

Sisonke District Municipality

MFMA s71 report for the period ending 31 August 2014.

9/25/2014

Budget & Treasury Office

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1. PART 1 – MONTHLY REPORT

1.1 Mayors Report

This report will be tabled to Executive committee and hence the mayor's report will be available when this report is tabled to Council in terms of Sec 52 (d) of the Municipal Finance Management Act.

1.2 Executive Summary

Legislative Requirements

In terms of the section 71 of the MFMA the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- (a) Actual revenue, per revenue source;
- (b) actual borrowings;
- (c) actual expenditure, per vote;
- (d) actual capital expenditure, per vote;
- (e) the amount of any allocations received;
- (f) actual expenditure on those allocations, excluding expenditure on—
 - (i) its share of the local government equitable share; and
 - (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) when necessary, an explanation of—
 - (i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - (ii) any material variances from the service delivery and budget implementation plan; and
 - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's

DELIBERATION

The discussion that follows, in terms of MFMA Section 71 above, intends to inform the Finance & Corporate services committee and Executive committee on the progress made thus far in terms of implementing the 2014/2015 budget for the period ending 31 August 2014.

1.3 Resolutions

This report will be tabled to Executive committee and therefore the resolution will be available once it tabled to council in terms of Sec 52 (d) of the MFMA.

1.4 Monthly Budget Statement Tables

Monthly Budget Statements Summary

Table C1 below provides a summary of the overall performance in the Municipality and is unpacked in the sections that follow.

| DC43 Sisonke - Table C1 Consolidated Monthly Budget Statement Summary - M01 July | | | | | | | | | |
|--|------------------|---------------------|-----------------|----------------|------------------|----------------|------------------|----------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | % | |
| Financial Performance | | | | | | | | | |
| Service charges | 48 834 | 46 143 | - | 3 776 | 3 776 | 46 143 | (42 367) | -92% | 46 143 |
| Investment revenue | 3 344 | 2 600 | - | 133 | 133 | 2 600 | (2 467) | -95% | 2 600 |
| Transfers recognised - operational | 287 073 | 249 246 | - | 91 288 | 91 288 | 249 246 | (157 958) | -63% | 249 246 |
| Other own revenue | 7 497 | 7 849 | - | 645 | 645 | 7 849 | (7 204) | -92% | 7 849 |
| Total Revenue (excluding capital transfers and contributions) | 346 747 | 305 838 | - | 95 842 | 95 842 | 305 838 | (209 996) | -69% | 305 838 |
| Employee costs | 99 949 | 104 040 | - | 8 642 | 8 642 | 104 040 | (95 398) | -92% | 104 040 |
| Remuneration of Councillors | 5 249 | 6 655 | - | 446 | 446 | 6 655 | (6 209) | -93% | 6 655 |
| Depreciation & asset impairment | 39 597 | 20 000 | - | - | - | 20 000 | (20 000) | -100% | 20 000 |
| Finance charges | 3 510 | 2 639 | - | - | - | 2 639 | (2 639) | -100% | 2 639 |
| Materials and bulk purchases | 9 487 | 5 200 | - | 435 | 435 | 5 200 | (4 765) | -92% | 5 200 |
| Transfers and grants | 14 808 | 11 578 | - | 1 283 | 1 283 | 11 578 | (10 295) | -89% | 11 578 |
| Other expenditure | 227 729 | 143 485 | - | 5 832 | 5 832 | 143 485 | (137 654) | -96% | 143 485 |
| Total Expenditure | 400 330 | 293 597 | - | 16 638 | 16 638 | 293 597 | (276 959) | -94% | 293 597 |
| Surplus/(Deficit) | (53 582) | 12 241 | - | 79 204 | 79 204 | 12 241 | 66 964 | 547% | 12 241 |
| Transfers recognised - capital | 190 609 | 245 526 | - | - | - | 245 526 | (245 526) | -100% | 245 526 |
| Surplus/(Deficit) after capital transfers & contributions | 137 027 | 257 767 | - | 79 204 | 79 204 | 257 767 | (178 563) | -69% | 257 767 |
| Surplus/ (Deficit) for the year | 137 027 | 257 767 | - | 79 204 | 79 204 | 257 767 | (178 563) | -69% | 257 767 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | 435 731 | 517 522 | - | 685 | 685 | 258 761 | (258 076) | -100% | 258 761 |
| Capital transfers recognised | 189 721 | 245 776 | - | 685 | 685 | 245 776 | (245 092) | -100% | 245 776 |
| Internally generated funds | 28 145 | 12 984 | - | - | - | 12 984 | (12 984) | -100% | 12 984 |
| Total sources of capital funds | 217 866 | 258 761 | - | 685 | 685 | 258 761 | (258 076) | -100% | 258 761 |
| Financial position | | | | | | | | | |
| Total current assets | 89 156 | 68 399 | - | - | 317 349 | - | - | - | 68 399 |
| Total non current assets | 1 276 948 | 1 550 342 | - | - | 1 276 948 | - | - | - | 1 550 342 |
| Total current liabilities | 119 214 | 64 952 | - | - | 143 228 | - | - | - | 64 952 |
| Total non current liabilities | 41 121 | 31 936 | - | - | 38 159 | - | - | - | 31 936 |
| Community wealth/Equity | 1 205 767 | 1 521 854 | - | - | 1 284 287 | - | - | - | 1 521 854 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | 200 607 | 277 767 | - | 149 339 | 149 339 | 277 767 | 128 428 | 46% | 277 767 |
| Net cash from (used) investing | (185 455) | (258 761) | - | (685) | (685) | (685) | - | - | (258 761) |
| Net cash from (used) financing | (5 863) | - | - | - | - | - | - | - | - |
| Cash/cash equivalents at the month/year end | 29 475 | 19 006 | - | - | 178 129 | 277 082 | 98 954 | 36% | 19 006 |
| Debtors & creditors analysis | | | | | | | | | |
| | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total |
| Debtors Age Analysis | | | | | | | | | |
| Total By Income Source | 5 530 | 5 590 | 4 185 | 3 383 | 2 962 | 3 185 | 14 988 | 60 174 | 99 996 |
| Creditors Age Analysis | | | | | | | | | |
| Total Creditors | 2 408 | - | - | - | - | - | - | - | 2 408 |

Financial Performance

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

| DC43 Sisonke - Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) - M02 August | | | | | | | | | |
|--|-----------------|---------------------|-----------------|-----------------|----------------|----------------|------------------|----------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| Revenue - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 257 372 | 243 250 | - | 960 | 93 025 | 243 250 | (150 225) | -62% | 243 250 |
| Executive and council | 417 | - | - | - | - | - | - | - | - |
| Budget and treasury office | 256 769 | 243 250 | - | 960 | 93 025 | 243 250 | (150 225) | -62% | 243 250 |
| Corporate services | 185 | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | 555 | 250 | - | - | - | 250 | (250) | -100% | 250 |
| Planning and development | 555 | 250 | - | - | - | 250 | (250) | -100% | 250 |
| <i>Trading services</i> | 279 430 | 307 864 | - | 4 959 | 8 735 | 307 864 | (299 129) | -97% | 307 864 |
| Water | 49 615 | 46 148 | - | 4 959 | 8 735 | 46 148 | (37 413) | -81% | 46 148 |
| Waste water management | 229 815 | 261 716 | - | - | - | 261 716 | (261 716) | -100% | 261 716 |
| Total Revenue - Standard | 537 357 | 551 364 | - | 5 918 | 101 760 | 551 364 | (449 604) | -82% | 551 364 |
| Expenditure - Standard | | | | | | | | | |
| <i>Governance and administration</i> | 119 294 | 123 191 | - | 7 111 | 12 455 | 123 191 | (110 737) | -90% | 123 191 |
| Executive and council | 16 712 | 17 464 | - | 2 087 | 3 370 | 17 464 | (14 095) | -81% | 17 464 |
| Budget and treasury office | 55 560 | 61 007 | - | 2 088 | 4 003 | 61 007 | (57 004) | -93% | 61 007 |
| Corporate services | 47 022 | 44 720 | - | 2 936 | 5 082 | 44 720 | (39 638) | -89% | 44 720 |
| <i>Community and public safety</i> | - | 3 509 | - | - | - | 3 509 | (3 509) | -100% | 3 509 |
| Community and social services | - | 3 509 | - | - | - | 3 509 | (3 509) | -100% | 3 509 |
| <i>Economic and environmental services</i> | 67 459 | 42 970 | - | 7 041 | 10 053 | 42 970 | (32 916) | -77% | 42 970 |
| Planning and development | 67 459 | 42 970 | - | 7 041 | 10 053 | 42 970 | (32 916) | -77% | 42 970 |
| <i>Trading services</i> | 213 577 | 123 928 | - | 9 185 | 17 467 | 123 928 | (106 461) | -86% | 123 928 |
| Water | 108 993 | 97 514 | - | 8 275 | 15 576 | 97 514 | (81 938) | -84% | 97 514 |
| Waste water management | 104 584 | 26 413 | - | 910 | 1 890 | 26 413 | (24 523) | -93% | 26 413 |
| Total Expenditure - Standard | 400 330 | 293 597 | - | 23 337 | 39 975 | 293 597 | (253 622) | -86% | 293 597 |
| Surplus/ (Deficit) for the year | 137 027 | 257 767 | - | (17 419) | 61 785 | 257 767 | (195 982) | -76% | 257 767 |

This table assesses the revenue by department and then the expenditure for the period ending 31 August 2014. Revenue receipts in August have largely consisted of service charges which are water and sanitation. The overall budgeted revenue cash receipt for the month of August is 6%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has the largest expenditure by 51% in the period ending 31 August 2014. This is largely attributable to the backlog demand of operations and maintenance of water schemes in the District.

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

| DC43 Sisonke - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August | | | | | | | | | |
|--|-----------------|---------------------|-----------------|-----------------|----------------|----------------|------------------|---------------|--------------------|
| Vote Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | % | |
| Revenue by Vote | | | | | | | | | |
| Vote 1 - Executive & Council | 417 | - | - | - | - | - | - | - | - |
| Vote 2 - Finance | 256 769 | 243 250 | - | 960 | 93 025 | 243 250 | (150 225) | -61.8% | 243 250 |
| Vote 3 - Corporate Services | 185 | - | - | - | - | - | - | - | - |
| Vote 4 - Economic &Community Services | 555 | 250 | - | - | - | 250 | (250) | -100.0% | 250 |
| Vote 5 - Infrastructure Services | 229 815 | 261 716 | - | - | - | 261 716 | (261 716) | -100.0% | 261 716 |
| Vote 6 - Water Services | 49 615 | 46 148 | - | 4 959 | 8 735 | 46 148 | (37 413) | -81.1% | 46 148 |
| Total Revenue by Vote | 537 357 | 551 364 | - | 5 918 | 101 760 | 551 364 | (449 604) | -81.5% | 551 364 |
| Expenditure by Vote | | | | | | | | | |
| Vote 1 - Executive & Council | 16 712 | 17 464 | - | 2 087 | 3 370 | 17 464 | (14 095) | -80.7% | 17 464 |
| Vote 2 - Finance | 55 560 | 61 007 | - | 2 088 | 4 003 | 61 007 | (57 004) | -93.4% | 61 007 |
| Vote 3 - Corporate Services | 47 022 | 44 720 | - | 2 936 | 5 082 | 44 720 | (39 638) | -88.6% | 44 720 |
| Vote 4 - Economic &Community Services | 67 459 | 46 478 | - | 7 041 | 10 053 | 46 478 | (36 425) | -78.4% | 46 478 |
| Vote 5 - Infrastructure Services | 104 584 | 26 413 | - | 910 | 1 890 | 26 413 | (24 523) | -92.8% | 26 413 |
| Vote 6 - Water Services | 108 993 | 97 514 | - | 8 275 | 15 576 | 97 514 | (81 938) | -84.0% | 97 514 |
| Total Expenditure by Vote | 400 330 | 293 597 | - | 23 337 | 39 975 | 293 597 | (253 622) | -86.4% | 293 597 |
| Surplus/ (Deficit) for the year | 137 026 | 257 767 | - | (17 419) | 61 785 | 257 767 | (195 982) | -76.0% | 257 767 |

Statement of financial Performance

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

| DC43 Sisonke - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August | | | | | | | | | |
|--|-----------------|---------------------|-----------------|-----------------|----------------|----------------|------------------|----------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| Revenue By Source | | | | | | | | | |
| Service charges - water revenue | 34 184 | 31 037 | - | 3 422 | 6 012 | 31 719 | (25 707) | -81% | 31 719 |
| Service charges - sanitation revenue | 14 650 | 14 276 | - | 1 467 | 2 577 | 13 594 | (11 017) | -81% | 13 594 |
| Interest earned - external investments | 3 344 | 2 600 | - | 351 | 483 | 2 600 | (2 117) | -81% | 2 600 |
| Interest earned - outstanding debtors | 5 638 | 5 179 | - | 560 | 1 084 | 5 179 | (4 095) | -79% | 5 179 |
| Transfers recognised - operational | 287 073 | 249 246 | - | 1 | 91 289 | 249 246 | (157 957) | -63% | 249 246 |
| Other revenue | 1 859 | 3 500 | - | 118 | 315 | 3 500 | (3 185) | -91% | 3 500 |
| Total Revenue (excluding capital transfers and contributions) | 346 747 | 305 838 | - | 5 918 | 101 760 | 305 838 | (204 077) | -67% | 305 838 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 99 949 | 104 040 | - | 8 541 | 17 130 | 104 040 | (86 910) | -84% | 104 040 |
| Remuneration of councillors | 5 249 | 6 655 | - | 445 | 891 | 6 655 | (5 764) | -87% | 6 655 |
| Debt impairment | 23 206 | 10 000 | - | - | - | 10 000 | (10 000) | -100% | 10 000 |
| Depreciation & asset impairment | 39 597 | 20 000 | - | - | - | 20 000 | (20 000) | -100% | 20 000 |
| Finance charges | 3 510 | 2 639 | - | - | - | 2 639 | (2 639) | -100% | 2 639 |
| Bulk purchases | 9 487 | 5 200 | - | 351 | 786 | 5 200 | (4 414) | -85% | 5 200 |
| Contracted services | 23 091 | 33 520 | - | 2 801 | 4 254 | 33 520 | (29 266) | -87% | 33 520 |
| Transfers and grants | 14 808 | 11 578 | - | 5 000 | 6 274 | 11 578 | (5 304) | -46% | 11 578 |
| Other expenditure | 156 316 | 99 965 | - | 6 199 | 10 639 | 99 965 | (89 326) | -89% | 99 965 |
| Loss on disposal of PPE | 25 116 | - | - | - | - | - | - | - | - |
| Total Expenditure | 400 330 | 293 597 | - | 23 337 | 39 975 | 293 597 | (253 622) | -86% | 293 597 |
| Surplus/(Deficit) | (53 582) | 12 241 | - | (17 419) | 61 785 | 12 241 | 49 545 | 0 | 12 241 |
| Transfers recognised - capital | 190 609 | 245 526 | - | - | - | 245 526 | (245 526) | (0) | 245 526 |
| Surplus/(Deficit) after capital transfers & contributions | 137 027 | 257 767 | - | (17 419) | 61 785 | 257 767 | | | 257 767 |
| Surplus/(Deficit) after taxation | 137 027 | 257 767 | - | (17 419) | 61 785 | 257 767 | | | 257 767 |
| Surplus/(Deficit) attributable to municipality | 137 027 | 257 767 | - | (17 419) | 61 785 | 257 767 | | | 257 767 |
| Surplus/ (Deficit) for the year | 137 027 | 257 767 | - | (17 419) | 61 785 | 257 767 | | | 257 767 |

Capital Expenditure

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

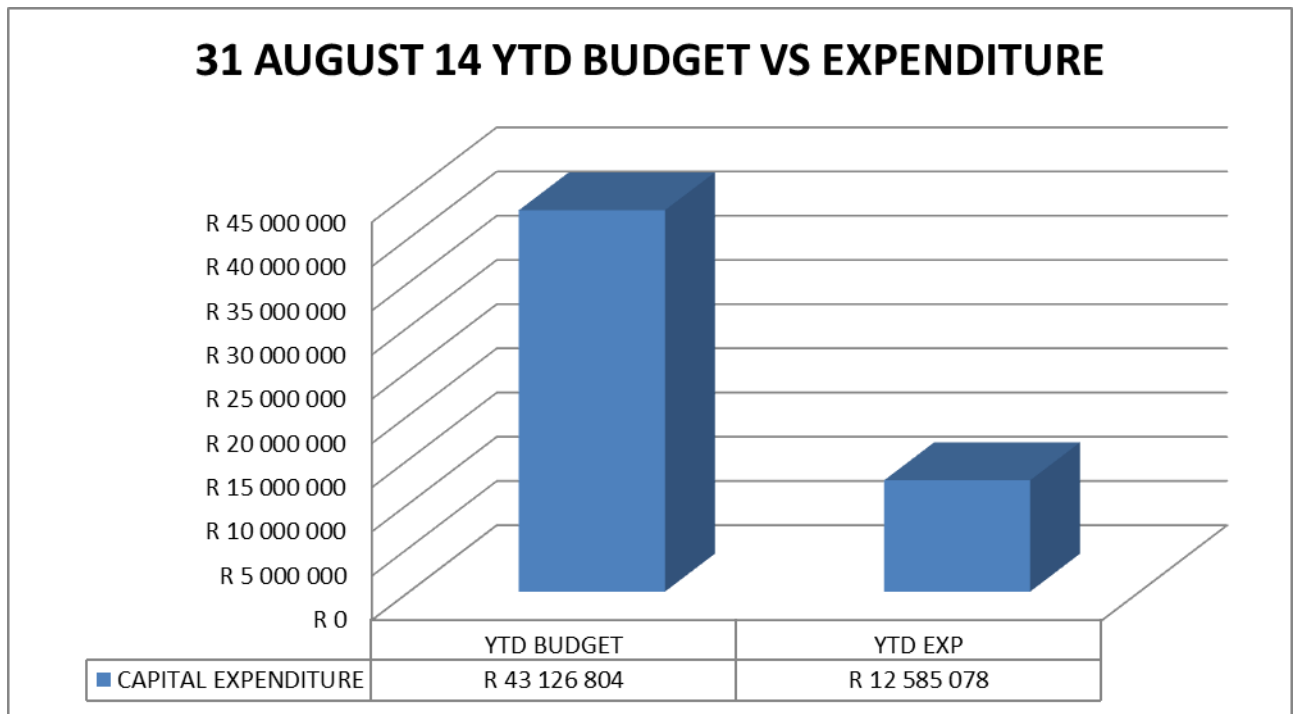
DC43 Sisonke - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M02 August

| Vote Description | 2013/14 | Budget Year 2014/15 | | | | | | | Full Year Forecast |
|--|-----------------|---------------------|-----------------|----------------|---------------|----------------|------------------|----------------|--------------------|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | |
| R thousands | | | | | | | | | |
| Multi-Year expenditure appropriation | | | | | | | | | |
| Vote 2 - Finance | 141 | 100 | - | - | - | 100 | (100) | -100% | 100 |
| Vote 3 - Corporate Services | 5 804 | 3 609 | - | 25 | 25 | 3 609 | (3 584) | -99% | 3 609 |
| Vote 4 - Economic & Community Services | - | 2 325 | - | - | - | 2 325 | (2 325) | -100% | 2 325 |
| Vote 5 - Infrastructure Services | 183 672 | 247 526 | - | 11 875 | 12 560 | 247 526 | (234 966) | -95% | 247 526 |
| Vote 6 - Water Services | 2 122 | 5 200 | - | - | - | 5 200 | (5 200) | -100% | 5 200 |
| Total Capital Multi-year expenditure | 191 739 | 258 761 | - | 11 900 | 12 585 | 258 761 | (246 176) | -95% | 258 761 |
| Total Capital Expenditure | 191 739 | 258 761 | - | 11 900 | 12 585 | 258 761 | (246 176) | -95% | 258 761 |
| Capital Expenditure - Standard Classification | | | | | | | | | |
| Governance and administration | 1 974 | 3 709 | - | 25 | 25 | 3 709 | (3 684) | -99% | 3 709 |
| Budget and treasury office | 200 | 100 | - | - | - | 100 | (100) | -100% | 100 |
| Corporate services | 1 774 | 3 609 | - | 25 | 25 | 3 609 | (3 584) | -99% | 3 609 |
| Economic and environmental services | 409 | 2 325 | - | - | - | 2 325 | (2 325) | -100% | 2 325 |
| Planning and development | 409 | 2 325 | - | - | - | 2 325 | (2 325) | -100% | 2 325 |
| Trading services | 189 356 | 252 726 | - | 11 875 | 12 560 | 252 726 | (240 166) | -95% | 252 726 |
| Water | 2 122 | 5 200 | - | - | - | 5 200 | (5 200) | -100% | 5 200 |
| Waste water management | 187 234 | 247 526 | - | 11 875 | 12 560 | 247 526 | (234 966) | -95% | 247 526 |
| Total Capital Expenditure - Standard Classification | 191 739 | 258 761 | - | 11 900 | 12 585 | 258 761 | (246 176) | -95% | 258 761 |
| Funded by: | | | | | | | | | |
| National Government | 189 563 | 245 776 | - | 11 900 | 12 585 | 245 776 | (233 191) | -95% | 245 776 |
| Transfers recognised - capital | 189 563 | 245 776 | - | 11 900 | 12 585 | 245 776 | (233 191) | -95% | 245 776 |
| Internally generated funds | 2 177 | 12 984 | - | - | - | 12 984 | (12 984) | -100% | 12 984 |
| Total Capital Funding | 191 740 | 258 761 | - | 11 900 | 12 585 | 258 761 | (246 176) | -95% | 258 761 |

As alluded to above, the capital expenditure programme for the month ending 31 August 2014 was R11, 9m which represent 29% of capital expenditure and thus shows the poor performance on expenditures reflected on National grant funding.

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

Chart 1: 2014/2015 YEAR END CAPEX



As at 31 August 2014, the year to date actual expenditure was R12, 5million against a YTD budget of R43, 1million. In monetary terms, these figures represent 29% per cent performance against the capital development programme as at 31 August 2014.

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

| DC43 Sisonke - Table C6 Consolidated Monthly Budget Statement - Financial Position - M02 August | | | | | |
|--|------------------|---------------------|-----------------|------------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| R thousands | | | | | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash | 29 474 | 43 807 | - | 139 804 | 43 807 |
| Consumer debtors | 6 843 | 13 307 | - | 106 537 | 13 307 |
| Other debtors | 52 569 | 10 968 | - | 47 607 | 10 968 |
| Inventory | 269 | 318 | - | - | 318 |
| Total current assets | 89 156 | 68 399 | - | 293 949 | 68 399 |
| Non current assets | | | | | |
| Property, plant and equipment | 1 275 994 | 1 548 958 | - | 1 276 728 | 1 548 958 |
| Intangible assets | 954 | 1 384 | - | 219 | 1 384 |
| Total non current assets | 1 276 948 | 1 550 342 | - | 1 276 948 | 1 550 342 |
| TOTAL ASSETS | 1 366 104 | 1 618 742 | - | 1 570 896 | 1 618 742 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Borrowing | 3 415 | 3 266 | - | 2 639 | 3 266 |
| Consumer deposits | 1 114 | 1 265 | - | 1 143 | 1 265 |
| Trade and other payables | 103 845 | 53 128 | - | 168 098 | 53 128 |
| Provisions | 10 841 | 7 293 | - | 4 943 | 7 293 |
| Total current liabilities | 119 215 | 64 952 | - | 176 822 | 64 952 |
| Non current liabilities | | | | | |
| Borrowing | 22 064 | 18 683 | - | 29 973 | 18 683 |
| Provisions | 19 058 | 13 253 | - | 109 134 | 13 253 |
| Total non current liabilities | 41 121 | 31 936 | - | 139 106 | 31 936 |
| TOTAL LIABILITIES | 160 336 | 96 888 | - | 315 929 | 96 888 |
| NET ASSETS | 1 205 767 | 1 521 854 | - | 1 254 968 | 1 521 854 |
| COMMUNITY WEALTH/EQUITY | | | | | |
| Accumulated Surplus/(Deficit) | 1 205 767 | 1 521 854 | - | 1 254 968 | 1 521 854 |
| TOTAL COMMUNITY WEALTH/EQUITY | 1 205 767 | 1 521 854 | - | 1 254 968 | 1 521 854 |

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

| DC43 Sisonke - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M02 August | | | | | | | | | |
|--|------------------|---------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and other | 25 462 | 48 813 | - | 1 407 | 3 545 | 48 813 | (45 269) | -93% | 48 813 |
| Government - operating | 239 824 | 249 246 | - | 961 | 93 976 | 249 246 | (155 270) | -62% | 249 246 |
| Government - capital | 229 812 | 245 526 | - | 6 792 | 111 893 | 245 526 | (133 633) | -54% | 245 526 |
| Interest | 3 344 | 7 779 | - | 911 | 1 568 | 7 779 | (6 211) | -80% | 7 779 |
| Payments | | | | | | | | | |
| Suppliers and employees | (271 119) | (259 380) | - | (33 169) | (83 466) | (259 380) | (175 914) | 68% | (259 380) |
| Finance charges | (3 510) | (2 639) | - | - | - | (2 639) | (2 639) | 100% | (2 639) |
| Transfers and Grants | (23 206) | (11 578) | - | (5 000) | (6 274) | (11 578) | (5 304) | 46% | (11 578) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 200 607 | 277 767 | - | (28 098) | 121 241 | 277 767 | 156 526 | 56% | 277 767 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Decrease (Increase) in non-current debtors | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | |
| Capital assets | (185 455) | (258 761) | - | (11 900) | (12 585) | (685) | 11 900 | -1738% | (258 761) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (185 455) | (258 761) | - | (11 900) | (12 585) | (685) | 11 900 | -1738% | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Increase (decrease) in consumer deposits | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | |
| Repayment of borrowing | (5 863) | (3 486) | - | - | - | - | - | - | (3 486) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (5 863) | (3 486) | - | - | - | - | - | - | (3 486) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 9 289 | 15 520 | - | (39 999) | 108 656 | 277 082 | | | - |
| Cash/cash equivalents at beginning: | 20 186 | | | | 29 474 | - | | | 29 474 |
| Cash/cash equivalents at month/year end: | 29 475 | 15 520 | - | | 138 130 | 277 082 | | | 29 474 |

The billing vs Collection ratio for the month of August was 22% (July: 38%) showing a decrease in collection by 16% as compared to previous month. The municipality need to come up with a working strategy to improve collection as we can see on the table above that the collection is very poor

PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

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

Table 2.1.1: Debtors Age Analysis by Income Source

DC43 Sisonke - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

| Description | Budget Year 2014/15 | | | | | | | | | Total | Total over 90 days |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|---------------|--------------------|
| | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | | | |
| R thousands | | | | | | | | | | | |
| Debtors Age Analysis By Income Source | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 3 931 | 3 103 | 3 413 | 2 621 | 2 142 | 1 881 | 10 160 | 39 877 | 67 129 | 56 681 | |
| Receivables from Exchange Transactions - Waste Water Management | 1 536 | 1 212 | 1 333 | 1 024 | 837 | 735 | 3 969 | 15 578 | 26 225 | 22 143 | |
| Interest on Arrear Debtor Accounts | 657 | 519 | 571 | 438 | 358 | 314 | 1 698 | 6 666 | 11 221 | 9 475 | |
| Total By Income Source | 6 124 | 4 834 | 5 318 | 4 084 | 3 337 | 2 930 | 15 827 | 62 121 | 104 575 | 88 299 | |
| 2013/14 - totals only | | | | | | | | | - | - | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | |
| Organs of State | 2 103 | 1 714 | 2 473 | 1 203 | 647 | 316 | 852 | 4 647 | 13 954 | 7 664 | |
| Commercial | 786 | 409 | 351 | 323 | 295 | 295 | 1 492 | 5 327 | 9 277 | 7 731 | |
| Households | 3 235 | 2 711 | 2 494 | 2 558 | 2 395 | 2 319 | 13 484 | 52 147 | 81 343 | 72 904 | |
| Total By Customer Group | 6 124 | 4 834 | 5 318 | 4 084 | 3 337 | 2 930 | 15 827 | 62 121 | 104 575 | 88 299 | |

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

Table 2.1.2: Debtors Age Analysis by Customer Category

| DESCRIPTION | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1Year | Over 1Year | TOTAL |
|--------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|----------------------|
| Government | R 2 091 955 | R 1 704 699 | R 2 466 216 | R 1 197 169 | R 639 870 | R 310 549 | R 791 886 | R 4 260 184 | R 13 462 529 |
| Business | R 786 067 | R 409 013 | R 351 154 | R 322 757 | R 294 659 | R 295 111 | R 1 491 538 | R 5 327 175 | R 9 277 475 |
| Households | R 3 200 279 | R 2 685 137 | R 2 445 506 | R 2 519 269 | R 2 351 514 | R 2 245 087 | R 13 145 224 | R 51 740 136 | R 80 332 154 |
| Other | R 27 096 | R 50 123 | R 59 591 | R 46 523 | R 55 973 | R 78 522 | R 387 846 | R 803 072 | R 1 508 746 |
| TOTAL | R 6 124 625 | R 4 833 057 | R 5 315 119 | R 4 082 203 | R 3 340 733 | R 2 928 876 | R 15 817 737 | R 62 129 173 | R 104 571 522 |

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

Chart 2: Debtors Age Analysis by Customer Group

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

- ✓ Households: 77%
- ✓ Government 13%
- ✓ Business 09%
- ✓ Other 1%

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

2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 August 2014

| DC43 Sisonke - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August | | | | | | | | | |
|--|---------------------|-----------------|-----------------|------------------|-------------------|-------------------|----------------------|----------------|--------------|
| Description | Budget Year 2014/15 | | | | | | | | Total |
| | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | |
| R thousands | | | | | | | | | |
| Creditors Age Analysis By Customer Type | | | | | | | | | |
| Bulk Water | 1 293 | | | | | | | | 1 293 |
| PAYE deductions | 1 082 | | | | | | | | 1 082 |
| Trade Creditors | 9 | | | | | | | | 9 |
| Auditor General | 24 | | | | | | | | 24 |
| Total By Customer Type | 2 408 | - | - | - | - | - | - | - | 2 408 |

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 August 2014.

Cash and Bank Balances (Investments)

DC43 Sisonke - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

| Investments by maturity Name of institution & investment ID | Ref | Period of Investment | Type of Investment | Expiry date of investment | Accrued interest for the month | Yield for the month 1 (%) | Market value at beginning of the month | Change in market value | Market value at end of the month |
|--|-------------|----------------------|--------------------|---------------------------|--------------------------------|---------------------------|--|------------------------|----------------------------------|
| | | Yrs/Months | | | | | | | |
| R thousands | | | | | | | | | |
| Municipality | | | | | | | | | |
| FIRST NATIONAL BANK | 62095523281 | | MONEY MARKET | | 80 | | 42 299 | (6 069) | 36 309 |
| FIRST NATIONAL BANK | 62138538692 | | CALL ACCOUNT | | 162 | | 94 433 | (29 483) | 65 112 |
| FIRST NATIONAL BANK | 62032587331 | | CALL ACCOUNT | | 79 | | 24 475 | (7 871) | 16 684 |
| INVESTEC | 50006688425 | | FIXED DEPOSIT | | 50 | | 11 024 | | 11 075 |
| FIRST NATIONAL BANK | 62398395204 | | CALL ACCOUNT | | 8 | | 202 | 4 860 | 5 070 |
| FIRST NATIONAL BANK | 62414264797 | | CALL ACCOUNT | | 3 | | 968 | 327 | 1 299 |
| FIRST NATIONAL BANK | 62434151239 | | CALL ACCOUNT | | 2 | | 640 | | 642 |
| FIRST NATIONAL BANK | 62434147072 | | CALL ACCOUNT | | 0 | | 3 | | 3 |
| FIRST NATIONAL BANK | 62434145331 | | CALL ACCOUNT | | 4 | | 1 254 | - | 1 258 |
| Municipality sub-total | | | | | 387 | | 175 300 | (38 236) | 137 452 |
| TOTAL INVESTMENTS AND INTEREST | | | | | 387 | | 175 300 | (38 236) | 137 452 |

2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

DC43 Sisonke - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August

| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|----------------|----------------|------------------|----------------|--------------------|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| RECEIPTS: | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 220 010 | 237 996 | - | 934 | 93 949 | 237 996 | (141 378) | -59.4% | 237 996 |
| Local Government Equitable Share | 216 056 | 230 622 | | - | 91 288 | 230 622 | (139 334) | -60.4% | 230 622 |
| Finance Management | 1 250 | 1 250 | | - | 1 250 | 1 250 | | | 1 250 |
| Municipal Systems Improvement | 890 | 934 | | 934 | 934 | 934 | | | 934 |
| WATER SERVICES OPERATING SUBSIDY GRANT | | 3 146 | | - | 477 | 3 146 | | | 3 146 |
| Rural Transport Services and Infrastructure Grant | 1 814 | 2 044 | | | | 2 044 | (2 044) | -100.0% | 2 044 |
| Provincial Government: | 668 | 11 250 | - | 27 | 27 | 11 250 | (11 000) | -97.8% | 11 250 |
| LG Seta | 668 | - | | 27 | 27 | - | | | - |
| Development Planning Shared Services | | 250 | | | | 250 | | | 250 |
| Small Town Rehabilitation Programme | | 11 000 | | | | 11 000 | (11 000) | -100.0% | 11 000 |
| Total Operating Transfers and Grants | 220 678 | 249 246 | - | 961 | 93 976 | 249 246 | (152 378) | -61.1% | 249 246 |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 243 031 | 245 526 | - | 6 792 | 111 893 | 245 526 | (92 204) | -37.6% | 245 526 |
| Municipal Infrastructure Grant (MIG) | 173 618 | 183 882 | | - | 97 815 | 183 882 | (86 067) | -46.8% | 183 882 |
| Regional Bulk Infrastructure | 43 975 | 28 200 | | - | 7 286 | 28 200 | | | 28 200 |
| ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT | 5 000 | 3 415 | | | | 3 415 | | | 3 415 |
| MUNICIPAL WATER INFRASTRUCTURE GRANT | 13 700 | 22 800 | | 5 700 | 5 700 | 22 800 | | | 22 800 |
| Expanded public works programme incentive grant | 2 739 | 2 729 | | 1 092 | 1 092 | 2 729 | (1 637) | -60.0% | 2 729 |
| Rural Household Infrastructure Grant | 4 000 | 4 500 | | | | 4 500 | (4 500) | -100.0% | 4 500 |
| Provincial Government: | 5 927 | - | - | - | - | - | - | - | - |
| Disaster Management Grant | 3 000 | | | | | | | | |
| CoGTA - Ubuhlebezwe Grant | 617 | | | | | | | | |
| ACIP - DWA | 2 310 | | | | | | | | |
| Total Capital Transfers and Grants | 248 958 | 245 526 | - | 6 792 | 111 893 | 245 526 | (92 204) | -37.6% | 245 526 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 469 636 | 494 772 | - | 7 753 | 205 869 | 494 772 | (244 582) | -49.4% | 494 772 |

It is clear from the chart above that the bulk of the grants received by the municipality are from the National Treasury.

Table SC7 track the expenditure on Conditional grant funding.

| DC43 Sisonke - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August | | | | | | | | | |
|--|-----------------|---------------------|-----------------|----------------|---------------|---------------|-----------------|----------------|--------------------|
| Description | 2012/13 | Budget Year 2013/14 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| EXPENDITURE | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 213 282 | 220 310 | - | 36 059 | 36 843 | 37 249 | (406) | -1.1% | 217 246 |
| Local Government Equitable Share | 203 556 | 216 056 | - | 36 009 | 36 009 | 36 009 | - | | 216 056 |
| Finance Management | 1 250 | 1 250 | - | 50 | 50 | 50 | - | | |
| Municipal Systems Improvement | 1 000 | 890 | - | - | - | 890 | (890) | -100.0% | 890 |
| WATER SERVICES OPERATING SUBSIDY GRANT | 5 700 | - | - | - | - | - | - | | - |
| WATER SERVICES OPERATING SUBSIDY | | 300 | - | - | 784 | 300 | 484 | 161.4% | 300 |
| Rural Transport Services and Infrastructure Grant | 1 776 | 1 814 | - | - | - | - | - | | - |
| Other transfers and grants [insert description] | | | | | | | | | |
| Provincial Government: | 90 | 253 | - | - | - | - | - | | 253 |
| Infrastructure Sport Facilities | | 253 | - | - | - | - | - | | 253 |
| Accredited Councillors Training | 90 | - | - | - | - | - | - | | - |
| Total operating expenditure of Transfers and Grants: | 213 372 | 220 563 | - | 36 059 | 36 843 | 37 249 | (406) | -1.1% | 217 499 |
| Capital expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | 172 982 | 210 486 | - | 14 418 | 22 481 | 42 959 | (18 700) | -43.5% | 195 057 |
| Municipal Infrastructure Grant (MIG) | 165 717 | 173 618 | - | 13 457 | 21 520 | 21 520 | - | | 173 618 |
| Regional Bulk Infrastructure | 302 | 15 429 | - | - | - | - | - | | - |
| ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT | | 5 000 | - | - | - | 5 000 | (5 000) | -100.0% | 5 000 |
| MUNICIPAL WATER INFRASTRUCTURE GRANT | | 13 700 | - | - | - | 13 700 | (13 700) | -100.0% | 13 700 |
| Expanded public works programme incentive grant | 3 763 | 2 739 | - | 961 | 961 | 2 739 | | | 2 739 |
| Farmers Market | 3 200 | | | | | | | | |
| Provincial Government: | 1 125 | - | - | - | 4 006 | 4 006 | - | | - |
| ACIP Grant | 620 | | | | | | | | |
| Massification | 505 | | | | 4 006 | 4 006 | | | |
| Total capital expenditure of Transfers and Grants | 174 107 | 210 486 | - | 14 418 | 26 487 | 46 965 | (18 700) | -39.8% | 195 057 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | 387 479 | 431 049 | - | 50 477 | 63 330 | 84 215 | (19 106) | -22.7% | 412 556 |

2.5 Councillor and Staff Benefits

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

| DC43 Sisonke - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August | | | | | | | | | |
|---|-----------------|---------------------|-----------------|----------------|---------------|----------------|-----------------|----------------|--------------------|
| Summary of Employee and Councillor remuneration | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | A | B | C | | | | | % | D |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | |
| Basic Salaries and Wages | 3 559 | 4 513 | | 302 | 604 | 4 513 | (3 908) | -87% | 4 513 |
| Pension and UIF Contributions | 265 | 336 | | 22 | 45 | 336 | (291) | -87% | 336 |
| Medical Aid Contributions | 62 | 79 | | 5 | 11 | 79 | (68) | -87% | 79 |
| Motor Vehicle Allowance | 782 | 991 | | 66 | 133 | 991 | (859) | -87% | 991 |
| Cellphone Allowance | 172 | 218 | | 15 | 29 | 218 | (188) | -87% | 218 |
| Other benefits and allowances | 409 | 519 | | 35 | 69 | 519 | (449) | -87% | 519 |
| Sub Total - Councillors | 5 249 | 6 655 | - | 445 | 891 | 6 655 | (5 764) | -87% | 6 655 |
| % increase | | 26.8% | | | | | | | 26.8% |
| Senior Managers of the Municipality | | | | | | | | | |
| Basic Salaries and Wages | 4 277 | 4 373 | | 359 | 720 | 4 373 | (3 653) | -84% | 4 373 |
| Pension and UIF Contributions | 3 | 3 | | 0 | 0 | 3 | (2) | -84% | 3 |
| Medical Aid Contributions | 5 | 5 | | 0 | 1 | 5 | (4) | -84% | 5 |
| Performance Bonus | 591 | 604 | | 50 | 99 | 604 | (505) | -84% | 604 |
| Motor Vehicle Allowance | 2 674 | 2 734 | | 224 | 450 | 2 734 | (2 284) | -84% | 2 734 |
| Cellphone Allowance | 125 | 128 | | 11 | 21 | 128 | (107) | -84% | 128 |
| Other benefits and allowances | 4 | 4 | | 0 | 1 | 4 | (3) | -84% | 4 |
| Sub Total - Senior Managers of Municipality | 7 678 | 7 850 | - | 644 | 1 292 | 7 850 | (6 557) | -84% | 7 850 |
| % increase | | 2.2% | | | | | | | 2.2% |
| Other Municipal Staff | | | | | | | | | |
| Basic Salaries and Wages | 66 149 | 69 485 | | 5 704 | 11 441 | 69 485 | (58 045) | -84% | 69 485 |
| Pension and UIF Contributions | 11 492 | 11 749 | | 965 | 1 934 | 11 749 | (9 814) | -84% | 11 749 |
| Medical Aid Contributions | 1 588 | 1 623 | | 133 | 267 | 1 623 | (1 356) | -84% | 1 623 |
| Overtime | 1 419 | 1 451 | | 119 | 239 | 1 451 | (1 212) | -84% | 1 451 |
| Performance Bonus | 6 298 | 6 438 | | 529 | 1 060 | 6 438 | (5 378) | -84% | 6 438 |
| Motor Vehicle Allowance | 2 895 | 2 959 | | 243 | 487 | 2 959 | (2 472) | -84% | 2 959 |
| Cellphone Allowance | 494 | 505 | | 41 | 83 | 505 | (422) | -84% | 505 |
| Housing Allowances | 43 | 44 | | 4 | 7 | 44 | (37) | -84% | 44 |
| Other benefits and allowances | 1 893 | 1 935 | | 159 | 319 | 1 935 | (1 617) | -84% | 1 935 |
| Sub Total - Other Municipal Staff | 92 270 | 96 190 | - | 7 897 | 15 838 | 96 190 | (80 352) | -84% | 96 190 |
| % increase | | 4.2% | | | | | | | 4.2% |
| Total Parent Municipality | 105 197 | 110 695 | - | 8 987 | 18 021 | 110 695 | (92 673) | -84% | 110 695 |
| | | 5.2% | | | | | | | 5.2% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 105 197 | 110 695 | - | 8 987 | 18 021 | 110 695 | (92 673) | -84% | 110 695 |
| % increase | | 5.2% | | | | | | | 5.2% |
| TOTAL MANAGERS AND STAFF | 99 948 | 104 040 | - | 8 541 | 17 130 | 104 040 | (86 910) | -84% | 104 040 |

2.6 Material Variances to the SDBIP

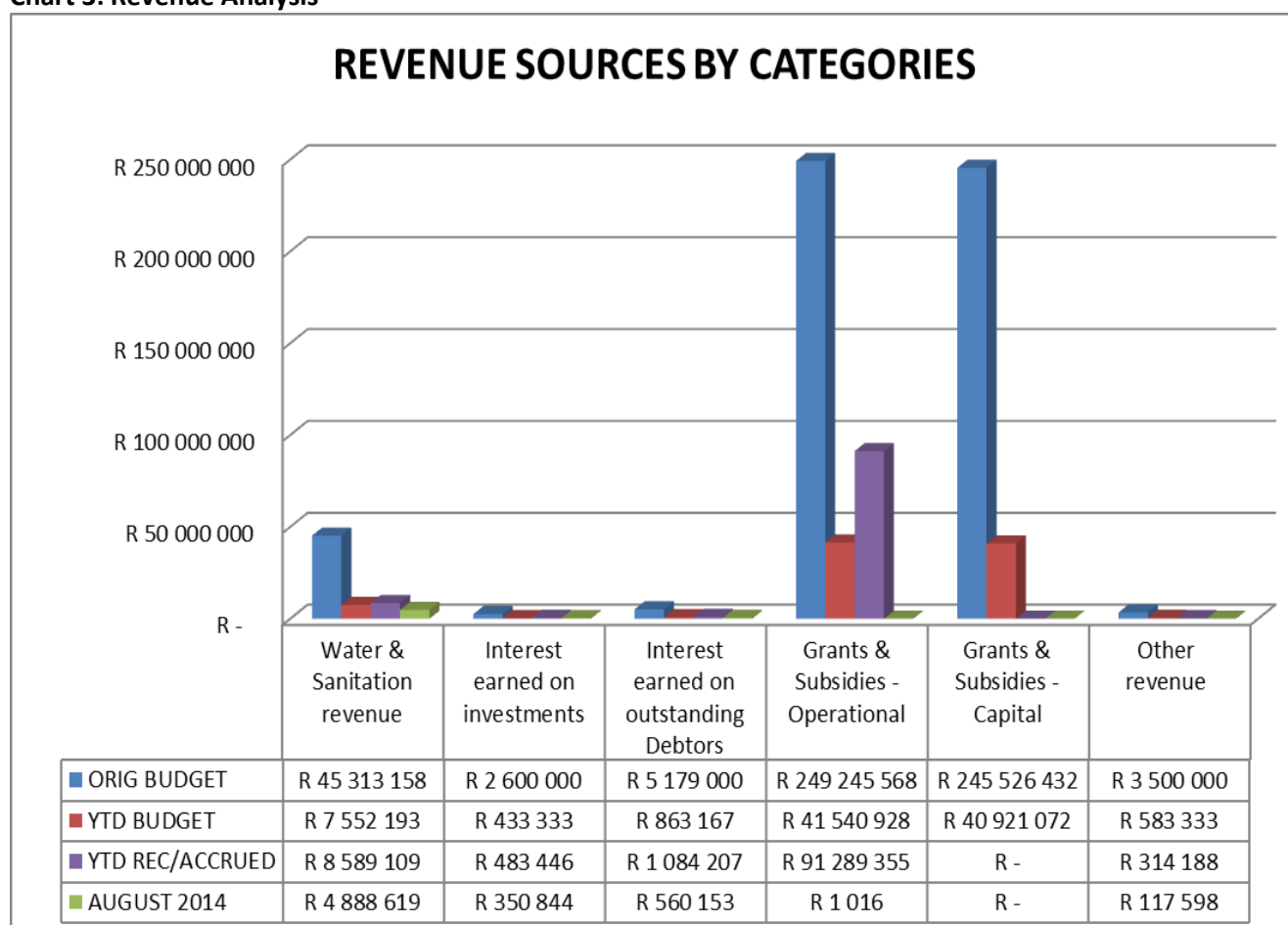
The following section analyses material variances between the actual targets as at 31 August 2014 and the budget for the same period. This report analyses each major component under following headings;

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

REVENUE

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

Chart 3: Revenue Analysis



Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 31 August 2014 was R8, 5million against a year to date **budget** of R7, 5million.

Interest Earned on External Investments

The actual interest earned on external investments as at 31 August 2014 is R 483 446 more than the year to date budget. This represent 112% of monthly received against original budget.

Transfers Recognised - Operational

There is no operational grants revenue received for the period ending 31 August 2014.

Transfers Recognised – Capital

The expenditure trends on grant funded expenditure had resulted in a negative way or poor performance as expected against the set targets. The was no actual in the second month of the current financial year which is August 2014 (YTD budget is R40, 9million) and this means the condition is not met in capital expenditures against the conditional grant allocation received.

Other Revenue

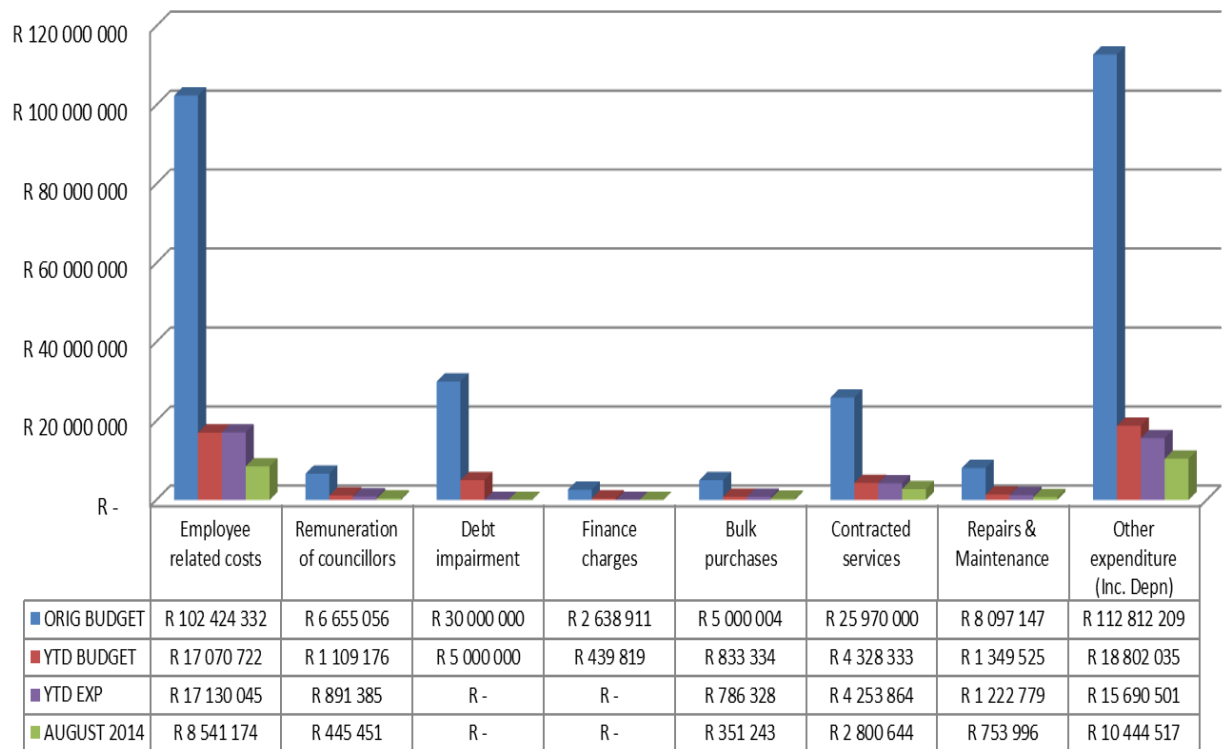
The YTD performance of other revenue is R314 188 against YTD budget of R583 333 of original budget.

OPERATIONAL EXPENDITURE

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

Chart 4: 2014/15 Financial year Opex

OPERATIONAL EXPENDITURE BY TYPE



Employee Related Costs

The YTD budget for employee related costs is R17million against a YTD actual of R17million which is 100% of the YTD budget.

Remuneration of Councillors

The remuneration of councillor’s expenditure as at 31 August 2014 was R891 385 against a YTD budget of R1million.

Finance Charges

As at 31 August 2014, the finance charges budget has been R439 819 and there were no movements.

Bulk Purchases

The expenditure on Bulk Water purchases has the budget of R833 334 and the expenditure for the month ending 31 August was R786 328.

Other Expenditure

The YTD budget for other expenditure was at R18, 8million against a YTD expenditure of R15, 6million.

Performance assessment

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

Actual and revised targets for cash receipts

| DC43 Sisonke - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M02 August | | | | | | | | | | | | | 2014/15 Medium Term Revenue & Expenditure Framework | | | |
|---|---------------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|----------------|----------------|----------------|
| Description | Budget Year 2014/15 | | | | | | | | | | | | Budget Year | Budget Year | Budget Year | |
| | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June | 2014/15 | +1 2015/16 | +2 2016/17 | |
| R thousands | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Budget | Budget | Budget | Budget | Budget | Budget | | | | |
| Cash Receipts By Source | | | | | | | | | | | | | | | | |
| Property rates | | | | | | | | | | | | | | | | |
| Property rates - penalties & collection charges | | | | | | | | | | | | | | | | |
| Service charges - electricity revenue | | | | | | | | | | | | | | | | |
| Service charges - water revenue | 1 359 | 902 | 3 845 | 3 845 | 3 845 | 3 845 | 3 845 | 3 845 | 3 845 | 3 845 | 3 845 | 3 845 | (11 511) | 25 358 | 27 961 | 30 772 |
| Service charges - sanitation revenue | 582 | 387 | | | | | | | | | | | | 8 986 | 9 956 | 10 977 |
| Interest earned - external investments | 133 | 351 | 217 | 217 | 217 | 217 | 217 | 217 | 217 | 217 | 217 | 217 | 167 | 2 600 | 2 000 | 2 000 |
| Interest earned - outstanding debtors | 524 | 560 | 432 | 432 | 432 | 432 | 432 | 432 | 432 | 432 | 432 | 432 | (932) | 4 036 | 4 450 | 4 898 |
| Transfer receipts - operating | 93 015 | 961 | 20 770 | 20 770 | 20 770 | 20 770 | 20 770 | 20 770 | 20 770 | 20 770 | 20 770 | 20 770 | (31 664) | 249 246 | 256 696 | 270 860 |
| Other revenue | 197 | 118 | 223 | 223 | 223 | 223 | 223 | 223 | 223 | 223 | 223 | 223 | 483 | 2 800 | 400 | 800 |
| Cash Receipts by Source | 95 809 | 3 278 | 25 486 | 25 486 | 25 486 | 25 486 | 25 486 | 25 486 | 25 486 | 25 486 | 25 486 | 25 486 | (34 471) | 293 995 | 302 485 | 321 411 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 105 101 | 6 792 | 20 461 | 20 461 | 20 461 | 20 461 | 20 461 | 20 461 | 20 461 | 20 461 | 20 461 | 20 461 | (50 512) | 245 526 | 273 942 | 415 606 |
| Total Cash Receipts by Source | 200 911 | 10 070 | 45 947 | 45 947 | 45 947 | 45 947 | 45 947 | 45 947 | 45 947 | 45 947 | 45 947 | 45 947 | (84 983) | 539 521 | 576 427 | 737 017 |
| Cash Payments by Type | | | | | | | | | | | | | | | | |
| Employee related costs | 8 589 | 8 541 | 8 670 | 8 670 | 8 670 | 8 670 | 8 670 | 8 670 | 8 670 | 8 670 | 8 670 | 8 670 | 7 264 | 102 424 | 110 063 | 119 813 |
| Remuneration of councillors | 446 | 445 | 555 | 555 | 555 | 555 | 555 | 555 | 555 | 555 | 555 | 555 | 772 | 6 655 | 7 081 | 7 534 |
| Interest paid | | | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 220 | 660 | 2 639 | 2 259 | 1 926 |
| Bulk purchases - Water & Sewer | 435 | 351 | 433 | 433 | 433 | 433 | 433 | 433 | 433 | 433 | 433 | 433 | 314 | 5 000 | 5 295 | 5 586 |
| Contracted services | 1 453 | 2 801 | 2 793 | 2 793 | 2 793 | 2 793 | 2 793 | 2 793 | 2 793 | 2 793 | 2 793 | 2 793 | (3 424) | 25 970 | 28 626 | 30 396 |
| Grants and subsidies paid - other municipalities | 1 274 | 5 000 | 965 | 965 | 965 | 965 | 965 | 965 | 965 | 965 | 965 | 965 | (14 957) | | | |
| Grants and subsidies paid - other | | | | | | | | | | | | | | 15 000 | 15 000 | 20 000 |
| General expenses | 39 375 | 21 030 | 9 164 | 9 164 | 9 164 | 9 164 | 9 164 | 9 164 | 9 164 | 9 164 | 9 164 | 9 164 | (36 969) | 105 909 | 103 679 | 111 230 |
| Cash Payments by Type | 51 572 | 38 169 | 22 800 | 22 800 | 22 800 | 22 800 | 22 800 | 22 800 | 22 800 | 22 800 | 22 800 | 22 800 | (31 341) | 263 598 | 272 003 | 296 486 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | | |
| Capital assets | 685 | 11 900 | 21 563 | 21 563 | 21 563 | 21 563 | 21 563 | 21 563 | 21 563 | 21 563 | 21 563 | 21 563 | 52 105 | 258 761 | 285 022 | 417 007 |
| Repayment of borrowing | | | | | | | | | | | | | | 3 486 | 3 486 | 3 000 |
| Total Cash Payments by Type | 52 256 | 50 069 | 44 363 | 44 363 | 44 363 | 44 363 | 44 363 | 44 363 | 44 363 | 44 363 | 44 363 | 44 363 | 24 251 | 525 844 | 560 291 | 716 493 |
| NET INCREASE/(DECREASE) IN CASH HELD | 148 655 | (39 999) | 1 584 | 1 584 | 1 584 | 1 584 | 1 584 | 1 584 | 1 584 | 1 584 | 1 584 | 1 584 | (109 234) | 13 677 | 16 136 | 20 524 |
| Cash/cash equivalents at the monthly year beginning: | 29 474 | 178 129 | 138 130 | 139 714 | 141 298 | 142 882 | 144 465 | 146 049 | 147 633 | 149 217 | 150 801 | 152 385 | 153 969 | 29 474 | 43 151 | 59 286 |
| Cash/cash equivalents at the monthly year end: | 178 129 | 138 130 | 139 714 | 141 298 | 142 882 | 144 465 | 146 049 | 147 633 | 149 217 | 150 801 | 152 385 | 153 969 | 43 151 | 43 151 | 59 286 | 79 811 |

Parent Municipal financial performance

| DC43 Sisonke - Supporting Table SC10 Monthly Budget Statement - Parent Municipality Financial Performance (revenue and expenditure) - M02 August | | | | | | | | | |
|--|-----------------|---------------------|-----------------|-----------------|----------------|----------------|------------------|----------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| Revenue By Source | | | | | | | | | |
| Service charges - water revenue | 34 184 | 31 037 | - | 3 422 | 6 012 | 31 719 | (25 707) | -81% | 31 037 |
| Service charges - sanitation revenue | 14 650 | 14 276 | - | 1 467 | 2 577 | 13 594 | (11 017) | -81% | 14 276 |
| Interest earned - external investments | 3 344 | 2 600 | - | 351 | 483 | 2 600 | (2 117) | -81% | 2 600 |
| Interest earned - outstanding debtors | 5 638 | 5 179 | - | 560 | 1 084 | 5 179 | (4 095) | -79% | 5 179 |
| Transfers recognised - operational | 287 073 | 249 246 | - | 1 | 91 289 | 249 246 | (157 957) | -63% | 249 246 |
| Other revenue | 1 859 | 3 500 | - | 118 | 315 | 3 500 | (3 185) | -91% | 3 500 |
| Total Revenue (excluding capital transfers and contributions) | 346 747 | 305 838 | - | 5 918 | 101 760 | 305 838 | (204 077) | -67% | 305 838 |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 99 949 | 104 040 | - | 8 541 | 17 130 | 104 040 | (86 910) | -84% | 104 040 |
| Remuneration of councillors | 5 249 | 6 655 | - | 445 | 891 | 6 655 | (5 764) | -87% | 6 655 |
| Debt impairment | 23 206 | 10 000 | - | - | - | 10 000 | (10 000) | -100% | 10 000 |
| Depreciation & asset impairment | 39 597 | 20 000 | - | - | - | 20 000 | (20 000) | -100% | 20 000 |
| Finance charges | 3 510 | 2 639 | - | - | - | 2 639 | (2 639) | -100% | 2 639 |
| Bulk purchases | 9 487 | 5 200 | - | 351 | 786 | 5 200 | (4 414) | -85% | 5 200 |
| Contracted services | 23 091 | 33 520 | - | 2 801 | 4 254 | 33 520 | (29 266) | -87% | 33 520 |
| Transfers and grants | 14 808 | 11 578 | - | 5 000 | 6 274 | 11 578 | (5 304) | -46% | 11 578 |
| Other expenditure | 156 316 | 99 965 | - | 6 199 | 10 639 | 99 965 | (89 326) | -89% | 99 965 |
| Loss on disposal of PPE | 25 116 | - | - | - | - | - | - | - | - |
| Total Expenditure | 400 330 | 293 597 | - | 23 337 | 39 975 | 293 597 | (253 622) | -86% | 293 597 |
| | | | | | | | | | |
| Surplus/(Deficit) | (53 582) | 12 241 | - | (17 419) | 61 785 | 12 241 | 49 545 | 405% | 12 241 |
| Transfers recognised - capital | 190 609 | 245 526 | - | - | - | 245 526 | (245 526) | -100% | 245 526 |
| Surplus/(Deficit) after capital transfers & contributions | 137 027 | 257 767 | - | (17 419) | 61 785 | 257 767 | (195 982) | -76% | 257 767 |
| Surplus/(Deficit) after taxation | 137 027 | 257 767 | - | (17 419) | 61 785 | 257 767 | (195 982) | -76% | 257 767 |

Capital Expenditure Trend

| DC43 Sisonke - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M02 August | | | | | | | | | |
|---|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|----------------------------|
| Month | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | % spend of Original Budget |
| R thousands | | | | | | | | % | |
| Monthly expenditure performance trend | | | | | | | | | |
| July | 13 222 | 21 563 | - | 685 | 685 | 21 563 | 20 879 | 96.8% | 0% |
| August | 26 008 | 21 563 | - | 11 900 | 12 585 | 43 127 | 30 542 | 70.8% | 5% |
| September | 14 992 | 21 563 | - | | | 64 690 | - | | |
| October | 19 238 | 21 563 | - | | | 86 254 | - | | |
| November | 20 655 | 21 563 | - | | | 107 817 | - | | |
| December | 38 619 | 21 563 | - | | | 129 380 | - | | |
| January | 5 223 | 21 563 | - | | | 150 944 | - | | |
| February | 17 347 | 21 563 | - | | | 172 507 | - | | |
| March | 24 219 | 21 563 | - | | | 194 071 | - | | |
| April | 11 816 | 21 563 | - | | | 215 634 | - | | |
| May | 18 082 | 21 563 | - | | | 237 197 | - | | |
| June | 8 444 | 21 563 | - | | | 258 761 | - | | |
| Total Capital expenditure | 217 866 | 258 761 | - | 12 585 | | | | | |

Capital Expenditure on New Assets by Asset Class

| DC43 Sisonke - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M02 August | | | | | | | | | |
|---|-----------------|---------------------|-----------------|----------------|---------------|----------------|----------------|--------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | % | |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 209 151 | 233 944 | - | 11 609 | 12 293 | 233 944 | 221 651 | 94.7% | 233 944 |
| Infrastructure - Electricity | 5 396 | 3 415 | - | - | - | 3 415 | 3 415 | 100.0% | 3 415 |
| <i>Generation</i> | | 3 415 | | | | 3 415 | 3 415 | 100.0% | 3 415 |
| <i>Transmission & Reticulation</i> | 5 396 | | | | | | - | | |
| Infrastructure - Water | 143 095 | 194 351 | - | 8 974 | 9 659 | 194 351 | 184 692 | 95.0% | 194 351 |
| <i>Dams & Reservoirs</i> | | 28 200 | | | | 28 200 | 28 200 | 100.0% | 28 200 |
| <i>Water purification</i> | | 3 000 | | | | 3 000 | 3 000 | 100.0% | 3 000 |
| <i>Reticulation</i> | 143 095 | 163 151 | | 8 974 | 9 659 | 163 151 | 153 492 | 94.1% | 163 151 |
| Infrastructure - Sanitation | 60 660 | 36 178 | - | 2 635 | 2 635 | 36 178 | 33 543 | 92.7% | 36 178 |
| <i>Reticulation</i> | | 30 235 | | | | 30 235 | 30 235 | 100.0% | 30 235 |
| <i>Sewerage purification</i> | 60 660 | 5 943 | | 2 635 | 2 635 | 5 943 | 3 309 | 55.7% | 5 943 |
| Community | 2 026 | - | - | - | - | - | - | - | - |
| Other | 2 026 | | | | | | | | |
| Other assets | 5 519 | 20 037 | - | 267 | 267 | 20 037 | 19 770 | 98.7% | 20 037 |
| General v ehicles | 5 006 | 1 100 | | | | 1 100 | 1 100 | 100.0% | 1 100 |
| Plant & equipment | | 6 025 | | | | 6 025 | 6 025 | 100.0% | 6 025 |
| Computers - hardware/equipment | | 1 380 | | | | 1 380 | 1 380 | 100.0% | 1 380 |
| Furniture and other office equipment | 497 | 2 179 | | | | 2 179 | 2 179 | 100.0% | 2 179 |
| Civic Land and Buildings | | 9 352 | | 267 | 267 | 9 352 | 9 086 | 97.1% | 9 352 |
| Other | 15 | - | | | | - | - | | - |
| Intangibles | 92 | 200 | - | 25 | 25 | 200 | 175 | 87.5% | 200 |
| Computers - software & programming | 62 | 200 | | 25 | 25 | 200 | 175 | 87.5% | 200 |
| Other | 29 | | | | | | | | |
| Total Capital Expenditure on new assets | 216 786 | 254 181 | - | 11 900 | 12 585 | 254 181 | 241 596 | 95.0% | 254 181 |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Refuse | | | | | | | | | |
| Fire | | | | | | | | | |
| Conservancy | | | | | | | | | |
| Ambulances | | | | | | | | | |

Capital Expenditure on Renewal of Existing Assets by Asset Class

| DC43 Sisonke - Supporting Table SC13b Consolidated Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M02 August | | | | | | | | | |
|---|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| Description | 2013/14 | Budget Year 2014/15 | | | | | | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | - | 4 580 | - | - | - | 4 580 | 4 580 | 100.0% | 4 580 |
| Infrastructure - Water | - | 4 580 | - | - | - | 4 580 | 4 580 | 100.0% | 4 580 |
| Reticulation | | 4 580 | | | | 4 580 | 4 580 | 100.0% | 4 580 |
| Intangibles | 1 079 | - | - | - | - | - | - | | - |
| Computers - software & programming | 1 079 | | | | | | | | |
| Total Capital Expenditure on renewal of existing assets | 1 079 | 4 580 | - | - | - | 4 580 | 4 580 | 100.0% | 4 580 |
| Specialised vehicles | - | - | - | - | - | - | - | | - |
| Refuse | | | | | | | | | |
| Fire | | | | | | | | | |
| Conservancy | | | | | | | | | |
| Ambulances | | | | | | | | | |

2.7 Municipal Manager's Quality's Certificate

Quality Certificate

I, Adelaide Nomnandi Dlamini, the municipal manager of Sisonke District Municipality, hereby certify that-

- The monthly budget statement

For the month of August of 2014 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Adelaide Nomnandi Dlamini

Municipal Manager of: Sisonke District Municipality

Signed _____

Date _____

