

# Harry Gwala District Municipality

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

7/13/2015

Budget & Treasury Office

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## Glossary

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

**AFS** – Annual Financial Statements

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

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

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

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

**FMG** – Financial Management Grant.

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

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

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

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

**MIG** – Municipal Infrastructure Grant.

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

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

**SDBIP** – Service Delivery and Budget Implementation Plan (SDBIP). A detailed plan comprising annual and quarterly performance information. Harry Gwala District Municipality MFMA s71 Monthly Report Page 5

**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 Mayors Report**

#### **1.2.1 Implementation of the budget in accordance with the SDBIP**

A comprehensive report detailing the implementation for the fourth quarter ended 30 June 2015 will be tabled in a separate report to council.

#### **1.2.2 Financial problems or risks facing the municipality**

The cash flow position as at 30 June 2015 of the Municipality shows a slightly decrease when compared to the previous financial year. However in its 2015/16 budget, the municipality will seek to monitor the expenditure and consider reducing non-essential expenditure by implementing cost containment measures to improve cash position and continue to implement the “belt-tightening” measures.

The municipality also need to improve more in collection in order to reduce consumer debts because it will contribute towards the municipality’s cash flow. Improving the debt collection will continue to rank high in the municipality’s priorities as we seek to improve financial sustainability.

## 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 & Section 52 (d) above, intends to inform the Council on the progress made thus far in terms of implementing the 2014/2015 budget for the period ending 30 June 2015.

### **Revenue by Source**

The Year-to-Date actual revenue is 98% above the YTD budget.

### **Borrowings**

The balance of borrowings amounts to R19m at the end of June 2015. This balance is made up of R19m due to ABSA Bank and DBSA loan was settled in April 2015.

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

Operating expenditure is at 82% below YTD budget for the period ending June 2015.

### **Capital expenditure**

The YTD expenditure on capital amounts to R193, 2 million, or 73%, of a total budget of R264, 3million. Capital expenditure is mainly funded by means of national grants in the form of Municipal Infrastructure Grant.

### **Cash flows**

The municipality started the year with a positive cashbook balance of R29, 4 million and the closing balance as at 30 June 2015 amounts to R25, 8million. Refer to Supporting Table C6 for more detail on the cash position.

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

All DORA allocations for 2014/2015 fourth Quarter have been received as per payment schedule except for Regional Bulk Infrastructure Grant. Details of the grants have been presented in SC6.

### **Spending on Grants**

Spending on grants amounted to R193 million or 73% for 2014/15 fourth quarter.

### **1.3 Resolutions**

The following recommendations are linked to the responsibilities of the Mayor as contained in s54 of the MFMA.

It is recommended that the Mayor;

1. Notes the monthly budget statement and any other supporting documentation
2. Notes the quarterly report on the implementation of the budget in terms of s52 (d) 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 Consolidated Monthly Budget Statement Summary - M12 June

Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Service charges	48 834	45 313	52 603	4 521	48 972	54 333	(5 360)	-10%	52 603
Investment revenue	3 344	2 600	3 500	196	3 325	3 500	(175)	-5%	3 500
Transfers recognised - operational	287 073	249 246	263 824	17	228 169	263 824	(35 654)	-14%	263 824
Other own revenue	7 497	8 679	16 229	843	9 085	16 229	(7 144)	-44%	16 229
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>346 747</b>	<b>305 838</b>	<b>336 155</b>	<b>5 577</b>	<b>289 551</b>	<b>337 885</b>	<b>(48 333)</b>	<b>-14%</b>	<b>336 155</b>
Employee costs	99 948	104 040	104 700	8 866	103 754	104 700	(947)	-1%	104 700
Remuneration of Councillors	5 249	6 655	6 655	459	5 685	6 655	(970)	-15%	6 655
Depreciation & asset impairment	35 926	20 000	35 000	-	197	35 000	(34 803)	-99%	35 000
Finance charges	3 510	2 639	3 200	1 204	3 826	3 200	626	20%	3 200
Materials and bulk purchases	9 487	5 200	8 009	(440)	7 532	8 009	(476)	-6%	8 009
Transfers and grants	14 808	11 578	21 400	-	22 427	21 400	1 027	5%	21 400
Other expenditure	231 401	143 485	197 317	12 980	163 415	197 317	(33 901)	-17%	197 317
<b>Total Expenditure</b>	<b>400 330</b>	<b>293 597</b>	<b>376 281</b>	<b>23 068</b>	<b>306 837</b>	<b>376 281</b>	<b>(69 444)</b>	<b>-18%</b>	<b>376 281</b>
<b>Surplus/(Deficit)</b>	<b>(53 582)</b>	<b>12 241</b>	<b>(40 126)</b>	<b>(17 492)</b>	<b>(17 285)</b>	<b>(38 396)</b>	<b>21 111</b>	<b>-55%</b>	<b>(40 126)</b>
Transfers recognised - capital	190 609	245 526	252 033	-	280 554	252 033	28 521	11%	252 033
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>137 027</b>	<b>257 767</b>	<b>211 907</b>	<b>(17 492)</b>	<b>263 269</b>	<b>213 637</b>	<b>49 632</b>	<b>23%</b>	<b>211 907</b>
<b>Surplus/ (Deficit) for the year</b>	<b>137 027</b>	<b>257 767</b>	<b>211 907</b>	<b>(17 492)</b>	<b>263 269</b>	<b>213 637</b>	<b>49 632</b>	<b>23%</b>	<b>211 907</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>191 739</b>	<b>258 761</b>	<b>264 342</b>	<b>3 773</b>	<b>174 298</b>	<b>264 342</b>	<b>(90 045)</b>	<b>-34%</b>	<b>264 342</b>
Capital transfers recognised	189 563	245 776	257 533	3 773	171 337	257 533	(86 197)	-33%	257 533
Internally generated funds	2 177	12 984	6 809	-	2 961	6 809	(3 848)	-57%	6 809
<b>Total sources of capital funds</b>	<b>191 740</b>	<b>258 761</b>	<b>264 342</b>	<b>3 773</b>	<b>174 298</b>	<b>264 342</b>	<b>(90 044)</b>	<b>-34%</b>	<b>264 342</b>
<b>Financial position</b>									
Total current assets	89 156	68 400	41 940	-	128 623	-	-	-	41 940
Total non current assets	1 276 948	1 550 343	1 540 924	-	1 398 079	-	-	-	1 540 924
Total current liabilities	119 215	64 952	64 952	-	50 671	-	-	-	64 952
Total non current liabilities	41 121	31 936	31 936	-	38 646	-	-	-	31 936
<b>Community wealth/Equity</b>	<b>1 205 767</b>	<b>1 521 854</b>	<b>1 485 976</b>	-	<b>1 437 385</b>	-	-	-	<b>1 485 976</b>
<b>Cash flows</b>									
Net cash from (used) operating	189 020	277 767	290 047	(6 178)	244 864	290 047	45 183	16%	290 047
Net cash from (used) investing	(122 243)	(258 761)	(279 846)	(3 773)	(174 298)	(279 846)	(105 548)	38%	(279 846)
Net cash from (used) financing	(48 252)	-	(3 356)	1 259	(2 949)	-	2 949	#DIV/0!	(3 356)
<b>Cash/cash equivalents at the month/year end</b>	<b>38 711</b>	<b>48 480</b>	<b>36 320</b>	<b>-</b>	<b>97 092</b>	<b>39 676</b>	<b>(57 415)</b>	<b>-145%</b>	<b>36 320</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	5 711	4 544	4 032	3 786	3 431	3 474	17 765	80 433	123 176
<b>Creditors Age Analysis</b>									
Total Creditors	37 740	-	-	-	-	-	-	-	37 740

## Financial Performance

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

DC43 Sisonke - Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) - M12 June

Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue - Standard</b>									
<i>Governance and administration</i>	222 142	243 250	252 538	999	239 732	252 538	(12 806)	-5%	252 538
Executive and council	417	-	-	-	-	-	-	-	-
Budget and treasury office	221 540	243 250	252 538	999	239 732	252 538	(12 806)	-5%	252 538
Corporate services	185	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	835	250	750	-	-	750	(750)	-100%	750
Planning and development	835	250	750	-	-	750	(750)	-100%	750
<i>Trading services</i>	314 797	307 864	334 901	4 579	334 896	334 901	(5)	0%	334 901
Water	56 331	46 148	52 600	4 579	54 341	52 600	1 742	3%	52 600
Waste water management	258 466	261 716	282 301	-	280 554	282 301	(1 747)	-1%	282 301
<b>Total Revenue - Standard</b>	<b>537 774</b>	<b>551 364</b>	<b>588 189</b>	<b>5 578</b>	<b>574 627</b>	<b>588 189</b>	<b>(13 561)</b>	<b>-2%</b>	<b>588 189</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	165 430	123 191	123 447	8 761	96 642	123 447	(26 805)	-22%	123 447
Executive and council	14 630	17 464	23 099	1 945	20 443	23 099	(2 656)	-11%	23 099
Budget and treasury office	100 621	61 007	58 787	3 836	35 451	58 787	(23 336)	-40%	58 787
Corporate services	50 178	44 720	41 561	2 980	40 748	41 561	(813)	-2%	41 561
<i>Economic and environmental services</i>	47 083	46 478	52 368	1 715	47 496	52 368	(4 872)	-9%	52 368
Planning and development	47 083	46 478	52 368	1 715	47 496	52 368	(4 872)	-9%	52 368
<i>Trading services</i>	187 816	123 928	200 466	12 592	162 699	200 466	(37 767)	-19%	200 466
Water	89 777	97 514	150 528	11 911	125 426	150 528	(25 101)	-17%	150 528
Waste water management	98 039	26 413	49 938	681	37 272	49 938	(12 666)	-25%	49 938
<b>Total Expenditure - Standard</b>	<b>400 329</b>	<b>293 597</b>	<b>376 281</b>	<b>23 068</b>	<b>306 837</b>	<b>376 281</b>	<b>(69 444)</b>	<b>-18%</b>	<b>376 281</b>
<b>Surplus/ (Deficit) for the year</b>	<b>137 444</b>	<b>257 767</b>	<b>211 907</b>	<b>(17 491)</b>	<b>267 790</b>	<b>211 907</b>	<b>55 883</b>	<b>26%</b>	<b>211 907</b>

This table assess the revenue by department and then the expenditure for the period ending 30 June 2015. Revenue receipts in June has largely constituted of by service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of June is 1%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 8% in the period ending 30 June 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 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	417	-	-	-	-	-	-	-	-
Vote 2 - Finance	221 540	243 250	252 538	999	239 732	252 538	(12 806)	-5,1%	252 538
Vote 3 - Corporate Services	185	-	-	-	-	-	-	-	-
Vote 4 - Economic &Community Services	835	250	750	-	-	750	(750)	-100,0%	750
Vote 5 - Infrastructure Services	258 466	261 716	282 301	-	280 554	282 301	(1 747)	-0,6%	282 301
Vote 6 - Water Services	56 331	46 148	52 600	4 579	54 341	52 600	1 742	3,3%	52 600
<b>Total Revenue by Vote</b>	<b>537 774</b>	<b>551 364</b>	<b>588 189</b>	<b>5 578</b>	<b>574 627</b>	<b>588 189</b>	<b>(13 561)</b>	<b>-2,3%</b>	<b>588 189</b>
<b>Expenditure by Vote</b>									
Vote 1 - Executive & Council	14 630	17 464	23 099	1 945	20 443	23 099	(2 656)	-11,5%	23 099
Vote 2 - Finance	100 621	61 007	58 787	3 836	35 451	58 787	(23 336)	-39,7%	58 787
Vote 3 - Corporate Services	50 178	44 720	41 561	2 980	40 748	41 561	(813)	-2,0%	41 561
Vote 4 - Economic &Community Services	47 083	46 478	52 368	1 715	47 496	52 368	(4 872)	-9,3%	52 368
Vote 5 - Infrastructure Services	98 039	26 413	49 938	681	37 272	49 938	(12 666)	-25,4%	49 938
Vote 6 - Water Services	89 777	97 514	150 528	11 911	125 426	150 528	(25 101)	-16,7%	150 528
<b>Total Expenditure by Vote</b>	<b>400 329</b>	<b>293 597</b>	<b>376 281</b>	<b>23 068</b>	<b>306 837</b>	<b>376 281</b>	<b>(69 444)</b>	<b>-18,5%</b>	<b>376 281</b>
<b>Surplus/ (Deficit) for the year</b>	<b>137 444</b>	<b>257 767</b>	<b>211 907</b>	<b>(17 491)</b>	<b>267 790</b>	<b>211 907</b>	<b>55 883</b>	<b>26,4%</b>	<b>211 907</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 June 2015.

DC43 Sisonke - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Service charges - water revenue	48 834	31 037	36 235	3 165	37 446	37 446	(0)	0%	36 235
Service charges - sanitation revenue	-	14 276	15 529	1 356	16 048	16 048	(0)	0%	15 529
Service charges - other	-	-	839	-	-	839	(839)	-100%	839
Interest earned - external investments	3 344	2 600	3 500	196	3 325	3 500	(175)	-5%	3 500
Interest earned - outstanding debtors	5 638	5 179	6 000	665	7 446	6 000	1 446	24%	6 000
Transfers recognised - operational	287 073	249 246	263 824	17	228 169	263 824	(35 654)	-14%	263 824
Other revenue	1 859	3 500	10 229	178	1 638	10 229	(8 590)	-84%	10 229
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>346 747</b>	<b>305 838</b>	<b>336 155</b>	<b>5 577</b>	<b>294 073</b>	<b>337 885</b>	<b>(43 812)</b>	<b>-13%</b>	<b>336 155</b>
<b>Expenditure By Type</b>									
Employee related costs	99 948	104 040	104 700	8 866	103 754	104 700	(947)	-1%	104 700
Remuneration of councillors	5 249	6 655	6 655	459	5 685	6 655	(970)	-15%	6 655
Debt impairment	23 206	10 000	23 000	-	-	23 000	(23 000)	-100%	23 000
Depreciation & asset impairment	35 926	20 000	35 000	-	197	35 000	(34 803)	-99%	35 000
Finance charges	3 510	2 639	3 200	1 204	3 826	3 200	626	20%	3 200
Bulk purchases	9 487	5 200	8 009	(440)	7 532	8 009	(476)	-6%	8 009
Contracted services	23 091	33 520	37 057	5 212	38 153	37 057	1 096	3%	37 057
Transfers and grants	14 808	11 578	21 400	-	22 427	21 400	1 027	5%	21 400
Other expenditure	156 316	99 965	137 260	7 768	125 263	137 260	(11 997)	-9%	137 260
Loss on disposal of PPE	28 787	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>400 330</b>	<b>293 597</b>	<b>376 281</b>	<b>23 068</b>	<b>306 837</b>	<b>376 281</b>	<b>(69 444)</b>	<b>-18%</b>	<b>376 281</b>
<b>Surplus/(Deficit)</b>	<b>(53 582)</b>	<b>12 241</b>	<b>(40 126)</b>	<b>(17 492)</b>	<b>(12 764)</b>	<b>(38 396)</b>	<b>25 633</b>	<b>(0)</b>	<b>(40 126)</b>
Transfers recognised - capital	190 609	245 526	252 033	-	280 554	252 033	28 521	0	252 033
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>137 027</b>	<b>257 767</b>	<b>211 907</b>	<b>(17 492)</b>	<b>267 790</b>	<b>213 637</b>			<b>211 907</b>
<b>Surplus/(Deficit) after taxation</b>	<b>137 027</b>	<b>257 767</b>	<b>211 907</b>	<b>(17 492)</b>	<b>267 790</b>	<b>213 637</b>			<b>211 907</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>137 027</b>	<b>257 767</b>	<b>211 907</b>	<b>(17 492)</b>	<b>267 790</b>	<b>213 637</b>			<b>211 907</b>
<b>Surplus/ (Deficit) for the year</b>	<b>137 027</b>	<b>257 767</b>	<b>211 907</b>	<b>(17 492)</b>	<b>267 790</b>	<b>213 637</b>			<b>211 907</b>

### Capital Expenditure

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

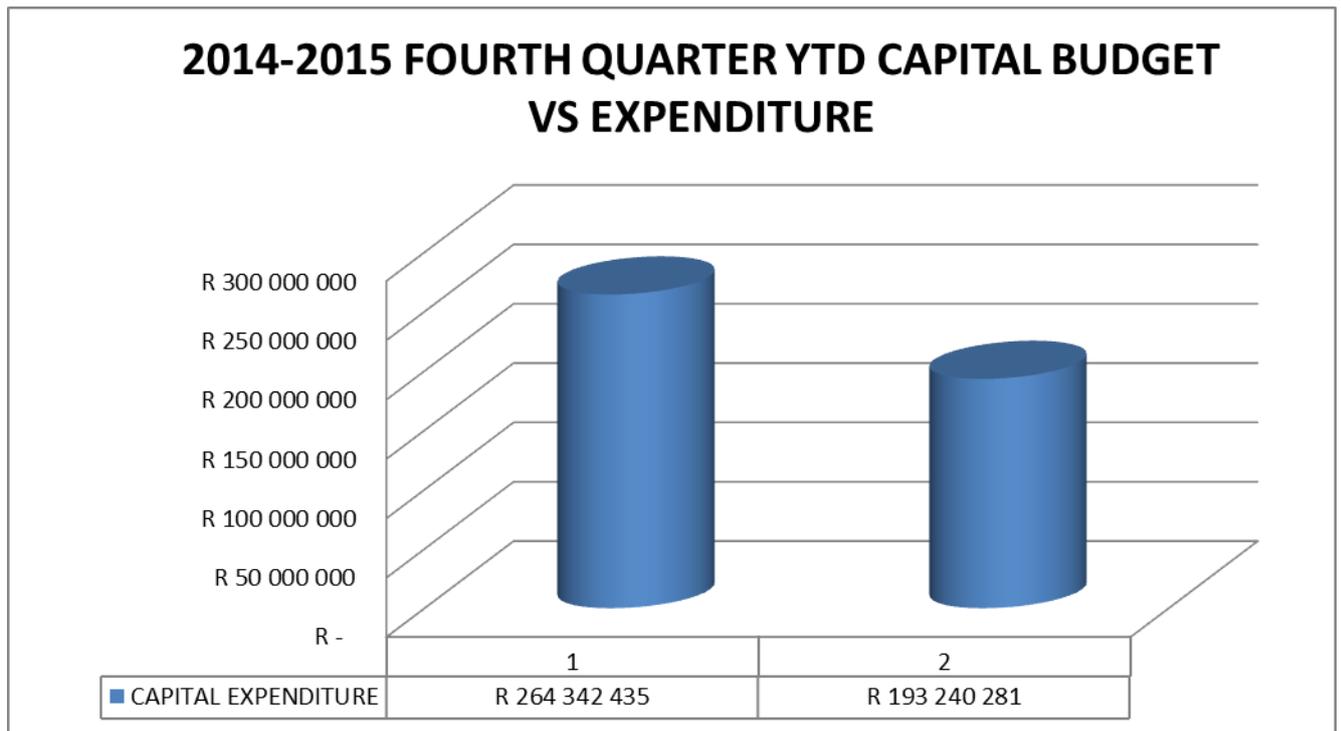
DC43 Sisonke - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M12 June

Vote Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Finance	141	100	-	-	-	-	-	-	-
Vote 3 - Corporate Services	5 804	3 609	2 104	487	2 317	2 104	213	10%	2 104
Vote 4 - Economic & Community Services	-	2 325	800	-	203	800	(597)	-75%	800
Vote 5 - Infrastructure Services	183 672	247 526	257 533	3 111	187 763	257 533	(69 770)	-27%	257 533
Vote 6 - Water Services	2 122	5 200	3 905	175	2 957	3 905	(948)	-24%	3 905
<b>Total Capital Multi-year expenditure</b>	<b>191 739</b>	<b>258 761</b>	<b>264 342</b>	<b>3 773</b>	<b>193 240</b>	<b>264 342</b>	<b>(71 102)</b>	<b>-27%</b>	<b>264 342</b>
<b>Total Capital Expenditure</b>	<b>191 739</b>	<b>258 761</b>	<b>264 342</b>	<b>3 773</b>	<b>193 240</b>	<b>264 342</b>	<b>(71 102)</b>	<b>-27%</b>	<b>264 342</b>
<b>Capital Expenditure - Standard Classification</b>									
<b>Governance and administration</b>	<b>1 974</b>	<b>3 709</b>	<b>2 104</b>	<b>487</b>	<b>2 317</b>	<b>2 104</b>	<b>213</b>	<b>10%</b>	<b>2 104</b>
Executive and council	-	-	-	-	-	-	-	-	-
Budget and treasury office	200	100	-	-	-	-	-	-	-
Corporate services	1 774	3 609	2 104	487	2 317	2 104	213	10%	2 104
<b>Economic and environmental services</b>	<b>409</b>	<b>2 325</b>	<b>800</b>	<b>-</b>	<b>203</b>	<b>800</b>	<b>(597)</b>	<b>-75%</b>	<b>800</b>
Planning and development	409	2 325	800	-	203	800	(597)	-75%	800
<b>Trading services</b>	<b>189 356</b>	<b>252 726</b>	<b>261 438</b>	<b>3 287</b>	<b>190 720</b>	<b>261 438</b>	<b>(70 718)</b>	<b>-27%</b>	<b>261 438</b>
Water	2 122	5 200	3 905	175	2 957	3 905	(948)	-24%	3 905
Waste water management	187 234	247 526	257 533	3 111	187 763	257 533	(69 770)	-27%	257 533
<b>Total Capital Expenditure - Standard Classification</b>	<b>191 739</b>	<b>258 761</b>	<b>264 342</b>	<b>3 773</b>	<b>193 240</b>	<b>264 342</b>	<b>(71 102)</b>	<b>-27%</b>	<b>264 342</b>
<b>Funded by:</b>									
National Government	189 563	245 776	257 533	3 773	190 279	257 533	(67 254)	-26%	257 533
Transfers recognised - capital	189 563	245 776	257 533	3 773	190 279	257 533	(67 254)	-26%	257 533
Internally generated funds	2 177	12 984	6 809	-	2 961	6 809	(3 848)	-57%	6 809
<b>Total Capital Funding</b>	<b>191 740</b>	<b>258 761</b>	<b>264 342</b>	<b>3 773</b>	<b>193 240</b>	<b>264 342</b>	<b>(71 102)</b>	<b>-27%</b>	<b>264 342</b>

As alluded to above, the capital expenditure programme for the period ending 30 June was R193, 2m which represent 73% of capital expenditure and thus shows the reduction 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: 2014/2015 FOURTH QUARTER CAPEX



As at 30 June 2015, the year to date actual expenditure was R193, 2million against a YTD budget of R264, 3million. In monetary terms, these figures represent 73% per cent performance against the capital development programme as at 30 June 2015.

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

DC43 Sisonke - Table C6 Consolidated Monthly Budget Statement - Financial Position - M12 June

Description	2013/14	Budget Year 2014/15			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	29 474	43 807	30 347	25 871	30 347
Consumer debtors	6 843	13 307	307	37 293	307
Other debtors	46 937	10 968	10 968	65 358	10 968
Current portion of long-term receivables	5 632	–	–	–	–
Inventory	269	318	318	100	318
<b>Total current assets</b>	<b>89 156</b>	<b>68 400</b>	<b>41 940</b>	<b>128 623</b>	<b>41 940</b>
<b>Non current assets</b>					
Property, plant and equipment	1 275 994	1 548 958	1 539 540	1 396 695	1 539 540
Intangible assets	954	1 385	1 384	1 384	1 384
<b>Total non current assets</b>	<b>1 276 948</b>	<b>1 550 343</b>	<b>1 540 924</b>	<b>1 398 079</b>	<b>1 540 924</b>
<b>TOTAL ASSETS</b>	<b>1 366 104</b>	<b>1 618 743</b>	<b>1 582 864</b>	<b>1 526 702</b>	<b>1 582 864</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	3 415	3 266	3 266	2 463	3 266
Consumer deposits	1 114	1 265	1 265	1 257	1 265
Trade and other payables	103 845	53 128	53 128	39 658	53 128
Provisions	10 841	7 293	7 293	7 293	7 293
<b>Total current liabilities</b>	<b>119 215</b>	<b>64 952</b>	<b>64 952</b>	<b>50 671</b>	<b>64 952</b>
<b>Non current liabilities</b>					
Borrowing	22 064	18 683	18 683	24 094	18 683
Provisions	19 058	13 253	13 253	14 553	13 253
<b>Total non current liabilities</b>	<b>41 121</b>	<b>31 936</b>	<b>31 936</b>	<b>38 646</b>	<b>31 936</b>
<b>TOTAL LIABILITIES</b>	<b>160 336</b>	<b>96 888</b>	<b>96 888</b>	<b>89 317</b>	<b>96 888</b>
<b>NET ASSETS</b>	<b>1 205 767</b>	<b>1 521 854</b>	<b>1 485 976</b>	<b>1 437 385</b>	<b>1 485 976</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	1 205 767	1 521 854	1 485 976	1 437 385	1 485 976
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 205 767</b>	<b>1 521 854</b>	<b>1 485 976</b>	<b>1 437 385</b>	<b>1 485 976</b>

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

DC43 Sisonke - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M12 June

Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	50 693	48 813	38 113	5 399	39 037	38 113	924	2%	38 113
Government - operating	287 073	249 246	263 824	17	249 530	263 824	(14 293)	-5%	263 824
Government - capital	190 609	245 526	252 033	-	252 356	252 033	322	0%	252 033
Interest	8 981	7 779	6 636	861	10 779	6 636	4 143	62%	6 636
<b>Payments</b>									
Suppliers and employees	(330 018)	(259 380)	(245 959)	(11 252)	(280 584)	(245 959)	34 625	-14%	(245 959)
Finance charges	(3 510)	(2 639)	(3 200)	(1 204)	(3 826)	(3 200)	626	-20%	(3 200)
Transfers and Grants	(14 808)	(11 578)	(21 400)	-	(22 427)	(21 400)	1 027	-5%	(21 400)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>189 020</b>	<b>277 767</b>	<b>290 047</b>	<b>(6 178)</b>	<b>244 864</b>	<b>290 047</b>	<b>45 183</b>	<b>16%</b>	<b>290 047</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-		
<b>Payments</b>									
Capital assets	(122 243)	(258 761)	(279 846)	(3 773)	(174 298)	(279 846)	(105 548)	38%	(279 846)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(122 243)</b>	<b>(258 761)</b>	<b>(279 846)</b>	<b>(3 773)</b>	<b>(174 298)</b>	<b>(279 846)</b>	<b>(105 548)</b>	<b>38%</b>	<b>(279 846)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Increase (decrease) in consumer deposits	-	-	130	-	-	-	-		130
<b>Payments</b>									
Repayment of borrowing	(48 252)	-	(3 486)	1 259	(2 949)	-	2 949	#DIV/0!	(3 486)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(48 252)</b>	<b>-</b>	<b>(3 356)</b>	<b>1 259</b>	<b>(2 949)</b>	<b>-</b>	<b>2 949</b>	<b>#DIV/0!</b>	<b>(3 356)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>18 525</b>	<b>19 006</b>	<b>6 846</b>	<b>(8 692)</b>	<b>67 617</b>	<b>10 202</b>			<b>6 846</b>
Cash/cash equivalents at beginning:	20 186	29 474	29 474		29 474	29 474			29 474
Cash/cash equivalents at month/year end:	38 711	48 480	36 320		97 092	39 676			36 320

There has been an increase in collection levels signalled by a collection ratio of 128%. The interest earned on investments and on outstanding debtors for the period ending 30 June is R665 205k which is representing 11% of the year to date budget.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

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

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

DC43 Sisonke - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

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
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	3 666	2 917	2 588	2 430	2 203	2 230	11 404	51 632	79 070	69 898
Receivables from Exchange Transactions - Waste Water Management	1 432	1 139	1 011	949	861	871	4 455	20 171	30 889	27 307
Interest on Arrear Debtor Accounts	613	488	433	406	368	373	1 906	8 631	13 217	11 684
<b>Total By Income Source</b>	<b>5 711</b>	<b>4 544</b>	<b>4 032</b>	<b>3 786</b>	<b>3 431</b>	<b>3 474</b>	<b>17 765</b>	<b>80 433</b>	<b>123 176</b>	<b>108 889</b>
<b>2013/14 - totals only</b>									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	1 993	1 341	1 079	950	553	468	1 878	5 100	13 362	8 949
Commercial	797	465	271	254	261	288	1 553	6 074	9 964	8 431
Households	2 921	2 738	2 683	2 581	2 618	2 717	14 333	69 259	99 850	91 509
<b>Total By Customer Group</b>	<b>5 711</b>	<b>4 544</b>	<b>4 032</b>	<b>3 786</b>	<b>3 431</b>	<b>3 474</b>	<b>17 765</b>	<b>80 433</b>	<b>123 176</b>	<b>108 889</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**

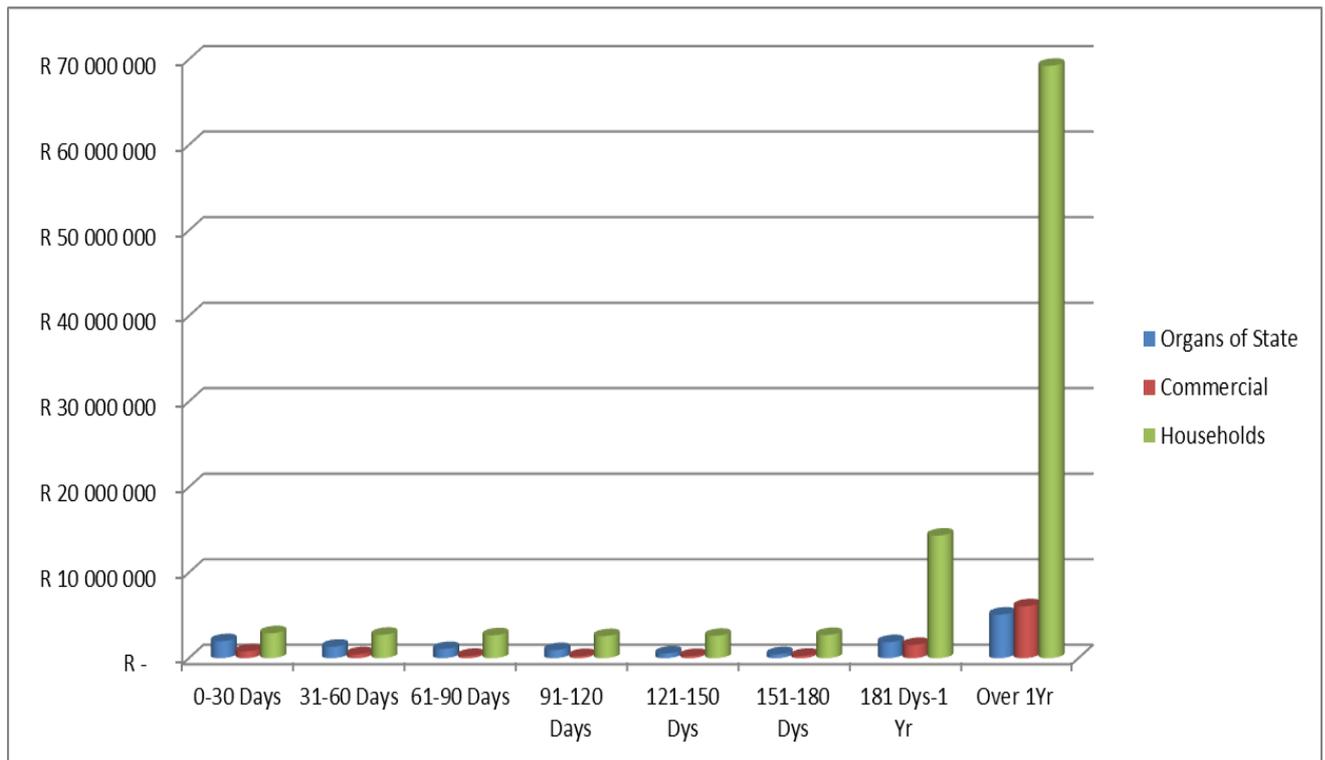


Table 2.1.2 analyses consumer debt by Category. A further analysis in the form of a chart is provided below.

**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: 86%
- ✓ Government 6%
- ✓ Business 8%

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

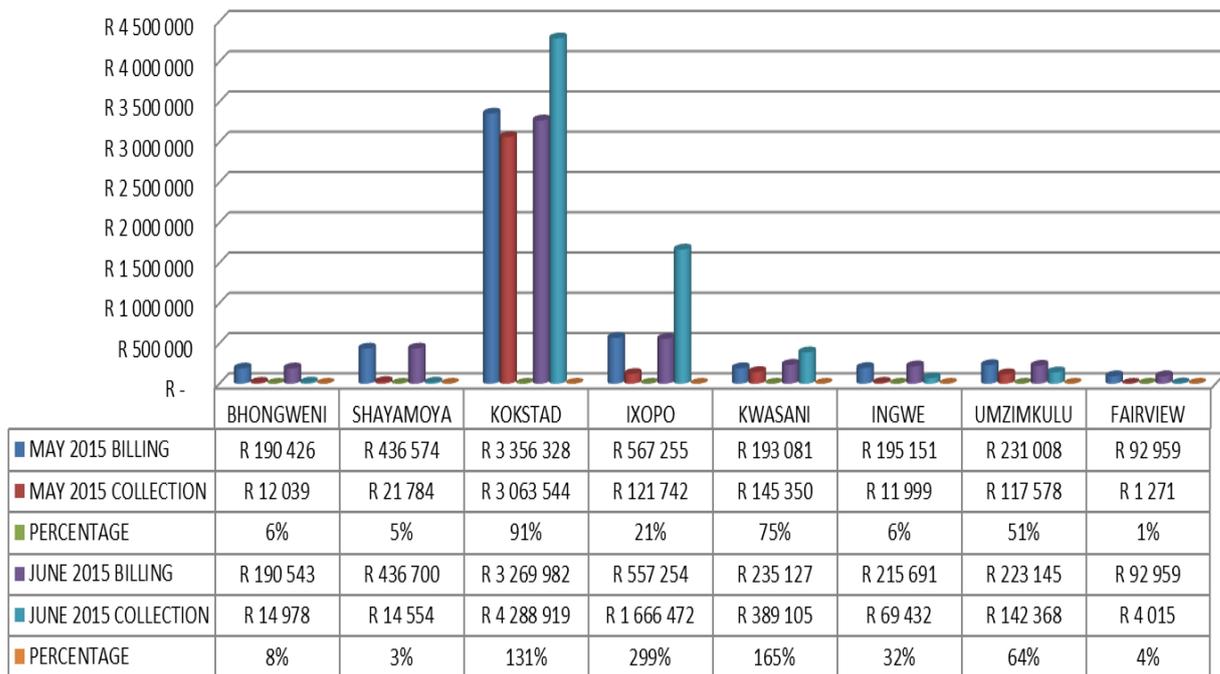
**Revenue receipts per Area**

AREA	AMOUNT		
		JUNE 2015	MAY 2015
Unallocated receipts	R 88 510	1%	18%
Kokstad	R 4 288 919	64%	72%
Bhongweni	R 14 978	0%	0%
Shayamoya	R 14 554	0%	1%
Ixopo	R 1 666 472	25%	3%
Fairview	R 4 015	0%	0%
Kwasani	R 389 109	6%	3%
Ingwe	R 69 432	1%	0%
Umzimkhulu	R 142 368	2%	3%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 6 678 352</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 May is R6, 6million. 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 April is from Kokstad at 64% These statistics confirm dependency on Kokstad as the greatest contributor to the District Municipality's revenue. The Unallocated receipts for the month of June amounting to 1% which still need to be allocated according to the local municipalities.

### **Billing vs collection trend**

### BILLING VS COLLECTION



## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 30 June 2015

DC43 Sisonke - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

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	
<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	37 740								37 740
Auditor General	-								-
Other	-								-
<b>Total By Customer Type</b>	<b>37 740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37 740</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 June 2015.

### Cash and Bank Balances (Investments)

DC43 Sisonke - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
<b>Municipality</b>									
FIRST NATIONAL BANK	62095523281	N/a	MONEY MARKET	N/a	74	0,4%	12 512	(21 778)	7 132
FIRST NATIONAL BANK	62138538692	N/a	CALL ACCOUNT	N/a	2	0,3%	504	(505)	1
FIRST NATIONAL BANK	62032587331	N/a	CALL ACCOUNT	N/a	1	1,9%	484	-	485
INVESTEC	50006688425	N/a	FIXED DEPOSIT	N/a	51	0,5%	11 526	-	11 576
FIRST NATIONAL BANK	62398395204	N/a	CALL ACCOUNT	N/a	2	0,4%	413	-	415
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	13	0,3%	4	-	6 173
FIRST NATIONAL BANK	62434147072	N/a	CALL ACCOUNT	N/a	2	0,2%	957	(955)	4
FIRST NATIONAL BANK	62434145331	N/a	CALL ACCOUNT	N/a	2	0,3%	1 291	(1 290)	3
<b>Municipality sub-total</b>					147		27 701	(24 528)	25 798
<b>TOTAL INVESTMENTS AND INTEREST</b>	2				147		27 701	(24 528)	25 798

## 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 - M12 June

Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>226 713</b>	<b>247 496</b>	<b>263 074</b>	<b>-</b>	<b>263 074</b>	<b>162 350</b>	<b>101 648</b>	<b>62,6%</b>	<b>263 074</b>
Local Government Equitable Share	216 056	230 622	230 622	-	230 622	134 530	96 093	71,4%	230 622
Finance Management	1 250	1 250	1 250	-	1 250	729			1 250
Municipal Systems Improvement	890	934	934	-	934	545			934
WATER SERVICES OPERATING SUBSIDY GRANT	6 235	-	-	-	-	1 835			-
WATER SERVICES OPERATING SUBSIDY	1 000	-	-	-	-	-			-
Rural Transport Services and Infrastructure Grant	1 282	2 044	2 044	-	2 044	1 192	852	71,4%	2 044
Rural Household Infrastructure Grant	-	4 500	4 500	-	4 500	3 750	750	20,0%	4 500
Energy Efficiency and Demand Management Grant	-	5 000	5 000	-	5 000	4 167	833	20,0%	5 000
Municipal Infrastructure Grant (PMU)		3 146	18 724		18 724	15 603	3 121	20,0%	18 724
<b>Provincial Government:</b>	<b>232</b>	<b>11 250</b>	<b>750</b>	<b>-</b>	<b>277</b>	<b>208</b>	<b>-</b>		<b>750</b>
Infrastructure Sport Facilities		-	-	-	-	-	-		-
LG Seta	232	-	-	-	27	-	-		-
Development Planning Shared Services		250	250	-	250	208			250
Small Town Rehabilitation Programme		11 000	-	-	-	-	-		-
Tourism route		-	500	-	-	-	-		500
<b>Total Operating Transfers and Grants</b>	<b>226 945</b>	<b>258 746</b>	<b>263 824</b>	<b>-</b>	<b>263 350</b>	<b>162 559</b>	<b>101 648</b>	<b>62,5%</b>	<b>263 824</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>155 950</b>	<b>245 526</b>	<b>252 033</b>	<b>-</b>	<b>222 979</b>	<b>210 028</b>	<b>28 506</b>	<b>13,6%</b>	<b>252 033</b>
Municipal Infrastructure Grant (MIG)	(4 067)	183 882	168 304	-	168 304	140 254	28 051	20,0%	168 304
Regional Bulk Infrastructure	34 731	28 200	58 200	-	29 145	48 500			58 200
ENERGY EFFICIENCY AND DEMAND SIDE MANAGE	5 958	3 415	-	-	-	-			-
MUNICIPAL WATER INFRASTRUCTURE GRANT	116 047	22 800	22 800	-	22 800	19 000			22 800
Expanded public works programme incentive grant	3 281	2 729	2 729	-	2 729	2 274	455	20,0%	2 729
<b>Provincial Government:</b>	<b>19 272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
COGTA	2 046								
Massification (COGTA)	17 225								
<b>Total Capital Transfers and Grants</b>	<b>175 222</b>	<b>245 526</b>	<b>252 033</b>	<b>-</b>	<b>222 979</b>	<b>210 028</b>	<b>28 506</b>	<b>13,6%</b>	<b>252 033</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>402 167</b>	<b>504 272</b>	<b>515 857</b>	<b>-</b>	<b>486 329</b>	<b>372 587</b>	<b>130 154</b>	<b>34,9%</b>	<b>515 857</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 - M12 June

Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>226 713</b>	<b>237 996</b>	<b>263 074</b>	<b>1 070</b>	<b>266 489</b>	<b>263 074</b>	<b>-</b>		<b>263 074</b>
Local Government Equitable Share	216 056	230 622	230 622	-	230 622	230 622	-		230 622
Finance Management	1 250	1 250	1 250	335	1 250	1 250	(0)	0,0%	1 250
Municipal Systems Improvement	890	934	934	219	934	934	0	0,0%	934
WATER SERVICES OPERATING SUBSIDY GRANT	6 235	-	-	-	-	-	-		-
WATER SERVICES OPERATING SUBSIDY	1 000	-	-	-	-	-	-		-
Rural Transport Services and Infrastructure Grant	1 282	2 044	2 044	-	2 044	2 044	-		2 044
Rural Household Infrastructure Grant			4 500		4 500	4 500			4 500
Energy Efficiency and Demand Management Grant			5 000	516	8 415	5 000			5 000
Municipal Infrastructure Grant (PMU)		3 146	18 724		18 724	18 724			18 724
0							-		
<b>Provincial Government:</b>	<b>232</b>	<b>11 250</b>	<b>750</b>	<b>-</b>	<b>27</b>	<b>750</b>	<b>-</b>		<b>750</b>
LG Seta	232	-	-		27	-			-
Development Planning Shared Services		250	250			250			250
Small Town Rehabilitation Programme		11 000	-			-			-
Tourism route			500			500			500
<b>Total operating expenditure of Transfers and Grants:</b>	<b>226 945</b>	<b>249 246</b>	<b>263 824</b>	<b>1 070</b>	<b>266 515</b>	<b>263 824</b>	<b>-</b>		<b>263 824</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>155 950</b>	<b>245 526</b>	<b>252 033</b>	<b>3 927</b>	<b>204 676</b>	<b>252 033</b>	<b>(47 358)</b>	<b>-18,8%</b>	<b>252 033</b>
Municipal Infrastructure Grant (MIG)	(4 067)	183 882	168 304	2 883	168 304	168 304	-		168 304
Regional Bulk Infrastructure	34 731	28 200	58 200	-	8 626	58 200	(49 574)	-85,2%	58 200
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT	5 958	3 415	-	-	-	-	-		-
MUNICIPAL WATER INFRASTRUCTURE GRANT	116 047	22 800	22 800	933	22 800	22 800	-		22 800
Expanded public works programme incentive grant	3 281	2 729	2 729	111	2 729	2 729	-		2 729
Rural Household Infrastructure Grant		4 500	-	-	2 217	-	2 217	#DIV/0!	-
<b>Provincial Government:</b>	<b>19 272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 041</b>	<b>-</b>	<b>4 041</b>	<b>#DIV/0!</b>	<b>-</b>
COGTA	2 046								
Massification (COGTA)	17 225				4 041				
<b>Total capital expenditure of Transfers and Grants</b>	<b>175 222</b>	<b>245 526</b>	<b>252 033</b>	<b>3 927</b>	<b>208 717</b>	<b>252 033</b>	<b>(43 317)</b>	<b>-17,2%</b>	<b>252 033</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>402 167</b>	<b>494 772</b>	<b>515 857</b>	<b>4 996</b>	<b>475 232</b>	<b>515 857</b>	<b>(43 317)</b>	<b>-8,4%</b>	<b>515 857</b>

## 2.5 Councillor and Staff Benefits

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

DC43 Sisonke - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June

Summary of Employee and Councillor remuneration	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	3 559	4 513	4 513	380	4 840	4 513	328	7%	4 513
Pension and UIF Contributions	265	336	336	23	204	336	(132)	-39%	336
Medical Aid Contributions	62	79	79	5	48	79	(31)	-39%	79
Motor Vehicle Allowance	782	991	991	29	318	991	(674)	-68%	991
Cellphone Allowance	172	218	218	21	268	218	50	23%	218
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	409	519	519	1	8	519	(511)	-98%	519
<b>Sub Total - Councillors</b>	<b>5 249</b>	<b>6 655</b>	<b>6 655</b>	<b>459</b>	<b>5 685</b>	<b>6 655</b>	<b>(970)</b>	<b>-15%</b>	<b>6 655</b>
<b>% increase</b>		<b>26,8%</b>	<b>26,8%</b>						<b>26,8%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	4 277	4 373	4 373	885	8 792	4 373	4 419	101%	3 273
Pension and UIF Contributions	3	3	3	-	-	3	(3)	-100%	2
Medical Aid Contributions	5	5	5	8	95	5	90	1937%	3
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	591	604	604	-	404	604	(200)	-33%	452
Motor Vehicle Allowance	2 674	2 734	2 734	141	1 343	2 734	(1 390)	-51%	2 046
Cellphone Allowance	125	128	128	14	141	128	13	10%	96
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	4	4	4	5	3	4	(0)	-12%	3
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>7 678</b>	<b>7 850</b>	<b>7 850</b>	<b>1 053</b>	<b>10 779</b>	<b>7 850</b>	<b>2 929</b>	<b>37%</b>	<b>5 876</b>
<b>% increase</b>		<b>2,2%</b>	<b>2,2%</b>						<b>-23,5%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	67 967	69 485	69 485	4 503	55 422	69 485	(14 063)	-20%	69 485
Pension and UIF Contributions	11 492	11 749	11 749	747	8 839	11 749	(2 909)	-25%	11 749
Medical Aid Contributions	1 588	1 623	1 623	410	4 515	1 623	2 892	178%	1 623
Overtime	1 419	1 451	1 451	1 229	13 534	1 451	12 084	833%	1 451
Performance Bonus	6 298	6 438	6 438	447	4 725	6 438	(1 713)	-27%	6 438
Motor Vehicle Allowance	2 895	2 959	2 959	327	4 171	2 959	1 212	41%	2 959
Cellphone Allowance	494	505	505	27	361	505	(144)	-28%	505
Housing Allowances	43	44	44	80	840	44	796	1814%	44
Other benefits and allowances	1 893	1 935	1 935	43	566	1 935	(1 369)	-71%	1 935
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>	<b>94 088</b>	<b>96 190</b>	<b>96 190</b>	<b>7 813</b>	<b>92 975</b>	<b>96 190</b>	<b>(3 215)</b>	<b>-3%</b>	<b>96 190</b>
<b>% increase</b>		<b>2,2%</b>	<b>2,2%</b>						<b>2,2%</b>
<b>Total Parent Municipality</b>	<b>107 016</b>	<b>110 695</b>	<b>110 695</b>	<b>9 325</b>	<b>109 439</b>	<b>110 695</b>	<b>(1 256)</b>	<b>-1%</b>	<b>108 720</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>107 016</b>	<b>110 695</b>	<b>110 695</b>	<b>9 325</b>	<b>109 439</b>	<b>110 695</b>	<b>(1 256)</b>	<b>-1%</b>	<b>108 720</b>
<b>% increase</b>		<b>3,4%</b>	<b>3,4%</b>						<b>1,6%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>101 767</b>	<b>104 040</b>	<b>104 040</b>	<b>8 866</b>	<b>103 754</b>	<b>104 040</b>	<b>(286)</b>	<b>0%</b>	<b>102 065</b>

## 2.6 Material Variances to the SDBIP

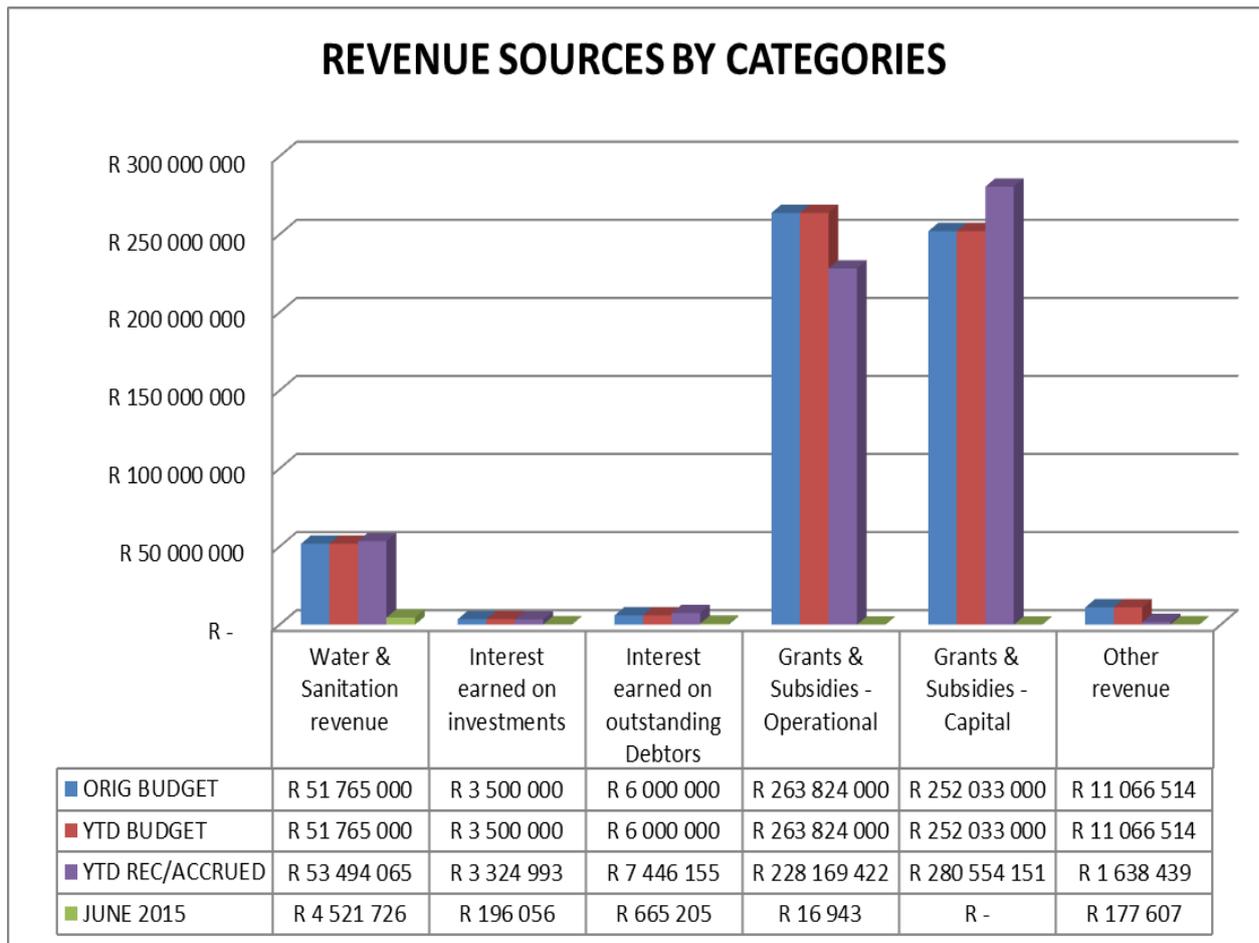
The following section analyses material variances between the actual targets as at 30 June 2015 and the budget for the same period. This report analyses each major component under following headings;

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

### REVENUE

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

### Chart 3: Revenue Analysis



#### Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 30 June 2015 was R53, 4million against a year to date **budget** of R51, 7million 103%. 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 year to date actual interest earned on external investments for the period ended June 2015 is R3, 3m against a year to date budget of R3, 5m.

#### Transfers Recognised - Operational

The operational grants revenue of R228million against a budget of R263million is largely attributable to the YTD equitable share received of R230million while the balance relates to conditions met on conditional grant funding.

### Transfers Recognised – Capital

There is an improvement in capital expenditure trends on grant funded expenditure and resulted in overspending on MIG and there is also improvement in the performance of Income against the set targets. The actual R280million (against a YTD budget of R252million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 11% over performance in Conditional Capital grant funding expenditures

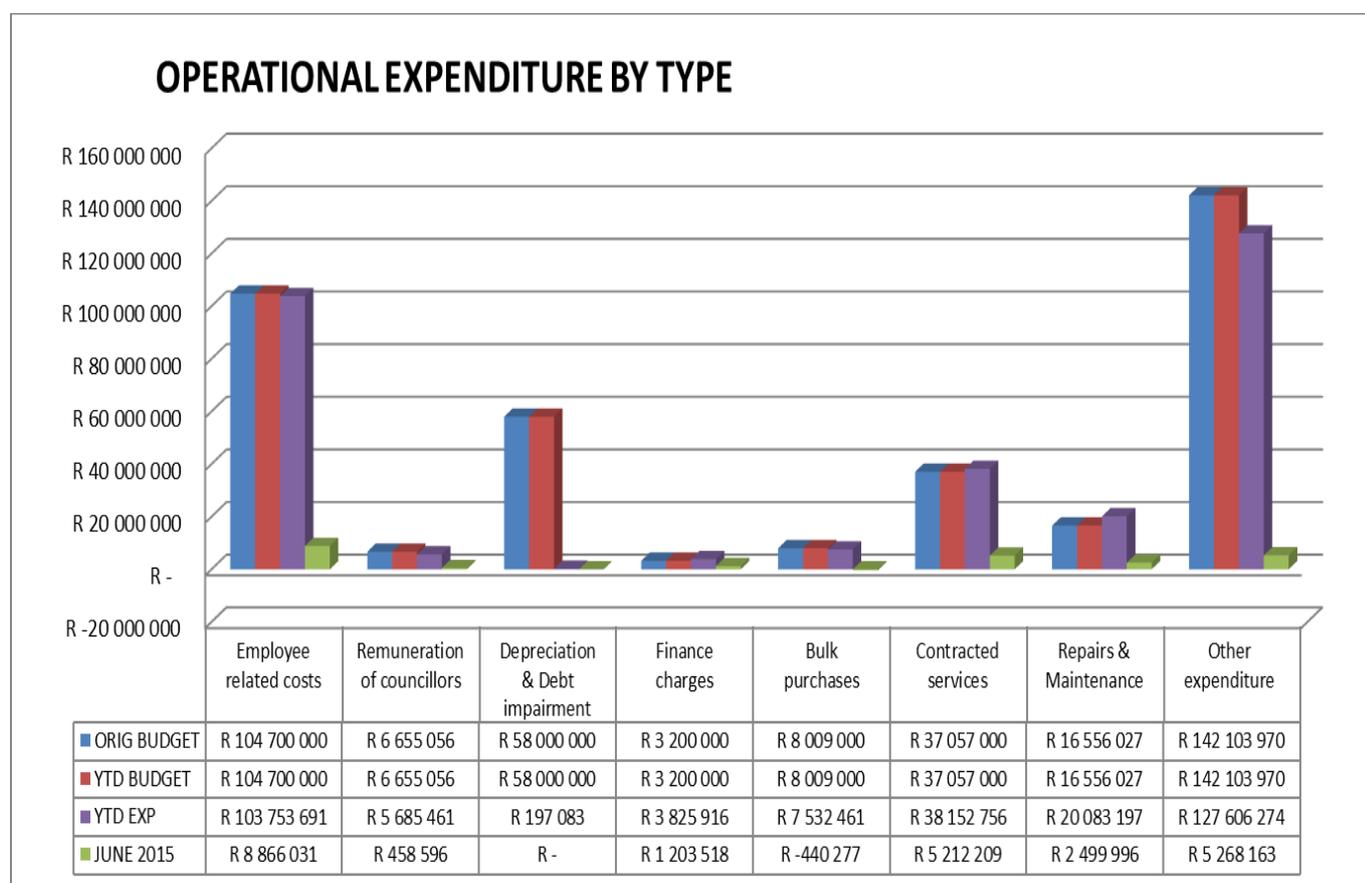
### Other Revenue

The YTD performance of other revenue is R1, 6m against YTD budget of R11m of original 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: 2014/15 Financial year Opex



### **Employee Related Costs**

The YTD budget for employee related costs is R104, 7million against a YTD actual of R103, 7million resulting in a 1% under expenditure

### **Remuneration of Councillors**

The remuneration of councillor's expenditure as at 30 June 2015 was R5, 6million against a budget of R6, 6million resulting in a 15% under expenditure

### **Finance Charges**

As at 30 June 2015, the finance charges budget was over spent by 20%. Year to date budget was R3, 2million and the year to date actual is R3, 8million.

### **Bulk Purchases**

The expenditure on Bulk Water purchases has been within the budget. The year to budget is R8million against year to date expenditure of R7, 5million or under spending by 6% for the period ending 30 June 2015.

### **Other Expenditure**

The YTD budget for other expenditure was at R 142million against a YTD expenditure of R 127million. An analysis of the line items with the highest over expenditures is depicted in the table below.

Votenummer	Description	Budget/OpenBal	Curr Mth Exp	YTD Movement	Balance
<b>TOP TWENTY OVER SPENT VOTES</b>					
0000-00-1-26-4660	REFURBISHMENT OF UMZIMKHULU	R 5 712 441	R 1 742 003	R 7 525 217	R -1 812 776
0000-00-1-60-2530	MECHANICAL & ELECTRICAL - R&M	R 4 789 618	R 1 466 603	R 6 383 837	R -1 594 219
0000-00-1-20-1220	FUEL & OIL	R 4 196 300	R 195 583	R 5 503 006	R -1 306 706
0000-00-1-20-8060	EMERGENCY WATER INTERVENTION	R 4 290 461	R 727 465	R 5 397 762	R -1 107 301
0000-00-1-27-1000	SISONKE ECONOMIC DEVELOPMENT AGENCY	R 21 400 000	R -	R 22 426 825	R -1 026 825
0000-00-1-60-5540	MAINTANANCE OF UMZIMKHULU SCHEMES	R 3 809 418	R 351 668	R 4 761 778	R -952 360
0000-00-1-20-2127	SYSTEMS AND ADMIN SUPPORT	R 3 974 715	R 462 504	R 4 893 506	R -918 791
0000-00-1-26-3430	SECURITY SERVICES	R 9 118 748	R 704 270	R 10 032 837	R -914 089
0000-00-1-30-2613	INGWE HOUSEHOLD SANITATION PROJECTMZIMKH	R 5 847 814	R -	R 6 553 904	R -706 090
0000-00-1-60-2910	OFFICE BUILDINGS - R&M	R 1 848 045	R -	R 2 526 018	R -677 973
0000-00-1-40-2800	INTEREST - EXTERNAL LOANS	R 3 200 000	R 1 203 518	R 3 825 916	R -625 916
0000-00-1-20-0015	ASSET VERIFICATION	R 313 181	R -	R 827 369	R -514 188
0000-00-1-26-4659	REFURBISHMENT OF UBUHLEBEZWE	R 2 673 121	R 758 261	R 3 076 597	R -403 476
0000-00-1-20-6810	TRAINING	R 955 689	R 11 285	R 1 304 737	R -349 048
0000-00-1-20-2846	HARRY GWALA DISTRICT MARATHON	R 500 000	R 13 037	R 837 080	R -337 080
0000-00-1-20-5080	SKILLS DEVELOPMENT LEVY	R 661 436	R 81 629	R 955 664	R -294 228
0000-00-1-20-0040	ADVERTISING	R 779 526	R 58 885	R 1 062 466	R -282 940
0000-00-1-60-5530	MAINTANANCE OF UBUHLEBEZWE SCHEMES	R 1 301 151	R 432 780	R 1 530 656	R -229 505
0000-00-1-20-2845	SPORT DEVELOPMENT	R 3 045 777	R 15 099	R 3 266 857	R -221 080
0000-00-1-26-4110	VAT CONSULTANT	R 1 678 189	R 698 153	R 1 898 324	R -220 135
<b>TOTAL</b>		<b>R 80 095 630</b>	<b>R 8 922 743</b>	<b>R 94 590 355</b>	<b>R -14 494 725</b>

**Performance assessment**

The section that follows takes a look at actual performance achieved against planned targets

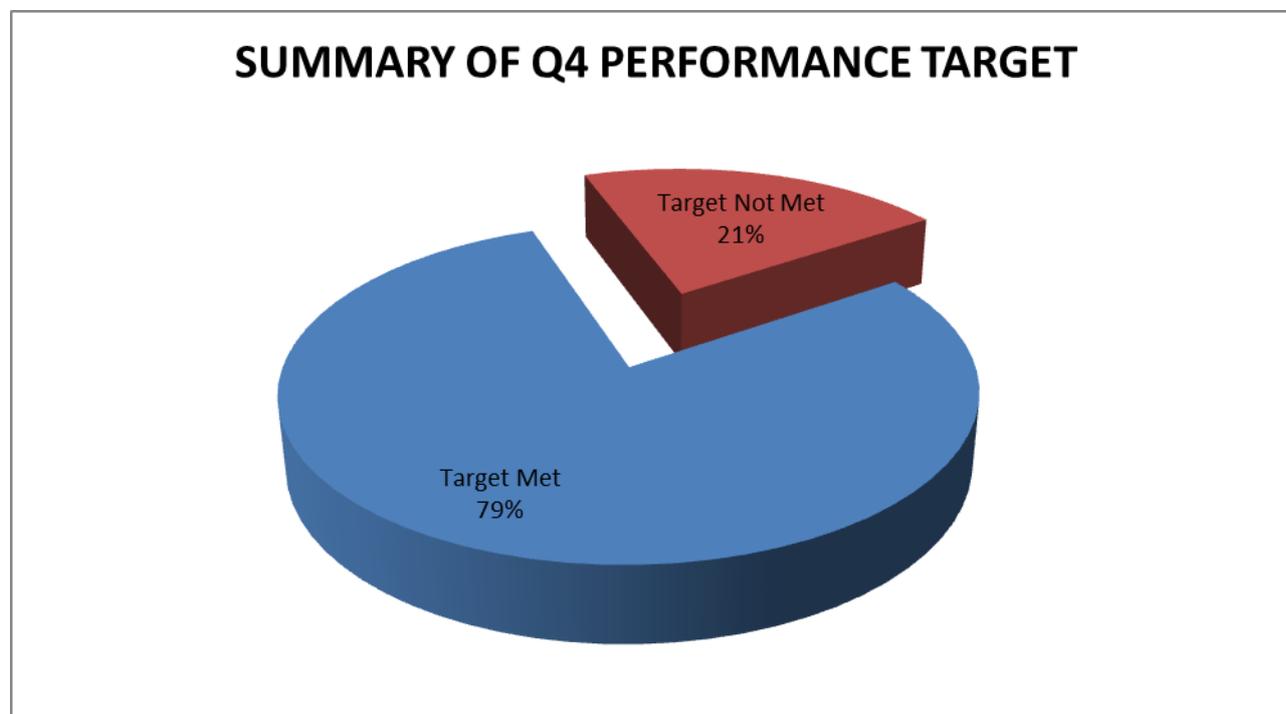
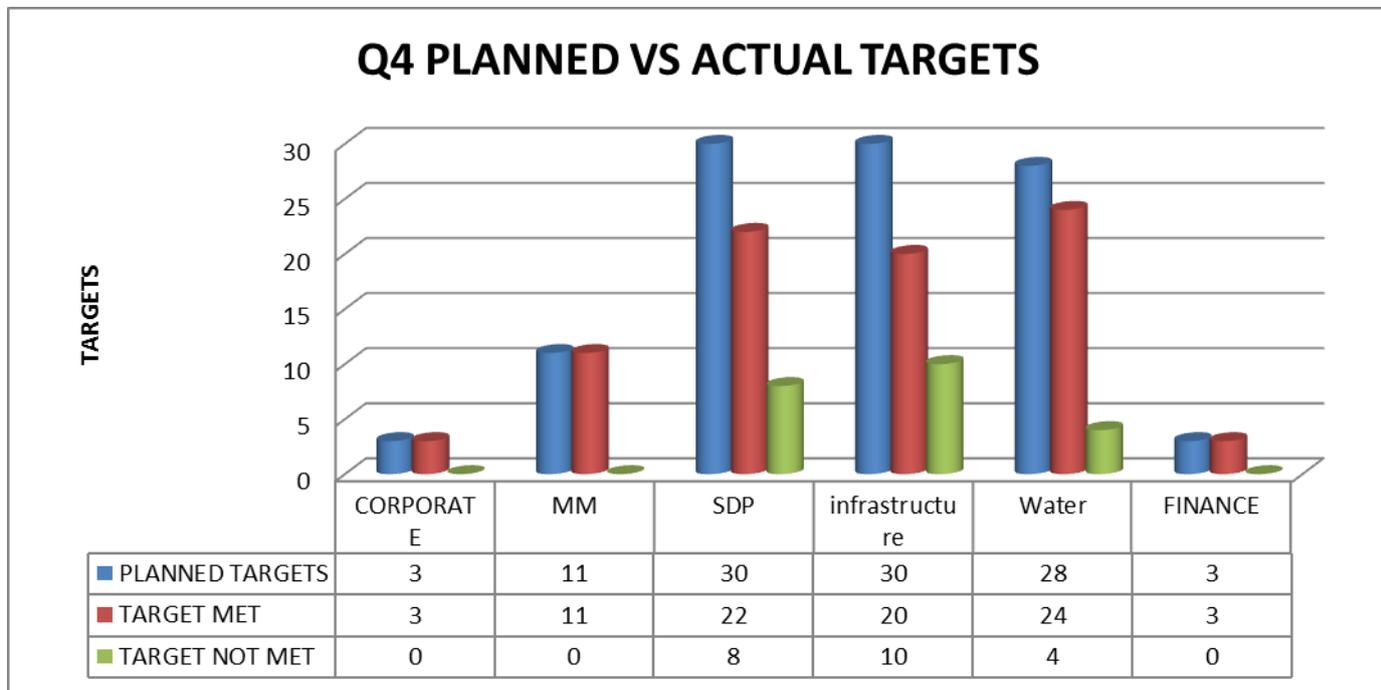


Chart 5 above provides a summary of the targets achieved or met (79%) as well the targets not met (21%). It can be stated that the performance of the municipality year ending 30 June 2015 is slightly above average; however there is still more room for improvement. There is a plethora of reasons

why some of the targets could not be met, and as such, the Performance Management unit has listed all the possible challenges that have hindered/ contributed to non- performance or non - implementation of the 21% targets not met.

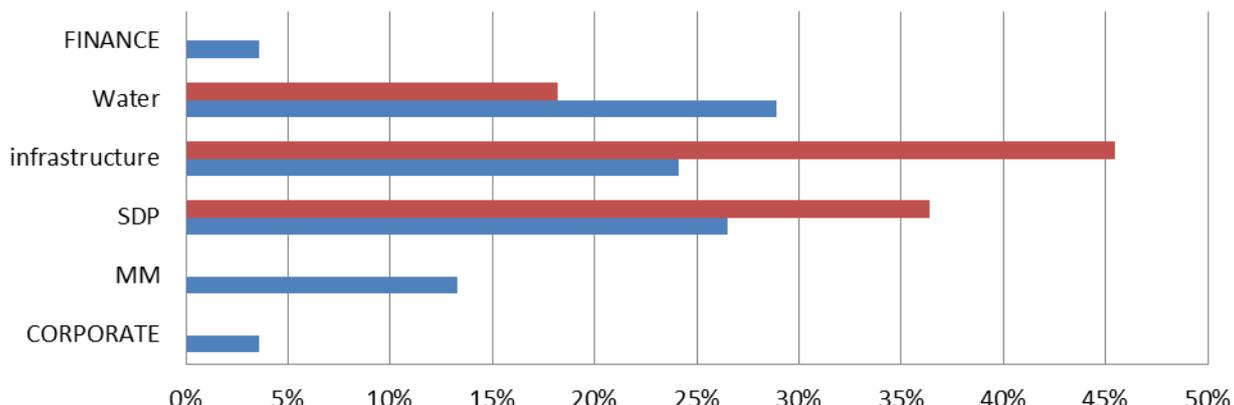
**Departmental performance targets**



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

**Performance targets Departments**

### Q4 PERFORMANCE TARGETS BY DEPARTMENTS



	CORPORATE	MM	SDP	infrastructure	Water	FINANCE
■ TARGET NOT MET	0%	0%	36%	45%	18%	0%
■ TARGET MET	4%	13%	27%	24%	29%	4%

### The next section looks at the performance of the capital expenditure

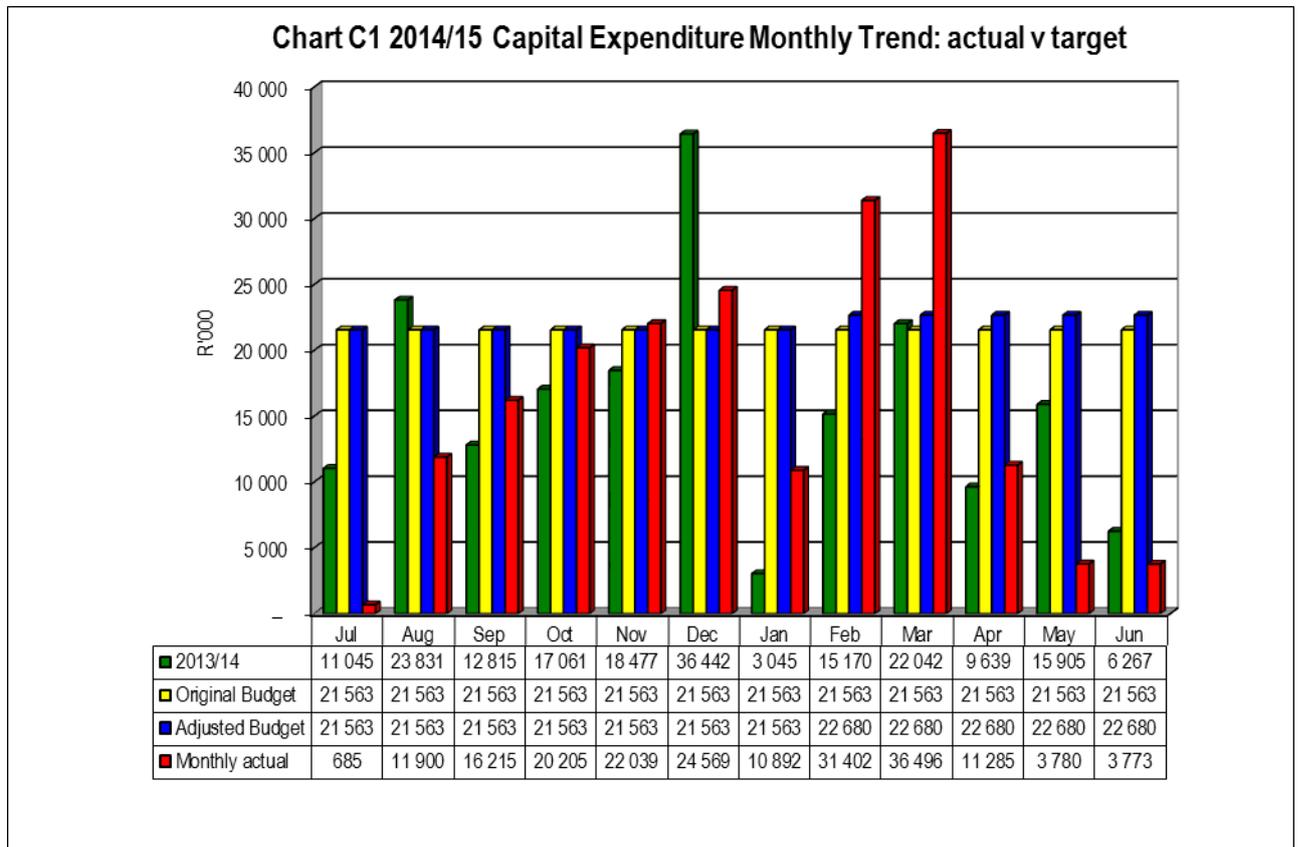
DC43 Sisonke - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M12 June

Month	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	11 045	21 563	21 563	685	685	21 563	20 879	96,8%	0%
August	23 831	21 563	21 563	11 900	12 585	43 127	30 542	70,8%	5%
September	12 815	21 563	21 563	16 215	28 800	64 690	35 890	55,5%	11%
October	17 061	21 563	21 563	20 205	49 005	86 254	37 249	43,2%	19%
November	18 477	21 563	21 563	22 039	71 044	107 817	36 773	34,1%	27%
December	36 442	21 563	21 563	24 569	95 613	129 380	33 768	26,1%	37%
January	3 045	21 563	21 563	10 892	106 504	150 944	44 440	29,4%	41%
February	15 170	21 563	22 680	31 402	137 906	173 623	35 717	20,6%	53%
March	22 042	21 563	22 680	36 496	174 402	196 303	21 901	11,2%	67%
April	9 639	21 563	22 680	11 285	185 687	218 983	33 296	15,2%	0
May	15 905	21 563	22 680	3 780	189 467	241 662	52 195	21,6%	0
June	6 267	21 563	22 680	3 773	193 240	264 342	71 102	26,9%	0
<b>Total Capital expenditure</b>	<b>191 740</b>	<b>258 761</b>	<b>264 342</b>	<b>193 240</b>					

This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

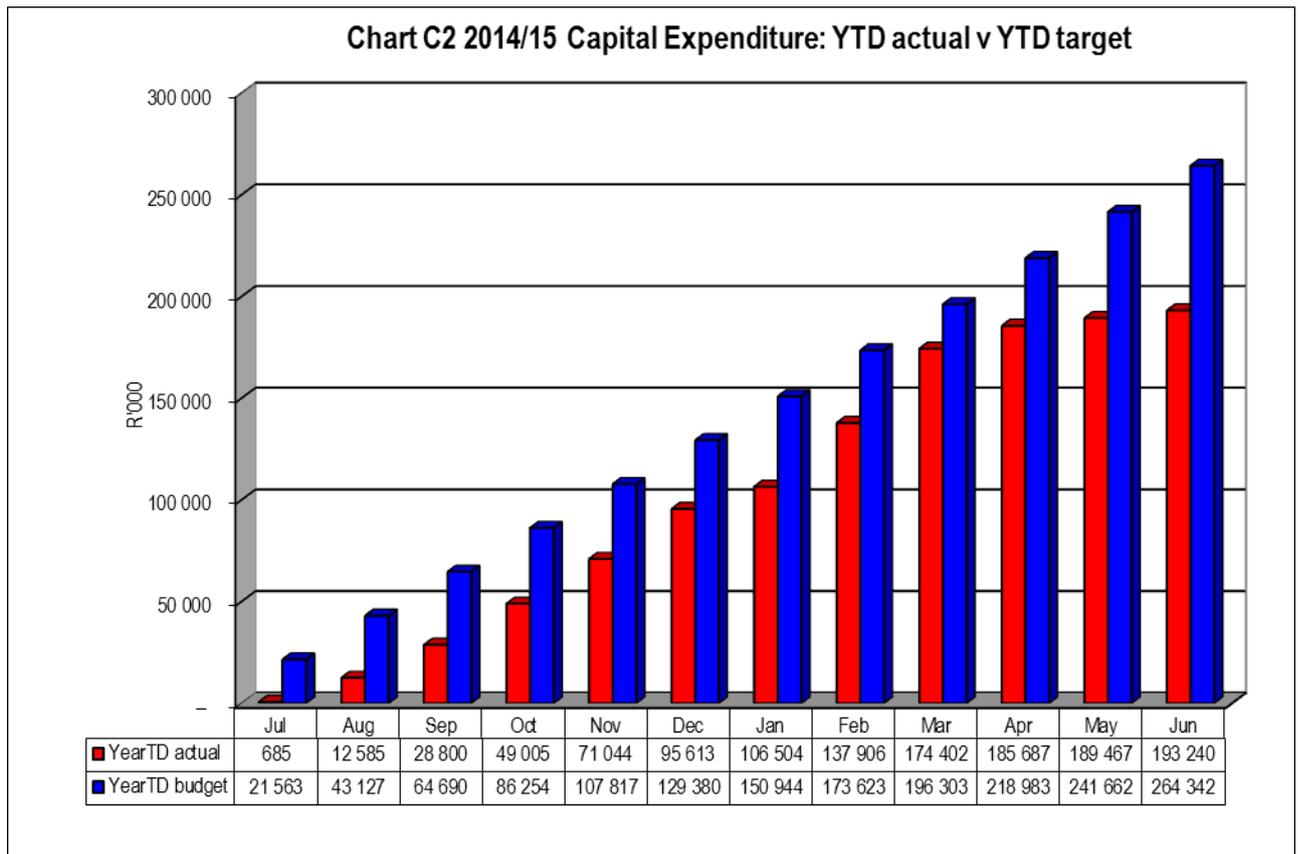
Chart C1 below display a comparison between the previous year’s capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods January to June 2014 and the planned monthly targets is also displayed

**Chart 1: Capital Expenditure Monthly Trend: Actual v Target**



The chart below, on the other hand, track the capital expenditure’s cumulative balances budget versus actual. It is clearly that expenditure started on a rather slower trend but showed acceleration towards the end of the mid-year.

**Chart C2: Capital Expenditure: YTD Actual v YTD Target**



In order for the municipality to reach its annual targets in the capital development programme, expenditure in this budget would have to maintained or increased at the trends experienced in June 2015.

## 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 June 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 \_\_\_\_\_