

Harry Gwala District Municipality

MFMA s71 report for the period ending 31 August 2015.

10/9/2015

Budget & Treasury Office

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1. PART 1 – MONTHLY REPORT

1.1 PURPOSE

To table the monthly expenditure report in terms of s71 of the MFMA for the period ending 31 August 2015 to 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

1.2 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 above, intends to inform the Finance & Corporate services committee and Executive committee on the progress made thus far in terms of implementing the 2015/2016 budget for the period ending 31 August 2015.

1.3 Resolutions

This report will be tabled to Executive committee and therefore the resolution will be available once it tabled to council in terms of Sec 52 (d) of the MFMA.

1.4 Monthly Budget Statement Tables

Monthly Budget Statements Summary

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

DC43 Sisonke - Table C1 Monthly Budget Statement Summary - M02 August

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									
Financial Performance									
Service charges	52 603	55 902	-	4 678	9 225	9 317	(92)	-1%	-
Investment revenue	3 500	4 375	-	534	697	729	(32)	-4%	-
Transfers recognised - operational	263 824	249 823	-	-	100 431	41 637	58 794	141%	-
Other own revenue	16 229	7 328	-	770	1 587	1 221	365	30%	-
Total Revenue (excluding capital transfers and contributions)	336 155	317 429	-	5 981	111 940	52 905	59 035	112%	-
Employee costs	104 700	114 031	-	8 909	17 511	19 005	(1 494)	-8%	-
Remuneration of Councillors	6 655	7 321	-	471	943	1 220	(277)	-23%	-
Depreciation & asset impairment	35 000	30 000	-	-	-	5 000	(5 000)	-100%	-
Finance charges	3 200	2 228	-	-	-	371	(371)	-100%	-
Materials and bulk purchases	8 009	8 706	-	894	894	1 451	(557)	-38%	-
Transfers and grants	21 400	20 000	-	-	8 144	3 333	4 811	144%	-
Other expenditure	197 317	163 336	-	17 446	24 074	27 223	(3 148)	-12%	-
Total Expenditure	376 281	345 621	-	27 720	51 567	57 604	(6 037)	-10%	-
Surplus/(Deficit)	(40 126)	(28 193)	-	(21 739)	60 373	(4 699)	65 071	-1385%	-
Transfers recognised - capital	252 033	270 790	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	211 907	242 597	-	(21 739)	60 373	(4 699)	65 071	-1385%	-
Surplus/ (Deficit) for the year	211 907	242 597	-	(21 739)	60 373	(4 699)	65 071	-1385%	-
Capital expenditure & funds sources									
Capital expenditure	528 685	557 080	-	18 080	18 271	92 780	(74 509)	-80%	-
Capital transfers recognised	257 533	270 790	-	9 040	9 136	46 357	(37 221)	-80%	-
Internally generated funds	6 809	7 750	-	-	-	-	-	-	-
Total sources of capital funds	264 342	278 540	-	9 040	9 136	46 357	(37 221)	-80%	-
Financial position									
Total current assets	41 940	85 442	-	-	256 264	-	-	-	-
Total non current assets	1 540 924	1 600 660	-	-	1 482	-	-	-	-
Total current liabilities	64 952	56 886	-	-	188 891	-	-	-	-
Total non current liabilities	31 936	31 018	-	-	41 464	-	-	-	-
Community wealth/Equity	1 485 976	1 598 198	-	-	1 507 772	-	-	-	-
Cash flows									
Net cash from (used) operating	290 047	268 665	-	26 483	10 894	44 777	33 884	76%	-
Net cash from (used) investing	(279 846)	(248 610)	-	(9 040)	(9 132)	(41 435)	(32 303)	78%	-
Net cash from (used) financing	(3 356)	(3 684)	-	-	-	(614)	(614)	100%	-
Cash/cash equivalents at the month/year end	32 717	16 371	-	-	1 762	2 728	966	35%	-
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	5 211	4 705	3 661	3 618	3 181	3 024	17 410	82 979	123 790
Creditors Age Analysis									
Total Creditors	532	-	-	-	-	-	-	-	532

Financial Performance

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

DC43 Sisonke - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M02 August

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									
Revenue - Standard									
<i>Governance and administration</i>	252 538	249 598	-	1 235	101 989	41 600	60 390	145%	-
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	252 538	249 598	-	1 235	101 989	41 600	60 390	145%	-
Corporate services	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	750	1 100	-	-	-	183	(183)	-100%	-
Planning and development	750	1 100	-	-	-	183	(183)	-100%	-
<i>Trading services</i>	334 901	337 520	-	4 747	9 356	56 253	(46 897)	-83%	-
Water	52 600	61 230	-	4 747	9 356	10 205	(849)	-8%	-
Waste water management	282 301	276 290	-	-	-	46 048	(46 048)	-100%	-
Waste management	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	588 189	588 218	-	5 981	111 346	98 036	13 309	14%	-
Expenditure - Standard									
<i>Governance and administration</i>	123 447	133 932	-	7 958	13 365	17 361	(3 997)	-23%	-
Executive and council	23 099	28 719	-	1 025	2 248	4 787	(2 539)	-53%	-
Budget and treasury office	58 787	59 527	-	3 540	4 947	4 961	(13)	0%	-
Corporate services	41 561	45 686	-	3 393	6 170	7 614	(1 444)	-19%	-
<i>Economic and environmental services</i>	52 368	54 286	-	2 611	12 692	9 048	3 644	40%	-
Planning and development	52 368	54 286	-	2 611	12 692	9 048	3 644	40%	-
<i>Trading services</i>	200 466	157 403	-	17 151	25 510	26 234	(724)	-3%	-
Water	150 528	134 197	-	15 530	23 129	22 366	763	3%	-
Waste water management	49 938	23 206	-	1 621	2 381	3 868	(1 487)	-38%	-
Waste management	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	376 281	345 621	-	27 720	51 567	52 643	(1 076)	-2%	-
Surplus/ (Deficit) for the year	211 907	242 597	-	(21 739)	59 779	45 393	14 385	32%	-

This table assess the revenue by department and then the expenditure for the period ending 31 August 2015. Revenue receipts in August have largely constituted of service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of August is 14%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 12% in the period ending 31 August 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 it's by Municipal vote.

DC43 Sisonke - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

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
R thousands									
Revenue by Vote									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	252 538	249 598	-	1 235	102 583	41 600	60 983	146,6%	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-	-
Vote 5 - Social & Development Planning	750	1 100	-	-	-	183	(183)	-100,0%	-
Vote 6 - Infrastructure Services	282 301	276 290	-	-	-	46 048	(46 048)	-100,0%	-
Vote 7 - Water Services	52 600	61 230	-	4 747	9 356	10 205	(849)	-8,3%	-
Total Revenue by Vote	588 189	588 218	-	5 981	111 940	98 036	13 903	14,2%	-
Expenditure by Vote									
Vote 1 - Council	10 517	13 164	-	621	1 265	2 194	(929)	-42,4%	-
Vote 2 - Municipal Manager	12 582	15 555	-	404	983	2 593	(1 610)	-62,1%	-
Vote 3 - Budget & Treasury Office	58 787	59 527	-	3 540	4 947	9 921	(4 974)	-50,1%	-
Vote 4 - Corporate Services	41 561	45 686	-	3 393	6 170	7 614	(1 444)	-19,0%	-
Vote 5 - Social & Development Planning	52 368	54 286	-	2 611	12 692	9 048	3 644	40,3%	-
Vote 6 - Infrastructure Services	49 938	23 206	-	1 621	2 381	3 868	(1 487)	-38,4%	-
Vote 7 - Water Services	150 528	134 197	-	15 530	23 129	22 366	763	3,4%	-
Total Expenditure by Vote	376 281	345 621	-	27 720	51 567	57 604	(6 037)	-10,5%	-
Surplus/ (Deficit) for the year	211 907	242 597	-	(21 739)	60 373	40 433	19 940	49,3%	-

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 August 2015.

DC43 Sisonke - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August									
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									
Revenue By Source									
Service charges - water revenue	36 235	38 409		3 469	6 774	6 402	372	6%	
Service charges - sanitation revenue	15 529	16 461		1 209	2 451	2 744	(292)	-11%	
Service charges - other	839	1 032		-	-	172	(172)	-100%	
Rental of facilities and equipment				-	-	-	-		
Interest earned - external investments	3 500	4 375		534	697	729	(32)	-4%	
Interest earned - outstanding debtors	6 000	6 360		668	1 323	1 060	263	25%	
Transfers recognised - operational	263 824	249 823		-	100 431	41 637	58 794	141%	
Other revenue	10 229	968		102	263	161	102	63%	
Total Revenue (excluding capital transfers and contributions)	336 155	317 429	-	5 981	111 940	52 905	59 035	112%	-
Expenditure By Type									
Employee related costs	104 700	114 031		8 909	17 511	19 005	(1 494)	-8%	
Remuneration of councillors	6 655	7 321		471	943	1 220	(277)	-23%	
Debt impairment	23 000	24 692		-	-	4 115	(4 115)	-100%	
Depreciation & asset impairment	35 000	30 000		-	-	5 000	(5 000)	-100%	
Finance charges	3 200	2 228		-	-	371	(371)	-100%	
Bulk purchases	8 009	8 706		894	894	1 451	(557)	-38%	
Contracted services	37 057	32 015		7 699	9 494	5 336	4 158	78%	
Transfers and grants	21 400	20 000		-	8 144	3 333	4 811	144%	
Other expenditure	137 260	106 629		9 747	14 580	17 772	(3 191)	-18%	
Loss on disposal of PPE							-		
Total Expenditure	376 281	345 621	-	27 720	51 567	57 604	(6 037)	-10%	-
Surplus/(Deficit)	(40 126)	(28 193)	-	(21 739)	60 373	(4 699)	65 071	(0)	-
Transfers recognised - capital	252 033	270 790				45 132	(45 132)	(0)	
Surplus/(Deficit) after capital transfers & contributions	211 907	242 597	-	(21 739)	60 373	40 433			-
Surplus/(Deficit) after taxation	211 907	242 597	-	(21 739)	60 373	40 433			-
Surplus/(Deficit) attributable to municipality	211 907	242 597	-	(21 739)	60 373	40 433			-
Surplus/ (Deficit) for the year	211 907	242 597	-	(21 739)	60 373	40 433			-

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.

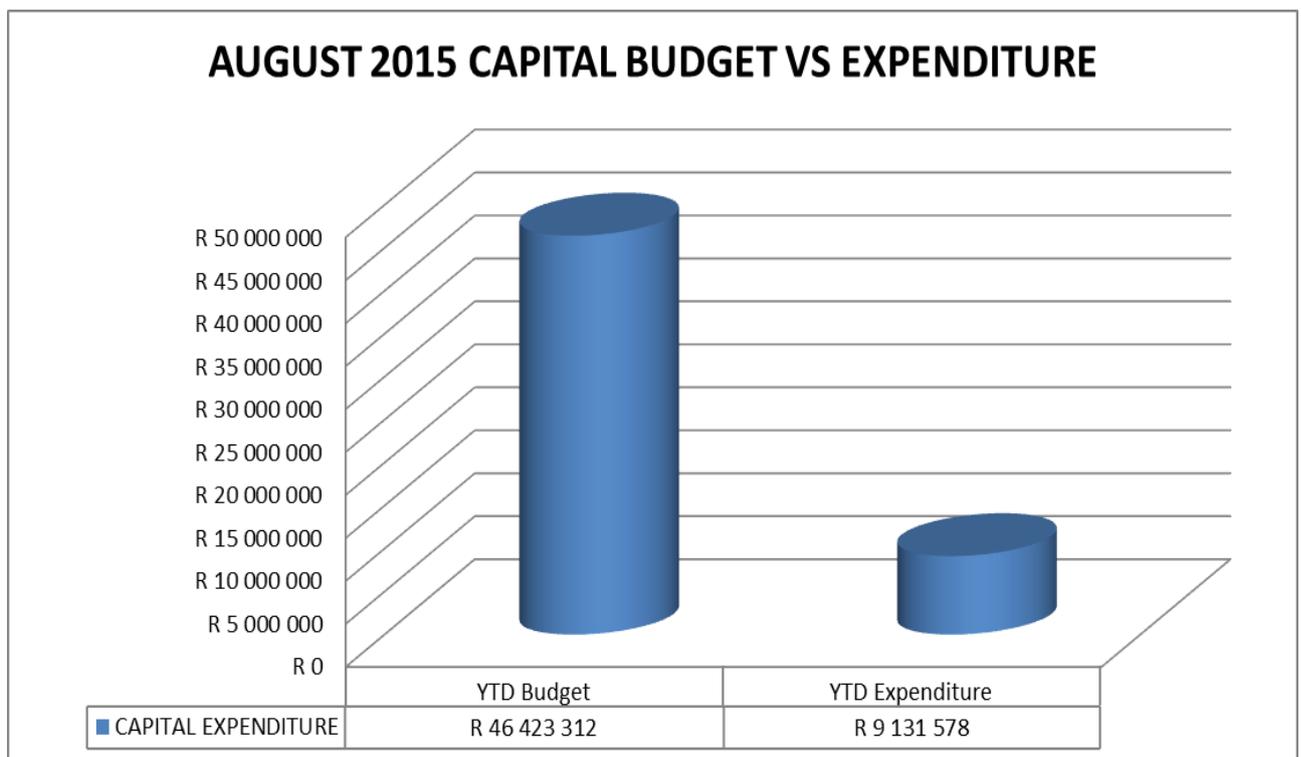
DC43 Sisonke - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M02 August

Vote Description	2014/15	Budget Year 2015/16							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands									
Multi-Year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	2 104	2 650	-	26	66	442	(375)	-85%	-
Vote 5 - Social & Development Planning	800	800	-	-	-	133	(133)	-100%	-
Vote 6 - Infrastructure Services	257 533	270 790	-	8 905	8 905	45 132	(36 227)	-80%	-
Vote 7 - Water Services	3 905	4 300	-	110	165	717	(552)	-77%	-
Total Capital Multi-year expenditure	264 342	278 540	-	9 040	9 136	46 423	(37 288)	-80%	-
Single Year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	2 104	2 650	-	26	66	442	(375)	-85%	-
Vote 5 - Social & Development Planning	800	800	-	-	-	67	(67)	-100%	-
Vote 6 - Infrastructure Services	257 533	270 790	-	8 905	8 905	45 132	(36 227)	-80%	-
Vote 7 - Water Services	3 905	4 300	-	110	165	717	(552)	-77%	-
Total Capital single-year expenditure	264 342	278 540	-	9 040	9 136	46 357	(37 221)	-80%	-
Total Capital Expenditure	528 685	557 080	-	18 080	18 271	92 780	(74 509)	-80%	-
Capital Expenditure - Standard Classification									
Governance and administration	2 104	2 650	-	26	66	442	(375)	-85%	-
Corporate services	2 104	2 650	-	26	66	442	(375)	-85%	-
Economic and environmental services	800	800	-	-	-	67	(67)	-100%	-
Planning and development	800	800	-	-	-	67	(67)	-100%	-
Trading services	261 438	275 090	-	9 015	9 069	45 848	(36 779)	-80%	-
Water	3 905	4 300	-	110	165	717	(552)	-77%	-
Waste water management	257 533	270 790	-	8 905	8 905	45 132	(36 227)	-80%	-
Total Capital Expenditure - Standard Classification	264 342	278 540	-	9 040	9 136	46 357	(37 221)	-80%	-
Funded by:									
National Government	257 533	270 790	-	9 040	9 136	46 357	(37 221)	-80%	-
Transfers recognised - capital	257 533	270 790	-	9 040	9 136	46 357	(37 221)	-80%	-
Internally generated funds	6 809	7 750	-	-	-	-	-	-	-
Total Capital Funding	264 342	278 540	-	9 040	9 136	46 357	(37 221)	-80%	-

As alluded to above, the capital expenditure programme for the month ending 31 August was R9m which represents 3% of capital expenditure against year to date budget and thus shows poor performance on 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: 2015/2016 CAPEX YTD BUDGET & YTD ACTUAL



As at 31 August 2015, the year to date actual expenditure was R9m against a YTD budget of R46million. In monetary terms, these figures represent 3% per cent performance against the capital development programme as at 31 August 2015.

Table C6 displays the financial position of the municipality as at 31 August 2015.

DC43 Sisonke - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	2014/15	Budget Year 2015/16			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
<u>ASSETS</u>					
Current assets					
Cash	30 347	52 691		110 516	
Consumer debtors	307	16 091		40 470	
Other debtors	10 968	12 065		105 009	
Current portion of long-term receivables	-	4 246		-	
Inventory	318	349		269	
Total current assets	41 940	85 442	-	256 264	-
Non current assets					
Property, plant and equipment	1 539 540	1 599 476		1 263	
Intangible assets	1 384	1 184		219	
Other non-current assets					
Total non current assets	1 540 924	1 600 660	-	1 482	-
TOTAL ASSETS	1 582 864	1 686 102	-	257 746	-
<u>LIABILITIES</u>					
Current liabilities					
Borrowing	3 266	3 592		-	
Consumer deposits	1 265	1 415		1 280	
Trade and other payables	53 128	43 710		179 899	
Provisions	7 293	8 169		7 711	
Total current liabilities	64 952	56 886	-	188 891	-
Non current liabilities					
Borrowing	18 683	16 683		27 329	
Provisions	13 253	14 334		14 134	
Total non current liabilities	31 936	31 018	-	41 464	-
TOTAL LIABILITIES	96 888	87 904	-	230 354	-
NET ASSETS	1 485 976	1 598 198	-	27 391	-
<u>COMMUNITY WEALTH/EQUITY</u>					
Accumulated Surplus/(Deficit)	1 485 976	1 598 198		1 507 772	

Table C7 below display the Cash Flow Statement for the period ending 31 August 2015.

DC43 Sisonke - Table C7 Monthly Budget Statement - Cash Flow - M02 August

Description	2014/15	Budget Year 2015/16							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges							-		
Service charges	37 270	30 746		5 003	9 550	5 124	4 426	86%	
Other revenue	844	581		102	260	97	163	168%	
Government - operating	263 824	249 823		-	104 661	41 637	63 024	151%	
Government - capital	252 033	270 790		123 677	21 750	45 132	(23 382)	-52%	
Interest	6 636	7 654		1 202	2 020	1 276	745	58%	
Payments									
Suppliers and employees	(245 959)	(268 701)		(103 501)	(119 204)	(44 784)	74 420	-166%	
Finance charges	(3 200)	(2 228)		-	-	(371)	(371)	100%	
Transfers and Grants	(21 400)	(20 000)		-	(8 144)	(3 333)	4 811	-144%	
NET CASH FROM/(USED) OPERATING ACTIVITIES	290 047	268 665	-	26 483	10 894	44 777	33 884	76%	-
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Decrease (increase) other non-current receiv ables							-		
Payments									
Capital assets	(279 846)	(248 610)		(9 040)	(9 132)	(41 435)	(32 303)	78%	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(279 846)	(248 610)	-	(9 040)	(9 132)	(41 435)	(32 303)	78%	-
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Increase (decrease) in consumer deposits	130	151				25	(25)	-100%	
Payments									
Repayment of borrowing	(3 486)	(3 835)				(639)	(639)	100%	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 356)	(3 684)	-	-	-	(614)	(614)	100%	-
NET INCREASE/ (DECREASE) IN CASH HELD	6 846	16 371	-	17 443	1 762	2 728			-
Cash/cash equivalents at beginning:	25 871								-
Cash/cash equivalents at month/year end:	32 717	16 371			1 762	2 728			-

The billing vs Collection ratio for the month of August was 93% (July: 82%) showing an increase and massive improvement in collection by 11% as compared to previous month

PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 31 August 2015.

Table 2.1.1: Debtors Age Analysis by Income Source

DC43 Sisonke - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

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
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	3 345	3 020	2 350	2 323	2 042	1 941	11 176	53 266	79 463	70 748
Receivables from Exchange Transactions - Waste Water Management	1 307	1 180	918	907	798	758	4 366	20 809	31 043	27 639
Interest on Arrear Debtor Accounts	559	505	393	388	341	325	1 868	8 904	13 283	11 826
Total By Income Source	5 211	4 705	3 661	3 618	3 181	3 024	17 410	82 979	123 790	110 213
2014/15 - totals only									-	-
Debtors Age Analysis By Customer Group										
Organs of State	1 617	1 352	699	769	402	356	1 704	5 068	11 967	8 299
Commercial	729	510	407	360	229	214	1 530	6 284	10 263	8 617
Households	2 864	2 843	2 556	2 489	2 551	2 454	14 176	71 627	101 560	93 297
Other									-	-
Total By Customer Group	5 211	4 705	3 661	3 618	3 181	3 024	17 410	82 979	123 790	110 213

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: 82%
- ✓ Government 10%
- ✓ Business 08%

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

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

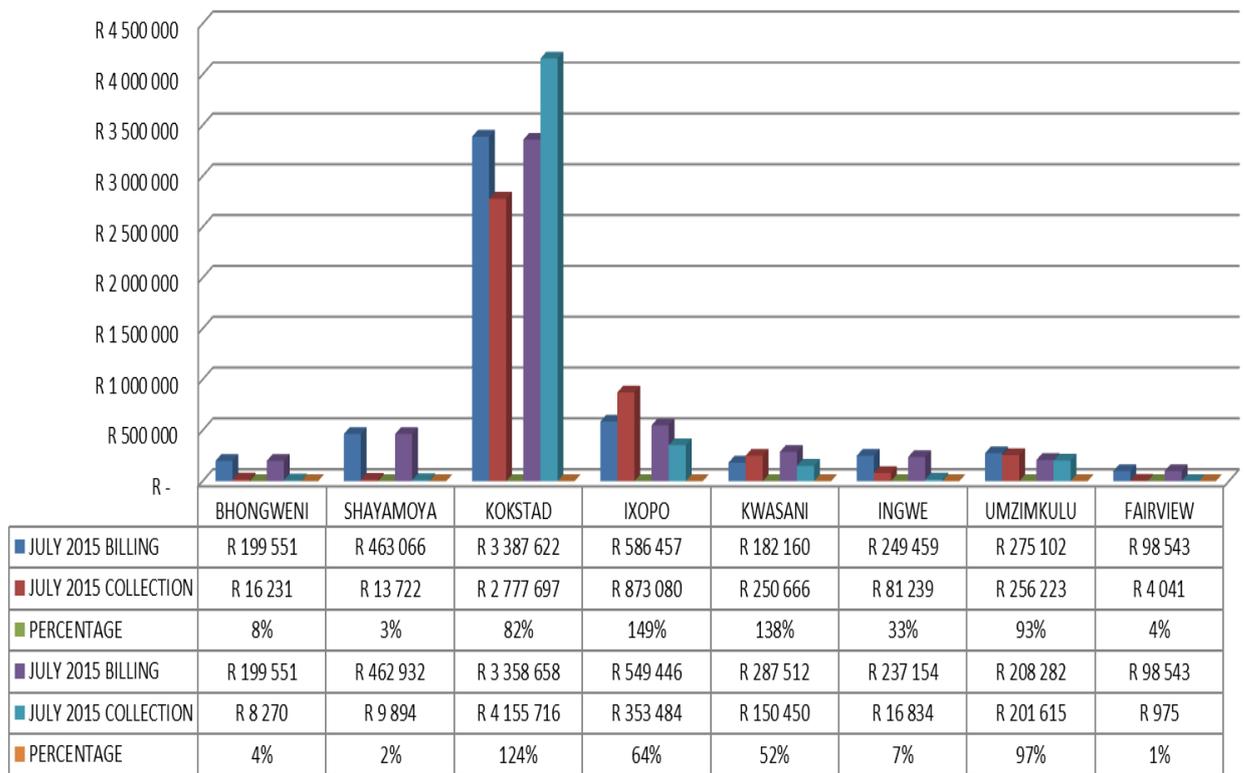
REVENUE RECEIPTS

Revenue receipts per Area

AREA	AMOUNT		
		AUGUST 2015	JULY 2015
Unallocated receipts	R 105 654.48	2%	4%
Kokstad	R 4 155 716.15	83%	62%
Bhongweni	R 8 269.65	0%	0%
Shayamoya	R 9 893.96	0%	0%
Ixopo	R 353 484.32	7%	20%
Fairview	R 974.50	0%	0%
Kwasani	R 150 450.18	3%	6%
Ingwe	R 16 834.13	0%	2%
Umzimkhulu	R 201 614.56	4%	6%
TOTAL RECEIPTS INCL VAT	R 5 002 891.93	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 July is R5million. 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 June is from Kokstad at 83% followed by Ixopo at 20%. These statistics confirm dependency on Kokstad as the greatest contributor to the District Municipality's revenue. The Unallocated receipts for the month of August amounting to 2% which still need to be allocated according to the local municipalities.

BILLING VS COLLECTION FOR THE PERIOD ENDING 31 AUGUST 2015



2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 August 2015.

DC43 Sisonke - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	Budget Year 2015/16								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity									-
Bulk Water									-
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	532								532
Auditor General									-
Other									-
Total By Customer Type	532	-	-	-	-	-	-	-	532

2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short term investments balances broken down per investment type as at 31 August 2015.

Cash and Bank Balances (Investments)

DC43 Sisonke - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

Investments by maturity Name of institution & investment ID	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							
R thousands									
Municipality									
FIRST NATIONAL BANK	62095523281	N/a	MONEY MARKET	N/a	184	0,4%	45 125	(10 288)	36 406
FIRST NATIONAL BANK	62138538692	N/a	CALL ACCOUNT	N/a	111	0,3%	1	(65 451)	54 661
FIRST NATIONAL BANK	62032587331	N/a	CALL ACCOUNT	N/a	120	1,9%	5 200	(28 806)	10 604
INVEST EC	50006688425	N/a	FIXED DEPOSIT	N/a	55	0,5%	11 630		11 685
FIRST NATIONAL BANK	62398395204	N/a	CALL ACCOUNT	N/a	27	0,4%	3 648	(2 489)	1 185
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	12	0,3%	4 898	(1 514)	3 395
FIRST NATIONAL BANK	62434147072	N/a	CALL ACCOUNT	N/a	6	0,2%	2 045		2 051
FIRST NATIONAL BANK	62434145331	N/a	CALL ACCOUNT	N/a	4	0,3%	1 253		1 257
Municipality sub-total					519		73 808	(108 549)	121 255
TOTAL INVESTMENTS AND IN	2				519		73 808	(108 549)	121 255

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 - M02 August

Description	2014/15	Budget Year 2015/16							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:	263 074	248 723	-	-	104 661	41 454	61 959	149,5%	-
Local Government Equitable Share	230 622	241 033		-	100 431	40 172	60 259	150,0%	
Finance Management	1 250	1 250		-	1 250	208			
Municipal Systems Improvement	934	940		-	940	157			
Municipal Infrastructure Grant (PMU)	18 724	3 460		-		577			
Water Services Operating Subsidy	-	-		-		-			
Rural Roads Asset Management Grant	2 044	2 040		-	2 040	340	1 700	500,0%	
Rural Household Infrastructure Grant	4 500						-		
Energy Efficiency and Demand Management Grant	5 000						-		
Provincial Government:	750	1 100	-	-	-	183	(183)	-100,0%	-
Development Planning Shared Services	250	1 100				183	(183)	-100,0%	
Tourism route	500								
Total Operating Transfers and Grants	263 824	249 823	-	-	104 661	41 637	61 776	148,4%	-
Capital Transfers and Grants									
National Government:	267 611	270 790	-	123 677	134 552	45 132	89 946	199,3%	-
Municipal Infrastructure Grant (MIG)	183 882	189 324		120 000	120 000	31 554	88 446	280,3%	
Regional Bulk Infrastructure	58 200	30 000		41	41	5 000			
Energy Efficiency And Demand Side Management Grant	-	-				-			
Municipal Water Infrastructure Grant	22 800	43 500			10 875	7 250			
Expanded public works programme incentive grant	2 729	3 466		1 386	1 386	578			
Rural Household Infrastructure Grant		4 500		2 250	2 250	750	1 500	200,0%	
Total Capital Transfers and Grants	267 611	270 790	-	123 677	134 552	45 132	89 946	199,3%	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	531 435	520 613	-	123 677	239 213	86 769	151 722	174,9%	-

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 - M02 August

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									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	263 074	248 723	-	-	104 661	41 454	63 207	152,5%	-
Local Government Equitable Share	230 622	241 033		-	100 431	40 172	60 259	150,0%	
Finance Management	1 250	1 250		-	1 250	208	1 042	500,0%	
Municipal Systems Improvement	934	940		-	940	157	783	500,0%	
Municipal Infrastructure Grant (PMU)	18 724	3 460		-		577	(577)	-100,0%	
Water Services Operating Subsidy	4 500	-		-		-	-		
Rural Roads Asset Management Grant	2 044	2 040		-	2 040	340	1 700	500,0%	
Energy Efficiency and Demand Management Grant	5 000			-			-		
Provincial Government:	750	1 100	-	-	-	183	(183)	-100,0%	-
Development Planning Shared Services	250	1 100		-		183	(183)	-100,0%	
Tourism route	500			-		-	-		
Total operating expenditure of Transfers and Grants:	263 824	249 823	-	-	104 661	41 637	63 024	151,4%	-
Capital expenditure of Transfers and Grants									
National Government:	293 140	313 256	-	123 677	134 552	52 209	77 910	149,2%	-
Municipal Infrastructure Grant (MIG)	183 882	189 324		120 000	120 000	31 554	88 446	280,3%	
Rural Household Infrastructure Grant	58 200	30 000		2 250	2 250	5 000	(2 750)	-55,0%	
Regional Bulk Infrastructure	22 800	43 500		41	41	7 250	(7 209)	-99,4%	
Rural Household Infrastructure Grant	2 729	3 466				578	(578)	-100,0%	
Municipal Water Infrastructure Grant	22 800	43 500			10 875	7 250			
Expanded public works programme incentive grant	2 729	3 466		1 386	1 386	578			
Total capital expenditure of Transfers and Grants	293 140	313 256	-	123 677	134 552	52 209	77 910	149,2%	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	556 964	563 079	-	123 677	239 213	93 847	140 934	150,2%	-

2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 31 August 2015.

DC43 Sisonke - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August

Summary of Employee and Councillor remuneration R thousands	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
	A	B	C						D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	3 351	621		425	849	104	746	720%	
Pension and UIF Contributions	441	311				52	(52)	-100%	
Medical Aid Contributions	104	771				129	(129)	-100%	
Motor Vehicle Allowance	1 301	621		24	49	104	(55)	-53%	
Cellphone Allowance	286	2 636		23	45	439	(394)	-90%	
Housing Allowances	-	1 618		-	-	270	(270)	-100%	
Other benefits and allowances	680	742		-	-	124	(124)	-100%	
Sub Total - Councillors	6 162	7 321	-	471	943	1 220	(277)	-23%	-
% increase		18,8%							
Senior Managers of the Municipality									
Basic Salaries and Wages	3 828	4 159		361	361	347	14	4%	
Pension and UIF Contributions	2	3		0	0	0	0	4%	
Medical Aid Contributions	4	4		0	0	0	0	4%	
Performance Bonus	525	-		-	-	-	-		
Motor Vehicle Allowance	2 376	2 600		226	226	217	9	4%	
Cellphone Allowance	111	122		11	11	10	0	4%	
Other benefits and allowances	3	4		0	0	0	0	4%	
Sub Total - Senior Managers of Municipality	6 850	6 892	-	598	598	574	24	4%	-
% increase		0,6%							
Other Municipal Staff									
Basic Salaries and Wages	71 041	78 009		4 982	10 296	13 002	(2 706)	-21%	
Pension and UIF Contributions	11 674	12 724		750	1 492	2 121	(629)	-30%	
Medical Aid Contributions	1 613	1 758		424	841	293	548	187%	
Overtime	1 441	1 779		1 043	2 046	296	1 750	590%	
Performance Bonus	6 397	6 973		660	1 102	1 162	(60)	-5%	
Motor Vehicle Allowance	2 940	3 205		244	711	534	177	33%	
Cellphone Allowance	502	547		31	71	91	(20)	-22%	
Housing Allowances	44	48		81	161	8	153	1930%	
Other benefits and allowances	1 923	2 096		96	193	349	(156)	-45%	
Sub Total - Other Municipal Staff	97 575	107 138	-	8 311	16 913	17 856	(943)	-5%	-
% increase		9,8%							
Total Parent Municipality	110 587	121 351	-	9 380	18 455	19 651	(1 196)	-6%	-
		9,7%							
TOTAL SALARY, ALLOWANCES & BENEFITS	110 587	121 351	-	9 380	18 455	19 651	(1 196)	-6%	-
% increase		9,7%							
TOTAL MANAGERS AND STAFF	104 425	114 030	-	8 909	17 511	18 431	(919)	-5%	-

2.6 Material Variances to the SDBIP

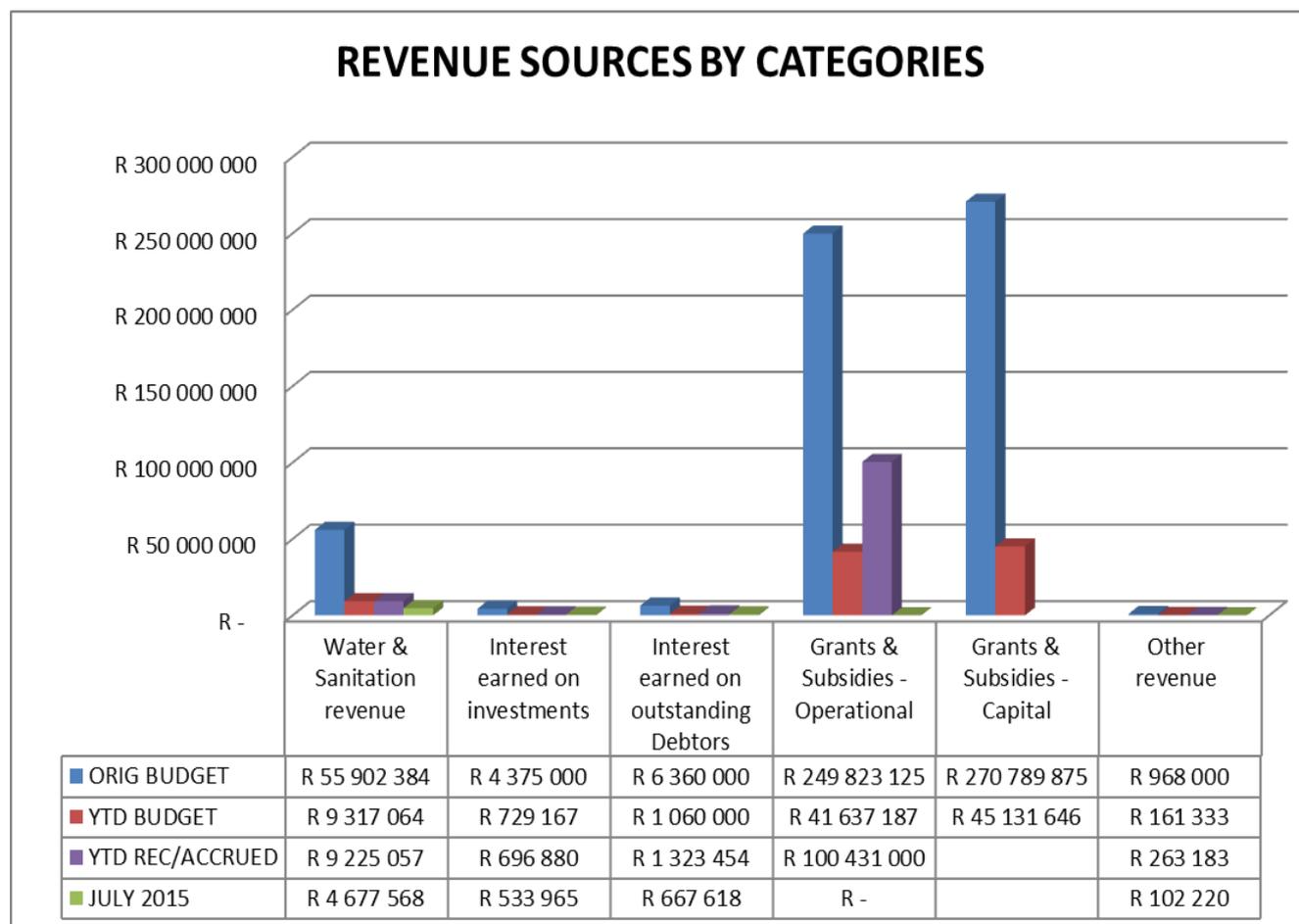
The following section analyses material variances between the actual targets as at 31 August 2015 and the budget for the same period. This report analyses each major component under following headings;

- ✓ 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



Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 31 August 2015 was R4, 6million against a year to date **budget** of R9, 3million.

Interest Earned on External Investments

The actual interest earned on external investments as at 31 August 2015 is R 533 965 against year to date budget of R729 167. This represent 73% of monthly received against year to date budget.

Transfers Recognised – Operational

No operational grants for the month of August 2015

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, however there is 25% expenditure for capital grants that was spent on current financial year's budget.

The actual R9m (against a YTD budget of R46million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 3% under performance in Conditional Capital grant funding expenditures.

Four Capital grants received namely:

- Municipal Infrastructure Grant- R120 000 000
- Expanded Public Works Programme- R1 386 000
- Rural Household Infrastructure Grant- R 41 395
- Rural Bulk Infrastructure Grant- R2 250 000

Other Revenue

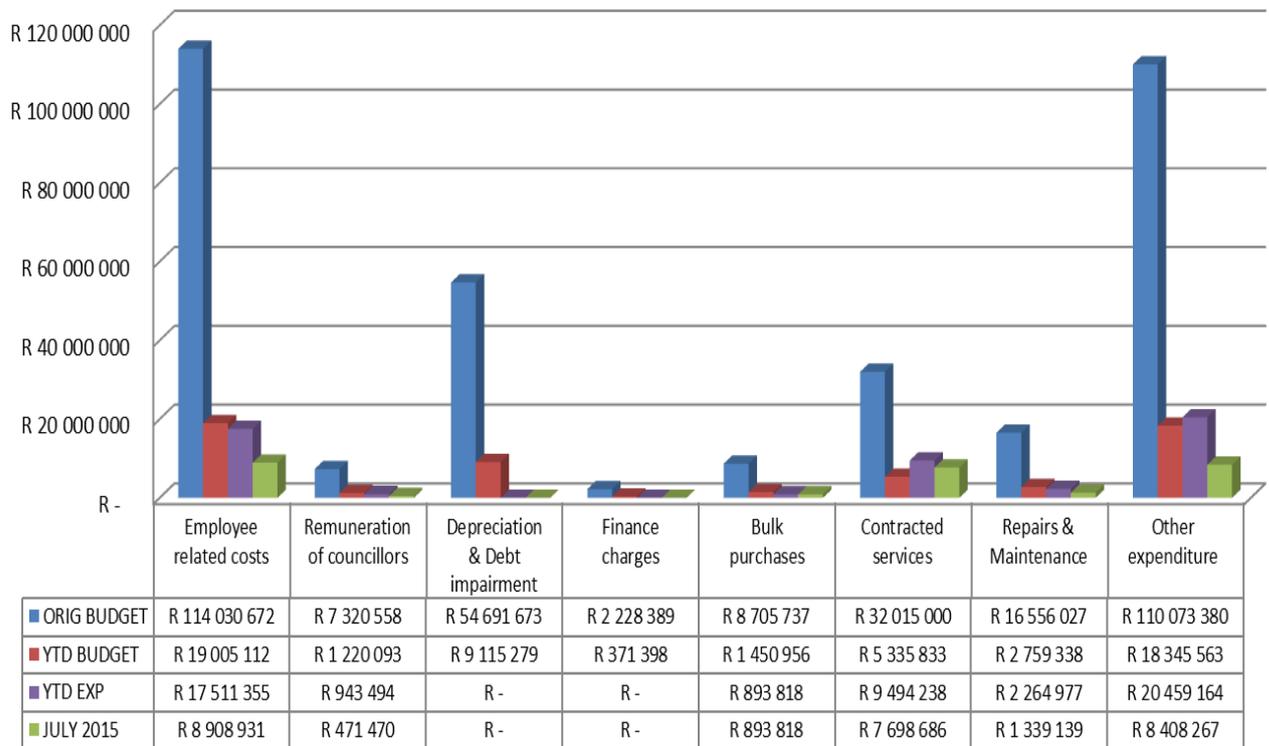
The YTD performance of other revenue is R263 183 against YTD budget of R161 333 of YTD budget.

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: 2015/16 Financial year Opex

OPERATIONAL EXPENDITURE BY TYPE



Employee Related Costs

The YTD budget for employee related costs is R19million against a YTD actual of R17, 5million which is 92% of the YTD budget.

Remuneration of Councillors

The remuneration of councillor’s expenditure as at 31 August 2015 was R471 470 against a YTD budget of R1, 2m.

Finance Charges

As at 31 August 2015, the finance charges YTD budget is R371 398 and there was no movement on YTD actual.

Bulk Purchases

The YTD budget for bulk purchases was at R1, 4m against a YTD expenditure of R898 818k.

Other Expenditure

The YTD budget for other expenditure was at R18, 3million against a YTD expenditure of R20million.

Performance assessment

The Performance Assessment Report will be available on the second quarter of 2015/2016 financial year in terms of mid-term performance assessment in accordance with 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 - M02 August

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	June Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousands																
Cash Receipts By Source																
Service charges - water revenue	3 183	3 502										14 440	21 125	22 757	24 516	
Service charges - sanitation revenue	1 364	1 501										6 188	9 054	9 753	10 507	
Service charges - other	-	-										568	568	611	659	
Interest earned - external investments	163	534										3 459	4 156	4 571	5 029	
Interest earned - outstanding debtors	656	668										2 175	3 498	3 708	3 930	
Transfer receipts - operating	104 661	-										145 162	249 823	265 226	283 723	
Other revenue	158	102										321	581	613	646	
Cash Receipts by Source	110 185	6 307										172 313	288 804	307 240	329 009	
Other Cash Flows by Source																
Transfer receipts - capital	10 875	123 677										136 237	270 790	321 768	424 117	
Increase in consumer deposits												151	151	166	166	
Total Cash Receipts by Source	121 060	129 984										308 701	559 745	629 174	753 293	
Cash Payments by Type																
Employee related costs	8 602	8 905										96 523	114 030	122 747	131 339	
Remuneration of councillors	472	471										6 377	7 321	7 723	8 133	
Interest paid	-	-										2 228	2 228	1 926	1 595	
Bulk purchases - Water & Sewer	-	894										7 812	8 706	9 463	10 286	
Contracted services	2 095	8 367										21 553	32 015	33 528	35 067	
Grants and subsidies paid - other	8 144											11 856	20 000	21 100	22 218	
General expenses	4 533	84 865										17 231	106 629	108 843	113 645	
Cash Payments by Type	23 847	103 501										163 582	290 930	305 330	322 284	
Other Cash Flows/Payments by Type																
Capital assets	92	9 040										239 479	248 610	294 380	385 851	
Repayment of borrowing												3 835	3 835	4 218	4 640	
Total Cash Payments by Type	23 938	112 541										406 895	543 374	603 929	712 774	
NET INCREASE/(DECREASE) IN CASH HELD	97 122	17 443										(98 194)	16 371	25 246	40 518	
Cash/cash equivalents at the month/year beginning:	25 871	122 993	140 435	140 435	140 435	140 435	140 435	140 435	140 435	140 435	140 435	140 435	140 435	25 871	42 242	67 487
Cash/cash equivalents at the month/year end:	122 993	140 435	140 435	140 435	140 435	140 435	140 435	140 435	140 435	140 435	140 435	42 242	42 242	67 487	108 006	

Capital Expenditure Trend

DC43 Sisonke - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M02 August									
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								%	
Monthly expenditure performance trend									
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				69 636	-		
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	-		
Total Capital expenditure	264 342	278 544	-	9 132					

Capital Expenditure on New Assets by Asset Class

DC43 Sisonke - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M02 August

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									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	258 462	260 490	-	8 905	8 905	43 415	34 510	79,5%	-
Infrastructure - Electricity	1 830	-	-	-	-	-	-	-	-
Transmission & Reticulation	1 830	-	-	-	-	-	-	-	-
Infrastructure - Water	222 520	231 990	-	8 905	8 905	38 665	29 760	77,0%	-
Dams & Reservoirs	28 200	-	-	-	-	-	-	-	-
Water purification	3 000	-	-	-	-	-	-	-	-
Reticulation	191 320	231 990	-	8 905	8 905	38 665	29 760	77,0%	-
Infrastructure - Sanitation	34 112	28 500	-	-	-	4 750	4 750	100,0%	-
Reticulation	28 169	-	-	-	-	-	-	-	-
Sewerage purification	5 943	28 500	-	-	-	4 750	4 750	100,0%	-
Other assets	18 162	9 950	-	135	231	1 658	1 427	86,1%	-
General vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	6 025	4 600	-	-	-	767	767	100,0%	-
Computers - hardware/equipment	1 380	-	-	-	-	-	-	-	-
Furniture and other office equipment	2 179	1 450	-	-	-	242	242	100,0%	-
Other Buildings	8 578	600	-	-	-	100	100	100,0%	-
Other	-	3 300	-	135	231	550	319	58,0%	-
Intangibles	200	1 100	-	-	-	183	183	100,0%	-
Computers - software & programming	200	1 100	-	-	-	183	183	100,0%	-
Total Capital Expenditure on new assets	276 825	271 540	-	9 040	9 136	45 257	36 121	79,8%	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
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 - M02 August

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									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	4 580	7 000	-	-	-	583	583	100,0%	-
Infrastructure - Water	4 580	7 000	-	-	-	583	583	100,0%	-
Reticulation	4 580	7 000	-	-	-	583	583	100,0%	-
Total Capital Expenditure on renewal of existing assets	4 580	7 000	-	-	-	583	583	100,0%	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

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 August 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

Signed_____

Date_____