

# Harry Gwala District Municipality

MFMA s71 & s52 (d) report for the period ending 30 September 2015

12/10/2015  
Budget & Treasury Office

## Table of Contents

1.	PART 1 – MONTHLY REPORT .....	5
1.1	Executive Summary .....	5
1.2	Resolutions .....	7
1.3	Monthly Budget Statement Tables .....	8
2.	PART 2 – SUPPORTING DOCUMENTATION .....	17
2.1	Debtors Analysis .....	17
2.2	Creditors Analysis .....	20
2.3	Investment Portfolio Analysis .....	21
2.4	Allocation and Grant receipts and Expenditure .....	22
2.5	Councillor and Staff Benefits .....	24
2.6	Material Variances to the SDBIP .....	25
2.7	Municipal Manager’s Quality’s Certification .....	33

## Glossary

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

**AFS** – Annual Financial Statements

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

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

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

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

**FMG** – Financial Management Grant.

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

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

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

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

**MIG** – Municipal Infrastructure Grant.

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

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

**SDBIP** – Service Delivery and Budget Implementation Plan (SDBIP). A detailed plan comprising annual and quarterly performance information. Harry Gwala District Municipality MFMA s71 Monthly Report Page 4.

**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

### 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

The Mayor, who must provide general political guidance over the fiscal and financial affairs of the Municipality, is required by Section 52 (d) of the Municipal Finance Management Act to submit a report on the implementation of the budget and the financial state of affairs of the Municipality, to the council within 30 days after the end of each quarter.

In terms of section 54 of the MFMA, the Mayor must consider the section 71 report and check whether the Municipality's approved budget is implemented in accordance with the SDBIP and issue appropriate instructions to the Accounting officer

### **DELIBERATION**

The discussion that follows, in terms of MFMA Section 71 and Section 52(d) above, intends to inform the Executive committee and Council on the progress made thus far in terms of implementing the 2015/2016 budget for the period ending 30 September 2015.

### **Revenue by Source**

The original approved revenue for the 2015/16 budget amounts to R588, 2m. The revenue for the 1<sup>st</sup> Quarter Ended 30 September 2015 amounts to R117, 5m which is 80% of the Year to Date (YTD) budget. The year to date revenue is largely constituted of the Operational & Capital grant receipts totalling 85%. Water & Sanitation Revenue contributes 11% to this total and the balance relates to other revenue.

### **Borrowings**

The balance of borrowings amounts to R21m at the end of September 2015 for ABSA loan.

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

The total operating budget for the current year amounts to R376, 2m. The YTD Operating expenditure for the month ended 30 September amounted to R78m against a year to date (YTD) budget of R86, 4m. The actual YTD expenditure represented 90% of the planned expenditure.

## **Capital expenditure**

The total capital budget for the current year amounts to R278, 5m. The YTD expenditure on capital amounts to R30million, or 43% 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 R25, 8 million and the closing cash and cash equivalents as at the end of September 2015 was R92, 2 million. Refer to Supporting Table C6 for more detail on the cash position.

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

All DORA and provincial grants allocations for 2015/2016 first Quarter have been received as per payment schedule. Total grants receipts amounted to R241, 2million, being made up of R104, 7million operational and R136, 5million capital grants. Operational grants are largely defined by the Equitable Share while capital grants are largely constituted of the Municipal Infrastructure Grant. There is an amount of R1, 7m received from Department of Water and Sanitation for Drought Relief that was not budgeted for in the current financial year. This amount will be taken into account when preparing adjustment budget.

## **Spending on Grants**

Spending on grants amounted to R30 million or 43% for 2015/16 first quarter.

## **1.2 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) of the MFMA

### 1.3 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 Monthly Budget Statement Summary - M03 September

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Service charges	52 603	55 902	-	4 273	13 498	13 976	(478)	-3%	-
Investment revenue	3 500	4 375	-	468	1 165	1 094	71	6%	-
Transfers recognised - operational	263 824	249 823	-	-	100 431	62 456	37 975	61%	-
Other own revenue	16 229	7 328	-	852	2 439	1 832	607	33%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>336 155</b>	<b>317 429</b>	<b>-</b>	<b>5 592</b>	<b>117 532</b>	<b>79 357</b>	<b>38 175</b>	<b>48%</b>	<b>-</b>
Employee costs	104 700	114 031	-	10 397	27 908	28 508	(600)	-2%	-
Remuneration of Councillors	6 655	7 321	-	474	1 417	1 830	(413)	-23%	-
Depreciation & asset impairment	35 000	30 000	-	-	-	7 500	(7 500)	-100%	-
Finance charges	3 200	2 228	-	29	29	557	(528)	-95%	-
Materials and bulk purchases	8 009	8 706	-	1 291	2 184	2 176	8	0%	-
Transfers and grants	21 400	20 000	-	-	8 144	5 000	3 144	63%	-
Other expenditure	197 317	163 336	-	14 386	38 460	40 834	(2 374)	-6%	-
<b>Total Expenditure</b>	<b>376 281</b>	<b>345 621</b>	<b>-</b>	<b>26 576</b>	<b>78 143</b>	<b>86 405</b>	<b>(8 262)</b>	<b>-10%</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>(40 126)</b>	<b>(28 193)</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>(7 048)</b>	<b>46 437</b>	<b>-659%</b>	<b>-</b>
Transfers recognised - capital	252 033	270 790	-	-	-	69 635	(69 635)	-100%	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>62 587</b>	<b>(23 198)</b>	<b>-37%</b>	<b>-</b>
<b>Surplus/ (Deficit) for the year</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>62 587</b>	<b>(23 198)</b>	<b>-37%</b>	<b>-</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>528 685</b>	<b>557 080</b>	<b>-</b>	<b>42 047</b>	<b>60 311</b>	<b>139 270</b>	<b>(78 959)</b>	<b>-57%</b>	<b>-</b>
Capital transfers recognised	257 533	270 790	-	21 024	30 155	69 635	(39 480)	-57%	-
Internally generated funds	6 809	7 750	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>264 342</b>	<b>278 540</b>	<b>-</b>	<b>21 024</b>	<b>30 155</b>	<b>69 635</b>	<b>(39 480)</b>	<b>-57%</b>	<b>-</b>
<b>Financial position</b>									
Total current assets	41 940	85 442	-	-	231 811	-	-	-	-
Total non current assets	1 540 924	1 600 660	-	-	1 472 731	-	-	-	-
Total current liabilities	64 952	56 886	-	-	202 377	-	-	-	-
Total non current liabilities	31 936	31 018	-	-	41 566	-	-	-	-
<b>Community wealth/Equity</b>	<b>1 485 976</b>	<b>1 598 198</b>	<b>-</b>	<b>-</b>	<b>1 460 599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>									
Net cash from (used) operating	290 047	268 665	-	(11 625)	(702)	67 166	67 868	101%	-
Net cash from (used) investing	(279 846)	(248 610)	-	(21 024)	(30 155)	(62 153)	(31 997)	51%	-
Net cash from (used) financing	(3 356)	(3 684)	-	-	-	(614)	(614)	100%	-
<b>Cash/cash equivalents at the month/year end</b>	<b>32 717</b>	<b>16 371</b>	<b>-</b>	<b>-</b>	<b>(30 857)</b>	<b>4 400</b>	<b>35 257</b>	<b>801%</b>	<b>-</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	4 979	4 643	4 301	3 287	3 235	3 092	17 618	85 425	126 578
<b>Creditors Age Analysis</b>									
Total Creditors	603	-	-	-	-	-	-	-	603

## Financial Performance

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

DC43 Sisonke - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M03 September

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue - Standard</b>									
<i>Governance and administration</i>	252 538	249 598	-	1 235	103 818	62 400	41 418	66%	-
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	252 538	249 598	-	1 235	103 818	62 400	41 418	66%	-
<i>Economic and environmental services</i>	750	1 100	-	-	-	275	(275)	-100%	-
Planning and development	750	1 100	-	-	-	275	(275)	-100%	-
<i>Trading services</i>	334 901	337 520	-	4 358	13 714	84 380	(70 666)	-84%	-
Water	52 600	61 230	-	4 358	13 714	15 308	(1 594)	-10%	-
Waste water management	282 301	276 290	-	-	-	69 073	(69 073)	-100%	-
<b>Total Revenue - Standard</b>	<b>588 189</b>	<b>588 218</b>	<b>-</b>	<b>5 592</b>	<b>117 532</b>	<b>147 055</b>	<b>(29 523)</b>	<b>-20%</b>	<b>-</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	123 447	133 932	-	8 581	22 384	33 483	(11 099)	-33%	-
Executive and council	23 099	28 719	-	2 658	5 344	7 180	(1 836)	-26%	-
Budget and treasury office	58 787	59 527	-	3 363	8 310	14 882	(6 572)	-44%	-
Corporate services	41 561	45 686	-	2 560	8 730	11 422	(2 691)	-24%	-
<i>Economic and environmental services</i>	52 368	54 286	-	2 436	14 689	13 572	1 118	8%	-
Planning and development	52 368	54 286	-	2 436	14 689	13 572	1 118	8%	-
<i>Trading services</i>	200 466	157 403	-	15 559	41 070	39 351	1 719	4%	-
Water	150 528	134 197	-	13 471	37 209	33 549	3 660	11%	-
Waste water management	49 938	23 206	-	2 088	3 860	5 802	(1 941)	-33%	-
<b>Total Expenditure - Standard</b>	<b>376 281</b>	<b>345 621</b>	<b>-</b>	<b>26 576</b>	<b>78 143</b>	<b>86 405</b>	<b>(8 262)</b>	<b>-10%</b>	<b>-</b>
<b>Surplus/ (Deficit) for the year</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>60 649</b>	<b>(21 261)</b>	<b>-35%</b>	<b>-</b>

This table assess the revenue by department and then the expenditure for the period ending 30 September 2015. Revenue receipts in September have largely constituted of service charges which is water and sanitation. The overall budgeted revenue cash receipt for the period ending September is 20%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 12% in the period ending 30 September 2015. 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 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September**

Vote Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue by Vote</b>									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	252 538	249 598	-	1 235	103 818	62 400	41 418	66,4%	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 5 - Social & Development Planning	750	1 100	-	-	-	275	(275)	-100,0%	-
Vote 6 - Infrastructure Services	282 301	276 290	-	-	-	69 073	(69 073)	-100,0%	-
Vote 7 - Water Services	52 600	61 230	-	4 358	13 714	15 308	(1 594)	-10,4%	-
<b>Total Revenue by Vote</b>	<b>588 189</b>	<b>588 218</b>	<b>-</b>	<b>5 592</b>	<b>117 532</b>	<b>147 055</b>	<b>(29 523)</b>	<b>-20,1%</b>	<b>-</b>
<b>Expenditure by Vote</b>									
Vote 1 - Council	10 517	13 164	-	1 920	3 185	3 291	(106)	-3,2%	-
Vote 2 - Municipal Manager	12 582	15 555	-	738	2 159	3 889	(1 729)	-44,5%	-
Vote 3 - Budget & Treasury Office	58 787	59 527	-	3 363	8 310	14 882	(6 572)	-44,2%	-
Vote 4 - Corporate Services	41 561	45 686	-	2 560	8 730	11 422	(2 691)	-23,6%	-
Vote 5 - Social & Development Planning	52 368	54 286	-	2 436	14 689	13 572	1 118	8,2%	-
Vote 6 - Infrastructure Services	49 938	23 206	-	2 088	3 860	5 802	(1 941)	-33,5%	-
Vote 7 - Water Services	150 528	134 197	-	13 471	37 209	33 549	3 660	10,9%	-
<b>Total Expenditure by Vote</b>	<b>376 281</b>	<b>345 621</b>	<b>-</b>	<b>26 576</b>	<b>78 143</b>	<b>86 405</b>	<b>(8 262)</b>	<b>-9,6%</b>	<b>-</b>
<b>Surplus/ (Deficit) for the year</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>60 649</b>	<b>(21 261)</b>	<b>-35,1%</b>	<b>-</b>

## Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 30 September 2015.

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

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Service charges - water revenue	36 235	38 409		2 991	9 448	9 602	(154)	-2%	
Service charges - sanitation revenue	15 529	16 461		1 282	4 049	4 115	(66)	-2%	
Service charges - other	839	1 032		-	-	258	(258)	-100%	
Interest earned - external investments	3 500	4 375		468	1 165	1 094	71	6%	
Interest earned - outstanding debtors	6 000	6 360		680	2 004	1 590	414	26%	
Transfers recognised - operational	263 824	249 823		-	100 431	62 456	37 975	61%	
Other revenue	10 229	968		172	435	242	193	80%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>336 155</b>	<b>317 429</b>	<b>-</b>	<b>5 592</b>	<b>117 532</b>	<b>79 357</b>	<b>38 175</b>	<b>48%</b>	<b>-</b>
<b>Expenditure By Type</b>									
Employee related costs	104 700	114 031		10 397	27 908	28 508	(600)	-2%	
Remuneration of councillors	6 655	7 321		474	1 417	1 830	(413)	-23%	
Debt impairment	23 000	24 692		-	-	6 173	(6 173)	-100%	
Depreciation & asset impairment	35 000	30 000		-	-	7 500	(7 500)	-100%	
Finance charges	3 200	2 228		29	29	557	(528)	-95%	
Bulk purchases	8 009	8 706		1 291	2 184	2 176	8	0%	
Contracted services	37 057	32 015		2 049	12 511	8 004	4 507	56%	
Transfers and grants	21 400	20 000		-	8 144	5 000	3 144	63%	
Other expenditure	137 260	106 629		12 336	25 949	26 657	(708)	-3%	
<b>Total Expenditure</b>	<b>376 281</b>	<b>345 621</b>	<b>-</b>	<b>26 576</b>	<b>78 143</b>	<b>86 405</b>	<b>(8 262)</b>	<b>-10%</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>(40 126)</b>	<b>(28 193)</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>(7 048)</b>	<b>46 437</b>	<b>(0)</b>	<b>-</b>
Transfers recognised - capital	252 033	270 790				69 635	(69 635)	(0)	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>62 587</b>			<b>-</b>
<b>Surplus/(Deficit) after taxation</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>62 587</b>			<b>-</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>62 587</b>			<b>-</b>
<b>Surplus/ (Deficit) for the year</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>62 587</b>			<b>-</b>

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.

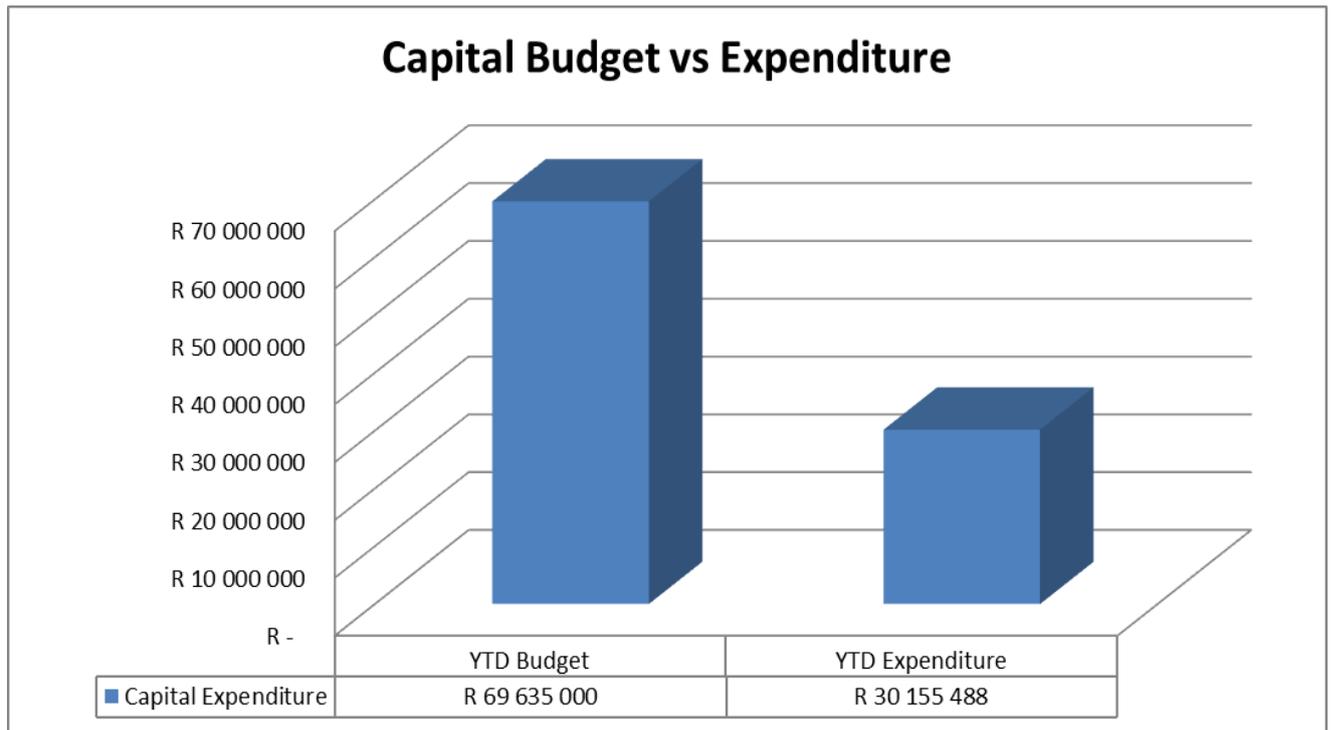
DC43 Sisonke - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M03 September

Vote Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 4 - Corporate Services	2 104	2 650	-	238	264	663	(399)	-60%	-
Vote 5 - Social & Development Planning	800	800	-	400	400	200	200	100%	-
Vote 6 - Infrastructure Services	257 533	270 790	-	19 827	28 787	67 697	(38 910)	-57%	-
Vote 7 - Water Services	3 905	4 300	-	559	705	1 075	(370)	-34%	-
<b>Total Capital Multi-year expenditure</b>	<b>264 342</b>	<b>278 540</b>	<b>-</b>	<b>21 024</b>	<b>30 155</b>	<b>69 635</b>	<b>(39 480)</b>	<b>-57%</b>	<b>-</b>
<b>Single Year expenditure appropriation</b>									
Vote 4 - Corporate Services	2 104	2 650	-	238	264	663	(399)	-60%	-
Vote 5 - Social & Development Planning	800	800	-	400	400	200	200	100%	-
Vote 6 - Infrastructure Services	257 533	270 790	-	19 827	28 787	67 697	(38 910)	-57%	-
Vote 7 - Water Services	3 905	4 300	-	559	705	1 075	(370)	-34%	-
<b>Total Capital single-year expenditure</b>	<b>264 342</b>	<b>278 540</b>	<b>-</b>	<b>21 024</b>	<b>30 155</b>	<b>69 635</b>	<b>(39 480)</b>	<b>-57%</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>528 685</b>	<b>557 080</b>	<b>-</b>	<b>42 047</b>	<b>60 311</b>	<b>139 270</b>	<b>(78 959)</b>	<b>-57%</b>	<b>-</b>
<b>Capital Expenditure - Standard Classification</b>									
<b>Governance and administration</b>	<b>2 104</b>	<b>2 650</b>	<b>-</b>	<b>238</b>	<b>264</b>	<b>663</b>	<b>(399)</b>	<b>-60%</b>	<b>-</b>
Corporate services	2 104	2 650	-	238	264	663	(399)	-60%	-
<b>Economic and environmental services</b>	<b>800</b>	<b>800</b>	<b>-</b>	<b>400</b>	<b>400</b>	<b>200</b>	<b>200</b>	<b>100%</b>	<b>-</b>
Planning and development	800	800	-	400	400	200	200	100%	-
<b>Trading services</b>	<b>261 438</b>	<b>275 090</b>	<b>-</b>	<b>20 386</b>	<b>29 492</b>	<b>68 772</b>	<b>(39 280)</b>	<b>-57%</b>	<b>-</b>
Water	3 905	4 300	-	559	705	1 075	(370)	-34%	-
Waste water management	257 533	270 790	-	19 827	28 787	67 697	(38 910)	-57%	-
<b>Total Capital Expenditure - Standard Classification</b>	<b>264 342</b>	<b>278 540</b>	<b>-</b>	<b>21 024</b>	<b>30 155</b>	<b>69 635</b>	<b>(39 480)</b>	<b>-57%</b>	<b>-</b>
<b>Funded by:</b>									
National Government	257 533	270 790	-	21 024	30 155	69 635	(40 185)	-58%	-
<b>Transfers recognised - capital</b>	<b>257 533</b>	<b>270 790</b>	<b>-</b>	<b>21 024</b>	<b>30 155</b>	<b>69 635</b>	<b>(40 185)</b>	<b>-58%</b>	<b>-</b>
Internally generated funds	6 809	7 750	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	<b>264 342</b>	<b>278 540</b>	<b>-</b>	<b>21 024</b>	<b>30 155</b>	<b>69 635</b>	<b>(40 185)</b>	<b>-58%</b>	<b>-</b>

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

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

**Chart 1: 2015/2016 YEAR END CAPEX**



As at 30 September 2015, the year to date actual expenditure was R30, 1million against a YTD budget of R69, 6million. In monetary terms, these figures represent 43% per cent performance against the capital development programme as at 30 September 2015.

Table C6 displays the financial position of the municipality as at 30 September 2015.

DC43 Sisonke - Table C6 Monthly Budget Statement - Financial Position - M03 September

Description	2014/15	Budget Year 2015/16			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	30 347	52 691		68 860	
Consumer debtors	307	16 091		43 280	
Other debtors	10 968	12 065		119 402	
Current portion of long-term receivables	–	4 246		–	
Inventory	318	349		269	
<b>Total current assets</b>	<b>41 940</b>	<b>85 442</b>	<b>–</b>	<b>231 811</b>	<b>–</b>
<b>Non current assets</b>					
Property, plant and equipment	1 539 540	1 599 476		1 471 874	
Intangible assets	1 384	1 184		857	
<b>Total non current assets</b>	<b>1 540 924</b>	<b>1 600 660</b>	<b>–</b>	<b>1 472 731</b>	<b>–</b>
<b>TOTAL ASSETS</b>	<b>1 582 864</b>	<b>1 686 102</b>	<b>–</b>	<b>1 704 541</b>	<b>–</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	3 266	3 592		3 415	
Consumer deposits	1 265	1 415		1 286	
Trade and other payables	53 128	43 710		194 524	
Provisions	7 293	8 169		3 151	
<b>Total current liabilities</b>	<b>64 952</b>	<b>56 886</b>	<b>–</b>	<b>202 377</b>	<b>–</b>
<b>Non current liabilities</b>					
Borrowing	18 683	16 683		22 871	
Provisions	13 253	14 334		18 694	
<b>Total non current liabilities</b>	<b>31 936</b>	<b>31 018</b>	<b>–</b>	<b>41 566</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>96 888</b>	<b>87 904</b>	<b>–</b>	<b>243 943</b>	<b>–</b>
<b>NET ASSETS</b>	<b>1 485 976</b>	<b>1 598 198</b>	<b>–</b>	<b>1 460 599</b>	<b>–</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	1 485 976	1 598 198		1 460 599	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 485 976</b>	<b>1 598 198</b>	<b>–</b>	<b>1 460 599</b>	<b>–</b>

As at 30 September 2015, the current ratio has improved to 1.1:15 compared to 0.95:1 as at the end of the last financial year. The norm for this ratio is 2:1, meaning for every R1 of debt obligations you ought to have R2 of current assets to meet those commitments.

This ratio means that for one rand (R1) of monies owed, the municipality only had 1 rand 15 cents (R1.15) to meet those short term debt obligations signalling liquidity risk.

Table C7 below display the Cash Flow Statement for the period ending 30 September 2015.

DC43 Sisonke - Table C7 Monthly Budget Statement - Cash Flow - M03 September

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates, penalties & collection charges							-		
Service charges	37 270	30 746		1 560	11 110	7 687	3 423	45%	
Other revenue	844	581		669	929	145	784	540%	
Government - operating	263 824	249 823		1 764	106 425	62 456	43 969	70%	
Government - capital	252 033	270 790		-	21 750	67 697	(45 947)	-68%	
Interest	6 636	7 654		1 148	3 168	1 914	1 254	66%	
Dividends							-		
<b>Payments</b>									
Suppliers and employees	(245 959)	(268 701)		(16 736)	(135 940)	(67 175)	68 765	-102%	
Finance charges	(3 200)	(2 228)		(29)		(557)	(557)	100%	
Transfers and Grants	(21 400)	(20 000)		-	(8 144)	(5 000)	3 144	-63%	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>290 047</b>	<b>268 665</b>	<b>-</b>	<b>(11 625)</b>	<b>(702)</b>	<b>67 166</b>	<b>67 868</b>	<b>101%</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Decrease (increase) other non-current receivables							-		
<b>Payments</b>									
Capital assets	(279 846)	(248 610)		(21 024)	(30 155)	(62 153)	(31 997)	51%	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(279 846)</b>	<b>(248 610)</b>	<b>-</b>	<b>(21 024)</b>	<b>(30 155)</b>	<b>(62 153)</b>	<b>(31 997)</b>	<b>51%</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Increase (decrease) in consumer deposits	130	151				25	(25)	-100%	
<b>Payments</b>									
Repayment of borrowing	(3 486)	(3 835)	-			(639)	(639)	100%	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 356)</b>	<b>(3 684)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(614)</b>	<b>(614)</b>	<b>100%</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>6 846</b>	<b>16 371</b>	<b>-</b>	<b>(32 648)</b>	<b>(30 857)</b>	<b>4 400</b>			<b>-</b>
Cash/cash equivalents at beginning:	25 871								-
Cash/cash equivalents at month/year end:	32 717	16 371	-		(30 857)	4 400			-

There has been lower collection levels signalled by a collection ratio of 49% (August 2015: 93%). The interest earned on investments has been improved compared to previous month.

## 2. PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 30 September 2015.

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

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

Description	Budget Year 2015/16									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	3 196	2 980	2 761	2 110	2 076	1 985	11 309	54 836	81 254	72 317
Receivables from Exchange Transactions - Waste Water Management	1 248	1 164	1 078	824	811	775	4 418	21 422	31 743	28 251
Interest on Arrear Debtor Accounts	534	498	461	353	347	332	1 890	9 166	13 582	12 088
<b>Total By Income Source</b>	<b>4 979</b>	<b>4 643</b>	<b>4 301</b>	<b>3 287</b>	<b>3 235</b>	<b>3 092</b>	<b>17 618</b>	<b>85 425</b>	<b>126 578</b>	<b>112 657</b>
<b>2014/15 - totals only</b>									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	1 305	1 597	1 273	469	419	330	1 779	5 348	12 518	8 344
Commercial	709	380	345	313	352	226	1 467	6 481	10 273	8 839
Households	2 964	2 666	2 683	2 506	2 464	2 536	14 371	73 596	103 787	95 474
Other									-	-
<b>Total By Customer Group</b>	<b>4 979</b>	<b>4 643</b>	<b>4 301</b>	<b>3 287</b>	<b>3 235</b>	<b>3 092</b>	<b>17 618</b>	<b>85 425</b>	<b>126 578</b>	<b>112 657</b>

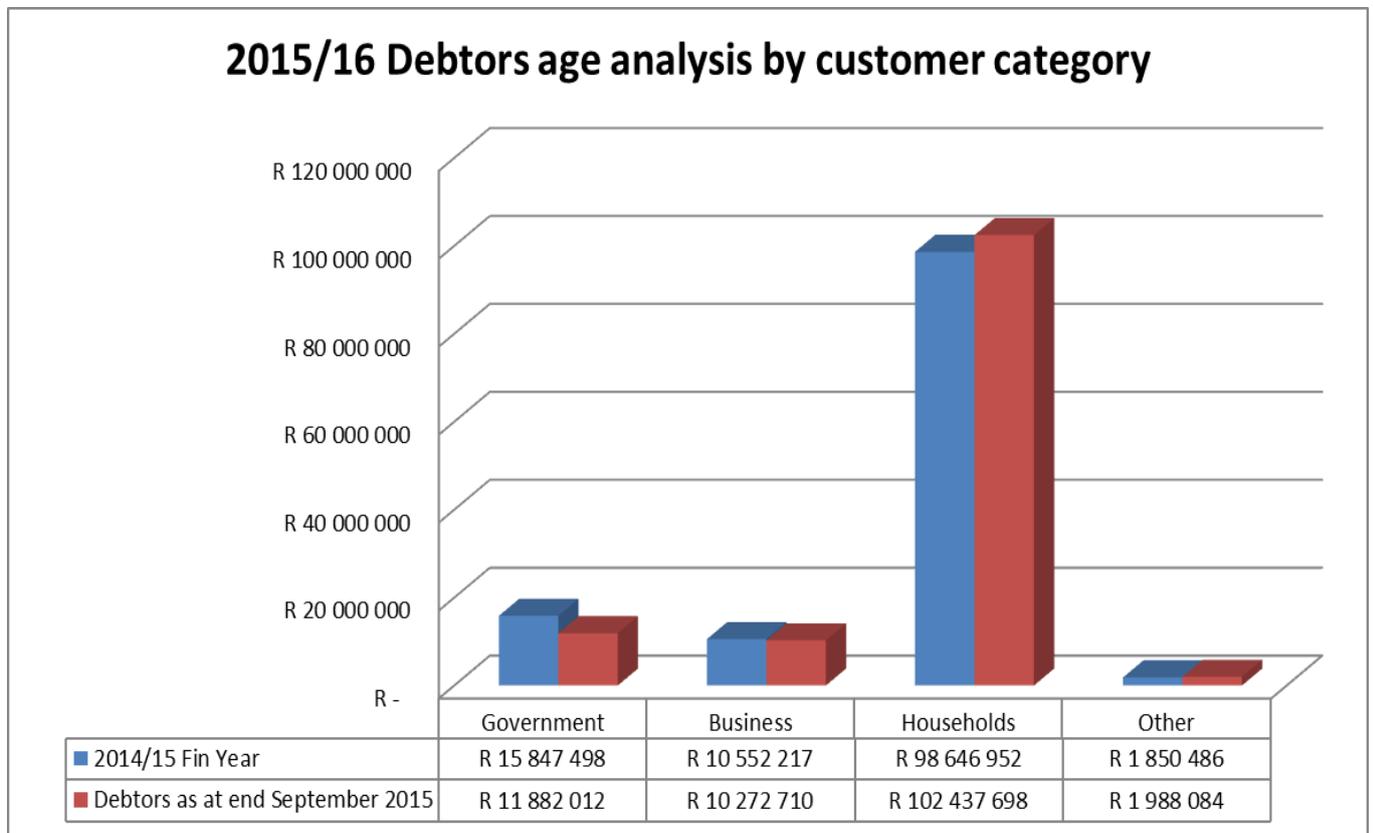
The municipal consumer debt is currently increasing citing rigorous actions to ensure that this trend is prevented from continuing as it has a direct negative impact on municipal cash flows.

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

Description	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	TOTAL
Government	R 1 295 837	R 1 581 704	R 1 264 181	R 458 993	R 412 219	R 325 237	R 1 695 546	R 4 848 294	R 11 882 012
Business	R 709 386	R 379 568	R 344 783	R 312 692	R 352 368	R 225 944	R 1 467 457	R 6 480 513	R 10 272 710
Households	R 2 896 839	R 2 619 279	R 2 647 154	R 2 461 624	R 2 425 127	R 2 498 373	R 14 150 486	R 72 738 818	R 102 437 698
Other	R 54 874	R 77 359	R 47 972	R 54 503	R 51 848	R 39 321	R 291 101	R 1 371 107	R 1 988 084
<b>Total</b>	<b>R 4 976 162</b>	<b>R 4 641 992</b>	<b>R 4 296 741</b>	<b>R 3 284 298</b>	<b>R 3 240 278</b>	<b>R 3 088 481</b>	<b>R 17 605 833</b>	<b>R 85 437 337</b>	<b>R 126 571 123</b>

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: 81%
- ✓ Government 9%
- ✓ Business 8%
- ✓ Other 2%

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

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

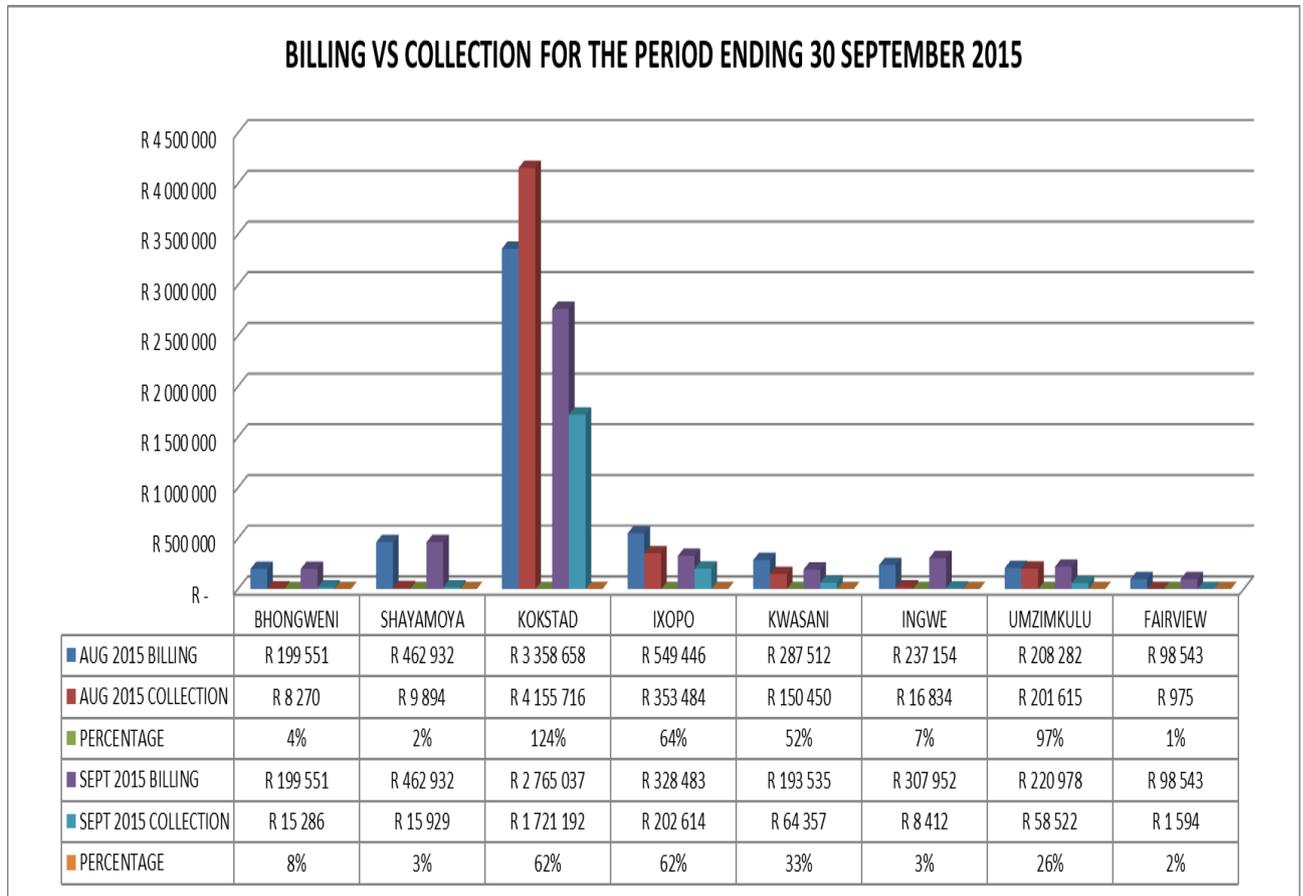
### Revenue receipts per Area

AREA	AMOUNT		
		SEPTEMBER 2015	AUGUST 2015
Unallocated receipts	R 140 700,79	6%	2%
Kokstad	R 1 721 192,42	77%	83%
Bhongweni	R 15 285,66	1%	0%
Shayamoya	R 15 928,52	1%	0%
Ixopo	R 202 613,86	9%	7%
Fairview	R 1 593,60	0%	0%
Kwasani	R 64 357,30	3%	3%
Ingwe	R 8 412,00	0%	0%
Umzimkhulu	R 58 521,58	3%	4%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 2 228 605,73</b>	<b>100%</b>	<b>100%</b>

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 September is R2.2million. It is evident from the figures presented above that the largest percentage receipts of the revenue per local municipality as was the previous month in August is from Kokstad at 77% followed by Ixopo at 9%. These statistics confirm dependency on Kokstad as the greatest contributor to the District Municipality's revenue. The Unallocated receipts for the month of September amounting to 6% which still need to be allocated according to the local municipalities.

### Chart: Billing vs Collection Trend

The billing vs Collection ratio for the month of September was 49% (August: 93%) showing a decrease in collection by 44% as compared to previous month. Detailed below is the comparison between the billing and collection for August and September.



## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 30 September 2015

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

Description	Budget Year 2015/16								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity									-
Bulk Water									-
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	603								603
Auditor General									-
Other									-
<b>Total By Customer Type</b>	<b>603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603</b>

## 2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short term investments balances broken down per investment type as at 30 September 2015.

### Investments

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

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>Municipality</b>									
FIRST NATIONAL BANK	62095523281	N/a	MONEY MARKET	N/a	153	0,4%	36 406	(11 541)	28 524
FIRST NATIONAL BANK	62138538692	N/a	CALL ACCOUNT	N/a	184	0,3%	54 661	(17 528)	37 317
FIRST NATIONAL BANK	62032587331	N/a	CALL ACCOUNT	N/a	43	1,9%	10 604	(15 237)	4 357
INVESTEC	50006688425	N/a	FIXED DEPOSIT	N/a	54	0,5%	11 685		11 739
FIRST NATIONAL BANK	62398395204	N/a	CALL ACCOUNT	N/a	5	0,4%	1 185	(731)	459
FIRST NATIONAL BANK	62414264797	N/a	CALL ACCOUNT	N/a	0	0,4%	9		9
FIRST NATIONAL BANK	62434151239	N/a	CALL ACCOUNT	N/a	11	0,3%	3 395		3 407
FIRST NATIONAL BANK	62434147072	N/a	CALL ACCOUNT	N/a	7	0,2%	2 051		2 058
FIRST NATIONAL BANK	62434145331	N/a	CALL ACCOUNT	N/a	4	0,3%	1 257		1 261
<b>Municipality sub-total</b>					462		121 255	(45 036)	89 131
<b>TOTAL INVESTMENTS AND INTEREST</b>	2				462		121 255	(45 036)	89 131

## 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 - M03 September

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>263 074</b>	<b>248 723</b>	<b>-</b>	<b>1 716</b>	<b>106 377</b>	<b>62 181</b>	<b>43 418</b>	<b>69,8%</b>	<b>-</b>
Local Government Equitable Share	230 622	241 033	-	-	100 431	60 258	40 173	66,7%	-
Finance Management	1 250	1 250	-	-	1 250	313	-	-	-
Municipal Systems Improvement	934	940	-	-	940	235	-	-	-
Municipal Infrastructure Grant (PMU)	18 724	3 460	-	-	-	865	-	-	-
Water Services Operating Subsidy	-	-	-	-	-	-	-	-	-
Rural Roads Asset Management Grant	2 044	2 040	-	-	2 040	510	1 530	300,0%	-
Rural Household Infrastructure Grant	4 500	-	-	-	-	-	-	-	-
Energy Efficiency and Demand Management Grant	5 000	-	-	-	-	-	-	-	-
Drought Relief	-	-	-	1 716	1 716	-	1 716	#DIV/0!	-
<b>Provincial Government:</b>	<b>750</b>	<b>1 100</b>	<b>-</b>	<b>48</b>	<b>48</b>	<b>275</b>	<b>(227)</b>	<b>-82,6%</b>	<b>-</b>
Development Planning Shared Services	250	1 100	-	-	-	275	(275)	-100,0%	-
Tourism route	500	-	-	-	-	-	-	-	-
LGSETA	-	-	-	48	48	-	48	#DIV/0!	-
<b>Total Operating Transfers and Grants</b>	<b>263 824</b>	<b>249 823</b>	<b>-</b>	<b>1 764</b>	<b>106 425</b>	<b>62 456</b>	<b>43 191</b>	<b>69,2%</b>	<b>-</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>267 611</b>	<b>270 790</b>	<b>-</b>	<b>-</b>	<b>134 552</b>	<b>67 697</b>	<b>73 794</b>	<b>109,0%</b>	<b>-</b>
Municipal Infrastructure Grant (MIG)	183 882	189 324	-	-	120 000	47 331	72 669	153,5%	-
Regional Bulk Infrastructure	58 200	30 000	-	-	41	7 500	-	-	-
Energy Efficiency And Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Municipal Water Infrastructure Grant	22 800	43 500	-	-	10 875	10 875	-	-	-
Expanded public works programme incentive grant	2 729	3 466	-	-	1 386	867	-	-	-
Rural Household Infrastructure Grant	-	4 500	-	-	2 250	1 125	1 125	100,0%	-
<b>Total Capital Transfers and Grants</b>	<b>267 611</b>	<b>270 790</b>	<b>-</b>	<b>-</b>	<b>134 552</b>	<b>67 697</b>	<b>73 794</b>	<b>109,0%</b>	<b>-</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>531 435</b>	<b>520 613</b>	<b>-</b>	<b>1 764</b>	<b>240 977</b>	<b>130 153</b>	<b>116 985</b>	<b>89,9%</b>	<b>-</b>

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

Table SC7 track the expenditure on Conditional grant funding.

DC43 Sisonke - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>263 074</b>	<b>248 723</b>	<b>-</b>	<b>1 716</b>	<b>106 377</b>	<b>63 896</b>	<b>42 480</b>	<b>66,5%</b>	<b>-</b>
Local Government Equitable Share	230 622	241 033		-	100 431	60 258	40 173	66,7%	
Finance Management	1 250	1 250		-	1 250	313	938	300,0%	
Municipal Systems Improvement	934	940		-	940	235	705	300,0%	
Municipal Infrastructure Grant (PMU)	18 724	3 460		-		865	(865)	-100,0%	
Water Services Operating Subsidy	4 500	-		-		-	-		
Rural Roads Asset Management Grant	2 044	2 040		-	2 040	510	1 530	300,0%	
Energy Efficiency and Demand Management Grant	5 000								
Drought Relief				1 716	1 716	1 716			
<b>Provincial Government:</b>	<b>750</b>	<b>1 100</b>	<b>-</b>	<b>48</b>	<b>48</b>	<b>275</b>	<b>(227)</b>	<b>-82,6%</b>	<b>-</b>
Development Planning Shared Services	250	1 100		-		275	(275)	-100,0%	
Tourism route	500					-	-		
LGSETA				48	48		48	#DIV/0!	
<b>Total operating expenditure of Transfers and Grants:</b>	<b>263 824</b>	<b>249 823</b>	<b>-</b>	<b>1 764</b>	<b>106 425</b>	<b>64 171</b>	<b>42 253</b>	<b>65,8%</b>	<b>-</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>293 140</b>	<b>313 256</b>	<b>-</b>	<b>-</b>	<b>134 552</b>	<b>78 314</b>	<b>55 719</b>	<b>71,1%</b>	<b>-</b>
Municipal Infrastructure Grant (MIG)	183 882	189 324			120 000	47 331	72 669	153,5%	
Rural Household Infrastructure Grant	58 200	30 000			2 250	7 500	(5 250)	-70,0%	
Regional Bulk Infrastructure	22 800	43 500			41	10 875	(10 834)	-99,6%	
Rural Household Infrastructure Grant	2 729	3 466				867	(867)	-100,0%	
Municipal Water Infrastructure Grant	22 800	43 500			10 875	10 875			
Expanded public works programme incentive grant	2 729	3 466			1 386	867			
<b>Total capital expenditure of Transfers and Grants</b>	<b>293 140</b>	<b>313 256</b>	<b>-</b>	<b>-</b>	<b>134 552</b>	<b>78 314</b>	<b>55 719</b>	<b>71,1%</b>	<b>-</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>556 964</b>	<b>563 079</b>	<b>-</b>	<b>1 764</b>	<b>240 977</b>	<b>142 485</b>	<b>97 972</b>	<b>68,8%</b>	<b>-</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 30 September 2015.

DC43 Sisonke - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

Summary of Employee and Councillor remuneration	2014/15	Budget Year 2015/16							
	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
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	3 351	621		321	961	155	806	519%	
Pension and UIF Contributions	441	311		24	72	78	(6)	-8%	
Medical Aid Contributions	104	771		6	17	193	(176)	-91%	
Motor Vehicle Allowance	1 301	621		71	211	155	56	36%	
Cellphone Allowance	286	2 636		15	46	659	(613)	-93%	
Housing Allowances	-	1 618		-	-	405	(405)	-100%	
Other benefits and allowances	680	742		37	110	185	(75)	-40%	
<b>Sub Total - Councillors</b>	<b>6 162</b>	<b>7 321</b>	<b>-</b>	<b>474</b>	<b>1 417</b>	<b>1 830</b>	<b>(413)</b>	<b>-23%</b>	<b>-</b>
<b>% increase</b>		<b>18,8%</b>							
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	3 828	4 159		437	1 173	1 040	133	13%	
Pension and UIF Contributions	2	3		0	1	1	0	13%	
Medical Aid Contributions	4	4		0	1	1	0	13%	
Performance Bonus	525	-		60	162	-	162	#DIV/0!	
Motor Vehicle Allowance	2 376	2 600		273	733	650	83	13%	
Cellphone Allowance	111	122		13	34	30	4	13%	
Housing Allowances	-	-		-	-	-	-		
Other benefits and allowances	3	4		0	1	1	0	13%	
<b>Sub Total - Senior Managers of Municipality</b>	<b>6 850</b>	<b>6 892</b>	<b>-</b>	<b>784</b>	<b>2 106</b>	<b>1 723</b>	<b>383</b>	<b>22%</b>	<b>-</b>
<b>% increase</b>		<b>0,6%</b>							
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	71 041	78 009		6 944	18 639	19 502	(863)	-4%	
Pension and UIF Contributions	11 674	12 724		1 174	3 152	3 181	(30)	-1%	
Medical Aid Contributions	1 613	1 758		162	435	440	(4)	-1%	
Overtime	1 441	1 779		145	389	445	(56)	-12%	
Performance Bonus	6 397	6 973		643	1 727	1 743	(16)	-1%	
Motor Vehicle Allowance	2 940	3 205		296	794	801	(7)	-1%	
Cellphone Allowance	502	547		50	135	137	(1)	-1%	
Housing Allowances	44	48		4	12	12	(0)	-1%	
Other benefits and allowances	1 923	2 096		193	519	524	(5)	-1%	
<b>Sub Total - Other Municipal Staff</b>	<b>97 575</b>	<b>107 138</b>	<b>-</b>	<b>9 612</b>	<b>25 802</b>	<b>26 785</b>	<b>(982)</b>	<b>-4%</b>	<b>-</b>
<b>% increase</b>		<b>9,8%</b>							
<b>Total Parent Municipality</b>	<b>110 587</b>	<b>121 351</b>	<b>-</b>	<b>10 871</b>	<b>29 325</b>	<b>30 338</b>	<b>(1 012)</b>	<b>-3%</b>	<b>-</b>
		<b>9,7%</b>							
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>110 587</b>	<b>121 351</b>	<b>-</b>	<b>10 871</b>	<b>29 325</b>	<b>30 338</b>	<b>(1 012)</b>	<b>-3%</b>	<b>-</b>
<b>% increase</b>		<b>9,7%</b>							
<b>TOTAL MANAGERS AND STAFF</b>	<b>104 425</b>	<b>114 030</b>	<b>-</b>	<b>10 397</b>	<b>27 908</b>	<b>28 508</b>	<b>(600)</b>	<b>-2%</b>	<b>-</b>

## 2.6 Material Variances to the SDBIP

The following section analyses material variances between the actual targets as at 30 September 2015 and the budget for the same period. This report analyses each major component under following headings;

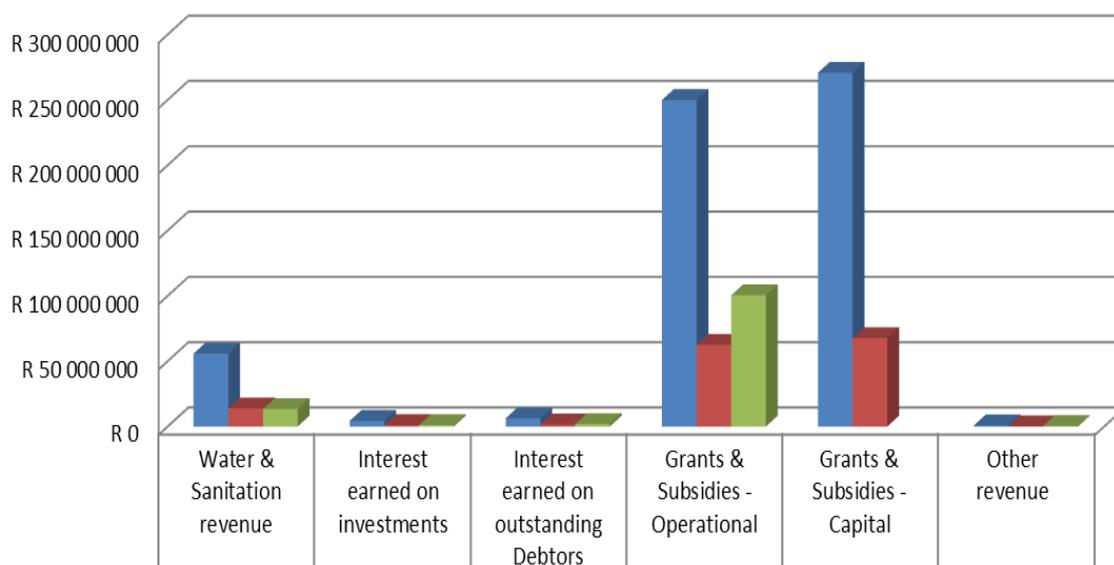
- ✓ Revenue by Source
- ✓ Operational Expenditure by Type, and
- ✓ Capital Expenditure
- ✓ Financial Position
- ✓ Cash Flows

### REVENUE

The chart displays a comparison between the 2015/16 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

## 2015/16 FIRST QUARTER REVENUE ANALYSIS



	Water & Sanitation revenue	Interest earned on investments	Interest earned on outstanding Debtors	Grants & Subsidies - Operational	Grants & Subsidies - Capital	Other revenue
■ ORIG BUDGET	R 55 902 384	R 4 375 000	R 6 360 000	R 249 823 125	R 270 789 875	R 968 000
■ YTD BUDGET	R 13 975 596	R 1 093 750	R 1 590 000	R 62 455 781	R 67 697 469	R 242 000
■ YTD REC/ACCRUED	R 13 497 661	R 1 164 804	R 2 003 691	R 100 431 000		R 434 821

### Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 30 September 2015 was R13, 4million against a year to date **budget** of R13, 9million. This represents 97% on municipal billing in the first quarter. 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 30 September 2015 is R 1m more than the planned year to date budget. This could be attributable to the large cash inflows at the beginning of the financial year.

### Transfers Recognised - Operational

The operational grants revenue of R100million against a year to date budget of R62, 4million and is largely attributable to the YTD equitable share.

### Transfers Recognised – Capital

The low expenditure trends on grant funded expenditure had resulted in a rather lower than expected recognition of Income against the set targets. The actual R30million (against a YTD budget of R69million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 43% performance in Conditional Capital grant funding expenditures.

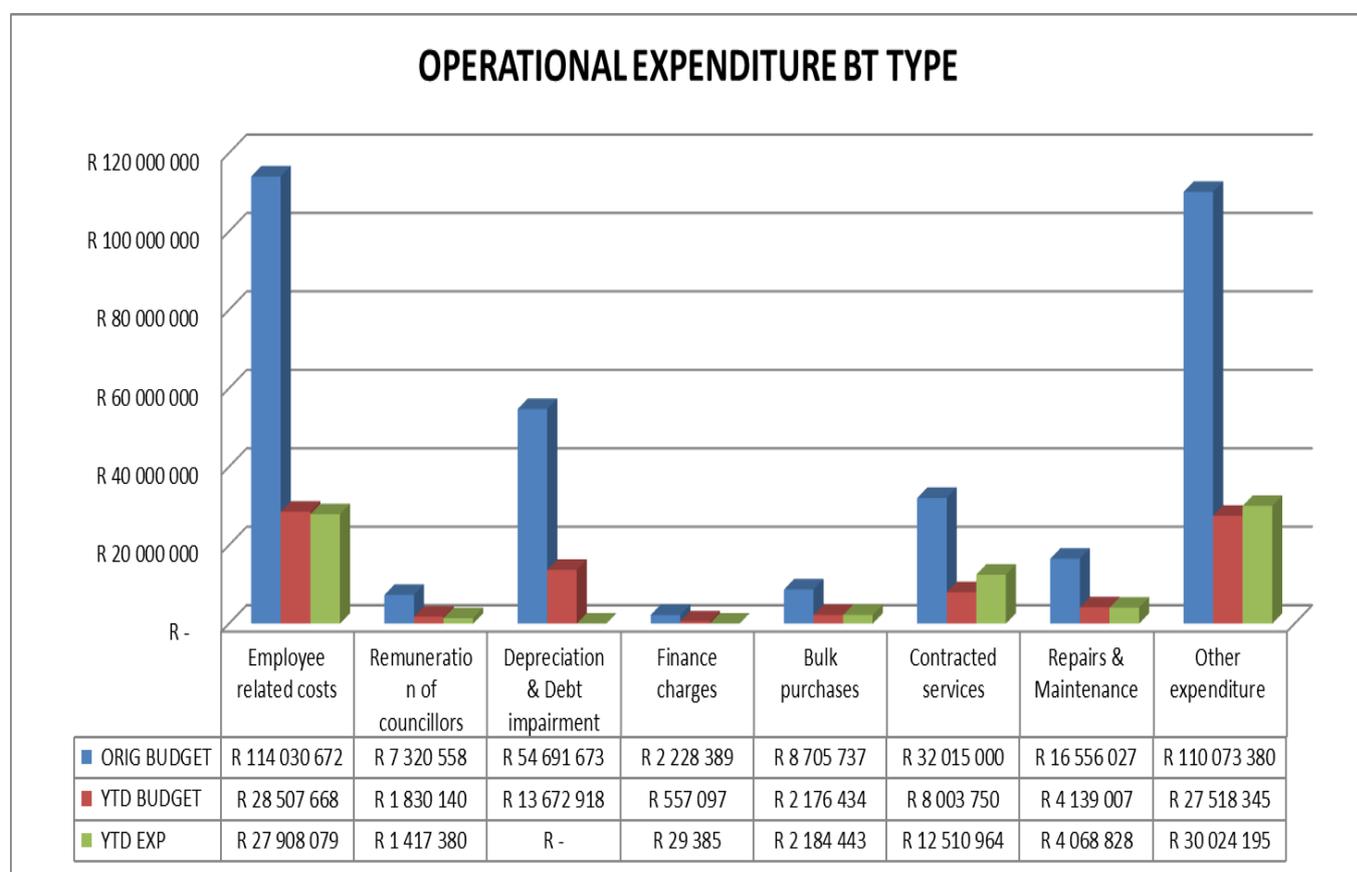
### Other Revenue

The YTD performance of other revenue is R434 821k against the planned year to date budget of R 242 000k.

### 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: 201516 Financial Year Opex**



### **Employee Related Costs**

The YTD budget for employee related costs is R28, 5million against a YTD actual of R27, 9million representing a variance of 2%.

### **Remuneration of Councillors**

The remuneration of councillor's expenditure as at 30 September 2015 is R1, 4million against a year to date budget of R1, 8million.

### **Finance Charges**

The year to date expenditure for finance charges is at R29 385k against the year to date budget of R29 385k.

### **Bulk Purchases**

The expenditure on Bulk Water purchases has been within the budget. As at 30 September 2015, the year to date actual is R2m against year to budget of R2m.

### **Other Expenditure**

The YTD expenditure for other expenditure is at R30million against a budget of R27, 5million representing a variance of 9%.

### **Performance assessment**

The Performance Assessment Report will be available on the fourth quarter in terms of s52 (d) Of the Municipal Finance Management Act.

### **Actual and Revised Targets for cash receipts**

DC43 Sisonke - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M03 September

Description	Budget Year 2015/16												2015/16 Medium Term Revenue & Expenditure Framework			
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Cash Receipts By Source</b>																
Property rates													-			
Property rates - penalties & collection charges													-			
Service charges - electricity revenue													-			
Service charges - water revenue	3 183	3 502	1 560	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	1 431	21 125	22 757	24 516	
Service charges - sanitation revenue	1 364	1 501	669	613	613	613	613	613	613	613	613	614	9 054	9 753	10 507	
Service charges - other	-	-	-	63	63	63	63	63	63	63	63	63	63	568	611	659
Interest earned - external investments	163	534	468	332	332	332	332	332	332	332	332	333	4 156	4 571	5 029	
Interest earned - outstanding debtors	656	668	680	166	166	166	166	166	166	166	166	166	3 498	3 708	3 930	
Transfer receipts - operating	104 661	-	1 764	15 933	15 933	15 933	15 933	15 933	15 933	15 933	15 933	15 934	249 823	265 226	283 723	
Other revenue	158	102	172	17	17	17	17	17	17	17	17	16	581	613	646	
<b>Cash Receipts by Source</b>	<b>110 185</b>	<b>6 307</b>	<b>5 312</b>	<b>18 556</b>	<b>288 804</b>	<b>307 240</b>	<b>329 009</b>									
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	10 875	123 677		15 138	15 138	15 138	15 138	15 138	15 138	15 138	15 138	15 137	270 790	321 768	424 117	
Increase in consumer deposits												151	151	166	166	
<b>Total Cash Receipts by Source</b>	<b>121 060</b>	<b>129 984</b>	<b>5 312</b>	<b>33 693</b>	<b>33 844</b>	<b>559 745</b>	<b>629 174</b>	<b>753 293</b>								
<b>Cash Payments by Type</b>																
Employee related costs	8 602	8 905	10 397	9 570	9 570	9 570	9 570	9 570	9 570	9 570	9 570	9 570	114 030	122 747	131 339	
Remuneration of councillors	472	471	474	656	656	656	656	656	656	656	656	656	7 321	7 723	8 133	
Interest paid	-	-	29	244	244	244	244	244	244	244	244	244	2 228	1 926	1 595	
Bulk purchases - Water & Sewer	-	894	1 291	725	725	725	725	725	725	725	725	724	8 706	9 463	10 286	
Contracted services	2 095	8 367	2 049	2 167	2 167	2 167	2 167	2 167	2 167	2 167	2 167	2 167	32 015	33 528	35 067	
Grants and subsidies paid - other	8 144		1 317	1 317	1 317	1 317	1 317	1 317	1 317	1 317	1 317	1 317	20 000	21 100	22 218	
General expenses	4 533	84 865	2 525	11 344	11 344	11 344	11 344	11 344	11 344	11 344	11 344	(76 046)	106 629	108 843	113 645	
<b>Cash Payments by Type</b>	<b>23 847</b>	<b>103 501</b>	<b>16 765</b>	<b>26 023</b>	<b>(61 367)</b>	<b>290 930</b>	<b>305 330</b>	<b>322 284</b>								
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	92	9 040	21 024	24 273	24 273	24 273	24 273	24 273	24 273	24 273	24 273	24 273	248 610	294 380	385 851	
Repayment of borrowing			569	362	362	362	362	362	362	362	362	372	3 835	4 218	4 640	
<b>Total Cash Payments by Type</b>	<b>23 938</b>	<b>112 541</b>	<b>38 357</b>	<b>50 658</b>	<b>(36 723)</b>	<b>543 374</b>	<b>603 929</b>	<b>712 774</b>								
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>97 122</b>	<b>17 443</b>	<b>(33 045)</b>	<b>(16 964)</b>	<b>70 567</b>	<b>16 371</b>	<b>25 246</b>	<b>40 518</b>								
Cash/cash equivalents at the monthly/year beginning:	25 871	122 993	140 435	107 390	90 426	73 461	56 497	39 532	22 568	5 604	(11 361)	(28 325)	25 871	42 242	67 487	
Cash/cash equivalents at the monthly/year end:	122 993	140 435	107 390	90 426	73 461	56 497	39 532	22 568	5 604	(11 361)	(28 325)	42 242	42 242	67 487	108 006	

## Parent Municipal financial performance

DC43 Sisonke - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M03 September

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Service charges - water revenue	36 235	38 409		2 991	9 448	9 602	(154)	-2%	
Service charges - sanitation revenue	15 529	16 461		1 282	4 049	4 115	(66)	-2%	
Service charges - other	839	1 032		-	-	258	(258)	-100%	
Interest earned - external investments	3 500	4 375		468	1 165	1 094	71	6%	
Interest earned - outstanding debtors	6 000	6 360		680	2 004	1 590	414	26%	
Transfers recognised - operational	263 824	249 823		-	100 431	62 456	37 975	61%	
Other revenue	10 229	968		172	435	242	193	80%	
Gains on disposal of PPE							-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>336 155</b>	<b>317 429</b>	<b>-</b>	<b>5 592</b>	<b>117 532</b>	<b>79 357</b>	<b>38 175</b>	<b>48%</b>	<b>-</b>
<b>Expenditure By Type</b>									
Employee related costs	104 700	114 031		10 397	27 908	28 508	(600)	-2%	
Remuneration of councillors	6 655	7 321		474	1 417	1 830	(413)	-23%	
Debt impairment	23 000	24 692		-	-	6 173	(6 173)	-100%	
Depreciation & asset impairment	35 000	30 000		-	-	7 500	(7 500)	-100%	
Finance charges	3 200	2 228		29	29	557	(528)	-95%	
Bulk purchases	8 009	8 706		1 291	2 184	2 176	8	0%	
Contracted services	37 057	32 015		2 049	12 511	8 004	4 507	56%	
Transfers and grants	21 400	20 000		-	8 144	5 000	3 144	63%	
Other expenditure	137 260	106 629		12 336	25 949	26 657	(708)	-3%	
Loss on disposal of PPE							-		
<b>Total Expenditure</b>	<b>376 281</b>	<b>345 621</b>	<b>-</b>	<b>26 576</b>	<b>78 143</b>	<b>86 405</b>	<b>(8 262)</b>	<b>-10%</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>(40 126)</b>	<b>(28 193)</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>(7 048)</b>	<b>46 437</b>	<b>-659%</b>	<b>-</b>
Transfers recognised - capital	252 033	270 790				69 635	(69 635)	-100%	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>62 587</b>	<b>(23 198)</b>	<b>-37%</b>	<b>-</b>
<b>Surplus/(Deficit) after taxation</b>	<b>211 907</b>	<b>242 597</b>	<b>-</b>	<b>(20 984)</b>	<b>39 389</b>	<b>62 587</b>	<b>(23 198)</b>	<b>-37%</b>	<b>-</b>

## Capital Expenditure Trend

DC43 Sisonke - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 September

Month	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
<b>Monthly expenditure performance trend</b>									
July	21 563	23 212		92	92	23 212	23 120	99,6%	0%
August	21 563	23 212		9 040	9 132	46 424	37 292	80,3%	3%
September	21 563	23 212		21 024	30 155	69 636	39 481	56,7%	11%
October	21 563	23 212				92 848	-		
November	21 563	23 212				116 060	-		
December	21 563	23 212				139 272	-		
January	21 563	23 212				162 484	-		
February	22 680	23 212				185 696	-		
March	22 680	23 212				208 908	-		
April	22 680	23 212				232 120	-		
May	22 680	23 212				255 332	-		
June	22 680	23 212				278 544	-		
<b>Total Capital expenditure</b>	<b>264 342</b>	<b>278 544</b>	<b>-</b>	<b>30 155</b>					

## Capital Expenditure on New Assets by Asset Class

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

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	258 462	260 490	-	19 802	28 762	65 122	36 361	55,8%	-
Infrastructure - Electricity	1 830	-	-	-	-	-	-	-	-
Transmission & Reticulation	1 830	-	-	-	-	-	-	-	-
Infrastructure - Water	222 520	231 990	-	18 114	26 453	57 997	31 544	54,4%	-
Dams & Reservoirs	28 200	-	-	-	-	-	-	-	-
Water purification	3 000	-	-	-	-	-	-	-	-
Reticulation	191 320	231 990	-	18 114	26 453	57 997	31 544	54,4%	-
Infrastructure - Sanitation	34 112	28 500	-	1 688	2 309	7 125	4 816	67,6%	-
Reticulation	28 169	-	-	-	-	-	-	-	-
Sewerage purification	5 943	28 500	-	1 688	2 309	7 125	4 816	67,6%	-
<b>Other assets</b>	18 162	9 950	-	1 221	1 393	2 488	1 094	44,0%	-
Plant & equipment	6 025	4 600	-	-	-	1 150	1 150	100,0%	-
Computers - hardware/equipment	1 380	-	-	-	-	-	-	-	-
Furniture and other office equipment	2 179	1 450	-	663	688	363	(326)	-89,8%	-
Other Buildings	8 578	600	-	-	-	150	150	100,0%	-
Other	-	3 300	-	559	705	825	120	14,5%	-
<b>Intangibles</b>	200	1 100	-	-	-	183	183	100,0%	-
Computers - software & programming	200	1 100	-	-	-	183	183	100,0%	-
<b>Total Capital Expenditure on new assets</b>	<b>276 825</b>	<b>271 540</b>	<b>-</b>	<b>21 024</b>	<b>30 155</b>	<b>67 793</b>	<b>37 638</b>	<b>55,5%</b>	<b>-</b>

<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

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

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

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	4 580	7 000	-	-	-	1 750	1 750	100,0%	-
Infrastructure - Water	4 580	7 000	-	-	-	1 750	1 750	100,0%	-
Reticulation	4 580	7 000	-	-	-	1 750	1 750	100,0%	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>4 580</b>	<b>7 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 750</b>	<b>1 750</b>	<b>100,0%</b>	<b>-</b>

<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

## 2.7 Municipal Manager's Quality's Certification

### Quality Certificate

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

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state affairs of the municipality

For the month of **September** of **2015** 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

Signature: \_\_\_\_\_

Date: \_\_\_\_\_