

Harry Gwala District Municipality

MFMA s71 report for the period ending 31 July 2015.

10/8/2015

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 July 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 July 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 - M01 July

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									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	52 603	55 902	-	4 547	4 547	4 659	(111)	-2%	-
Investment revenue	3 500	4 375	-	163	163	365	(202)	-55%	-
Transfers recognised - operational	263 824	249 823	-	100 434	100 434	20 819	79 616	382%	-
Other own revenue	16 229	7 328	-	813	813	611	203	33%	-
Total Revenue (excluding capital transfers and contributions)	336 155	317 429	-	105 958	105 958	26 452	79 506	301%	-
Employee costs	104 700	114 031	-	8 602	8 602	9 503	(900)	-9%	-
Remuneration of Councillors	6 655	7 321	-	472	472	610	(138)	-23%	-
Depreciation & asset impairment	35 000	30 000	-	-	-	2 500	(2 500)	-100%	-
Finance charges	3 200	2 228	-	-	-	186	(186)	-100%	-
Materials and bulk purchases	8 009	8 706	-	-	-	725	(725)	-100%	-
Transfers and grants	21 400	20 000	-	8 144	8 144	1 667	6 477	389%	-
Other expenditure	197 317	163 336	-	6 628	6 628	13 611	(6 983)	-51%	-
Total Expenditure	376 281	345 621	-	23 847	23 847	28 802	(4 955)	-17%	-
Surplus/(Deficit)	(40 126)	(28 193)	-	82 111	82 111	(2 349)	84 461	-3595%	-
Transfers recognised - capital	252 033	270 790	-	92	92	22 566	(22 474)	-100%	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	211 907	242 597	-	82 203	82 203	20 216	61 987	307%	-
Capital expenditure & funds sources									
Capital expenditure	528 685	557 080	-	183	183	46 423	(46 240)	-100%	-
Capital transfers recognised	257 533	270 790	-	92	-	22 566	(22 566)	-100%	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	6 809	7 750	-	-	-	-	-	-	-
Total sources of capital funds	264 342	278 540	-	92	-	22 566	(22 566)	-100%	-
Financial position									
Total current assets	41 940	85 442	-	-	93 463	-	-	-	-
Total non current assets	1 540 924	1 600 660	-	-	1 398 329	-	-	-	-
Total current liabilities	64 952	56 886	-	-	39 256	-	-	-	-
Total non current liabilities	31 936	31 018	-	-	35 147	-	-	-	-
Community wealth/Equity	1 485 976	1 598 198	-	-	1 417 389	-	-	-	-
Cash flows									
Net cash from (used) operating	290 047	268 665	-	97 213	97 213	22 389	(74 824)	-334%	-
Net cash from (used) investing	(279 846)	(248 610)	-	(92)	(92)	(20 718)	(20 626)	100%	-
Net cash from (used) financing	130	151	-	-	-	13	13	100%	-
Cash/cash equivalents at the month/year end	36 203	20 205	-	-	97 122	1 684	(95 438)	-5668%	-
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	6 251	4 334	4 105	3 522	3 133	3 079	17 451	80 672	122 547
Creditors Age Analysis									
Total Creditors	266	-	-	-	-	-	-	-	266

Financial Performance

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

DC43 Sisonke - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M01 July

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	-	100 755	100 755	20 800	79 955	384%	-
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	252 538	249 598	-	100 755	100 755	20 800	79 955	384%	-
<i>Economic and environmental services</i>	750	1 100	-	-	-	92	(92)	-100%	-
Planning and development	750	1 100	-	-	-	92	(92)	-100%	-
<i>Trading services</i>	334 901	337 520	-	5 203	5 203	28 127	(22 923)	-82%	-
Water	52 600	61 230	-	5 203	5 203	5 103	101	2%	-
Waste water management	282 301	276 290	-	-	-	23 024	(23 024)	-100%	-
Total Revenue - Standard	588 189	588 218	-	105 958	105 958	49 018	56 940	116%	-
Expenditure - Standard									
<i>Governance and administration</i>	123 447	133 932	-	5 636	5 636	11 161	(5 525)	-50%	-
Executive and council	23 099	28 719	-	1 451	1 451	2 393	(942)	-39%	-
Budget and treasury office	58 787	59 527	-	1 407	1 407	4 961	(3 554)	-72%	-
Corporate services	41 561	45 686	-	2 777	2 777	3 807	(1 030)	-27%	-
<i>Economic and environmental services</i>	52 368	54 286	-	9 852	9 852	4 524	5 328	118%	-
Planning and development	52 368	54 286	-	9 852	9 852	4 524	5 328	118%	-
<i>Trading services</i>	200 466	157 403	-	8 359	8 359	13 117	(4 758)	-36%	-
Water	150 528	134 197	-	7 599	7 599	11 183	(3 584)	-32%	-
Waste water management	49 938	23 206	-	760	760	1 934	(1 174)	-61%	-
Total Expenditure - Standard	376 281	345 621	-	23 847	23 847	28 802	(4 955)	-17%	-
Surplus/ (Deficit) for the year	211 907	242 597	-	82 111	82 111	20 216	61 895	306%	-

This table assess the revenue by department and then the expenditure for the period ending 31 July 2015. Revenue receipts in July have largely constituted of equitable share followed by service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of July is 87%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 76% in the period ending 31 July 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) - M01 July

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	-	100 755	100 755	20 800	79 955	384,4%	-
Vote 5 - Social & Development Planning	750	1 100	-	-	-	92	(92)	-100,0%	-
Vote 6 - Infrastructure Services	282 301	276 290	-	-	-	23 024	(23 024)	-100,0%	-
Vote 7 - Water Services	52 600	61 230	-	5 203	5 203	5 103	101	2,0%	-
Total Revenue by Vote	588 189	588 218	-	105 958	105 958	49 018	56 940	116,2%	-
Expenditure by Vote									
Vote 1 - Council	10 517	13 164	-	644	644	1 097	(453)	-41,3%	-
Vote 2 - Municipal Manager	12 582	15 555	-	807	807	1 296	(489)	-37,8%	-
Vote 3 - Budget & Treasury Office	58 787	59 527	-	1 407	1 407	4 961	(3 554)	-71,6%	-
Vote 4 - Corporate Services	41 561	45 686	-	2 777	2 777	3 807	(1 030)	-27,0%	-
Vote 5 - Social & Development Planning	52 368	54 286	-	9 852	9 852	4 524	5 328	117,8%	-
Vote 6 - Infrastructure Services	49 938	23 206	-	760	760	1 934	(1 174)	-60,7%	-
Vote 7 - Water Services	150 528	134 197	-	7 599	7 599	11 183	(3 584)	-32,1%	-
Total Expenditure by Vote	376 281	345 621	-	23 847	23 847	28 802	(4 955)	-17,2%	-
Surplus/ (Deficit) for the year	211 907	242 597	-	82 111	82 111	20 216	61 895	306,2%	-

Statement of financial Performance

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

DC43 Sisonke - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

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		3 183	3 183	3 201	(18)	-1%	
Service charges - sanitation revenue	15 529	16 461		1 364	1 364	1 372	(8)	-1%	
Service charges - other	839	1 032				86	(86)	-100%	
Interest earned - external investments	3 500	4 375		163	163	365	(202)	-55%	
Interest earned - outstanding debtors	6 000	6 360		656	656	530	126	24%	
Transfers recognised - operational	263 824	249 823		100 434	100 434	20 819	79 616	382%	
Other revenue	10 229	968		158	158	81	77	95%	
Total Revenue (excluding capital transfers and contributions)	336 155	317 429	-	105 958	105 958	26 452	79 506	301%	-
Expenditure By Type									
Employee related costs	104 700	114 031		8 602	8 602	9 503	(900)	-9%	
Remuneration of councillors	6 655	7 321		472	472	610	(138)	-23%	
Debt impairment	23 000	24 692				2 058	(2 058)	-100%	
Depreciation & asset impairment	35 000	30 000				2 500	(2 500)	-100%	
Finance charges	3 200	2 228				186	(186)	-100%	
Bulk purchases	8 009	8 706				725	(725)	-100%	
Contracted services	37 057	32 015		2 095	2 095	2 668	(573)	-21%	
Transfers and grants	21 400	20 000		8 144	8 144	1 667	6 477	389%	
Other expenditure	137 260	106 629		4 533	4 533	8 886	(4 352)	-49%	
Loss on disposal of PPE							-		
Total Expenditure	376 281	345 621	-	23 847	23 847	28 802	(4 955)	-17%	-
Surplus/(Deficit)	(40 126)	(28 193)	-	82 111	82 111	(2 349)	84 461	(0)	-
Transfers recognised - capital	252 033	270 790		92	92	22 566	(22 474)	(0)	
Surplus/(Deficit) after capital transfers & contributions	211 907	242 597	-	82 203	82 203	20 216			-
Surplus/(Deficit) after taxation	211 907	242 597	-	82 203	82 203	20 216			-
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	211 907	242 597	-	82 203	82 203	20 216			-
Surplus/ (Deficit) for the year	211 907	242 597	-	82 203	82 203	20 216			-

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.

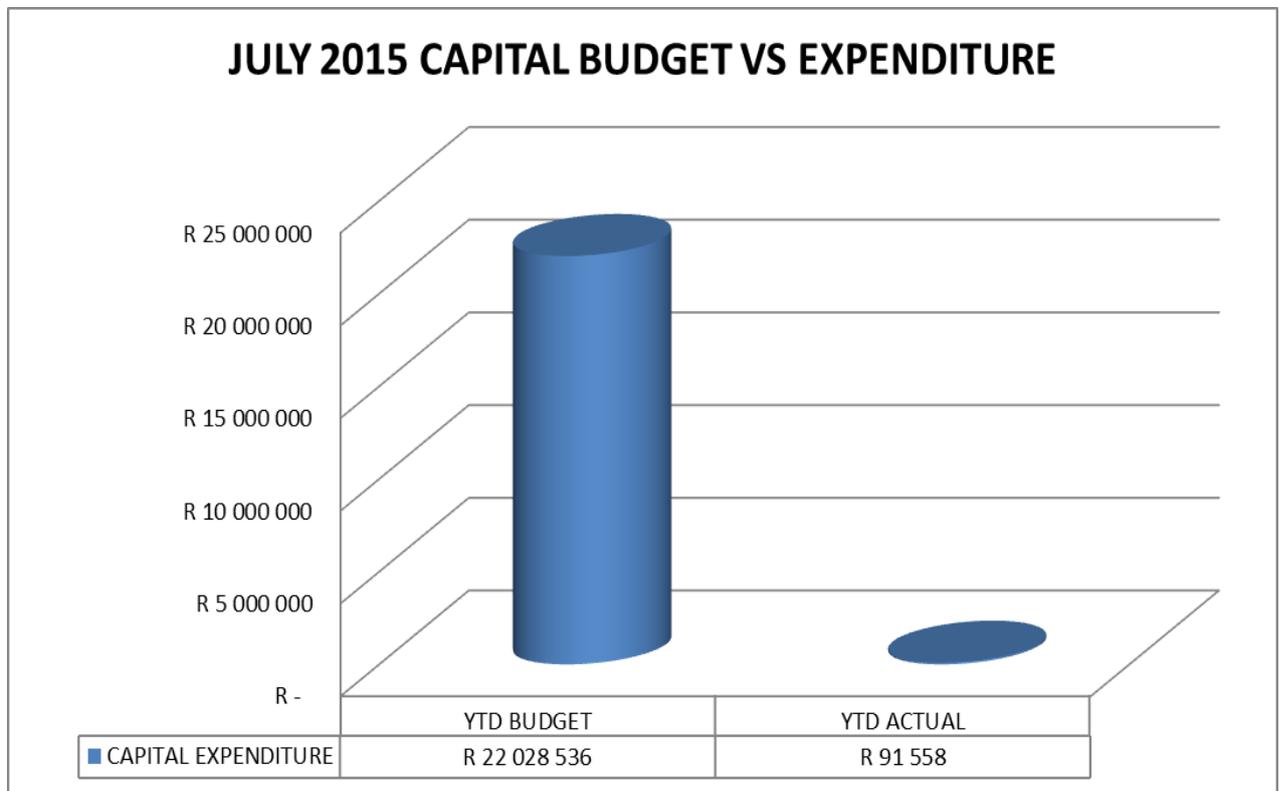
DC43 Sisonke - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M01 July

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 4 - Corporate Services	2 104	2 650	-	37	37	221	(184)	-83%	-
Vote 5 - Social & Development Planning	800	800	-	-	-	67	(67)	-100%	-
Vote 6 - Infrastructure Services	257 533	270 790	-	-	-	22 566	(22 566)	-100%	-
Vote 7 - Water Services	3 905	4 300	-	55	55	358	(303)	-85%	-
Total Capital Multi-year expenditure	264 342	278 540	-	92	92	23 212	(23 120)	-100%	-
Single Year expenditure appropriation									
Vote 4 - Corporate Services	2 104	2 650	-	37	37	221	(184)	-83%	-
Vote 5 - Social & Development Planning	800	800	-	-	-	67	(67)	-100%	-
Vote 6 - Infrastructure Services	257 533	270 790	-	-	-	22 566	(22 566)	-100%	-
Vote 7 - Water Services	3 905	4 300	-	55	55	358	(303)	-85%	-
Total Capital single-year expenditure	264 342	278 540	-	92	92	23 212	(23 120)	-100%	-
Total Capital Expenditure	528 685	557 080	-	183	183	46 423	(46 240)	-100%	-
Capital Expenditure - Standard Classification									
Governance and administration	2 104	2 650	-	37	37	221	(184)	-83%	-
Corporate services	2 104	2 650	-	37	37	221	(184)	-83%	-
Economic and environmental services	800	800	-	-	-	67	(67)	-100%	-
Planning and development	800	800	-	-	-	67	(67)	-100%	-
Trading services	261 438	275 090	-	55	55	22 924	(22 869)	-100%	-
Electricity	-	-	-	-	-	-	-	-	-
Water	3 905	4 300	-	55	55	358	(303)	-85%	-
Waste water management	257 533	270 790	-	-	-	22 566	(22 566)	-100%	-
Total Capital Expenditure - Standard Classification	264 342	278 540	-	92	92	23 212	(23 120)	-100%	-
Funded by:									
National Government	257 533	270 790	-	92	-	22 566	(22 566)	-100%	-
Transfers recognised - capital	257 533	270 790	-	92	-	22 566	(22 566)	-100%	-
Internally generated funds	6 809	7 750	-	-	-	-	-	-	-
Total Capital Funding	264 342	278 540	-	92	-	22 566	(22 566)	-100%	-

As alluded to above, the capital expenditure programme for the month ending 31 July was R91 558 which represents 1% 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 July 2015, the year to date actual expenditure was R91 558 against a YTD budget of R22million. In monetary terms, these figures represent 1% per cent performance against the capital development programme as at 31 July 2015.

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

DC43 Sisonke - Table C6 Consolidated Monthly Budget Statement - Financial Position - M01 July

Description	2013/14	Budget Year 2014/15			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
<u>ASSETS</u>					
Current assets					
Cash	29 474	43 807	-	74 537	-
Consumer debtors	6 843	13 307	-	6 863	-
Other debtors	52 569	10 968	-	11 963	-
Inventory	269	318	-	100	-
Total current assets	89 156	68 399	-	93 463	-
Non current assets					
Property, plant and equipment	1 275 994	1 548 958	-	1 398 110	-
Intangible assets	954	1 384	-	219	-
Total non current assets	1 276 948	1 550 342	-	1 398 329	-
TOTAL ASSETS	1 366 104	1 618 742	-	1 491 792	-
<u>LIABILITIES</u>					
Current liabilities					
Borrowing	3 415	3 266	-	2 463	-
Consumer deposits	1 114	1 265	-	1 650	-
Trade and other payables	103 844	53 128	-	40 172	-
Provisions	10 841	7 293	-	7 293	-
Total current liabilities	119 214	64 952	-	51 577	-
Non current liabilities					
Borrowing	22 064	18 683	-	20 595	-
Provisions	19 058	13 253	-	14 553	-
Total non current liabilities	41 121	31 936	-	35 147	-
TOTAL LIABILITIES	160 336	96 888	-	86 725	-
NET ASSETS	1 205 768	1 521 854	-	1 405 067	-
<u>COMMUNITY WEALTH/EQUITY</u>					
Accumulated Surplus/(Deficit)	1 205 767	1 521 854	-	1 405 067	-
TOTAL COMMUNITY WEALTH/EQUITY	1 205 767	1 521 854	-	1 405 067	-

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

DC43 Sisonke - Table C7 Monthly Budget Statement - Cash Flow - M01 July

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									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges							-		
Service charges	37 270	30 746		4 547	4 547	2 562	1 985	77%	
Other revenue	844	581		158	158	48	109	226%	
Government - operating	263 824	249 823		104 661	104 661	20 819	83 842	403%	
Government - capital	252 033	270 790		10 875	10 875	22 566	(11 691)	-52%	
Interest	6 636	7 654		819	819	638	181	28%	
Dividends							-		
Payments									
Suppliers and employees	(245 959)	(268 701)		(15 703)	(15 703)	(22 392)	(6 689)	30%	
Finance charges	(3 200)	(2 228)		-	-	(186)	(186)	100%	
Transfers and Grants	(21 400)	(20 000)		(8 144)	(8 144)	(1 667)	6 477	-389%	
NET CASH FROM/(USED) OPERATING ACTIVITIES	290 047	268 665	-	97 213	97 213	22 389	(74 824)	-334%	-
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE							-		
Decrease (increase) in non-current debtors							-		
Decrease (increase) other non-current receivables							-		
Decrease (increase) in non-current investments							-		
Payments									
Capital assets	(279 846)	(248 610)		(92)	(92)	(20 718)	(20 626)	100%	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(279 846)	(248 610)	-	(92)	(92)	(20 718)	(20 626)	100%	-
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits	130	151				13	(13)	-100%	
Payments									
Repayment of borrowing	(3 486)	(3 835)				(320)	(320)	100%	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 356)	(3 684)	-	-	-	(307)	(307)	100%	-
NET INCREASE/ (DECREASE) IN CASH HELD	6 846	16 371	-	97 122	97 122	1 364			-
Cash/cash equivalents at beginning:	25 871					-			-
Cash/cash equivalents at month/year end:	32 717	16 371			97 122	1 364			-

The billing vs Collection ratio for the month of July was 82% (June: 128%) showing a decrease in collection by 46% 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 July 2015.

Table 2.1.1: Debtors Age Analysis by Income Source

DC43 Sisonke - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	Budget Year 2014/15									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	4 013	2 782	2 635	2 261	2 011	1 976	11 202	51 785	78 666	69 235
Receivables from Exchange Transactions - Waste Water Management	1 568	1 087	1 029	883	786	772	4 376	20 230	30 732	27 048
Interest on Arrear Debtor Accounts	671	465	441	378	336	330	1 873	8 656	13 150	11 573
Total By Income Source	6 251	4 334	4 105	3 522	3 133	3 079	17 451	80 672	122 547	107 856
Debtors Age Analysis By Customer Group										
Organs of State	2 419	1 203	1 172	694	406	300	1 700	4 904	12 798	8 005
Commercial	774	465	377	240	228	245	1 592	6 097	10 016	8 401
Households	3 059	2 667	2 557	2 588	2 499	2 534	14 159	69 671	99 733	91 451
Total By Customer Group	6 251	4 334	4 105	3 522	3 133	3 079	17 451	80 672	122 547	107 856

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: 80%
- ✓ Government 10%
- ✓ Business 08%
- ✓ Other 2%

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

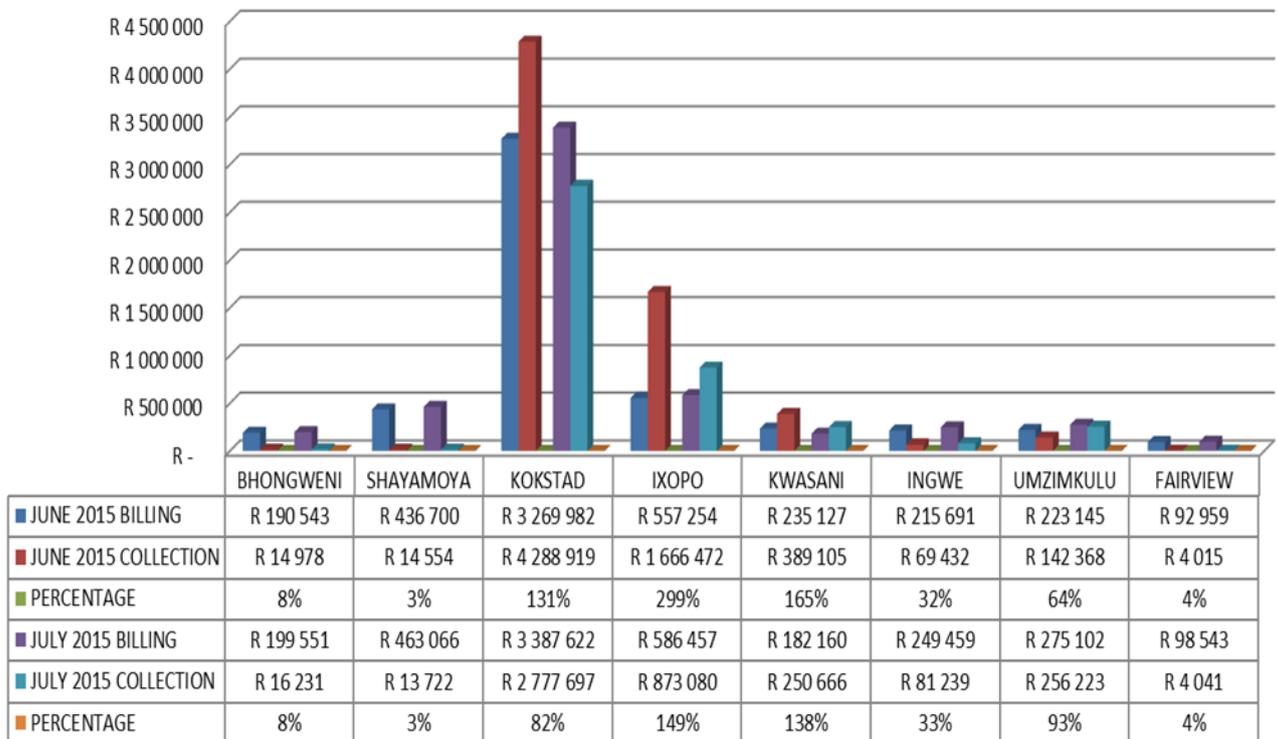
REVENUE RECEIPTS

Revenue receipts per Area

AREA	AMOUNT		
		JULY 2015	JUNE 20154
Unallocated receipts	R 184 821.68	4%	1%
Kokstad	R 2 777 696.51	62%	64%
Bhongweni	R 16 230.66	0%	0%
Shayamoya	R 13 722.09	0%	0%
Ixopo	R 873 079.82	20%	25%
Fairview	R 4 040.60	0%	0%
Kwasani	R 250 666.11	6%	6%
Ingwe	R 81 239.24	2%	1%
Umzimkhulu	R 256 222.83	6%	2%
TOTAL RECEIPTS INCL VAT	R 4 457 719.54	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 R4.4million. 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 62% followed by Ixopo at 25%. These statistics confirm dependency on Kokstad as the greatest contributor to the District Municipality's revenue. The Unallocated receipts for the month of July amounting to 4% which still need to be allocated according to the local municipalities.

BILLING VS COLLECTION FOR THE PERIOD ENDING 31 JULY 2015



2.2 Creditors Analysis

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

DC43 Sisonke - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description	Budget Year 2014/15								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity									-
Bulk Water									-
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	266								266
Auditor General									-
Other									-
Total By Customer Type	266	-	-	-	-	-	-	-	266

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 July 2015.

Cash and Bank Balances (Investments)

DC43 Sisonke - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M01 July

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							
Municipality									
FIRST NATIONAL BANK	62095523281		MONEY MARKET		42		7 132	(12 996)	45 125
FIRST NATIONAL BANK	62138538692		CALL ACCOUNT		0		1		1
FIRST NATIONAL BANK	62032587331		CALL ACCOUNT		37		485	(40 754)	5 200
INVESTEC	50006688425		FIXED DEPOSIT		53		11 576		11 630
FIRST NATIONAL BANK	62398395204		CALL ACCOUNT		5		415	(7 647)	3 648
FIRST NATIONAL BANK	62414264797		CALL ACCOUNT		0		9		9
FIRST NATIONAL BANK	62434151239		CALL ACCOUNT		21		6 173	(1 296)	4 898
FIRST NATIONAL BANK	62434147072		CALL ACCOUNT		1		4		2 045
FIRST NATIONAL BANK	62434145331		CALL ACCOUNT		0		3		1 253
Municipality sub-total					160		25 798	(62 694)	73 808
TOTAL INVESTMENTS AND INTEREST	2				160		25 798	(62 694)	73 808

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 - M01 July

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									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	263 074	248 723	-	104 661	104 661	20 727	82 215	396,7%	-
Local Government Equitable Share	230 622	241 033		100 431	100 431	20 086	80 345	400,0%	
Finance Management	1 250	1 250		1 250	1 250	104			
Municipal Systems Improvement	934	940		940	940	78			
Municipal Infrastructure Grant (PMU)	18 724	3 460				288			
Rural Roads Asset Management Grant	2 044	2 040		2 040	2 040	170	1 870	1100,0%	
Rural Household Infrastructure Grant	4 500						-		
Energy Efficiency and Demand Management Grant	5 000						-		
Provincial Government:	750	1 100	-	-	-	92	(92)	-100,0%	-
Dev elopment Planning Shared Services	250	1 100				92	(92)	-100,0%	
Tourism route	500						-		
Total Operating Transfers and Grants	263 824	249 823	-	104 661	104 661	20 819	82 123	394,5%	-
Capital Transfers and Grants									
National Government:	267 611	270 790	-	10 875	10 875	22 566	(16 152)	-71,6%	-
Municipal Infrastructure Grant (MIG)	183 882	189 324				15 777	(15 777)	-100,0%	
Regional Bulk Infrastructure	58 200	30 000				2 500			
Municipal Water Infrastructure Grant	22 800	43 500		10 875	10 875	3 625			
Expanded public works programme incentive grant	2 729	3 466				289			
Rural Household Infrastructure Grant		4 500				375	(375)	-100,0%	
Total Capital Transfers and Grants	267 611	270 790	-	10 875	10 875	22 566	(16 152)	-71,6%	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	531 435	520 613	-	115 536	115 536	43 384	65 971	152,1%	-

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 - M01 July

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	104 661	20 727	83 934	405,0%	-
Local Government Equitable Share	230 622	241 033		100 431	100 431	20 086	80 345	400,0%	
Finance Management	1 250	1 250		1 250	1 250	104	1 146	1100,0%	
Municipal Systems Improvement	934	940		940	940	78	862	1100,0%	
Municipal Infrastructure Grant (PMU)	18 724	3 460				288	(288)	-100,0%	
Water Services Operating Subsidy	4 500	-				-	-		
Rural Roads Asset Management Grant	2 044	2 040		2 040	2 040	170	1 870	1100,0%	
Energy Efficiency and Demand Management Grant	5 000						-		
Other transfers and grants [insert description]							-		
Provincial Government:	750	1 100	-	-	-	92	(92)	-100,0%	-
Development Planning Shared Services	250	1 100				92	(92)	-100,0%	
Tourism route	500					-	-		
Total operating expenditure of Transfers and Grants:	263 824	249 823	-	104 661	104 661	20 819	83 842	402,7%	-
Capital expenditure of Transfers and Grants									
National Government:	293 140	313 256	-	10 875	10 875	26 105	(22 191)	-85,0%	-
Municipal Infrastructure Grant (MIG)	183 882	189 324				15 777	(15 777)	-100,0%	
Rural Household Infrastructure Grant	58 200	30 000				2 500	(2 500)	-100,0%	
Regional Bulk Infrastructure	22 800	43 500				3 625	(3 625)	-100,0%	
Rural Household Infrastructure Grant	2 729	3 466				289	(289)	-100,0%	
Municipal Water Infrastructure Grant	22 800	43 500		10 875	10 875	3 625			
Expanded public works programme incentive grant	2 729	3 466				289			
Total capital expenditure of Transfers and Grants	293 140	313 256	-	10 875	10 875	26 105	(22 191)	-85,0%	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	556 964	563 079	-	115 536	115 536	46 923	61 652	131,4%	-

2.5 Councillor and Staff Benefits

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

DC43 Sisonke - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July

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
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	3 351	621		361	361	52	310	598%	
Pension and UIF Contributions	441	311		23	23	26	(3)	-13%	
Medical Aid Contributions	104	771		5	5	64	(59)	-92%	
Motor Vehicle Allowance	1 301	621		25	25	52	(27)	-52%	
Cellphone Allowance	286	2 636		23	23	220	(197)	-90%	
Housing Allowances	-	1 618		-	-	135	(135)	-100%	
Other benefits and allowances	680	742		35	35	62	(27)	-44%	
Sub Total - Councillors	6 162	7 321	-	472	472	610	(138)	-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	-		50	50	-	50	#DIV/0!	
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	-	648	648	574	74	13%	-
% increase		0,6%							
Other Municipal Staff									
Basic Salaries and Wages	71 041	78 009		4 716	4 716	6 501	(1 785)	-27%	
Pension and UIF Contributions	11 674	12 724		789	789	1 060	(272)	-26%	
Medical Aid Contributions	1 613	1 758		418	418	147	271	185%	
Overtime	1 441	1 779		833	833	148	685	462%	
Performance Bonus	6 397	6 973		442	442	581	(139)	-24%	
Motor Vehicle Allowance	2 940	3 205		467	467	267	200	75%	
Cellphone Allowance	502	547		184	184	46	138	304%	
Housing Allowances	44	48		80	80	4	76	1911%	
Other benefits and allowances	1 923	2 096		27	27	175	(148)	-85%	
Sub Total - Other Municipal Staff	97 575	107 138	-	7 954	7 954	8 928	(974)	-11%	-
% increase		9,8%							
Total Parent Municipality	110 587	121 351	-	9 074	9 074	10 113	(1 038)	-10%	-
		9,7%							
TOTAL SALARY, ALLOWANCES & BENEFITS	110 587	121 351	-	9 074	9 074	10 113	(1 038)	-10%	-
% increase		9,7%							
TOTAL MANAGERS AND STAFF	104 425	114 030	-	8 602	8 602	9 503	(900)	-9%	-

2.6 Material Variances to the SDBIP

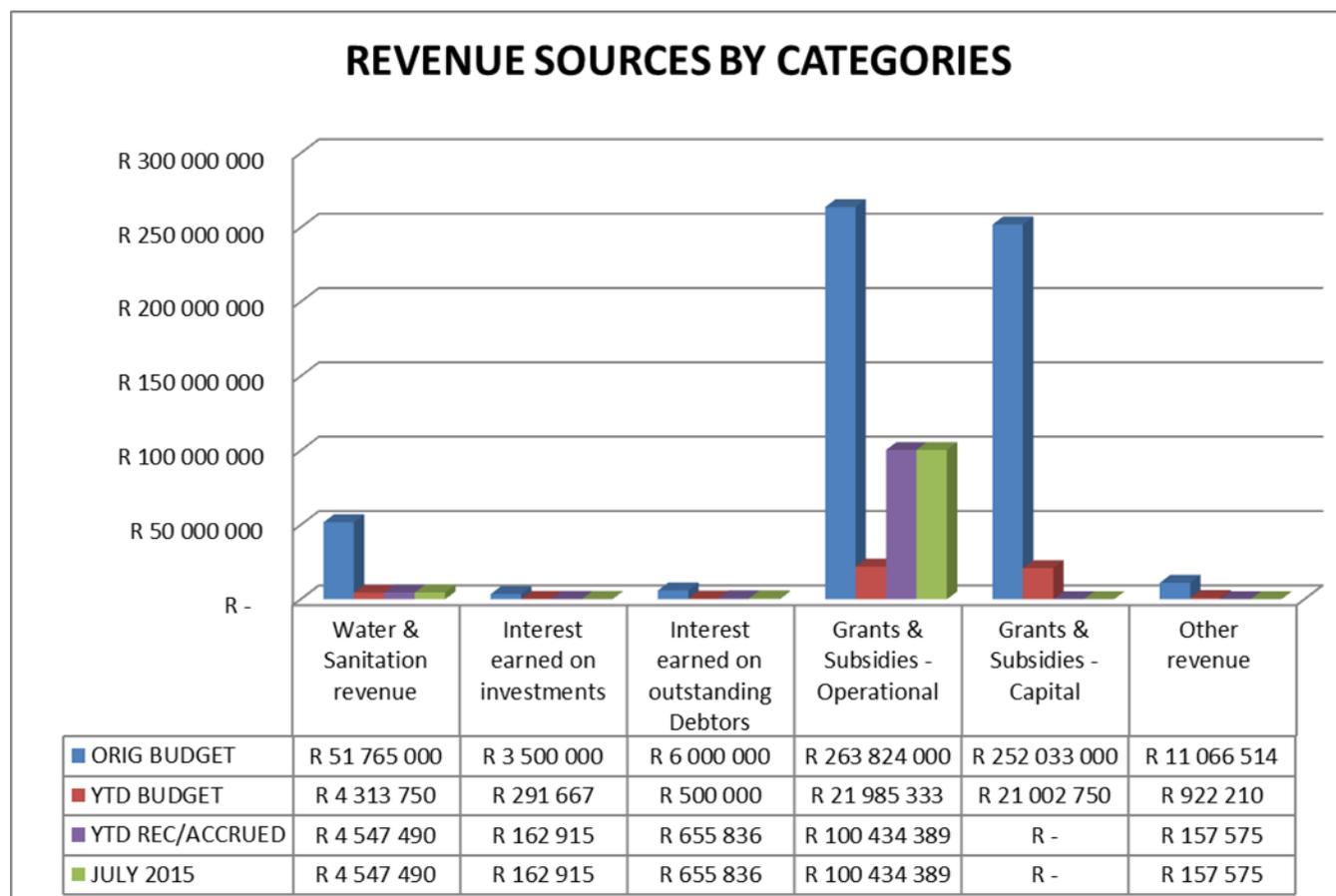
The following section analyses material variances between the actual targets as at 31 July 2015 and the budget for the same period. This report analyses each major component under following headings;

- ✓ 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 July 2015 was R4, 5million against a year to date **budget** of R4, 3million.

Interest Earned on External Investments

The actual interest earned on external investments as at 31 July 2015 is R 162 915 against year to date budget of R291 667. This represent 56% of monthly received against year to date budget.

Transfers Recognised – Operational

Four operational grants received for the month of July 2015 namely;

- Equitable Share- R100 431 000
- Financial Management Grant- R 1 250 000
- Municipal System Improvement Grant- R 940 000
- Rural Road Assets Management Grant- R 2 040 000

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 R91 558 (against a YTD budget of R22million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 1% under performance in Conditional Capital grant funding expenditures.

One Capital grants received namely:

- Municipal Water Infrastructure Grant- R10 875 000

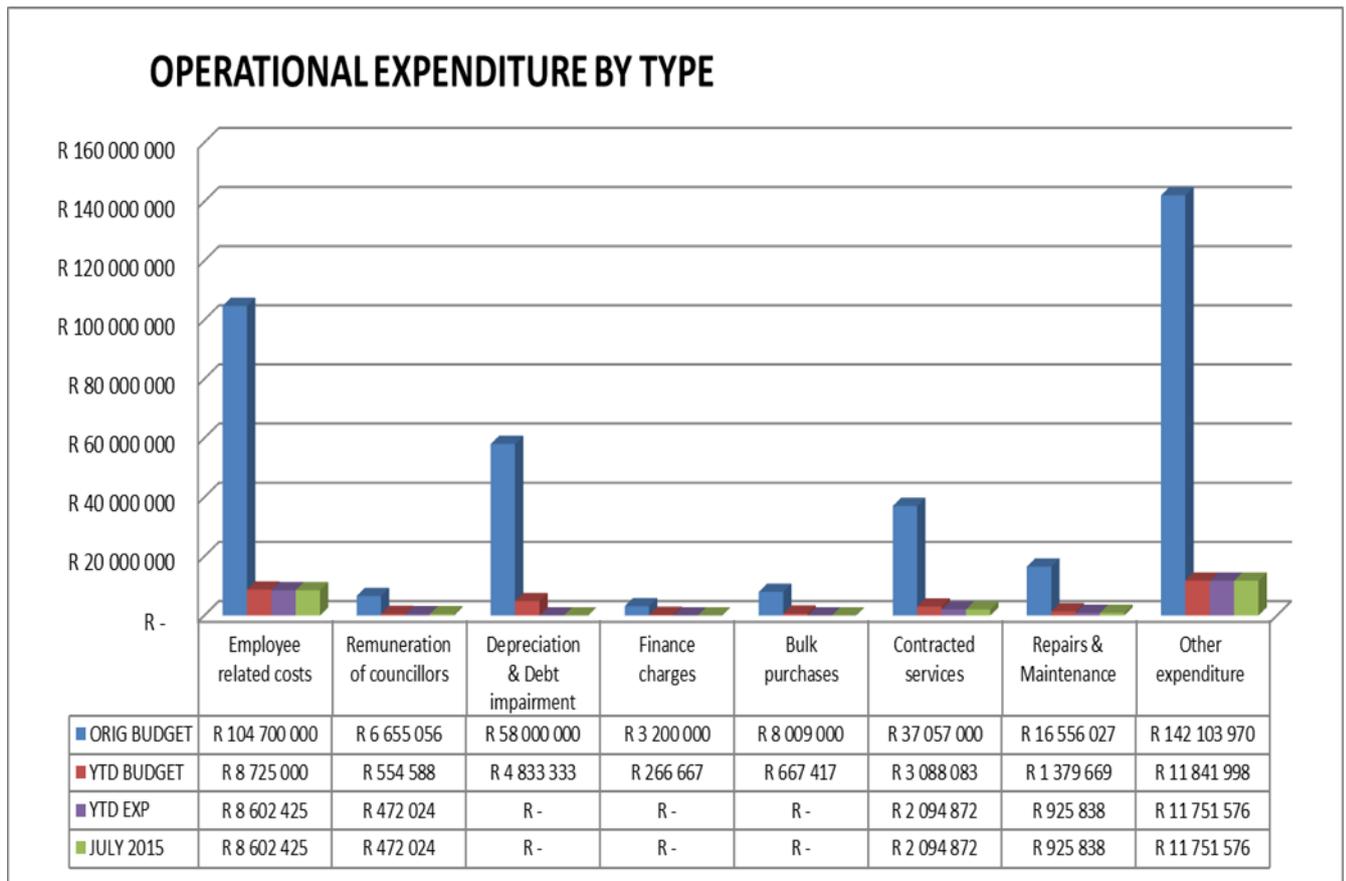
Other Revenue

The YTD performance of other revenue is R157 575 against YTD budget of R922 210 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



Employee Related Costs

The YTD budget for employee related costs is R8, 6million against a YTD actual of R8, 7million which is 99% of the YTD budget.

Remuneration of Councillors

The remuneration of councillor’s expenditure as at 31 July 2015 was R472 024 against a YTD budget of R554 588.

Finance Charges

As at 31 July 2015, the finance charges YTD budget is R266 667 and there was no movement on YTD actual.

Bulk Purchases

There was no expenditure for the month of July for the Bulk Water purchases and the YTD budget of R667 417.

Other Expenditure

The YTD budget for other expenditure was at R11, 8million against a YTD expenditure of R11, 7million.

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 - M01 July

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											17 942	21 125	22 757	24 516
Service charges - sanitation revenue	1 364											7 689	9 054	9 753	10 507
Service charges - other	-											568	568	611	659
Interest earned - external investments	163											3 993	4 156	4 571	5 029
Interest earned - outstanding debtors	656											2 842	3 498	3 708	3 930
Transfer receipts - operating	104 661											145 162	249 823	265 226	283 723
Other revenue	158											423	581	613	646
Cash Receipts by Source	110 185	-	-	-	-	-	-	-	-	-	-	178 620	288 804	307 240	329 009
Other Cash Flows by Source															
Transfer receipts - capital	10 875											259 915	270 790	321 768	424 117
Increase in consumer deposits												151	151	166	166
Total Cash Receipts by Source	121 060	-	-	-	-	-	-	-	-	-	-	438 685	559 745	629 174	753 293
Cash Payments by Type															
Employee related costs	8 602											105 428	114 030	122 747	131 339
Remuneration of councillors	472											6 849	7 321	7 723	8 133
Interest paid												2 228	2 228	1 926	1 595
Bulk purchases - Water & Sewer												8 706	8 706	9 463	10 286
Contracted services	2 095											29 920	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											102 096	106 629	108 843	113 645
Cash Payments by Type	23 847	-	-	-	-	-	-	-	-	-	-	267 083	290 930	305 330	322 284
Other Cash Flows/Payments by Type															
Capital assets	92											248 519	248 610	294 380	385 851
Repayment of borrowing												3 835	3 835	4 218	4 640
Total Cash Payments by Type	23 938	-	-	-	-	-	-	-	-	-	-	519 436	543 374	603 929	712 774
NET INCREASE/(DECREASE) IN CASH HELD	97 122	-	-	-	-	-	-	-	-	-	-	(80 751)	16 371	25 246	40 518
Cash/cash equivalents at the month/year beginning:	25 871	122 993	122 993	122 993	122 993	122 993	122 993	122 993	122 993	122 993	122 993	122 993	25 871	42 242	67 487
Cash/cash equivalents at the month/year end:	122 993	122 993	122 993	122 993	122 993	122 993	122 993	122 993	122 993	122 993	122 993	42 242	42 242	67 487	108 006

Parent Municipal financial performance

DC43 Sisonke - municipality does not have entities or this is the parent municipality's budget - M01 July

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		3 183	3 183	3 201	(18)	-1%	
Service charges - sanitation revenue	15 529	16 461		1 364	1 364	1 372	(8)	-1%	
Service charges - other	839	1 032				86	(86)	-100%	
Interest earned - external investments	3 500	4 375		163	163	365	(202)	-55%	
Interest earned - outstanding debtors	6 000	6 360		656	656	530	126	24%	
Transfers recognised - operational	263 824	249 823		100 434	100 434	20 819	79 616	382%	
Other revenue	10 229	968		158	158	81	77	95%	
Total Revenue (excluding capital transfers and contributions)	336 155	317 429	-	105 958	105 958	26 452	79 506	301%	-
Expenditure By Type									
Employee related costs	104 700	114 031		8 602	8 602	9 503	(900)	-9%	
Remuneration of councillors	6 655	7 321		472	472	610	(138)	-23%	
Debt impairment	23 000	24 692				2 058	(2 058)	-100%	
Depreciation & asset impairment	35 000	30 000				2 500	(2 500)	-100%	
Finance charges	3 200	2 228				186	(186)	-100%	
Bulk purchases	8 009	8 706				725	(725)	-100%	
Contracted services	37 057	32 015		2 095	2 095	2 668	(573)	-21%	
Transfers and grants	21 400	20 000		8 144	8 144	1 667	6 477	389%	
Other expenditure	137 260	106 629		4 533	4 533	8 886	(4 352)	-49%	
Total Expenditure	376 281	345 621	-	23 847	23 847	28 802	(4 955)	-17%	-
Surplus/(Deficit)	(40 126)	(28 193)	-	82 111	82 111	(2 349)	84 461	-3595%	-
Transfers recognised - capital	252 033	270 790		92	92	22 566	(22 474)	-100%	
Surplus/(Deficit) after capital transfers & contributions	211 907	242 597	-	82 203	82 203	20 216	61 987	307%	-
Surplus/(Deficit) after taxation	211 907	242 597	-	82 203	82 203	20 216	61 987	307%	-

Capital Expenditure Trend

DC43 Sisonke - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M01 July

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				46 424	-		
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	-	92					

Capital Expenditure on New Assets by Asset Class

DC43 Sisonke - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M01 July

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	-	55	55	21 707	21 653	99,7%	-
Infrastructure - Electricity	1 830	-	-	-	-	-	-	-	-
Transmission & Reticulation	1 830	-	-	-	-	-	-	-	-
Infrastructure - Water	222 520	231 990	-	55	55	19 332	19 278	99,7%	-
Dams & Reservoirs	28 200	-	-	-	-	-	-	-	-
Water purification	3 000	-	-	-	-	-	-	-	-
Reticulation	191 320	231 990	-	55	55	19 332	19 278	99,7%	-
Infrastructure - Sanitation	34 112	28 500	-	-	-	2 375	2 375	100,0%	-
Reticulation	28 169	-	-	-	-	-	-	-	-
Sewerage purification	5 943	28 500	-	-	-	2 375	2 375	100,0%	-
Other assets	18 162	9 950	-	37	37	829	793	95,6%	-
Plant & equipment	6 025	4 600	-	-	-	383	383	100,0%	-
Computers - hardware/equipment	1 380	-	-	-	-	-	-	-	-
Furniture and other office equipment	2 179	1 450	-	-	-	121	121	100,0%	-
Other Buildings	8 578	600	-	-	-	50	50	100,0%	-
Other		3 300	-	37	37	275	238	86,7%	-
Intangibles	200	1 100	-	-	-	92	92	100,0%	-
Computers - software & programming	200	1 100	-	-	-	92	92	100,0%	-
Total Capital Expenditure on new assets	276 825	271 540	-	92	92	22 628	22 537	99,6%	-
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 - M01 July									
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%	-
<i>Reticulation</i>	4 580	7 000	-	-	-	583	583	100,0%	-
Infrastructure - Sanitation	-	-	-	-	-	-	-		-
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 July 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 _____

