

Harry Gwala District Municipality

MFMA s71 & s52 (d) report for the period ending 30 September 2016.

11/10/2016

Budget & Treasury Office

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Glossary

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

AFS – Annual Financial Statements

Budget – The financial plan of the Municipality.

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

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

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

FMG – Financial Management Grant.

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

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

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

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

MIG – Municipal Infrastructure Grant.

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

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

SDBIP – Service Delivery and Budget Implementation Plan (SDBIP). A detailed plan comprising annual and quarterly performance information.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Vote – one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. .

YTD – Year to date

YoY – Year on Year

DBSA – Development Bank of South Africa

1. PART 1 – MONTHLY REPORT

1.1 Mayors Report

1.2.1 Implementation of the budget in accordance with the SDBIP

A comprehensive report detailing the implementation for the first quarter ended 30 September 2016 will be tabled in a separate report to council.

1.2.2 Financial problems or risks facing the municipality

The cash flow position as at 30 September 2016 of the Municipality shows a massive decrease when compared to the previous financial year. However in its 2016/17 budget, the municipality will seek to monitor the expenditure and consider reducing non-essential expenditure by implementing cost containment measures in order for the municipality to improve its cash position and continue to implement the “belt-tightening” measures.

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

1.2 Executive Summary

Legislative Requirements

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

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

DELIBERATION

The discussion that follows, in terms of MFMA Section 71 & Section 52 (d) above, intends to inform the Council on the progress made thus far in terms of implementing the 2016/2017 budget for the period ending 30 September 2016.

Revenue by Source

The Year-to-Date actual revenue is 70% above the YTD budget.

Borrowings

The balance of borrowings amounts to R20m at the end of September 2016 for ABSA loan. There was no movement in the month of September 2016.

Operating expenditure by vote & type

Operating expenditure is at 76% below YTD budget for the period ending 30 September 2016.

Capital expenditure

The YTD expenditure on capital amounts to R32, 6 million, or 38%, of a total budget of R348million. Capital expenditure is mainly funded by means of national grants in the form of Municipal Infrastructure Grant.

Cash flows

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

Allocations received (National & Provincial Grants)

All DORA allocations for 2016/2017 first Quarter have been received as per payment schedule. Details of the grants have been presented in SC6.

Spending on Grants

Spending on grants amounted to R32, 6 million or 38% for 2016/17 first quarter.

1.3 Resolutions

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

It is recommended that the Mayor;

1. Notes the monthly budget statement and any other supporting documentation
2. Notes the quarterly report on the implementation of the budget in terms of s52 (d) of the MFMA

1.4 Monthly Budget Statement Tables

Monthly Budget Statements Summary

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

DC43 Harry Gwala - Table C1 Monthly Budget Statement Summary - M03 September

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Service charges	55 822	60 553	2 051	6 264	15 138	(8 874)	-59%	60 553
Investment revenue	3 375	3 500	700	986	875	111	13%	3 500
Transfers recognised - operational	260 403	277 632	-	108 362	69 408	38 954	56%	277 632
Other own revenue	9 098	9 109	1 980	4 568	2 277	2 291	101%	9 109
Total Revenue (excluding capital transfers and contributions)	328 699	350 794	4 732	120 181	87 699	32 482	37%	350 794
Employee costs	116 031	125 313	10 613	32 866	31 328	1 538	5%	125 313
Remuneration of Councillors	7 321	7 906	378	1 306	1 977	(670)	-34%	7 906
Depreciation & asset impairment	30 000	31 874	-	-	7 969	(7 969)	-100%	31 874
Finance charges	1 114	1 926	-	-	481	(481)	-100%	1 926
Materials and bulk purchases	9 852	10 709	-	599	2 677	(2 078)	-78%	10 709
Transfers and grants	18 096	20 000	-	6 667	5 000	1 667	33%	20 000
Other expenditure	204 636	184 675	12 780	30 774	46 169	(15 395)	-33%	184 675
Total Expenditure	387 050	382 404	23 770	72 213	95 601	(23 388)	-24%	382 404
Surplus/(Deficit)	(58 351)	(31 610)	(19 039)	47 968	(7 902)	55 870	-707%	(31 610)
Transfers recognised - capital	244 290	335 772	-	-	83 943	(83 943)	-100%	335 772
Contributions & Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	185 939	304 163	(19 039)	47 968	76 041	(28 073)	-37%	304 163
Surplus/ (Deficit) for the year	185 939	304 163	(19 039)	47 968	76 041	(28 073)	-37%	304 163
Capital expenditure & funds sources								
Capital expenditure	250 238	348 054	23 544	32 676	87 014	(54 338)	-62%	348 054
Capital transfers recognised	244 290	335 772	23 544	32 668	83 943	(51 275)	-61%	335 772
Internally generated funds	5 948	12 282	-	8	3 071	(3 063)	-100%	12 282
Total sources of capital funds	250 238	348 054	23 544	32 676	87 014	(54 338)	-62%	348 054
Financial position								
Total current assets	65 577	96 627		99 410				96 627
Total non current assets	1 572 358	1 914 112		1 668 875				1 914 112
Total current liabilities	108 886	60 999		300 290				60 999
Total non current liabilities	31 018	29 859		37 298				29 859
Community wealth/Equity	1 498 031	1 919 882		1 430 697				1 919 882
Cash flows								
Net cash from (used) operating	263 590	329 265	(33 247)	79 508	82 316	2 808	3%	329 265
Net cash from (used) investing	(276 912)	(310 943)	(23 544)	(32 676)	(77 736)	(45 060)	58%	(310 943)
Net cash from (used) financing	(2 694)	(2 822)	-	-	(705)	(705)	100%	178
Cash/cash equivalents at the month/year end	9 855	35 377	-	52 651	23 752	(28 900)	-122%	24 319
Debtors & creditors analysis								
	0-30 Days	31-60 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis								
Total By Income Source	5 241	3 682	2 735	2 480	2 528	17 095	112 591	149 207
Creditors Age Analysis								
Total Creditors	5 869	957	212	-	-	-	-	7 383

Financial Performance

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

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M03 September

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue - Standard								
<i>Governance and administration</i>	255 059	274 973	2 598	113 707	68 743	44 964	65%	274 973
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	255 059	274 973	2 598	113 707	68 743	44 964	65%	274 973
Corporate services	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	1 100	400	-	-	100	(100)	-100%	400
Planning and development	1 100	400	-	-	100	(100)	-100%	400
<i>Trading services</i>	316 829	411 194	2 134	6 473	102 798	(96 325)	-94%	411 194
Electricity	-	-	-	-	-	-	-	-
Water	56 539	60 550	2 134	6 473	15 137	(8 664)	-57%	60 550
Waste water management	260 290	350 644	-	-	87 661	(87 661)	-100%	350 644
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
Total Revenue - Standard	572 988	686 567	4 732	120 181	171 642	(51 461)	-30%	686 567
Expenditure - Standard								
<i>Governance and administration</i>	131 608	143 616	5 856	20 477	35 904	(15 427)	-43%	143 616
Executive and council	24 484	29 224	1 098	4 188	7 306	(3 118)	-43%	29 224
Budget and treasury office	63 444	64 031	2 212	7 146	16 008	(8 862)	-55%	64 031
Corporate services	43 680	50 362	2 547	9 144	12 590	(3 446)	-27%	50 362
<i>Economic and environmental services</i>	52 428	58 937	2 574	13 999	14 734	(735)	-5%	58 937
Planning and development	52 428	58 937	2 574	13 999	14 734	(735)	-5%	58 937
<i>Trading services</i>	203 013	179 851	15 340	37 736	44 963	(7 226)	-16%	179 851
Electricity	-	-	-	-	-	-	-	-
Water	159 142	146 344	14 135	31 584	36 586	(5 002)	-14%	146 344
Waste water management	43 872	33 506	1 205	6 152	8 377	(2 224)	-27%	33 506
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
Total Expenditure - Standard	387 050	382 404	23 770	72 213	95 601	(23 388)	-24%	382 404
Surplus/ (Deficit) for the year	185 939	304 163	(19 039)	47 968	76 041	(28 073)	-37%	304 163

This table assess the revenue by department and then the expenditure for the period ending 30 September 2016. Revenue receipts in September has largely constituted of by service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of September is 1%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 6% in the period ending 30 September 2016. This being largely attributable to the backlog demand of operations and maintenance of water schemes in the District.

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

DC43 Harry Gwala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September

Vote Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue by Vote								
Vote 1 - Mayor	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager Admin	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Administration	255 059	274 973	2 598	113 707	68 743	44 964	65,4%	274 973
Vote 4 - Corporate services admin	-	-	-	-	-	-	-	-
Vote 5 - Social economic & development planning admin	1 100	400	-	-	100	(100)	-100,0%	400
Vote 6 - Infrastructure services admin	260 290	350 644	-	-	87 661	(87 661)	-100,0%	350 644
Vote 7 - Water services admin	56 539	60 550	2 134	6 473	15 137	(8 664)	-57,2%	60 550
Total Revenue by Vote	572 988	686 567	4 732	120 181	171 642	(51 461)	-30,0%	686 567
Expenditure by Vote								
Vote 1 - Mayor	12 024	12 382	478	1 955	3 096	(1 140)	-36,8%	12 382
Vote 2 - Municipal Manager Admin	12 460	16 841	620	2 233	4 210	(1 978)	-47,0%	16 841
Vote 3 - Budget & Treasury Administration	63 444	64 031	2 212	7 146	16 008	(8 862)	-55,4%	64 031
Vote 4 - Corporate services admin	43 680	50 362	2 547	9 144	12 590	(3 446)	-27,4%	50 362
Vote 5 - Social economic & development planning admin	52 428	58 937	2 574	13 999	14 734	(735)	-5,0%	58 937
Vote 6 - Infrastructure services admin	43 872	34 982	1 205	6 152	8 745	(2 593)	-29,7%	34 982
Vote 7 - Water services admin	159 142	144 869	14 135	31 584	36 217	(4 633)	-12,8%	144 869
Total Expenditure by Vote	387 050	382 404	23 770	72 213	95 601	(23 388)	-24,5%	382 404
Surplus/ (Deficit) for the year	185 939	304 163	(19 039)	47 968	76 041	(28 073)	-36,9%	304 163

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 30 September 2016.

DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	2015/16	Budget Year 2016/17						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Revenue By Source								
Service charges - water revenue	38 329	40 714	1 436	4 385	10 178	(5 793)	-57%	40 714
Service charges - sanitation revenue	16 461	17 449	615	1 879	4 362	(2 483)	-57%	17 449
Service charges - other	1 032	2 391			598	(598)	-100%	2 391
Rental of facilities and equipment	-	-	-	-	-	-		-
Interest earned - external investments	3 375	3 500	700	986	875	111	13%	3 500
Interest earned - outstanding debtors	8 000	8 500	1 322	3 937	2 125	1 812	85%	8 500
Transfers recognised - operational	260 403	277 632	-	108 362	69 408	38 954	56%	277 632
Other revenue	1 098	609	658	631	152	479	314%	609
Gains on disposal of PPE	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)	328 699	350 794	4 732	120 181	87 699	32 482	37%	350 794
Expenditure By Type								
Employee related costs	116 031	125 313	10 613	32 866	31 328	1 538	5%	125 313
Remuneration of councillors	7 321	7 906	378	1 306	1 977	(670)	-34%	7 906
Debt impairment	24 692	25 394			6 348	(6 348)	-100%	25 394
Depreciation & asset impairment	30 000	31 874			7 969	(7 969)	-100%	31 874
Finance charges	1 114	1 926			481	(481)	-100%	1 926
Bulk purchases	9 852	10 709	-	599	2 677	(2 078)	-78%	10 709
Contracted services	53 356	44 923	237	2 501	11 231	(8 730)	-78%	44 923
Transfers and grants	18 096	20 000	-	6 667	5 000	1 667	33%	20 000
Other expenditure	126 589	114 358	12 543	28 273	28 590	(316)	-1%	114 358
Loss on disposal of PPE						-		
Total Expenditure	387 050	382 404	23 770	72 213	95 601	(23 388)	-24%	382 404
Surplus/(Deficit)	(58 351)	(31 610)	(19 039)	47 968	(7 902)	55 870	(0)	(31 610)
Transfers recognised - capital	244 290	335 772			83 943	(83 943)	(0)	335 772
Contributions recognised - capital						-		
Surplus/(Deficit) after capital transfers & contributions	185 939	304 163	(19 039)	47 968	76 041			304 163
Surplus/(Deficit) after taxation	185 939	304 163	(19 039)	47 968	76 041			304 163
Surplus/(Deficit) attributable to municipality	185 939	304 163	(19 039)	47 968	76 041			304 163
Surplus/ (Deficit) for the year	185 939	304 163	(19 039)	47 968	76 041			304 163

Capital Expenditure

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

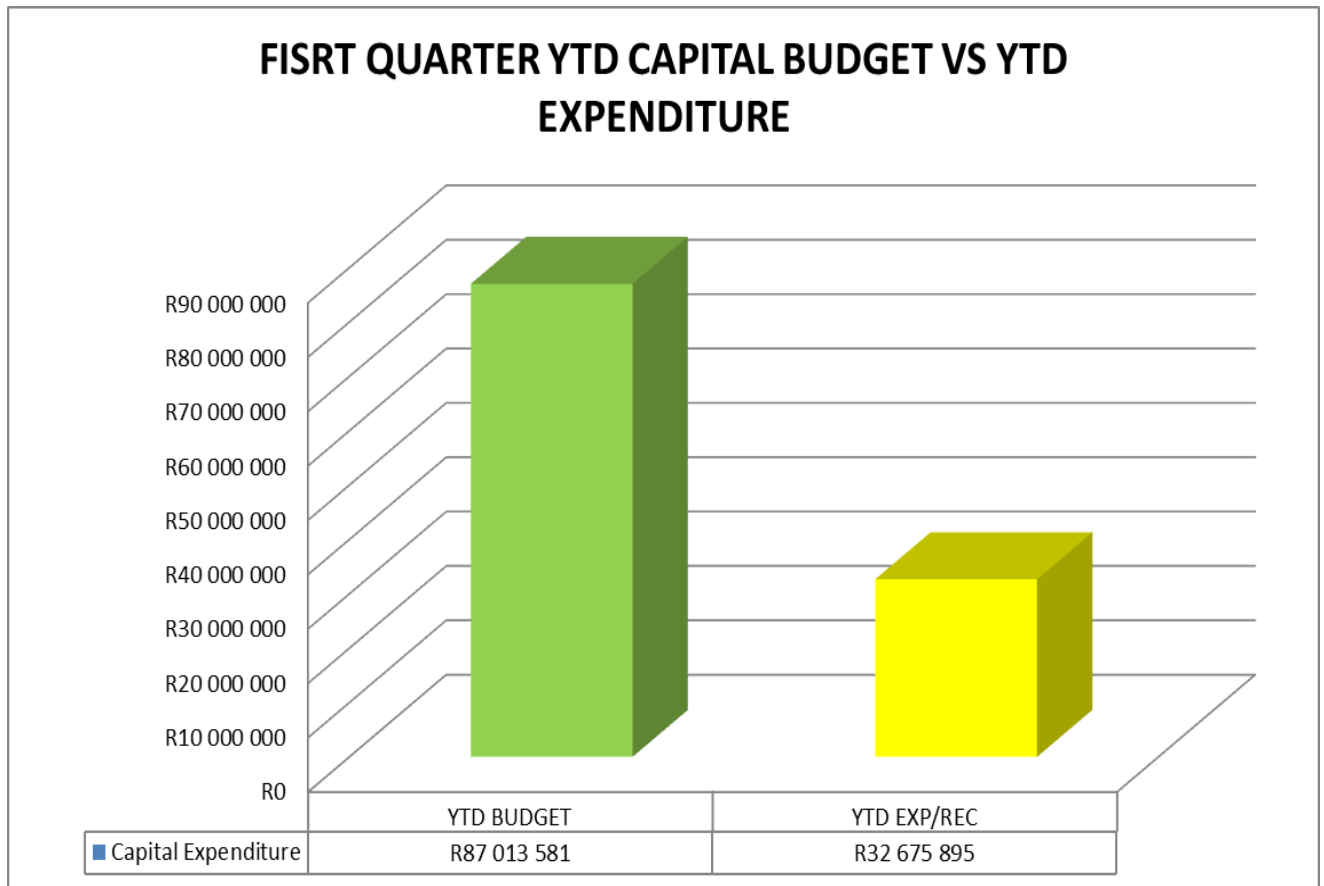
DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M03 September

Vote Description	2015/16	Budget Year 2016/17						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Multi-Year expenditure appropriation								
Vote 1 - Mayor	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager Admin	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Administration	-	-	-	-	-	-	-	-
Vote 4 - Corporate services admin	1 643	4 624	-	8	1 156	(1 148)	-99%	4 624
Vote 5 - Social economic & development planning admin	400	1 117	-	-	279	(279)	-100%	1 117
Vote 6 - Infrastructure services admin	244 590	337 272	23 544	32 668	84 318	(51 650)	-61%	337 272
Vote 7 - Water services admin	3 605	5 042	-	-	1 261	(1 261)	-100%	5 042
Total Capital Multi-year expenditure	250 238	348 054	23 544	32 676	87 014	(54 338)	-62%	348 054
Total Capital Expenditure	250 238	348 054	23 544	32 676	87 014	(54 338)	-62%	348 054
Capital Expenditure - Standard Classification								
Governance and administration	1 643	4 624	-	8	1 156	(1 148)	-99%	4 624
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	1 643	4 624	-	8	1 156	(1 148)	-99%	4 624
Community and public safety	-	-	-	-	-	-	-	-
Economic and environmental services	400	1 117	-	-	279	(279)	-100%	1 117
Planning and development	400	1 117	-	-	279	(279)	-100%	1 117
Trading services	248 195	342 314	23 544	32 668	85 579	(52 910)	-62%	342 314
Electricity	-	-	-	-	-	-	-	-
Water	3 605	5 042	-	-	1 261	(1 261)	-100%	5 042
Waste water management	244 590	337 272	23 544	32 668	84 318	(51 650)	-61%	337 272
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	250 238	348 054	23 544	32 676	87 014	(54 338)	-62%	348 054
Funded by:								
National Government	244 290	335 772	23 544	32 668	83 943	(51 275)	-61%	335 772
Provincial Government	-	-	-	-	-	-	-	-
Transfers recognised - capital	244 290	335 772	23 544	32 668	83 943	(51 275)	-61%	335 772
Public contributions & donations	-	-	-	-	-	-	-	-
Internally generated funds	5 948	12 282	-	8	3 071	(3 063)	-100%	12 282
Total Capital Funding	250 238	348 054	23 544	32 676	87 014	(54 338)	-62%	348 054

As alluded to above, the capital expenditure programme for the period ending 30 September was R32, 6m which represent 38% of capital expenditure and thus shows the reduction on expenditures reflected on National grant funding.

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

Chart 1: 2016/2017 FIRST QUARTER CAPEX



As at 30 September 2016, the year to date actual expenditure was R32, 6million against a YTD budget of R87million. In monetary terms, these figures represent 38% per cent performance against the capital development programme as at 30 September 2016.

Table C6 displays the financial position of the municipality as at 30 September 2016.

DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M03 September

Description	2015/16	Budget Year 2016/17		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands				
<u>ASSETS</u>				
Current assets				
Cash	9 855	35 377	52 651	35 377
Call investment deposits	-	-	-	-
Consumer debtors	39 061	48 078	33 128	48 078
Other debtors	12 065	12 789	13 440	12 789
Current portion of long-term receivables	4 246	-	-	-
Inventory	349	384	192	384
Total current assets	65 577	96 627	99 410	96 627
Non current assets				
Property, plant and equipment	1 571 174	1 912 816	1 668 568	1 912 816
Agricultural	-	-	-	-
Biological assets	-	-	-	-
Intangible assets	1 184	1 296	307	1 296
Other non-current assets	-	-	-	-
Total non current assets	1 572 358	1 914 112	1 668 875	1 914 112
TOTAL ASSETS	1 637 935	2 010 739	1 768 286	2 010 739
<u>LIABILITIES</u>				
Current liabilities				
Bank overdraft	-	-	-	-
Borrowing	3 592	3 330	5 463	3 330
Consumer deposits	1 415	1 593	1 401	1 593
Trade and other payables	95 710	51 770	290 869	51 770
Provisions	8 169	4 305	2 557	4 305
Total current liabilities	108 886	60 999	300 290	60 999
Non current liabilities				
Borrowing	16 683	12 353	15 683	12 353
Provisions	14 334	17 506	21 615	17 506
Total non current liabilities	31 018	29 859	37 298	29 859
TOTAL LIABILITIES	139 904	90 858	337 588	90 858
NET ASSETS	1 498 031	1 919 882	1 430 697	1 919 882
<u>COMMUNITY WEALTH/EQUITY</u>				
Accumulated Surplus/(Deficit)	1 498 031	1 919 882	1 430 697	1 919 882
Reserves				
TOTAL COMMUNITY WEALTH/EQUITY	1 498 031	1 919 882	1 430 697	1 919 882

Table C7 below display the Cash Flow Statement for the period ending 30 September 2016.

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M03 September

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	-	-	-	-	-	-	-	-
Service charges	30 746	32 408	2 100	5 667	8 102	(2 435)	-30%	32 408
Other revenue	2 034	305	658	631	76	555	729%	305
Government - operating	260 403	277 632	1 095	110 707	69 408	41 299	60%	277 632
Government - capital	244 290	335 772	-	173 676	83 943	89 733	107%	335 772
Interest	8 294	3 500	2 023	4 923	875	4 048	463%	3 500
Payments								
Suppliers and employees	(262 968)	(298 426)	(39 123)	(209 429)	(74 607)	134 822	-181%	(298 426)
Finance charges	(1 114)	(1 926)	-	-	(481)	(481)	100%	(1 926)
Transfers and Grants	(18 096)	(20 000)	-	(6 667)	(5 000)	1 667	-33%	(20 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	263 590	329 265	(33 247)	79 508	82 316	2 808	3%	329 265
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Decrease (increase) other non-current receiv ables						-		
Payments								
Capital assets	(276 912)	(310 943)	(23 544)	(32 676)	(77 736)	(45 060)	58%	(310 943)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(276 912)	(310 943)	(23 544)	(32 676)	(77 736)	(45 060)	58%	(310 943)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits	151	178			44	(44)	-100%	178
Payments								
Repayment of borrowing	(2 845)	(3 000)			(750)	(750)	100%	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 694)	(2 822)	-	-	(705)	(705)	100%	178
NET INCREASE/ (DECREASE) IN CASH HELD	(16 016)	15 500	(56 790)	46 832	3 875			18 500
Cash/cash equivalents at beginning:	25 871	19 877		5 819	19 877			5 819
Cash/cash equivalents at month/year end:	9 855	35 377		52 651	23 752			24 319

There has been an increase in collection levels signalled by a collection ratio of 62%. The interest earned on investments and on outstanding debtors for the period ending 30 September is R1, 3m which is representing 62% of the year to date budget.

PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 30 September 2016.

Table 2.1.1: Debtors Age Analysis by Income Source

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

Description	Budget Year 2016/17									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	3 364	2 363	1 833	1 756	1 592	1 623	10 974	72 275	95 779	88 219
Receivables from Exchange Transactions - Waste Water Management	1 314	923	716	686	622	634	4 287	28 235	37 417	34 464
Interest on Arrear Debtor Accounts	562	395	306	294	266	271	1 834	12 081	16 010	14 746
Total By Income Source	5 241	3 682	2 855	2 735	2 480	2 528	17 095	112 591	149 207	137 429
2015/16 - totals only									-	-
Debtors Age Analysis By Customer Group										
Organs of State	1 225	767	572	434	330	316	1 724	7 549	12 916	10 352
Commercial	426	306	230	203	139	229	1 310	7 983	10 824	9 863
Households	3 590	2 609	2 053	2 098	2 011	1 983	14 062	97 059	125 466	117 214
Other	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	5 241	3 682	2 855	2 735	2 480	2 528	17 095	112 591	149 207	137 429

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

Table 2.1.2: Debtors Age Analysis By Customer Category

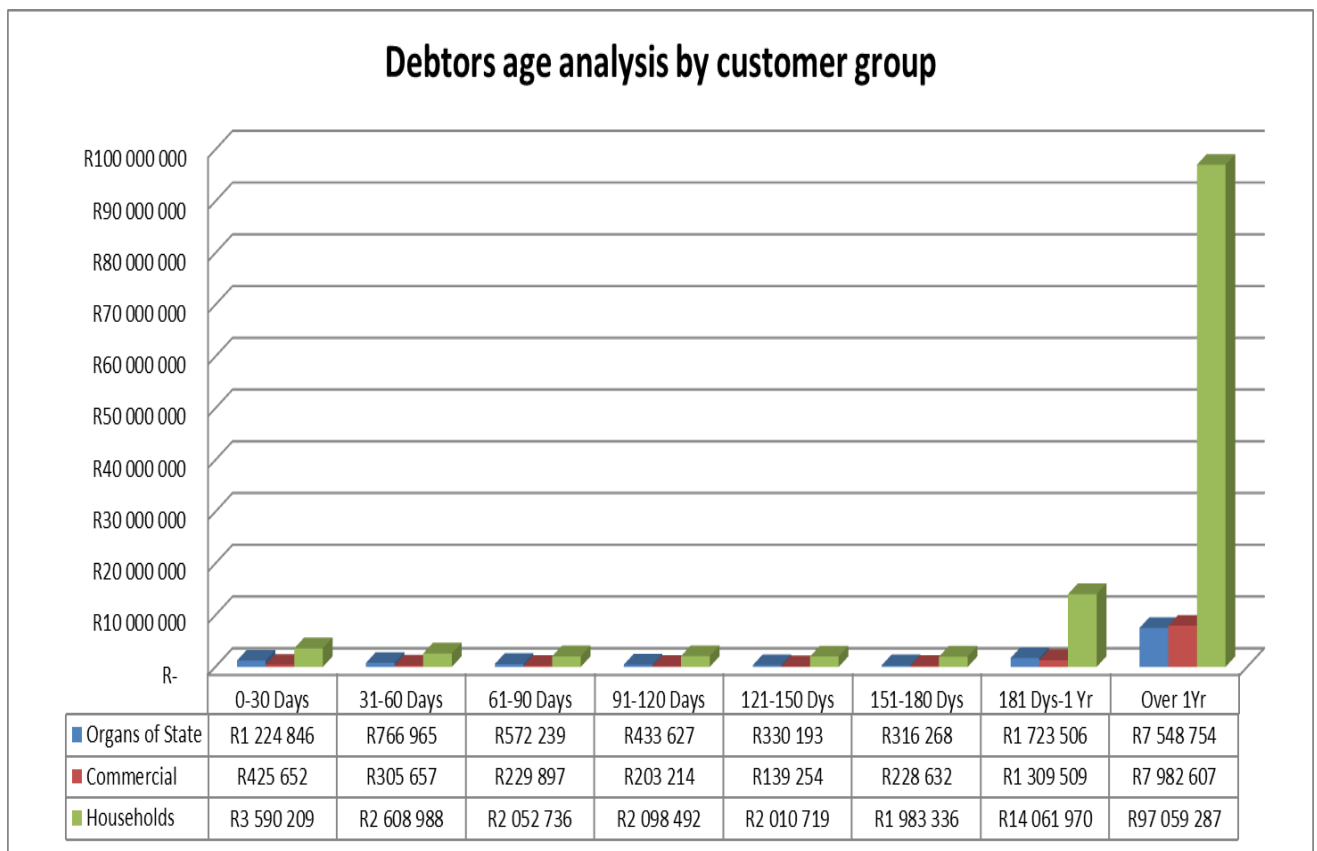
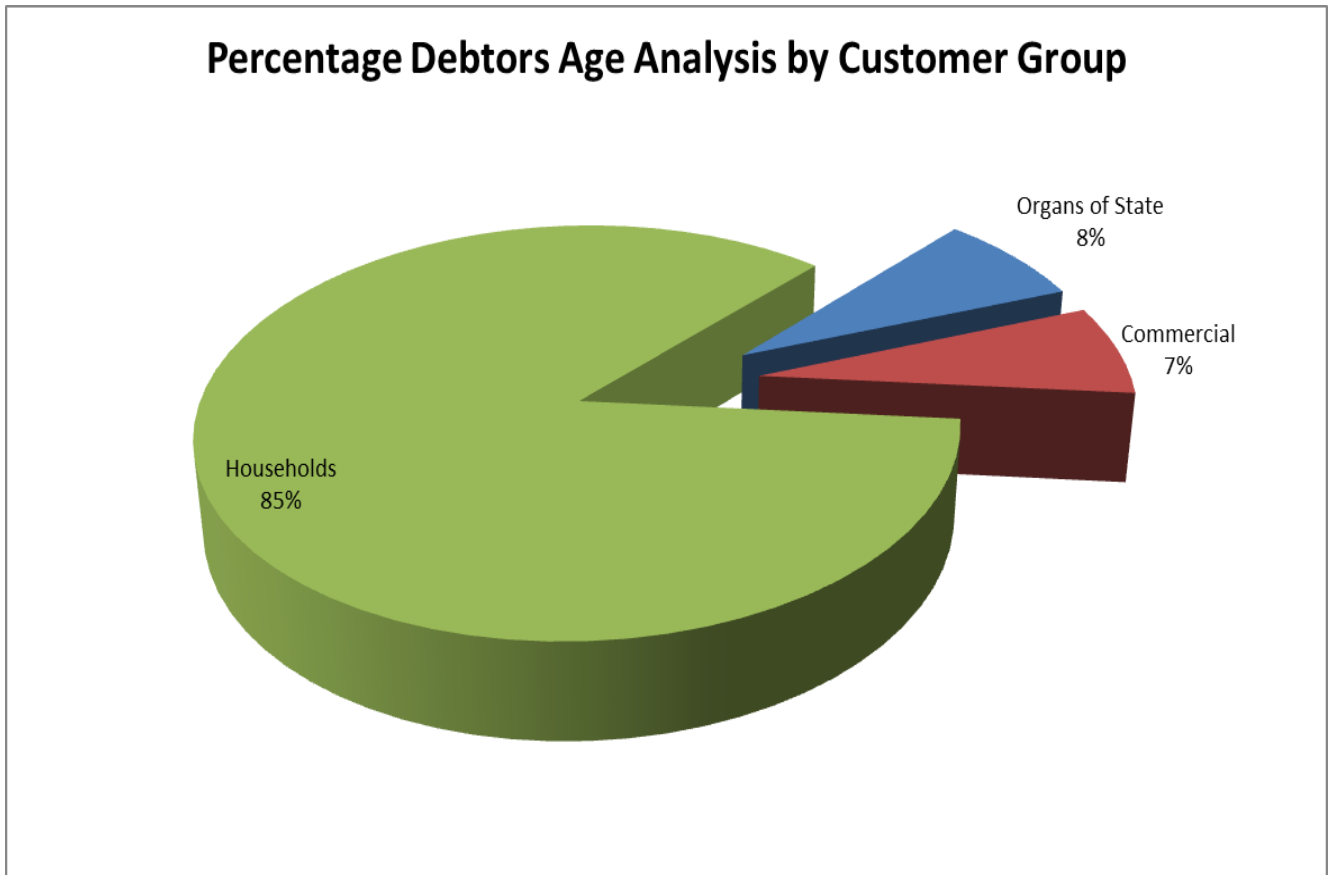


Table 2.1.2 analyses consumer debt by Category. A further analysis in the form of a chart is provided below.

Chart 2: Debtors Age Analysis by Customer Group

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

- ✓ Households: 85%
- ✓ Government 8%
- ✓ Business 7%



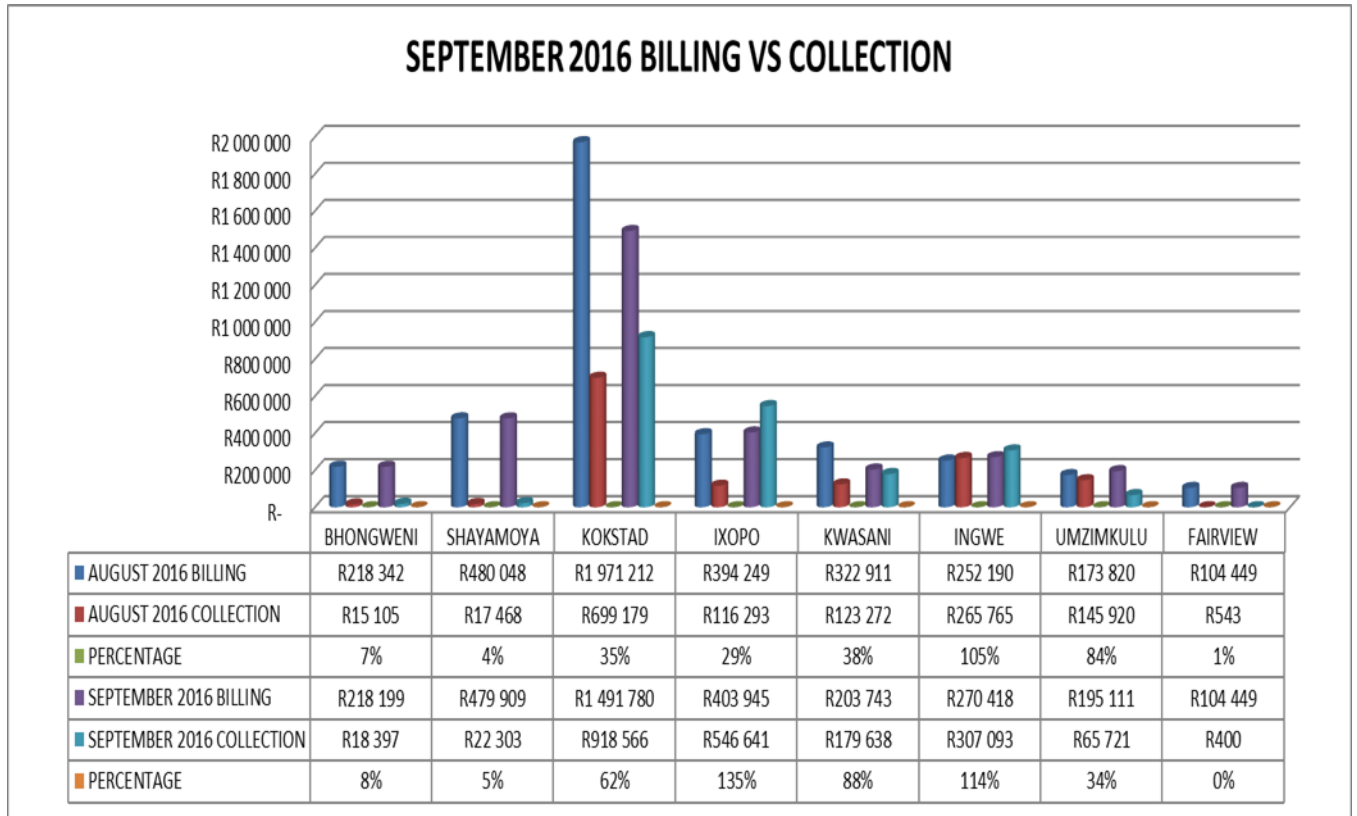
The chart above shows that for each debtor type the amounts owing to the municipality have increased on a year to year basis.

Revenue receipts per Area

AREA	AMOUNT		
		SEPTEMBER 2016	AUGUST 2016
Unallocated receipts	R 41 066,94	2%	12%
Bhongweni	R 18 396,74	1%	1%
Shayamoya	R 22 303,00	1%	1%
Kokstad	R 918 565,85	44%	44%
Ixopo	R 546 640,81	26%	7%
Kwasani	R 179 637,83	9%	8%
Ingwe	R 307 092,52	15%	17%
Umzimkulu	R 65 721,31	3%	9%
Fairview	R 400,00	0%	0%
TOTAL RECEIPTS INCL VAT	R 2 099 825,00	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 September is R2million. It is evident from the figures presented above that the largest percentage receipts of the revenue per local municipality as was the previous month in March is from Kokstad at 44% followed by Ixopo at 26%. These statistics confirm dependency on Kokstad as the greatest contributor to the District Municipality's revenue. The Unallocated receipts for the month of September amounting to 2% which still need to be allocated according to the local municipalities.

Billing vs collection trend



2.2 Creditors Analysis

Table SC presents the aged creditors as at 30 September 2016

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

Description	Budget Year 2016/17								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity									-
Bulk Water	269	395	-	212					876
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	5 601	562	345						6 507
Auditor General									-
Other									-
Total By Customer Type	5 869	957	345	212	-	-	-	-	7 383

2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short term investments balances broken down per investment type as at 30 September 2016.

Cash and Bank Balances (Investments)

DC43 Harry Gwala - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September

Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands	Yrs/Months							
Municipality								
FIRST NATIONAL BANK		CALL ACCOUNT		112		19 402	(17 054)	2 460
FIRST NATIONAL BANK		CALL ACCOUNT		229		53 012	(20 852)	32 390
FIRST NATIONAL BANK		ADMIN CALL		0		194	(185)	9
INVESTEC		FIXED DEPOSIT		39		5 257	6 000	11 296
FIRST NATIONAL BANK		FIXED DEPOSIT		7		937		944
FIRST NATIONAL BANK		CALL ACCOUNT		68		27 636	(25 612)	2 092
FIRST NATIONAL BANK		CALL ACCOUNT		0		5		5
FIRST NATIONAL BANK		CALL ACCOUNT		3		854		857
FIRST NATIONAL BANK		FIXED DEPOSIT		5		3	1 250	1 258
Municipality sub-total				463		107 299	(56 452)	51 310
TOTAL INVESTMENTS AND INTEREST				463		107 299	(56 452)	51 310

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 - M03 September

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
RECEIPTS:								
Operating Transfers and Grants								
National Government:	259 223	277 232	1 095	110 707	69 308	43 345	62,5%	277 232
Local Government Equitable Share	241 033	260 069	-	108 362	65 017	43 345	66,7%	260 069
Finance Management	1 250	1 250	-	1 250	313			1 250
Municipal Systems Improvement	940	1 041	-	-	260			1 041
Municipal Infrastructure Grant (PMU)	9 460	4 777	-	-	1 194			4 777
Energy Efficiency And Demand Side Management Grant	-	8 000	-	-	2 000			8 000
Water Services Operating Subsidy	-	-	-	-	-			-
Rural Roads Asset Management Grant	2 040	2 095	1 095	1 095	524			2 095
Rural Household Infrastructure Grant	4 500	-	-	-	-			-
Energy Efficiency and Demand Management Grant	-	-	-	-	-			-
Other transfers and grants [insert description]						-		
Provincial Government:	1 180	400	-	-	100	(100)	-100,0%	400
Infrastructure Sport Facilities	-	-	-	-	-	-		-
LG Seta	80	-	-	-	-			-
Development Planning Shared Services	1 100	400	-	-	100	(100)	-100,0%	400
Tourism route	-	-	-	-	-	-		-
Total Operating Transfers and Grants	260 403	277 632	1 095	110 707	69 408	43 245	62,3%	277 632
Capital Transfers and Grants								
National Government:	244 290	335 772	841	173 676	83 943	70 427	83,9%	335 772
Municipal Infrastructure Grant (MIG)	183 324	186 290	-	117 000	46 573	70 427	151,2%	186 290
Regional Bulk Infrastructure	14 000	60 000	-	30 000	15 000			60 000
Municipal Water Infrastructure Grant	43 500	86 118	-	25 835	21 530			86 118
Expanded public works programme incentive grant	3 466	3 364	841	841	841			3 364
Rural Household Infrastructure Grant	-	-	-	-	-			-
Total Capital Transfers and Grants	244 290	335 772	841	173 676	83 943	70 427	83,9%	335 772
TOTAL RECEIPTS OF TRANSFERS & GRANTS	504 693	613 404	1 936	284 383	153 351	113 672	74,1%	613 404

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 - M03 September

Description	2015/16	Budget Year 2016/17						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
EXPENDITURE								
Operating expenditure of Transfers and Grants								
National Government:	259 223	277 232	65 017	65 017	69 308	(524)	-0,8%	277 232
Local Government Equitable Share	241 033	260 069	65 017	65 017	65 017	-		260 069
Finance Management	1 250	1 250	-	-	313			1 250
Municipal Systems Improvement	940	1 041	-	-	260			1 041
Municipal Infrastructure Grant (PMU)	9 460	4 777	-	-	1 194			4 777
Energy Efficiency And Demand Side Management Grant	-	8 000	-	-	2 000			8 000
Rural Roads Asset Management Grant	2 040	2 095	-	-	524	(524)	-100,0%	2 095
Rural Household Infrastructure Grant	4 500	-	-	-	-	-		-
Other transfers and grants [insert description]								
Provincial Government:	1 180	400	-	-	100	-		400
LG Seta	80	-	-	-	-			-
Development Planning Shared Services	1 100	400	-	-	100			400
Tourism route	-	-						-
[insert description]								
Total operating expenditure of Transfers and Grants:	260 403	277 632	65 017	65 017	69 408	(524)	-0,8%	277 632
Capital expenditure of Transfers and Grants								
National Government:	244 290	335 772	23 544	32 676	83 943	(18 878)	-22,5%	335 772
Municipal Infrastructure Grant (MIG)	183 324	186 290	19 321	27 695	46 573	(18 878)	-40,5%	186 290
Regional Bulk Infrastructure	14 000	60 000	-	-	15 000			60 000
Municipal Water Infrastructure Grant	43 500	86 118	4 223	4 981	21 530			86 118
Expanded public works programme incentive grant	3 466	3 364	-	-	841			3 364
Rural Household Infrastructure Grant	-	-						-
0								
Total capital expenditure of Transfers and Grants	244 290	335 772	23 544	32 676	83 943	(18 878)	-22,5%	335 772
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	504 693	613 404	88 561	97 693	153 351	(19 402)	-12,7%	613 404

2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 30 September 2016.

Harry Gwala District Municipality

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

Summary of Employee and Councillor remuneration R thousands	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	A	B						D
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	621	5 361	256	886	1 340	(454)	-34%	5 361
Pension and UIF Contributions	311	399	19	66	100	(34)	-34%	399
Medical Aid Contributions	771	94	4	16	23	(8)	-34%	94
Motor Vehicle Allowance	621	1 178	56	195	294	(100)	-34%	1 178
Cellphone Allowance	2 636	259	12	43	65	(22)	-34%	259
Housing Allowances	1 618	-	-	-	-	-	-	-
Other benefits and allowances	742	616	29	102	154	(52)	-34%	616
Sub Total - Councillors	7 321	7 906	378	1 306	1 977	(670)	-34%	7 906
% increase		8,0%						8,0%
Senior Managers of the Municipality								
Basic Salaries and Wages	5 551	5 995	446	1 381	1 499	(117)	-8%	5 995
Pension and UIF Contributions	3	3	0	1	1	0	5%	3
Medical Aid Contributions	5	6	0	1	1	0	5%	6
Overtime	-	-	-	-	-	-	-	-
Performance Bonus	-	-	62	191	-	191	#DIV/0!	-
Motor Vehicle Allowance	3 049	3 293	279	864	823	40	5%	3 293
Cellphone Allowance	143	154	13	40	39	2	5%	154
Housing Allowances	-	-	-	-	-	-	-	-
Other benefits and allowances	4	5	0	1	1	0	5%	5
Post-retirement benefit obligations	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	8 755	9 455	801	2 480	2 364	116	5%	9 455
% increase		8,0%						8,0%
Other Municipal Staff								
Basic Salaries and Wages	77 494	83 693	7 088	21 950	20 923	1 027	5%	83 693
Pension and UIF Contributions	13 103	14 151	1 198	3 711	3 538	174	5%	14 151
Medical Aid Contributions	1 811	1 955	166	513	489	24	5%	1 955
Overtime	1 618	1 747	148	458	437	21	5%	1 747
Performance Bonus	7 180	7 755	657	2 034	1 939	95	5%	7 755
Motor Vehicle Allowance	3 300	3 564	302	935	891	44	5%	3 564
Cellphone Allowance	563	608	51	159	152	7	5%	608
Housing Allowances	49	53	4	14	13	1	5%	53
Other benefits and allowances	2 158	2 331	197	611	583	29	5%	2 331
Post-retirement benefit obligations	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	107 276	115 858	9 812	30 386	28 965	1 422	5%	115 858
% increase		8,0%						8,0%
Total Parent Municipality	123 351	133 219	10 991	34 173	33 305	868	3%	133 219
		8,0%						8,0%
TOTAL SALARY, ALLOWANCES & BENEFITS	123 351	133 219	10 991	34 173	33 305	868	3%	133 219
% increase		8,0%						8,0%
TOTAL MANAGERS AND STAFF	116 031	125 313	10 613	32 866	31 328	1 538	5%	125 313

2.6 Material Variances to the SDBIP

The following section analyses material variances between the actual targets as at 30 September 2016 and the budget for the same period. This report analyses each major component under following headings;

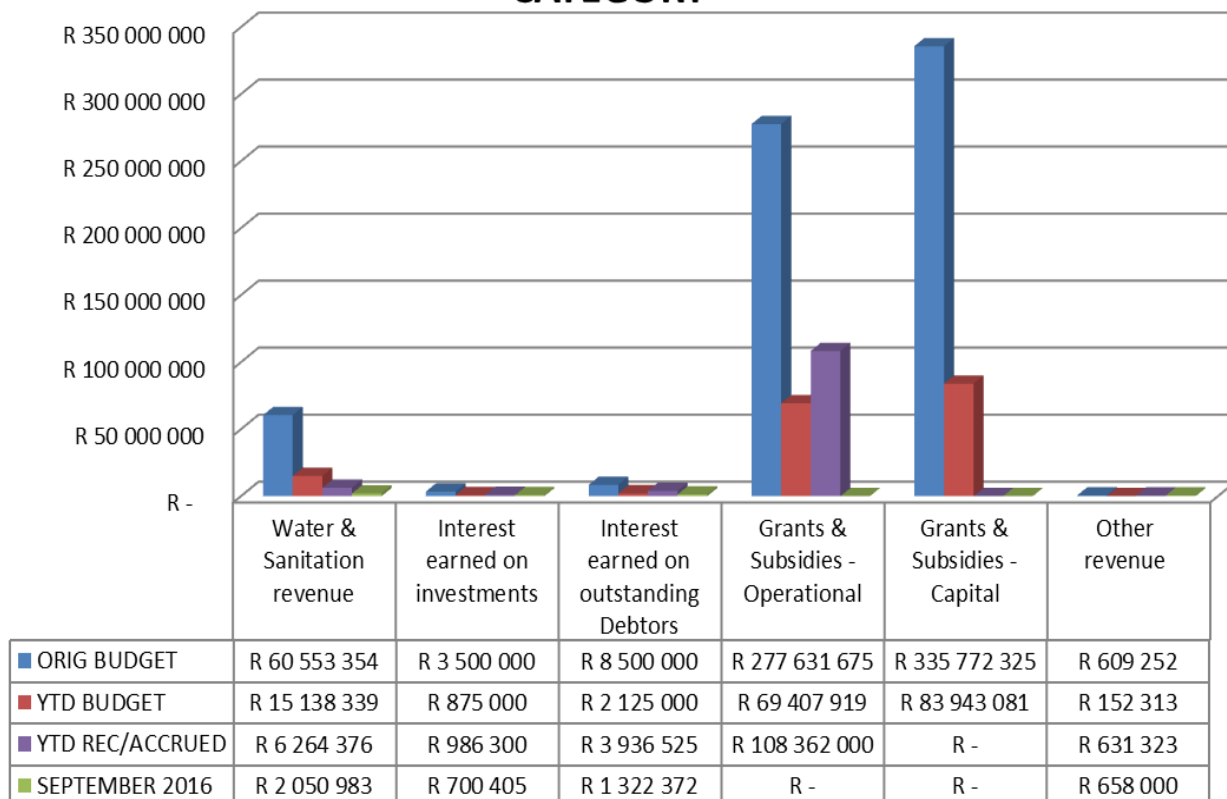
- ✓ Revenue by Source
- ✓ Operational Expenditure by Type, and
- ✓ Capital Expenditure
- ✓ Financial Position
- ✓ Cash Flows

REVENUE

The chart displays a comparison between the 2016/17 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

2016/2017 FIRST QUARTER EVENUE SOURCES BY CATEGORY



Water & Sanitation Charges

The year to date **actual** water & sanitation charges (**billing**) as at 30 September 2016 was R6, 2million against a year to date **budget** of R15, 1million 41%. However, this percentage measures the municipal performance in terms of the ability to bill consumers that are receiving services from the municipality and **is not** a measure of the ability to collect outstanding consumer accounts.

Interest Earned on External Investments

The year to date actual interest earned on external investments for the period ended September 2016 is R986 300k against a year to date budget of R875 000k.

Transfers Recognised - Operational

The operational grants revenue of R108, 3million against a budget of R69, 4million is largely attributable to the YTD equitable share received of R108, 3million.

Transfers Recognised – Capital

The low expenditure trends on grant funded expenditure had resulted in a rather lower than expected recognition of Income against the set targets. The actual R23, 5million (against a YTD budget of R32, 6million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 38% performance in Conditional Capital grant funding expenditures.

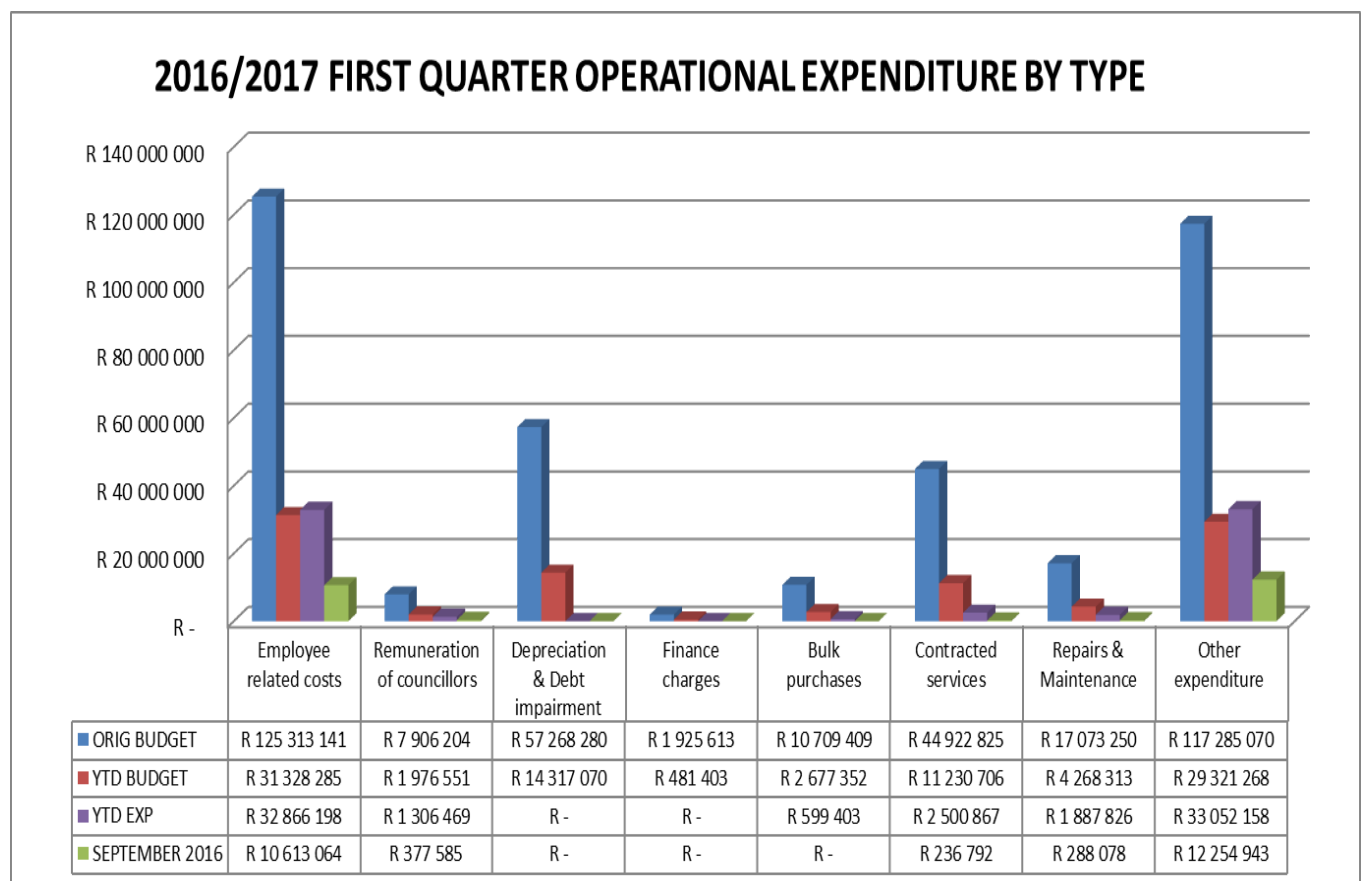
Other Revenue

The YTD performance of other revenue is R631 323k against YTD budget of R152 313k 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: 2016/17 Financial year Opex



Employee Related Costs

The YTD budget for employee related costs is R31, 3million against a YTD actual of R32, 8million representing a variance of 5%.

Remuneration of Councillors

The remuneration of councillor's expenditure as at 30 September 2016 was R1, 3million against a budget of R1, 9million.

Finance Charges

As at 30 September 2016, there is no movement in finance charges

Bulk Purchases

The expenditure on Bulk Water purchases has been within the budget. The year to budget is R8million against year to date expenditure of R599 403k.

Other Expenditure

The YTD budget for other expenditure was at R 29, 3million against a YTD expenditure of R 33million. An analysis of the line items with the highest over expenditures is depicted in the table below.

Performance assessment

The Performance Assessment Report will be available on the fourth quarter in terms of s52 (d) Of the Municipal Finance Management Act.

Actual and Revised Targets for cash receipts

DC43 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M03 September

Description	Budget Year 2016/17												2016/17 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 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Cash Receipts By Source																
Service charges - water revenue	1 393	1 104	1 470	2 113	2 113	2 113	2 113	2 113	2 113	2 113	2 113	2 113	22 985	23 305	24 703	
Service charges - sanitation revenue	597	473	630	858	858	858	858	858	858	858	858	858	9 422	9 988	10 587	
Interest earned - external investments	183	102	700	279	279	279	279	279	279	279	279	279	3 500	3 710	3 933	
Interest earned - outstanding debtors	1 303	1 311	1 322	437	437	437	437	437	437	437	437	437	8 500	9 000	9 500	
Transfer receipts - operating	108 362	1 250	1 095			55 642							55 641	277 632	294 948	
Other revenue	(158)	131	658										(327)	305	323	
Cash Receipts by Source	111 681	4 371	5 876	3 688	3 688	59 330	3 688	3 688	59 330	3 688	3 688	59 629	322 344	341 273	366 928	
Other Cash Flows by Source																
Transfer receipts - capital	172 835	841				54 032			54 032				54 032	335 772	401 643	
Increase in consumer deposits												178	178	200	226	
Total Cash Receipts by Source	284 516	5 212	5 876	3 688	3 688	113 362	3 688	3 688	113 362	3 688	3 688	113 839	658 294	743 117	740 233	
Cash Payments by Type																
Employee related costs	10 685	11 568	10 613	7 704	7 704	7 704	7 704	7 704	7 704	7 704	7 704	30 816	125 313	135 338	146 165	
Remuneration of councillors	497	432	378	560	560	560	560	560	560	560	560	2 200	7 906	8 539	9 222	
Interest paid				161	161	161	161	161	161	161	161	642	1 926	1 595	1 229	
Bulk purchases - Water & Sewer		599		84	84	84	84	84	84	84	84	9 436	10 709	11 641	12 654	
Contracted services	1 026	1 238	237	3 535	3 535	3 535	3 535	3 535	3 535	3 535	3 535	14 141	44 923	46 016	50 272	
Grants and subsidies paid - other	6 667	741	741	741	741	741	741	741	741	741	741	5 926	20 000	22 218	23 551	
General expenses	107 026	37 235	27 895	6 953	6 953	6 953	6 953	6 953	6 953	6 953	6 953	(113 425)	114 358	109 032	114 494	
Cash Payments by Type	125 902	51 812	39 863	19 728	19 728	19 728	19 728	19 728	19 728	19 728	19 728	(50 266)	325 136	334 380	357 588	
Other Cash Flows/Payments by Type																
Capital assets				34 549	34 549	34 549	34 549	34 549	34 549	34 549	34 549	34 549	310 943	365 496	340 017	
Repayment of borrowing												3 000	3 000	3 330	3 697	
Other Cash Flows/Payments	8	9 125	23 544			158			160			(32 994)				
Total Cash Payments by Type	125 909	60 937	63 407	54 277	54 277	54 435	54 277	54 277	54 437	54 277	54 277	(45 711)	639 078	703 206	701 302	
NET INCREASE/(DECREASE) IN CASH HELD	158 606	(55 724)	(57 531)	(50 589)	(50 589)	58 926	(50 589)	(50 589)	58 924	(50 589)	(50 589)	159 551	19 216	39 910	38 931	
Cash/cash equivalents at the monthly ear beginning:	5 819	164 425	108 701	51 170	581	(50 009)	8 918	(41 672)	(92 261)	(33 337)	(83 926)	(134 515)	5 819	25 035	64 946	
Cash/cash equivalents at the monthly ear end:	164 425	108 701	51 170	581	(50 009)	8 918	(41 672)	(92 261)	(33 337)	(83 926)	(134 515)	25 035	25 035	64 946	103 877	

Parent Municipal financial performance

DC43 Harry Gwala - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M03 September

Description	2015/16	Budget Year 2016/17						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Revenue By Source								
Service charges - water revenue	38 329	40 714	1 436	4 385	10 178	(5 793)	-57%	40 714
Service charges - sanitation revenue	16 461	17 449	615	1 879	4 362	(2 483)	-57%	17 449
Service charges - refuse revenue	-	-			-	-		-
Service charges - other	1 032	2 391			598	(598)	-100%	2 391
Interest earned - external investments	3 375	3 500	700	986	875	111	13%	3 500
Interest earned - outstanding debtors	8 000	8 500	1 322	3 937	2 125	1 812	85%	8 500
Transfers recognised - operational	260 403	277 632	-	108 362	69 408	38 954	56%	277 632
Other revenue	1 098	609	658	631	152	479	314%	609
Gains on disposal of PPE						-		
Total Revenue (excluding capital transfers and contributions)	328 699	350 794	4 732	120 181	87 699	32 482	37%	350 794
Expenditure By Type								
Employee related costs	116 031	125 313	10 613	32 866	31 328	1 538	5%	125 313
Remuneration of councillors	7 321	7 906	378	1 306	1 977	(670)	-34%	7 906
Debt impairment	24 692	25 394			6 348	(6 348)	-100%	25 394
Depreciation & asset impairment	30 000	31 874			7 969	(7 969)	-100%	31 874
Finance charges	1 114	1 926			481	(481)	-100%	1 926
Bulk purchases	9 852	10 709	-	599	2 677	(2 078)	-78%	10 709
Contracted services	53 356	44 923	237	2 501	11 231	(8 730)	-78%	44 923
Transfers and grants	18 096	20 000	-	6 667	5 000	1 667	33%	20 000
Other expenditure	126 589	114 358	12 543	28 273	28 590	(316)	-1%	114 358
Loss on disposal of PPE						-		
Total Expenditure	387 050	382 404	23 770	72 213	95 601	(23 388)	-24%	382 404
Surplus/(Deficit)	(58 351)	(31 610)	(19 039)	47 968	(7 902)	55 870	-707%	(31 610)
Transfers recognised - capital	244 290	335 772			83 943	(83 943)	-100%	335 772
Surplus/(Deficit) after capital transfers & contributions	185 939	304 163	(19 039)	47 968	76 041	(28 073)	-37%	304 163
Surplus/(Deficit) after taxation	185 939	304 163	(19 039)	47 968	76 041	(28 073)	-37%	304 163

Capital Expenditure Trend

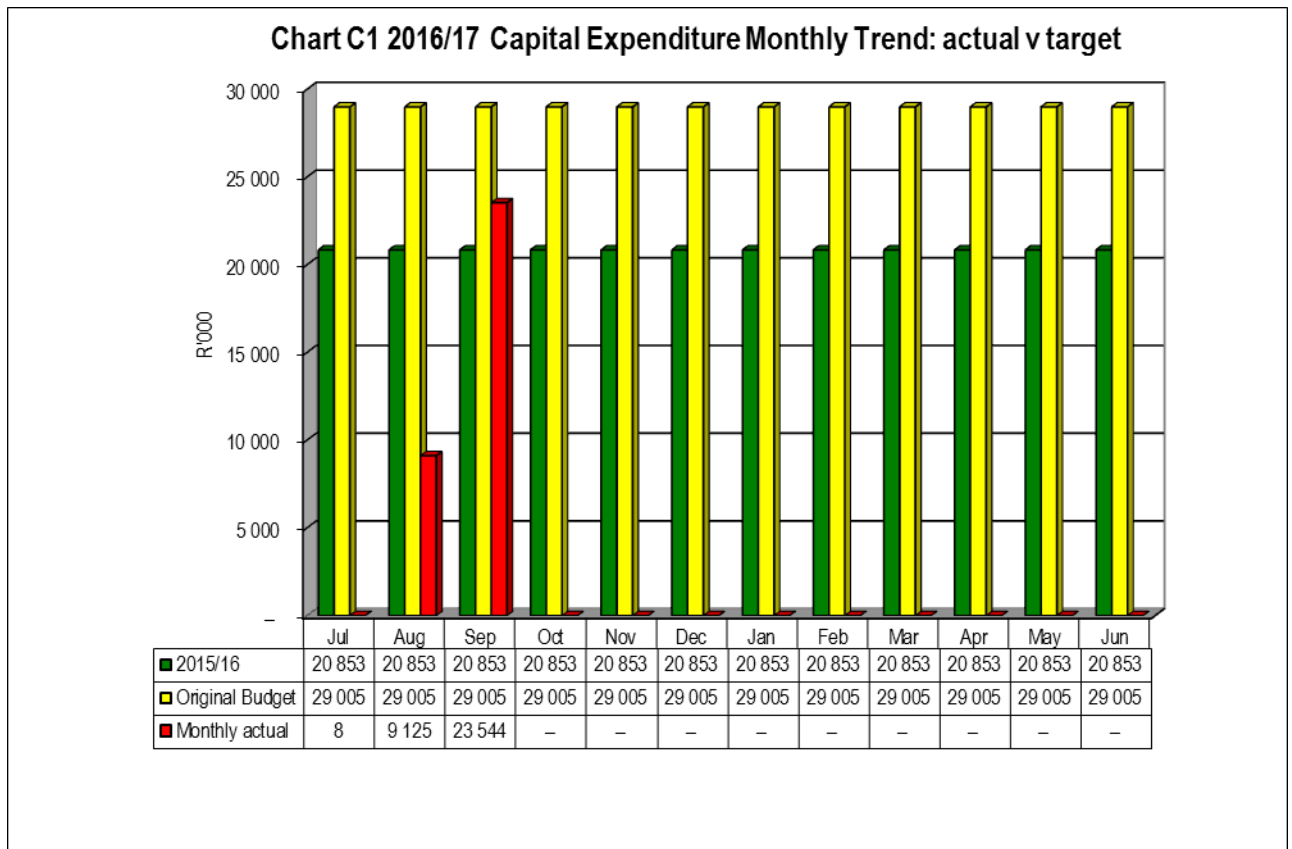
DC43 Harry Gwala - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 September

Month	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands								
Monthly expenditure performance trend								
July	20 853	29 005	8	8	29 005	28 997	100,0%	0%
August	20 853	29 005	9 125	9 132	58 009	48 877	84,3%	3%
September	20 853	29 005	23 544	32 676	87 014	54 338	62,4%	9%
October	20 853	29 005			116 018	-		
November	20 853	29 005			145 023	-		
December	20 853	29 005			174 027	-		
January	20 853	29 005			203 032	-		
February	20 853	29 005			232 036	-		
March	20 853	29 005			261 041	-		
April	20 853	29 005			290 045	-		
May	20 853	29 005			319 050	-		
June	20 853	29 005			348 054	-		
Total Capital expenditure	250 238	348 054	32 676					

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 September 2016 and the planned monthly targets is also displayed

Chart 1: Capital Expenditure Monthly Trend: Actual v Target



In order for the municipality to reach its annual targets in the capital development programme, expenditure in this budget would have to increase at the trend experienced in September 2016.

Capital Expenditure on New Assets by Asset Class

DC43 Harry Gwala - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M03 September

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original 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	232 188	331 272	23 544	32 165	82 818	50 653	61,2%	331 272
Infrastructure - Road transport	-	500	-	-	125	125	100,0%	500
<i>Roads, Pavements & Bridges</i>	-	500	-	-	125	125	100,0%	500
Infrastructure - Water	203 688	297 107	10 674	17 944	74 277	56 333	75,8%	297 107
<i>Reticulation</i>	203 688	297 107	10 674	17 944	74 276 635,50	56 333	75,8%	297 107
Infrastructure - Sanitation	28 500	33 666	12 870	14 222	8 416	(5 805)	-69,0%	33 666
<i>Reticulation</i>	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>	28 500	33 666	12 870	14 222	8 416 445,75	(5 805)	-69,0%	33 666
Other								
Other assets	9 950	10 533	-	8	2 633	2 626	99,7%	10 533
General vehicles		4 642			1 161	1 161	100,0%	4 642
Specialised vehicles		-			-	-		-
Plant & equipment	4 600	2 600			650	650	100,0%	2 600
Computers - hardware/equipment								
Furniture and other office equipment	1 450	1 791		8	448	440	98,3%	1 791
Other Buildings	600							
Other	3 300	1 500			375	375	100,0%	1 500
Intangibles	1 100	1 250			312	312	100,0%	1 250
Computers - software & programming	1 100	1 250			312	312	100,0%	1 250
Other								
Total Capital Expenditure on new assets	243 238	343 054	23 544	32 173	85 764	53 591	62,5%	343 054

Specialised vehicles	-	-	-	-	-	-	-	-
Refuse								
Fire								
Conservancy								
Ambulances								

Capital Expenditure on Renewal of Existing Assets by Asset Class

DC43 Harry Gwala - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M03 September

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Infrastructure	7 000	5 000	-	503	1 250	747	59,8%	5 000
<i>Street Lighting</i>								
Infrastructure - Water	7 000	5 000	-	503	1 250	747	59,8%	5 000
<i>Dams & Reservoirs</i>	-	-	-	-	-	-	-	-
<i>Water purification</i>	-	-	-	-	-	-	-	-
<i>Reticulation</i>	7 000	5 000	-	503	1 250	747	59,8%	5 000
Infrastructure - Sanitation								
Total Capital Expenditure on renewal of existing assets	7 000	5 000	-	503	1 250	747	59,8%	5 000

Specialised vehicles	-	-	-	-	-	-	-	-
Refuse								
Fire								
Conservancy								
Ambulances								

2.7 Municipal Manager's Quality's Certificate

Quality Certificate

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

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state affairs of the municipality

For the month of September 2016 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Adelaide Nomnandi Dlamini

Municipal Manager of: Harry Gwala District Municipality

Signed_____

Date_____

