

# Harry Gwala District Municipality



**MFMA S 72 Midyear Budget & Performance Assessment  
Incorporating S 52 (d) and S 71 Monthly report.**

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## **1. PART 1 – IN YEAR REPORT**

### **1.1 Mayors Report**

#### PREAMBLE

The Mayor, Hounarable Councillor Z D Nxumalo

In accordance with S72 of the Municipal Finance Management Act, I submit the required statement assessing the performance of the Harry Gwala District Municipality during the first half of the 2021/22 financial year.

Section 54 of the MFMA requires the Mayor of the municipality to take certain actions on receipts of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

The information and analysis contained in this report has been reviewed and it is evident that an adjustment budget (both Capital and Operational Budget) and hence adjustments to the SDBIP will be necessary.

The planned results and the comments have been included in the performance assessment report as the senior managers were requested to indicate the status as well as their remedial actions in order to achieve those planned targets.

In terms of s72 of the MFMA the budget and SDBIP projections will have to be reviewed to ensure that the planned services will rendered within the budgetary constraints.

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Municipal Manager: Mrs N Dlamini

Municipal Manager: Harry Gwala DM

26 January 2022

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Councillor: Z. D. Nxumalo

Honourable Mayor: Harry Gwala DM

26 January 2022

## **1.2 Executive Summary**

### **Legislative Requirements**

In terms of Section 72 of the MFMA, the Accounting Officer of the Municipality is required to submit a report in the prescribed format to the Mayor by the 25 January of each year, reviewing the financial performance of the municipality for the first six months of the year. This mid-year report is a critical stage in the in-year reporting cycle. As part of the review, in terms of Section 72(3), the accounting officer needs to make recommendations as to whether the SDBIP and Annual budget, i.e. Both Operational & Capital, need to be adjusted. Furthermore, Section 54(f) of the MFMA requires the Mayor to consider and submit a report to Council by 31 January.

### **Midyear Budget & Performance Assessment**

The municipality's implementation of the approved budget is best summarised in table C1 under the heading "1.4 In Year Budget statement Tables". While the operational budget expenditure has been good, accelerated implementation of the Capital projects would have to be sought in order to increase the provision of basic services to the communities. Piling outstanding consumer debts still continue to be a challenge and pose a threat to the municipality's liquidity position. A more rigorous approach is necessary to deal with this challenge.

## **Material Variances in the SDBIP**

The performance of the Municipality, as discussed in detail under 2.6 Material Variances in the SDBIP, shows that the Municipality has managed to achieve 78% of the planned target as at midyear. It can be stated that the performance of the municipality at midyear is slightly above average; however the departments need to improve their performance in the next remaining months.

Section 2.6 also assesses the material variances between the planned operational, capital and revenue targets an analysis which is crucial to give direction to the second half of the final year. The revenue of the municipality would have to be reviewed to for adjustments of underperformance as well as over performance and to recognise National & Provincial additional budget allocations.

## **REVENUE**

The year to date actual revenue for the period ended 31 December 2021 amounted to R506m against year to date budget of R402, 7million which is 126% of the Year to Date (YTD) budget.

## **OPERATIONAL EXPENDITURE**

The operational budget performance at midyear was 8% above the Year to Date YTD budget. An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

## **CAPITAL EXPENDITURE**

As at Midyear, the capital budget was under performed by 9%. This mainly due to the VAT treatment, the budget is inclusive of VAT while the actual expenditure is VAT exclusive.

An adjustment would result in both operational and capital budget adjustments.

It should be noted that the Dec Section 71 and Section 52 (d), quarterly budget monitoring report will be incorporated into this report. This report is detailed to an extent that additional comments will be limited to the most important aspects.

### **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 Council;

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) MFMA
3. Notes the Midyear budget & Performance assessment in terms of s72 of the MFMA.
4. Notes the Midyear budget & performance assessment report for the Harry Gwala Development Agency.
5. Prepares the adjustments budget for Tabling to Council before the 25<sup>th</sup> February 2022 in terms of Municipal Budget Regulations.
6. Revise the projections for Revenue & Expenditure in the SDBIP to reflect the adjustments to the Annual Budget.

## **1.4 In Year 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 Consolidated Monthly Budget Statement Summary - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	67 765	69 422	69 422	3 807	30 899	34 711	(3 812)	-11%	69 422
Investment revenue	3 011	5 682	5 682	326	2 107	2 841	(735)	-26%	5 682
Transfers and subsidies	430 342	417 406	417 406	143 718	304 973	208 703	96 270	46%	417 406
Other own revenue	10 879	10 748	10 748	973	5 556	5 374	182	3%	10 748
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>511 997</b>	<b>503 258</b>	<b>503 258</b>	<b>148 824</b>	<b>343 535</b>	<b>251 629</b>	<b>91 906</b>	<b>37%</b>	<b>503 258</b>
Employee costs	217 969	237 156	237 156	20 990	115 913	118 579	(2 666)	-2%	237 156
Remuneration of Councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
Depreciation & asset impairment	79 359	87 410	87 410	38 485	38 485	43 705	(5 220)	-12%	87 410
Finance charges	995	1 328	1 328	-	-	664	(664)	-100%	1 328
Inventory consumed and bulk purchases	27 868	31 249	31 249	6 848	22 011	15 624	6 387	41%	31 249
Transfers and subsidies	17 000	17 000	17 000	5 000	10 600	8 500	2 100	25%	17 000
Other expenditure	224 777	194 529	194 529	26 061	119 818	97 265	22 553	23%	194 529
<b>Total Expenditure</b>	<b>575 782</b>	<b>577 594</b>	<b>577 594</b>	<b>98 082</b>	<b>310 293</b>	<b>288 799</b>	<b>21 495</b>	<b>7%</b>	<b>577 594</b>
<b>Surplus/(Deficit)</b>	<b>(63 785)</b>	<b>(74 336)</b>	<b>(74 336)</b>	<b>50 742</b>	<b>33 241</b>	<b>(37 170)</b>	<b>70 411</b>	<b>-189%</b>	<b>(74 336)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	302 857	298 258	302 258	162 562	162 562	150 729	11 833	8%	302 258
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	4 693	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>243 766</b>	<b>223 922</b>	<b>227 922</b>	<b>213 304</b>	<b>195 803</b>	<b>113 559</b>	<b>82 244</b>	<b>72%</b>	<b>227 922</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>243 766</b>	<b>223 922</b>	<b>227 922</b>	<b>213 304</b>	<b>195 803</b>	<b>113 559</b>	<b>82 244</b>	<b>72%</b>	<b>227 922</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>296 457</b>	<b>307 283</b>	<b>311 283</b>	<b>33 726</b>	<b>140 994</b>	<b>155 242</b>	<b>(14 248)</b>	<b>-9%</b>	<b>311 283</b>
Capital transfers recognised	268 028	298 258	302 258	33 726	134 173	150 729	(16 557)	-11%	302 258
Internally generated funds	28 430	9 025	9 025	-	6 821	4 513	2 309	51%	9 025
<b>Total sources of capital funds</b>	<b>296 457</b>	<b>307 283</b>	<b>311 283</b>	<b>33 726</b>	<b>140 994</b>	<b>155 242</b>	<b>(14 248)</b>	<b>-9%</b>	<b>311 283</b>
<b>Financial position</b>									
Total current assets	1 195 666	1 076 619	1 076 619		262 115				1 076 619
Total non current assets	2 551 972	2 845 908	2 849 908		2 654 481				2 849 908
Total current liabilities	234 977	106 785	106 785		180 862				106 785
Total non current liabilities	42 646	25 676	25 676		27 730				25 676
Community wealth/Equity	2 597 195	2 821 066	2 821 066		2 432 102				2 821 066
<b>Cash flows</b>									
Net cash from (used) operating	(99 976)	307 375	311 375	94 124	144 797	155 688	10 891	7%	311 375
Net cash from (used) investing	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
Net cash from (used) financing	(170)	(122)	-	1	(2 126)	(1 078)	1 048	-97%	(2 155)
<b>Cash/cash equivalents at the month/year end</b>	<b>(292 796)</b>	<b>48 701</b>	<b>48 823</b>	<b>-</b>	<b>53 540</b>	<b>(1 032)</b>	<b>(54 572)</b>	<b>5290%</b>	<b>(2 063)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	6 600	5 344	4 359	4 313	3 922	3 769	24 792	188 863	241 962
<b>Creditors Age Analysis</b>									
Total Creditors	1 567	26	-	154	-	-	-	-	1 747



## Financial Performance by Functional Classification

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

DC43 Harry Gwala - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	2020/21	Budget Year 2021/22							
	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 - Functional</b>									
<i>Governance and administration</i>	422 901	404 553	404 553	129 689	293 058	202 277	90 781	45%	404 553
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	422 901	404 553	404 553	129 689	293 058	202 277	90 781	45%	404 553
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	8 568	22 412	22 412	10 142	10 142	11 206	(1 064)	-9%	22 412
Planning and development	8 568	22 412	22 412	10 142	10 142	11 206	(1 064)	-9%	22 412
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	388 078	374 551	378 551	171 556	202 897	188 875	14 022	7%	378 551
Energy sources	-	-	-	-	-	-	-	-	-
Water management	358 853	360 199	360 199	167 549	193 524	180 099	13 425	7%	360 199
Waste water management	29 226	14 352	18 352	4 007	9 373	8 776	598	7%	18 352
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>819 547</b>	<b>801 516</b>	<b>805 516</b>	<b>311 386</b>	<b>506 097</b>	<b>402 358</b>	<b>103 739</b>	<b>26%</b>	<b>805 516</b>
<b>Expenditure - Functional</b>									
<i>Governance and administration</i>	233 309	251 534	251 134	25 646	119 609	125 635	(6 026)	-5%	251 134
Executive and council	27 920	24 745	24 745	2 093	16 689	12 373	4 316	35%	24 745
Finance and administration	195 887	217 553	217 153	22 795	98 781	108 644	(9 863)	-9%	217 153
Internal audit	9 503	9 236	9 236	758	4 139	4 618	(479)	-10%	9 236
<i>Community and public safety</i>	17 674	18 501	18 501	2 438	9 870	9 250	619	7%	18 501
Community and social services	17 674	18 501	18 501	2 438	9 870	9 250	619	7%	18 501
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	123 312	154 812	154 812	41 587	64 538	77 407	(12 869)	-17%	154 812
Planning and development	123 312	154 812	154 812	41 587	64 538	77 407	(12 869)	-17%	154 812
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	201 487	152 747	153 147	28 411	116 277	76 507	39 770	52%	153 147
Energy sources	-	-	-	-	-	-	-	-	-
Water management	200 625	151 849	152 249	28 342	115 690	76 058	39 632	52%	152 249
Waste water management	862	898	898	69	587	449	138	31%	898
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>575 782</b>	<b>577 594</b>	<b>577 594</b>	<b>98 082</b>	<b>310 293</b>	<b>288 799</b>	<b>21 495</b>	<b>7%</b>	<b>577 594</b>
<b>Surplus/ (Deficit) for the year</b>	<b>243 766</b>	<b>223 922</b>	<b>227 922</b>	<b>213 304</b>	<b>195 803</b>	<b>113 559</b>	<b>82 244</b>	<b>72%</b>	<b>227 922</b>

Table C2: Consolidated Monthly Budget Statement: Financial Performance, reflects the operating revenue in the standard classifications

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2021 was R 506million against a year to date budget of R 402, 3million representing over performance of 26%.

Financial Performance, reflects operating expenditure in the standard classifications

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 107% against the year to date budget representing an over performance of 7%.

## Financial Performance by Municipal Vote

Table C3 presents the same information as the table above, the difference being that it's by Municipal vote.

DC43 Harry Gwala - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

Vote Description	2020/21	Budget Year 2021/22							
	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 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	422 192	404 553	404 553	129 689	292 858	202 277	90 581	44,8%	404 553
Vote 04 - Summary Corporate Services	665	-	-	-	159	-	159	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planning	3 875	22 412	22 412	10 142	10 142	11 206	(1 064)	-9,5%	22 412
Vote 06 - Summary Infrastructure Services	305 438	311 333	311 333	163 912	165 479	155 666	9 812	6,3%	311 333
Vote 07 - Summary Water Services	87 377	63 218	67 218	7 644	37 460	33 209	4 251	12,8%	67 218
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>819 547</b>	<b>801 516</b>	<b>805 516</b>	<b>311 386</b>	<b>506 097</b>	<b>402 358</b>	<b>103 739</b>	<b>25,8%</b>	<b>805 516</b>
<b>Expenditure by Vote</b>									
Vote 01 - Summary Council	14 956	16 256	16 256	1 332	10 211	8 128	2 083	25,6%	16 256
Vote 02 - Summary Municipal Manager	22 466	17 726	17 726	1 519	10 617	8 863	1 754	19,8%	17 726
Vote 03 - Summary Budget And Treasury Office	59 812	85 267	85 267	8 555	30 035	42 634	(12 599)	-29,6%	85 267
Vote 04 - Summary Corporate Services	89 619	89 530	89 530	9 650	40 895	44 765	(3 871)	-8,6%	89 530
Vote 05 - Summary Social Services & Development Planning	48 107	68 717	68 717	8 699	27 683	34 359	(6 676)	-19,4%	68 717
Vote 06 - Summary Infrastructure Services	97 107	109 078	109 078	35 699	51 958	54 539	(2 581)	-4,7%	109 078
Vote 07 - Summary Water Services	243 714	191 021	191 021	32 628	138 895	95 511	43 384	45,4%	191 021
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>575 782</b>	<b>577 594</b>	<b>577 594</b>	<b>98 082</b>	<b>310 293</b>	<b>288 799</b>	<b>21 495</b>	<b>7,4%</b>	<b>577 594</b>
<b>Surplus/ (Deficit) for the year</b>	<b>243 766</b>	<b>223 922</b>	<b>227 922</b>	<b>213 304</b>	<b>195 803</b>	<b>113 559</b>	<b>82 244</b>	<b>72,4%</b>	<b>227 922</b>

Table C3: Consolidated Monthly Budget Statement – Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The municipal directorates are Executive Council; Municipal Manager; Budget and Treasury; Corporate Services; Social Services and Development Planning; Infrastructure Services and Water Services. The operating expenditure budget is approved by Council on the municipal vote level.

## Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2021.

DC43 Harry Gwala - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	2020/21	Budget Year 2021/22							
	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>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue									
Service charges - water revenue	54 003	48 866	48 866	2 995	24 627	24 433	194	1%	48 866
Service charges - sanitation revenue	13 762	20 555	20 555	811	6 271	10 278	(4 006)	-39%	20 555
Interest earned - external investments	3 011	5 682	5 682	326	2 107	2 841	(735)	-26%	5 682
Interest earned - outstanding debtors	10 100	10 198	10 198	973	5 278	5 099	179	4%	10 198
Transfers and subsidies	430 342	417 406	417 406	143 718	304 973	208 703	96 270	46%	417 406
Other revenue	778	549	549	-	278	275	3	1%	549
Gains	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>511 997</b>	<b>503 258</b>	<b>503 258</b>	<b>148 824</b>	<b>343 535</b>	<b>251 629</b>	<b>91 906</b>	<b>37%</b>	<b>503 258</b>
<b>Expenditure By Type</b>									
Employee related costs	217 969	237 156	237 156	20 990	115 913	118 579	(2 666)	-2%	237 156
Remuneration of councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
Debt impairment	31 734	27 645	27 645	-	-	13 822	(13 822)	-100%	27 645
Depreciation & asset impairment	79 359	87 410	87 410	38 485	38 485	43 705	(5 220)	-12%	87 410
Finance charges	995	1 328	1 328	-	-	664	(664)	-100%	1 328
Bulk purchases - electricity	22 023	-	-	-	(1)	-	(1)	#DIV/0!	-
Inventory consumed	5 845	31 249	31 249	6 848	22 012	15 624	6 388	41%	31 249
Contracted services	129 640	105 296	106 076	18 522	84 382	53 078	31 304	59%	106 076
Transfers and subsidies	17 000	17 000	17 000	5 000	10 600	8 500	2 100	25%	17 000
Other expenditure	56 907	61 589	60 809	7 539	35 435	30 364	5 071	17%	60 809
Losses	6 496	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>575 782</b>	<b>577 594</b>	<b>577 594</b>	<b>98 082</b>	<b>310 293</b>	<b>288 799</b>	<b>21 495</b>	<b>7%</b>	<b>577 594</b>
<b>Surplus/(Deficit)</b>	<b>(63 785)</b>	<b>(74 336)</b>	<b>(74 336)</b>	<b>50 742</b>	<b>33 241</b>	<b>(37 170)</b>	<b>70 411</b>	<b>(0)</b>	<b>(74 336)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	302 857	298 258	302 258	162 562	162 562	150 729	11 833	0	302 258
Transfers and subsidies - capital (in-kind - all)	4 693	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>243 766</b>	<b>223 922</b>	<b>227 922</b>	<b>213 304</b>	<b>195 803</b>	<b>113 559</b>			<b>227 922</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>243 766</b>	<b>223 922</b>	<b>227 922</b>	<b>213 304</b>	<b>195 803</b>	<b>113 559</b>			<b>227 922</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>243 766</b>	<b>223 922</b>	<b>227 922</b>	<b>213 304</b>	<b>195 803</b>	<b>113 559</b>			<b>227 922</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>243 766</b>	<b>223 922</b>	<b>227 922</b>	<b>213 304</b>	<b>195 803</b>	<b>113 559</b>			<b>227 922</b>

A detailed analysis of the anomalies is provided under "2.6 Material Variances in the SDBIP"

**Service charges** – Currently the year to date collection rate is at 85%. The actual figure is based on accrued revenue. Billing is slightly less than anticipated, however based on actual collections only R27, 4million cash is actually received

**Interest earned on outstanding receivables** – budget is based on realistically collectible revenue while the actual figures are accrued. The accrued basis refers to billed interest and not actual cash received.

**Interest earned external investments** – the actual interest earned on bank accounts held by Harry Gwala District Municipality together with Development Agency has been less than anticipated or projected. This amount can therefore be amended during the budget adjustment.

**Government grants** – Equitable Share, FMG, MIG, RBIG, and WSIG tranches received. There has been no indication from National Treasury that any of the Grants in terms of DORA would be reduced in the remaining six months of the 2021/2022 financial year. There is an additional funding from Provincial COGTA amounting to R30million received and need to be adjusted in February 2022.

## **CONSOLIDATED EXPENDITURE AS PER TABLE A4**

**Employee Related Costs** – remains the largest expenditure incurred. The fixed nature of the salaries makes it difficult to reduce the level of expenditure when compared to operating expenditure. The municipality must certify prudence in the filling of vacated positions to ensure that adequate budget is available till the end of the financial year.

**Councillor Remuneration** - the budgeted expenditure for councillors is based on the previous gazette, the current financial year have not yet been effected as the regulating gazette specifying the remuneration packages was not yet issued by the end of December 2021.

**Depreciation** – Depreciation processed to date amounts to R38, 4million and reflects an under performance of R7.69 million when compared to the year-to-date budget. The year to date actual for Development agency is R335 503 against year to budget of R 437 500. The original budgeted amount is currently deemed to be sufficient.

**Finance costs** – This is the interest on the finance leases (for rental of Municipal vehicles, printers and fax machines). The consolidated year to date expenditure is R7 500.

**Inventory Consumed** – this line item pertains to bulk water purchases from Umngeni Water and Ugu District Municipality. The budget for inventory consumed appears to be insufficient for the next 6 months and the upward adjustment is necessary.

**Contracted services** – includes the rental of office accommodation, Repairs and Maintenance, Security. This expenditure is linked to contractual commitments. This line item will be adjusted upwards during the adjustment process.

**Other expenditure** – includes items such as fleet costs (fuel & oil, tyres, admin costs, licences), telephone system rental, advertising etc. Based on projections to the end of the second quarter, a review of the classification of other expenditure would need to be undertaken

### **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 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M06

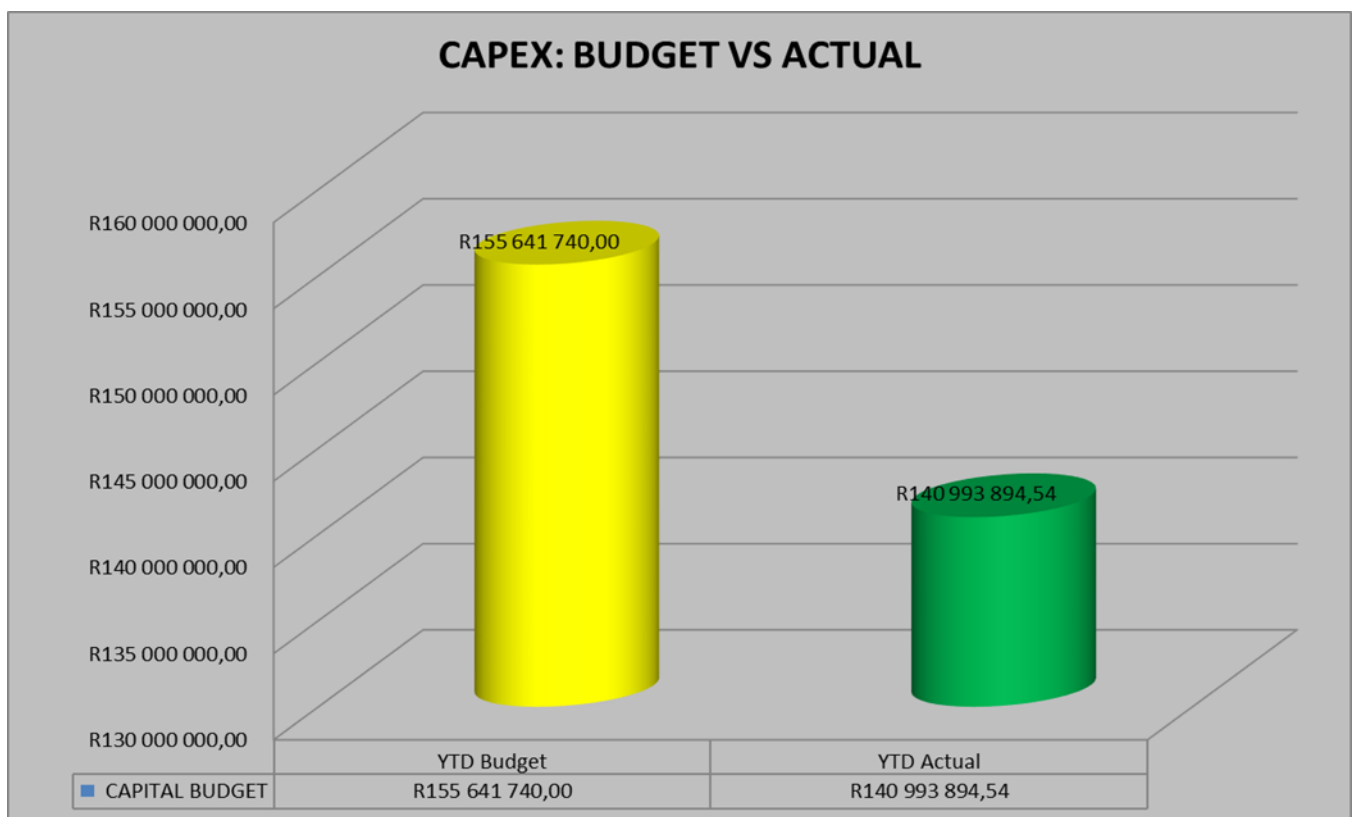
Vote Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	500	500	-	-	250	(250)	-100%	500
Vote 04 - Summary Corporate Services	7 226	4 031	4 031	-	5 822	2 015	3 807	189%	4 031
Vote 05 - Summary Social Services & Development Planning	7 355	1 870	1 870	-	47	935	(888)	-95%	1 870
Vote 06 - Summary Infrastructure Services	46 050	16 300	16 300	626	7 839	8 150	(311)	-4%	16 300
Vote 07 - Summary Water Services	235 826	284 583	288 583	33 100	127 285	143 891	(16 606)	-12%	288 583
<b>Total Capital Multi-year expenditure</b>	<b>296 457</b>	<b>307 283</b>	<b>311 283</b>	<b>33 726</b>	<b>140 994</b>	<b>155 242</b>	<b>(14 248)</b>	<b>-9%</b>	<b>311 283</b>
<b>Total Capital Expenditure</b>	<b>296 457</b>	<b>307 283</b>	<b>311 283</b>	<b>33 726</b>	<b>140 994</b>	<b>155 242</b>	<b>(14 248)</b>	<b>-9%</b>	<b>311 283</b>
<b>Capital Expenditure - Functional Classification</b>									
<b>Governance and administration</b>	<b>7 226</b>	<b>5 110</b>	<b>5 110</b>	<b>-</b>	<b>5 822</b>	<b>2 555</b>	<b>3 267</b>	<b>128%</b>	<b>5 110</b>
Executive and council							-		
Finance and administration	7 226	5 110	5 110	-	5 822	2 555	3 267	128%	5 110
Internal audit							-		
<b>Community and public safety</b>	<b>7 355</b>	<b>1 021</b>	<b>1 021</b>	<b>-</b>	<b>47</b>	<b>510</b>	<b>(463)</b>	<b>-91%</b>	<b>1 021</b>
Community and social services	7 355	1 021	1 021	-	47	510	(463)	-91%	1 021
Sport and recreation							-		
Public safety							-		
Housing							-		
Health							-		
<b>Economic and environmental services</b>	<b>18 541</b>	<b>1 270</b>	<b>1 270</b>	<b>-</b>	<b>-</b>	<b>635</b>	<b>(635)</b>	<b>-100%</b>	<b>1 270</b>
Planning and development	18 541	1 270	1 270	-	-	635	(635)	-100%	1 270
Road transport							-		
Environmental protection							-		
<b>Trading services</b>	<b>263 335</b>	<b>299 883</b>	<b>303 883</b>	<b>33 726</b>	<b>135 125</b>	<b>151 541</b>	<b>(16 417)</b>	<b>-11%</b>	<b>303 883</b>
Energy sources							-		
Water management	248 698	244 033	243 033	28 272	106 598	121 950	(15 352)	-13%	243 033
Waste water management	14 637	55 850	60 850	5 454	28 527	29 592	(1 065)	-4%	60 850
Waste management							-		
<b>Other</b>							-		
<b>Total Capital Expenditure - Functional Classification</b>	<b>296 457</b>	<b>307 283</b>	<b>311 283</b>	<b>33 726</b>	<b>140 994</b>	<b>155 242</b>	<b>(14 248)</b>	<b>-9%</b>	<b>311 283</b>
<b>Funded by:</b>									
National Government	249 289	298 258	298 258	33 179	133 578	149 129	(15 551)	-10%	298 258
Provincial Government	18 739	-	4 000	547	547	1 600	(1 053)	-66%	4 000
District Municipality	-	-	-	-	47	-	47	#DIV/0!	-
<b>Transfers recognised - capital</b>	<b>268 028</b>	<b>298 258</b>	<b>302 258</b>	<b>33 726</b>	<b>134 173</b>	<b>150 729</b>	<b>(16 557)</b>	<b>-11%</b>	<b>302 258</b>
<b>Internally generated funds</b>	<b>28 430</b>	<b>9 025</b>	<b>9 025</b>	<b>-</b>	<b>6 821</b>	<b>4 513</b>	<b>2 309</b>	<b>51%</b>	<b>9 025</b>
<b>Total Capital Funding</b>	<b>296 457</b>	<b>307 283</b>	<b>311 283</b>	<b>33 726</b>	<b>140 994</b>	<b>155 242</b>	<b>(14 248)</b>	<b>-9%</b>	<b>311 283</b>



The 2021/2022 mid-year capital expenditure has underperformed by 9% from year to date to budget, however there is a slightly improvement in the expenditure of CAPEX for the midyear as the municipality succeeded to reach the target of 60 per cent given by National Treasury. The capital budget continues to be largely dependent on the National Government grants.

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

**Chart 1: Midyear Capex**



As at midyear, the year to date actual expenditure was R140, 9million against a YTD budget of R155, 6million. In monetary terms, these figures a represent 91% percent performance against the capital development programme as at midyear.

Table C6 displays the financial position of the municipality as at 31 December 2021.

DC43 Harry Gwala - Table C6 Consolidated Monthly Budget Statement - Financial Position - M06

Description	2020/21	Budget Year 2021/22			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash	355 843	11 058	11 058	(363 322)	11 058
Call investment deposits	787 515	40 121	40 121	549 484	40 121
Consumer debtors	29 191	30 951	30 951	39 514	30 951
Other debtors	22 709	25 222	25 222	36 032	25 222
Current portion of long-term receivables	-	-	-	-	-
Inventory	408	267	267	408	267
<b>Total current assets</b>	<b>1 195 666</b>	<b>107 619</b>	<b>107 619</b>	<b>262 115</b>	<b>107 619</b>
<b>Non current assets</b>					
Long-term receivables	-	-	-	-	-
Investments					
Investment property	-	-	-	-	-
Investments in Associate					
Property, plant and equipment	2 551 394	2 843 962	2 847 962	2 654 003	2 847 962
Intangible	578	1 946	1 946	477	1 946
Other non-current assets	0	0	0	0	0
<b>Total non current assets</b>	<b>2 551 972</b>	<b>2 845 908</b>	<b>2 849 908</b>	<b>2 654 481</b>	<b>2 849 908</b>
<b>TOTAL ASSETS</b>	<b>3 747 638</b>	<b>2 953 527</b>	<b>2 957 527</b>	<b>2 916 596</b>	<b>2 957 527</b>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities</b>					
Bank overdraft	-	-	-	-	-
Borrowing	-	-	-	13 194	-
Consumer deposits	2 034	2 155	2 155	2 126	2 155
Trade and other payables	217 856	91 336	91 336	150 455	91 336
Provisions	15 088	13 294	13 294	15 088	13 294
<b>Total current liabilities</b>	<b>234 977</b>	<b>106 785</b>	<b>106 785</b>	<b>180 862</b>	<b>106 785</b>
<b>Non current liabilities</b>					
Borrowing	18 098	1 878	1 878	3 182	1 878
Provisions	24 548	23 797	23 797	24 548	23 797
<b>Total non current liabilities</b>	<b>42 646</b>	<b>25 676</b>	<b>25 676</b>	<b>27 730</b>	<b>25 676</b>
<b>TOTAL LIABILITIES</b>	<b>277 622</b>	<b>132 461</b>	<b>132 461</b>	<b>208 592</b>	<b>132 461</b>
<b>NET ASSETS</b>	<b>3 470 016</b>	<b>2 821 066</b>	<b>2 825 066</b>	<b>2 708 004</b>	<b>2 825 066</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>					
Accumulated Surplus/(Deficit)	3 470 016	2 821 066	2 825 066	2 708 004	2 825 066
Reserves	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>3 470 016</b>	<b>2 821 066</b>	<b>2 825 066</b>	<b>2 708 004</b>	<b>2 825 066</b>

Table C7 below display the Cash Flow Statement for the mid-year.

DC43 Harry Gwala - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates							-		
Service charges	130 189	53 905	53 905	7 241	33 921	26 952	6 968	26%	53 905
Other revenue	307	549	549	-	109	275	(166)	-60%	549
Transfers and Subsidies - Operational	234 355	389 288	389 288	129 203	321 218	194 644	126 574	65%	389 288
Transfers and Subsidies - Capital	215 028	303 580	307 580	70 500	252 221	153 790	98 431	64%	307 580
Interest	3 011	5 592	5 592	326	2 107	2 796	(690)	-25%	5 592
Dividends							-		
<b>Payments</b>									
Suppliers and employees	(682 380)	(444 212)	(444 212)	(113 146)	(464 778)	(222 106)	242 672	-109%	(444 212)
Finance charges	-	(1 328)	(1 328)	-	-	(664)	(664)	100%	(1 328)
Transfers and Grants	(486)	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(99 976)</b>	<b>307 375</b>	<b>311 375</b>	<b>94 124</b>	<b>144 797</b>	<b>155 688</b>	<b>10 891</b>	<b>7%</b>	<b>311 375</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE							-		
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments							-		
<b>Payments</b>									
Capital assets	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(233 320)</b>	<b>(307 283)</b>	<b>(311 283)</b>	<b>(33 726)</b>	<b>(140 994)</b>	<b>(155 642)</b>	<b>(14 648)</b>	<b>9%</b>	<b>(311 283)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits	(170)	(122)	-	1	(2 126)	(1 078)	(1 048)	97%	(2 155)
<b>Payments</b>									
Repayment of borrowing							-		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(170)</b>	<b>(122)</b>	<b>-</b>	<b>1</b>	<b>(2 126)</b>	<b>(1 078)</b>	<b>1 048</b>	<b>-97%</b>	<b>(2 155)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(333 467)</b>	<b>(30)</b>	<b>92</b>	<b>60 398</b>	<b>1 678</b>	<b>(1 032)</b>			<b>(2 063)</b>
Cash/cash equivalents at beginning:	40 671	48 731	48 731	-	51 862				
Cash/cash equivalents at month/year end:	(292 796)	48 701	48 823		53 540	(1 032)			(2 063)

There has rather been higher than expected collection levels signalled by a collection of 85%. Faulty meters are being replaced so as to capture the actual consumption. A debt collector was appointed to assist the municipality to further improve the collection of old debt.

Interest has been less than the year to date budget which was influenced by the negative variance was as a result of a reduction of investment during the financial year due to available cash being committed to day to day operational activities of the municipality.

**Table C1 Parent Monthly Budget**

DC43 Harry Gwala - Table C1 Monthly Budget Statement Summary - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	67 765	69 422	69 422	3 807	30 899	34 711	(3 812)	-11%	69 422
Investment revenue	3 011	5 592	5 592	326	2 107	2 796	(690)	-25%	5 592
Transfers and subsidies	430 342	400 406	400 406	143 718	304 973	200 203	104 770	52%	400 406
Other own revenue	10 879	10 748	10 748	973	5 556	5 374	182	3%	10 748
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>511 997</b>	<b>486 168</b>	<b>486 168</b>	<b>148 824</b>	<b>343 535</b>	<b>243 084</b>	<b>100 451</b>	<b>41%</b>	<b>486 168</b>
Employee costs	217 969	224 855	224 855	20 990	115 913	112 429	3 484	3%	224 855
Remuneration of Councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
Depreciation & asset impairment	79 359	86 885	86 885	38 485	38 485	43 443	(4 958)	-11%	86 885
Finance charges	995	1 313	1 313	-	-	656	(656)	-100%	1 313
Inventory consumed and bulk purchases	27 868	30 950	30 950	6 848	22 011	15 475	6 536	42%	30 950
Transfers and subsidies	17 000	17 000	17 000	5 000	10 600	8 500	2 100	25%	17 000
Other expenditure	224 777	191 158	191 158	26 061	119 818	95 580	24 238	25%	191 158
<b>Total Expenditure</b>	<b>575 782</b>	<b>561 084</b>	<b>561 084</b>	<b>98 082</b>	<b>310 293</b>	<b>280 544</b>	<b>29 750</b>	<b>11%</b>	<b>561 084</b>
<b>Surplus/(Deficit)</b>	<b>(63 785)</b>	<b>(74 916)</b>	<b>(74 916)</b>	<b>50 742</b>	<b>33 241</b>	<b>(37 460)</b>	<b>70 701</b>	<b>-189%</b>	<b>(74 916)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	302 857	298 258	302 258	162 562	162 562	150 729	11 833	8%	302 258
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	4 693	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>243 766</b>	<b>223 342</b>	<b>227 342</b>	<b>213 304</b>	<b>195 803</b>	<b>113 269</b>	<b>82 534</b>	<b>73%</b>	<b>227 342</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>243 766</b>	<b>223 342</b>	<b>227 342</b>	<b>213 304</b>	<b>195 803</b>	<b>113 269</b>	<b>82 534</b>	<b>73%</b>	<b>227 342</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>296 457</b>	<b>306 704</b>	<b>310 704</b>	<b>33 726</b>	<b>140 994</b>	<b>154 952</b>	<b>(13 958)</b>	<b>-9%</b>	<b>310 704</b>
Capital transfers recognised	268 028	298 258	302 258	33 726	134 173	150 729	(16 557)	-11%	302 258
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	28 430	8 446	8 446	-	6 821	4 223	2 598	62%	8 446
<b>Total sources of capital funds</b>	<b>296 457</b>	<b>306 704</b>	<b>310 704</b>	<b>33 726</b>	<b>140 994</b>	<b>154 952</b>	<b>(13 958)</b>	<b>-9%</b>	<b>310 704</b>
<b>Financial position</b>									
Total current assets	1 195 666	1 076 619	1 076 619		262 115				1 076 619
Total non current assets	2 551 972	2 845 328	2 849 328		2 654 481				2 849 328
Total current liabilities	234 977	106 785	106 785		180 862				106 785
Total non current liabilities	42 646	25 676	25 676		27 730				25 676
Community wealth/Equity	<b>2 597 195</b>	<b>2 820 507</b>	<b>2 820 507</b>		<b>2 432 102</b>				<b>2 820 507</b>
<b>Cash flows</b>									
Net cash from (used) operating	(99 976)	307 375	311 375	94 124	144 797	155 688	10 891	7%	311 375
Net cash from (used) investing	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
Net cash from (used) financing	(170)	(122)	-	1	(2 126)	(1 078)	1 048	-97%	(2 155)
<b>Cash/cash equivalents at the month/year end</b>	<b>(292 796)</b>	<b>48 701</b>	<b>48 823</b>	<b>-</b>	<b>53 540</b>	<b>(1 032)</b>	<b>(54 572)</b>	<b>5290%</b>	<b>(2 063)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	6 600	5 344	4 359	4 313	3 922	3 769	24 792	188 863	241 962
<b>Creditors Age Analysis</b>									
Total Creditors	1 567	26	-	154	-	-	-	-	1 747

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	2020/21	Budget Year 2021/22							
	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 - Functional</b>									
<b>Governance and administration</b>	422 901	404 553	404 553	129 689	293 058	202 277	90 781	45%	404 553
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	422 901	404 553	404 553	129 689	293 058	202 277	90 781	45%	404 553
Internal audit	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	8 568	5 322	5 322	10 142	10 142	2 661	7 481	281%	5 322
Planning and development	8 568	5 322	5 322	10 142	10 142	2 661	7 481	281%	5 322
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	388 078	374 551	378 551	171 556	202 897	188 875	14 022	7%	378 551
Energy sources	-	-	-	-	-	-	-	-	-
Water management	358 853	360 199	360 199	167 549	193 524	180 099	13 425	7%	360 199
Waste water management	29 226	14 352	18 352	4 007	9 373	8 776	598	7%	18 352
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>819 547</b>	<b>784 426</b>	<b>788 426</b>	<b>311 386</b>	<b>506 097</b>	<b>393 813</b>	<b>112 284</b>	<b>29%</b>	<b>788 426</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	233 309	251 534	251 134	25 646	119 609	125 635	(6 026)	-5%	251 134
Executive and council	27 920	24 745	24 745	2 093	16 689	12 373	4 316	35%	24 745
Finance and administration	195 887	217 553	217 153	22 795	98 781	108 644	(9 863)	-9%	217 153
Internal audit	9 503	9 236	9 236	758	4 139	4 618	(479)	-10%	9 236
<b>Community and public safety</b>	17 674	18 501	18 501	2 438	9 870	9 250	619	7%	18 501
Community and social services	17 674	18 501	18 501	2 438	9 870	9 250	619	7%	18 501
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	123 312	138 302	138 302	41 587	64 538	69 151	(4 613)	-7%	138 302
Planning and development	123 312	138 302	138 302	41 587	64 538	69 151	(4 613)	-7%	138 302
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	201 487	152 747	153 147	28 411	116 277	76 507	39 770	52%	153 147
Energy sources	-	-	-	-	-	-	-	-	-
Water management	200 625	151 849	152 249	28 342	115 690	76 058	39 632	52%	152 249
Waste water management	862	898	898	69	587	449	138	31%	898
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>575 782</b>	<b>561 084</b>	<b>561 084</b>	<b>98 082</b>	<b>310 293</b>	<b>280 544</b>	<b>29 750</b>	<b>11%</b>	<b>561 084</b>
<b>Surplus/ (Deficit) for the year</b>	<b>243 766</b>	<b>223 342</b>	<b>227 342</b>	<b>213 304</b>	<b>195 803</b>	<b>113 269</b>	<b>82 534</b>	<b>73%</b>	<b>227 342</b>

Table C2: Parent Monthly Budget Statement: Financial Performance, reflects the operating revenue in the standard classifications

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2021 was R 506million against a year to date budget of R 402, 7million representing over performance of 26%.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 107% against the year to date budget which is over performed by 7%.

DC43 Harry Gwala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

Vote Description	2020/21	Budget Year 2021/22							
	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 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	422 192	404 553	404 553	129 689	292 858	202 277	90 581	44,8%	404 553
Vote 04 - Summary Corporate Services	665	-	-	-	159	-	159	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planning	3 875	5 322	5 322	10 142	10 142	2 661	7 481	281,1%	5 322
Vote 06 - Summary Infrastructure Services	305 438	311 333	311 333	163 912	165 479	155 666	9 812	6,3%	311 333
Vote 07 - Summary Water Services	87 377	63 218	67 218	7 644	37 460	33 209	4 251	12,8%	67 218
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>819 547</b>	<b>784 426</b>	<b>788 426</b>	<b>311 386</b>	<b>506 097</b>	<b>393 813</b>	<b>112 284</b>	<b>28,5%</b>	<b>788 426</b>
<b>Expenditure by Vote</b>									
Vote 01 - Summary Council	14 956	16 256	16 256	1 332	10 211	8 128	2 083	25,6%	16 256
Vote 02 - Summary Municipal Manager	22 466	17 726	17 726	1 519	10 617	8 863	1 754	19,8%	17 726
Vote 03 - Summary Budget And Treasury Office	59 812	85 267	85 267	8 555	30 035	42 634	(12 599)	-29,6%	85 267
Vote 04 - Summary Corporate Services	89 619	89 530	89 530	9 650	40 895	44 765	(3 871)	-8,6%	89 530
Vote 05 - Summary Social Services & Development Planning	48 107	52 206	52 206	8 699	27 683	26 103	1 580	6,1%	52 206
Vote 06 - Summary Infrastructure Services	97 107	109 078	109 078	35 699	51 958	54 539	(2 581)	-4,7%	109 078
Vote 07 - Summary Water Services	243 714	191 021	191 021	32 628	138 895	95 511	43 384	45,4%	191 021
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>575 782</b>	<b>561 084</b>	<b>561 084</b>	<b>98 082</b>	<b>310 293</b>	<b>280 544</b>	<b>29 750</b>	<b>10,6%</b>	<b>561 084</b>
<b>Surplus/ (Deficit) for the year</b>	<b>243 766</b>	<b>223 342</b>	<b>227 342</b>	<b>213 304</b>	<b>195 803</b>	<b>113 269</b>	<b>82 534</b>	<b>72,9%</b>	<b>227 342</b>

Table C3: Monthly Budget Statement – Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The municipal directorates are Executive Council; Municipal Manager; Budget and Treasury; Corporate Services; Social Services and Development Planning; Infrastructure Services and Water Services. The operating expenditure budget is approved by Council on the municipal vote level.



DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	2020/21	Budget Year 2021/22							
	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>									
Property rates	-	-	-	-	-	-	-		-
Service charges - electricity revenue									
Service charges - water revenue	54 003	48 866	48 866	2 995	24 627	24 433	194	1%	48 866
Service charges - sanitation revenue	13 762	20 555	20 555	811	6 271	10 278	(4 006)	-39%	20 555
Interest earned - external investments	3 011	5 592	5 592	326	2 107	2 796	(690)	-25%	5 592
Interest earned - outstanding debtors	10 100	10 198	10 198	973	5 278	5 099	179	4%	10 198
Transfers and subsidies	430 342	400 406	400 406	143 718	304 973	200 203	104 770	52%	400 406
Other revenue	778	549	549	-	278	275	3	1%	549
Gains	-	-	-	-	-	-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>511 997</b>	<b>486 168</b>	<b>486 168</b>	<b>148 824</b>	<b>343 535</b>	<b>243 084</b>	<b>100 451</b>	<b>41%</b>	<b>486 168</b>
<b>Expenditure By Type</b>									
Employee related costs	217 969	224 855	224 855	20 990	115 913	112 429	3 484	3%	224 855
Remuneration of councillors	7 813	8 922	8 922	698	3 467	4 461	(994)	-22%	8 922
Debt impairment	31 734	27 645	27 645	-	-	13 822	(13 822)	-100%	27 645
Depreciation & asset impairment	79 359	86 885	86 885	38 485	38 485	43 443	(4 958)	-11%	86 885
Finance charges	995	1 313	1 313	-	-	656	(656)	-100%	1 313
Bulk purchases - electricity	22 023	-	-	-	(1)	-	(1)	#DIV/0!	-
Inventory consumed	5 845	30 950	30 950	6 848	22 012	15 475	6 537	42%	30 950
Contracted services	129 640	104 211	104 991	18 522	84 382	52 536	31 846	61%	104 991
Transfers and subsidies	17 000	17 000	17 000	5 000	10 600	8 500	2 100	25%	17 000
Other expenditure	56 907	59 303	58 523	7 539	35 435	29 221	6 214	21%	58 523
Losses	6 496	-	-	-	-	-	-		-
<b>Total Expenditure</b>	<b>575 782</b>	<b>561 084</b>	<b>561 084</b>	<b>98 082</b>	<b>310 293</b>	<b>280 544</b>	<b>29 750</b>	<b>11%</b>	<b>561 084</b>
<b>Surplus/(Deficit)</b>	<b>(63 785)</b>	<b>(74 916)</b>	<b>(74 916)</b>	<b>50 742</b>	<b>33 241</b>	<b>(37 460)</b>	<b>70 701</b>	<b>(0)</b>	<b>(74 916)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	302 857	298 258	302 258	162 562	162 562	150 729	11 833	0	302 258
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)									
Transfers and subsidies - capital (in-kind - all)	4 693	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>243 766</b>	<b>223 342</b>	<b>227 342</b>	<b>213 304</b>	<b>195 803</b>	<b>113 269</b>			<b>227 342</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>243 766</b>	<b>223 342</b>	<b>227 342</b>	<b>213 304</b>	<b>195 803</b>	<b>113 269</b>			<b>227 342</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>243 766</b>	<b>223 342</b>	<b>227 342</b>	<b>213 304</b>	<b>195 803</b>	<b>113 269</b>			<b>227 342</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>243 766</b>	<b>223 342</b>	<b>227 342</b>	<b>213 304</b>	<b>195 803</b>	<b>113 269</b>			<b>227 342</b>

DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06

Vote Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	500	500	-	-	250	(250)	-100%	500
Vote 04 - Summary Corporate Services	7 226	4 031	4 031	-	5 822	2 015	3 807	189%	4 031
Vote 05 - Summary Social Services & Development Planning	7 355	1 291	1 291	-	47	645	(598)	-93%	1 291
Vote 06 - Summary Infrastructure Services	46 050	16 300	16 300	626	7 839	8 150	(311)	-4%	16 300
Vote 07 - Summary Water Services	235 826	284 583	288 583	33 100	127 285	143 891	(16 606)	-12%	288 583
<b>Total Capital Multi-year expenditure</b>	<b>296 457</b>	<b>306 704</b>	<b>310 704</b>	<b>33 726</b>	<b>140 994</b>	<b>154 952</b>	<b>(13 958)</b>	<b>-9%</b>	<b>310 704</b>
<b>Total Capital Expenditure</b>	<b>296 457</b>	<b>306 704</b>	<b>310 704</b>	<b>33 726</b>	<b>140 994</b>	<b>154 952</b>	<b>(13 958)</b>	<b>-9%</b>	<b>310 704</b>
<b>Capital Expenditure - Functional Classification</b>									
<b>Governance and administration</b>	<b>7 226</b>	<b>4 531</b>	<b>4 531</b>	<b>-</b>	<b>5 822</b>	<b>2 265</b>	<b>3 557</b>	<b>157%</b>	<b>4 531</b>
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	7 226	4 531	4 531	-	5 822	2 265	3 557	157%	4 531
Internal audit	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>7 355</b>	<b>1 021</b>	<b>1 021</b>	<b>-</b>	<b>47</b>	<b>510</b>	<b>(463)</b>	<b>-91%</b>	<b>1 021</b>
Community and social services	7 355	1 021	1 021	-	47	510	(463)	-91%	1 021
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>18 541</b>	<b>1 270</b>	<b>1 270</b>	<b>-</b>	<b>-</b>	<b>635</b>	<b>(635)</b>	<b>-100%</b>	<b>1 270</b>
Planning and development	18 541	1 270	1 270	-	-	635	(635)	-100%	1 270
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>263 335</b>	<b>299 883</b>	<b>303 883</b>	<b>33 726</b>	<b>135 125</b>	<b>151 541</b>	<b>(16 417)</b>	<b>-11%</b>	<b>303 883</b>
Energy sources	-	-	-	-	-	-	-	-	-
Water management	248 698	244 033	243 033	28 272	106 598	121 950	(15 352)	-13%	243 033
Waste water management	14 637	55 850	60 850	5 454	28 527	29 592	(1 065)	-4%	60 850
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>296 457</b>	<b>306 704</b>	<b>310 704</b>	<b>33 726</b>	<b>140 994</b>	<b>154 952</b>	<b>(13 958)</b>	<b>-9%</b>	<b>310 704</b>
<b>Funded by:</b>									
National Government	249 289	298 258	298 258	33 179	133 578	149 129	(15 551)	-10%	298 258
Provincial Government	18 739	-	4 000	547	547	1 600	(1 053)	-66%	4 000
District Municipality	-	-	-	-	47	-	47	#DIV/0!	-
<b>Transfers recognised - capital</b>	<b>268 028</b>	<b>298 258</b>	<b>302 258</b>	<b>33 726</b>	<b>134 173</b>	<b>150 729</b>	<b>(16 557)</b>	<b>-11%</b>	<b>302 258</b>
Internally generated funds	28 430	8 446	8 446	-	6 821	4 223	2 598	62%	8 446
<b>Total Capital Funding</b>	<b>296 457</b>	<b>306 704</b>	<b>310 704</b>	<b>33 726</b>	<b>140 994</b>	<b>154 952</b>	<b>(13 958)</b>	<b>-9%</b>	<b>310 704</b>

Capital expenditure typically includes vehicles, computer, equipment, Office furniture's, etc. which are funded by internal contributions. It also includes expenditure on water and sanitation infrastructure funded by external funds such as MIG. Capital expenditure reflects overspending for the mid-year ending 31 December 2021. The 2021/2022 year to date actual capital expenditure amounting to R140, 9million against year to date budget of R154, 9million representing 91% of the year to date budget.

DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	2020/21	Budget Year 2021/22			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash	355 843	11 058	11 058	(363 322)	11 058
Call investment deposits	787 515	40 121	40 121	549 484	40 121
Consumer debtors	29 191	30 951	30 951	39 514	30 951
Other debtors	22 709	25 222	25 222	36 032	25 222
Current portion of long-term receivables	-	-	-	-	-
Inventory	408	267	267	408	267
<b>Total current assets</b>	<b>1 195 666</b>	<b>107 619</b>	<b>107 619</b>	<b>262 115</b>	<b>107 619</b>
<b>Non current assets</b>					
Long-term receivables					
Investments					
Investment property	-	-	-	-	-
Investments in Associate					
Property, plant and equipment	2 551 394	2 843 832	2 847 832	2 654 003	2 847 832
Intangible	578	1 496	1 496	477	1 496
Other non-current assets	0	0	0	0	0
<b>Total non current assets</b>	<b>2 551 972</b>	<b>2 845 328</b>	<b>2 849 328</b>	<b>2 654 481</b>	<b>2 849 328</b>
<b>TOTAL ASSETS</b>	<b>3 747 638</b>	<b>2 952 948</b>	<b>2 956 948</b>	<b>2 916 596</b>	<b>2 956 948</b>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities</b>					
Bank overdraft	-	-	-	-	-
Borrowing	-	-	-	13 194	-
Consumer deposits	2 034	2 155	2 155	2 126	2 155
Trade and other payables	217 856	91 336	91 336	150 455	91 336
Provisions	15 088	13 294	13 294	15 088	13 294
<b>Total current liabilities</b>	<b>234 977</b>	<b>106 785</b>	<b>106 785</b>	<b>180 862</b>	<b>106 785</b>
<b>Non current liabilities</b>					
Borrowing	18 098	1 878	1 878	3 182	1 878
Provisions	24 548	23 797	23 797	24 548	23 797
<b>Total non current liabilities</b>	<b>42 646</b>	<b>25 676</b>	<b>25 676</b>	<b>27 730</b>	<b>25 676</b>
<b>TOTAL LIABILITIES</b>	<b>277 622</b>	<b>132 461</b>	<b>132 461</b>	<b>208 592</b>	<b>132 461</b>
<b>NET ASSETS</b>	<b>3 470 016</b>	<b>2 820 487</b>	<b>2 824 487</b>	<b>2 708 004</b>	<b>2 824 487</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>					
Accumulated Surplus/(Deficit)	3 470 016	2 820 487	2 824 487	2 708 004	2 824 487
Reserves	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>3 470 016</b>	<b>2 820 487</b>	<b>2 824 487</b>	<b>2 708 004</b>	<b>2 824 487</b>

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates							-		
Service charges	130 189	53 905	53 905	7 241	33 921	26 952	6 968	26%	53 905
Other revenue	307	549	549	-	109	275	(166)	-60%	549
Transfers and Subsidies - Operational	234 355	389 288	389 288	129 203	321 218	194 644	126 574	65%	389 288
Transfers and Subsidies - Capital	215 028	303 580	307 580	70 500	252 221	153 790	98 431	64%	307 580
Interest	3 011	5 592	5 592	326	2 107	2 796	(690)	-25%	5 592
Dividends							-		
<b>Payments</b>									
Suppliers and employees	(682 380)	(444 212)	(444 212)	(113 146)	(464 778)	(222 106)	242 672	-109%	(444 212)
Finance charges	-	(1 328)	(1 328)	-	-	(664)	(664)	100%	(1 328)
Transfers and Grants	(486)	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(99 976)</b>	<b>307 375</b>	<b>311 375</b>	<b>94 124</b>	<b>144 797</b>	<b>155 688</b>	<b>10 891</b>	<b>7%</b>	<b>311 375</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE							-		
Decrease (increase) in non-current receivables							-		
Decrease (increase) in non-current investments							-		
<b>Payments</b>									
Capital assets	(233 320)	(307 283)	(311 283)	(33 726)	(140 994)	(155 642)	(14 648)	9%	(311 283)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(233 320)</b>	<b>(307 283)</b>	<b>(311 283)</b>	<b>(33 726)</b>	<b>(140 994)</b>	<b>(155 642)</b>	<b>(14 648)</b>	<b>9%</b>	<b>(311 283)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits	(170)	(122)	-	1	(2 126)	(1 078)	(1 048)	97%	(2 155)
<b>Payments</b>									
Repayment of borrowing							-		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(170)</b>	<b>(122)</b>	<b>-</b>	<b>1</b>	<b>(2 126)</b>	<b>(1 078)</b>	<b>1 048</b>	<b>-97%</b>	<b>(2 155)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(333 467)</b>	<b>(30)</b>	<b>92</b>	<b>60 398</b>	<b>1 678</b>	<b>(1 032)</b>			<b>(2 063)</b>
Cash/cash equivalents at beginning:	40 671	48 731	48 731	-	51 862				
Cash/cash equivalents at month/year end:	(292 796)	48 701	48 823		53 540	(1 032)			(2 063)

## 2. PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at Midyear.

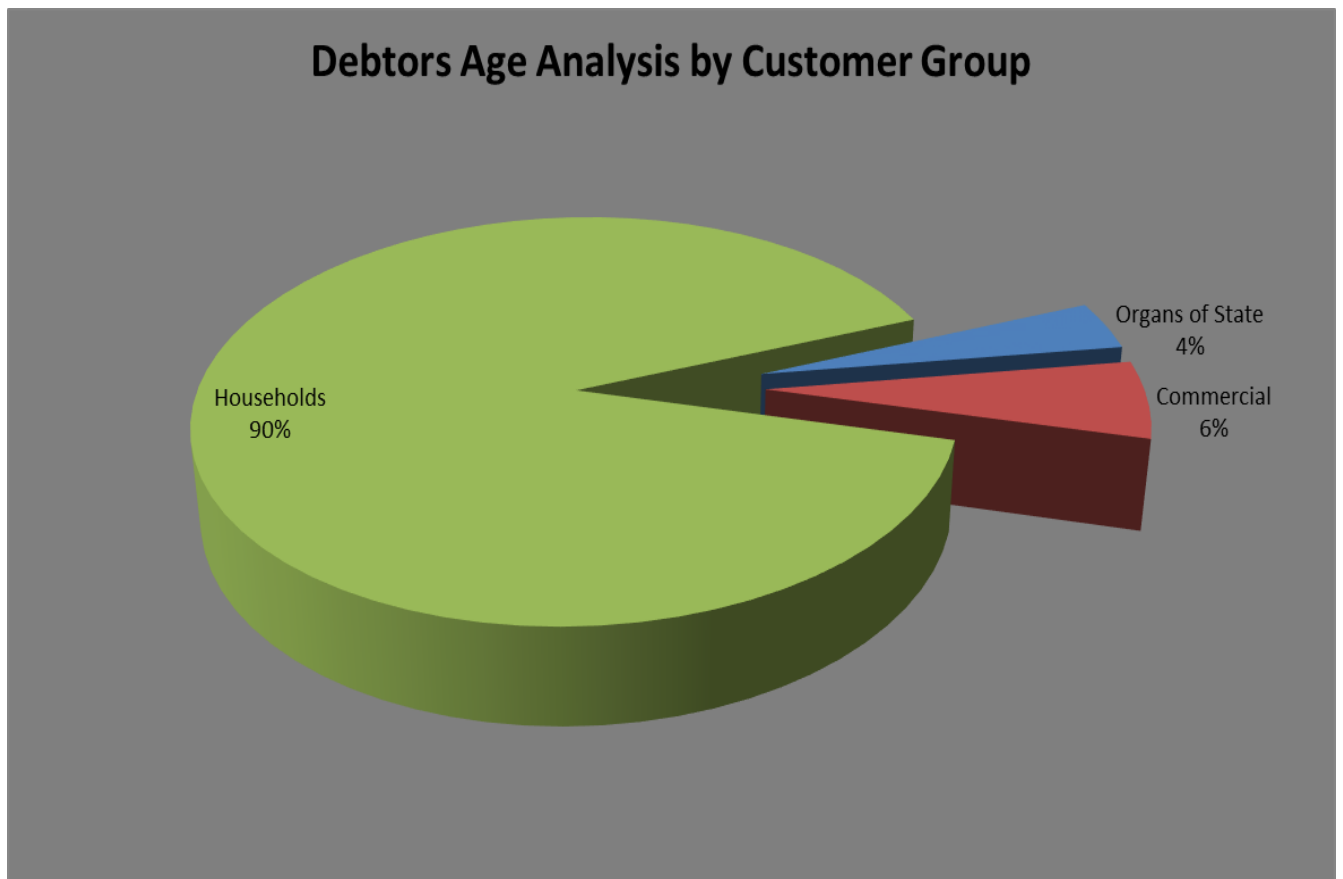
**Table 2.1.1: Debtors Age Analysis by Income Source**

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	Budget Year 2021/22									
	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										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	4 237	3 430	2 798	2 768	2 518	2 420	15 915	121 235	155 321	144 856
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	1 655	1 340	1 093	1 082	984	945	6 217	47 362	60 678	56 590
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	708	573	468	463	421	404	2 660	20 265	25 963	24 214
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
<b>Total By Income Source</b>	<b>6 600</b>	<b>5 344</b>	<b>4 359</b>	<b>4 313</b>	<b>3 922</b>	<b>3 769</b>	<b>24 792</b>	<b>188 863</b>	<b>241 962</b>	<b>225 659</b>
2020/21 - totals only									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	3 155	2 375	1 024	718	419	286	1 074	3 645	12 697	6 143
Commercial	886	443	394	515	427	311	2 334	10 012	15 323	13 600
Households	2 559	2 525	2 941	3 080	3 075	3 172	21 384	175 206	213 942	205 916
Other									-	-
<b>Total By Customer Group</b>	<b>6 600</b>	<b>5 344</b>	<b>4 359</b>	<b>4 313</b>	<b>3 922</b>	<b>3 769</b>	<b>24 792</b>	<b>188 863</b>	<b>241 962</b>	<b>225 659</b>

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

### 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.

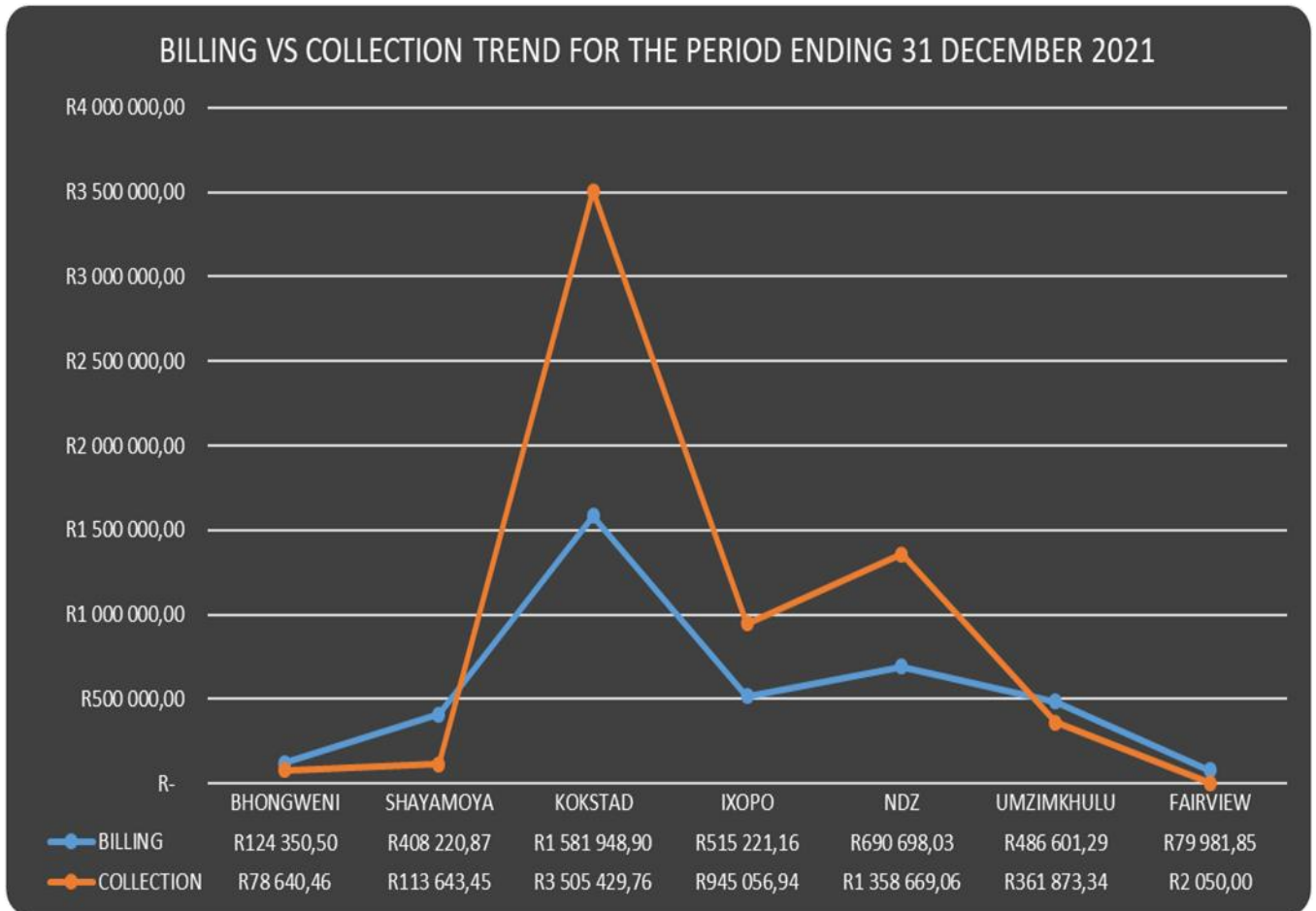
The table that follows below unpacks the revenue receipts per Local Municipality in the District

Revenue receipts per Area:

AREA	AMOUNT		
		DECEMBER 2021	NOVEMBER 2021
Unallocated receipts	R 46 498,75	1%	1%
Bhongweni	R 78 640,46	1%	0%
Shayamoya	R 113 643,45	2%	0%
Kokstad	R 3 505 429,76	55%	39%
Ixopo	R 945 056,94	15%	13%
NDZ	R 1 358 669,06	21%	35%
Umzimkhulu	R 361 873,34	6%	6%
Fairview	R 2 050,00	0%	0%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 6 411 861,76</b>	100%	100%

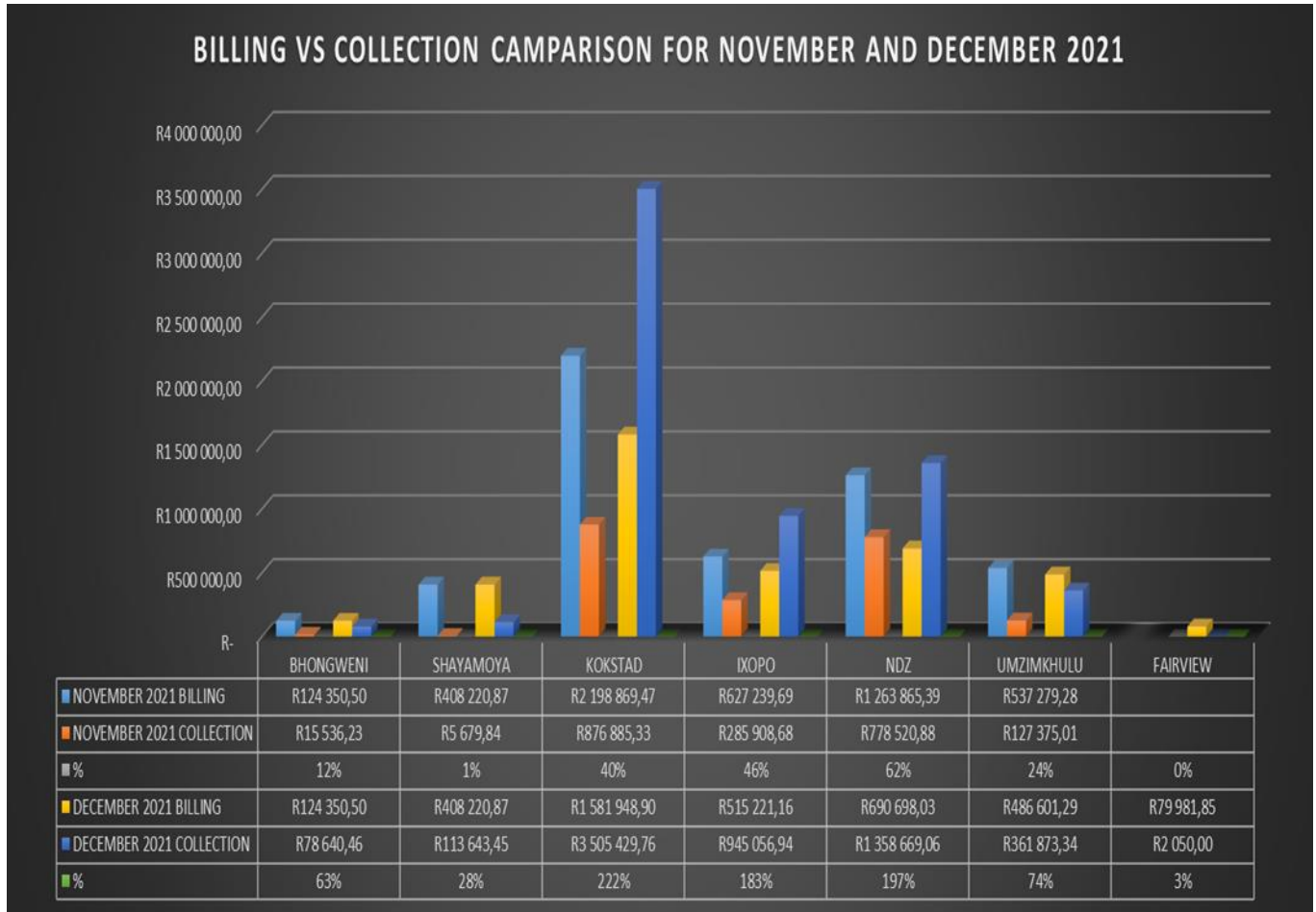
The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for December 2021 is R6, 4million. The total billing for the mid-year is R 32, 3million against collection of R 27, 4million representing 85 per cent.

**BILLING VS COLLECTION TREND FOR NOVEMBER AND DECEMBER**





### CHART 3: BILLING VS COLLECTION (COMPARISON BETWEEN NOVEMBER AND DECEMBER 2021)



## **Debtors age analysis per service**

The municipality's total outstanding debtors amounted to R 239 308 888 as at 31 December 2021 compared with the R 241 962 204 as at 30 November 2021. Current debt represent 2% of the total outstanding debt compared with the 3% of November 2021; 30 days and older debt 2% compared with the 2% for November 2021; 60 days and older debt 2% compared with the 2% of November 2021; and 90 days 2% compared with the 2% of November 2021; 120 days to History and older 93% compared with the 91% for November 2021.

Current debt decreased with R 2,653,317 to R 239,308,888 compared with the R 241,962,204 as at 30 November 2021; 30 days + debt decreased with R 856,878; 60 days + decreased with R 571,332; 90 days + debt decreased with R 522,734 and 120 + days and older debt as at 30 November 2021 has Increased with R 803,622 to R 222,149,806 compared with the R 221,346,144 as at 30 November 2021.

## **Debtors age analysis per debtor type**

Business debtors owes the municipality R 14,629,109 (6%); Municipal debtors R 1,103,353 (0%); domestic debtors R 199,796,141 (83%); Government accounts R 9,213,071 (4%); Indigent debtors R 9,137,203 (4%) and other debtors R 5,430,010 (2%) of the total outstanding debt of R 239,308,888.

## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2021

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	Budget Year 2021/22								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity									-
Bulk Water									-
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	1 567	26	-	154	-	-	-	-	1 747
Auditor General									-
Other									-
<b>Total By Customer Type</b>	<b>1 567</b>	<b>26</b>	<b>-</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 747</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 December 2021.

DC43 Harry Gwala - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID R thousands	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
	Yrs/Months							
<b>Municipality</b>								
FIRST NATIONAL BANK		CALL ACCOUNT		3 459	10	(21 262)	80 000	62 207
FIRST NATIONAL BANK		CALL ACCOUNT		66 590	134	(36 219)	40 500	71 005
FIRST NATIONAL BANK		ADMIN CALL		1 803	2	(23 253)	30 000	8 552
INVESTEC		FIXED DEPOSIT		1 557	5	-	-	1 562
FIRST NATIONAL BANK		FIXED DEPOSIT		37 923	97	(10 921)	-	27 099
FIRST NATIONAL BANK		CALL ACCOUNT		1 164	3	(1 000)	2 068	2 235
FIRST NATIONAL BANK		CALL ACCOUNT		4 016	3	(2 477)	-	1 542
FIRST NATIONAL BANK		CALL ACCOUNT		2	-	-	-	2
FIRST NATIONAL BANK		FIXED DEPOSIT		1 212	0	(1 000)	-	213
NEDBANK		FIXED DEPOSIT		21 272	64	-	-	21 336
FIRST NATIONAL BANK		CURRENT ACCOUNT		15 900			15 874	31 774
								-
<b>Municipality sub-total</b>				<b>154 898</b>	<b>318</b>	<b>(96 132)</b>	<b>168 442</b>	<b>227 527</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>154 898</b>		<b>(96 132)</b>	<b>168 442</b>	<b>227 527</b>

## 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 - M06 December

Description	2020/21	Budget Year 2021/22							
	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>	429 587	400 406	400 406	143 718	304 973	200 203	104 770	52,3%	400 406
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	417 623	387 013	387 013	129 004	290 259	193 506	96 753	50,0%	387 013
Expanded Public Works Programme Integrated Grant	5 195	4 596	4 596	3 217	3 217	2 298	919	40,0%	4 596
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 000	1 200	1 200	356	356	600	(244)	-40,7%	1 200
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	3 524	5 322	5 322	10 142	10 142	2 661	7 481	281,1%	5 322
Rural Road Asset Management Systems Grant	2 245	2 275	2 275	1 000	1 000	1 137	(137)	-12,1%	2 275
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	352	-	-	-	-	-	-	-	-
Capacity Building and Other Grants	352	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	17 000	17 000	-	-	8 500	(8 500)	-100,0%	17 000
Specify (Add grant description)	-	17 000	17 000	-	-	8 500	(8 500)	-100,0%	17 000
<b>Other grant providers:</b>	404	-	-	-	-	-	-	-	-
Chemical Industry Seta	404	-	-	-	-	-	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>430 342</b>	<b>417 406</b>	<b>417 406</b>	<b>143 718</b>	<b>304 973</b>	<b>208 703</b>	<b>96 270</b>	<b>46,1%</b>	<b>417 406</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	287 857	298 258	298 258	159 456	159 456	149 129	10 327	6,9%	298 258
Equitable Share	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	205 476	207 558	207 558	116 777	116 777	103 779	12 998	12,5%	207 558
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	22 381	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	60 000	90 700	90 700	42 679	42 679	45 350	(2 671)	-5,9%	90 700
<b>Provincial Government:</b>	19 693	-	4 000	3 107	3 107	1 600	1 507	94,2%	4 000
Infrastructure Grant	19 693	-	4 000	3 107	3 107	1 600	1 507	94,2%	4 000
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>307 550</b>	<b>298 258</b>	<b>302 258</b>	<b>162 562</b>	<b>162 562</b>	<b>150 729</b>	<b>11 833</b>	<b>7,9%</b>	<b>302 258</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>737 892</b>	<b>715 664</b>	<b>719 664</b>	<b>306 281</b>	<b>467 536</b>	<b>359 432</b>	<b>108 104</b>	<b>30,1%</b>	<b>719 664</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 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	487 163	507 017	507 417	92 560	275 233	253 643	21 589	8,5%	507 417
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	478 059	492 327	494 048	91 645	270 607	246 959	23 648	9,6%	494 048
Expanded Public Works Programme Integrated Grant	5 467	5 976	4 655	626	3 313	2 328	986	42,3%	4 655
Local Government Financial Management Grant	836	1 117	1 117	57	443	558	(115)	-20,6%	1 117
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	849	5 322	5 322	-	-	2 661	(2 661)	-100,0%	5 322
Rural Road Asset Management Systems Grant	1 952	2 275	2 275	232	870	1 138	(268)	-23,6%	2 275
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	-	-	-	-	-	-	-	-	-
Capacity Building and Other Grants	-	-	-	-	-	-	-	-	-
Development Planning and Shared Services	-	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	16 510	16 510	-	-	8 255	(8 255)	-100,0%	16 510
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
Chemical Industry Seta	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	<b>487 163</b>	<b>507 017</b>	<b>507 417</b>	<b>92 560</b>	<b>275 233</b>	<b>253 643</b>	<b>21 589</b>	<b>8,5%</b>	<b>507 417</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	249 289	298 258	298 258	33 179	133 578	149 129	(15 551)	-10,4%	298 258
Local Government Financial Management Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	178 208	207 558	207 558	25 512	95 880	103 779	(7 899)	-7,6%	207 558
Regional Bulk Infrastructure Grant	19 682	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	51 399	90 700	90 700	7 666	37 698	45 350	(7 652)	-16,9%	90 700
<b>Provincial Government:</b>	<b>18 739</b>	<b>-</b>	<b>4 000</b>	<b>547</b>	<b>547</b>	<b>1 600</b>	<b>(1 053)</b>	<b>-65,8%</b>	<b>4 000</b>
Infrastructure Grant	18 739	-	4 000	547	547	1 600	(1 053)	-65,8%	4 000
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>-</b>	<b>47</b>	<b>#DIV/0!</b>	<b>-</b>
Specify (Add grant description)	-	-	-	-	47	-	47	-	-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital expenditure of Transfers and Grants</b>	<b>268 028</b>	<b>298 258</b>	<b>302 258</b>	<b>33 726</b>	<b>134 173</b>	<b>150 729</b>	<b>(16 557)</b>	<b>-11,0%</b>	<b>302 258</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>755 191</b>	<b>805 275</b>	<b>809 675</b>	<b>126 286</b>	<b>409 405</b>	<b>404 373</b>	<b>5 033</b>	<b>1,2%</b>	<b>809 675</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at midyear.

## DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	2020/21	Budget Year 2021/22							
	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	5 324	6 027	6 027	477	2 341	3 014	(673)	-22%	6 027
Pension and UIF Contributions	498	698	698	42	217	349	(132)	-38%	698
Medical Aid Contributions	57	61	61	-	24	31	(6)	-21%	61
Cellphone Allowance	663	875	875	41	271	437	(166)	-38%	875
Other benefits and allowances	1 271	1 262	1 262	138	615	631	(16)	-3%	1 262
<b>Sub Total - Councillors</b>	<b>7 813</b>	<b>8 922</b>	<b>8 922</b>	<b>698</b>	<b>3 467</b>	<b>4 461</b>	<b>(994)</b>	<b>-22%</b>	<b>8 922</b>
<b>% increase</b>		<b>14,2%</b>	<b>14,2%</b>						<b>14,2%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	4 029	4 281	4 281	336	2 014	2 141	(127)	-6%	4 281
Pension and UIF Contributions	11	11	11	1	6	6	1	11%	11
Medical Aid Contributions	171	182	182	14	87	91	(4)	-5%	182
Performance Bonus	106	56	56	-	55	28	27	98%	56
Motor Vehicle Allowance	1 052	1 153	1 153	88	526	576	(50)	-9%	1 153
Cellphone Allowance	117	125	125	10	58	62	(4)	-7%	125
Housing Allowances	160	177	177	13	80	89	(9)	-10%	177
Other benefits and allowances	459	492	492	38	230	246	(16)	-7%	492
<b>Sub Total - Senior Managers of Municipality</b>	<b>6 105</b>	<b>6 477</b>	<b>6 477</b>	<b>500</b>	<b>3 056</b>	<b>3 239</b>	<b>(182)</b>	<b>-6%</b>	<b>6 477</b>
<b>% increase</b>		<b>6,1%</b>	<b>6,1%</b>						<b>6,1%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	126 815	136 771	136 771	12 828	69 090	68 386	704	1%	136 771
Pension and UIF Contributions	18 955	19 567	19 567	1 735	10 238	9 783	455	5%	19 567
Medical Aid Contributions	9 177	9 338	9 338	822	4 913	4 669	243	5%	9 338
Overtime	129	119	119	13	75	60	15	26%	119
Performance Bonus	8 464	7 716	7 716	845	4 345	3 858	487	13%	7 716
Motor Vehicle Allowance	16 182	17 160	17 160	1 778	10 158	8 580	1 578	18%	17 160
Cellphone Allowance	851	858	858	84	485	429	56	13%	858
Housing Allowances	570	586	586	49	292	293	(1)	0%	586
Other benefits and allowances	20 465	20 906	20 906	2 045	11 704	10 453	1 251	12%	20 906
Payments in lieu of leave	3 207	1 204	1 204	223	1 068	602	466	77%	1 204
Long service awards	981	810	810	68	489	405	84	21%	810
Post-retirement benefit obligations	6 069	3 343	3 343	-	-	1 672	(1 672)	-100%	3 343
<b>Sub Total - Other Municipal Staff</b>	<b>211 864</b>	<b>218 378</b>	<b>218 378</b>	<b>20 490</b>	<b>112 857</b>	<b>109 190</b>	<b>3 667</b>	<b>3%</b>	<b>218 378</b>
<b>% increase</b>		<b>3,1%</b>	<b>3,1%</b>						<b>3,1%</b>
<b>Total Parent Municipality</b>	<b>225 782</b>	<b>233 777</b>	<b>233 777</b>	<b>21 688</b>	<b>119 380</b>	<b>116 890</b>	<b>2 490</b>	<b>2%</b>	<b>233 777</b>
		<b>3,5%</b>	<b>3,5%</b>						<b>3,5%</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>									
<b>Board Members of Entities</b>									
Basic Salaries and Wages	-	373	373	12	275	186	88	47%	373
<b>Sub Total - Board Members of Entities</b>	<b>-</b>	<b>373</b>	<b>373</b>	<b>12</b>	<b>275</b>	<b>186</b>	<b>88</b>	<b>47%</b>	<b>373</b>
<b>% increase</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>						<b>#DIV/0!</b>
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	-	1 730	1 730	-	-	865	(865)	-100%	1 730
<b>Sub Total - Senior Managers of Entities</b>	<b>-</b>	<b>1 730</b>	<b>1 730</b>	<b>-</b>	<b>-</b>	<b>865</b>	<b>(865)</b>	<b>-100%</b>	<b>1 730</b>
<b>% increase</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>						<b>#DIV/0!</b>
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	-	7 675	7 675	1 111	4 454	3 837	616	16%	7 675
Pension and UIF Contributions	-	1 470	1 470	-	-	735	(735)	-100%	1 470
Medical Aid Contributions	-	479	479	-	-	240	(240)	-100%	479
Performance Bonus	-	533	533	-	-	266	(266)	-100%	533
Payments in lieu of leave	-	43	43	-	-	21	(21)	-100%	43
<b>Sub Total - Other Staff of Entities</b>	<b>-</b>	<b>10 199</b>	<b>10 199</b>	<b>1 111</b>	<b>4 454</b>	<b>5 099</b>	<b>(646)</b>	<b>-13%</b>	<b>10 199</b>
<b>% increase</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>						<b>#DIV/0!</b>
<b>Total Municipal Entities</b>	<b>-</b>	<b>12 301</b>	<b>12 301</b>	<b>1 123</b>	<b>4 728</b>	<b>6 151</b>	<b>(1 422)</b>	<b>-23%</b>	<b>12 301</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>225 782</b>	<b>246 079</b>	<b>246 079</b>	<b>22 811</b>	<b>124 109</b>	<b>123 041</b>	<b>1 068</b>	<b>1%</b>	<b>246 079</b>
<b>% increase</b>		<b>9,0%</b>	<b>9,0%</b>						<b>9,0%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>217 969</b>	<b>236 784</b>	<b>236 784</b>	<b>22 101</b>	<b>120 367</b>	<b>118 393</b>	<b>1 974</b>	<b>2%</b>	<b>236 784</b>

## **2.6 Actual and Revised Targets**

Table SC9 presents the actual and revised targets for cash receipts



DC43 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Budget Year 2021/22												2021/22 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 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousands</b>															
<b>Cash Receipts By Source</b>															
Property rates												-			
Service charges - electricity revenue												-			
Service charges - water revenue	2 919	6 943	3 372	6 405	3 267	6 009	3 307	3 307	3 307	3 307	3 307	(5 768)	39 680	41 881	44 214
Service charges - sanitation revenue	557	988	495	1 262	472	1 232	1 185	1 185	1 185	1 185	1 185	3 292	14 225	15 078	15 983
Interest earned - external investments	121	502	377	391	389	326	466	466	466	466	466	1 156	5 592	5 838	6 101
Transfers and Subsidies - Operational	160 611	2 493	-	19 997	8 914	129 203	32 441	32 441	32 441	32 441	32 441	(94 133)	389 288	413 194	416 811
Other revenue	-	0	0	96	12	-	46	46	46	46	46	212	549	574	599
<b>Cash Receipts by Source</b>	<b>164 209</b>	<b>10 925</b>	<b>4 245</b>	<b>28 151</b>	<b>13 055</b>	<b>136 769</b>	<b>37 445</b>	<b>37 445</b>	<b>37 445</b>	<b>37 445</b>	<b>37 445</b>	<b>(95 242)</b>	<b>449 335</b>	<b>476 565</b>	<b>483 708</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	126 293	-	57 021	(1 593)	-	70 500	25 632	25 632	25 632	25 632	25 632	(72 799)	307 580	346 011	361 833
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	122	122	149	143
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>290 502</b>	<b>10 925</b>	<b>61 266</b>	<b>26 558</b>	<b>13 055</b>	<b>207 269</b>	<b>63 076</b>	<b>63 076</b>	<b>63 076</b>	<b>63 076</b>	<b>63 076</b>	<b>(167 920)</b>	<b>757 036</b>	<b>822 725</b>	<b>845 684</b>
<b>Cash Payments by Type</b>															
Employee related costs	-	29 184	20 564	20 623	19 979	26 527	20 507	20 507	20 507	20 507	20 507	26 670	246 079	262 443	279 953
Remuneration of councillors												-			
Interest paid	-	-	-	-	-	-	111	111	111	111	111	774	1 328	1 385	1 447
Bulk purchases - Electricity												-			
Acquisitions - water & other inventory	-	-	-	-	-	-	1 616	1 616	1 616	1 616	1 616	11 314	19 396	20 250	21 161
Contracted services	-	-	-	-	-	-	8 775	8 775	8 775	8 775	8 775	61 423	105 296	110 111	114 923
General expenses	54 121	66 381	50 366	53 979	36 436	86 619	6 120	6 120	6 120	6 120	6 120	(305 061)	73 441	78 948	82 195
<b>Cash Payments by Type</b>	<b>54 121</b>	<b>95 565</b>	<b>70 930</b>	<b>74 601</b>	<b>56 415</b>	<b>113 146</b>	<b>37 128</b>	<b>37 128</b>	<b>37 128</b>	<b>37 128</b>	<b>37 128</b>	<b>(204 880)</b>	<b>445 539</b>	<b>473 136</b>	<b>499 679</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	30 514	28 923	14 433	20 969	12 429	33 726	25 940	25 940	25 940	25 940	25 940	40 588	311 283	347 620	363 499
Other Cash Flows/Payments												-			
<b>Total Cash Payments by Type</b>	<b>84 635</b>	<b>124 488</b>	<b>85 363</b>	<b>95 571</b>	<b>68 843</b>	<b>146 872</b>	<b>63 069</b>	<b>63 069</b>	<b>63 069</b>	<b>63 069</b>	<b>63 069</b>	<b>(164 292)</b>	<b>756 823</b>	<b>820 757</b>	<b>863 177</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>205 867</b>	<b>(113 563)</b>	<b>(24 097)</b>	<b>(69 013)</b>	<b>(55 789)</b>	<b>60 398</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>(3 628)</b>	<b>213</b>	<b>1 968</b>	<b>(17 493)</b>
Cash/cash equivalents at the month/year beginning:	51 862	257 729	144 166	120 070	51 057	(4 732)	55 665	55 673	55 681	55 688	55 696	55 704	51 862	52 076	54 044
Cash/cash equivalents at the month/year end:	257 729	144 166	120 070	51 057	(4 732)	55 665	55 673	55 681	55 688	55 696	55 704	52 076	52 076	54 044	36 551

## **2.7 Material Variances to the SDBIP**

The following section analyses material variances between the actual targets as at Midyear 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

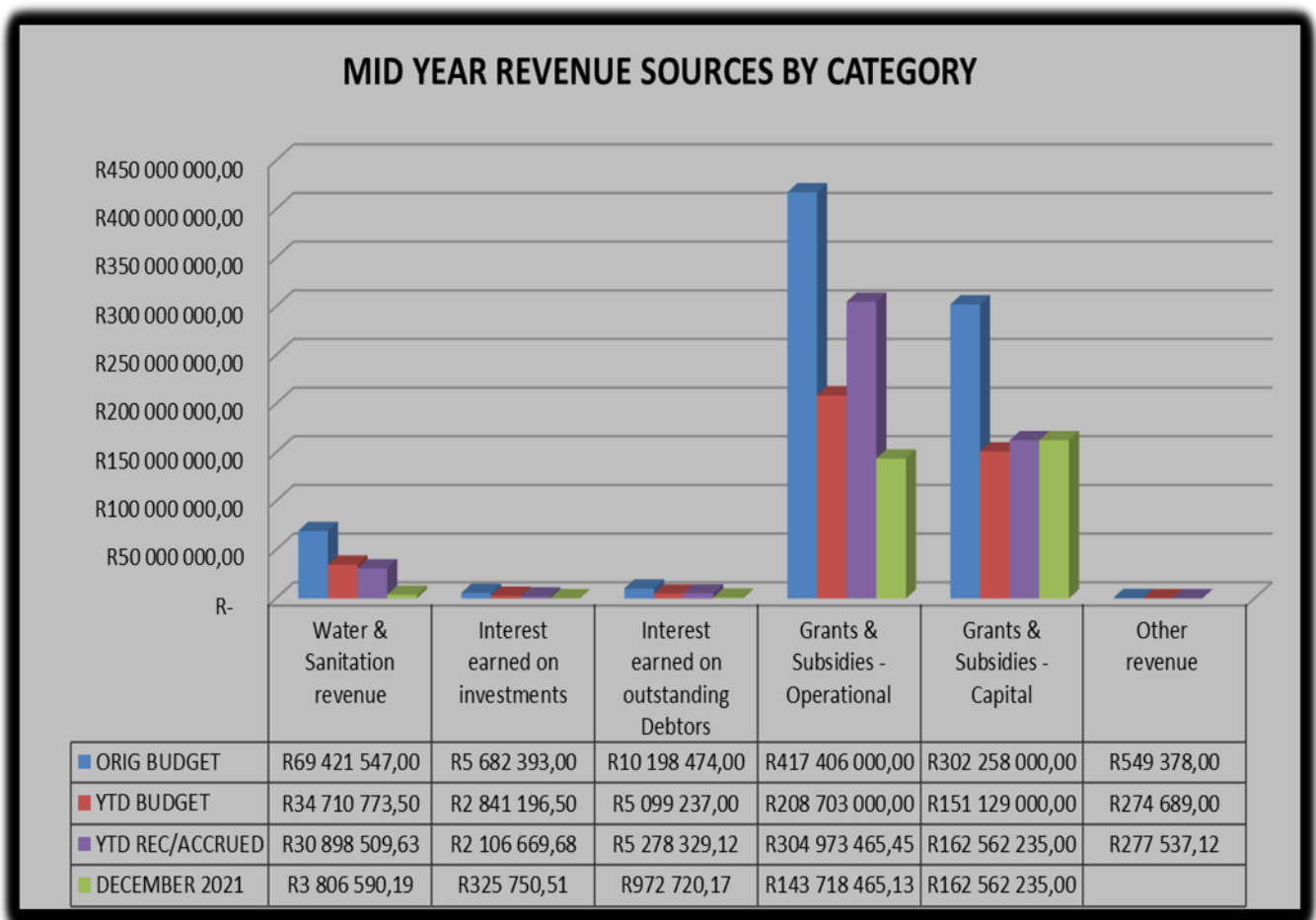
The analysis also provides a brief on the impact of this report on the adjustments budget.

The last section under this heading analyses the actual targets against the planned targets as at 31 December 2021.

## REVENUE

The chart displays a comparison between the midyear 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 December 2021 was R30, 8million against a year to date **budget** of R34, 7million. This represents under performance in municipal billing by 11%. However, this percentage measures the municipal performance in terms of the ability to bill consumers that are receiving services from the municipality and **is not** a measure of the ability to collect outstanding consumer accounts.

*Adjustment Budget Implications:* The performance of service charges for the mid-year is less than anticipated therefore a downward adjustment would be necessary.

## **Interest Earned on External Investments**

The actual interest earned on external investments as at midyear is under performed by 26% (R734 527) less than what was anticipated.

*Adjustment Budget Implications:* A downward adjustment is required

## **Transfers Recognised - Operational**

The operational grants revenue of R304, 9million against a year to date budget of R208, 7million is largely attributable to the YTD equitable share received of R290, 2million while the balance relates to conditions met on conditional grant funding

*Adjustment Budget Implications: None*

### **Transfers Recognised – Capital**

The actual R162, 5million (against a YTD budget of R151, 1million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 8% over performance in Conditional Capital grant funding expenditures.

*Adjustment Budget Implications: An upward adjustment is necessary to account for the additional funding received from COGTA.*

### **Other Revenue**

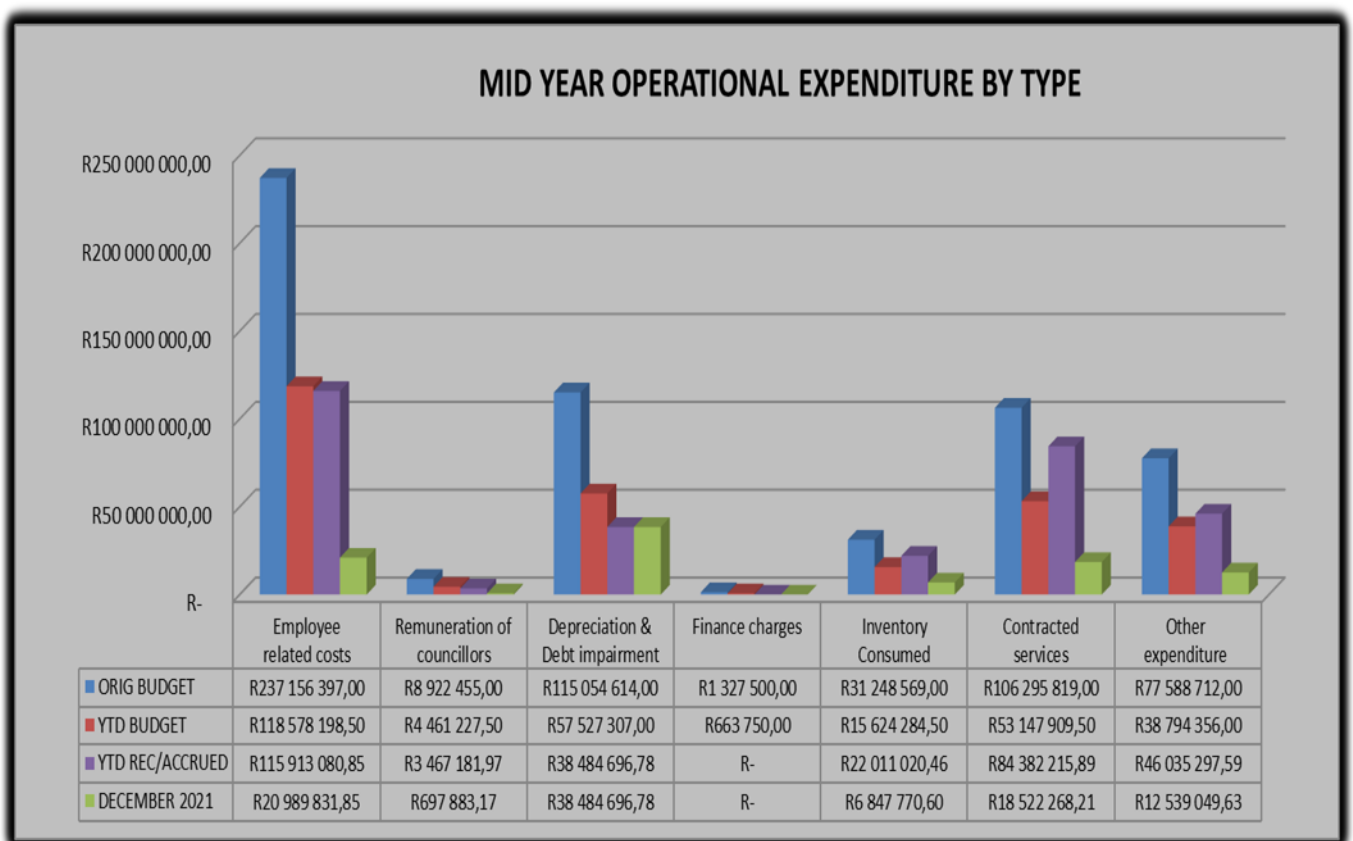
The YTD actual of other revenue is R277 537 against year to date budget of R274 689. Other revenue results from the sale of Tender Documents and refunds. Other revenue has over performed by R2 848.

*Adjustment Budget Implications: None.*

## OPERATIONAL EXPENDITURE

The chart below presents the YTD operational expenditure movements against the YTD budgets. An analysis of each expenditure line item category and the implications on the adjustments budget is discussed below.

**Chart 4: Midyear Opex**



## **Employee Related Costs**

The year to date budget for employee related costs is R118, 5million against a year to date actual of R115, 9million. Employee related costs under performed by 2%.

*Adjustment Budget Implications: None*

## **Remuneration of Councillors**

The remuneration of councillor's expenditure as at 31 December 2021 was R3, 4million against a year to budget of R4, 4million. An underperformance of 22% on this line item mainly due to the fact that the upper limits or municipal councillors determination will be implemented during the third quarter of the financial year

*Adjustment Budget Implications: None*

## **Finance Charges**

As at midyear, there is no movement in finance charges. A review of this budget would be required to accommodate finance lease

*Adjustment Budget Implications: None*

## **Inventory Consumed**

The expenditure on Inventory consumed has over performed by 52 per cent at mid-year. The year to date actual amounting to R22million against year to date budget of R15, 6million. A review of this budget would be required.

*Adjustment Budget Implications: An Upward adjustment will be implemented during the Adjustment budget process.*

## **Contracted Services**

An over expenditure of 59% was reported at mid-year. A review of the categorisation of expenditures contained in this classification is required.

*Adjustment Budget Implications:* An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

## **Other Expenditure**

An over expenditure of 17% was reported at mid-year. A review of the classification of other expenditure would need to be undertaken

*Adjustment Budget Implications:* An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments

## **Performance assessment**

The Mid-Year Performance Assessment Report is an important instrument which allows the municipality to learn and appreciate the extent to which planned targets have been met. But of critical importance is the fact that the findings of the assessment allows the municipality to quickly detect challenges and bottlenecks that may prohibit the successful implementation of projects, particularly in the long- run. It further affords the municipality an opportunity to change the strategies used especially when the planned targets were not met within the agreed time-frame, budget and standards.



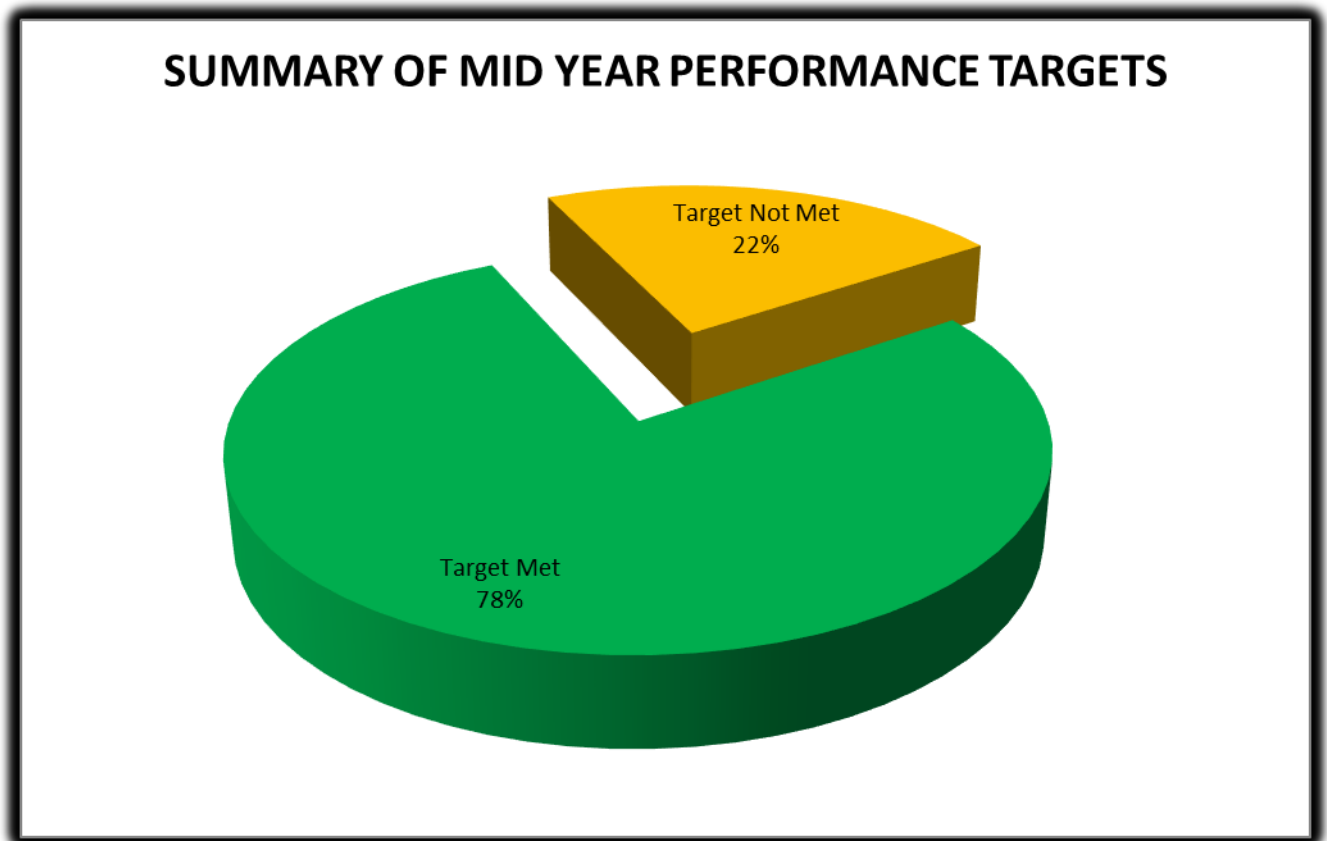


Chart 5 above provides a summary of the targets achieved or met (78%) as well the targets not met (22%). It can be stated that the performance of the municipality at midyear is above average; however there is still more room for improvement. There are reasons why some of the targets could not be met, and as such, the Performance Management unit has listed all the possible challenges that have hindered/ contributed to non-performance or non -implementation of the 22% targets not met.

Chart 6 below provides an analysis of the planned targets versus the targets achieved and the ones not met.

**Chart 6: Departmental performance targets**

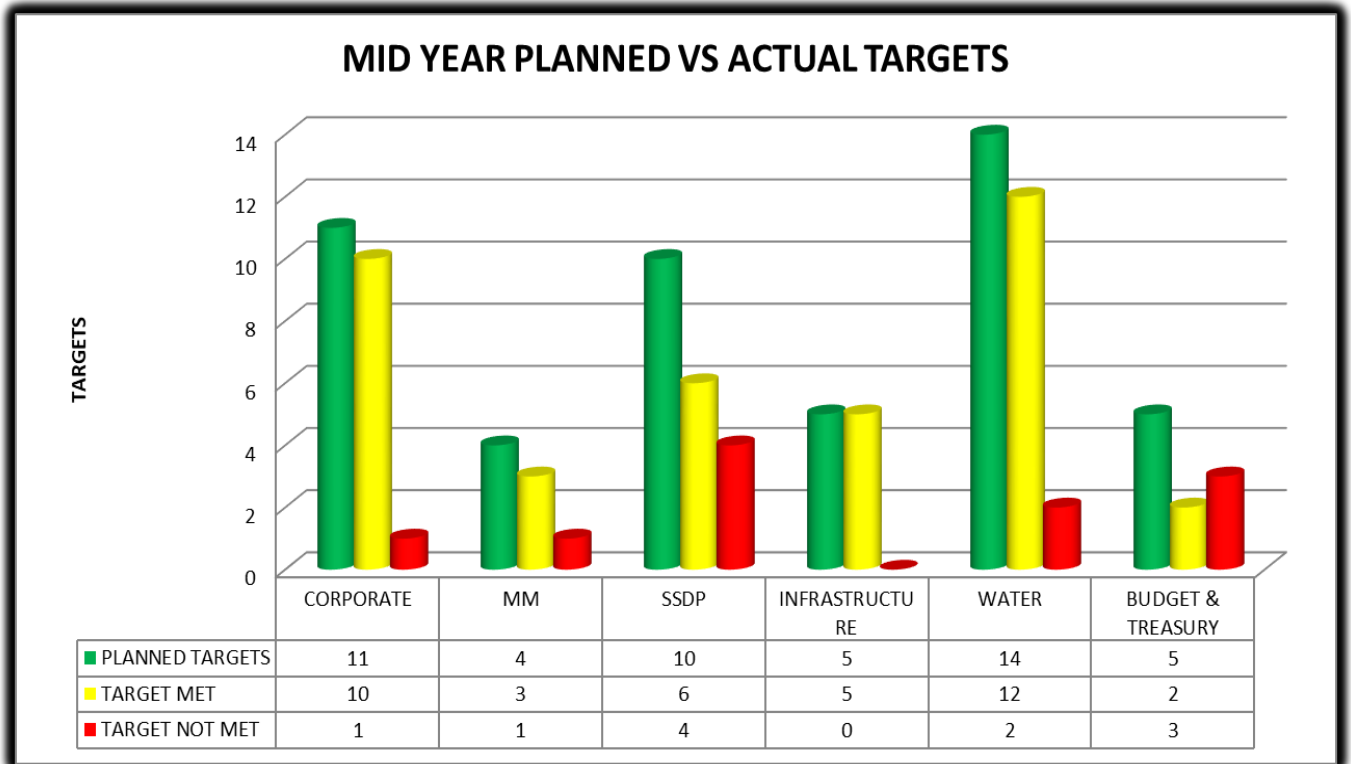
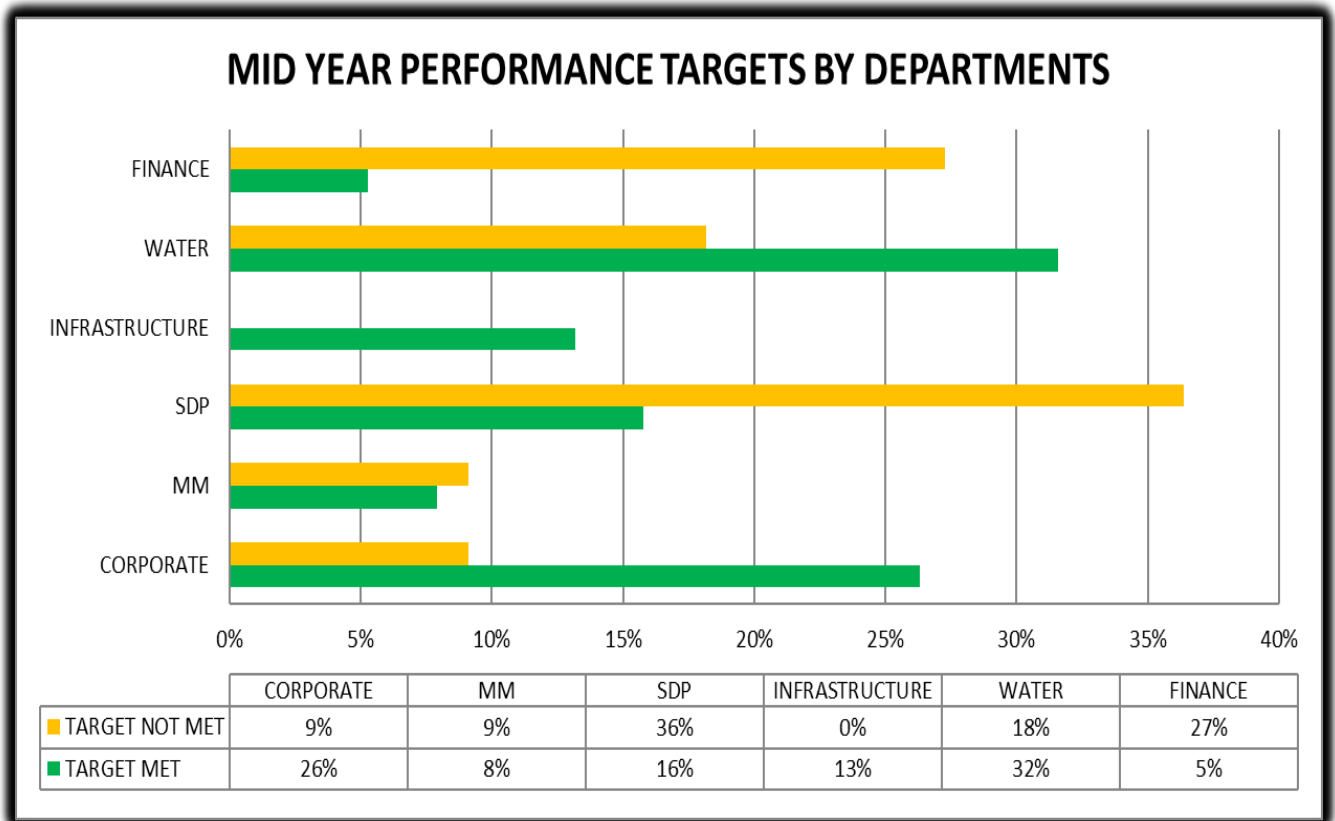


Chart 7 below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest.

**Chart 7: Performance targets Departments**



Below, the PMS unit has further rendered possible remedies to all the challenges as we move the second half of the year.

### Key Challenges

The municipal billing and collection contributing negatively to the financial health of the municipality. Removal of indigent consumers with false information on the register. Percentages of complaints responded to within 48 hours. This was as a result of the incidents not closed on time on the system after they have been resolved

### Corrective Measures

Belt tightening measures were introduced to assist in improving the financial state of the municipality. There will be a meeting scheduled with the area managers to recapacitate them on effectively use the REASEBETSA system. To prioritise the installation of meters for new applicants in order to create new accounts on the billing system. Conduct an investigation on accounts with spikes, do physical verification, advice consumer to fix water leaks in order to reduce the consumption or total billing

## **2.8 Capital Programme Performance**

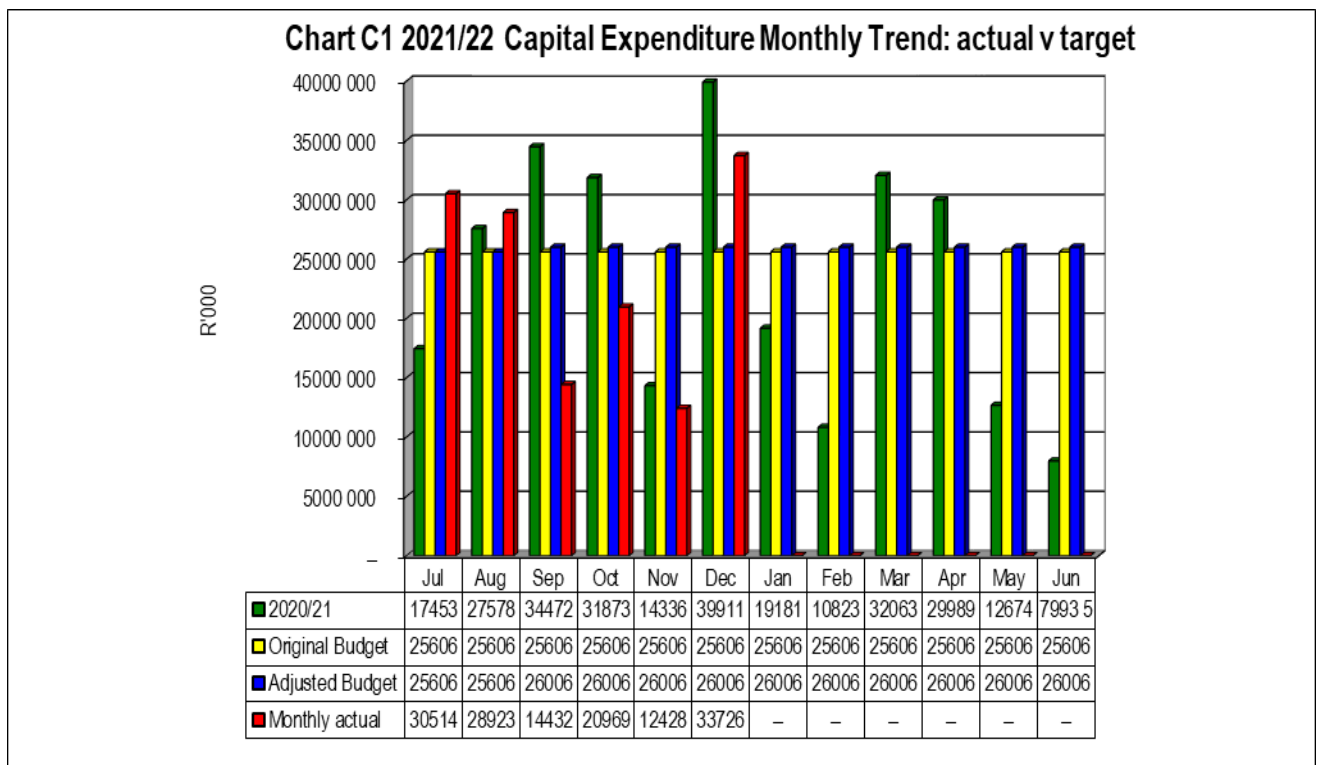
This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

Chart C1 below display a comparison between the previous year's capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods July to December 2021 and the planned monthly targets is also displayed.

DC43 Harry Gwala - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M06 December

Month	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	17 453	25 607	25 607	30 514	30 514	25 607	(4 907)	-19,2%	10%
August	27 579	25 607	25 607	28 923	59 437	51 214	(8 223)	-16,1%	19%
September	34 472	25 607	26 007	14 433	73 870	77 221	3 351	4,3%	24%
October	31 874	25 607	26 007	20 969	94 839	103 228	8 389	8,1%	31%
November	14 337	25 607	26 007	12 429	107 268	129 235	21 967	17,0%	35%
December	39 911	25 607	26 007	33 726	140 994	155 242	14 248	9,2%	46%
January	19 182	25 607	26 007	-	-	181 249	-	-	-
February	10 824	25 607	26 007	-	-	207 256	-	-	-
March	32 063	25 607	26 007	-	-	233 263	-	-	-
April	29 990	25 607	26 007	-	-	259 270	-	-	-
May	12 674	25 607	26 007	-	-	285 277	-	-	-
June	7 994	25 607	26 007	-	-	311 283	-	-	-
<b>Total Capital expenditure</b>	<b>278 353</b>	<b>307 283</b>	<b>311 283</b>	<b>140 994</b>					

Chart C1: Capital Expenditure Monthly Trend: Actual v Target



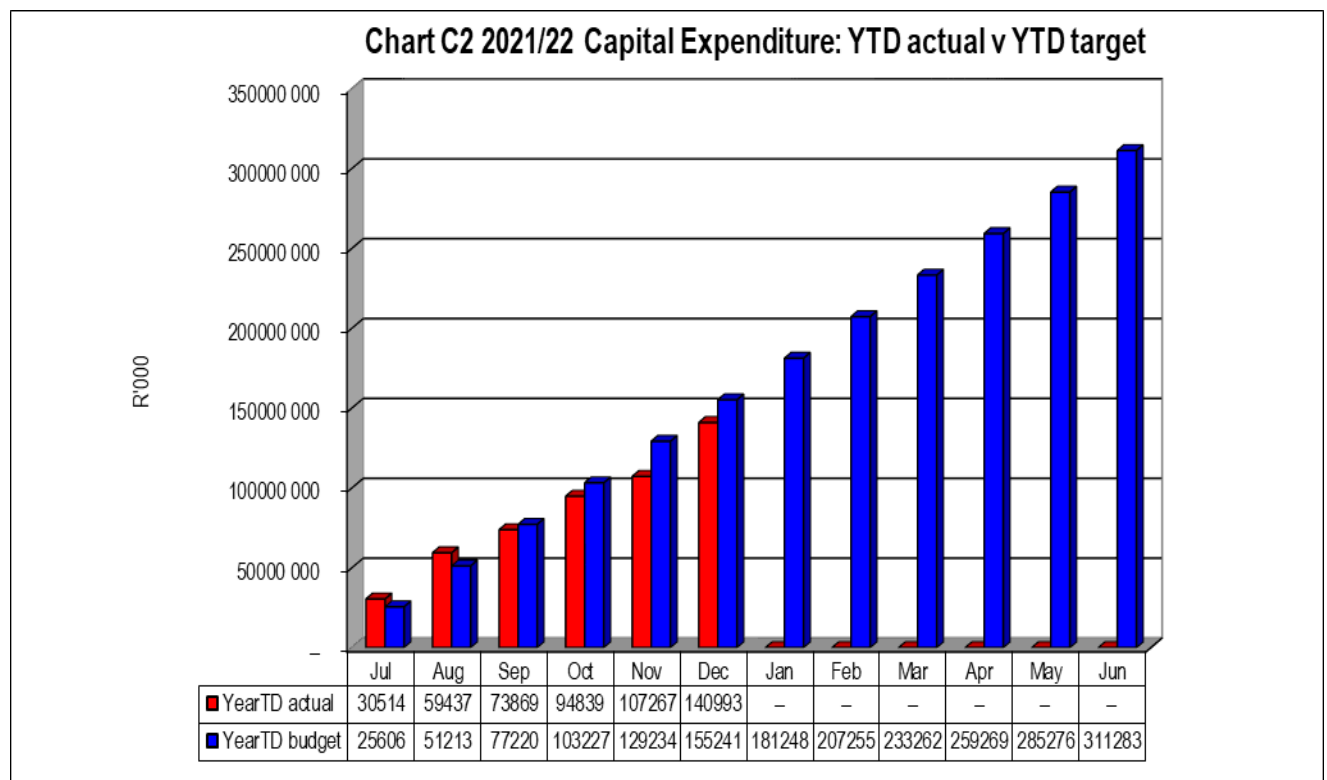
This next section looks at the performance of the capital expenditure on new assets by asset class

DC43 Harry Gwala - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M06

Description	2020/21	Budget Year 2021/22							
	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>	<b>245 738</b>	<b>283 958</b>	<b>283 958</b>	<b>32 553</b>	<b>126 597</b>	<b>141 979</b>	<b>15 382</b>	<b>10,8%</b>	<b>283 958</b>
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	237 781	228 108	223 108	27 098	98 070	112 387	14 318	12,7%	223 108
Dams and Weirs	24 469	25 000	20 000	1 951	4 009	10 833	6 825	63,0%	20 000
Boreholes	23 814	57 275	57 275	6 862	32 923	28 638	(4 285)	-15,0%	57 275
Reservoirs	870	7 000	7 000	458	2 019	3 500	1 481	42,3%	7 000
Pump Stations	30 873	31 000	31 000	5 492	15 719	15 500	(219)	-1,4%	31 000
Water Treatment Works	4 539	7 500	7 500	848	4 898	3 750	(1 148)	-30,6%	7 500
Bulk Mains	77 052	26 508	26 508	-	4 801	13 254	8 453	63,8%	26 508
Distribution	76 164	73 825	73 825	11 487	33 701	36 913	3 211	8,7%	73 825
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	7 958	55 850	60 850	5 454	28 527	29 592	1 065	3,6%	60 850
Pump Station	1 580	30 000	30 000	2 071	8 929	15 000	6 071	40,5%	30 000
Reticulation	6 378	20 000	20 000	3 278	13 486	10 000	(3 486)	-34,9%	20 000
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	5 850	10 850	106	6 112	4 592	(1 520)	-33,1%	10 850
Capital Spares	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>1 610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	1 610	-	-	-	-	-	-	-	-
Municipal Offices	1 610	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>1 418</b>	<b>1 418</b>	<b>-</b>	<b>-</b>	<b>709</b>	<b>709</b>	<b>100,0%</b>	<b>1 418</b>
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	1 418	1 418	-	-	709	709	100,0%	1 418
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	1 418	1 418	-	-	709	709	100,0%	1 418
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	<b>1 566</b>	<b>2 130</b>	<b>2 130</b>	<b>-</b>	<b>779</b>	<b>1 065</b>	<b>286</b>	<b>26,9%</b>	<b>2 130</b>
Computer Equipment	1 566	2 130	2 130	-	779	1 065	286	26,9%	2 130
<b>Furniture and Office Equipment</b>	<b>1 768</b>	<b>3 057</b>	<b>3 057</b>	<b>-</b>	<b>647</b>	<b>1 529</b>	<b>882</b>	<b>57,7%</b>	<b>3 057</b>
Furniture and Office Equipment	1 768	3 057	3 057	-	647	1 529	882	57,7%	3 057
<b>Machinery and Equipment</b>	<b>9 099</b>	<b>220</b>	<b>220</b>	<b>-</b>	<b>47</b>	<b>110</b>	<b>63</b>	<b>57,1%</b>	<b>220</b>
Machinery and Equipment	9 099	220	220	-	47	110	63	57,1%	220
<b>Transport Assets</b>	<b>7 355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transport Assets	7 355	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>267 136</b>	<b>290 783</b>	<b>290 783</b>	<b>32 553</b>	<b>128 069</b>	<b>145 392</b>	<b>17 322</b>	<b>11,9%</b>	<b>290 783</b>

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

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



In order for the municipality to reach its annual targets in the capital development programme, expenditure in this budget would have to maintained or increased at the trends experienced in December 2021.

## 2.9 Municipal Manager's Quality's Certification

### Quality Certificate

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

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state affairs of the municipality
- mid-year budget and performance assessment

The performance for the month of **31 December** of **2021** 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 (DC43)**

Signature \_\_\_\_\_

Date \_\_\_\_\_