	236 784	22 101	120 367	118 393	1 974	2%	236 784

2.6 Actual and Revised Targets

Table SC9 presents the actual and revised targets for cash receipts

DC43 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Budget Year 2021/22												2021/22 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 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands															
Cash Receipts By Source															
Property rates												-			
Service charges - electricity revenue												-			
Service charges - water revenue	2 919	6 943	3 372	6 405	3 267	6 009	3 307	3 307	3 307	3 307	3 307	(5 768)	39 680	41 881	44 214
Service charges - sanitation revenue	557	988	495	1 262	472	1 232	1 185	1 185	1 185	1 185	1 185	3 292	14 225	15 078	15 983
Interest earned - external investments	121	502	377	391	389	326	466	466	466	466	466	1 156	5 592	5 838	6 101
Transfers and Subsidies - Operational	160 611	2 493	-	19 997	8 914	129 203	32 441	32 441	32 441	32 441	32 441	(94 133)	389 288	413 194	416 811
Other revenue	-	0	0	96	12	-	46	46	46	46	46	212	549	574	599
Cash Receipts by Source	164 209	10 925	4 245	28 151	13 055	136 769	37 445	37 445	37 445	37 445	37 445	(95 242)	449 335	476 565	483 708
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	126 293	-	57 021	(1 593)	-	70 500	25 632	25 632	25 632	25 632	25 632	(72 799)	307 580	346 011	361 833
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	122	122	149	143
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	290 502	10 925	61 266	26 558	13 055	207 269	63 076	63 076	63 076	63 076	63 076	(167 920)	757 036	822 725	845 684
Cash Payments by Type															
Employee related costs	-	29 184	20 564	20 623	19 979	26 527	20 507	20 507	20 507	20 507	20 507	26 670	246 079	262 443	279 953
Remuneration of councillors												-			
Interest paid	-	-	-	-	-	-	111	111	111	111	111	774	1 328	1 385	1 447
Bulk purchases - Electricity												-			
Acquisitions - water & other inventory	-	-	-	-	-	-	1 616	1 616	1 616	1 616	1 616	11 314	19 396	20 250	21 161
Contracted services	-	-	-	-	-	-	8 775	8 775	8 775	8 775	8 775	61 423	105 296	110 111	114 923
General expenses	54 121	66 381	50 366	53 979	36 436	86 619	6 120	6 120	6 120	6 120	6 120	(305 061)	73 441	78 948	82 195
Cash Payments by Type	54 121	95 565	70 930	74 601	56 415	113 146	37 128	37 128	37 128	37 128	37 128	(204 880)	445 539	473 136	499 679
Other Cash Flows/Payments by Type															
Capital assets	30 514	28 923	14 433	20 969	12 429	33 726	25 940	25 940	25 940	25 940	25 940	40 588	311 283	347 620	363 499
Other Cash Flows/Payments												-			
Total Cash Payments by Type	84 635	124 488	85 363	95 571	68 843	146 872	63 069	63 069	63 069	63 069	63 069	(164 292)	756 823	820 757	863 177
NET INCREASE/(DECREASE) IN CASH HELD	205 867	(113 563)	(24 097)	(69 013)	(55 789)	60 398	8	8	8	8	8	(3 628)	213	1 968	(17 493)
Cash/cash equivalents at the month/year beginning:	51 862	257 729	144 166	120 070	51 057	(4 732)	55 665	55 673	55 681	55 688	55 696	55 704	51 862	52 076	54 044
Cash/cash equivalents at the month/year end:	257 729	144 166	120 070	51 057	(4 732)	55 665	55 673	55 681	55 688	55 696	55 704	52 076	52 076	54 044	36 551

2.7 Material Variances to the SDBIP

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

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

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

The last section under this heading analyses the actual targets against the planned targets as at 31 December 2021.

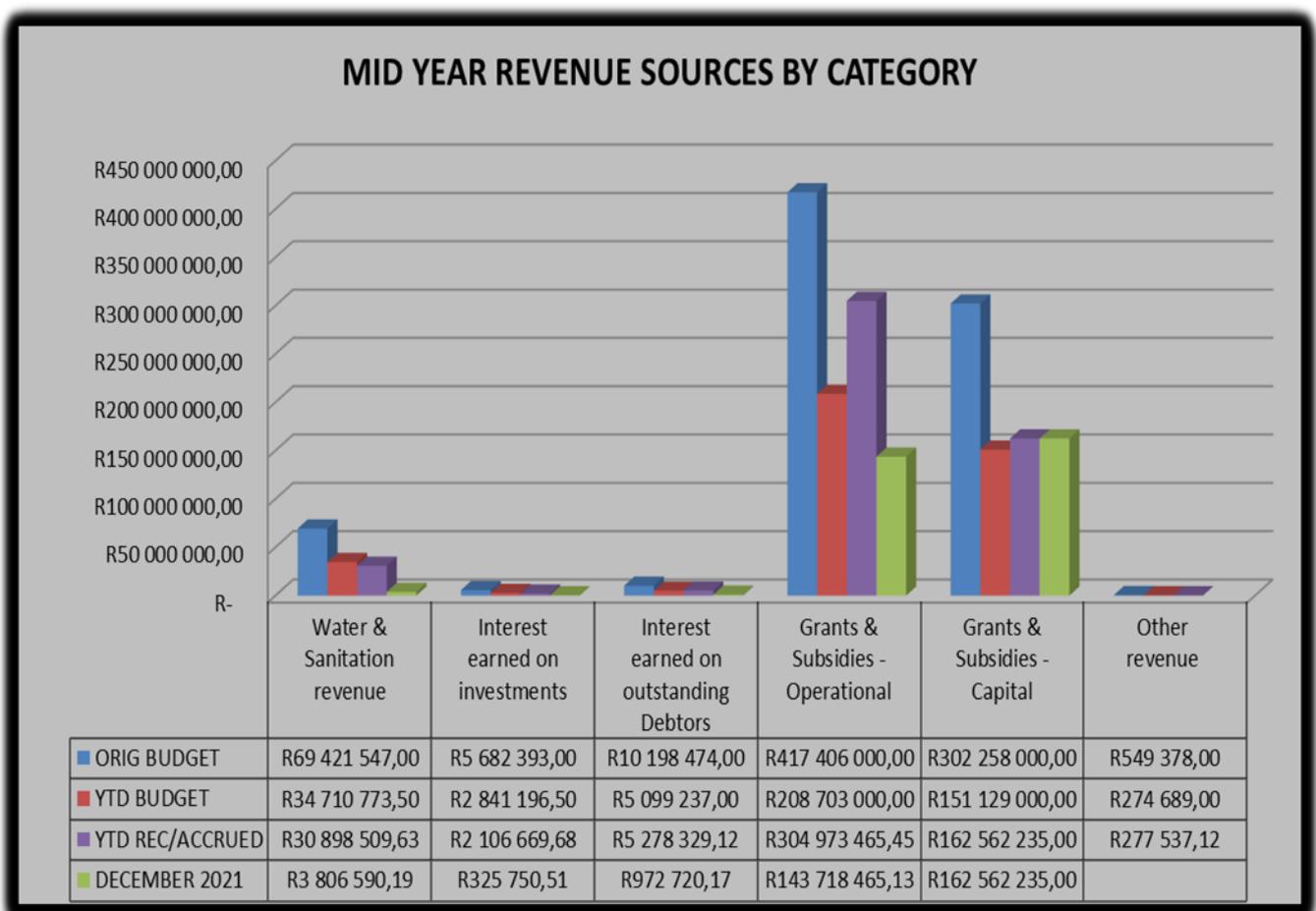
DC43 Harry Gwala - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source			
	Service charges - water revenue	1%	The variance due is an increase in the number of new applicants, installation of smart meters and fixing faulty meters	Downward adjustment Upward adjustment. Due to the movement to prepaid metering system in some areas, the municipality will need to adjust the split between water and sanitation
	Service charges - sanitation revenue	-39%	The split between water and sanitation on the budget was incorrect.	
	Interest earned - external investments	-26%	Accelerated expenditure on capital grants therefore there is low funds available for investment	Downward adjustment
	Interest earned - outstanding debtors	4%	Actual more the budget due to non payment of services by consumers	Upward adjustment
	Transfers and subsidies	46%	All grants received as per Division of Revenue bill	upward adjustment due to additional funding from COGTA
	Other revenue	1%	The variance is due to tender documents, there were more projects that were advertised	No adjustment needed
2	Expenditure By Type			
	Employee related costs	-2%	The municipality is spending according to what was projected	No adjustment is necessary
	Remuneration of councillors	-22%	The budgeted expenditure for councillors is based on the previous gazette, the current financial year have not yet been effected as the regulating gazette specifying the remuneration packages was not yet issued by the end of December 2020.	No adjustment would be required
	Debt impairment	-100%	Debt impairment only adjusted on an annual basis due to the complexity in the provision calculation	Timeous processing of Journals
	Depreciation & asset impairment	-12%	Expenditure within the allocated budget Depreciation expected to increase after WIP capitalisation	No adjustment is necessary
	Finance charges	-100%	This is mainly due to the interest on finance leases that was not taken into account for the first six months of the financial year.	No adjustment would be required
	Other materials	41%	The budget for bulk water purchase were underbudgeted on the initial budget	Upward adjustment is necessary
	Contracted services	59%	The increase in expenditure is due to repairs and maintenance as the HGDM infrastructure is dilapidated and there was a lot pipe burst and increase in chemicals	Upward adjustment and the municipality need to apply cost containment
	Other expenditure	17%	The increased is caused by maintenance of municipal vehicles as the municipality bought its own vehicles, previously the vehicles were leased and the increase in licenses and new municipal insurance	Upward adjustment and the municipality need to apply cost containment
3	Capital Expenditure			
	National Government	-10%	The actual is within the projected budget,	No adjustment is necessary
	Provincial Government	-66%	The funding was received in September and the expenditure incurred from O	No adjustment is necessary
	Internally generated funds	51%	The municipality is spending according to what was projected	No adjustment is necessary

REVENUE

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

Chart 3: Revenue Analysis



Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 31 December 2021 was R30, 8million against a year to date **budget** of R34, 7million. This represents under performance in municipal billing by 11%. However, this percentage measures the municipal performance in terms of the ability to bill consumers that are receiving services from the municipality and **is not** a measure of the ability to collect outstanding consumer accounts.

Adjustment Budget Implications: The performance of service charges for the mid-year is less than anticipated therefore a downward adjustment would be necessary.

Interest Earned on External Investments

The actual interest earned on external investments as at midyear is under performed by 26% (R734 527) less than what was anticipated.

Adjustment Budget Implications: A downward adjustment is required

Transfers Recognised - Operational

The operational grants revenue of R304, 9million against a year to date budget of R208, 7million is largely attributable to the YTD equitable share received of R290, 2million while the balance relates to conditions met on conditional grant funding

Adjustment Budget Implications: None

Transfers Recognised – Capital

The actual R162, 5million (against a YTD budget of R151, 1million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 8% over performance in Conditional Capital grant funding expenditures.

Adjustment Budget Implications: An upward adjustment is necessary to account for the additional funding received from COGTA.

Other Revenue

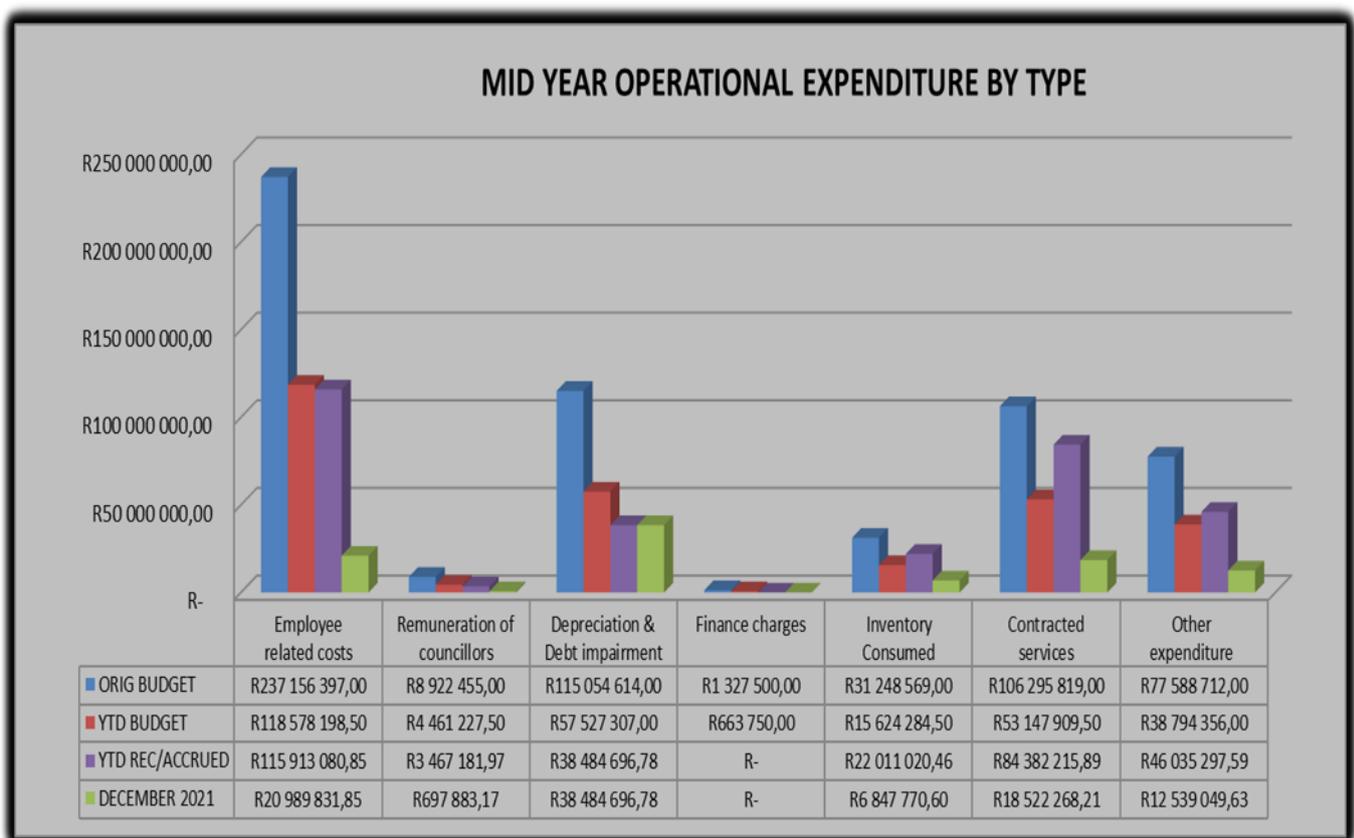
The YTD actual of other revenue is R277 537 against year to date budget of R274 689. Other revenue results from the sale of Tender Documents and refunds. Other revenue has over performed by R2 848.

Adjustment Budget Implications: None.

OPERATIONAL EXPENDITURE

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

Chart 4: Midyear Opex



Employee Related Costs

The year to date budget for employee related costs is R118, 5million against a year to date actual of R115, 9million. Employee related costs under performed by 2%.

Adjustment Budget Implications: None

Remuneration of Councillors

The remuneration of councillor's expenditure as at 31 December 2021 was R3, 4million against a year to budget of R4, 4million. An underperformance of 22% on this line item mainly due to the fact that the upper limits or municipal councillors determination will be implemented during the third quarter of the financial year

Adjustment Budget Implications: None

Finance Charges

As at midyear, there is no movement in finance charges. A review of this budget would be required to accommodate finance lease

Adjustment Budget Implications: None

Inventory Consumed

The expenditure on Inventory consumed has over performed by 52 per cent at mid-year. The year to date actual amounting to R22million against year to date budget of R15, 6million. A review of this budget would be required.

Adjustment Budget Implications: An Upward adjustment will be implemented during the Adjustment budget process.

Contracted Services

An over expenditure of 59% was reported at mid-year. A review of the categorisation of expenditures contained in this classification is required.

Adjustment Budget Implications: An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

Other Expenditure

An over expenditure of 17% was reported at mid-year. A review of the classification of other expenditure would need to be undertaken

Adjustment Budget Implications: An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments

Performance assessment

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

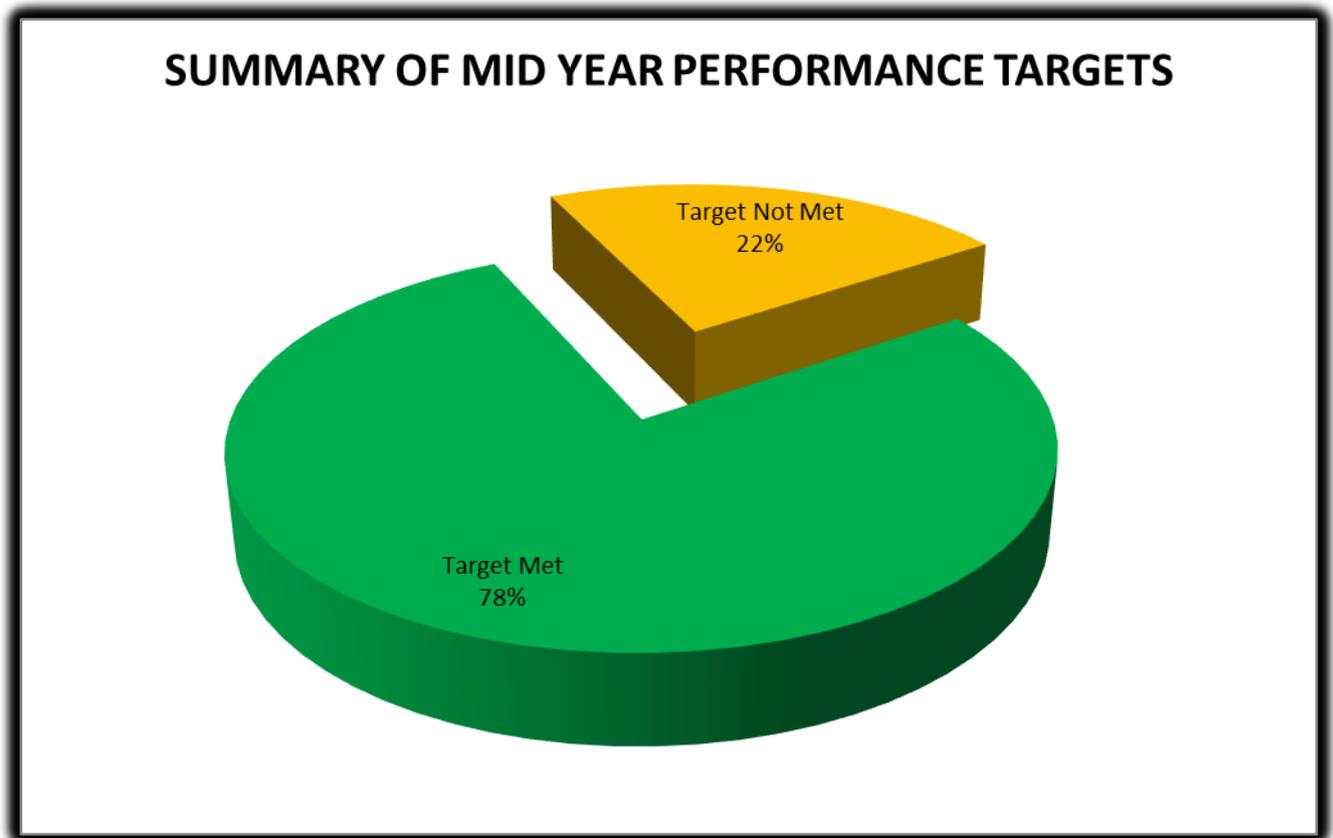


Chart 5 above provides a summary of the targets achieved or met (78%) as well the targets not met (22%). It can be stated that the performance of the municipality at midyear is above average; however there is still more room for improvement. There are reasons why some of the targets could not be met, and as such, the Performance Management unit has listed all the possible challenges that have hindered/ contributed to non-performance or non -implementation of the 22% targets not met.

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

Chart 6: Departmental performance targets

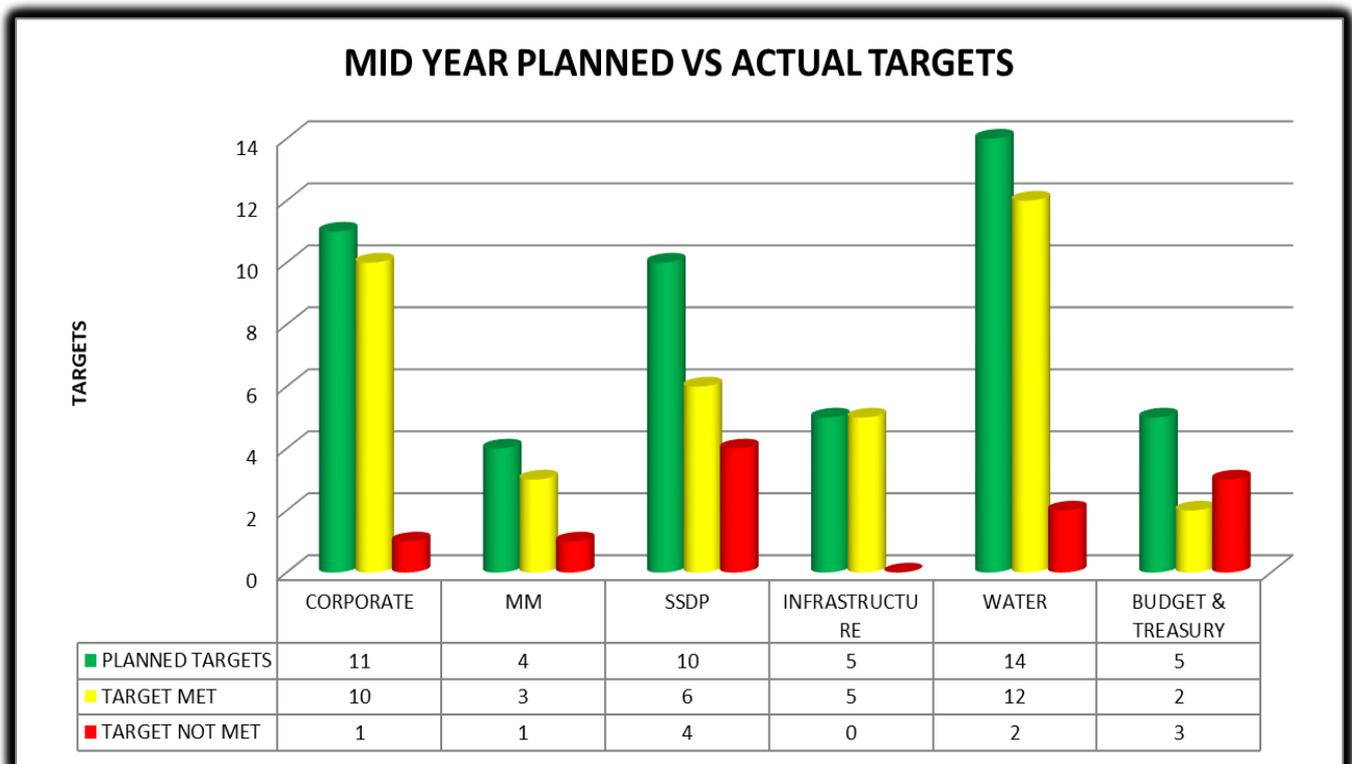
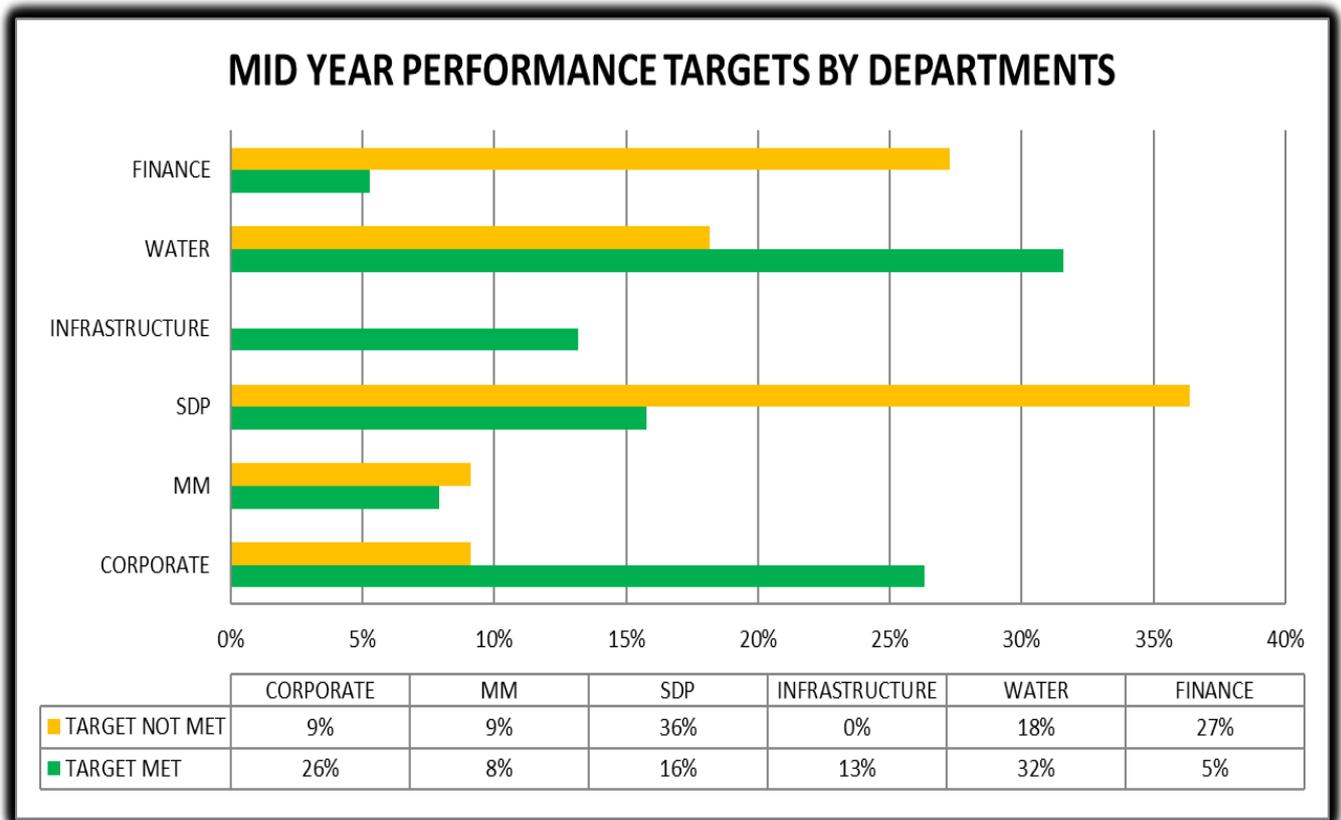


Chart 7 below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest.

Chart 7: Performance targets Departments



Below, the PMS unit has further rendered possible remedies to all the challenges as we move the second half of the year.

Key Challenges

The municipal billing and collection contributing negatively to the financial health of the municipality. Removal of indigent consumers with false information on the register. Percentages of complaints responded to within 48 hours. This was as a result of the incidents not closed on time on the system after they have been resolved

Corrective Measures

Belt tightening measures were introduced to assist in improving the financial state of the municipality. There will be a meeting scheduled with the area managers to recapacitate them on effectively use the REASEBETSA system. To prioritise the installation of meters for new applicants in order to create new accounts on the billing system. Conduct an investigation on accounts with spikes, do physical verification, advice consumer to fix water leaks in order to reduce the consumption or total billing

2.8 Capital Programme Performance

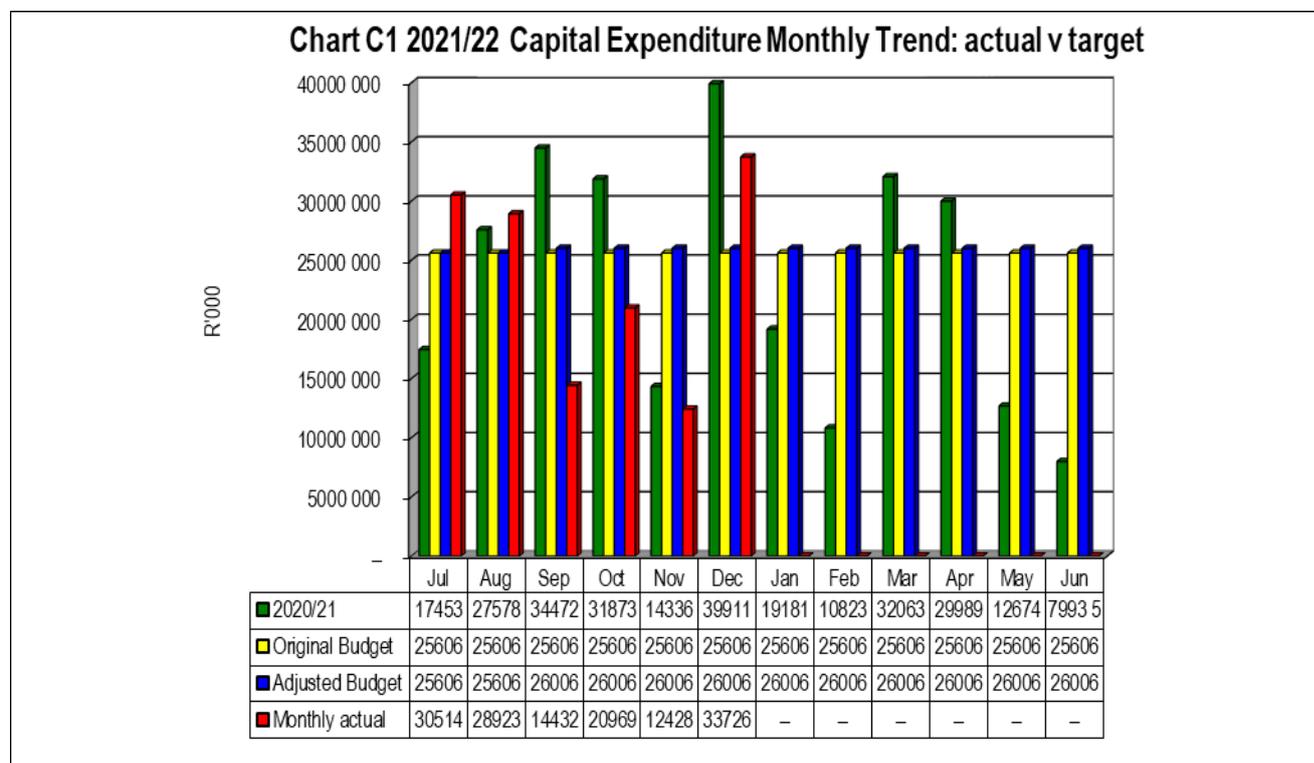
This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

Chart C1 below display a comparison between the previous year’s capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods July to December 2021 and the planned monthly targets is also displayed.

DC43 Harry Gwala - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M06 December

Month	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	17 453	25 607	25 607	30 514	30 514	25 607	(4 907)	-19,2%	10%
August	27 579	25 607	25 607	28 923	59 437	51 214	(8 223)	-16,1%	19%
September	34 472	25 607	26 007	14 433	73 870	77 221	3 351	4,3%	24%
October	31 874	25 607	26 007	20 969	94 839	103 228	8 389	8,1%	31%
November	14 337	25 607	26 007	12 429	107 268	129 235	21 967	17,0%	35%
December	39 911	25 607	26 007	33 726	140 994	155 242	14 248	9,2%	46%
January	19 182	25 607	26 007	-	-	181 249	-	-	-
February	10 824	25 607	26 007	-	-	207 256	-	-	-
March	32 063	25 607	26 007	-	-	233 263	-	-	-
April	29 990	25 607	26 007	-	-	259 270	-	-	-
May	12 674	25 607	26 007	-	-	285 277	-	-	-
June	7 994	25 607	26 007	-	-	311 283	-	-	-
Total Capital expenditure	278 353	307 283	311 283	140 994					

Chart C1: Capital Expenditure Monthly Trend: Actual v Target



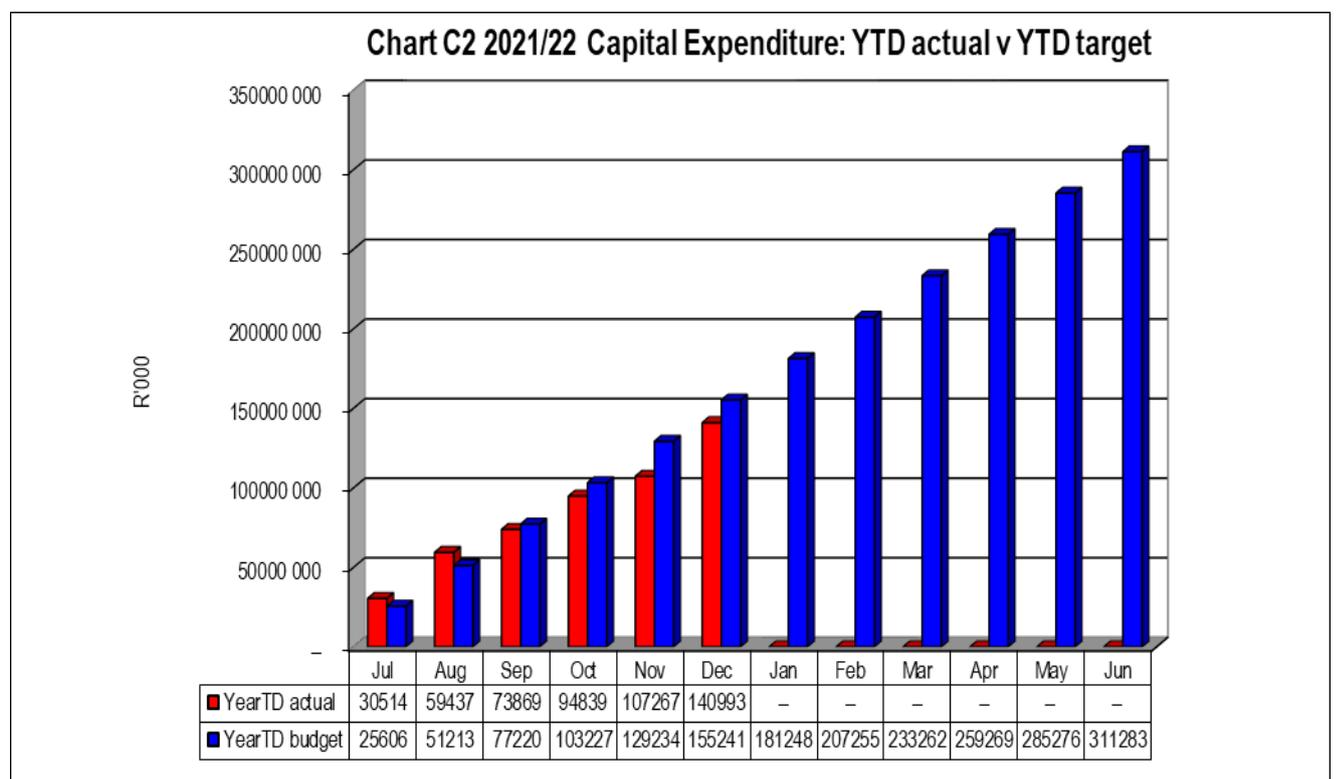
This next section looks at the performance of the capital expenditure on new assets by asset class

DC43 Harry Gwala - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M06

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	245 738	283 958	283 958	32 553	126 597	141 979	15 382	10,8%	283 958
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	237 781	228 108	223 108	27 098	98 070	112 387	14 318	12,7%	223 108
Dams and Weirs	24 469	25 000	20 000	1 951	4 009	10 833	6 825	63,0%	20 000
Boreholes	23 814	57 275	57 275	6 862	32 923	28 638	(4 285)	-15,0%	57 275
Reservoirs	870	7 000	7 000	458	2 019	3 500	1 481	42,3%	7 000
Pump Stations	30 873	31 000	31 000	5 492	15 719	15 500	(219)	-1,4%	31 000
Water Treatment Works	4 539	7 500	7 500	848	4 898	3 750	(1 148)	-30,6%	7 500
Bulk Mains	77 052	26 508	26 508	-	4 801	13 254	8 453	63,8%	26 508
Distribution	76 164	73 825	73 825	11 487	33 701	36 913	3 211	8,7%	73 825
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	7 958	55 850	60 850	5 454	28 527	29 592	1 065	3,8%	60 850
Pump Station	1 580	30 000	30 000	2 071	8 929	15 000	6 071	40,5%	30 000
Reticulation	6 378	20 000	20 000	3 278	13 486	10 000	(3 486)	-34,9%	20 000
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	5 850	10 850	106	6 112	4 592	(1 520)	-33,1%	10 850
Capital Spares	-	-	-	-	-	-	-	-	-
Other assets	1 610	-	-	-	-	-	-	-	-
Operational Buildings	1 610	-	-	-	-	-	-	-	-
Municipal Offices	1 610	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Intangible Assets	-	1 418	1 418	-	-	709	709	100,0%	1 418
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	1 418	1 418	-	-	709	709	100,0%	1 418
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	1 418	1 418	-	-	709	709	100,0%	1 418
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Computer Equipment	1 566	2 130	2 130	-	779	1 065	286	26,9%	2 130
Computer Equipment	1 566	2 130	2 130	-	779	1 065	286	26,9%	2 130
Furniture and Office Equipment	1 768	3 057	3 057	-	647	1 529	882	57,7%	3 057
Furniture and Office Equipment	1 768	3 057	3 057	-	647	1 529	882	57,7%	3 057
Machinery and Equipment	9 099	220	220	-	47	110	63	57,1%	220
Machinery and Equipment	9 099	220	220	-	47	110	63	57,1%	220
Transport Assets	7 355	-	-	-	-	-	-	-	-
Transport Assets	7 355	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	267 136	290 783	290 783	32 553	128 069	145 392	17 322	11,9%	290 783

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

Chart C2: Capital Expenditure: YTD Actual v YTD Target



In order for the municipality to reach its annual targets in the capital development programme, expenditure in this budget would have to maintained or increased at the trends experienced in December 2021.

2.9 Municipal Manager's Quality's Certification

Quality Certificate

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

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

The performance for the month of **31 December** of **2021** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name Adelaide Nomnandi Dlamini

Municipal Manager of **Harry Gwala District Municipality (DC43)**

Signature

Adelaide Nomnandi Dlamini

Date

26/01/2022