

Harry Gwala District Municipality

MFMA S 72 Midyear Budget Assessment incorporating S 52 (d) and S 71
Monthly report.

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PREAMBLE

To: The Mayor, The Honourable Councillor N Ndobe

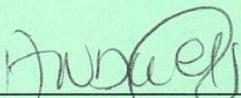
In Accordance with s72 of the Municipal Finance Management Act, I submit the required consolidated statement assessing the performance of the Harry Gwala District Municipality during the first half of the 2013-2014 financial year.

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

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

The Senior Managers were requested to indicate the status of the results as well as their remedial actions in order to achieve the planned results and these comments have been included in the performance assessment report.

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



Municipal Manager: Mrs N Dlamini
Municipal Manager-Harry Gwala District Municipality
24 January 2014



Councillor: ME Ndobe
Mayor: Harry Gwala District
Municipality
24 January 2014

1. PART 1 – IN YEAR REPORT

1.1 Mayors Report

The report will be tabled to the Mayor and to the Council and hence the Mayors report will be available when the report is tabled to council in terms of section 52 (d) and section 72 of the MFMA.

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 24 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 69% of the planned target as at midyear. It can be stated that the performance of the municipality at midyear is slightly above average; however there is still more room for improvement.

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 consolidated actual year to date revenue recognised as at 31 December 2013 was R353, 7million against a year to date budget of R349, 7million representing over performance of 1%.

OPERATIONAL EXPENDITURE

The consolidated operational budget performance at midyear was 4% below the Year to Date YTD budget for HGDM at 9% below.

CAPITAL EXPENDITURE

As at Midyear, the capital budget was underspent by 22%. This is an indication for a much accelerated infrastructure expenditure programme.

A consequential adjustment would also 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 Mayor;

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. Prepares the adjustments budget for Tabling to Council before the 28th February 2014 in terms of Municipal Budget Regulations.
5. 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 Sisonke - Table C1 Monthly Budget Statement Summary - M06 December								
Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Service charges	41 037	44 748	7 993	21 952	23 989	(2 036)	-8%	44 748
Investment revenue	2 753	2 000	262	1 611	1 206	404	34%	-
Transfers recognised - operational	217 640	220 563	(9 848)	166 808	164 341	2 467	2%	220 563
Other own revenue	6 567	500	512	3 612	250	3 362	1345%	500
Total Revenue (excluding capital transfers and contributions)	267 997	267 811	(1 081)	193 983	189 786	4 197	2%	265 811
Employee costs	81 571	90 434	8 339	47 633	45 753	1 880	4%	90 434
Remuneration of Councillors	4 622	6 181	424	2 404	3 090	(686)	-22%	6 181
Depreciation & asset impairment	18 000	20 000	-	-	9 500	(9 500)	-100%	20 000
Finance charges	3 680	3 500	1 427	1 427	1 250	177	14%	3 500
Materials and bulk purchases	9 422	7 800	459	3 087	3 900	(813)	-21%	7 800
Transfers and grants	9 569	12 000	4 255	8 255	6 000	2 255		12 000
Other expenditure	149 206	115 081	13 932	50 642	55 520	(4 878)	-9%	115 081
Total Expenditure	276 070	254 996	28 837	113 448	125 013	(11 565)	-9%	254 996
Surplus/(Deficit)	(8 072)	12 816	(29 918)	80 535	64 773	15 762	24%	10 816
Transfers recognised - capital	178 591	210 486	108 343	148 754	150 300	(1 545)	-1%	210 486
Surplus/(Deficit) after capital transfers & contributions	170 519	223 302	78 425	229 289	215 073	14 216	7%	221 302
Surplus/ (Deficit) for the year	170 519	223 302	78 425	229 289	215 073	14 216	7%	221 302
Capital expenditure & funds sources								
Capital expenditure	148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Capital transfers recognised	148 388	210 486	37 466	117 754	94 627	23 127	24%	210 486
Internally generated funds	-	16 748	-	-	-	-		16 748
Total sources of capital funds	148 388	227 234	37 466	117 754	94 627	23 127	24%	227 234
Financial position								
Total current assets	26 042	63 318		195 171				63 318
Total non current assets	1 083 502	1 517 343		1 166 956				1 517 343
Total current liabilities	81 782	34 740		161 766				34 740
Total non current liabilities	38 018	33 101		34 356				33 101
Community wealth/Equity	989 745	1 512 820		1 166 005				1 512 820
Cash flows								
Net cash from (used) operating	167 559	253 556	(25 785)	224 862	148 718	76 144	51%	253 556
Net cash from (used) investing	(148 471)	(226 772)	(37 466)	(133 356)	(132 283)	(1 073)	1%	(226 772)
Net cash from (used) financing	(2 652)	(2 482)	(1 297)	(1 297)	-	(1 297)	#DIV/0!	-
Cash/cash equivalents at the month/year end	19 970	54 303	-	110 395	46 435	63 960	138%	46 970
Debtors & creditors analysis								
	0-30 Days	31-60 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis								
Total By Income Source	4 527	3 284	2 561	2 333	3 078	14 155	48 764	82 303
Creditors Age Analysis								
Total Creditors	6 532	-	-	-	-	-	-	6 532

Financial Performance

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

DC43 Sisonke - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December									
Description	Ref	2012/13	Budget Year 2013/14						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1							%	
Revenue - Standard									
<i>Governance and administration</i>		214 469	220 696	1 319	167 540	165 797	1 743	1%	220 696
Budget and treasury office		214 469	220 696	1 275	167 496	165 797	1 699	1%	220 696
Corporate services		-	-	44	44	-	44	#DIV/0!	-
<i>Economic and environmental services</i>		90	-	3 171	3 171	-	3 171	#DIV/0!	-
Planning and development		90	-	3 171	3 171	-	3 171	#DIV/0!	-
<i>Trading services</i>		229 276	255 601	102 772	172 026	174 288	(2 262)	-1%	56 748
Water		44 642	56 748	8 027	22 306	23 989	(1 683)	-7%	56 748
Waste water management		184 635	198 853	94 745	149 720	150 300	(579)	0%	-
Total Revenue - Standard	2	443 835	476 297	107 262	342 737	340 086	2 652	1%	277 444
Expenditure - Standard									
<i>Governance and administration</i>		100 756	121 481	10 572	42 913	59 557	(16 644)	-28%	121 481
Executive and council		12 415	18 956	1 769	8 160	9 293	(1 133)	-12%	18 956
Budget and treasury office		54 930	63 431	4 442	16 506	31 097	(14 592)	-47%	63 431
Corporate services		33 411	39 094	4 361	18 248	19 166	(919)	-5%	39 094
<i>Economic and environmental services</i>		35 122	45 047	9 350	24 510	22 084	2 426	11%	45 047
Planning and development		35 122	33 047	5 094	16 255	14 646	1 609	11%	33 047
Environmental protection		-	12 000	4 255	8 255	7 438	817	11%	12 000
<i>Trading services</i>		140 192	88 467	8 915	46 024	43 372	2 653	6%	88 467
Water		34 630	78 651	7 976	40 311	38 559	1 752	5%	78 651
Waste water management		105 562	9 816	940	5 714	4 813	901	19%	9 816
Total Expenditure - Standard	3	276 070	254 996	28 837	113 448	125 013	(11 565)	-9%	254 996
Surplus/ (Deficit) for the year		167 766	221 302	78 425	229 289	215 073	14 216	7%	22 449

The table starts by assessing the midyear revenue by department and then the expenditure. The actual year to date revenue recognised as at December 2013 was R 353, 7 million against a year to date budget of R 349, 7million representing over performance of 1%.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 4% below the year to date budget at 9%.

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

DC43 Sisonke - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06								
Vote Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue by Vote								
Vote 2 - Finance	214 469	220 696	1 275	167 496	165 797	1 699	1.0%	220 696
Vote 3 - Corporate Services	-	-	44	44	-	44	#DIV/0!	-
Vote 4 - Economic & Community Services	90	-	3 171	3 171	-	3 171	#DIV/0!	-
Vote 5 - Infrastructure Services	184 635	198 853	94 745	149 720	150 300	(579)	-0.4%	198 853
Vote 6 - Water Services	44 642	56 748	8 027	22 306	23 989	(1 683)	-7.0%	56 748
Total Revenue by Vote	443 835	476 297	107 262	342 737	340 086	2 652	0.8%	476 297
Expenditure by Vote								
Vote 1 - Executive & Council	12 415	18 956	1 769	8 160	9 293	(1 133)	-12.2%	18 956
Vote 2 - Finance	54 930	63 431	4 442	16 506	31 097	(14 592)	-46.9%	63 431
Vote 3 - Corporate Services	33 411	39 094	4 361	18 248	19 166	(919)	-4.8%	39 094
Vote 4 - Economic & Community Services	35 122	45 047	9 350	24 510	22 084	2 426	11.0%	45 047
Vote 5 - Infrastructure Services	34 630	9 816	940	5 714	4 813	901	18.7%	78 651
Vote 6 - Water Services	105 562	78 651	7 976	40 311	38 559	1 752	4.5%	9 816
Total Expenditure by Vote	276 070	254 996	28 837	113 448	125 013	(11 565)	-9.3%	254 996
Surplus/ (Deficit) for the year	167 766	221 302	78 425	229 289	215 073	14 216	6.6%	221 302

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 2013.

DC43 Sisonke - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December								
Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Service charges - water revenue	26 799	30 697	5 595	15 367	15 971	(604)	-4%	30 697
Service charges - sanitation revenue	11 485	12 052	2 398	6 586	8 018	(1 432)	-18%	12 052
Interest earned - external investments	2 753	2 000	262	1 611	1 206	404	34%	2 000
Interest earned - outstanding debtors			453	2 556	-	2 556	#DIV/0!	
Transfers recognised - operational	217 640	220 563	(9 848)	166 808	164 341	2 467	2%	220 563
Other revenue	6 567	500	59	1 056	250	806	322%	500
Total Revenue (excluding capital transfers and contributions)	265 244	265 811	(1 081)	193 983	189 786	4 197	2%	265 811
Expenditure By Type								
Employee related costs	81 571	90 434	8 339	47 633	45 753	1 880	4%	90 434
Remuneration of councillors	4 622	6 181	424	2 404	3 090	(686)	-22%	6 181
Debt impairment	8 000	12 000	-	-	5 622	(5 622)	-100%	12 000
Depreciation & asset impairment	18 000	20 000	-	-	9 500	(9 500)	-100%	20 000
Finance charges	3 680	3 500	1 427	1 427	1 250	177	14%	3 500
Bulk purchases	9 422	7 800	459	3 087	3 900	(813)	-21%	7 800
Contracted services	17 492	36 317	3 661	10 543	16 999	(6 457)	-38%	36 317
Transfers and grants	9 569	12 000	4 255	8 255	6 000	2 255	38%	12 000
Other expenditure	123 714	66 763	10 272	40 099	32 898	7 201	22%	66 763
Total Expenditure	276 070	254 996	28 837	113 448	125 013	(11 565)	-9%	254 996
Surplus/(Deficit)	(10 825)	10 816	(29 918)	80 535	64 773	15 762	0	10 816
Transfers recognised - capital	178 591	210 486	108 343	148 754	150 300	(1 545)	(0)	210 486
Surplus/(Deficit) after capital transfers & contributions	167 766	221 302	78 425	229 289	215 073			221 302
Surplus/(Deficit) after taxation	167 766	221 302	78 425	229 289	215 073			221 302
Attributable to minorities								
Surplus/(Deficit) attributable to municipality	167 766	221 302	78 425	229 289	215 073			221 302
Share of surplus/ (deficit) of associate								
Surplus/ (Deficit) for the year	167 766	221 302	78 425	229 289	215 073			221 302

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

Capital Expenditure

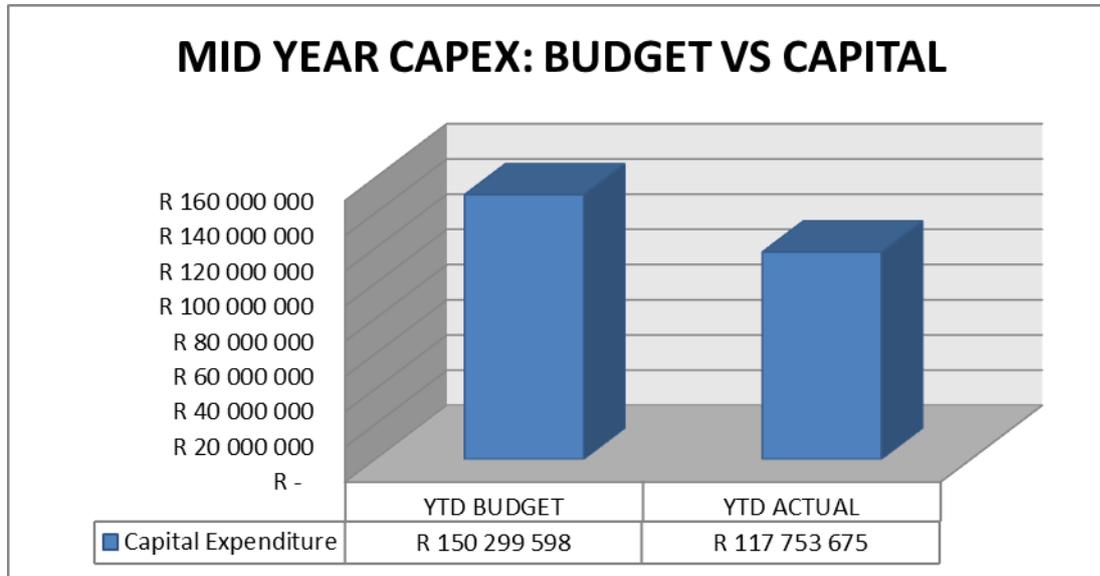
Table C5 below reports on the capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

DC43 Sisonke - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06									
Vote Description	Ref	2012/13	Budget Year 2013/14						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
Multi-Year expenditure appropriation	2								
Vote 2 - Finance		136	130	-	-	130	(130)	-100%	130
Vote 3 - Corporate Services		368	3 256	531	2 351	1 628	723	44%	3 256
Vote 5 - Infrastructure Services		147 884	223 248	36 936	115 402	148 242	(32 839)	-22%	223 248
Vote 6 - Water Services		-	600	-	-	300	(300)	-100%	600
Total Capital Multi-year expenditure	4,7	148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Total Capital Expenditure		148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Capital Expenditure - Standard Classification									
Governance and administration		504	3 386	531	2 351	1 758	593	34%	3 386
Budget and treasury office		136	130	-	-	130	(130)	-100%	130
Corporate services		368	3 256	531	2 351	1 628	723	44%	3 256
Trading services		147 884	223 848	36 936	115 402	148 542	(33 139)	-22%	223 848
Water		-	600	-	-	300	(300)	-100%	600
Waste water management		147 884	223 248	36 936	115 402	148 242	(32 839)	-22%	223 248
Total Capital Expenditure - Standard Classification	3	148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Funded by:									
National Government		128 865	210 486	36 163	107 978	137 822	20 275	23%	210 486
Provincial Government		19 523	-	773	7 706	12 478	782	11%	
District Municipality				531	2 070		2 070	#DIV/0!	
Transfers recognised - capital		148 388	210 486	37 466	117 754	150 300	23 127	24%	210 486
Internally generated funds			16 748				-		16 748
Total Capital Funding		148 388	227 234	37 466	117 754	150 300	23 127	24%	227 234

As compared to the 2012/13 mid-year capital expenditure the 2013/14 mid-year capital expenditure has improved by 12% from underspending of 34% to 22%, improvement is still needed in the expenditure of CAPEX as it affects the grant funding given by National and Provincial Treasury.

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 R117, 7million against a YTD budget of R150million. In monetary terms, these figures represent 78% performance against the capital development programme as at midyear.

Table C6 displays the financial position of the municipality as at 31 December 2013.

DC43 Sisonke - Table C6 Consolidated Monthly Budget Statement - Financial Position - M06				
Description	2012/13	Budget Year 2013/14		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands				
ASSETS				
Current assets				
Cash	19 970	54 303	110 395	54 303
Consumer debtors	5 957	2 505	9 553	2 505
Other debtors		6 510	13 092	6 510
Inventory	116	-	265	
Total current assets	26 042	63 318	133 305	63 318
Non current assets				
Property, plant and equipment	1 083 316	1 516 798	1 222 177	1 516 798
Intangible assets	186	545	6	545
Total non current assets	1 083 502	1 517 343	1 222 183	1 517 343
TOTAL ASSETS	1 109 545	1 580 661	1 355 488	1 580 661
LIABILITIES				
Current liabilities				
Borrowing	3 333	3 174	3 714	3 174
Consumer deposits	949	1 012	1 072	1 012
Trade and other payables	71 899	30 555	101 581	30 555
Provisions	5 600	-	7 271	
Total current liabilities	81 782	34 740	113 639	34 740
Non current liabilities				
Borrowing	30 591	25 384	26 266	25 384
Provisions	7 427	7 717	9 369	7 717
Total non current liabilities	38 018	33 101	35 634	33 101
TOTAL LIABILITIES	119 800	67 841	149 273	67 841
NET ASSETS	989 745	1 512 820	1 206 215	1 512 820
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	989 745	1 512 820	1 206 215	1 512 820
TOTAL COMMUNITY WEALTH/EQUITY	989 745	1 512 820	1 206 215	1 512 820

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

DC43 Sisonke - Table C7 Monthly Budget Statement - Cash Flow - M06 December								
Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	30 752	30 424	2 193	17 459	17 747	(289)	-2%	30 424
Government - operating	231 660	220 563	3 000	172 266	128 662	43 604	34%	220 563
Government - capital	168 745	210 486	-	195 539	122 784	72 756	59%	210 486
Interest	2 456	2 000	715	3 716	1 394	2 323	167%	2 000
Payments								
Suppliers and employees	(264 286)	(194 417)	(26 011)	(154 435)	(113 410)	41 025	-36%	(194 417)
Finance charges	(1 768)	(3 500)	(1 427)	(1 427)	(1 458)	(32)	2%	(3 500)
Transfers and Grants	-	(12 000)	(4 255)	(8 255)	(7 000)	1 255	-18%	(12 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	167 559	253 556	(25 785)	224 862	148 718	76 144	51%	253 556
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Payments								
Capital assets	(148 471)	(226 772)	(37 466)	(133 356)	(132 283)	1 073	-1%	(226 772)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(148 471)	(226 772)	(37 466)	(133 356)	(132 283)	1 073	-1%	(226 772)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits		12	-	-	-	-		-
Payments								
Repayment of borrow ing	(2 652)	(2 494)	(1 297)	(1 297)	-	1 297	#DIV/0!	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 652)	(2 482)	(1 297)	(1 297)	-	1 297	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD	16 436	24 303	(64 549)	90 209	16 435			26 784
Cash/cash equivalents at beginning:	3 535	30 000		20 186	30 000			20 186
Cash/cash equivalents at month/year end:	19 970	54 303		110 395	46 435			46 970

There has rather been lower than expected collection levels signalled by a collection ratio of 60% (June 2013: 64%). Interest earned on investments has been more than budgeted which was influenced by the investments account that were opened this financial year. The interest on outstanding debtors was not budgeted for and this will be corrected in the adjustment budget and it has improved the revenue of the Municipality.

Table C1 Consolidated Monthly Budget Statement- Financial

DC43 Sisonke - Table C1 Consolidated Monthly Budget Statement Summary - M06 December								
Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Service charges	41 037	44 748	7 993	21 952	23 989	(2 036)	-8%	44 748
Investment revenue	2 753	2 000	262	1 611	1 206	404	34%	-
Transfers recognised - operational	217 640	220 563	(9 848)	177 776	173 962	3 814	2%	220 563
Other own revenue	6 567	500	512	3 657	250	3 407	1363%	500
Total Revenue (excluding capital transfers and contributions)	267 997	267 811	(1 081)	204 996	199 407	5 589	3%	265 811
Employee costs	81 571	90 434	8 339	49 591	48 383	1 208	2%	90 434
Remuneration of Councillors	4 622	6 181	424	2 404	3 090	(686)	-22%	6 181
Depreciation & asset impairment	18 000	20 000	-	39	9 500	(9 461)	-100%	20 000
Finance charges	3 680	3 500	1 427	1 429	1 250	179	14%	3 500
Materials and bulk purchases	9 422	7 800	459	3 087	3 900	(813)	-21%	7 800
Transfers and grants	9 569	12 000	4 255	-	-	-		12 000
Other expenditure	149 206	115 081	13 932	63 459	59 450	4 009	7%	115 081
Total Expenditure	276 070	254 996	28 837	120 009	125 573	(5 565)	-4%	254 996
Surplus/(Deficit)	(8 072)	12 816	(29 918)	84 987	73 834	11 153	15%	10 816
Transfers recognised - capital	178 591	210 486	108 343	148 754	150 300	(1 545)	-1%	210 486
Surplus/(Deficit) after capital transfers & contributions	170 519	223 302	78 425	233 741	224 133	9 608	4%	221 302
Surplus/ (Deficit) for the year	170 519	223 302	78 425	233 741	224 133	9 608	4%	221 302
Capital expenditure & funds sources								
Capital expenditure	148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Capital transfers recognised	148 388	210 486	36 936	115 683	147 657	(31 974)	-22%	210 486
Internally generated funds	-	16 748	531	2 070	2 642	(572)	-22%	16 748
Total sources of capital funds	148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Financial position								
Total current assets	26 042	63 318		195 171				63 318
Total non current assets	1 083 502	1 517 343		1 166 956				1 517 343
Total current liabilities	81 782	34 740		161 766				34 740
Total non current liabilities	38 018	33 101		34 356				33 101
Community wealth/Equity	989 745	1 512 820		1 166 005				1 512 820
Cash flows								
Net cash from (used) operating	167 559	253 556	(25 785)	224 862	148 718	76 144	51%	253 556
Net cash from (used) investing	(148 471)	(226 772)	(37 466)	(133 356)	(132 283)	(1 073)	1%	(226 772)
Net cash from (used) financing	(2 652)	(2 482)	(1 297)	(1 297)	-	(1 297)	#DIV/0!	-
Cash/cash equivalents at the month/year end	19 970	54 303	-	110 395	46 435	63 960	138%	46 970
Debtors & creditors analysis	0-30 Days	31-60 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis								
Total By Income Source	4 527	3 284	2 561	2 333	3 078	14 155	48 764	82 303
Creditors Age Analysis								
Total Creditors	6 532	-	-	-	-	-	-	6 532

Table C2 Consolidated Monthly Budget Statement- Financial Performance (standard Bank)

DC43 Sisonke - Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) - M06 December									
Description	Ref	2012/13	Budget Year 2013/14						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
Revenue - Standard									
<i>Governance and administration</i>		214 469	220 696	1 319	167 540	165 797	1 743	1%	220 696
Executive and council		-	-	-	-	-	-		-
Budget and treasury office		214 469	220 696	1 275	167 496	165 797	1 699	1%	220 696
Corporate services		-	-	44	44	-	44	#DIV/0!	-
<i>Economic and environmental services</i>		90	-	3 171	14 184	9 621	4 563	47%	-
Planning and development		90	-	3 171	14 184	9 621	4 563	47%	-
<i>Trading services</i>		229 276	255 601	102 772	172 026	174 288	(2 262)	-1%	56 748
Electricity		-	-	-	-	-	-		-
Water		44 642	56 748	8 027	22 306	23 989	(1 683)	-7%	56 748
Waste water management		184 635	198 853	94 745	149 720	150 300	(579)	0%	-
Total Revenue - Standard	2	443 835	476 297	107 262	353 750	349 707	4 043	1%	277 444
Expenditure - Standard									
<i>Governance and administration</i>		100 756	121 481	10 572	42 913	59 557	(16 644)	-28%	121 481
Executive and council		12 415	18 956	1 769	8 160	9 293	(1 133)	-12%	18 956
Budget and treasury office		54 930	63 431	4 442	16 506	31 097	(14 592)	-47%	63 431
Corporate services		33 411	39 094	4 361	18 248	19 166	(919)	-5%	39 094
<i>Economic and environmental services</i>		35 122	45 047	9 350	31 071	22 643	8 428	37%	45 047
Planning and development		35 122	33 047	5 094	31 071	22 643	8 428	37%	33 047
Environmental protection		-	12 000	4 255	-	-	-		12 000
<i>Trading services</i>		140 192	88 467	8 915	46 024	43 372	2 653	6%	88 467
Water		34 630	78 651	7 976	40 311	38 559	1 752	5%	78 651
Waste water management		105 562	9 816	940	5 714	4 813	901	19%	9 816
Total Expenditure - Standard	3	276 070	254 996	28 837	120 009	125 572	(5 563)	-4%	254 996
Surplus/ (Deficit) for the year		167 766	221 302	78 425	233 741	224 135	9 607	4%	22 449

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

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

Vote Description	Ref	2012/13	Budget Year 2013/14						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote	1								
Vote 2 - Finance		214 469	220 696	1 275	167 496	165 797	1 699	1.0%	220 696
Vote 3 - Corporate Services		-	-	44	44	-	44	#DIV/0!	-
Vote 4 - Economic &Community Services		90	-	3 171	14 184	9 621	4 563	47.4%	-
Vote 5 - Infrastructure Services		184 635	198 853	94 745	149 720	150 300	(579)	-0.4%	198 853
Vote 6 - Water Services		44 642	56 748	8 027	22 306	23 989	(1 683)	-7.0%	56 748
Total Revenue by Vote	2	443 835	476 297	107 262	353 750	349 707	4 043	1.2%	476 297
Expenditure by Vote	1								
Vote 1 - Executive & Council		12 415	18 956	1 769	8 160	9 293	(1 133)	-12.2%	18 956
Vote 2 - Finance		54 930	63 431	4 442	16 506	31 097	(14 592)	-46.9%	63 431
Vote 3 - Corporate Services		33 411	39 094	4 361	18 248	19 166	(919)	-4.8%	39 094
Vote 4 - Economic &Community Services		35 122	45 047	9 350	31 071	22 643	8 428	37.2%	45 047
Vote 5 - Infrastructure Services		34 630	9 816	940	5 714	4 813	901	18.7%	78 651
Vote 6 - Water Services		105 562	78 651	7 976	40 311	38 559	1 752	4.5%	9 816
Total Expenditure by Vote	2	276 070	254 996	28 837	120 009	125 572	(5 563)	-4.4%	254 996
Surplus/ (Deficit) for the year	2	167 766	221 302	78 425	233 741	224 135	9 607	4.3%	221 302

Table C4 Consolidated Monthly Budget Statement – Financial Performance (revenue and expenditure)

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

Description	Ref	2012/13	Budget Year 2013/14						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Service charges - water revenue		26 799	30 697	5 595	15 367	15 971	(604)	-4%	30 697
Service charges - sanitation revenue		11 485	12 052	2 398	6 586	8 018	(1 432)	-18%	12 052
Interest earned - external investments		2 753	2 000	262	1 611	1 206	404	34%	
Interest earned - outstanding debtors				453	2 556	-	2 556	#DIV/0!	
Transfers recognised - operational		217 640	220 563	(9 848)	177 776	173 962	3 814	2%	220 563
Other revenue		6 567	500	59	1 101	250	851	340%	500
Gains on disposal of PPE							-		
Total Revenue (excluding capital transfers and contributions)		265 244	265 811	(1 081)	204 996	199 407	5 589	3%	265 811
Expenditure By Type									
Employee related costs		81 571	90 434	8 339	49 591	48 383	1 208	2%	90 434
Remuneration of councillors		4 622	6 181	424	2 404	3 090	(686)	-22%	6 181
Debt impairment		8 000	12 000	-	6	5 622	(5 616)	-100%	12 000
Depreciation & asset impairment		18 000	20 000	-	39	9 500	(9 461)	-100%	20 000
Finance charges		3 680	3 500	1 427	1 429	1 250	179	14%	3 500
Bulk purchases		9 422	7 800	459	3 087	3 900	(813)	-21%	7 800
Contracted services		17 492	36 317	3 661	10 543	16 999	(6 457)	-38%	36 317
Transfers and grants		9 569	12 000	4 255	-	-	-		12 000
Other expenditure		123 714	66 763	10 272	52 911	36 829	16 082	44%	66 763
Total Expenditure		276 070	254 996	28 837	120 009	125 573	(5 565)	-4%	254 996
Surplus/(Deficit)		(10 825)	10 816	(29 918)	84 987	73 834	11 153	0	10 816
Transfers recognised - capital		178 591	210 486	108 343	148 754	150 300	(1 545)	(0)	210 486
Surplus/(Deficit) after capital transfers & contributions		167 766	221 302	78 425	233 741	224 133			221 302
Surplus/(Deficit) after taxation		167 766	221 302	78 425	233 741	224 133			221 302
Attributable to minorities									
Surplus/(Deficit) attributable to municipality		167 766	221 302	78 425	233 741	224 133			221 302
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year		167 766	221 302	78 425	233 741	224 133			221 302

Table C5 Consolidated Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)

DC43 Sisonke - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and									
Vote Description	Ref	2012/13	Budget Year 2013/14						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
Multi-Year expenditure appropriation	2								
Vote 2 - Finance		136	130	-	-	130	(130)	-100%	130
Vote 3 - Corporate Services		368	3 256	531	2 351	1 628	723	44%	3 256
Vote 5 - Infrastructure Services		147 884	223 248	36 936	115 402	148 242	(32 839)	-22%	223 248
Vote 6 - Water Services		-	600	-	-	300	(300)	-100%	600
Total Capital Multi-year expenditure	4,7	148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Total Capital Expenditure		148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Capital Expenditure - Standard Classification									
Governance and administration		504	3 386	531	2 351	1 758	593	34%	3 386
Budget and treasury office		136	130	-	-	130	(130)	-100%	130
Corporate services		368	3 256	531	2 351	1 628	723	44%	3 256
Trading services		147 884	223 848	36 936	115 402	148 542	(33 139)	-22%	223 848
Water		-	600	-	-	300	(300)	-100%	600
Waste water management		147 884	223 248	36 936	115 402	148 242	(32 839)	-22%	223 248
Total Capital Expenditure - Standard Classification	3	148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234
Funded by:									
National Government		128 865	210 486	36 163	107 978	137 822	(29 844)	-22%	210 486
Provincial Government		19 523	-	773	7 706	9 835	(2 130)	-22%	-
Transfers recognised - capital		148 388	210 486	37 466	117 754	150 300	(32 546)	-22%	210 486
Internally generated funds			16 748	531	2 070	2 642	(572)	-22%	16 748
Total Capital Funding		148 388	227 234	37 466	117 754	150 300	(32 546)	-22%	227 234

Table C6 Consolidated Monthly Budget Statement – Financial Position

DC43 Sisonke - Table C6 Consolidated Monthly Budget Statement - Financial Position - M06				
Description	2012/13	Budget Year 2013/14		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands				
ASSETS				
Current assets				
Cash	19 970	54 303	110 395	54 303
Consumer debtors	5 957	2 505	9 553	2 505
Other debtors		6 510	13 092	6 510
Inventory	116	-	265	
Total current assets	26 042	63 318	133 305	63 318
Non current assets				
Property, plant and equipment	1 083 316	1 516 798	1 222 177	1 516 798
Intangible assets	186	545	6	545
Total non current assets	1 083 502	1 517 343	1 222 183	1 517 343
TOTAL ASSETS	1 109 545	1 580 661	1 355 488	1 580 661
LIABILITIES				
Current liabilities				
Borrowing	3 333	3 174	3 714	3 174
Consumer deposits	949	1 012	1 072	1 012
Trade and other payables	71 899	30 555	101 581	30 555
Provisions	5 600	-	7 271	
Total current liabilities	81 782	34 740	113 639	34 740
Non current liabilities				
Borrowing	30 591	25 384	26 266	25 384
Provisions	7 427	7 717	9 369	7 717
Total non current liabilities	38 018	33 101	35 634	33 101
TOTAL LIABILITIES	119 800	67 841	149 273	67 841
NET ASSETS	989 745	1 512 820	1 206 215	1 512 820
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	989 745	1 512 820	1 206 215	1 512 820
TOTAL COMMUNITY WEALTH/EQUITY	989 745	1 512 820	1 206 215	1 512 820

Table C7 Consolidated Budget Statement - Cash Flow

DC43 Sisonke - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M06 December								
Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	30 752	30 424	2 193	17 459	17 747	(289)	-2%	30 424
Government - operating	231 660	220 563	3 000	201 234	128 662	72 572	56%	220 563
Government - capital	168 745	210 486	-	195 539	122 784	72 756	59%	210 486
Interest	2 456	2 000	715	3 761	1 394	2 368	170%	2 000
Payments								
Suppliers and employees	(264 286)	(194 417)	(26 011)	(192 575)	(113 410)	79 165	-70%	(194 417)
Finance charges	(1 768)	(3 500)	(1 427)	(1 429)	(1 458)	(29)	2%	(3 500)
Transfers and Grants	-	(12 000)	(4 255)	(8 255)	(7 000)	1 255	-18%	(12 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	167 559	253 556	(25 785)	215 733	148 718	67 015	45%	253 556
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Decrease (increase) in non-current investments				(18)		(18)	#DIV/0!	
Payments								
Capital assets	(148 471)	(226 772)	(37 466)	(133 638)	(132 283)	1 354	-1%	(226 772)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(148 471)	(226 772)	(37 466)	(133 655)	(132 283)	1 372	-1%	(226 772)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits		12	-	-	-	-		-
Payments								
Repayment of borrowing	(2 652)	(2 494)	(1 297)	(1 309)	-	1 309	#DIV/0!	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 652)	(2 482)	(1 297)	(1 309)	-	1 309	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD	16 436	24 303	(64 549)	80 769	16 435			26 784
Cash/cash equivalents at beginning:	3 535	30 000		32 076	30 000			32 076
Cash/cash equivalents at month/year end:	19 970	54 303		112 845	46 435			58 860

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

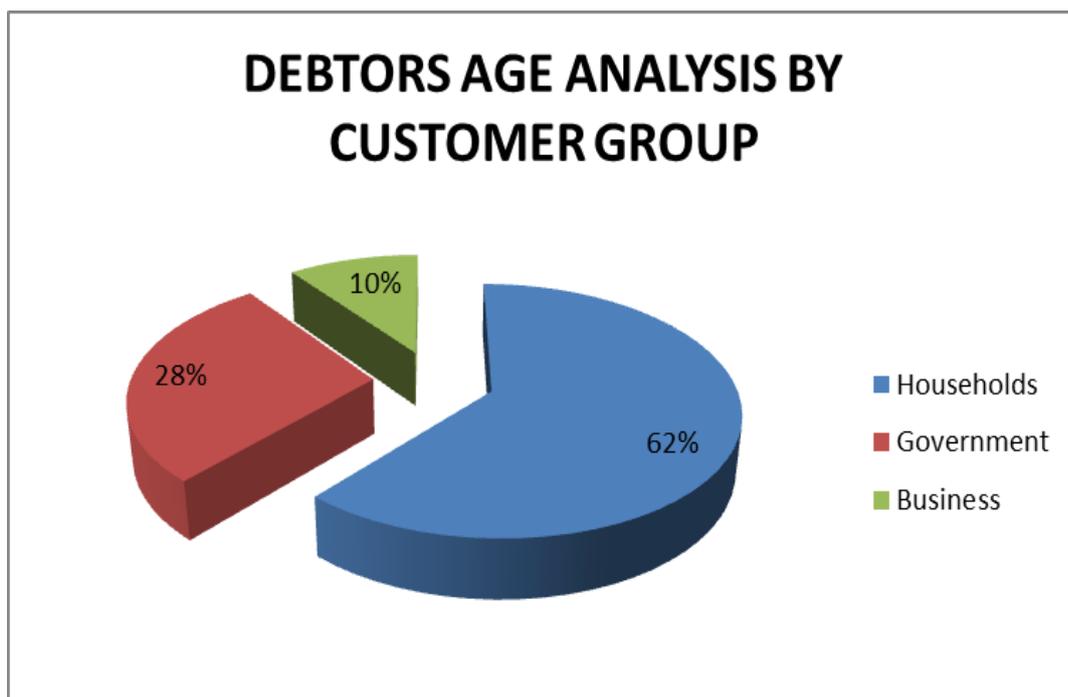
DC43 Sisonke - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December									
Description	NT Code	Budget Year 2013/14						Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys			
R thousands									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	1200	2 978	3 125	2 564	2 050	1 692	12 408	3 741	
Receivables from Exchange Transactions - Waste Water Management	1500	1 141	1 223	999	823	725	4 911	1 548	
Interest on Arrear Debtor Accounts	1810	453	437	442	430	430	2 192	861	
Total By Income Source	2000	4 572	4 784	4 005	3 303	2 847	19 511	6 150	
2012/13 - totals only									
Debtors Age Analysis By Customer Group									
Organs of State	2200	1 460	1 591	1 122	865	477	5 516	1 342	
Commercial	2300	678	444	314	295	265	1 996	560	
Households	2400	2 434	2 749	2 569	2 143	2 105	12 000	4 248	
Total By Customer Group	2600	4 572	4 784	4 005	3 303	2 847	19 511	6 150	

Table 2.1.2 Debtors Age Analyses Consumer Debt by Category.

DC43 Sisonke - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December									
Description	NT Code	Budget Year 2013/14						Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys			
R thousands									
Debtors Age Analysis By Customer Group									
Organs of State	2200	1 460	1 591	1 122	865	477	5 516	1 342	
Commercial	2300	678	444	314	295	265	1 996	560	
Households	2400	2 434	2 749	2 569	2 143	2 105	12 000	4 248	
Total By Customer Group	2600	4 572	4 784	4 005	3 303	2 847	19 511	6 150	

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: 62%
- ✓ Government 28%
- ✓ Business 10%

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

2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2013

DC43 Sisonke - Supporting Table SC4 Monthly Budget Statement				
Description	NT Code	Budget Year 2013/14		Prior year totals for chart (same period)
		0 - 30 Days	Total	
R thousands				
Creditors Age Analysis By Customer Type				
Bulk Water	0200	806	806	
PAYE deductions	0300	1 358	1 358	
Loan repayments	0600	261	261	
Trade Creditors	0700	3 560	3 560	
Auditor General	0800	547	547	
Total By Customer Type	1000	6 532	6 532	-

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 2013.

Investments

DC43 Sisonke - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December						
Investments by maturity Name of institution & investment ID R thousands	Ref	Type of Investment	Accrued interest for the month	Market value at beginning	Change in market value	Market value at end of the
Municipality						
FIRST NATIONAL BANK	62095523281	MONEY MARKET	18	2 659	26 467	29 144
FIRST NATIONAL BANK	62138538692	CALL ACCOUNT	154	75 684	(21 266)	54 572
FIRST NATIONAL BANK	62032587331	CALL ACCOUNT	9	3 778	(2 500)	1 287
INVESTEC	50006688425	FIXED DEPOSIT	42	10 665	–	10 707
FIRST NATIONAL BANK	62398395204	CALL ACCOUNT	28	7 660	–	7 689
FIRST NATIONAL BANK	62414264797	CALL ACCOUNT	5	2 089	–	2 094
FIRST NATIONAL BANK	62434151239	CALL ACCOUNT	2	963	–	965
FIRST NATIONAL BANK	62434147072	CALL ACCOUNT	2	893	–	894
FIRST NATIONAL BANK	62434145331	CALL ACCOUNT	3	1 255	–	1 258
Municipality sub-total			262	105 647	2 700	108 609
TOTAL INVESTMENTS AND INTEREST	2		262	105 647	2 700	108 609

2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

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

Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
RECEIPTS:								
Operating Transfers and Grants								
National Government:	217 200	220 310	-	167 166	166 171	-		220 010
Local Government Equitable Share	203 556	216 056	-	162 042	162 042	-		216 056
Finance Management	1 250	1 250	-	1 250	1 250			1 250
Municipal Systems Improvement	1 000	890	-	890	890			890
WATER SERVICES OPERATING SUBSIDY GRANT	9 618	-	-	-	-			-
WATER SERVICES OPERATING SUBSIDY	-	300	-	1 170	175			
Rural Transport Services and Infrastructure Grant	1 776	1 814	-	1 814	1 814	-		1 814
Provincial Government:	600	253	-	3 661	253	3 408	1346.9%	253
Infrastructure Sport Facilities		253	-	-	253	(253)	-100.0%	253
District Growth Development Summit	400							
Accredited Councillors Training	200							
Ig seta			-	44		44	#DIV/0!	
Disaster management Cogta			3 000	3 000		3 000	#DIV/0!	
Cogta ubuhlebezwe-Water Infra				617		617	#DIV/0!	
Total Operating Transfers and Grants	217 800	220 563	-	170 827	166 424	3 408	2.0%	220 263
Capital Transfers and Grants								
National Government:	173 813	210 486	-	196 978	177 328	-		210 486
Municipal Infrastructure Grant (MIG)	165 717	173 618	-	156 452	156 452	-		173 618
Regional Bulk Infrastructure	302	15 429	-	28 579	8 929			15 429
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT G	-	5 000	-	2 422	2 422			5 000
MUNICIPAL WATER INFRASTRUCTURE GRANT	-	13 700	-	7 607	7 607			13 700
Expanded public works programme incentive grant	4 594	2 739	-	1 918	1 918			2 739
Farmers Market	3 200	-	-	-	-			-
Provincial Government:	21 420	-	-	-	-	-		-
ACIP Grant	620	-	-	-	-			-
Massification	20 800	-	-	-	-			-
Total Capital Transfers and Grants	195 233	210 486	-	196 978	177 328	-		210 486
TOTAL RECEIPTS OF TRANSFERS & GRANTS	413 033	431 049	3 000	367 805	343 752	3 408	1.0%	430 749

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 Sisonke - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December								
Description	2012/13	Budget Year 2013/14						
	Audited Outcome	Original 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:	213 282	220 310	18 220	181 882	164 341	17 541	10.7%	217 246
Local Government Equitable Share	203 556	216 056	18 005	180 047	162 441	17 606	10.8%	216 056
Finance Management	1 250	1 250	90	421	600	(179)	-29.8%	
Municipal Systems Improvement	1 000	890	-	114	400	(286)	-71.5%	890
WATER SERVICES OPERATING SUBSIDY GRANT	5 700	-	-	-	-	-		-
WATER SERVICES OPERATING SUBSIDY		300	-	617	300	317	105.7%	300
Rural Transport Services and Infrastructure Grant	1 776	1 814	125	683	600	83	13.8%	-
Other transfers and grants [insert description]						-		
Provincial Government:	90	253	-	-	-	-		253
Infrastructure Sport Facilities		253	-	-	-	-		253
Accredited Councillors Training	90							
Total operating expenditure of Transfers and Grants:	213 372	220 563	18 220	181 882	164 341	17 541	10.7%	217 499
Capital expenditure of Transfers and Grants								
National Government:	172 982	210 486	39 577	113 331	146 293	(34 297)	-23.4%	195 057
Municipal Infrastructure Grant (MIG)	165 717	173 618	34 908	103 478	113 124	(9 646)	-8.5%	173 618
Regional Bulk Infrastructure	302	15 429	728	5 110	15 429	(10 319)	-66.9%	
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT		5 000	367	418	2 500	(2 082)	-83.3%	5 000
MUNICIPAL WATER INFRASTRUCTURE GRANT		13 700	3 518	1 450	13 700	(12 250)	-89.4%	13 700
Expanded public works programme incentive grant	3 763	2 739	56	2 875	1 540			2 739
Farmers Market	3 200					-		
Provincial Government:	1 125	-	-	-	4 006	(4 006)	-100.0%	-
ACIP Grant	620					-		
Massification	505				4 006	(4 006)	-100.0%	
Total capital expenditure of Transfers and Grants	174 107	210 486	39 577	113 331	150 300	(38 303)	-25.5%	195 057
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	387 479	431 049	57 798	295 213	314 641	(20 762)	-6.6%	412 556

2.5 Councillor and Staff Benefits

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

DC43 Sisonke - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December								
Summary of Employee and Councillor remuneration	2012/13	Budget Year 2013/14						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B						D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	3 894	3 370	288	1 630	697	933	134%	3 370
Pension and UIF Contributions	-	441	21	121	73	49	67%	441
Medical Aid Contributions	-	104	5	29	17	11	67%	104
Motor Vehicle Allowance	498	1 301	63	358	215	143	67%	1 301
Cellphone Allowance	180	286	14	79	47	31	67%	286
Other benefits and allowances	50	680	33	187	112	75	67%	680
Sub Total - Councillors	4 622	6 181	424	2 404	1 162	1 242	107%	6 181
% increase		33.7%						33.7%
Senior Managers of the Municipality								
Basic Salaries and Wages	2 127	3 801	351	2 002	1 001	1 001	100%	3 801
Pension and UIF Contributions	7	2	0	1	1	1	100%	2
Medical Aid Contributions	47	4	0	2	1	1	100%	4
Performance Bonus	-	525	48	277	138	138	100%	525
Motor Vehicle Allowance	754	2 376	219	1 252	626	626	100%	2 376
Cellphone Allowance	65	111	10	59	29	29	100%	111
Housing Allowances	277	-	-	-	-	-	-	-
Other benefits and allowances	2	3	0	2	1	1	100%	3
Sub Total - Senior Managers of Municipality	3 279	6 823	629	3 594	1 796	1 798	100%	6 823
% increase		108.1%						108.1%
Other Municipal Staff								
Basic Salaries and Wages	53 145	60 398	5 570	31 813	15 902	15 911	100%	60 398
Pension and UIF Contributions	8 267	10 212	942	5 379	2 689	2 690	100%	10 212
Medical Aid Contributions	3 206	1 411	130	743	372	372	100%	1 411
Overtime	4 674	1 261	116	664	332	332	100%	1 261
Performance Bonus	3 301	5 596	516	2 948	1 473	1 474	100%	5 596
Motor Vehicle Allowance	3 950	2 572	237	1 355	677	678	100%	2 572
Cellphone Allowance	307	439	40	231	116	116	100%	439
Housing Allowances	218	38	4	20	10	10	100%	38
Other benefits and allowances	22	1 682	155	886	443	443	100%	1 682
Payments in lieu of leave	1 054	-	-	-	-	-	-	-
Long service awards	167	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	78 311	83 611	7 710	44 039	22 013	22 026	100%	83 611
% increase		6.8%						6.8%
Total Parent Municipality	86 212	96 615	8 763	50 037	24 971	25 066	100%	96 615
% increase		12.1%						12.1%
TOTAL SALARY, ALLOWANCES & BENEFITS	86 212	96 615	8 763	50 037	24 971	25 066	100%	96 615
% increase		12.1%						12.1%
TOTAL MANAGERS AND STAFF	81 590	90 434	8 339	47 633	23 809	23 824	100%	90 434

2.6 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

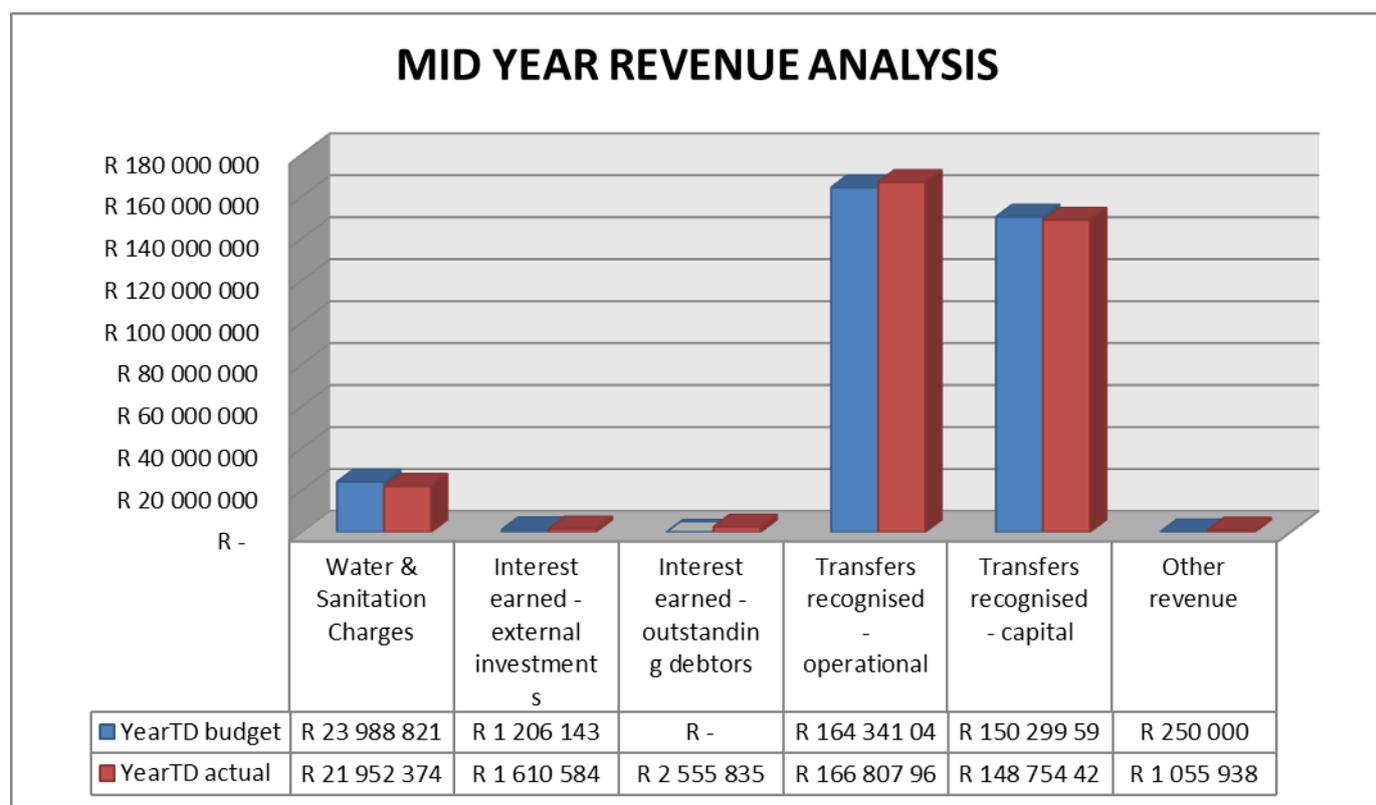
The analysis also provides a brief on the impact of this report on the adjustments budget.

The last section under this heading analyses the actual targets against the planned targets as at 31 December 2013.

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 2013 was R21, 9million against a year to date **budget** of R23, 9million. This represents an under performance in municipal billing by 8%. 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: None

Interest Earned on External Investments

The actual interest earned on external investments as at midyear is 34% (R1 610 584) more than the midyear budget. This could be attributable to the large cash inflows at the beginning of the financial year.

Adjustment Budget Implications: An upward adjustment would be necessary.

Transfers Recognised - Operational

The operational grants revenue of R166, 8million against a budget of R164, 3million is largely attributable to the YTD equitable share received of R162 million while the balance relates to conditions met on conditional grant funding.

Adjustment Budget Implications: An upward adjustment resulting from the additional additional grants gazetted in the appropriation adjustment would be effected.

Transfers Recognised – Capital

The actual R148, 7million (against a YTD budget of R150, 3million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 1% under performance in Conditional Capital grant funding expenditures.

Adjustment Budget Implications: An upward adjustment resulting from the additional grants gazetted in the appropriation adjustment would be effected.

Other Revenue

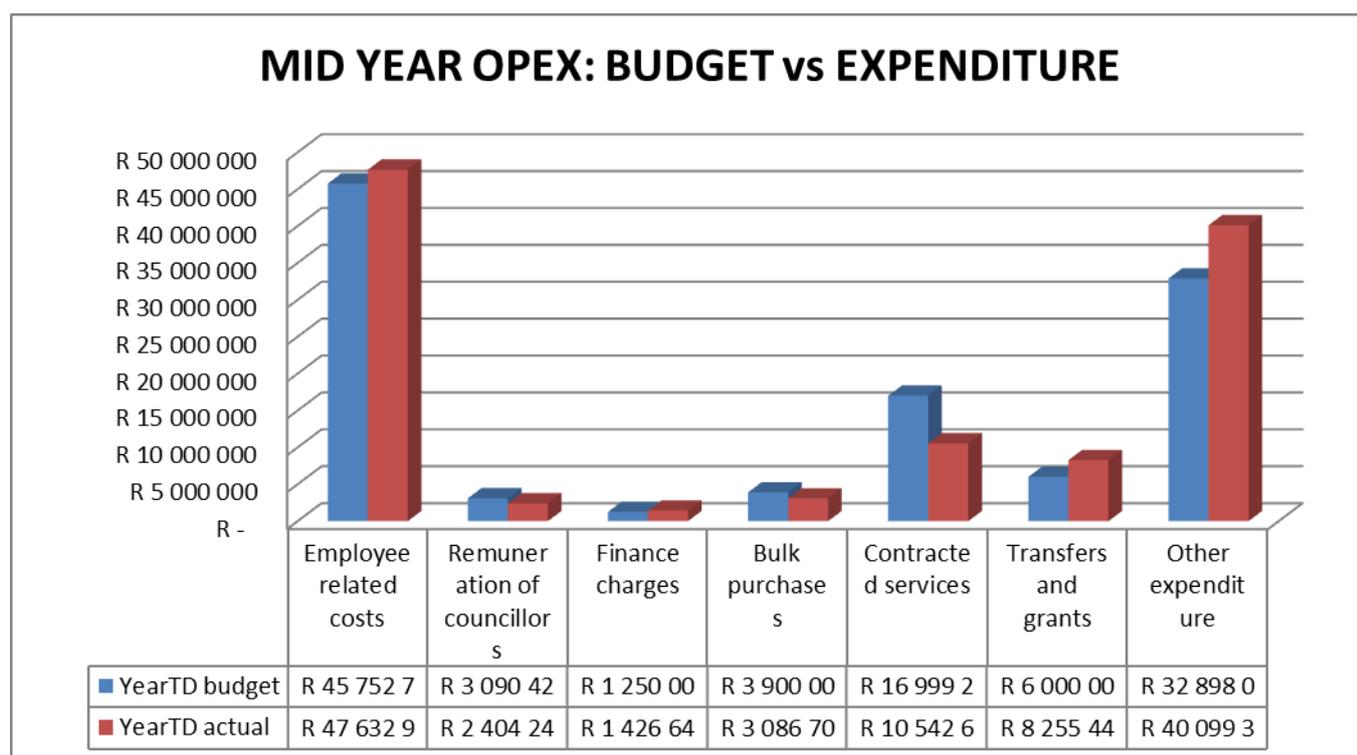
The YTD performance of other revenue has improved drastically by 422% with YTD Actual of R1 055 938 compared to YTD Budget of R 250 000.

Adjustment Budget Implications: An upward adjustment would be necessary.

OPERATIONAL EXPENDITURE

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

Chart 4: Midyear Opex



Employee Related Costs

The YTD budget for employee related costs is R45, 7million against a YTD actual of R47, 6million and a variance of a 4%.

Adjustment Budget Implications: Factoring the slight increase in salaries, as per the collective bargaining agreement, to be effected in January 2014 and the appointment additional staff who will commence their duties in the 3rd Quarter, an upward adjustment of this budget would be necessary.

Remuneration of Councillors

The remuneration of councillor's expenditure as at 31 December 2013 was R2, 4million against a budget of R3 million. An under expenditure of R686 174 as at midyear.

Adjustment Budget Implications: None

Finance Charges

As at midyear, the finance charges budget has been overspent but 14% or put differently, under budgeted by R176 641.

Adjustment Budget Implications: An increase in this budget would have to be effected.

Bulk Purchases

The expenditure on Bulk Water purchases has underspent by 813 292.

Adjustment Budget Implications:

Other Expenditure

The YTD actual was R5, 6million against YTD budget of R4 million citing an over expenditure of R2, 7 million. An analysis of the ten (10) line items with the highest over expenditures is depicted in the table below.

TOP 10 OVER EXPENDITURES					
Votenummer	Description	Budget/OpenBa	Curr Mth Exp	YTD Movement	Balance
0000-00-1-20-8060	EMERGENCY WATER INTERVENTION	R 200 000	R 343 050	R 1 687 350	R -1 487 350
0000-00-1-20-1900	KWANALOGA GAMES	R 3 297 200	R 847 383	R 2 882 534	R -824 796
0000-00-1-20-8055	EMERGENCY SEWER INTERVENTION	R 200 000	R 151 200	R 319 960	R -119 960
0000-00-1-20-7120	VEHICLE LICENCES	R 61 895	R 10 205	R 155 803	R -93 908
0000-00-1-20-2105	COMPETITIONS IN LM's IN MASKHANDI	R 200 000	R 269 320	R 285 120	R -87 440
0000-00-1-20-2940	POSTAGE	R 54 152	R 79 955	R 130 579	R -76 427
0000-00-1-20-1090	EXPERIENTIAL LEARNING	R 121 500	R 7 440	R 144 936	R -23 436
0000-00-1-20-0380	BOOKS & PUBLICATIONS	R 3 881	R 376	R 4 957	R -1 076
0000-00-1-20-2705	INTEREST PD ON DEBIT BALANCE	R -	R -	R 5	R -5
		R 4 138 628	R 1 708 930	R 5 611 244	R -2 714 398

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

Performance assessment

The Mid-Year Performance Assessment Report is an important instruments 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.

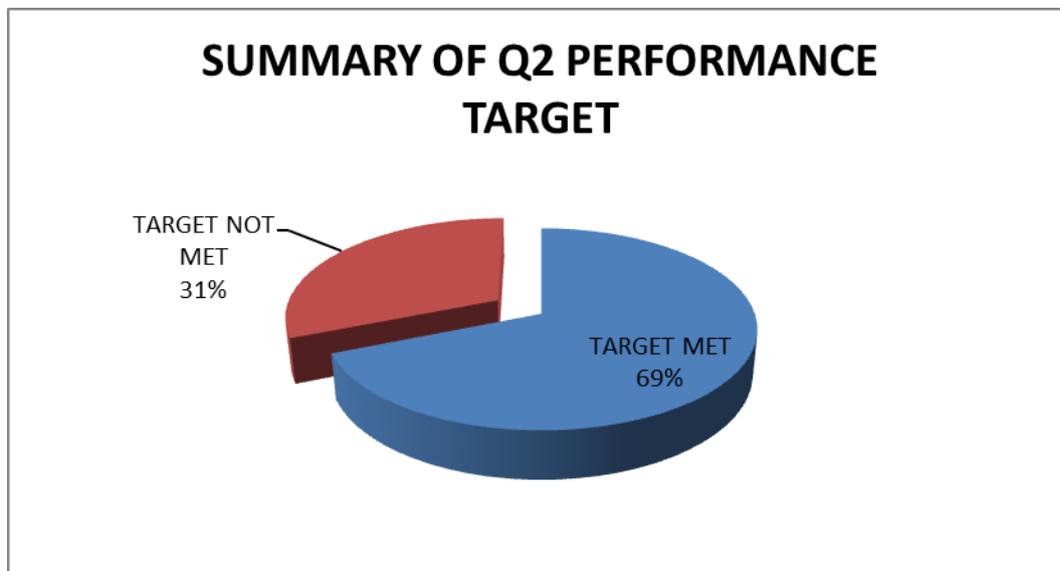


Chart 5 above provides a summary of the targets achieved (69%) as well the targets not met (31%). It can be stated that the performance of the municipality at midyear is slightly above average; however there is still more room for improvement. There is a plethora of reasons why some of the targets could 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 31% 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

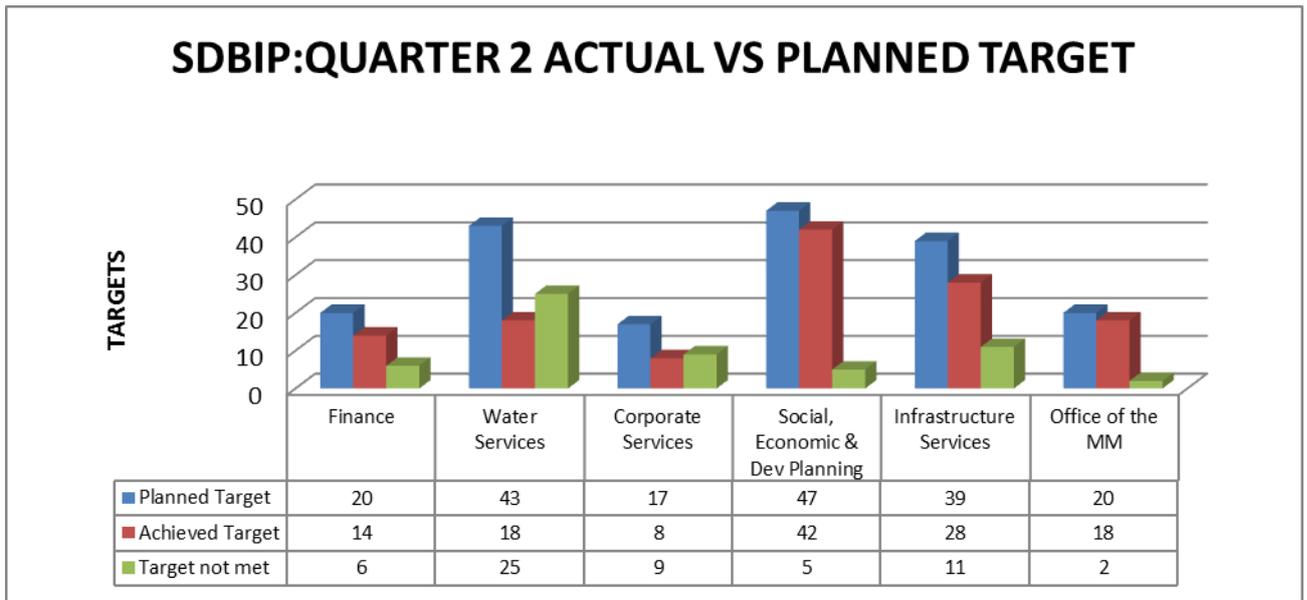
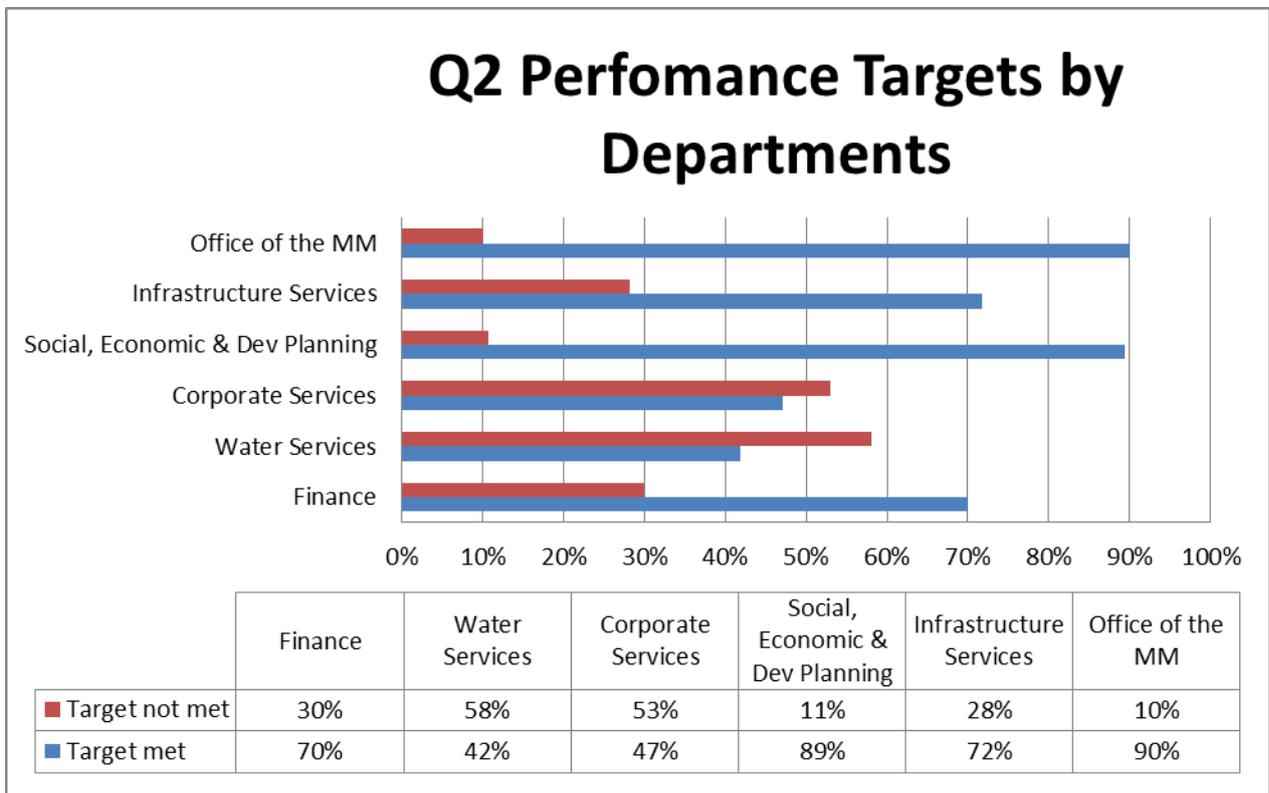


Chart 7 below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest.

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.

GENERAL OBSERVATION BY THE MUNICIPAL MANAGER

1. Looking at the findings above it is noted that performance exceeds non -performance even though it is not with a substantial margin.
2. The department of Water Services performance and that of Corporate Services impacted adversely on the performance of the organization as a whole.
3. The Social Services and Development Planning and the Office of the Municipal Manager successfully performed their duties with little or immaterial challenges.

RECOMMENDATIONS BY THE MUNICIPAL MANAGER

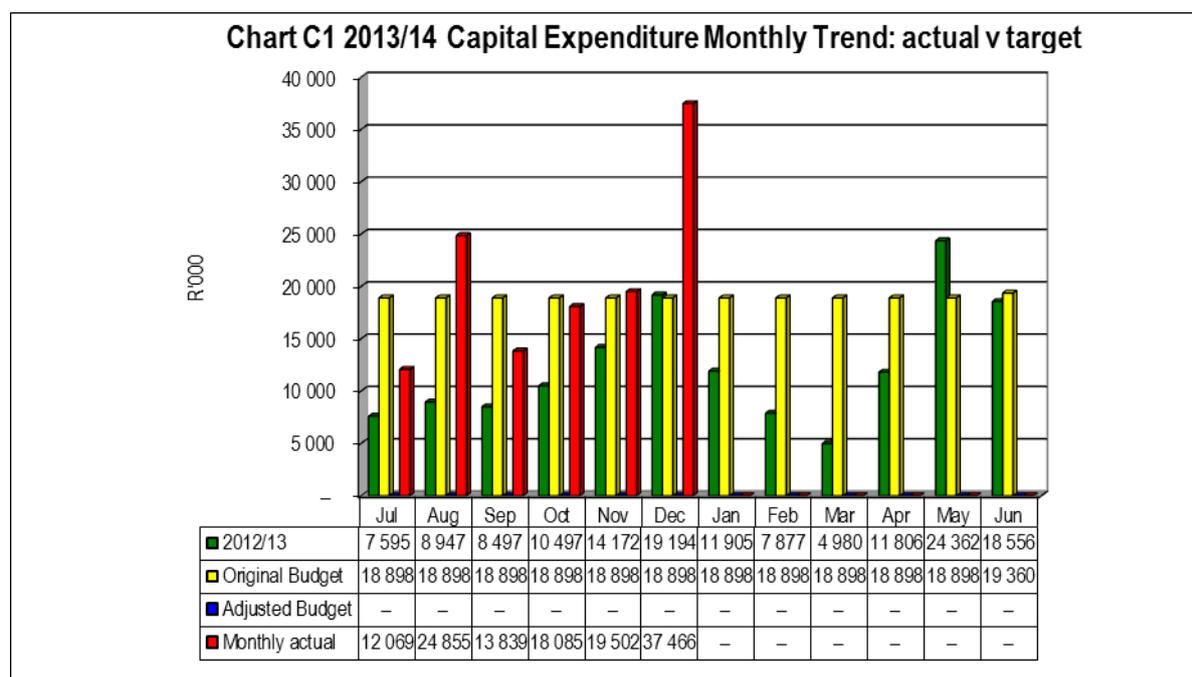
1. In order to give effect to the material challenges observed above, particular in the Water and Corporate Service Department, It is recommended that the Council of Harry Gwala District Municipality considers review the performance targets and performance indicators downwards in last half of the 2013-2014 Service Delivery and Budget Implementation Plan.
2. The recommendation above should also take into account the financial performance of the municipality in the first half of the year. It is anticipated that material challenges in the financial performance will either have positive or negative on the none financial service delivery targets and indicators.

2.7 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.

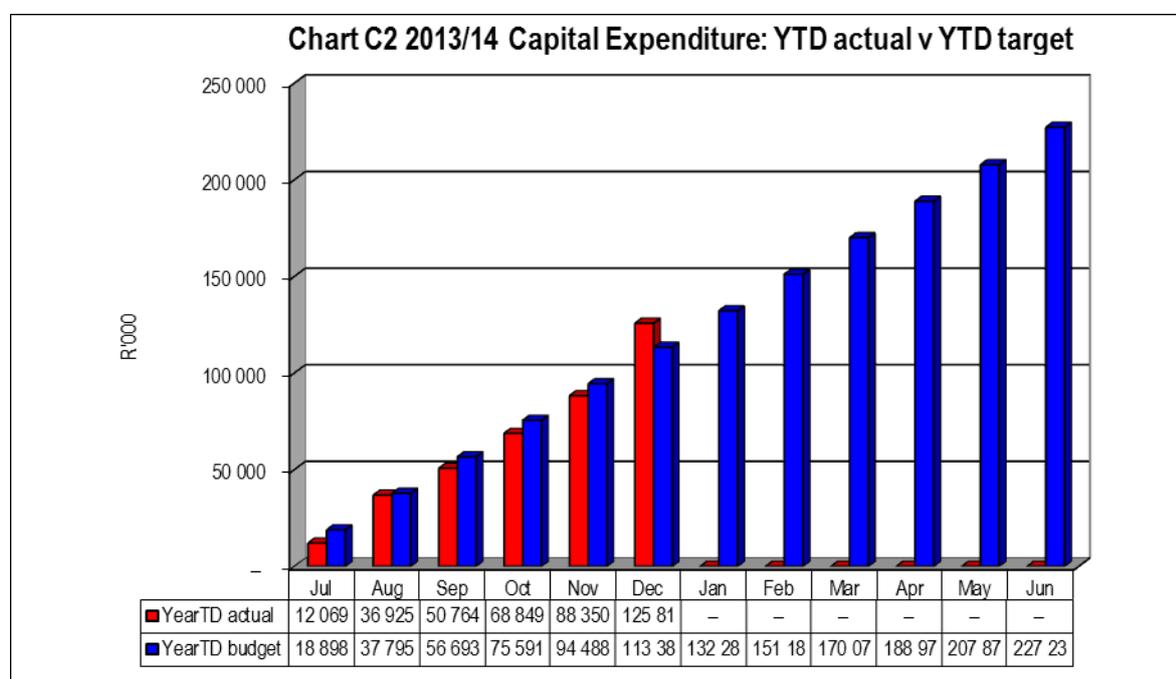
Chart C1 below display a comparison between the previous year's capital expenditure performance to that of the current year for the period under review. A comparison between the monthly expenditure for the periods July to December 2013 and the planned monthly targets is also displayed.

Chart C1: Capital Expenditure Monthly Trend: Actual v Target



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 2013.

2.8 Municipal Manager's Quality's Certification

Quality Certificate

I, Nandi 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 December of 2013 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name AN RWEBA
Municipal manager of Harry Gwala DM
Signature [Handwritten Signature]
Date 24/01/14