

# Harry Gwala District Municipality

MFMA s71 & s52 (d) report for the period ending 31 March 2014.

10/4/2014

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 third quarter ended 31 March 2014 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 31 March 2014 of the Municipality shows an improvement when compared to the previous financial year. However, the municipality will seek to improve more in order for the municipality to be stable and continue to show great improvements in this regard by continuing to implement the “belt-tightening” measures as resolved by Council.

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 Audit Committee on the progress made thus far in terms of implementing the 2013/2014 budget for the period ending 31 March 2014.

## **Revenue by Source**

The Year-to-Date actual revenue is 104% above the YTD budget.

## **Borrowings**

The balance of borrowings amounts to R27m at the end of March 2014. This balance is made up of R25, 5m due to ABSA Bank and R1, 6m due to the DBSA.

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

Operating expenditure is at 68% below YTD budget for the period ending March 2014.

## **Capital expenditure**

The YTD expenditure on capital amounts to R168, 2 million, or 107%, of a total budget of R157, 8million. 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 R19, 9 million. Refer to Supporting Table C6 for more detail on the cash position.

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

All DORA allocations for 2013/2014 third Quarter have been received as per payment schedule. Details of the grants have been presented in SC6.

## **Spending on Grants**

Spending on grants amounted to R168 million or 107% for 2013/14 third 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 - M09 March									
Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>Financial Performance</b>									
Service charges	41 037	44 748	42 748	4 098	34 937	23 989	10 948	46%	42 748
Investment revenue	2 753	2 000	2 500	3	2 300	1 206	1 094	91%	7 679
Transfers recognised - operational	217 640	220 563	220 607	54 016	220 825	164 341	56 483	34%	220 607
Other own revenue	6 567	500	29 722	614	5 385	250	5 135	2054%	29 722
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>267 997</b>	<b>267 811</b>	<b>295 577</b>	<b>58 731</b>	<b>263 446</b>	<b>189 786</b>	<b>73 660</b>	<b>39%</b>	<b>300 756</b>
Employee costs	81 571	90 434	94 837	8 110	72 325	45 753	26 572	58%	94 837
Remuneration of Councillors	4 622	6 181	6 162	650	3 910	3 090	820	27%	6 162
Depreciation & asset impairment	18 000	20 000	25 000	-	335	9 500	(9 165)	-96%	25 000
Finance charges	3 680	3 500	3 521	114	1 541	1 250	291	23%	3 521
Materials and bulk purchases	9 422	7 800	9 598	835	4 970	3 900	1 070	27%	9 598
Transfers and grants	9 569	12 000	13 768	732	8 987	6 000	2 987		13 768
Other expenditure	149 206	115 081	184 045	11 313	79 996	55 520	24 476	44%	184 045
<b>Total Expenditure</b>	<b>276 070</b>	<b>254 996</b>	<b>336 932</b>	<b>21 755</b>	<b>172 064</b>	<b>125 013</b>	<b>47 051</b>	<b>38%</b>	<b>336 932</b>
<b>Surplus/(Deficit)</b>	<b>(8 072)</b>	<b>12 816</b>	<b>(41 355)</b>	<b>36 976</b>	<b>91 382</b>	<b>64 773</b>	<b>26 609</b>	<b>41%</b>	<b>(36 175)</b>
Transfers recognised - capital	178 591	210 486	236 103	-	152 761	150 300	2 461	2%	236 103
Contributions & Contributed assets	-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>170 519</b>	<b>223 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>	<b>29 070</b>	<b>14%</b>	<b>199 928</b>
<b>Surplus/ (Deficit) for the year</b>	<b>170 519</b>	<b>223 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>	<b>29 070</b>	<b>14%</b>	<b>199 928</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>148 388</b>	<b>227 234</b>	<b>210 496</b>	<b>23 067</b>	<b>168 209</b>	<b>150 300</b>	<b>17 909</b>	<b>12%</b>	<b>227 234</b>
Capital transfers recognised	148 388	210 486	186 885	23 067	166 130	150 300	15 830	11%	210 486
Internally generated funds	-	16 748	23 611	-	2 079	-	2 079	#DIV/0!	16 748
<b>Total sources of capital funds</b>	<b>148 388</b>	<b>227 234</b>	<b>210 496</b>	<b>23 067</b>	<b>168 209</b>	<b>150 300</b>	<b>17 909</b>	<b>12%</b>	<b>227 234</b>
<b>Financial position</b>									
Total current assets	26 042	63 318	71 256		135 830				71 256
Total non current assets	1 083 502	1 517 343	1 336 519		1 129 654				1 336 519
Total current liabilities	81 782	34 740	39 863		59 066				39 863
Total non current liabilities	38 018	33 101	33 101		34 356				33 101
<b>Community wealth/Equity</b>	<b>989 745</b>	<b>1 512 820</b>	<b>1 334 811</b>		<b>1 172 063</b>				<b>1 334 811</b>
<b>Cash flows</b>									
Net cash from (used) operating	167 559	253 556	210 347	88 446	285 652	197 206	88 446	45%	253 556
Net cash from (used) investing	(148 471)	(226 772)	(16 194)	(23 067)	(176 686)	(137 426)	(39 260)	29%	(226 772)
Net cash from (used) financing	(2 652)	(2 482)	-	(486)	(1 783)	(1 297)	(486)	37%	-
<b>Cash/cash equivalents at the month/year end</b>	<b>19 970</b>	<b>54 303</b>	<b>214 339</b>	<b>-</b>	<b>127 369</b>	<b>88 483</b>	<b>38 886</b>	<b>44%</b>	<b>46 970</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	5 826	4 730	3 234	3 303	3 063	2 539	12 049	56 717	91 461
<b>Creditors Age Analysis</b>									
Total Creditors	2 058	-	-	-	-	-	-	-	2 058

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) - M09 March									
Description	2012/13	Budget Year		Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
	Audited Outcome	2013/14	Original Budget						
<b>R thousands</b>								%	
<b>Revenue - Standard</b>									
<b>Governance and administration</b>	214 469	220 696	221 867	54 542	223 762	165 797	57 965	35%	220 696
Budget and treasury office	214 469	220 696	220 898	54 542	223 718	165 797	57 921	35%	220 696
Corporate services	-	-	969	-	44	-	44	#DIV/0!	-
<b>Economic and environmental services</b>	90	-	6 831	-	3 171	-	3 171	#DIV/0!	-
Planning and development	90	-	6 831	-	3 171	-	3 171	#DIV/0!	-
<b>Trading services</b>	229 276	255 601	302 982	4 189	189 274	174 288	14 986	9%	56 748
Water	44 642	56 748	48 957	4 189	35 547	23 989	11 558	48%	56 748
Waste water management	184 635	198 853	254 025	-	153 727	150 300	3 427	2%	-
<b>Total Revenue - Standard</b>	<b>443 835</b>	<b>476 297</b>	<b>531 680</b>	<b>58 731</b>	<b>416 207</b>	<b>340 086</b>	<b>76 121</b>	<b>22%</b>	<b>277 444</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	100 756	121 481	130 147	6 619	63 615	59 557	4 058	7%	121 481
Executive and council	12 415	18 956	18 718	1 642	12 519	9 293	3 226	35%	18 956
Budget and treasury office	54 930	63 431	66 283	1 992	23 371	31 097	(7 726)	-25%	63 431
Corporate services	33 411	39 094	45 146	2 985	27 725	19 166	8 558	45%	39 094
<b>Economic and environmental services</b>	35 122	45 047	48 030	2 929	31 840	22 084	9 755	44%	45 047
Planning and development	35 122	33 047	48 030	2 220	21 676	14 646	7 030	48%	33 047
Environmental protection	-	12 000	-	709	10 164	7 438	2 725	37%	12 000
<b>Trading services</b>	140 192	88 467	158 754	12 206	76 609	43 372	33 238	77%	88 467
Water	34 630	78 651	101 232	11 352	67 987	38 559	29 428	76%	78 651
Waste water management	105 562	9 816	57 522	855	8 623	4 813	3 810	79%	9 816
<b>Total Expenditure - Standard</b>	<b>276 070</b>	<b>254 996</b>	<b>336 932</b>	<b>21 755</b>	<b>172 064</b>	<b>125 013</b>	<b>47 051</b>	<b>38%</b>	<b>254 996</b>
<b>Surplus/ (Deficit) for the year</b>	<b>167 766</b>	<b>221 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>	<b>29 070</b>	<b>14%</b>	<b>22 449</b>

This table assess the revenue by department and then the expenditure for the period ending 31 March 2014. Revenue receipts in March has largely constituted of equitable share followed by service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of March is 15%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 30% in the period ending 31 March 2014. 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) - M09 March

Vote Description	2012/13	Budget Year 2013/14							
	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	-	-	-	-	-	-	-	-	-
Vote 2 - Finance	214 469	220 696	220 898	54 542	223 718	165 797	57 921	34.9%	220 696
Vote 3 - Corporate Services	-	-	969	-	44	-	44	#DIV/0!	-
Vote 4 - Economic &Community Services	90	-	6 831	-	3 171	-	3 171	#DIV/0!	-
Vote 5 - Infrastructure Services	184 635	198 853	254 025	-	153 727	150 300	3 427	2.3%	198 853
Vote 6 - Water Services	44 642	56 748	48 957	4 189	35 547	23 989	11 558	48.2%	56 748
<b>Total Revenue by Vote</b>	<b>443 835</b>	<b>476 297</b>	<b>531 680</b>	<b>58 731</b>	<b>416 207</b>	<b>340 086</b>	<b>76 121</b>	<b>22.4%</b>	<b>476 297</b>
<b>Expenditure by Vote</b>									
Vote 1 - Executive & Council	12 415	18 956	18 718	1 642	12 519	9 293	3 226	34.7%	18 956
Vote 2 - Finance	54 930	63 431	66 283	1 992	23 371	31 097	(7 726)	-24.8%	63 431
Vote 3 - Corporate Services	33 411	39 094	45 146	2 985	27 725	19 166	8 558	44.7%	39 094
Vote 4 - Economic &Community Services	35 122	45 047	48 030	2 929	31 840	22 084	9 755	44.2%	45 047
Vote 5 - Infrastructure Services	34 630	9 816	57 522	855	8 623	4 813	3 810	79.2%	78 651
Vote 6 - Water Services	105 562	78 651	101 232	11 352	67 987	38 559	29 428	76.3%	9 816
<b>Total Expenditure by Vote</b>	<b>276 070</b>	<b>254 996</b>	<b>336 932</b>	<b>21 755</b>	<b>172 064</b>	<b>125 013</b>	<b>47 051</b>	<b>37.6%</b>	<b>254 996</b>
<b>Surplus/ (Deficit) for the year</b>	<b>167 766</b>	<b>221 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>	<b>29 070</b>	<b>13.5%</b>	<b>221 302</b>

**Statement of financial Performance**

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 March 2014.

DC43 Sisonke - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March									
Description	2012/13	Budget Year 2013/14							
	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	26 799	30 697	30 697	2 869	24 456	15 971	8 485	53%	30 697
Service charges - sanitation revenue	11 485	12 052	12 052	1 230	10 481	8 018	2 463	31%	12 052
Interest earned - external investments	2 753	2 000	2 500	3	2 300	1 206	1 094	91%	2 500
Interest earned - outstanding debtors			5 179	511	4 030	-	4 030	#DIV/0!	5 179
Transfers recognised - operational	217 640	220 563	220 607	54 016	220 825	164 341	56 483	34%	220 607
Other revenue	6 567	500	24 543	103	1 355	250	1 105	442%	24 543
Gains on disposal of PPE							-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>265 244</b>	<b>265 811</b>	<b>295 577</b>	<b>58 731</b>	<b>263 446</b>	<b>189 786</b>	<b>73 660</b>	<b>39%</b>	<b>295 577</b>
<b>Expenditure By Type</b>									
Employee related costs	81 571	90 434	94 837	8 110	72 325	45 753	26 572	58%	94 837
Remuneration of councillors	4 622	6 181	6 162	650	3 910	3 090	820	27%	6 162
Debt impairment	8 000	12 000	12 000	-	-	5 622	(5 622)	-100%	12 000
Depreciation & asset impairment	18 000	20 000	25 000	-	335	9 500	(9 165)	-96%	25 000
Finance charges	3 680	3 500	3 521	114	1 541	1 250	291	23%	3 521
Bulk purchases	9 422	7 800	9 598	835	4 970	3 900	1 070	27%	9 598
Contracted services	17 492	36 317	34 999	4 574	18 151	16 999	1 152	7%	34 999
Transfers and grants	9 569	12 000	13 768	732	8 987	6 000	2 987	50%	13 768
Other expenditure	123 714	66 763	137 045	6 740	61 844	32 898	28 946	88%	137 045
<b>Total Expenditure</b>	<b>276 070</b>	<b>254 996</b>	<b>336 932</b>	<b>21 755</b>	<b>172 064</b>	<b>125 013</b>	<b>47 051</b>	<b>38%</b>	<b>336 932</b>
<b>Surplus/(Deficit)</b>	<b>(10 825)</b>	<b>10 816</b>	<b>(41 355)</b>	<b>36 976</b>	<b>91 382</b>	<b>64 773</b>	<b>26 609</b>	<b>0</b>	<b>(41 355)</b>
Transfers recognised - capital	178 591	210 486	236 103	-	152 761	150 300	2 461	0	236 103
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>167 766</b>	<b>221 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>			<b>194 748</b>
<b>Surplus/(Deficit) after taxation</b>	<b>167 766</b>	<b>221 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>			<b>194 748</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>167 766</b>	<b>221 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>			<b>194 748</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>167 766</b>	<b>221 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>			<b>194 748</b>

### Capital Expenditure

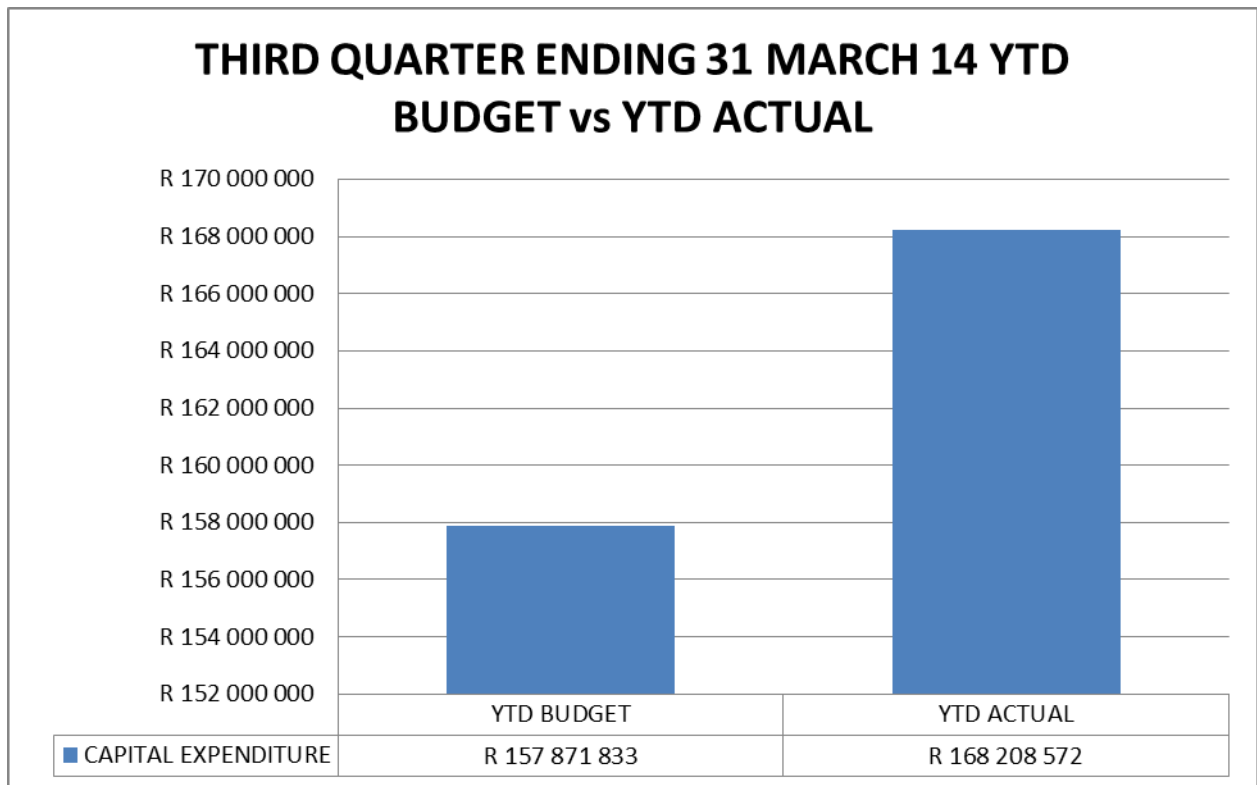
Table C5 below reports on the capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

DC43 Sisonke - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M09 March)									
Vote Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>Multi-Year expenditure appropriation</b>									
Vote 2 - Finance	136	130	200	-	-	130	(130)	-100%	130
Vote 3 - Corporate Services	368	3 256	2 433	-	2 440	1 628	812	50%	3 256
Vote 4 - Economic & Community Services	-	-	409	-	-	-	-	-	-
Vote 5 - Infrastructure Services	147 884	223 248	205 332	23 067	165 769	148 242	17 527	12%	223 248
Vote 6 - Water Services	-	600	2 122	-	-	300	(300)	-100%	600
<b>Total Capital Multi-year expenditure</b>	<b>148 388</b>	<b>227 234</b>	<b>210 496</b>	<b>23 067</b>	<b>168 209</b>	<b>150 300</b>	<b>17 909</b>	<b>12%</b>	<b>227 234</b>
<b>Total Capital Expenditure</b>	<b>148 388</b>	<b>227 234</b>	<b>210 496</b>	<b>23 067</b>	<b>168 209</b>	<b>150 300</b>	<b>17 909</b>	<b>12%</b>	<b>227 234</b>
<b>Capital Expenditure - Standard Classification</b>									
<b>Governance and administration</b>	<b>504</b>	<b>3 386</b>	<b>2 633</b>	<b>-</b>	<b>2 440</b>	<b>1 758</b>	<b>682</b>	<b>39%</b>	<b>3 386</b>
Budget and treasury office	136	130	200	-	-	130	(130)	-100%	130
Corporate services	368	3 256	2 433	-	2 440	1 628	812	50%	3 256
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>409</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services			409						
<b>Trading services</b>	<b>147 884</b>	<b>223 848</b>	<b>207 454</b>	<b>23 067</b>	<b>165 769</b>	<b>148 542</b>	<b>17 227</b>	<b>12%</b>	<b>223 848</b>
Water		600	2 122	-	-	300	(300)	-100%	600
Waste water management	147 884	223 248	205 332	23 067	165 769	148 242	17 527	12%	223 248
<b>Total Capital Expenditure - Standard Classification</b>	<b>148 388</b>	<b>227 234</b>	<b>210 496</b>	<b>23 067</b>	<b>168 209</b>	<b>150 300</b>	<b>17 909</b>	<b>12%</b>	<b>227 234</b>
<b>Funded by:</b>									
National Government	128 865	210 486	183 268	23 067	158 055	137 822	20 233	15%	210 486
Provincial Government	19 523	-	3 617	-	8 075	9 835	(1 761)	-18%	
District Municipality				-	-	2 642	(2 642)	-100%	
<b>Transfers recognised - capital</b>	<b>148 388</b>	<b>210 486</b>	<b>186 885</b>	<b>23 067</b>	<b>166 130</b>	<b>150 300</b>	<b>15 830</b>	<b>11%</b>	<b>210 486</b>
<b>Internally generated funds</b>		<b>16 748</b>	<b>23 611</b>	<b>-</b>	<b>2 079</b>		<b>2 079</b>	<b>#DIV/0!</b>	<b>16 748</b>
<b>Total Capital Funding</b>	<b>148 388</b>	<b>227 234</b>	<b>210 496</b>	<b>23 067</b>	<b>168 209</b>	<b>150 300</b>	<b>17 909</b>	<b>12%</b>	<b>227 234</b>

As alluded to above, the capital expenditure programme for the month ending 31 March was R23m which represent 78% of capital expenditure and thus shows the improvement 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: 2013/2014 THIRD QUARTER CAPEX**



As at 31 March 2014, the year to date actual expenditure was R168, 2million against a YTD budget of R157, 8million. In monetary terms, these figures represent 107% per cent performance against the capital development programme as at 31 March 2014.

Table C6 displays the financial position of the municipality as at 31 March 2014.

<b>DC43 Sisonke - Table C6 Consolidated Monthly Budget Statement - Financial Position - M09</b>					
Description	2012/13	Budget Year 2013/14			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	19 970	54 303	56 960	110 451	56 960
Consumer debtors	5 957	2 505	7 786	16 650	7 786
Other debtors		6 510	6 510	8 614	6 510
Inventories	116	-	-	116	-
<b>Total current assets</b>	<b>26 042</b>	<b>63 318</b>	<b>71 256</b>	<b>135 830</b>	<b>71 256</b>
<b>Non current assets</b>					
Property, plant and equipment	1 083 316	1 516 798	1 335 034	1 128 998	1 335 034
Intangible assets	186	545	1 484	656	1 484
<b>Total non current assets</b>	<b>1 083 502</b>	<b>1 517 343</b>	<b>1 336 519</b>	<b>1 129 654</b>	<b>1 336 519</b>
<b>TOTAL ASSETS</b>	<b>1 109 545</b>	<b>1 580 661</b>	<b>1 407 775</b>	<b>1 265 484</b>	<b>1 407 775</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	3 333	3 174	3 174	568	3 174
Consumer deposits	949	1 012	1 135	1 010	1 135
Trade and other payables	71 899	30 555	35 555	50 746	35 555
Provisions	5 600	-	-	6 742	-
<b>Total current liabilities</b>	<b>81 782</b>	<b>34 740</b>	<b>39 863</b>	<b>59 066</b>	<b>39 863</b>
<b>Non current liabilities</b>					
Borrowing	30 591	25 384	25 384	24 987	25 384
Provisions	7 427	7 717	7 717	9 369	7 717
<b>Total non current liabilities</b>	<b>38 018</b>	<b>33 101</b>	<b>33 101</b>	<b>34 356</b>	<b>33 101</b>
<b>TOTAL LIABILITIES</b>	<b>119 800</b>	<b>67 841</b>	<b>72 964</b>	<b>93 421</b>	<b>72 964</b>
<b>NET ASSETS</b>	<b>989 745</b>	<b>1 512 820</b>	<b>1 334 811</b>	<b>1 172 063</b>	<b>1 334 811</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	989 745	1 512 820	1 334 811	1 172 063	1 334 811
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>989 745</b>	<b>1 512 820</b>	<b>1 334 811</b>	<b>1 172 063</b>	<b>1 334 811</b>



Table C7 below display the Cash Flow Statement for the period ending 31 March 2014.

DC43 Sisonke - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M09 March									
Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	30 752	30 424	30 424	1 758	25 861	24 103	1 758	7%	30 424
Government - operating	231 660	220 563	220 607	54 494	226 760	172 266	54 494	32%	220 563
Government - capital	168 745	210 486	236 103	40 009	238 947	198 938	40 009	20%	210 486
Interest	2 456	2 000	2 500	514	5 880	5 365	514	10%	2 000
<b>Payments</b>									
Suppliers and employees	(264 286)	(194 417)	(261 997)	(7 482)	(200 535)	(193 052)	7 482	-4%	(194 417)
Finance charges	(1 768)	(3 500)	(3 521)	(114)	(1 541)	(1 427)	114	-8%	(3 500)
Transfers and Grants	-	(12 000)	(13 768)	(732)	(9 719)	(8 987)	732	-8%	(12 000)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>167 559</b>	<b>253 556</b>	<b>210 347</b>	<b>88 446</b>	<b>285 652</b>	<b>197 206</b>	<b>88 446</b>	<b>45%</b>	<b>253 556</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Decrease (Increase) in non-current debtors							-		
<b>Payments</b>									
Capital assets	(148 471)	(226 772)	(16 194)	(23 067)	(176 686)	(137 426)	39 260	-29%	(226 772)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(148 471)</b>	<b>(226 772)</b>	<b>(16 194)</b>	<b>(23 067)</b>	<b>(176 686)</b>	<b>(137 426)</b>	<b>39 260</b>	<b>-29%</b>	<b>(226 772)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Increase (decrease) in consumer deposits		12	-	-	-	-	-		-
<b>Payments</b>									
Repayment of borrowing	(2 652)	(2 494)	-	(486)	(1 783)	(1 297)	486	-37%	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2 652)</b>	<b>(2 482)</b>	<b>-</b>	<b>(486)</b>	<b>(1 783)</b>	<b>(1 297)</b>	<b>486</b>	<b>-37%</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>16 436</b>	<b>24 303</b>	<b>194 153</b>	<b>64 894</b>	<b>107 183</b>	<b>58 483</b>			<b>26 784</b>
Cash/cash equivalents at beginning:	3 535	30 000	20 186		20 186	30 000			20 186
Cash/cash equivalents at month/year end:	19 970	54 303	214 339		127 369	88 483			46 970

There has been a decrease in collection levels signalled by a collection ratio of 35% (Jan to March 2014). The interest earned on investments and on outstanding debtors for the period ending 31 March is R306 078 which is 61% of total budget.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 31 March 2014.

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

DC43 Sisonke - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March										
Description	Budget Year 2013/14									
	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	3 740	3 036	2 076	2 120	1 966	1 630	7 735	36 408	58 711	49 859
Receivables from Exchange Transactions - Waste Water Management	1 461	1 186	811	828	768	637	3 022	14 223	22 936	19 478
Interest on Arrear Debtor Accounts	625	508	347	354	329	272	1 293	6 086	9 814	8 334
<b>Total By Income Source</b>	<b>5 826</b>	<b>4 730</b>	<b>3 234</b>	<b>3 303</b>	<b>3 063</b>	<b>2 539</b>	<b>12 049</b>	<b>56 717</b>	<b>91 461</b>	<b>77 671</b>
2012/13 - totals only									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	1 837	1 451	832	485	342	200	635	5 326	11 108	6 988
Commercial	900	578	255	315	247	254	1 218	5 400	9 168	7 434
Households	3 088	2 701	2 147	2 502	2 474	2 085	10 196	45 991	71 185	63 249
<b>Total By Customer Group</b>	<b>5 826</b>	<b>4 730</b>	<b>3 234</b>	<b>3 303</b>	<b>3 063</b>	<b>2 539</b>	<b>12 049</b>	<b>56 717</b>	<b>91 461</b>	<b>77 671</b>

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

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

Description	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	TOTAL
Government	R 1 748 232	R 1 733 271	R 1 327 626	R 679 176	R 446 661	R 324 089	R 739 079	R 5 008 576	R 12 006 710
Business	R 832 140	R 602 651	R 512 094	R 240 287	R 280 625	R 240 167	R 1 303 303	R 5 473 199	R 9 484 467
Households	R 2 583 194	R 2 812 751	R 2 540 134	R 2 033 176	R 2 306 164	R 2 341 193	R 10 522 566	R 47 030 938	R 72 170 116
Other	R 79 362	R 93 582	R 52 998	R 85 161	R 183 118	R 121 023	R 263 990	R 609 543	R 1 488 222
<b>Total</b>	<b>R 5 259 605</b>	<b>R 5 229 690</b>	<b>R 4 427 909</b>	<b>R 3 033 483</b>	<b>R 3 213 131</b>	<b>R 3 027 382</b>	<b>R 12 827 687</b>	<b>R 58 122 747</b>	<b>R 95 147 406</b>

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

#### Chart 2: Debtors Age Analysis by Customer Group

The information presented in the chart above ranks total debt owed to the municipality from highest to the lowest,

- ✓ Households: 76%
- ✓ Government 13%
- ✓ Business 10%
- ✓ Other 1%

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

## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 March 2014

DC43 Sisonke - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March									
Description	Budget Year 2013/14								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									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity									-
Bulk Water	-								-
PAYE deductions	1 237								1 237
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments	600								600
Trade Creditors	222								222
Auditor General	-								-
Other									-
<b>Total By Customer Type</b>	<b>2 058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 058</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 31 March 2014.

### Cash and Bank Balances (Investments)

DC43 Sisonke - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 March								
Investments by maturity Name of institution & investment ID	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
R thousands	Yrs/Months							
<b>Municipality</b>								
FIRST NATIONAL BANK		MONEY MARKET		53		13 986	17 582	31 621
FIRST NATIONAL BANK		CALL ACCOUNT		51		15 812	14 748	30 612
FIRST NATIONAL BANK		CALL ACCOUNT		27		10 215	19 975	30 217
INVESTEC		FIXED DEPOSIT		47		10 791		10 837
FIRST NATIONAL BANK		CALL ACCOUNT		24		6 184	5 534	11 742
FIRST NATIONAL BANK		CALL ACCOUNT		8		2 104	1 338	3 450
FIRST NATIONAL BANK		CALL ACCOUNT		5		968	2 539	3 513
FIRST NATIONAL BANK		CALL ACCOUNT		2		898		900
FIRST NATIONAL BANK		CALL ACCOUNT		3		1 264		1 267
<b>Municipality sub-total</b>				<b>220</b>		<b>62 223</b>	<b>61 717</b>	<b>124 160</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>220</b>		<b>62 223</b>	<b>61 717</b>	<b>124 160</b>

## 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 - M09 March

Description	2012/13	Budget Year 2013/14							
	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>	217 200	220 310	220 310	54 494	222 700	166 171	54 014	32.5%	220 010
Local Government Equitable Share	203 556	216 056	216 056	54 014	216 056	162 042	54 014	33.3%	216 056
Finance Management	1 250	1 250	1 250	-	1 250	1 250	-	-	1 250
Municipal Systems Improvement	1 000	890	890	-	890	890	-	-	890
WATER SERVICES OPERATING SUBSIDY GRANT	9 618	-	-	-	-	-	-	-	-
WATER SERVICES OPERATING SUBSIDY	-	300	300	480	2 690	175	-	-	-
Rural Transport Services and Infrastructure Grant	1 776	1 814	1 814	-	1 814	1 814	-	-	1 814
<b>Provincial Government:</b>	600	253	297	-	3 661	253	3 408	1346.9%	253
Infrastructure Sport Facilities	-	253	253	-	-	253	(253)	-100.0%	253
District Growth Development Summit	400	-	-	-	-	-	-	-	-
Accredited Councillors Training	200	-	-	-	-	-	-	-	-
Ig seta	-	-	44	-	44	-	44	#DIV/0!	-
Disaster management Cogta	-	-	-	-	3 000	-	3 000	#DIV/0!	-
Cogta ubuhlebezwe-Water Infra	-	-	-	-	617	-	617	#DIV/0!	-
<b>Total Operating Transfers and Grants</b>	<b>217 800</b>	<b>220 563</b>	<b>220 607</b>	<b>54 494</b>	<b>226 360</b>	<b>166 424</b>	<b>57 422</b>	<b>34.5%</b>	<b>220 263</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	173 813	210 486	232 486	36 009	235 837	177 328	18 877	10.6%	210 486
Municipal Infrastructure Grant (MIG)	165 717	173 618	173 618	17 166	174 508	156 452	18 056	11.5%	173 618
Regional Bulk Infrastructure	302	15 429	37 429	12 750	39 890	8 929	-	-	15 429
Neighbourhood Development Partnership	-	-	-	-	-	-	-	-	-
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT	-	5 000	5 000	-	5 000	2 422	-	-	5 000
MUNICIPAL WATER INFRASTRUCTURE GRANT	-	13 700	13 700	6 093	13 700	7 607	-	-	13 700
Expanded public works programme incentive grant	4 594	2 739	2 739	-	2 739	1 918	821	42.8%	2 739
Farmers Market	3 200	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	21 420	-	3 617	-	-	-	-	-	-
ACIP Grant	620	-	-	-	-	-	-	-	-
Massification	20 800	-	-	-	-	-	-	-	-
Disaster Management Grant	-	-	3 000	-	-	-	-	-	-
Ubhlebezwe Grant	-	-	617	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>195 233</b>	<b>210 486</b>	<b>236 103</b>	<b>36 009</b>	<b>235 837</b>	<b>177 328</b>	<b>18 877</b>	<b>10.6%</b>	<b>210 486</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>413 033</b>	<b>431 049</b>	<b>456 710</b>	<b>90 503</b>	<b>462 197</b>	<b>343 752</b>	<b>76 299</b>	<b>22.2%</b>	<b>430 749</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 - M09 March

Description	2012/13	Budget Year 2013/14							
	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>	213 282	220 310	220 310	18 748	164 901	164 341	560	0.3%	217 246
Local Government Equitable Share	203 556	216 056	216 056	18 005	162 042	162 441	(399)	-0.2%	216 056
Finance Management	1 250	1 250	1 250	218	739	600	139	23.2%	
Municipal Systems Improvement	1 000	890	890	385	499	400	99	24.6%	890
WATER SERVICES OPERATING SUBSIDY GRANT	5 700	-	-	-	-	-	-	-	-
WATER SERVICES OPERATING SUBSIDY		300	300	-	617	300	317	105.7%	300
Rural Transport Services and Infrastructure Grant	1 776	1 814	1 814	141	1 004	600	404	67.4%	-
<b>Provincial Government:</b>	90	253	297	-	-	-	-	-	253
Infrastructure Sport Facilities		253	253	-	-	-	-	-	253
Accredited Councillors Training	90	-	-	-	-	-	-	-	-
Ig seta	-	-	44						
<b>Total operating expenditure of Transfers and Grants:</b>	<b>213 372</b>	<b>220 563</b>	<b>220 607</b>	<b>18 748</b>	<b>164 901</b>	<b>164 341</b>	<b>560</b>	<b>0.3%</b>	<b>217 499</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	172 982	210 486	232 486	24 925	173 270	146 293	25 192	17.2%	195 057
Municipal Infrastructure Grant (MIG)	165 717	173 618	173 618	17 518	133 433	113 124	20 309	18.0%	173 618
Regional Bulk Infrastructure	302	15 429	37 429	4 800	28 016	15 429	12 587	81.6%	
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT		5 000	5 000	1 611	1 978	2 500	(522)	-20.9%	5 000
MUNICIPAL WATER INFRASTRUCTURE GRANT		13 700	13 700	858	6 518	13 700	(7 182)	-52.4%	13 700
Expanded public works programme incentive grant	3 763	2 739	2 739	138	3 325	1 540			2 739
Farmers Market	3 200								
<b>Provincial Government:</b>	1 125	-	3 617	-	-	4 006	(4 006)	-100.0%	-
ACIP Grant	620	-	-	-	-	-	-	0.0%	-
Massification	505	-	-	-	-	4 006	(4 006)	-100.0%	-
Disaster Management Grant	-	-	3 000	197	1 321	-	-	-	-
Ubuhlebezwe Grant	-	-	617	-	617	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	<b>174 107</b>	<b>210 486</b>	<b>236 103</b>	<b>24 925</b>	<b>173 270</b>	<b>150 300</b>	<b>21 186</b>	<b>14.1%</b>	<b>195 057</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>387 479</b>	<b>431 049</b>	<b>456 710</b>	<b>43 673</b>	<b>338 171</b>	<b>314 641</b>	<b>21 745</b>	<b>6.9%</b>	<b>412 556</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 31 March 2014.

DC43 Sisonke - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March									
Summary of Employee and Councillor remuneration	2012/13	Budget Year 2013/14							
	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	3 894	3 370	-	441	2 652	697	1 954	280%	3 370
Pension and UIF Contributions	-	441	-	33	197	73	125	171%	441
Medical Aid Contributions	-	104	-	8	46	17	29	171%	104
Motor Vehicle Allowance	498	1 301	-	97	582	215	368	171%	1 301
Cellphone Allowance	180	286	-	21	128	47	81	171%	286
Other benefits and allowances	50	680	-	51	305	112	192	171%	680
<b>Sub Total - Councillors</b>	<b>4 622</b>	<b>6 181</b>	<b>-</b>	<b>650</b>	<b>3 910</b>	<b>1 162</b>	<b>2 749</b>	<b>237%</b>	<b>6 181</b>
% increase		33.7%							33.7%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	2 127	3 801	-	341	3 040	1 001	2 039	204%	3 801
Pension and UIF Contributions	7	2	-	0	2	1	1	204%	2
Medical Aid Contributions	47	4	-	0	3	1	2	204%	4
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	525	-	47	420	138	282	204%	525
Motor Vehicle Allowance	754	2 376	-	213	1 900	626	1 275	204%	2 376
Cellphone Allowance	65	111	-	10	89	29	60	204%	111
Housing Allowances	277	-	-	-	-	-	-	-	-
Other benefits and allowances	2	3	-	0	3	1	2	204%	3
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>3 279</b>	<b>6 823</b>	<b>-</b>	<b>612</b>	<b>5 457</b>	<b>1 796</b>	<b>3 661</b>	<b>204%</b>	<b>6 823</b>
% increase		108.1%							108.1%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	53 145	60 398	-	5 416	48 304	15 902	32 402	204%	60 398
Pension and UIF Contributions	8 267	10 212	-	916	8 167	2 689	5 479	204%	10 212
Medical Aid Contributions	3 206	1 411	-	127	1 129	372	757	204%	1 411
Overtime	4 674	1 261	-	113	1 008	332	676	204%	1 261
Performance Bonus	3 301	5 596	-	502	4 476	1 473	3 002	204%	5 596
Motor Vehicle Allowance	3 950	2 572	-	231	2 057	677	1 380	204%	2 572
Cellphone Allowance	307	439	-	39	351	116	235	204%	439
Housing Allowances	218	38	-	3	30	10	20	204%	38
Other benefits and allowances	22	1 682	-	151	1 345	443	902	204%	1 682
Payments in lieu of leave	1 054	-	-	-	-	-	-	-	-
Long service awards	167	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>	<b>78 311</b>	<b>83 611</b>	<b>-</b>	<b>7 498</b>	<b>66 868</b>	<b>22 013</b>	<b>44 855</b>	<b>204%</b>	<b>83 611</b>
% increase		6.8%							6.8%
<b>Total Parent Municipality</b>	<b>86 212</b>	<b>96 615</b>	<b>-</b>	<b>8 760</b>	<b>76 235</b>	<b>24 971</b>	<b>51 264</b>	<b>205%</b>	<b>96 615</b>
		12.1%							12.1%
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>									
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>86 212</b>	<b>96 615</b>	<b>-</b>	<b>8 760</b>	<b>76 235</b>	<b>24 971</b>	<b>51 264</b>	<b>205%</b>	<b>96 615</b>
% increase		12.1%							12.1%
<b>TOTAL MANAGERS AND STAFF</b>	<b>81 590</b>	<b>90 434</b>	<b>-</b>	<b>8 110</b>	<b>72 325</b>	<b>23 809</b>	<b>48 515</b>	<b>204%</b>	<b>90 434</b>

## 2.6 Material Variances to the SDBIP

The following section analyses material variances between the actual targets as at 31 March 2014 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

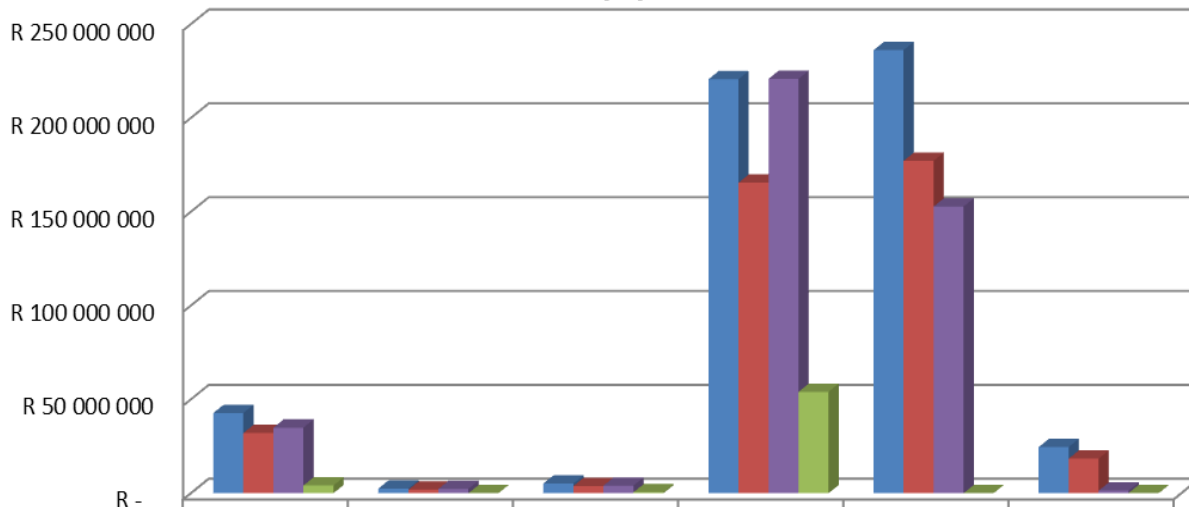
### REVENUE

The chart displays a comparison between the 2013/14 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



### THIRD QUARTER ENDING 31 MARCH REVENUE ANALYSIS



	Water & Sanitation revenue	Interest earned on investments	Interest earned on outstanding Debtors	Grants & Subsidies - Operational	Grants & Subsidies - Capital	Other revenue
■ ORIG BUDGET	R 42 748 262	R 2 500 000	R 5 179 287	R 220 606 525	R 236 103 059	R 24 542 803
■ YTD BUDGET	R 32 061 197	R 1 875 000	R 3 884 465	R 165 454 894	R 177 077 294	R 18 407 102
■ YTD REC/ACCRUED	R 34 936 692	R 2 299 763	R 4 030 063	R 220 824 524	R 152 760 956	R 1 354 881
■ MARCH 2014	R 4 098 355	R 3 179	R 511 303	R 54 015 598	R -	R 102 714

#### Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 31 March 2014 was R4million against a year to date **budget** of R32million.

#### Interest Earned on External Investments

The actual interest earned on external investments as at 31 March 2014 is R 514 482 more than the year to date budget. This represent 13% of monthly received against original budget.

#### Transfers Recognised - Operational

The equitable share last trench was received in March 2014 amounting to R54, 4m.

**Transfers Recognised – Capital**

The expenditure trends on grant funded expenditure had resulted in a positive way as expected against the set targets. The actual R23million (against a YTD budget of R157million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 107% performance in Conditional Capital grant funding expenditures.

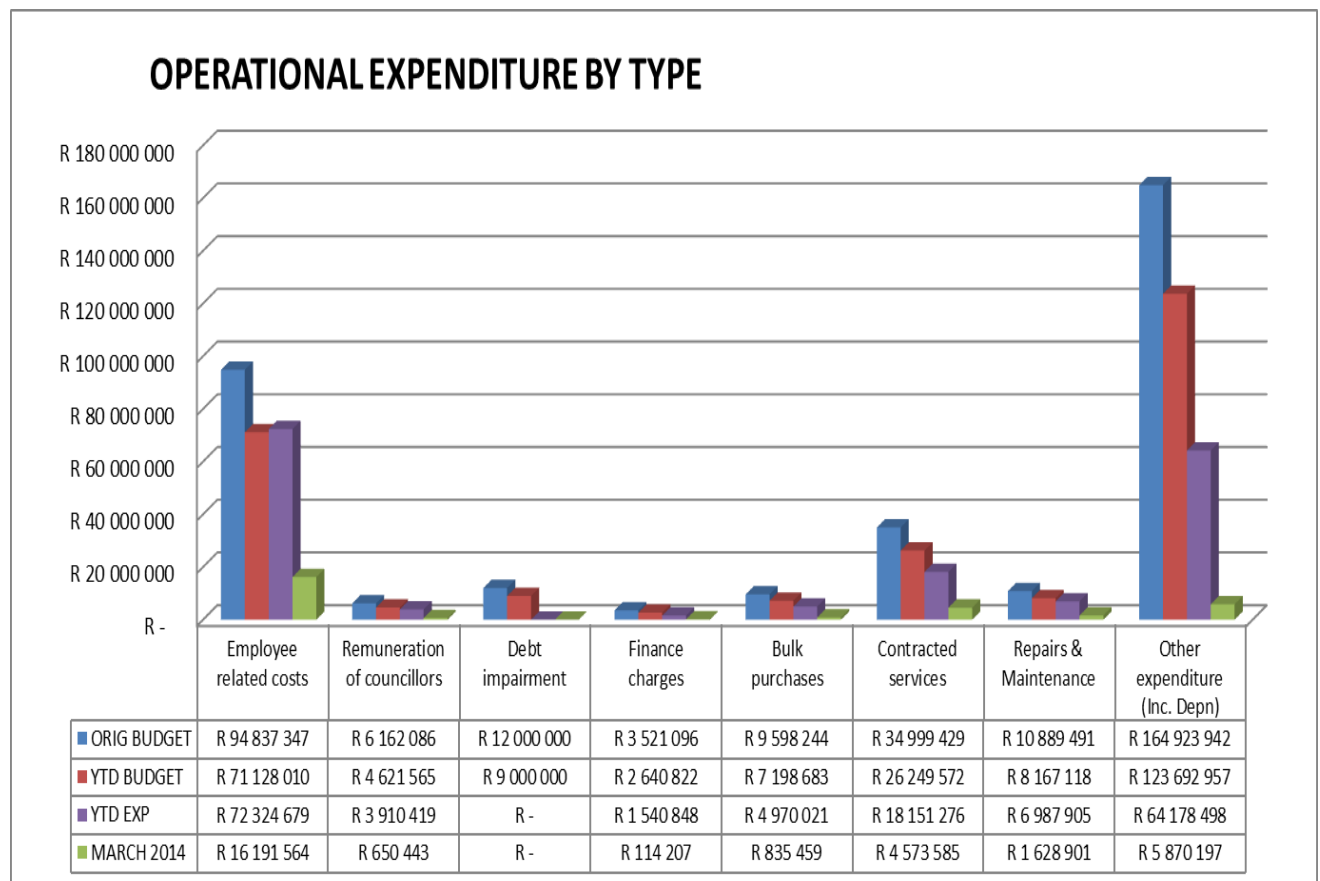
**Other Revenue**

The YTD performance of other revenue is R102 714 against YTD budget of R18m 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: 2013/14 Financial year Opex**



### **Employee Related Costs**

The YTD budget for employee related costs is R16million against a YTD actual of R72million which is 76% of the YTD budget.

### **Remuneration of Councillors**

The remuneration of councillor's expenditure as at 31 March 2014 is R 650 443 against a YTD budget of R4, 6million.

### **Finance Charges**

As at 31 March 2014, the expenditure for finance charges is R114 207 against the Year to Date budget of R 2, 6m.

### **Bulk Purchases**

The expenditure on Bulk Water purchases has the budget of R7, 8m and the expenditure for the month ending 31 March was R 835 459.

### **Other Expenditure**

The YTD budget for other expenditure was at R 123million against a YTD expenditure of R 64million and expenditure for the month of March 2014 is R5, 8m.

### **Performance assessment**

The Performance Assessment Report will be available on the fourth quarter in terms of Sec 52 (d) of the Municipal Finance Management Act.

### **Actual and revised targets for cash receipts**

DC43 Sisonke - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M09 March													2013/14 Medium Term Revenue & Expenditure Framework		
Description	Budget Year 2013/14												Budget Year	Budget Year	Budget Year
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	2013/14	+1 2014/15	+2 2015/16
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget	2013/14	+1 2014/15	+2 2015/16
<b>Cash Receipts By Source</b>															
Service charges - water revenue	2 287	842	1 731	929	4 214	1 494	1 469	3 045	1 746	1 746	1 746	(300)	20 947	22 622	18 054
Service charges - sanitation revenue	980	361	742	398	1 806	640	629	1 305	748	748	748	(129)	8 977	9 695	7 738
Interest earned - external investments	5	379	46	277	191	262	383	303	249	165	84	(345)	2 000	2 000	2 000
Interest earned - outstanding debtors	428	442	352	443	437	453	465	498				(3 519)			
Transfer receipts - operating	94 047	1 869	-	-	72 019	4 331	-	-	51 582	-	-	(3 284)	220 563	242 058	252 948
Other revenue	69	278	242	303	85	59	67	129	83	-	83	(898)	500	500	500
<b>Cash Receipts by Source</b>	<b>97 816</b>	<b>4 172</b>	<b>3 112</b>	<b>2 351</b>	<b>78 751</b>	<b>7 239</b>	<b>3 014</b>	<b>5 280</b>	<b>54 407</b>	<b>2 659</b>	<b>2 661</b>	<b>(6 475)</b>	<b>252 987</b>	<b>276 876</b>	<b>281 240</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	89 209	5 671	13 621	7 158	79 880	-	-	3 399	47 747	-	989	(37 188)	210 486	243 163	274 050
Contributions & Contributed assets															
<b>Total Cash Receipts by Source</b>	<b>187 025</b>	<b>9 843</b>	<b>16 733</b>	<b>9 509</b>	<b>158 631</b>	<b>7 239</b>	<b>3 014</b>	<b>8 679</b>	<b>102 154</b>	<b>2 659</b>	<b>3 650</b>	<b>(45 663)</b>	<b>463 473</b>	<b>520 039</b>	<b>555 290</b>
<b>Cash Payments by Type</b>															
Employee related costs	7 713	7 945	8 152	7 847	7 638	8 339	8 500	8 110	7 625	7 625	7 625	3 314	90 434	98 831	105 730
Remuneration of councillors	340	340	481	414	405	424	425	431	515	515	515	1 376	6 181	6 576	7 037
Interest paid	-	-	0	-	208	1 427	-	-	208	208	208	1 240	3 500	2 800	2 500
Bulk purchases - Water & Sewer	-	478	529	1 278	650	459	512	352	650	650	650	1 592	7 800	8 221	8 665
Contracted services	699	987	1 500	2 681	1 015	3 661	1 179	1 036	2 833	2 833	2 833	15 060	36 317	37 923	37 699
Grants and subsidies paid - other	4 000	-	-	-	-	4 255	-	732	1 000	1 000	1 000	13	12 000	12 672	13 382
General expenses	29 402	1 854	19 993	14 960	9 584	7 057	5 140	20 335	4 474	4 474	4 474	(68 061)	53 685	54 805	57 765
<b>Cash Payments by Type</b>	<b>42 153</b>	<b>11 605</b>	<b>30 655</b>	<b>27 179</b>	<b>19 501</b>	<b>25 622</b>	<b>15 755</b>	<b>30 996</b>	<b>17 306</b>	<b>17 306</b>	<b>17 306</b>	<b>(45 467)</b>	<b>209 917</b>	<b>221 629</b>	<b>232 779</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	12 069	24 855	21 379	18 085	19 502	37 466	4 070	16 194	18 898	18 898	18 898	16 459	226 772	252 706	285 691
Repayment of borrowing						1 297			208	208	208	573	2 494	2 735	2 997
Other Cash Flows/Payments									(1)	(1)	(1)	(9)	(12)	(14)	(17)
<b>Total Cash Payments by Type</b>	<b>54 223</b>	<b>36 460</b>	<b>52 034</b>	<b>45 264</b>	<b>39 002</b>	<b>64 386</b>	<b>19 825</b>	<b>47 190</b>	<b>36 410</b>	<b>36 410</b>	<b>36 410</b>	<b>(28 444)</b>	<b>439 170</b>	<b>477 256</b>	<b>521 449</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>132 802</b>	<b>(26 617)</b>	<b>(35 301)</b>	<b>(35 755)</b>	<b>119 629</b>	<b>(57 146)</b>	<b>(16 811)</b>	<b>(38 511)</b>	<b>65 744</b>	<b>(33 751)</b>	<b>(32 760)</b>	<b>(17 219)</b>	<b>24 303</b>	<b>42 783</b>	<b>33 841</b>
Cash/cash equivalents at the month/year beginning:	20 186	152 988	126 371	91 070	55 315	174 944	117 797	100 986	62 475	128 219	94 468	61 708	20 186	44 489	87 272
Cash/cash equivalents at the month/year end:	152 988	126 371	91 070	55 315	174 944	117 797	100 986	62 475	128 219	94 468	61 708	44 489	44 489	87 272	121 113

## Parent Municipal financial performance

DC43 Sisonke - Supporting Table SC10 Monthly Budget Statement - Parent Municipality Financial Performance (revenue and expenditure) - M09 March									
Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
<b>Revenue By Source</b>									
Service charges - water revenue	26 799	30 697	30 697	2 869	24 456	15 971	8 485	53%	30 697
Service charges - sanitation revenue	11 485	12 052	12 052	1 230	10 481	8 018	2 463	31%	12 052
Interest earned - external investments	2 753	2 000	2 500	3	2 300	1 206	1 094	91%	2 500
Interest earned - outstanding debtors			5 179	511	4 030	-	4 030	#DIV/0!	5 179
Transfers recognised - operational	217 640	220 563	220 607	54 016	220 825	164 341	56 483	34%	220 607
Other revenue	6 567	500	24 543	103	1 355	250	1 105	442%	24 543
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>265 244</b>	<b>265 811</b>	<b>295 577</b>	<b>58 731</b>	<b>263 446</b>	<b>189 786</b>	<b>73 660</b>	<b>39%</b>	<b>295 577</b>
<b>Expenditure By Type</b>									
Employee related costs	81 571	90 434	94 837	8 110	72 325	45 753	26 572	58%	94 837
Remuneration of councillors	4 622	6 181	6 162	650	3 910	3 090	820	27%	6 162
Debt impairment	8 000	12 000	12 000	-	-	5 622	(5 622)	-100%	12 000
Depreciation & asset impairment	18 000	20 000	25 000	-	335	9 500	(9 165)	-96%	25 000
Finance charges	3 680	3 500	3 521	114	1 541	1 250	291	23%	3 521
Bulk purchases	9 422	7 800	9 598	835	4 970	3 900	1 070	27%	9 598
Contracted services	17 492	36 317	34 999	4 574	18 151	16 999	1 152	7%	34 999
Transfers and grants	9 569	12 000	13 768	732	8 987	6 000	2 987	50%	13 768
Other expenditure	123 714	66 763	137 045	6 740	61 844	32 898	28 946	88%	137 045
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>276 070</b>	<b>254 996</b>	<b>336 932</b>	<b>21 755</b>	<b>172 064</b>	<b>125 013</b>	<b>47 051</b>	<b>38%</b>	<b>336 932</b>
<b>Surplus/(Deficit)</b>	<b>(10 825)</b>	<b>10 816</b>	<b>(41 355)</b>	<b>36 976</b>	<b>91 382</b>	<b>64 773</b>	<b>26 609</b>	<b>41%</b>	<b>(41 355)</b>
Transfers recognised - capital	178 591	210 486	236 103	-	152 761	150 300	2 461	2%	236 103
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>167 766</b>	<b>221 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>	<b>29 070</b>	<b>14%</b>	<b>194 748</b>
<b>Surplus/(Deficit) after taxation</b>	<b>167 766</b>	<b>221 302</b>	<b>194 748</b>	<b>36 976</b>	<b>244 143</b>	<b>215 073</b>	<b>29 070</b>	<b>14%</b>	<b>194 748</b>

## Capital Expenditure Trend

DC43 Sisonke - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M09 March									
Month	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands								%	
<b>Monthly expenditure performance trend</b>									
July	7 595	18 898	-	12 069	12 069	18 898	6 828	36.1%	5%
August	8 947	18 898	-	24 855	36 925	37 795	871	2.3%	16%
September	8 497	18 898	-	13 839	50 764	56 693	5 929	10.5%	22%
October	10 497	18 898	-	18 085	68 849	75 591	6 742	8.9%	30%
November	14 172	18 898	-	19 502	88 350	94 488	6 138	6.5%	39%
December	19 194	18 898	-	37 466	125 817	113 386	(12 431)	-11.0%	55%
January	11 905	18 898	-	4 070	129 886	132 283	2 397	1.8%	57%
February	7 877	18 898	-	16 194	146 080	151 181	5 101	3.4%	64%
March	4 980	18 898	-	23 067	169 147	170 079	932	0.5%	74%
April	11 806	18 898	-	-	-	188 976	-	-	-
May	24 362	18 898	-	-	-	207 874	-	-	-
June	18 556	19 360	-	-	-	227 234	-	-	-
<b>Total Capital expenditure</b>	<b>148 388</b>	<b>227 234</b>	<b>-</b>	<b>169 147</b>					

### Capital Expenditure on New Assets by Asset Class

DC43 Sisonke - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M09 March									
Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	136 252	217 762	-	22 814	159 894	143 153	(16 741)	-11.7%	217 762
Infrastructure - Electricity	2 935	580	-	1 611	3 013	1 109	(1 904)	-171.7%	580
<i>Transmission &amp; Reticulation</i>	2 935	580	-	1 611	3 013	1 109	(1 904)	-171.7%	580
Infrastructure - Water	96 364	166 970	-	13 634	109 989	104 565	(5 425)	-5.2%	166 970
<i>Reticulation</i>	96 364	166 970	-	13 634	109 989	104 565	(5 425)	-5.2%	166 970
Infrastructure - Sanitation	36 953	50 012	-	7 569	46 892	37 479	(9 413)	-25.1%	50 012
<i>Sewerage purification</i>	36 953	50 012	-	7 569	46 892	37 479	(9 413)	-25.1%	50 012
Infrastructure - Other	-	200	-	-	-	-	-	-	200
<i>Other</i>	-	200	-	-	-	-	-	-	200
<b>Community</b>	6 157	2 000	-	197	1 321	297	(1 025)	-345.4%	2 000
Other	6 157	2 000	-	197	1 321	297	(1 025)	-345.4%	2 000
<b>Other assets</b>	808	4 252	-	-	5 305	5 281	(24)	-0.4%	4 252
General v ehicles	277	2 739	-	-	5 006	5 006	-	-	2 739
Furniture and other office equipment	230	798	-	-	284	260	(24)	-9.1%	798
Other Buildings	301	700	-	-	-	-	-	-	700
Other	-	15	-	-	15	15	-	-	15
<b>Intangibles</b>	385	572	-	-	62	6	(56)	-904.0%	572
Computers - software & programming	385	572	-	-	62	6	(56)	-904.0%	572
<b>Total Capital Expenditure on new assets</b>	143 601	224 587	-	23 012	166 583	148 737	(17 846)	-12.0%	224 587
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									

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

DC43 Sisonke - Supporting Table SC13b Consolidated Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M09 March

Description	2012/13	Budget Year 2013/14							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								%	
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	4 787	2 647	-	55	547	492	(55)	-11.1%	2 647
Infrastructure - Water	2 402	1 378	-	55	547	492	(55)	-11.1%	1 378
<i>Reticulation</i>	2 402	1 378	-	55	547	492	(55)	-11.1%	1 378
Infrastructure - Sanitation	2 385	1 269	-	-	-	-	-	-	1 269
<i>Sewerage purification</i>	2 385	1 269	-	-	-	-	-	-	1 269
<b>Intangibles</b>	-	-	-	-	1 079	1 071	(9)	-0.8%	-
Computers - software & programming	-	-	-	-	1 079	1 071	(9)	-0.8%	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>4 787</b>	<b>2 647</b>	<b>-</b>	<b>55</b>	<b>1 626</b>	<b>1 563</b>	<b>(63)</b>	<b>-4.0%</b>	<b>2 647</b>
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									

## 2.7 Municipal Manager's Quality's Certificate

### Quality Certificate

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

- The monthly budget statement

For the month of March of 2014 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 \_\_\_\_\_



