

Harry Gwala District Municipality

MFMA s71 report for the period ending 31 July 2018.

12/8/2018

Budget & Treasury Office

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REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 31 JULY 2018

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 2018 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 2018/2019 budget for the period ending 31 July 2018.

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 Harry Gwala - Table C1 Monthly Budget Statement Summary - M01 July

Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Property rates	-	-	-	-	-	-		-
Service charges	67 394	59 157	5 566	5 566	4 930	636	13%	59 157
Investment revenue	8 716	6 946	442	442	579	(136)	-24%	6 946
Transfers and subsidies	347 365	328 823	132 531	132 531	27 402	105 129	384%	328 823
Other own revenue	17 421	14 576	1 113	1 113	1 215	(101)	-8%	14 576
Total Revenue (excluding capital transfers and contributions)	440 896	409 502	139 653	139 653	34 125	105 527	309%	409 502
Employee costs	161 904	166 778	13 130	13 130	13 898	(768)	-6%	166 778
Remuneration of Councillors	6 340	6 848	534	534	571	(36)	-6%	6 848
Depreciation & asset impairment	50 650	41 944	-	-	3 495	(3 495)	-100%	41 944
Finance charges	1 605	3 954	-	-	330	(330)	-100%	3 954
Materials and bulk purchases	16 225	15 000	1 300	1 300	1 250	50	4%	15 000
Other expenditure	218 006	169 616	12 098	12 098	14 135	(2 037)	-14%	169 616
Total Expenditure	454 729	404 141	27 062	27 062	33 678	(6 616)	-20%	404 141
Surplus/(Deficit)	(13 833)	5 361	112 590	112 590	447	112 144	25101%	5 361
Transfers and subsidies - capital (monetary allocations)	343 397	341 982	-	-	28 499	(28 499)	-100%	341 982
Surplus/(Deficit) after capital transfers & contributions	329 564	347 343	112 590	112 590	28 945	83 645	289%	347 343
Surplus/ (Deficit) for the year	329 564	347 343	112 590	112 590	28 945	83 645	289%	347 343
Capital expenditure & funds sources								
Capital expenditure	351 350	349 789	14 889	14 889	29 149	(14 260)	-49%	349 789
Capital transfers recognised	343 397	341 982	14 889	14 889	28 499	(13 609)	-48%	341 982
Internally generated funds	7 953	7 807	-	-	651	(651)	-100%	7 807
Total sources of capital funds	351 350	349 789	14 889	14 889	29 149	(14 260)	-49%	349 789
Financial position								
Total current assets	54 121	72 385		359 965				72 385
Total non current assets	2 129 037	2 436 371		1 945 437				2 436 371
Total current liabilities	176 239	212 563		308 442				212 563
Total non current liabilities	45 500	33 784		30 874				30 874
Community wealth/Equity	1 945 150	2 247 140		1 966 086				2 265 319
Cash flows								
Net cash from (used) operating	335 448	378 013	225 043	225 043	31 025	(194 019)	-625%	378 013
Net cash from (used) investing	(351 550)	(349 789)	(28 722)	(28 722)	(29 149)	(428)	1%	(349 789)
Net cash from (used) financing	(3 130)	(3 496)	-	-	(308)	(308)	100%	(3 496)
Cash/cash equivalents at the month/year end	5 041	67 750	-	293 284	44 590	(248 693)	-558%	121 689
Debtors & creditors analysis	0-30 Days	31-60 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis								
Total By Income Source	334	5 363	3 585	27 948	3 817	3 076	44 636	92 260
Creditors Age Analysis								
Total Creditors	49 161	12 863	22 587	-	-	-	-	88 448

Financial Performance

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

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

Description	2017/18	Budget Year 2018/19						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Revenue - Functional								
Governance and administration	307 943	330 749	133 869	133 869	27 562	106 306	386%	330 749
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	307 943	330 749	133 869	133 869	27 562	106 306	386%	330 749
Internal audit	-	-	-	-	-	-	-	-
Economic and environmental services	341	308	-	-	-	-	-	-
Planning and development	341	308	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Trading services	476 008	420 428	5 784	5 784	35 036	(29 252)	-83%	420 428
Energy sources	-	-	-	-	-	-	-	-
Water management	71 524	294 299	4 114	4 114	24 525	(20 411)	-83%	294 299
Waste water management	404 484	126 128	1 670	1 670	10 511	(8 841)	-84%	126 128
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Revenue - Functional	784 293	751 484	139 653	139 653	62 598	77 055	123%	751 177
Expenditure - Functional								
Governance and administration	152 958	147 427	11 095	11 095	12 286	(1 191)	-10%	147 427
Executive and council	21 783	29 498	1 133	1 133	2 458	(1 325)	-54%	29 498
Finance and administration	131 175	117 929	9 962	9 962	9 827	134	1%	117 929
Internal audit	-	-	-	-	-	-	-	-
Economic and environmental services	41 777	51 538	3 083	3 083	4 295	(1 212)	-28%	51 538
Planning and development	41 777	51 538	3 083	3 083	4 295	(1 212)	-28%	51 538
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Trading services	259 994	205 177	12 884	12 884	17 098	(4 214)	-25%	205 177
Energy sources	-	-	-	-	-	-	-	-
Water management	174 092	173 388	11 289	11 289	14 449	(3 160)	-22%	173 388
Waste water management	85 902	31 789	1 595	1 595	2 649	(1 054)	-40%	31 789
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Expenditure - Functional	454 729	404 141	27 062	27 062	33 678	(6 616)	-20%	404 141
Surplus/ (Deficit) for the year	329 564	347 343	112 590	112 590	28 920	83 671	289%	347 036

This table assess the revenue by department and then the expenditure for the period ending 31 July 2018. 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 19%.

Expenditure by standard classification presents the expenditures by the departments. Infrastructure Department has largest expenditure by 42% in the period ending 31 July 2018. 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 Harry Gwala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

Vote Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original 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	307 943	330 749	133 869	133 869	27 562	106 306	385,7%	-
Vote 4 - Corporate Services	-	-	-	-	-	-	-	-
Vote 5 - Social Services & Development Planning	341	308	-	-	-	-	-	-
Vote 6 - Infrastructure Services	404 484	351 731	1 670	1 670	29 311	(27 641)	-94,3%	351 731
Vote 7 - Water Services	71 524	68 697	4 114	4 114	5 725	(1 611)	-28,1%	68 697
Vote 8 - NDZ	-	-	-	-	-	-	-	-
Total Revenue by Vote	784 293	751 484	139 653	139 653	62 598	77 055	123,1%	420 428
Expenditure by Vote								
Vote 1 - Council	9 184	15 620	546	546	1 302	(756)	-58,1%	15 620
Vote 2 - Municipal Manager	12 599	13 878	588	588	1 156	(569)	-49,2%	13 878
Vote 3 - Budget & Treasury Office	70 508	64 802	2 826	2 826	5 400	(2 575)	-47,7%	64 802
Vote 4 - Corporate Services	60 668	53 127	7 136	7 136	4 427	2 709	61,2%	53 127
Vote 5 - Social Services & Development Planning	41 777	51 538	3 083	3 083	4 295	(1 212)	-28,2%	51 538
Vote 6 - Infrastructure Services	85 902	31 789	11 289	11 289	2 649	8 640	326,2%	31 789
Vote 7 - Water Services	174 092	173 388	1 595	1 595	14 449	(12 854)	-89,0%	173 388
Vote 8 - NDZ	-	-	-	-	-	-	-	-
Total Expenditure by Vote	454 729	404 141	27 062	27 062	33 678	(6 616)	-19,6%	404 141
Surplus/ (Deficit) for the year	329 564	347 343	112 590	112 590	28 920	83 671	289,3%	16 287

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 2018.

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

Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Property rates						-		
Service charges - electricity revenue						-		
Service charges - water revenue	47 671	41 410	3 896	3 896	3 451	445	13%	41 410
Service charges - sanitation revenue	19 723	17 747	1 670	1 670	1 479	191	13%	17 747
Interest earned - external investments	8 716	6 946	442	442	579	(136)	-24%	6 946
Interest earned - outstanding debtors	12 606	9 540	728	728	795	(67)	-8%	9 540
Agency services						-		
Transfers and subsidies	347 365	328 823	132 531	132 531	27 402	105 129	384%	328 823
Other revenue	4 815	5 036	385	385	420	(34)	-8%	5 036
Gains on disposal of PPE						-		
Total Revenue (excluding capital transfers and contributions)	440 896	409 502	139 653	139 653	34 125	105 527	309%	409 502
Expenditure By Type								
Employee related costs	161 904	166 778	13 130	13 130	13 898	(768)	-6%	166 778
Remuneration of councillors	6 340	6 848	534	534	571	(36)	-6%	6 848
Debt impairment	34 098	25 266			2 106	(2 106)	-100%	25 266
Depreciation & asset impairment	50 650	41 944			3 495	(3 495)	-100%	41 944
Finance charges	1 605	3 954			330	(330)	-100%	3 954
Bulk purchases	16 225	15 000	1 300	1 300	1 250	50	4%	15 000
Contracted services	24 505	34 510	1 100	1 100	2 876	(1 776)	-62%	34 510
Transfers and subsidies	-	-						
Other expenditure	159 403	109 840	10 998	10 998	9 153	1 845	20%	109 840
Loss on disposal of PPE								
Total Expenditure	454 729	404 141	27 062	27 062	33 678	(6 616)	-20%	404 141
Surplus/(Deficit)	(13 833)	5 361	112 590	112 590	447	112 144	0	5 361
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	343 397	341 982	-		28 499	(28 499)	(0)	341 982
Transfers and subsidies - capital (in-kind - all)								
Surplus/(Deficit) after capital transfers & contributions	329 564	347 343	112 590	112 590	28 945			347 343
Taxation								
Surplus/(Deficit) after taxation	329 564	347 343	112 590	112 590	28 945			347 343
Attributable to minorifies								
Surplus/(Deficit) attributable to municipality	329 564	347 343	112 590	112 590	28 945			347 343
Share of surplus/ (deficit) of associate								
Surplus/ (Deficit) for the year	329 564	347 343	112 590	112 590	28 945			347 343

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.

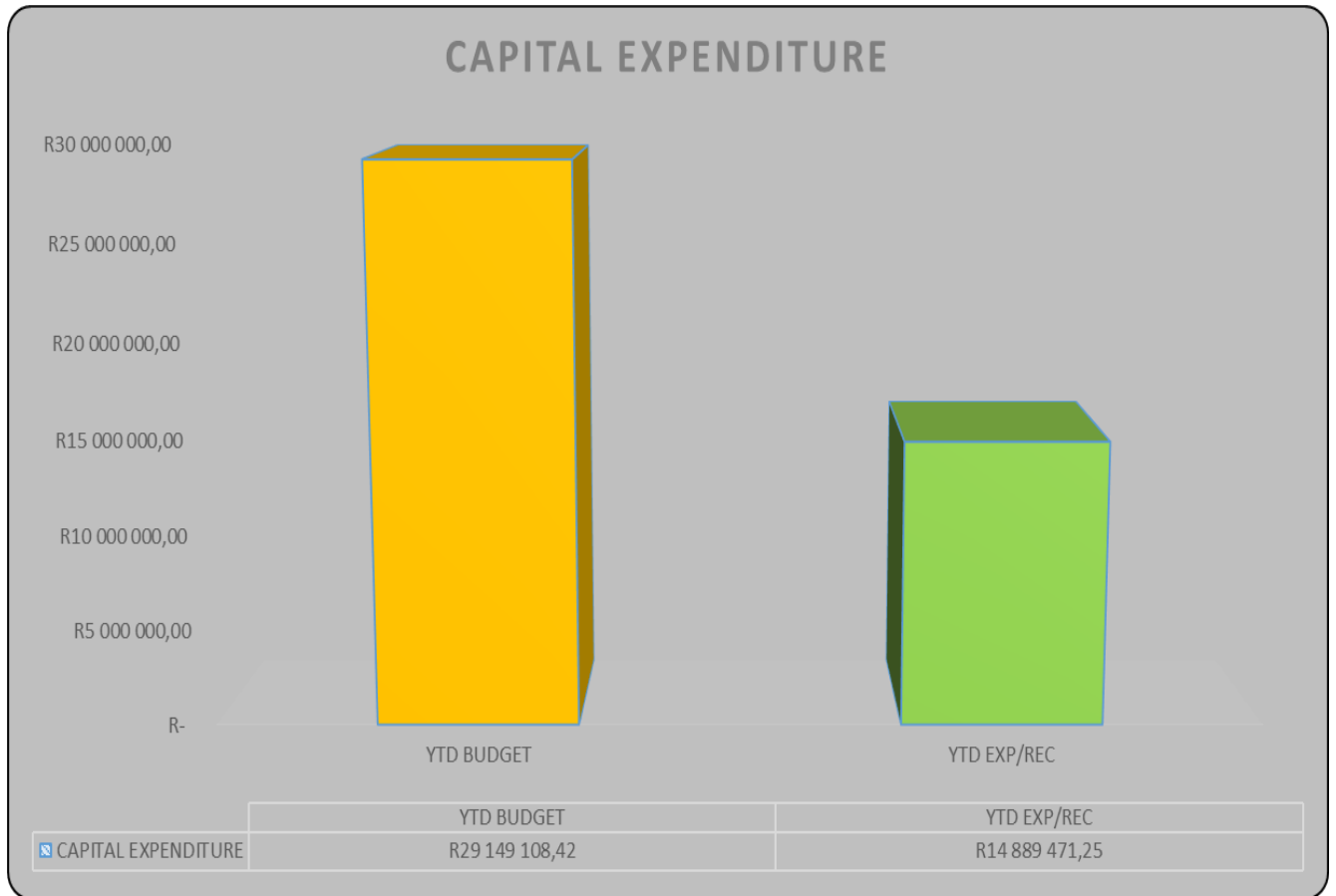
DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

Vote Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Multi-Year expenditure appropriation								
Vote 1 - Council	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	-	550	-	-	46	(46)	-100%	550
Vote 4 - Corporate Services	6 153	3 760	-	-	313	(313)	-100%	3 760
Vote 5 - Social Services & Development Planning	300	497	-	-	41	(41)	-100%	497
Vote 6 - Infrastructure Services	349 297	342 482	14 889	14 889	28 540	(13 651)	-48%	342 482
Vote 7 - Water Services	(4 400)	2 500	-	-	208	(208)	-100%	2 500
Vote 8 - NDZ	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	351 350	349 789	14 889	14 889	29 149	(14 260)	-49%	349 789
Total Capital Expenditure	351 350	349 789	14 889	14 889	29 149	(14 260)	-49%	349 789
Capital Expenditure - Functional Classification								
Governance and administration	6 153	4 310	-	-	359	(359)	-100%	4 310
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	6 153	4 310	-	-	359	(359)	-100%	4 310
Internal audit	-	-	-	-	-	-	-	-
Economic and environmental services	300	497	-	-	41	(41)	-100%	497
Planning and development	300	497	-	-	41	(41)	-100%	497
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Trading services	343 397	342 482	14 889	14 889	28 540	(13 651)	-48%	342 482
Energy sources	-	-	-	-	-	-	-	-
Water management	343 397	342 482	14 889	14 889	28 540	(13 651)	-48%	342 482
Other	1 500	2 500	-	-	-	-	-	2 500
Total Capital Expenditure - Functional Classification	351 350	349 789	14 889	14 889	28 941	(14 051)	-49%	349 789
Funded by:								
National Government	343 397	341 982	14 889	14 889	28 499	(13 609)	-48%	341 982
Transfers recognised - capital	343 397	341 982	14 889	14 889	28 499	(13 609)	-48%	341 982
Internally generated funds	7 953	7 807	-	-	651	(651)	-100%	7 807
Total Capital Funding	351 350	349 789	14 889	14 889	29 149	(14 260)	-49%	349 789

As alluded to above, the capital expenditure programme for the month ending 31 July was R14, 8m of capital expenditure against year to date budget.

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

Chart 1: 2018/2019 CAPEX YTD BUDGET & YTD ACTUAL



As at 31 July 2018, the year to date actual expenditure was R14, 8million against a YTD budget of R29million. In monetary terms, these figures represent 51% per cent performance against the capital development programme as at 31 July 2018.

Table C6 displays the financial position of the municipality as at 31 July 2018.

DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	2017/18	Budget Year 2018/19		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands				
ASSETS				
Current assets				
Cash	12 394	28 182	293 284	28 182
Call investment deposits				
Consumer debtors	34 358	38 849	60 734	38 849
Other debtors	7 107	5 174	5 777	5 174
Current portion of long-term receivables	-			
Inventory	263	180	171	180
Total current assets	54 121	72 385	359 965	72 385
Non current assets				
Property, plant and equipment	2 125 417	2 431 162	1 944 090	2 431 162
Intangible	3 619	5 209	1 347	5 209
Other non-current assets				
Total non current assets	2 129 037	2 436 371	1 945 437	2 436 371
TOTAL ASSETS	2 183 158	2 508 756	2 305 402	2 508 756
LIABILITIES				
Current liabilities				
Borrowing	11 604	11 716	6 159	11 716
Consumer deposits	1 794	1 524	1 606	1 524
Trade and other payables	161 822	197 890	295 793	197 890
Provisions	1 019	1 433	4 884	1 433
Total current liabilities	176 239	212 563	308 442	212 563
Non current liabilities				
Borrowing	19 046	7 330	8 657	8 657
Provisions	26 454	26 454	22 217	22 217
Total non current liabilities	45 500	33 784	30 874	30 874
TOTAL LIABILITIES	221 738	246 347	339 316	243 436
NET ASSETS	1 961 419	2 262 409	1 966 086	2 265 319
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	1 945 150	2 247 140	1 966 086	2 265 319
TOTAL COMMUNITY WEALTH/EQUITY	1 945 150	2 247 140	1 966 086	2 265 319

Table C7 below display the Cash Flow Statement for the period ending 31 July 2018.

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates						-		
Service charges	42 411	31 945	4 033	4 033	2 662	1 371	51%	31 945
Other revenue	4 779	2 522	385	385	210	175	83%	2 522
Government - operating	301 213	328 823	132 531	132 531	27 402	105 129	384%	328 823
Government - capital	343 397	341 982	129 467	129 467	28 499	100 969	354%	341 982
Interest	8 816	6 946				-		6 946
Payments								
Suppliers and employees	(361 210)	(332 976)	(41 373)	(41 373)	(27 748)	13 625	-49%	(332 976)
Finance charges	(3 958)	(1 229)	-			-		(1 229)
Transfers and Grants	-	-				-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES	335 448	378 013	225 043	225 043	31 025	(194 019)	-625%	378 013
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Decrease (increase) other non-current receivables						-		
Payments								
Capital assets	(351 550)	(349 789)	(28 722)	(28 722)	(29 149)	(428)	1%	(349 789)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(351 550)	(349 789)	(28 722)	(28 722)	(29 149)	(428)	1%	(349 789)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits	200	200	-			-		200
Payments								
Repayment of borrowing	(3 330)	(3 697)	-		(308)	(308)	100%	(3 697)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 130)	(3 496)	-	-	(308)	(308)	100%	(3 496)
NET INCREASE/ (DECREASE) IN CASH HELD	(19 232)	24 727	196 322	196 322	1 567			24 727
Cash/cash equivalents at beginning:	24 273	43 023		96 962	43 023			96 962
Cash/cash equivalents at month/year end:	5 041	67 750		293 284	44 590			121 689

The billing vs Collection ratio for the month of July was 54% (June: 49%) showing an increase in collection by 5% 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 2018.

Table 2.1.1: Debtors Age Analysis by Income Source

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

Description	Budget Year 2018/19									
	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	5 378	3 231	2 574	2 027	2 136	17 636	26 890	56 161	116 034	104 851
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	2 101	1 262	1 006	792	834	6 890	10 505	21 940	45 330	40 961
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	899	540	430	339	357	2 948	4 495	9 388	19 396	17 527
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
Total By Income Source	8 378	5 033	4 010	3 158	3 328	27 474	41 889	87 489	180 761	163 338
2017/18 - totals only									-	-
Debtors Age Analysis By Customer Group										
Organs of State	2 883	1 366	371	167	150	404	1 067	785	7 194	2 574
Commercial	755	360	317	234	207	1 645	2 397	4 416	10 331	8 898
Households	4 741	3 307	3 323	2 757	2 970	25 424	38 425	82 289	163 236	151 866
Other	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	8 378	5 033	4 010	3 158	3 328	27 474	41 889	87 489	180 761	163 338

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: 90%
- ✓ Government 4%
- ✓ Business 6%

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 2018	JUNE 2018
Unallocated receipts	R 283 836 .94	7%	4%
Bhongweni	R 15 146.13	0%	0%
Shayamoya	R 28 653.75	1%	1%
Kokstad	R 2 265 912.60	56%	59%
Ixopo	R 770 365.22	19%	10%
NDZ	R 487 579.45	12%	8%
Umzimkulu	R 178 733.80	4%	18%
Fairview	R 2 352.94	0%	0%
TOTAL RECEIPTS INCL VAT	R 4 032 580.83	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 2018 is R4million

BILLING VS COLLECTION



2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 July 2018.

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

Description	Budget Year 2018/19								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	2 987	109	99	8 131					11 326
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	46 169	12 751	3 737	14 142					76 799
Auditor General	5	3	2	314					324
Other									-
Total By Customer Type	49 161	12 863	3 837	22 587	-	-	-	-	88 448

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 2018.

Cash and Bank Balances (Investments)

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

Investments by maturity Name of institution & investment ID R thousands	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		CALL ACCOUNT		26		1 244	9 142	62 128
FIRST NATIONAL BANK		CALL ACCOUNT		142		34 076	23 513	109 772
FIRST NATIONAL BANK		ADMIN CALL		27		181	9 740	50 468
INVESTEC		FIXED DEPOSIT		173		32 071	-	32 244
FIRST NATIONAL BANK		FIXED DEPOSIT		60		17 290	12 448	4 902
FIRST NATIONAL BANK		CALL ACCOUNT		0		10	-	10
FIRST NATIONAL BANK		CALL ACCOUNT		0		68		69
FIRST NATIONAL BANK		CALL ACCOUNT		13		9 191	6 718	2 485
FIRST NATIONAL BANK		FIXED DEPOSIT		0		3		3
FIRST NATIONAL BANK		CURRENT ACCOUNT				2 794		31 203
Municipality sub-total				442		96 926	61 561	293 284
TOTAL INVESTMENTS AND INTEREST				442		96 926	61 561	293 284

2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M01 July

Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
RECEIPTS:								
Operating Transfers and Grants								
National Government:	347 365	328 823	132 531	132 531	27 402	105 630	385,5%	328 823
Local Government Equitable Share	285 028	318 074	132 531	132 531	26 506	106 025	400,0%	318 074
Finance Management	1 250	1 000			83			1 000
Municipal Systems Improvement	-	-			-			-
Municipal Infrastructure Grant (PMU)	49 148	5 005			417			5 005
Energy Efficiency And Demand Side Management Grant	8 000	-			-			-
Water Services Operating Subsidy	-	-			-			-
Rural Roads Asset Management Grant	2 221	2 226			186	(186)	-100,0%	2 226
Rural Household Infrastructure Grant	-	-			-			-
Expanded public works programme incentive grant	1 718	2 518			210	(210)	-100,0%	2 518
Total Operating Transfers and Grants	347 365	328 823	132 531	132 531	27 402	105 630	385,5%	328 823
Capital Transfers and Grants								
National Government:	387 544	341 982	129 467	129 467	28 499	83 102	291,6%	341 982
Municipal Infrastructure Grant (MIG)	199 544	191 582	99 067	99 067	15 965	83 102	520,5%	191 582
Regional Bulk Infrastructure	90 000	70 000	-	-	5 833			70 000
Municipal Water Infrastructure Grant	98 000	80 400	30 400	30 400	6 700			80 400
Expanded public works programme incentive grant	-	-						
Rural Household Infrastructure Grant	-	-						
Drought Relief								
Total Capital Transfers and Grants	387 544	341 982	129 467	129 467	28 499	83 102	291,6%	341 982
TOTAL RECEIPTS OF TRANSFERS & GRANTS	734 909	670 805	261 998	261 998	55 900	188 731	337,6%	670 805

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 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original 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:	347 365	328 823	26 556	26 556	27 402	(450)	-1,6%	328 823
Local Government Equitable Share	285 028	318 074	26 506	26 506	26 506	-		318 074
Finance Management	1 250	1 000	50	50	83	(33)	-40,0%	1 000
Municipal Systems Improvement	-	-	-	-	-	-		-
Municipal Infrastructure Grant (PMU)	49 148	5 005	-	-	417	(417)	-100,0%	5 005
Energy Efficiency And Demand Side Management Grant	8 000	-	-	-	-	-		-
Water Services Operating Subsidy	-	-	-	-	-	-		-
Rural Roads Asset Management Grant	2 221	2 226	-	-	186	-		2 226
Rural Household Infrastructure Grant	-	-	-	-	-	-		-
Expanded public works programme incentive grant	1 718	2 518	-	-	210	-		2 518
Total operating expenditure of Transfers and Grants:	347 365	328 823	26 556	26 556	27 402	(450)	-1,6%	328 823
Capital expenditure of Transfers and Grants								
National Government:	387 544	341 982	14 889	14 889	28 499	(7 471)	-26,2%	341 982
Municipal Infrastructure Grant (MIG)	199 544	191 582	14 328	14 328	15 965	(1 637)	-10,3%	191 582
Regional Bulk Infrastructure	90 000	70 000	-	-	5 833	(5 833)	-100,0%	70 000
Municipal Water Infrastructure Grant	98 000	80 400	562	562	6 700	-		80 400
Expanded public works programme incentive grant	-	-	-	-	-	-		-
Rural Household Infrastructure Grant	-	-	-	-	-	-		-
Drought Relief	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants	387 544	341 982	14 889	14 889	28 499	(7 471)	-26,2%	341 982
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	734 909	670 805	41 446	41 446	55 900	(7 921)	-14,2%	670 805

2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 31 July 2018.

Harry Gwala District Municipality

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

Summary of Employee and Councillor remuneration	2017/18	Budget Year 2018/19						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	A	B					%	D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	3 795	4 098	362	362	342	21	6%	4 098
Pension and UIF Contributions	399	431	27	27	36	(9)	-25%	431
Medical Aid Contributions	94	101	6	6	8	(2)	-25%	101
Motor Vehicle Allowance	1 178	1 272	80	80	106	(26)	-25%	1 272
Cellphone Allowance	259	279	17	17	23	(6)	-25%	279
Other benefits and allowances	616	665	42	42	55	(14)	-25%	665
Sub Total - Councillors	6 340	6 847	534	534	571	(36)	-6%	6 847
% increase		8,0%						8,0%
Senior Managers of the Municipality								
Basic Salaries and Wages	4 509	4 870	628	628	406	222	55%	4 870
Pension and UIF Contributions	4	4	0	0	0	0	1%	4
Medical Aid Contributions	6	7	1	1	1	0	1%	7
Motor Vehicle Allowance	3 797	4 101	345	345	342	3	1%	4 101
Cellphone Allowance	178	192	16	16	16	0	1%	192
Housing Allowances	-	-	-	-	-	-	-	-
Other benefits and allowances	5	6	0	0	0	0	1%	6
Sub Total - Senior Managers of Municipality	8 500	9 180	991	991	765	226	30%	9 180
% increase		8,0%						8,0%
Other Municipal Staff								
Basic Salaries and Wages	101 821	102 213	8 769	8 769	8 518	251	3%	102 213
Pension and UIF Contributions	16 798	18 142	1 483	1 483	1 512	(29)	-2%	18 142
Medical Aid Contributions	2 321	2 507	205	205	209	(4)	-2%	2 507
Overtime	2 074	2 240	183	183	187	(4)	-2%	2 240
Performance Bonus	9 205	9 942	813	813	828	(16)	-2%	9 942
Motor Vehicle Allowance	4 231	4 570	373	373	381	(7)	-2%	4 570
Cellphone Allowance	722	780	64	64	65	(1)	-2%	780
Housing Allowances	63	68	6	6	6	(0)	-2%	68
Other benefits and allowances	2 767	2 988	244	244	249	(5)	-2%	2 988
Sub Total - Other Municipal Staff	140 002	143 449	12 139	12 139	11 954	185	2%	143 449
% increase		2,5%						2,5%
Total Parent Municipality	154 842	159 475	13 664	13 664	13 290	374	3%	159 475
		3,0%						3,0%
Unpaid salary, allowances & benefits in arrears:								
Board Members of Entities								
Other benefits and allowances	100						-	
Board Fees	200	350					-	350
Sub Total - Board Members of Entities	300	350	-	-	-	-	-	350
% increase		16,7%						16,7%
Senior Managers of Entities								
Basic Salaries and Wages	2 006	2 166					-	2 166
Motor Vehicle Allowance	288	311					-	311
Cellphone Allowance	55	59					-	59
Other benefits and allowances	55	59					-	59
Sub Total - Senior Managers of Entities	2 404	2 597	-	-	-	-	-	2 597
% increase		8,0%						8,0%
Other Staff of Entities								
Basic Salaries and Wages	10 160	10 973					-	10 973
Motor Vehicle Allowance	175	189					-	189
Other benefits and allowances	362	391					-	391
Sub Total - Other Staff of Entities	10 697	11 553	-	-	-	-	-	11 553
% increase		8,0%						8,0%
Total Municipal Entities	13 402	14 500	-	-	-	-	-	14 500
TOTAL SALARY, ALLOWANCES & BENEFITS	168 244	173 975	13 664	13 664	13 290	374	3%	173 975
% increase		3,4%						3,4%
TOTAL MANAGERS AND STAFF	161 604	166 778	13 130	13 130	12 719	411	3%	166 778

2.6 Material Variances to the SDBIP

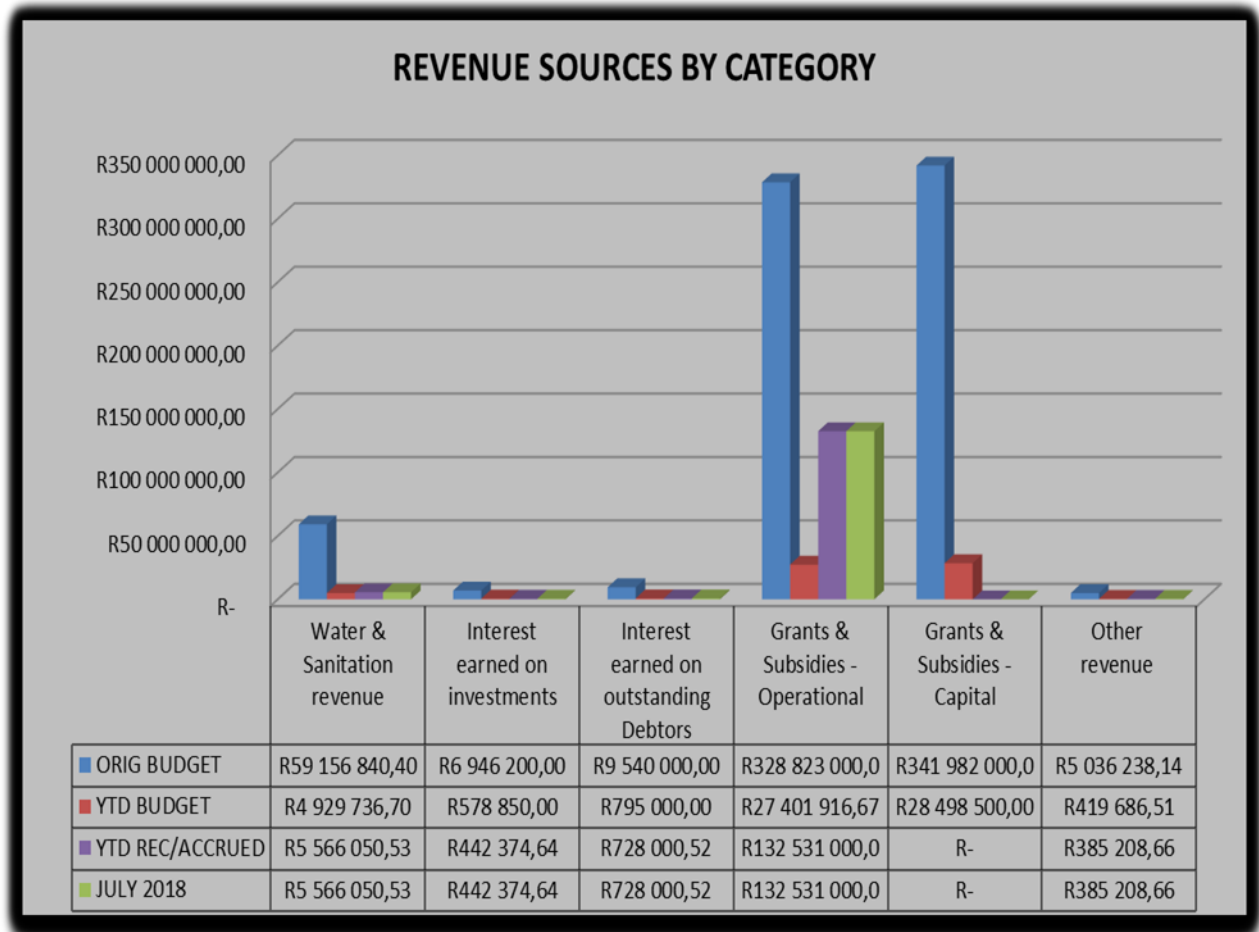
The following section analyses material variances between the actual targets as at 31 July 2018 and the budget for the same period. This report analyses each major component under following headings;

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

REVENUE

The chart displays a comparison between the 2018/19 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 2018 was R5, 5million against a year to date **budget** of R4, 9million.

Interest Earned on External Investments

The actual interest earned on external investments as at 31 July 2018 is R 442 374k against year to date budget of R578 850. This represent 76% of monthly received against year to date budget.

Transfers Recognised – Operational

One operational grant received for the month of July 2018 namely;

- Equitable Share- R132 531 000

Transfers Recognised – Capital

The actual R14, 8million (against a YTD budget of R29million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 51% performance in Conditional Capital grant funding expenditures.

Two Capital grants received namely:

- Municipal Water Infrastructure Grant- R 99 067 000
- Water Services Infrastructure Grant- R 30 400 000

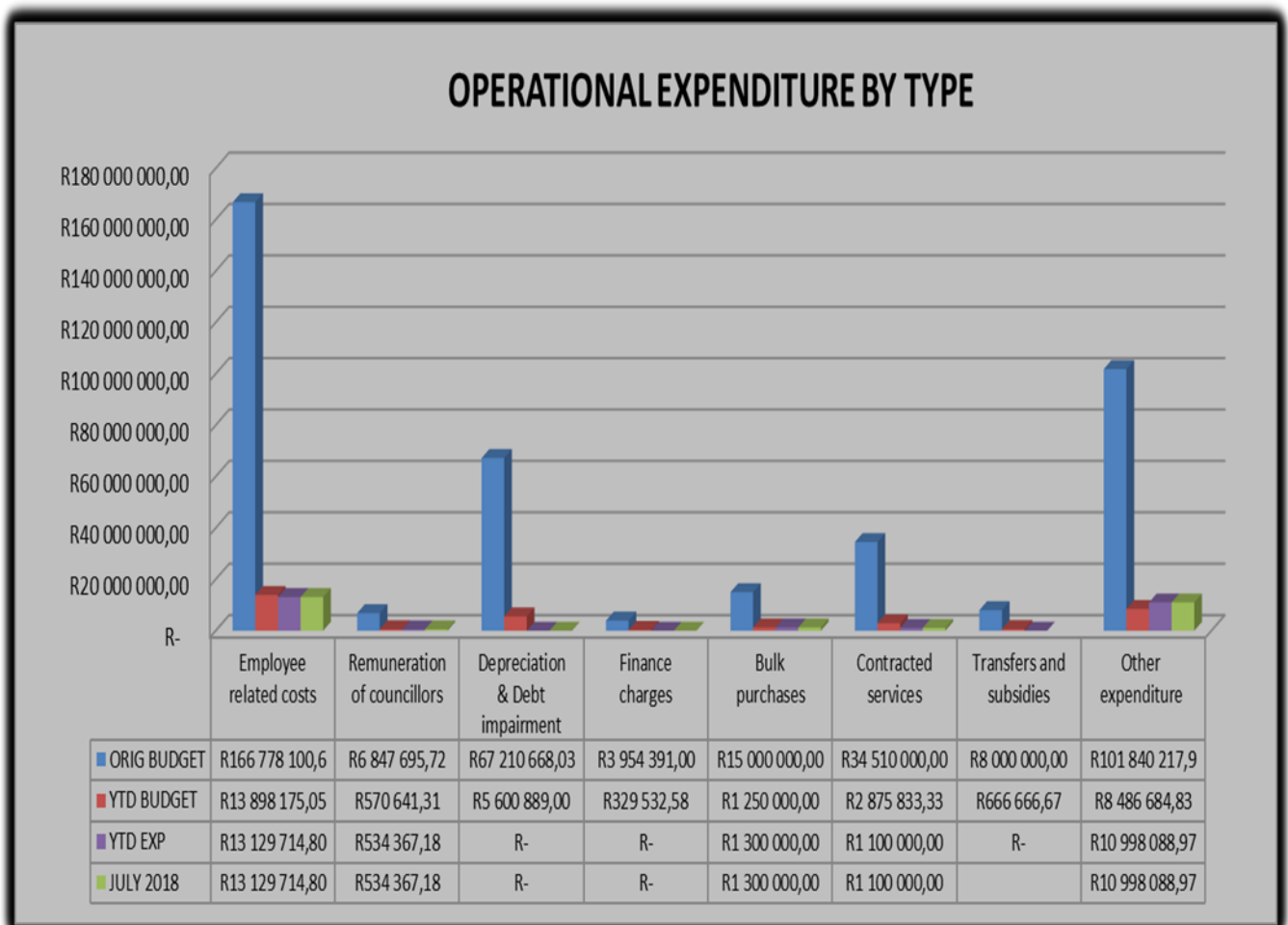
Other Revenue

The YTD performance of other revenue is R385 209 against YTD budget of R419 687k 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: 2018/19 Financial year Opex



Employee Related Costs

The YTD budget for employee related costs is R166, 7million against a YTD actual of R13million which is 8% of the original budget.

Remuneration of Councillors

The remuneration of councillor’s year to date expenditure is at R 534 367k against a YTD budget of R6, 8million representing 8% of the original budget.

Finance Charges

As at 31 July 2018, there was no expenditure incurred for finance charges. The budgeted amount for finance charges was R3, 9million.

Bulk Purchases

The year to date expenditure on Bulk Water purchases has the budget of R15million and the year to date expenditure is at R 1, 3million. The expenditure for bulk water purchases is at 9% at end July 2018.

Other Expenditure

The YTD budget for other expenditure was at R 101million against a YTD expenditure of R 10, 9million and expenditure for the month of July 2018 representing 11 per cent of the original budget.

Performance assessment

The Performance Assessment Report will be available on the second quarter of 2018/2019 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 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M01 July

Description	Budget Year 2018/19												2018/19 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 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands															
Cash Receipts By Source															
Property rates												-			
Service charges - electricity revenue												-			
Service charges - water revenue	2 823											(2 823)			
Service charges - sanitation revenue	1 210											(1 210)			
Service charges - refuse												-			
Transfer receipts - operating	132 531											(132 531)			
Other revenue	385											(385)			
Cash Receipts by Source	136 949	-	-	-	-	-	-	-	-	-	-	(136 949)	-	-	-
Other Cash Flows by Source															
Transfer receipts - capital	129 467											(129 467)			
Contributions & Contributed assets												-			
Change in non-current investments												-			
Total Cash Receipts by Source	266 416	-	-	-	-	-	-	-	-	-	-	(266 416)	-	-	-
Cash Payments by Type															
Employee related costs	13 633											(13 633)			
Remuneration of councillors	509											(509)			
Bulk purchases - Water & Sewer	1 300											(1 300)			
Other materials												-			
Contracted services	1 100											(1 100)			
General expenses	24 830											(24 830)			
Cash Payments by Type	41 373	-	-	-	-	-	-	-	-	-	-	(41 373)	-	-	-
Other Cash Flows/Payments by Type															
Other Cash Flows/Payments												-			
Total Cash Payments by Type	41 373	-	-	-	-	-	-	-	-	-	-	(41 373)	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD	225 043	-	-	-	-	-	-	-	-	-	-	(225 043)	-	-	-
Cash/cash equivalents at the month/year beginning:	96 962	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	96 962	96 962	96 962
Cash/cash equivalents at the month/year end:	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	322 005	96 962	96 962	96 962

Parent Municipal financial performance

DC43 Harry Gwala - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M01 July

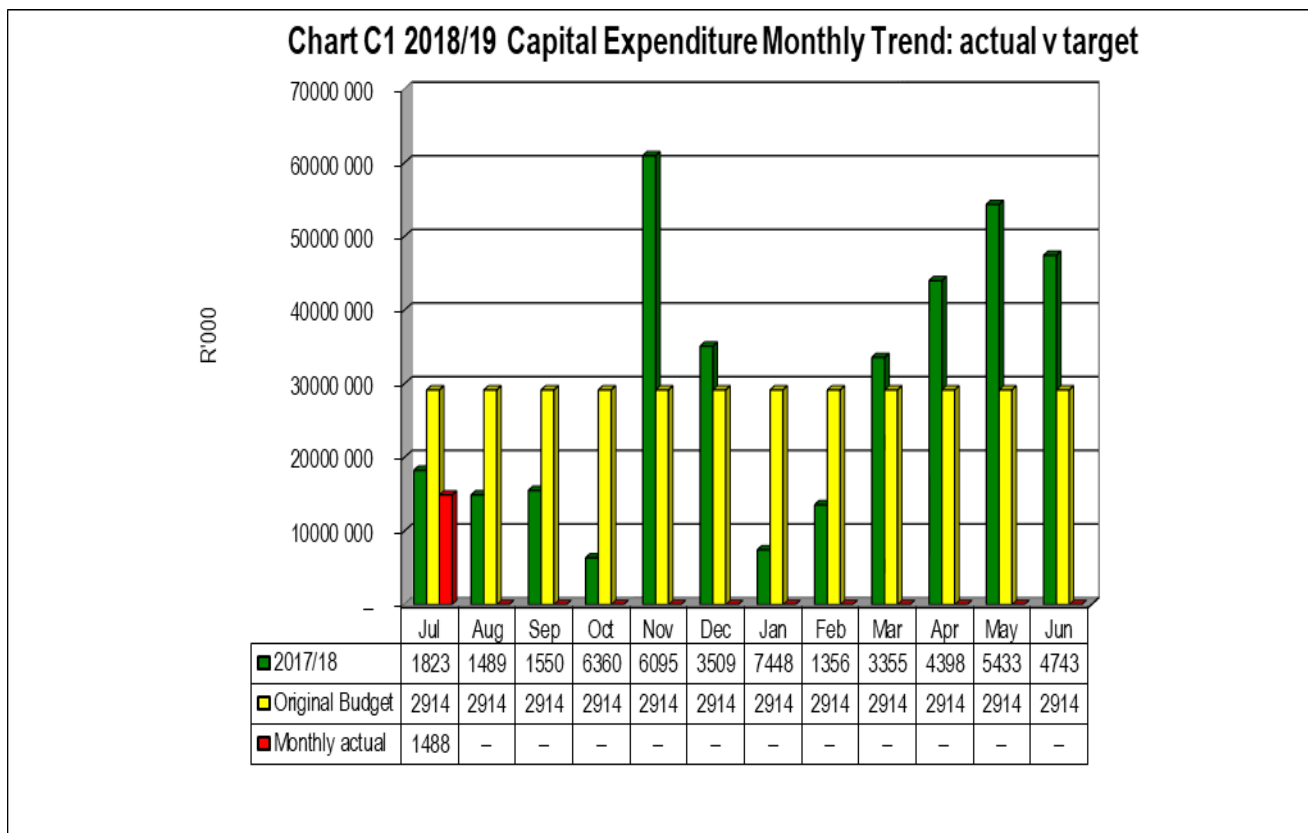
Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Property rates						-		
Service charges - electricity revenue						-		
Service charges - water revenue	47 671	41 410	3 896	3 896	3 451	445	13%	41 410
Service charges - sanitation revenue	19 723	17 747	1 670	1 670	1 479	191	13%	17 747
Interest earned - external investments	8 716	6 946	442	442	579	(136)	-24%	6 946
Interest earned - outstanding debtors	12 606	9 540	728	728	795	(67)	-8%	9 540
Agency services						-		
Transfers and subsidies	347 365	328 823	132 531	132 531	27 402	105 129	384%	328 823
Other revenue	4 815	5 036	385	385	420	(34)	-8%	5 036
Gains on disposal of PPE						-		
Total Revenue (excluding capital transfers and contributions)	440 896	409 502	139 653	139 653	34 125	105 527	309%	409 502
Expenditure By Type								
Employee related costs	161 904	166 778	13 130	13 130	13 898	(768)	-6%	166 778
Remuneration of councillors	6 340	6 848	534	534	571	(36)	-6%	6 848
Debt impairment	34 098	25 266			2 106	(2 106)	-100%	25 266
Depreciation & asset impairment	50 650	41 944			3 495	(3 495)	-100%	41 944
Finance charges	1 605	3 954			330	(330)	-100%	3 954
Bulk purchases	16 225	15 000	1 300	1 300	1 250	50	4%	15 000
Contracted services	24 505	34 510	1 100	1 100	2 876	(1 776)	-62%	34 510
Transfers and subsidies	-	-						
Other expenditure	159 403	109 840	10 998	10 998	9 153	1 845	20%	109 840
Loss on disposal of PPE								
Total Expenditure	454 729	404 141	27 062	27 062	33 678	(6 616)	-20%	404 141
Surplus/(Deficit)								
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	(13 833)	5 361	112 590	112 590	447	112 144	25101%	5 361
Transfers and subsidies - capital (in-kind - all)	343 397	341 982	-	-	28 499	(28 499)	-100%	341 982
Surplus/(Deficit) after capital transfers & contributions	329 564	347 343	112 590	112 590	28 945	83 645	289%	347 343
Taxation								
Surplus/(Deficit) after taxation	329 564	347 343	112 590	112 590	28 945	83 645	289%	347 343

Capital Expenditure Trend

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

Month	2017/18	Budget Year 2018/19							
	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	18 231	29 149		14 889	14 889	29 149	14 260	48,9%	4%
August	14 892	29 149				58 298	-		
September	15 501	29 149				87 447	-		
October	6 361	29 149				116 596	-		
November	60 953	29 149				145 746	-		
December	35 093	29 149				174 895	-		
January	7 449	29 149				204 044	-		
February	13 561	29 149				233 193	-		
March	33 559	29 149				262 342	-		
April	43 982	29 149				291 491	-		
May	54 335	29 149				320 640	-		
June	47 433	29 149				349 789	-		
Total Capital expenditure	351 350	349 789	-	14 889					

CAPITAL EXPENDITURE MONTHLY TREND



Capital Expenditure on New Assets by Asset Class

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

Description	2017/18	Budget Year 2018/19						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Capital expenditure on new assets by Asset Class/Sub-class								
Infrastructure	338 697	320 275	14 889	14 889	26 690	11 800	44,2%	320 275
Roads Infrastructure	-	-	-	-	-	-	-	-
<i>Capital Spares</i>								
Water Supply Infrastructure	280 553	257 732	8 235	8 235	21 478	13 242	61,7%	257 732
<i>Dams and Weirs</i>								
<i>Water Treatment Works</i>	280 553	257 732	8 235	8 235	21 478	13 242	61,7%	257 732
<i>Capital Spares</i>								
Sanitation Infrastructure	58 143	62 543	6 654	6 654	5 212	(1 442)	-27,7%	62 543
<i>Waste Water Treatment Works</i>	58 143	62 543	6 654	6 654	5 212	(1 442)	-27,7%	62 543
Other assets	-	200	-	-	17	17	100,0%	200
Operational Buildings	-	200	-	-	17	17	100,0%	200
<i>Municipal Offices</i>		200			17	17	100,0%	200
Intangible Assets	2 100	2 100	-	-	175	175	100,0%	2 100
Servitudes								
Licences and Rights	2 100	2 100	-	-	175	175	100,0%	2 100
<i>Computer Software and Applications</i>	2 100	2 100			175	175	100,0%	2 100
Computer Equipment	-	4 510	-	-	-	-	-	-
Computer Equipment								
Furniture and Office Equipment	1 210	1 210	-	-	101	101	100,0%	1 210
Furniture and Office Equipment	1 210	1 210			101	101	100,0%	1 210
Machinery and Equipment	3 043	2 000	-	-	167	167	100,0%	2 000
Machinery and Equipment	3 043	2 000			167	167	100,0%	2 000
Transport Assets	1 300	1 300	-	-	108	108	100,0%	1 300
Transport Assets	1 300	1 300			108	108	100,0%	1 300
Total Capital Expenditure on new assets	346 350	327 085	14 889	14 889	27 257	12 368	45,4%	327 085

Capital Expenditure on Renewal of Existing Assets by Asset Class

DC43 Harry Gwala - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M01 July

Description	2017/18	Budget Year 2018/19						
	Audited Outcome	Original 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	5 000	22 704	-	-	1 892	1 892	100,0%	22 704
Roads Infrastructure	-	-	-	-	-	-	-	-
Water Supply Infrastructure	5 000	22 704	-	-	1 892	1 892	100,0%	22 704
Dams and Weirs								
Boreholes								
Reservoirs								
Pump Stations								
Water Treatment Works	5 000	22 704			1 891 988,24	1 892	100,0%	22 704
Bulk Mains								
Staff Housing								
Social Housing								
Capital Spares								
Zoo's, Marine and Non-biological Animals								
Total Capital Expenditure on renewal of existing assets	5 000	22 704	-	-	1 892	1 892	100,0%	22 704

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 2018 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_____