

Harry Gwala District Municipality

MFMA s71 report for the period ending 30 November 2014

12/11/2014

Budget & Treasury Office

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Glossary

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

AFS – Annual Financial Statements

Budget – The financial plan of the Municipality.

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

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

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

FMG – Financial Management Grant.

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

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

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

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

MIG – Municipal Infrastructure Grant.

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

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

SDBIP – Service Delivery and Budget Implementation Plan (SDBIP). A detailed plan comprising annual and quarterly performance information. Sisonke District Municipality

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

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

YTD – Year to date

YoY – Year on Year

DBSA – Development Bank of South Africa

1. PART 1 – MONTHLY REPORT

PURPOSE

To table the monthly expenditure report in terms of s71 of the MFMA for the period ending 30 November 2014 to the Finance and Corporate Services Committee.

LEGAL FRAMEWORK

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

1.1 Executive Summary

Legislative Requirements

In terms of the section 71 of the MFMA the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) Actual revenue, per revenue source;
- (b) actual borrowings;
- (c) actual expenditure, per vote;
- (d) actual capital expenditure, per vote;
- (e) the amount of any allocations received;
- (f) actual expenditure on those allocations, excluding expenditure on—
 - (i) its share of the local government equitable share; and
 - (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) when necessary, an explanation of—

- (i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
- (ii) any material variances from the service delivery and budget implementation plan; and
- (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's

DELIBERATION

The discussion that follows, in terms of MFMA Section 71 intends to inform the Executive committee and Council on the progress made thus far in terms of implementing the 2014/2015 budget for the period ending 30 November 2014.

Revenue by Source

The original approved revenue for the 2014/15 budget amounts to R531, 3m. The actual revenue for the period Ended 30 November 2014 amounted to R207, 3m which is 90% of the Year to Date (YTD) budget. The year to date revenue is largely constituted of the Operational & Capital grant receipts with the Water & Sanitation Revenue contributing to the balance.

Borrowings

The balance of borrowings amounts to R24m at the end of October 2014. This balance is made up of R23m due to ABSA Bank and R1m due to the DBSA. Borrowing repayments are effected and hence, except for the interest capitalisation, there were no movements in November 2014

Operating expenditure by vote & type

The total operating budget for the current year amounts to R293, 5m. The YTD Operating expenditure for the month ended 30 November amounted to R113, 7m against a year to date (YTD) budget of R117, 2m. The actual YTD expenditure represented 97% of the planned expenditure.

Capital expenditure

The total capital budget for the current year amounts to R258, 7m. The YTD expenditure on capital amounts to R71million, or 66% of the planned expenditure. Capital expenditure is mainly funded by means of national grants in the form of Municipal Infrastructure Grant.

Cash flows

The municipality started the year with a positive cashbook balance of R29, 4 million and the closing cash and cash equivalents as at the end of November 2014 was R108, 9million. Refer to Supporting Table C6 for more detail on the cash position.

Allocations received (National & Provincial Grants)

All DORA and provincial grants allocations for 2014/2015 period ending November have been received as per payment schedule except Municipal Infrastructure Grant. Total grants receipts amounted to R301million, being made up of R172, 4 million operational and R128, 6million capital grants. Operational grants are largely defined by the Equitable Share while capital grants are largely constituted of the Municipal Infrastructure Grant. Five grants were received in November totalling R88, 3million including Equitable share.

1.2 Monthly Budget Statement Tables

Monthly Budget Statements Summary

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

| DC43 Sisonke - Table C1 Consolidated Monthly Budget Statement Summary - M05 November | | | | | | | | | |
|--|------------------|---------------------|-----------------|----------------|------------------|----------------|-----------------|--------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | % | |
| Financial Performance | | | | | | | | | |
| Service charges | 48 834 | 45 313 | - | 7 121 | 25 272 | 18 880 | 6 392 | 34% | 45 313 |
| Investment revenue | 3 344 | 2 600 | - | 6 | 1 094 | 1 083 | 11 | 1% | 2 600 |
| Transfers recognised - operational | 287 073 | 249 246 | - | 86 070 | 177 358 | 103 852 | 73 505 | 71% | 249 246 |
| Other own revenue | 7 497 | 8 679 | - | 716 | 3 650 | 3 616 | 34 | 1% | 8 679 |
| Total Revenue (excluding capital transfers and contributions) | 346 747 | 305 838 | - | 93 913 | 207 374 | 127 432 | 79 942 | 63% | 305 838 |
| Employee costs | 99 948 | 104 040 | - | 8 464 | 43 082 | 43 350 | (268) | -1% | 104 040 |
| Remuneration of Councillors | 5 249 | 6 655 | - | 447 | 2 234 | 2 773 | (539) | -19% | 6 655 |
| Depreciation & asset impairment | 35 926 | 20 000 | - | - | - | 8 333 | (8 333) | -100% | 20 000 |
| Finance charges | 3 510 | 2 639 | - | - | 88 | 1 100 | (1 011) | -92% | 2 639 |
| Materials and bulk purchases | 9 487 | 5 200 | - | 351 | 2 778 | 2 167 | 611 | 28% | 5 200 |
| Transfers and grants | 14 808 | 11 578 | - | - | 10 757 | 4 824 | 5 933 | 123% | 11 578 |
| Other expenditure | 231 401 | 143 485 | - | 14 416 | 54 807 | 59 786 | (4 978) | -8% | 143 485 |
| Total Expenditure | 400 330 | 293 597 | - | 23 678 | 113 746 | 122 332 | (8 586) | -7% | 293 597 |
| Surplus/(Deficit) | (53 582) | 12 241 | - | 70 235 | 93 628 | 5 100 | 88 528 | 1736% | 12 241 |
| Transfers recognised - capital | 190 609 | 245 526 | - | - | - | 102 303 | (102 303) | -100% | 245 526 |
| Surplus/(Deficit) after capital transfers & contributions | 137 027 | 257 767 | - | 70 235 | 93 628 | 107 403 | (13 775) | -13% | 257 767 |
| Surplus/ (Deficit) for the year | 137 027 | 257 767 | - | 70 235 | 93 628 | 107 403 | (13 775) | -13% | 257 767 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | 191 739 | 258 761 | - | 22 039 | 71 044 | 106 546 | (35 502) | -33% | 258 761 |
| Capital transfers recognised | 189 563 | 245 776 | - | 22 039 | 71 044 | 102 407 | (31 363) | -31% | 245 776 |
| Internally generated funds | 2 177 | 12 984 | - | - | - | 5 410 | (5 410) | -100% | 12 984 |
| Total sources of capital funds | 191 740 | 258 761 | - | 22 039 | 71 044 | 107 817 | (36 773) | -34% | 258 761 |
| Financial position | | | | | | | | | |
| Total current assets | 89 156 | 68 400 | - | - | 272 553 | - | - | - | 68 400 |
| Total non current assets | 1 276 948 | 1 550 343 | - | - | 1 276 948 | - | - | - | 1 550 343 |
| Total current liabilities | 119 215 | 64 952 | - | - | 201 194 | - | - | - | 64 952 |
| Total non current liabilities | 41 121 | 31 936 | - | - | 133 934 | - | - | - | 31 936 |
| Community wealth/Equity | 1 205 767 | 1 521 854 | - | - | 1 214 373 | - | - | - | 1 521 854 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | 189 020 | 277 767 | - | 84 310 | 166 409 | 115 736 | (50 672) | -44% | - |
| Net cash from (used) investing | (122 243) | (258 761) | - | (22 039) | (71 044) | (107 817) | (36 773) | 34% | - |
| Net cash from (used) financing | (48 252) | - | - | - | (511) | - | 511 | #DIV/0! | - |
| Cash/cash equivalents at the month/yr | 38 711 | 48 480 | - | - | 124 328 | 37 393 | (86 934) | -232% | 29 474 |
| 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 | 6 164 | 4 696 | 4 003 | 3 780 | 3 102 | 3 151 | 17 140 | 68 415 | 110 450 |
| Creditors Age Analysis | | | | | | | | | |
| Total Creditors | 6 652 | - | - | - | - | - | - | - | 6 652 |

Financial Performance

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

| DC43 Sisonke - Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) - M05 November | | | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|----------------|----------------|-----------------|--------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | % | |
| Revenue - Standard | | | | | | | | | |
| Governance and administration | 222 142 | 243 250 | - | 86 792 | 181 742 | 101 354 | 80 388 | 79% | 243 250 |
| Executive and council | 417 | - | - | - | - | - | - | - | - |
| Budget and treasury office | 221 540 | 243 250 | - | 86 792 | 181 742 | 101 354 | 80 388 | 79% | 243 250 |
| Corporate services | 185 | - | - | - | - | - | - | - | - |
| Economic and environmental services | 835 | 250 | - | - | - | 104 | (104) | -100% | 250 |
| Planning and development | 835 | 250 | - | - | - | 104 | (104) | -100% | 250 |
| Trading services | 314 797 | 307 864 | - | 7 121 | 25 632 | 128 277 | (102 645) | -80% | 307 864 |
| Electricity | - | - | - | - | - | - | - | - | - |
| Water | 56 331 | 46 148 | - | 7 121 | 25 632 | 19 228 | 6 404 | 33% | 46 148 |
| Waste water management | 258 466 | 261 716 | - | - | - | 109 048 | (109 048) | -100% | 261 716 |
| Total Revenue - Standard | 537 774 | 551 364 | - | 93 913 | 207 374 | 229 735 | (22 361) | -10% | 551 364 |
| Expenditure - Standard | | | | | | | | | |
| Governance and administration | 165 430 | 123 191 | - | 7 553 | 36 905 | 46 246 | (9 341) | -20% | 123 191 |
| Executive and council | 14 630 | 17 464 | - | 1 937 | 8 132 | 7 277 | 855 | 12% | 17 464 |
| Budget and treasury office | 100 621 | 61 007 | - | 2 493 | 12 186 | 20 336 | (8 150) | -40% | 61 007 |
| Corporate services | 50 178 | 44 720 | - | 3 123 | 16 587 | 18 633 | (2 046) | -11% | 44 720 |
| Community and public safety | - | 3 509 | - | - | - | 1 462 | (1 462) | -100% | 3 509 |
| Community and social services | - | 3 509 | - | - | - | 1 462 | (1 462) | -100% | 3 509 |
| Economic and environmental services | 47 083 | 42 970 | - | 2 659 | 21 013 | 17 904 | 3 109 | 17% | 42 970 |
| Planning and development | 47 083 | 42 970 | - | 2 659 | 21 013 | 17 904 | 3 109 | 17% | 42 970 |
| Trading services | 187 816 | 123 928 | - | 13 466 | 55 828 | 51 637 | 4 191 | 8% | 123 928 |
| Water | 89 777 | 97 514 | - | 11 889 | 48 472 | 40 631 | 7 841 | 19% | 97 514 |
| Waste water management | 98 039 | 26 413 | - | 1 577 | 7 356 | 11 006 | (3 650) | -33% | 26 413 |
| Total Expenditure - Standard | 400 329 | 293 597 | - | 23 678 | 113 746 | 117 248 | (3 502) | -3% | 293 597 |
| Surplus/ (Deficit) for the year | 137 444 | 257 767 | - | 70 235 | 93 628 | 112 487 | (18 859) | -17% | 257 767 |

This table assess the revenue by department and then the expenditure for the period ending 30 November 2014. Overall the budgeted revenue has been less than the budget by 10%.

Expenditure by standard classification presents the expenditures by the departments. Under the trading services, Water Services has seen over expenditure by 19% in the period ending 30 November 2014. This being largely attributable to the backlog demand of operations and maintenance of water schemes in the District.

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

| DC43 Sisonke - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M05 November | | | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
| Vote Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | 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 1 - Executive & Council | 417 | - | - | - | - | - | - | - | - |
| Vote 2 - Finance | 221 540 | 243 250 | - | 86 792 | 181 742 | 101 354 | 80 388 | 79.3% | 243 250 |
| Vote 3 - Corporate Services | 185 | - | - | - | - | - | - | - | - |
| Vote 4 - Economic &Community Services | 835 | 250 | - | - | - | 104 | (104) | -100.0% | 250 |
| Vote 5 - Infrastructure Services | 258 466 | 261 716 | - | - | - | 105 749 | (105 749) | -100.0% | 261 716 |
| Vote 6 - Water Services | 56 331 | 46 148 | - | 7 121 | 25 632 | 19 228 | 6 404 | 33.3% | 46 148 |
| Total Revenue by Vote | 537 774 | 551 364 | - | 93 913 | 207 374 | 226 436 | (19 061) | -8.4% | 551 364 |
| Expenditure by Vote | | | | | | | | | |
| Vote 1 - Executive & Council | 14 630 | 17 464 | - | 1 937 | 8 132 | 7 277 | 855 | 11.8% | 17 464 |
| Vote 2 - Finance | 100 621 | 61 007 | - | 2 493 | 12 186 | 25 420 | (13 233) | -52.1% | 61 007 |
| Vote 3 - Corporate Services | 50 178 | 44 720 | - | 3 123 | 16 587 | 17 256 | (669) | -3.9% | 44 720 |
| Vote 4 - Economic &Community Services | 47 083 | 46 478 | - | 2 659 | 21 013 | 19 366 | 1 647 | 8.5% | 46 478 |
| Vote 5 - Infrastructure Services | 98 039 | 26 413 | - | 1 577 | 7 356 | 11 006 | (3 650) | -33.2% | 26 413 |
| Vote 6 - Water Services | 89 777 | 97 514 | - | 11 889 | 48 472 | 35 596 | 12 876 | 36.2% | 97 514 |
| Total Expenditure by Vote | 400 329 | 293 597 | - | 23 678 | 113 746 | 115 920 | (2 174) | -1.9% | 293 597 |
| Surplus/ (Deficit) for the year | 137 444 | 257 767 | - | 70 235 | 93 628 | 110 516 | (16 888) | -15.3% | 257 767 |

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 30 November 2014.

| DC43 Sisonke - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November | | | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| Revenue By Source | | | | | | | | | |
| Service charges - water revenue | 48 834 | 31 037 | - | 4 985 | 18 690 | 12 932 | 5 758 | 45% | 31 719 |
| Service charges - sanitation revenue | - | 14 276 | - | 2 136 | 6 582 | 5 949 | 633 | 11% | 13 594 |
| Interest earned - external investments | 3 344 | 2 600 | - | 6 | 1 094 | 1 083 | 11 | 1% | 2 600 |
| Interest earned - outstanding debtors | 5 638 | 5 179 | - | 597 | 2 869 | 2 158 | 711 | 33% | 5 179 |
| Transfers recognised - operational | 287 073 | 249 246 | - | 86 070 | 177 358 | 103 852 | 73 505 | 71% | 249 246 |
| Other revenue | 1 859 | 3 500 | - | 119 | 781 | 1 458 | (677) | -46% | 3 500 |
| Total Revenue (excluding capital transfers and contributions) | 346 747 | 305 838 | - | 93 913 | 207 374 | 127 432 | 79 942 | 63% | 305 838 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 99 948 | 104 040 | - | 8 464 | 43 082 | 43 350 | (268) | -1% | 104 040 |
| Remuneration of councillors | 5 249 | 6 655 | - | 447 | 2 234 | 2 773 | (539) | -19% | 6 655 |
| Debt impairment | 23 206 | 10 000 | - | - | - | 4 167 | (4 167) | -100% | 10 000 |
| Depreciation & asset impairment | 35 926 | 20 000 | - | - | - | 8 333 | (8 333) | -100% | 20 000 |
| Finance charges | 3 510 | 2 639 | - | - | 88 | 1 100 | (1 011) | -92% | 2 639 |
| Bulk purchases | 9 487 | 5 200 | - | 351 | 2 778 | 2 167 | 611 | 28% | 5 200 |
| Contracted services | 23 091 | 33 520 | - | 4 401 | 14 999 | 13 967 | 1 032 | 7% | 33 520 |
| Transfers and grants | 14 808 | 11 578 | - | - | 10 757 | 4 824 | 5 933 | 123% | 11 578 |
| Other expenditure | 156 316 | 99 965 | - | 10 015 | 39 809 | 41 652 | (1 844) | -4% | 99 965 |
| Loss on disposal of PPE | 28 787 | - | - | - | - | - | - | - | - |
| Total Expenditure | 400 330 | 293 597 | - | 23 678 | 113 746 | 122 332 | (8 586) | -7% | 293 597 |
| Surplus/(Deficit) | (53 582) | 12 241 | - | 70 235 | 93 628 | 5 100 | 88 528 | 0 | 12 241 |
| Transfers recognised - capital | 190 609 | 245 526 | - | - | - | 102 303 | (102 303) | (0) | 245 526 |
| Surplus/(Deficit) after capital transfers & contributions | 137 027 | 257 767 | - | 70 235 | 93 628 | 107 403 | | | 257 767 |
| Surplus/(Deficit) after taxation | 137 027 | 257 767 | - | 70 235 | 93 628 | 107 403 | | | 257 767 |
| Attributable to minorities | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | 137 027 | 257 767 | - | 70 235 | 93 628 | 107 403 | | | 257 767 |
| Share of surplus/ (deficit) of associate | | | | | | | | | |
| Surplus/ (Deficit) for the year | 137 027 | 257 767 | - | 70 235 | 93 628 | 107 403 | | | 257 767 |

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

Capital Expenditure

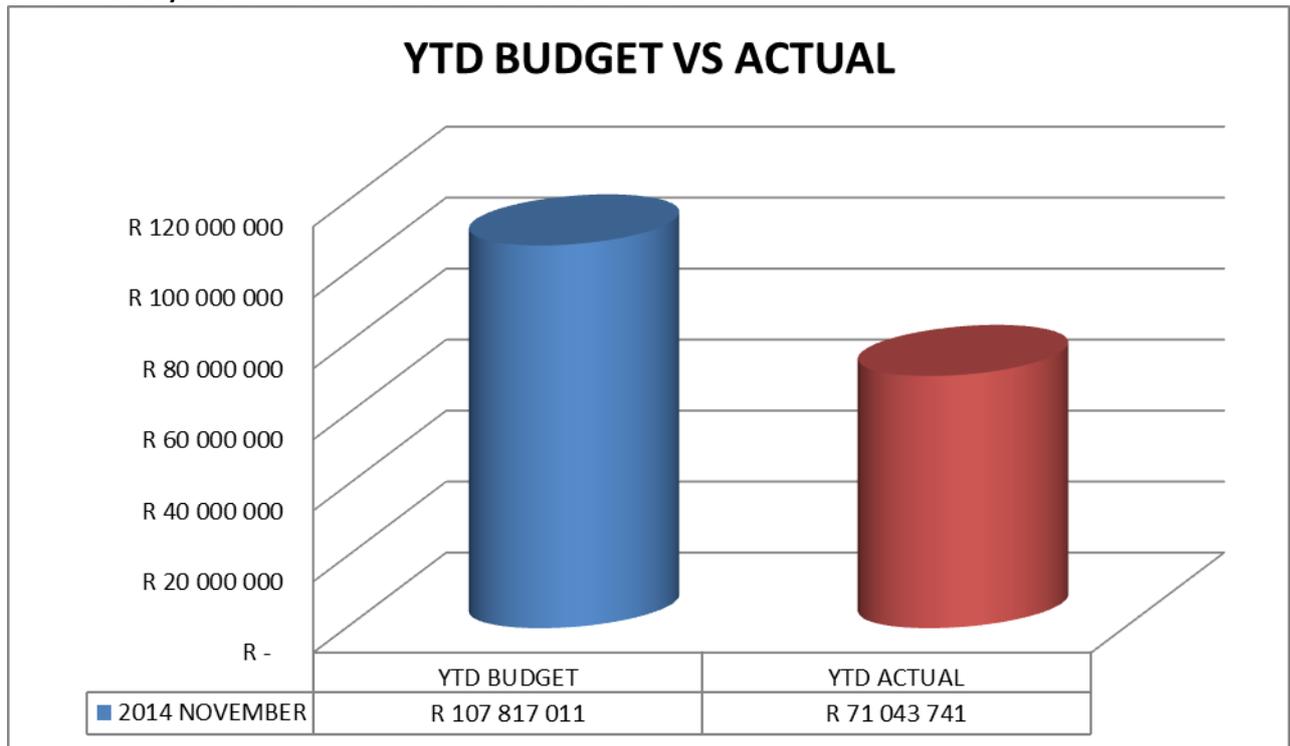
Table C5 below reports on the capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

| DC43 Sisonke - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M05 November) | | | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|---------------|----------------|-----------------|----------------|--------------------|
| Vote Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | 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 2 - Finance | 141 | 100 | - | - | - | 42 | (42) | -100% | 100 |
| Vote 3 - Corporate Services | 5 804 | 3 609 | - | 10 | 258 | 1 046 | (788) | -75% | 3 609 |
| Vote 4 - Economic & Community Services | - | 2 325 | - | - | - | 969 | (969) | -100% | 2 325 |
| Vote 5 - Infrastructure Services | 183 672 | 247 526 | - | 22 029 | 70 786 | 102 407 | (31 621) | -31% | 247 526 |
| Vote 6 - Water Services | 2 122 | 5 200 | - | - | - | 2 083 | (2 083) | -100% | 5 200 |
| Total Capital Multi-year expenditure | 191 739 | 258 761 | - | 22 039 | 71 044 | 106 546 | (35 502) | -33% | 258 761 |
| Total Capital Expenditure | 191 739 | 258 761 | - | 22 039 | 71 044 | 106 546 | (35 502) | -33% | 258 761 |
| Capital Expenditure - Standard Classification | | | | | | | | | |
| Governance and administration | 1 974 | 3 709 | - | 10 | 258 | 1 546 | (1 288) | -83% | 3 709 |
| Executive and council | - | - | - | - | - | - | - | - | - |
| Budget and treasury office | 200 | 100 | - | - | - | 42 | (42) | -100% | 100 |
| Corporate services | 1 774 | 3 609 | - | 10 | 258 | 1 504 | (1 246) | -83% | 3 609 |
| Economic and environmental services | 409 | 2 325 | - | - | - | 969 | (969) | -100% | 2 325 |
| Planning and development | 409 | 2 325 | - | - | - | 969 | (969) | -100% | 2 325 |
| Trading services | 189 356 | 252 726 | - | 22 029 | 70 786 | 105 303 | (34 517) | -33% | 252 726 |
| Water | 2 122 | 5 200 | - | - | - | 2 167 | (2 167) | -100% | 5 200 |
| Waste water management | 187 234 | 247 526 | - | 22 029 | 70 786 | 103 136 | (32 350) | -31% | 247 526 |
| Total Capital Expenditure - Standard Classification | 191 739 | 258 761 | - | 22 039 | 71 043 | 107 817 | (36 774) | -34% | 258 761 |
| Funded by: | | | | | | | | | |
| National Government | 189 563 | 245 776 | - | 22 039 | 71 044 | 102 407 | (31 363) | -31% | 245 776 |
| Transfers recognised - capital | 189 563 | 245 776 | - | 22 039 | 71 044 | 102 407 | (31 363) | -31% | 245 776 |
| Internally generated funds | 2 177 | 12 984 | - | - | - | 5 410 | (5 410) | -100% | 12 984 |
| Total Capital Funding | 191 740 | 258 761 | - | 22 039 | 71 044 | 107 817 | (36 773) | -34% | 258 761 |

As alluded to above, the capital expenditure programme has started on a rather slower footing and thus the low expenditures reflected on National grant funding.

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

Chart 1: 2014/2015 NOVEMBER YTD CAPEX vs BUDGET



As at 30 November 2014, the year to date actual expenditure was R71million against a YTD budget of R107million resulting in under expenditure of R36, 7million. These figures represent 66% percent performance against the capital development programme as at 30 November 2014.

Table C6 displays the financial position of the municipality as at 30 November 2014.

| DC43 Sisonke - Table C6 Consolidated Monthly Budget Statement - Financial Position - M05 November | | | | | |
|---|------------------|----------------------------|-----------------|------------------|--------------------|
| Description | 2013/14 | Budget Year | Adjusted Budget | YearTD actual | Full Year Forecast |
| | Audited Outcome | 2014/15 Original Budget | | | |
| R thousands | | | | | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash | 29 474 | 43 807 | - | 108 940 | 43 807 |
| Consumer debtors | 6 843 | 13 307 | - | 112 139 | 13 307 |
| Other debtors | 46 937 | 10 968 | - | 51 205 | 10 968 |
| Current portion of long-term receivables | 5 632 | - | - | - | - |
| Inventory | 269 | 318 | - | 269 | 318 |
| Total current assets | 89 156 | 68 400 | - | 272 553 | 68 400 |
| Non current assets | | | | | |
| Property, plant and equipment | 1 275 994 | 1 548 958 | - | 1 275 994 | 1 548 958 |
| Intangible assets | 954 | 1 385 | - | 954 | 1 385 |
| Other non-current assets | - | - | - | - | - |
| Total non current assets | 1 276 948 | 1 550 343 | - | 1 276 948 | 1 550 343 |
| TOTAL ASSETS | 1 366 104 | 1 618 743 | - | 1 549 501 | 1 618 743 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Borrowing | 3 415 | 3 266 | - | 3 266 | 3 266 |
| Consumer deposits | 1 114 | 1 265 | - | 1 184 | 1 265 |
| Trade and other payables | 103 845 | 53 128 | - | 189 033 | 53 128 |
| Provisions | 10 841 | 7 293 | - | 7 711 | 7 293 |
| Total current liabilities | 119 215 | 64 952 | - | 201 194 | 64 952 |
| Non current liabilities | | | | | |
| Borrowing | 22 064 | 18 683 | - | 27 601 | 18 683 |
| Provisions | 19 058 | 13 253 | - | 106 333 | 13 253 |
| Total non current liabilities | 41 121 | 31 936 | - | 133 934 | 31 936 |
| TOTAL LIABILITIES | 160 336 | 96 888 | - | 335 128 | 96 888 |
| NET ASSETS | 1 205 767 | 1 521 854 | - | 1 214 373 | 1 521 854 |
| COMMUNITY WEALTH/EQUITY | | | | | |
| Accumulated Surplus/(Deficit) | 1 205 767 | 1 521 854 | - | 1 214 373 | 1 521 854 |
| TOTAL COMMUNITY WEALTH/EQUITY | 1 205 767 | 1 521 854 | - | 1 214 373 | 1 521 854 |

Table C7 below display the Cash Flow Statement for the period ending 30 November 2014.

| DC43 Sisonke - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M05 November | | | | | | | | | |
|--|------------------|---------------------|-----------------|-----------------|-----------------|------------------|-----------------|----------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | 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 | | | | | | | | | |
| Ratepayers and other | 50 693 | 48 813 | - | 7 240 | 16 523 | 20 339 | (3 816) | -19% | 48 813 |
| Government - operating | 287 073 | 249 246 | - | 86 070 | 180 295 | 103 852 | 76 443 | 74% | 249 246 |
| Government - capital | 190 609 | 245 526 | - | 13 980 | 132 425 | 102 303 | 30 123 | 29% | 245 526 |
| Interest | 8 981 | 7 779 | - | 603 | 3 957 | 3 241 | 716 | 22% | 7 779 |
| Payments | | | | | | | | | |
| Suppliers and employees | (330 018) | (259 380) | - | (23 583) | (155 947) | (108 075) | 47 872 | -44% | (259 380) |
| Finance charges | (3 510) | (2 639) | - | - | (88) | (1 100) | (1 011) | 92% | (2 639) |
| Transfers and Grants | (14 808) | (11 578) | - | - | (10 757) | (4 824) | 5 933 | -123% | (11 578) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 189 020 | 277 767 | - | 84 310 | 166 409 | 115 736 | (50 672) | -44% | 277 767 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on disposal of PPE | - | - | - | - | - | - | - | - | - |
| Decrease (Increase) in non-current debtors | - | - | - | - | - | - | - | - | - |
| Decrease (increase) other non-current receivables | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | |
| Capital assets | (122 243) | (258 761) | - | (22 039) | (71 044) | (107 817) | (36 773) | 34% | (258 761) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (122 243) | (258 761) | - | (22 039) | (71 044) | (107 817) | (36 773) | 34% | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Short term loans | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | |
| Repayment of borrowing | (48 252) | - | - | - | (511) | - | 511 | #DIV/0! | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (48 252) | - | - | - | (511) | - | 511 | #DIV/0! | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | 18 525 | 19 006 | - | 62 271 | 94 854 | 7 919 | - | - | 19 006 |
| Cash/cash equivalents at beginning: | 20 186 | 29 474 | - | - | 29 474 | 29 474 | - | - | 29 474 |
| Cash/cash equivalents at month/year end: | 38 711 | 48 480 | - | - | 124 328 | 37 393 | - | - | 48 480 |

There has been a slower improvement in collection level on the service charges and the municipality need strategy to increase the collection to avoid the increase of debts and poor cash flow on internally generated funds. The collection of the Operational & Capital Grants has been great and so has been the interest earned on investments.

2. PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

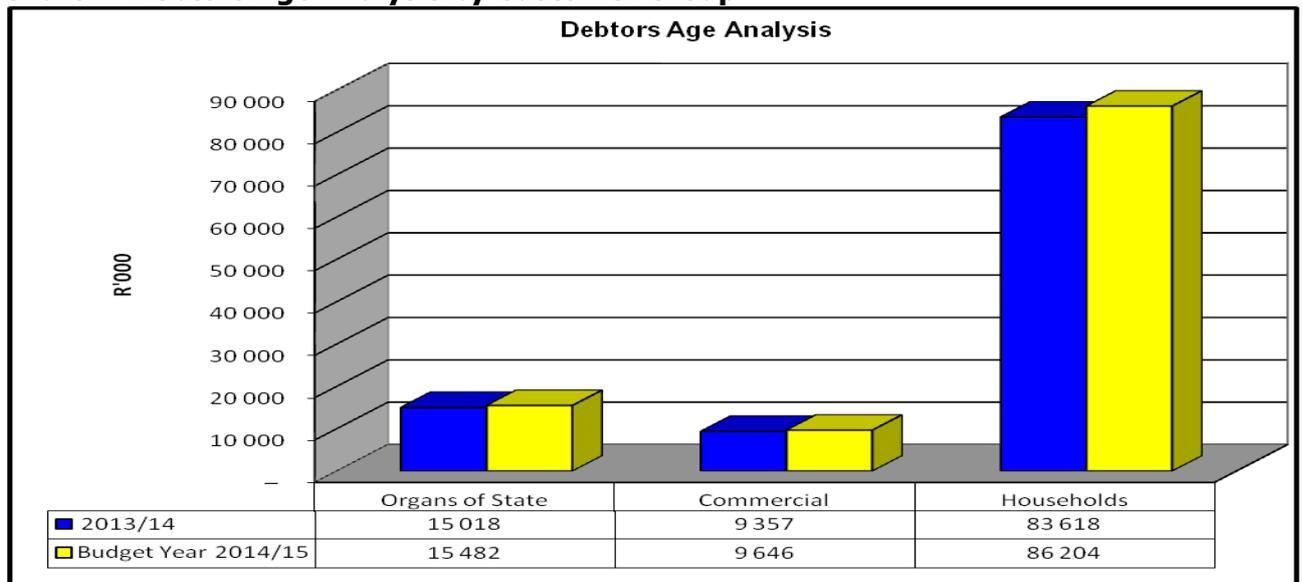
The table presented below summarises the Debtors Age Analysis as at 30 November 2014.

Table 2.1.1: Debtors Age Analysis by Income Source

| DC43 Sisonke - Supporting Table SC3 Monthly Budget Statement - aged debtors - M05 November | | | | | | | | | | |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|--------------------|
| Description | Budget Year 2014/15 | | | | | | | | | |
| | 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 | 3 957 | 3 014 | 2 570 | 2 426 | 1 991 | 2 023 | 11 003 | 43 917 | 70 900 | 61 359 |
| Receivables from Exchange Transactions - Waste Water Management | 1 546 | 1 178 | 1 004 | 948 | 778 | 790 | 4 298 | 17 157 | 27 698 | 23 971 |
| Interest on Arrear Debtor Accounts | 661 | 504 | 430 | 406 | 333 | 338 | 1 839 | 7 341 | 11 851 | 10 257 |
| Total By Income Source | 6 164 | 4 696 | 4 003 | 3 780 | 3 102 | 3 151 | 17 140 | 68 415 | 110 450 | 95 587 |
| 2013/14 - totals only | | | | | | | | | | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | |
| Organs of State | 2 264 | 1 338 | 974 | 668 | 346 | 451 | 1 497 | 5 010 | 12 546 | 7 971 |
| Commercial | 799 | 435 | 364 | 338 | 256 | 305 | 1 630 | 5 524 | 9 653 | 8 055 |
| Households | 3 101 | 2 924 | 2 666 | 2 774 | 2 500 | 2 395 | 14 012 | 57 880 | 88 251 | 79 561 |
| Total By Customer Group | 6 164 | 4 696 | 4 003 | 3 780 | 3 102 | 3 151 | 17 140 | 68 415 | 110 450 | 95 587 |

The municipal consumer debt is currently increasing citing rigorous actions to ensure that this trend is prevented from continuing as it has a direct negative impact on municipal cash flows.

Chart 2: Debtors Age Analysis by Customer Group



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

- ✓ Households: 77%
- ✓ Government 14%
- ✓ Business 9%

Revenue receipts per Area

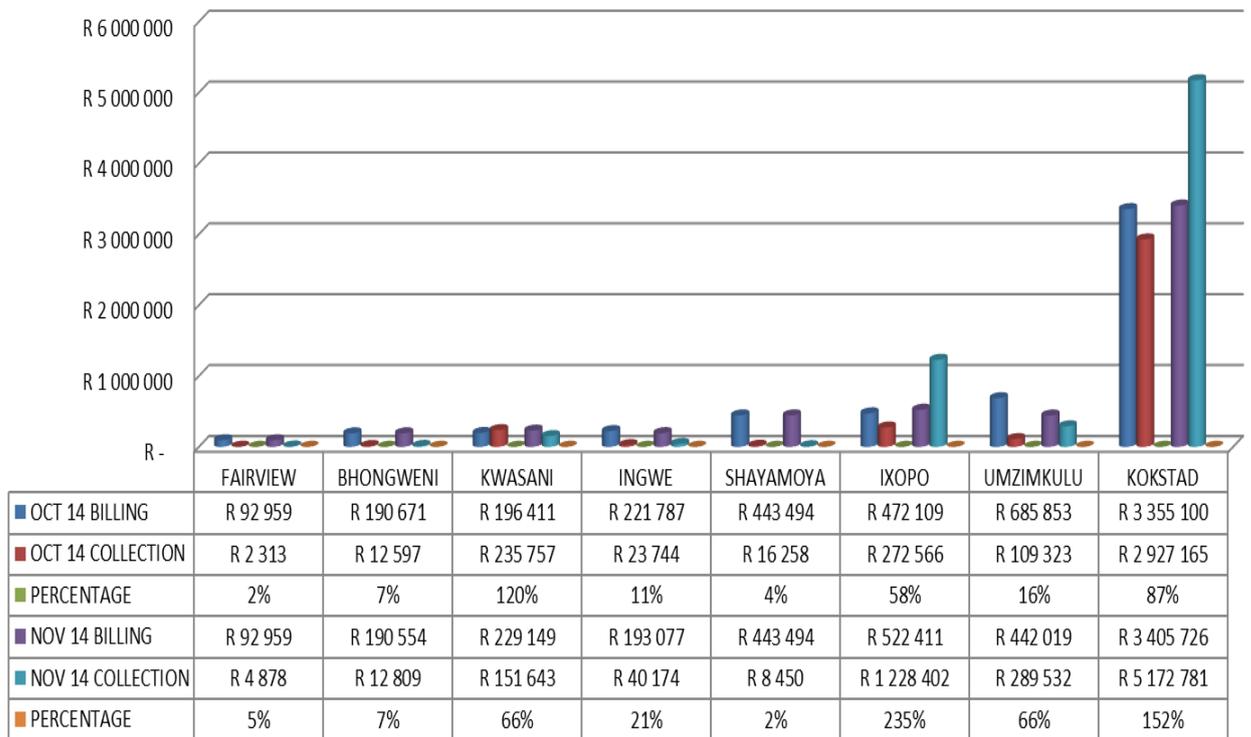
| AREA | AMOUNT | | |
|--------------------------------|--------------------|---------------|--------------|
| | | NOVEMBER 2014 | OCTOBER 2014 |
| Unallocated receipts | R 212 371 | 3% | 2% |
| Kokstad | R 5 172 781 | 73% | 80% |
| Bhongweni | R 12 809 | 0% | 0% |
| Shayamoya | R 8 450 | 0% | 0% |
| Ixopo | R 1 228 402 | 17% | 7% |
| Fairview | R 4 878 | 0% | 0% |
| Kwasani | R 151 643 | 2% | 06% |
| Ingwe | R 40 174 | 1% | 1% |
| Umzimkhulu | R 289 532 | 4% | 3% |
| TOTAL RECEIPTS INCL VAT | R 7 121 040 | 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 November is R7.1million.

Chart: Billing vs Collection Trend

The billing vs Collection ratio for the month of November was 129% (October: 65%) showing an increase in collection by 64% as compared to previous month. The comparison between the billing and collection for October and November is detailed below.

BILLING VS COLLECTION



2.2 Creditors Analysis

Table SC presents the aged creditors as at 30 November 2014

| DC43 Sisonke - Supporting Table SC4 Monthly Budget Statement - aged creditors - M05 November | | | | | | | | | |
|--|---------------------|--------------|--------------|---------------|----------------|----------------|-------------------|-------------|--------------|
| Description | Budget Year 2014/15 | | | | | | | | 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 | 384 | | | | | | | | 384 |
| PAYE deductions | 1 533 | | | | | | | | 1 533 |
| VAT (output less input) | - | | | | | | | | - |
| Pensions / Retirement deductions | - | | | | | | | | - |
| Loan repayments | - | | | | | | | | - |
| Trade Creditors | 4 735 | | | | | | | | 4 735 |
| Auditor General | - | | | | | | | | - |
| Other | - | | | | | | | | - |
| Total By Customer Type | 6 652 | - | - | - | - | - | - | - | 6 652 |

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 30 November 2014.

| Investments by maturity Name of institution & investment ID R thousands | Ref | Period of Investment Yrs/Months | Type of Investment | Expiry date of investment | Accrued interest for the month | Yield for the month 1 (%) | Market value at beginning of the month | Change in market value | Market value at end of the month |
|---|-------------|---------------------------------------|--------------------|------------------------------|--------------------------------------|---------------------------------|--|---------------------------|-------------------------------------|
| Municipality | | | | | | | | | |
| FIRST NATIONAL BANK | 62095523281 | N/a | MONEY MARKET | N/a | 88 | 0.4% | 18 936 | 32 617 | 51 641 |
| FIRST NATIONAL BANK | 62138538692 | N/a | CALL ACCOUNT | N/a | 76 | 0.3% | 19 118 | (12 389) | 6 806 |
| FIRST NATIONAL BANK | 62032587331 | N/a | CALL ACCOUNT | N/a | 1 | 1.9% | 270 | 27 875 | 28 145 |
| INVESTEC | 50006688425 | N/a | FIXED DEPOSIT | N/a | 49 | 0.5% | 11 174 | | 11 223 |
| FIRST NATIONAL BANK | 62398395204 | N/a | CALL ACCOUNT | N/a | 12 | 0.4% | 2 247 | 10 859 | 13 118 |
| FIRST NATIONAL BANK | 62414264797 | N/a | CALL ACCOUNT | N/a | 19 | 0.4% | 5 821 | | 5 840 |
| FIRST NATIONAL BANK | 62434151239 | N/a | CALL ACCOUNT | N/a | 5 | 0.3% | 1 750 | | 1 756 |
| FIRST NATIONAL BANK | 62434147072 | N/a | CALL ACCOUNT | N/a | 2 | 0.2% | 941 | | 943 |
| FIRST NATIONAL BANK | 62434145331 | N/a | CALL ACCOUNT | N/a | 4 | 0.3% | 1 265 | | 1 269 |
| Municipality sub-total | | | | | 255 | | 61 523 | 58 963 | 120 741 |
| TOTAL INVESTMENTS AND INTEREST | 2 | | | | 255 | | 61 523 | 58 963 | 120 741 |

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 - M05 November

| Description | 2013/14 | Budget Year 2014/15 | | | | | | | Full Year Forecast |
|--|-----------------|---------------------|-----------------|----------------|----------------|----------------|------------------|----------------|--------------------|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | |
| R thousands | | | | | | | | | |
| RECEIPTS: | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 226 713 | 237 996 | - | 76 136 | 172 129 | 237 996 | (64 959) | -27.3% | 237 996 |
| Local Government Equitable Share | 216 056 | 230 622 | | 74 375 | 165 663 | 230 622 | (64 959) | -28.2% | 230 622 |
| Finance Management | 1 250 | 1 250 | | - | 1 250 | 1 250 | | | 1 250 |
| Municipal Systems Improvement | 890 | 934 | | - | 934 | 934 | | | 934 |
| WATER SERVICES OPERATING SUBSIDY GRANT | 6 235 | 3 146 | | 1 761 | 2 238 | 3 146 | | | 3 146 |
| WATER SERVICES OPERATING SUBSIDY | 1 000 | - | | - | - | - | | | - |
| Rural Transport Services and Infrastructure Grant | 1 282 | 2 044 | | - | 2 044 | 2 044 | 0 | 0.0% | 2 044 |
| Provincial Government: | 232 | 11 250 | - | - | 277 | 11 250 | (11 000) | -97.8% | 11 250 |
| Infrastructure Sport Facilities | | - | | | | - | - | | - |
| LG Sets | 232 | - | | - | 27 | - | | | - |
| Development Planning Shared Services | | 250 | | - | 250 | 250 | | | 250 |
| Small Town Rehabilitation Programme | | 11 000 | | | | 11 000 | (11 000) | -100.0% | 11 000 |
| Total Operating Transfers and Grants | 226 945 | 249 246 | - | 76 136 | 172 406 | 249 246 | (75 959) | -30.5% | 249 246 |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 155 950 | 245 526 | - | 12 219 | 128 620 | 245 526 | (91 385) | -37.2% | 245 526 |
| Municipal Infrastructure Grant (MIG) | (4 067) | 183 882 | | - | 97 815 | 183 882 | (86 067) | -46.8% | 183 882 |
| Regional Bulk Infrastructure | 34 731 | 28 200 | | - | 10 694 | 28 200 | | | 28 200 |
| ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT | 5 958 | 3 415 | | - | 1 100 | 3 415 | | | 3 415 |
| MUNICIPAL WATER INFRASTRUCTURE GRANT | 116 047 | 22 800 | | 11 400 | 17 100 | 22 800 | | | 22 800 |
| Expanded public works programme incentive grant | 3 281 | 2 729 | | 819 | 1 911 | 2 729 | (818) | -30.0% | 2 729 |
| Rural Household Infrastructure Grant | | 4 500 | | - | - | 4 500 | (4 500) | -100.0% | 4 500 |
| Provincial Government: | 19 272 | - | - | - | - | - | - | | - |
| Disaster Management Grant | | | | | | | - | | |
| COGTA | 2 046 | | | | | | | | |
| Massification (COGTA) | 17 225 | | | | | | | | |
| Total Capital Transfers and Grants | 175 222 | 245 526 | - | 12 219 | 128 620 | 245 526 | (91 385) | -37.2% | 245 526 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 402 167 | 494 772 | - | 88 355 | 301 026 | 494 772 | (167 344) | -33.8% | 494 772 |

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

2.5 Councillor and Staff Benefits

The expenditure of councillor and staff benefits at 30 November 2014 is presented below.

| DC43 Sisonke - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M05 November | | | | | | | | | |
|---|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| Summary of Employee and Councillor remuneration | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | 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 | 3 559 | 4 513 | | 303 | 1 515 | 1 880 | (365) | -19% | 4 513 |
| Pension and UIF Contributions | 265 | 336 | | 23 | 113 | 140 | (27) | -19% | 336 |
| Medical Aid Contributions | 62 | 79 | | 5 | 27 | 33 | (6) | -19% | 79 |
| Motor Vehicle Allowance | 782 | 991 | | 67 | 333 | 413 | (80) | -19% | 991 |
| Cellphone Allowance | 172 | 218 | | 15 | 73 | 91 | (18) | -19% | 218 |
| Other benefits and allowances | 409 | 519 | | 35 | 174 | 216 | (42) | -19% | 519 |
| Sub Total - Councillors | 5 249 | 6 655 | – | 447 | 2 234 | 2 773 | (539) | -19% | 6 655 |
| % increase | | 26.8% | | | | | | | 26.8% |
| Senior Managers of the Municipality | | | | | | | | | |
| Basic Salaries and Wages | 4 277 | 4 373 | | 356 | 1 811 | 1 822 | (11) | -1% | 4 373 |
| Pension and UIF Contributions | 3 | 3 | | 0 | 1 | 1 | (0) | -1% | 3 |
| Medical Aid Contributions | 5 | 5 | | 0 | 2 | 2 | (0) | -1% | 5 |
| Performance Bonus | 591 | 604 | | 49 | 250 | 252 | (2) | -1% | 604 |
| Motor Vehicle Allowance | 2 674 | 2 734 | | 222 | 1 132 | 1 139 | (7) | -1% | 2 734 |
| Cellphone Allowance | 125 | 128 | | 10 | 53 | 53 | (0) | -1% | 128 |
| Other benefits and allowances | 4 | 4 | | 0 | 2 | 2 | (0) | -1% | 4 |
| Sub Total - Senior Managers of Municipality | 7 678 | 7 850 | – | 639 | 3 251 | 3 271 | (20) | -1% | 7 850 |
| % increase | | 2.2% | | | | | | | 2.2% |
| Other Municipal Staff | | | | | | | | | |
| Basic Salaries and Wages | 67 967 | 69 485 | | 5 653 | 28 773 | 28 952 | (179) | -1% | 69 485 |
| Pension and UIF Contributions | 11 492 | 11 749 | | 956 | 4 865 | 4 895 | (30) | -1% | 11 749 |
| Medical Aid Contributions | 1 588 | 1 623 | | 132 | 672 | 676 | (4) | -1% | 1 623 |
| Overtime | 1 419 | 1 451 | | 118 | 601 | 604 | (4) | -1% | 1 451 |
| Performance Bonus | 6 298 | 6 438 | | 524 | 2 666 | 2 683 | (17) | -1% | 6 438 |
| Motor Vehicle Allowance | 2 895 | 2 959 | | 241 | 1 225 | 1 233 | (8) | -1% | 2 959 |
| Cellphone Allowance | 494 | 505 | | 41 | 209 | 210 | (1) | -1% | 505 |
| Housing Allowances | 43 | 44 | | 4 | 18 | 18 | (0) | -1% | 44 |
| Other benefits and allowances | 1 893 | 1 935 | | 157 | 801 | 806 | (5) | -1% | 1 935 |
| Sub Total - Other Municipal Staff | 94 088 | 96 190 | – | 7 825 | 39 831 | 40 079 | (248) | -1% | 96 190 |
| % increase | | 2.2% | | | | | | | 2.2% |
| Total Parent Municipality | 107 016 | 110 695 | – | 8 912 | 45 316 | 46 123 | (807) | -2% | 110 695 |
| | | 3.4% | | | | | | | 3.4% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 107 016 | 110 695 | – | 8 912 | 45 316 | 46 123 | (807) | -2% | 110 695 |
| % increase | | 3.4% | | | | | | | 3.4% |
| TOTAL MANAGERS AND STAFF | 101 767 | 104 040 | – | 8 464 | 43 082 | 43 350 | (268) | -1% | 104 040 |

The YTD budget versus YTD Expenditure for the Councillor Allowances movements is expressed in the chart below.

Chart 3: Councillor Allowances

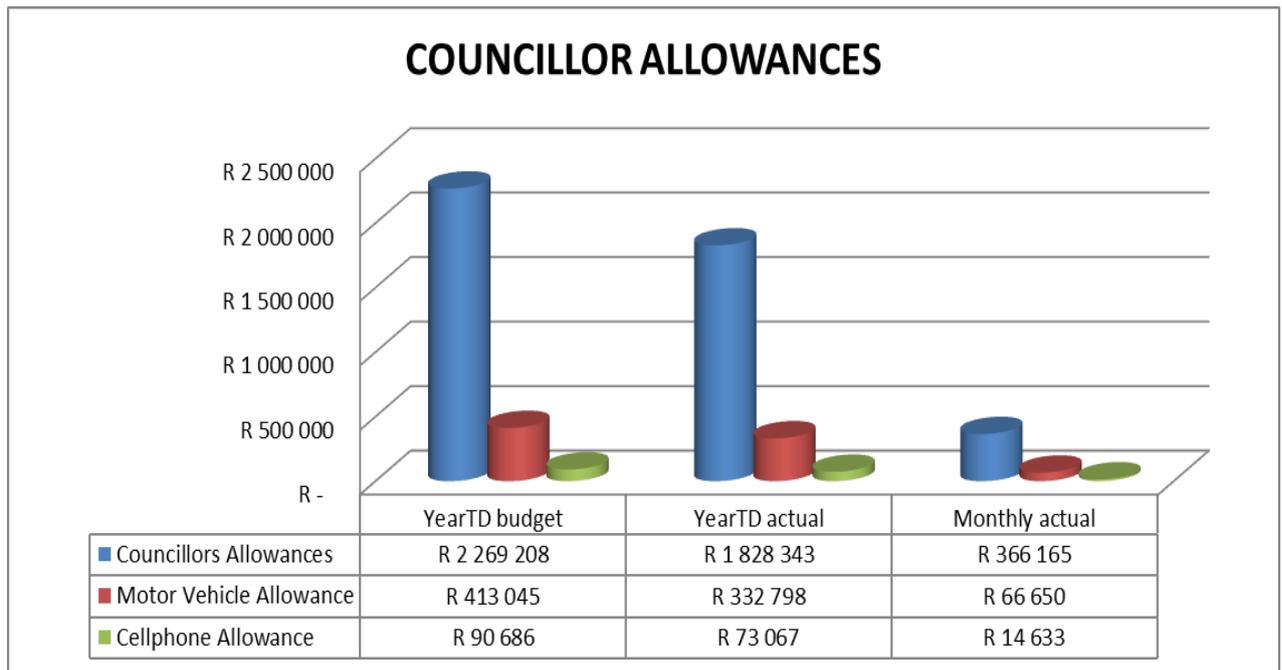
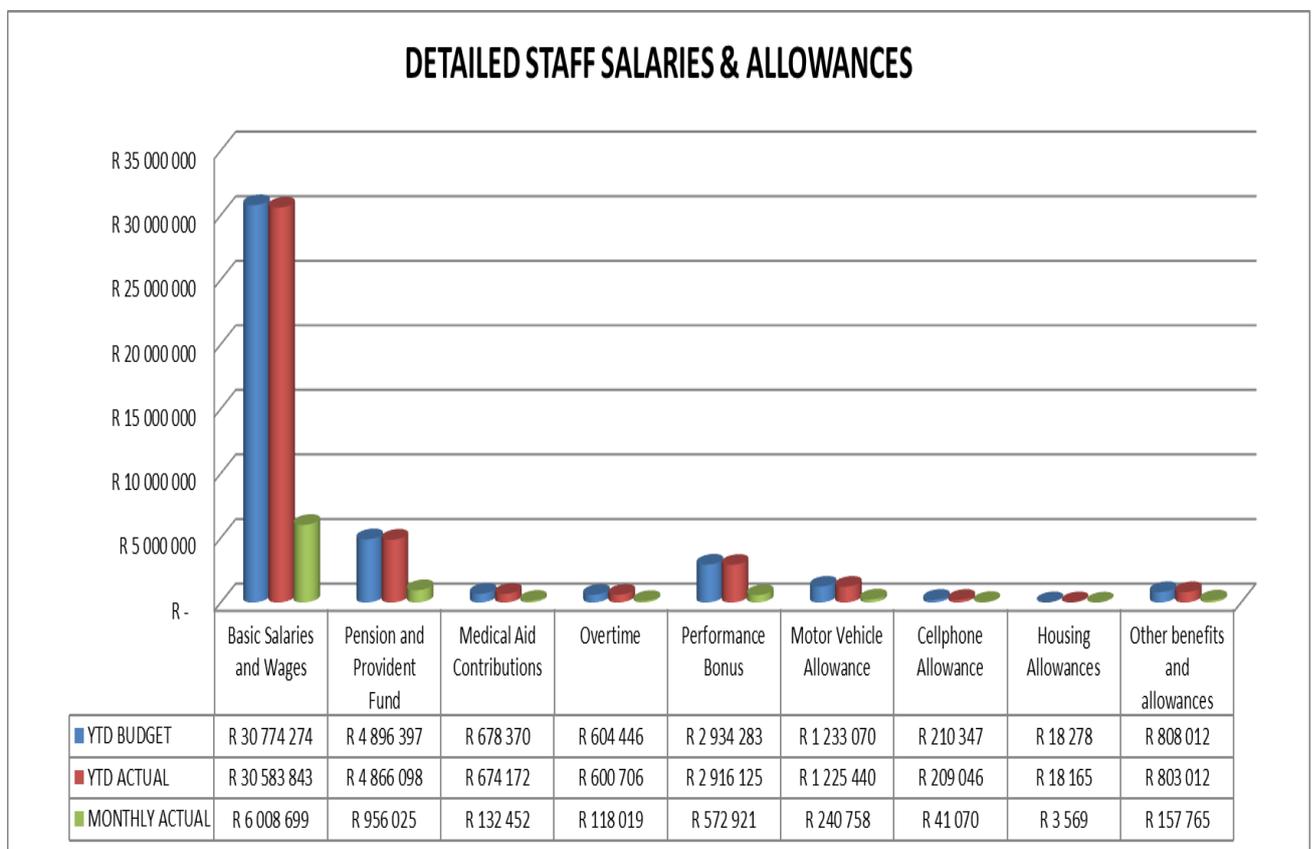


Chart 4: Detailed Staff Costs



2.6 Material Variances to the SDBIP

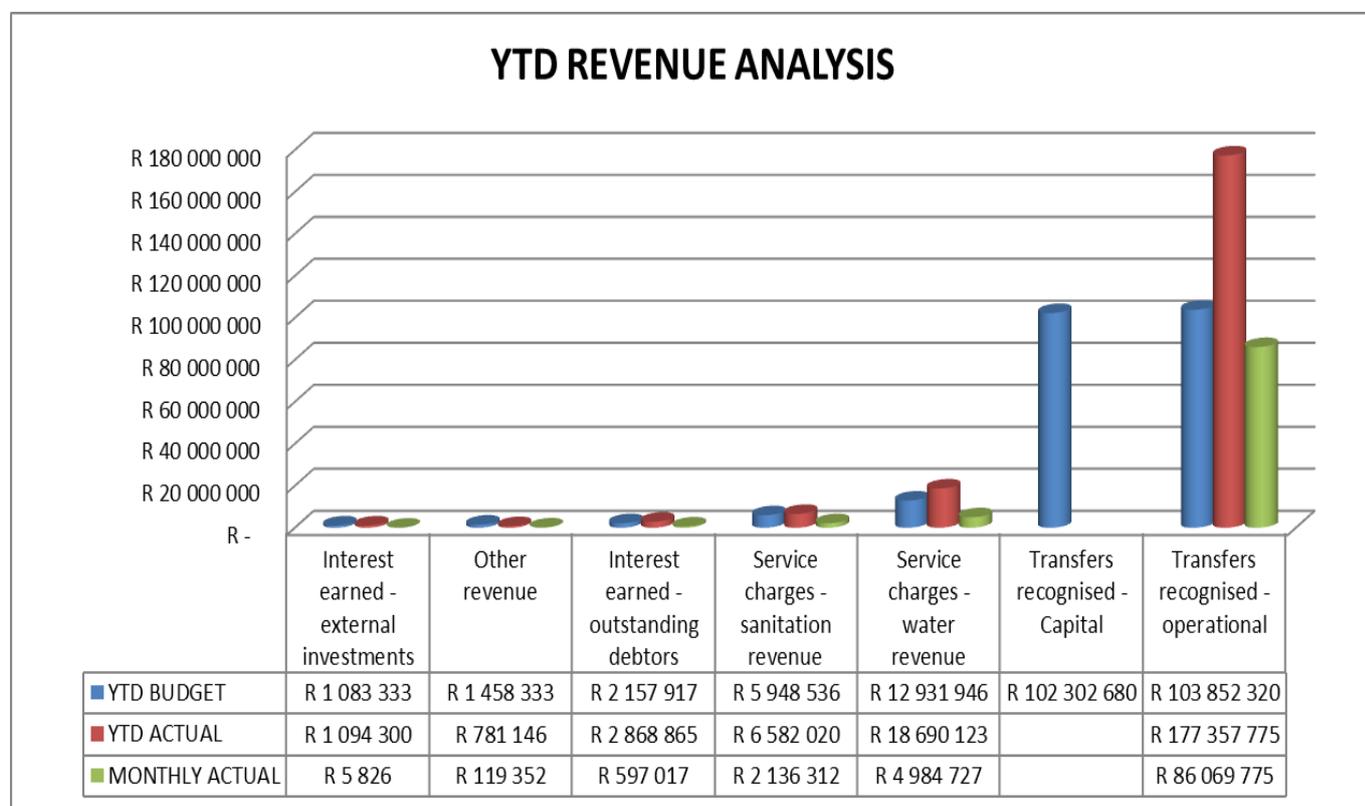
The following section analyses material variances between the actual targets as at 30 November 2014 and the budget for the same period. This report analyses each major component under following headings;

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

REVENUE

The chart displays a comparison between the 2014/15 financial year revenue budget and the performance against this budget as depicted in the form of Year to date (YTD) Actual figures. It should be emphasised that the information presented relates to “performance” rather than “cash movements” in terms of the revenue items listed below. This accounting principle relating to municipal performance is best illustrated in the analysis that follows.

Chart 3: Revenue Analysis



Transfers Recognised - Operational

The YTD operational grants revenue for November was R177, 3million against a year to date budget of R103, 8million and is largely attributable to the YTD equitable share.

Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 31 November 2014 was R18, 1million against a year to date **budget** of R15, 1million. This represents an over performance in municipal billing by 20%. 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.

Interest Earned on External Investments

The actual interest earned on external investments as at 31 November 2014 is R 600k more than the planned year to date budget. This could be attributable to the large cash inflows at the beginning of the financial year.

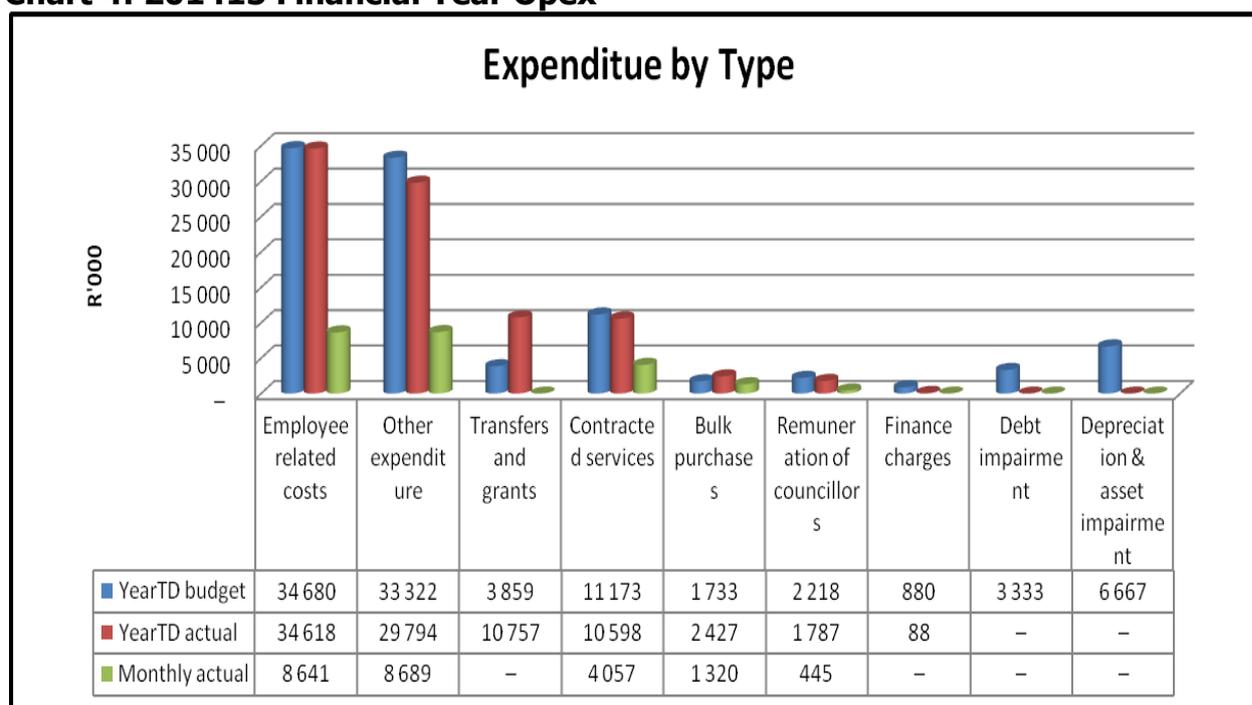
Other Revenue

The YTD performance of other revenue was R662k against the planned year to date budget of R 1.1million.

OPERATIONAL EXPENDITURE

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

Chart 4: 2014/15 Financial Year Opex



Employee Related Costs

The YTD budget for employee related costs is R33, 6million against a YTD actual of R34, 6million representing an expenditure performance of 100%.

Remuneration of Councillors

The remuneration of councillor's expenditure as at 31 October 2014 is R1, 7million against a year to date budget of R2, 2million.

Bulk Purchases

As at 31 October 2014, the year to date actual expenditure on Bulk Water purchases was R2, 4m against year to budget of R1, 7m. This resulted in a variance of R1, 3million.

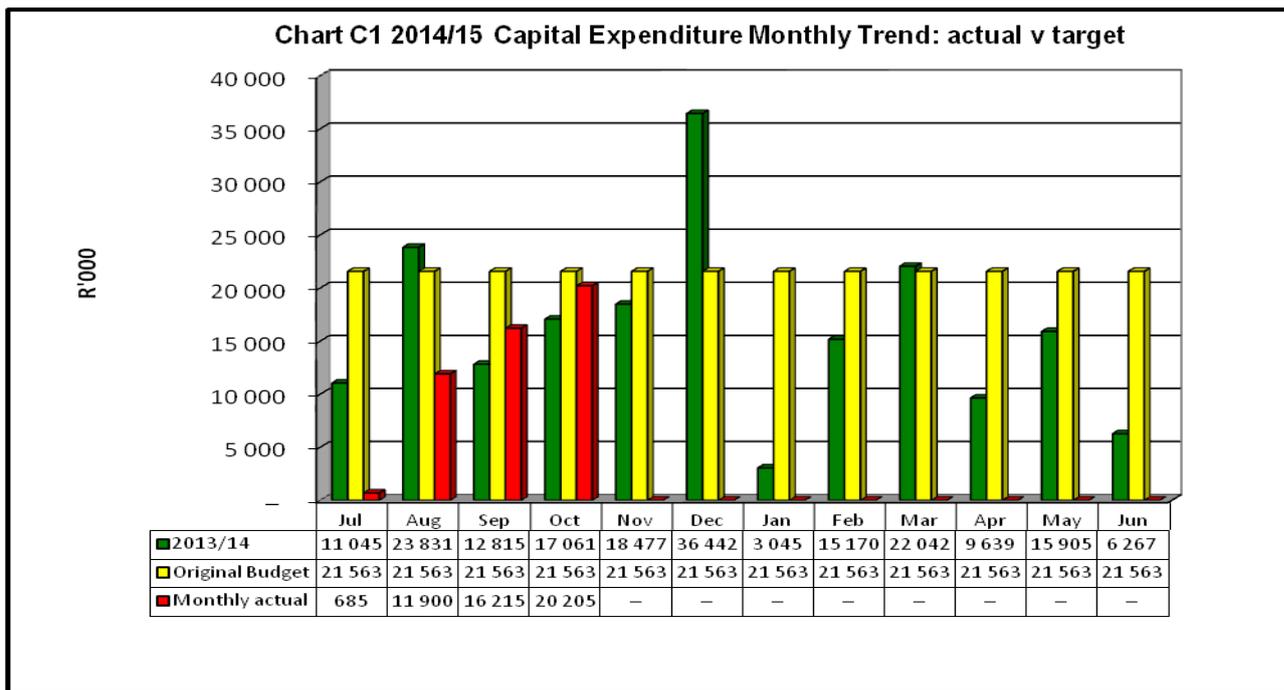
Other Expenditure

The YTD expenditure for other expenditure is at R29, 7million against a budget of R33 3million. The table below presents the top 20 creditor payments for October

| TOP 20 CREDITORS PAYMENTS FOR OCTOBER 2014 | | | |
|--|-----------------|-------------|----------------------|
| | Date | Amount | Payee |
| 1 | 17 October 2014 | R 4 463 276 | IMVULA ENGINEERS |
| 2 | 31 October 2014 | R 3 738 307 | CONRITE WALLS |
| 3 | 01 October 2014 | R 2 813 336 | UKHASI CONSTRUCTION |
| 4 | 24 October 2014 | R 1 825 515 | MCHUMANE PROJECTS |
| 5 | 24 October 2014 | R 1 780 035 | TRUE BUILD SERVICES |
| 6 | 06 October 2014 | R 1 703 815 | RGZ PROJECTS CC |
| 7 | 31 October 2014 | R 1 591 865 | UMGENI WATER AMANZI |
| 8 | 01 October 2014 | R 1 527 567 | MABONA CIVILS |
| 9 | 10 October 2014 | R 1 466 330 | NU-ERA PROJECTS |
| 10 | 31 October 2014 | R 1 421 301 | MABONELEMPUNZI |
| 11 | 31 October 2014 | R 1 306 859 | EGXENI ENGINEERING |
| 12 | 01 October 2014 | R 1 191 651 | CAMLULO TRADING |
| 13 | 01 October 2014 | R 1 072 201 | ZAMISANANI PROJECTS |
| 14 | 08 October 2014 | R 1 040 933 | TOWERCITY TRADING193 |
| 15 | 31 October 2014 | R 1 034 896 | KANTEY & TEMPLER |
| 16 | 24 October 2014 | R 985 136 | WESBANK BANK |
| 17 | 30 October 2014 | R 949 520 | UNATHI AND YONELA |
| 18 | 31 October 2014 | R 903 371 | KULU CIVILS & PIPING |
| 19 | 17 October 2014 | R 900 933 | NOMGHABHO TRADING |
| 20 | 31 October 2014 | R 855 829 | ESKOM |

Capital Expenditure Trend

| DC43 Sisonke - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M05 November | | | | | | | | | |
|---|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|----------------------------|
| Month | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | 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 | 11 045 | 21 563 | - | 685 | 685 | 21 563 | 20 879 | 96.8% | 0% |
| August | 23 831 | 21 563 | - | 11 900 | 12 585 | 43 127 | 30 542 | 70.8% | 5% |
| September | 12 815 | 21 563 | - | 16 215 | 28 800 | 64 690 | 35 890 | 55.5% | 11% |
| October | 17 061 | 21 563 | - | 20 205 | 49 005 | 86 254 | 37 249 | 43.2% | 19% |
| November | 18 477 | 21 563 | - | 22 039 | 71 044 | 107 817 | 36 773 | 34.1% | 27% |
| December | 36 442 | 21 563 | - | | | 129 380 | - | | |
| January | 3 045 | 21 563 | - | | | 150 944 | - | | |
| February | 15 170 | 21 563 | - | | | 172 507 | - | | |
| March | 22 042 | 21 563 | - | | | 194 071 | - | | |
| April | 9 639 | 21 563 | - | | | 215 634 | - | | |
| May | 15 905 | 21 563 | - | | | 237 197 | - | | |
| June | 6 267 | 21 563 | - | | | 258 761 | - | | |
| Total Capital expenditure | 191 740 | 258 761 | - | 71 044 | | | | | |



SERVICE DELIVERY IMPLICATIONS

A timely payments to Service Providers improves their performance

STAKEHOLDERS CONSULTATION

None

BUDGETARY IMPLICATIONS

The expenditure is in accordance with approved 2014/2015 budget appropriation

RECOMMENDATION

It is recommended that:

Finance and Corporate Service Committee notes the report.

For Noting

2.7 Municipal Manager's Quality's Certificate

Quality Certificate

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

- The monthly budget statement

For the month of November 2014 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Adelaide Nomnandi Dlamini

Municipal Manager of: Harry Gwala District Municipality

Signed _____

Date _____