

# Harry Gwala District Municipality

MFMA s71 report for the period ending 31 October 2016.

11/11/2016

Budget & Treasury Office

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## **REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 31 OCTOBER 2016**

### **1. PART 1 – MONTHLY REPORT**

#### **1.1 PURPOSE**

To table a report on the Implementation of the current budget and the financial state of the Municipality in terms of Section 71 of the Municipal Finance Management Act (MFMA)

#### **LEGAL FRAMEWORK**

- Local Government: Municipal Finance Management Act, 56 of 2003
- SCM Regulations
- SCM Policy
- Municipal Budget Reporting Regulation
- Division of Revenue Act

#### **1.2 Executive Summary or Background**

##### **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 and Corporate Services Committee on the progress made thus far in terms of implementing the 2016/2017 budget for the period ending 31 October 2016

### **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.

### **Revenue by Source**

The original approved revenue for the 2016/17 budget amounts to R686, 5m. The year to date actual revenue for the period ended 31 October 2016 amounted to R124, 3m which is 54% of the Year to Date (YTD) budget. The year to date revenue is largely constituted of the Operational & Capital grant receipts with the Water & Sanitation Revenue contributing to the balance.

## **Borrowings**

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

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

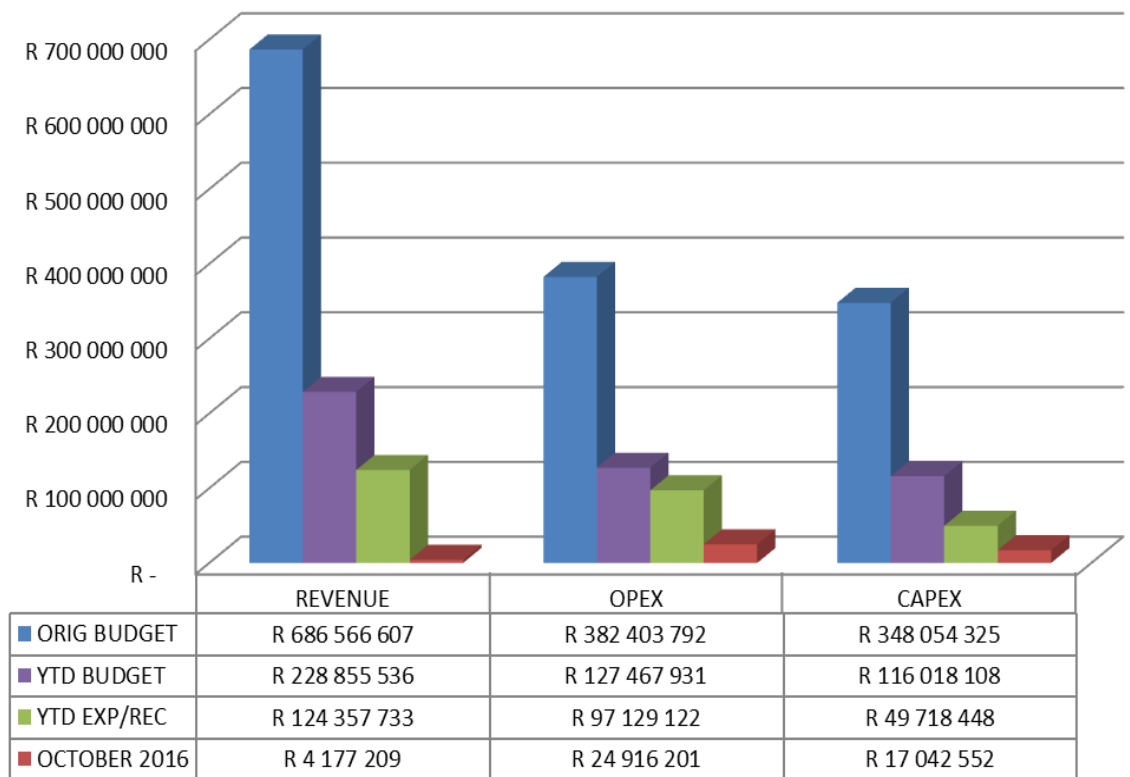
The total operating budget for the current year amounts to R382, 4m. The YTD Operating expenditure for the month ended 31 October amounted to R97m against a year to date (YTD) budget of R127, 4m. The actual YTD expenditure represented 76% of the planned.

## **Capital expenditure**

The total capital budget for the current year amounts to R348m. The YTD expenditure on capital amounts to R49, 7million, or 43% of the planned expenditure. Capital expenditure is mainly funded by means of national grants in the form of Municipal Infrastructure Grant.

## **Chart 1: Budget vs. Expenditure Summary**

### BUDGET SUMMARY OCTOBER 2016



### Cash flows

The municipality started the year with a positive cashbook balance of R5, 8 million and the closing cash and cash equivalents as at the end of October 2016 was R97, 8million. Refer to Supporting Table C6 for more detail on the cash position.

### Allocations received (National & Provincial Grants)

All DORA and provincial grants allocations for 2016/2017 first quarter have been received as per payment schedule. Total grants receipts amounted to R347, 2milliom, being made up of R111, 6million operational and R235, 8million capital grants. Operational grants are largely defined by the Equitable Share while capital grants are largely constituted of the Municipal Infrastructure Grant.

## 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 - M04 October

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Financial Performance</b>								
Property rates	-	-	-	-	-	-		-
Service charges	55 822	60 553	1 889	8 154	20 184	(12 031)	-60%	60 553
Investment revenue	3 375	3 500	734	1 721	1 167	554	47%	3 500
Transfers recognised - operational	260 403	277 632	-	108 362	92 544	15 818	17%	277 632
Other own revenue	9 098	9 109	1 554	6 122	3 036	3 085	102%	9 109
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328 699</b>	<b>350 794</b>	<b>4 177</b>	<b>124 358</b>	<b>116 931</b>	<b>7 426</b>	<b>6%</b>	<b>350 794</b>
Employee costs	116 031	125 313	10 810	43 676	41 771	1 905	5%	125 313
Remuneration of Councillors	7 321	7 906	393	1 700	2 635	(936)	-36%	7 906
Depreciation & asset impairment	30 000	31 874	-	-	10 625	(10 625)	-100%	31 874
Finance charges	1 114	1 926	-	-	642	(642)	-100%	1 926
Materials and bulk purchases	9 852	10 709	-	599	3 570	(2 970)	-83%	10 709
Transfers and grants	18 096	20 000	-	6 667	6 667	0	0%	20 000
Other expenditure	204 636	184 675	13 713	44 487	61 558	(17 071)	-28%	184 675
<b>Total Expenditure</b>	<b>387 050</b>	<b>382 404</b>	<b>24 916</b>	<b>97 129</b>	<b>127 468</b>	<b>(30 339)</b>	<b>-24%</b>	<b>382 404</b>
<b>Surplus/(Deficit)</b>	<b>(58 351)</b>	<b>(31 610)</b>	<b>(20 739)</b>	<b>27 229</b>	<b>(10 537)</b>	<b>37 765</b>	<b>-358%</b>	<b>(31 610)</b>
Transfers recognised - capital	244 290	335 772	-	-	111 924	(111 924)	-100%	335 772
Contributions & Contributed assets	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>185 939</b>	<b>304 163</b>	<b>(20 739)</b>	<b>27 229</b>	<b>101 388</b>	<b>(74 159)</b>	<b>-73%</b>	<b>304 163</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(20 739)</b>	<b>27 229</b>	<b>101 388</b>	<b>(74 159)</b>	<b>-73%</b>	<b>304 163</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>17 043</b>	<b>49 718</b>	<b>116 018</b>	<b>(66 300)</b>	<b>-57%</b>	<b>348 054</b>
Capital transfers recognised	244 290	335 772	23 544	32 668	83 943	(51 275)	-61%	335 772
Public contributions & donations	-	-	-	-	-	-		-
Borrowing	-	-	-	-	-	-		-
Internally generated funds	5 948	12 282	-	8	3 071	(3 063)	-100%	12 282
<b>Total sources of capital funds</b>	<b>250 238</b>	<b>348 054</b>	<b>23 544</b>	<b>32 676</b>	<b>87 014</b>	<b>(54 338)</b>	<b>-62%</b>	<b>348 054</b>
<b>Financial position</b>								
Total current assets	65 577	96 627		148 845				96 627
Total non current assets	1 572 358	1 914 112		1 668 991				1 914 112
Total current liabilities	108 886	60 999		304 888				60 999
Total non current liabilities	31 018	29 859		44 988				29 859
<b>Community wealth/Equity</b>	<b>1 498 031</b>	<b>1 919 882</b>		<b>1 467 960</b>				<b>1 919 882</b>
<b>Cash flows</b>								
Net cash from (used) operating	263 590	329 265	62 210	141 718	109 755	(31 963)	-29%	329 265
Net cash from (used) investing	(276 912)	(310 943)	(17 043)	(49 718)	(103 648)	(53 929)	52%	(310 943)
Net cash from (used) financing	(2 694)	(2 822)	-	-	(941)	(941)	100%	178
<b>Cash/cash equivalents at the month/year end</b>	<b>9 855</b>	<b>35 377</b>	<b>-</b>	<b>97 819</b>	<b>25 043</b>	<b>(72 775)</b>	<b>-291%</b>	<b>24 319</b>
<b>Debtors &amp; creditors analysis</b>								
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>								
Total By Income Source	4 162	3 982	3 127	2 541	2 571	15 839	116 295	152 003
<b>Creditors Age Analysis</b>								
Total Creditors	3 401	7 728	5 564	-	-	-	-	22 522



## 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) - M04 October

Description	2015/16	Budget Year 2016/17						Full Year Forecast
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>								
<b>Revenue - Standard</b>								
<b>Governance and administration</b>	255 059	274 973	2 103	115 810	91 658	24 152	26%	274 973
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	255 059	274 973	2 103	115 810	91 658	24 152	26%	274 973
Corporate services	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	1 100	400	-	-	133	(133)	-100%	400
Planning and development	1 100	400	-	-	133	(133)	-100%	400
<b>Trading services</b>	316 829	411 194	2 074	8 548	137 065	(128 517)	-94%	411 194
Water	56 539	60 550	2 074	8 548	20 183	(11 635)	-58%	60 550
Waste water management	260 290	350 644	-	-	116 881	(116 881)	-100%	350 644
Waste management	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>572 988</b>	<b>686 567</b>	<b>4 177</b>	<b>124 358</b>	<b>228 856</b>	<b>(104 498)</b>	<b>-46%</b>	<b>686 567</b>
<b>Expenditure - Standard</b>								
<b>Governance and administration</b>	131 608	143 616	9 854	30 331	47 872	(17 541)	-37%	143 616
Executive and council	24 484	29 224	1 296	5 484	9 741	(4 257)	-44%	29 224
Budget and treasury office	63 444	64 031	3 207	10 352	21 344	(10 992)	-51%	64 031
Corporate services	43 680	50 362	5 351	14 495	16 787	(2 293)	-14%	50 362
<b>Economic and environmental services</b>	52 428	58 937	1 753	15 752	19 646	(3 894)	-20%	58 937
Planning and development	52 428	58 937	1 753	15 752	19 646	(3 894)	-20%	58 937
<b>Trading services</b>	203 013	179 851	13 310	51 046	59 950	(8 904)	-15%	179 851
Water	159 142	146 344	10 718	42 302	48 781	(6 480)	-13%	146 344
Waste water management	43 872	33 506	2 592	8 745	11 169	(2 424)	-22%	33 506
Waste management	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>387 050</b>	<b>382 404</b>	<b>24 916</b>	<b>97 129</b>	<b>127 468</b>	<b>(30 339)</b>	<b>-24%</b>	<b>382 404</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(20 739)</b>	<b>27 229</b>	<b>101 388</b>	<b>(74 159)</b>	<b>-73%</b>	<b>304 163</b>

This table assess the revenue by department and then the expenditure for the period ending 31 October 2016. Revenue receipts in October have largely constituted of service charges which is water and sanitation. The overall budgeted revenue cash receipt for the month of October is 2%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 43% in the period ending 31 October 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) - M04 October

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
<b>R thousands</b>								
<b>Revenue by Vote</b>								
Vote 1 - Mayor	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager Admin	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Administration	255 059	274 973	2 103	115 810	91 658	24 152	26,4%	274 973
Vote 4 - Corporate services admin	-	-	-	-	-	-	-	-
Vote 5 - Social economic & development planning admin	1 100	400	-	-	133	(133)	-100,0%	400
Vote 6 - Infrastructure services admin	260 290	350 644	-	-	116 881	(116 881)	-100,0%	350 644
Vote 7 - Water services admin	56 539	60 550	2 074	8 548	20 183	(11 635)	-57,6%	60 550
<b>Total Revenue by Vote</b>	<b>572 988</b>	<b>686 567</b>	<b>4 177</b>	<b>124 358</b>	<b>228 856</b>	<b>(104 498)</b>	<b>-45,7%</b>	<b>686 567</b>
<b>Expenditure by Vote</b>								
Vote 1 - Mayor	12 024	12 382	508	2 463	4 127	(1 664)	-40,3%	12 382
Vote 2 - Municipal Manager Admin	12 460	16 841	788	3 021	5 614	(2 593)	-46,2%	16 841
Vote 3 - Budget & Treasury Administration	63 444	64 031	3 207	10 352	21 344	(10 992)	-51,5%	64 031
Vote 4 - Corporate services admin	43 680	50 362	5 351	14 495	16 787	(2 293)	-13,7%	50 362
Vote 5 - Social economic & development planning admin	52 428	58 937	1 753	15 752	19 646	(3 894)	-19,8%	58 937
Vote 6 - Infrastructure services admin	43 872	34 982	2 592	8 745	11 169	(2 424)	-21,7%	34 982
Vote 7 - Water services admin	159 142	144 869	10 718	42 302	48 781	(6 480)	-13,3%	144 869
<b>Total Expenditure by Vote</b>	<b>387 050</b>	<b>382 404</b>	<b>24 916</b>	<b>97 129</b>	<b>127 468</b>	<b>(30 339)</b>	<b>-23,8%</b>	<b>382 404</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(20 739)</b>	<b>27 229</b>	<b>101 388</b>	<b>(74 159)</b>	<b>-73,1%</b>	<b>304 163</b>

### Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 October 2016.

DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Revenue By Source</b>								
Service charges - water revenue	38 329	40 714	1 322	5 707	13 571	(7 864)	-58%	40 714
Service charges - sanitation revenue	16 461	17 449	567	2 446	5 816	(3 370)	-58%	17 449
Service charges - other	1 032	2 391	-	-	797	(797)	-100%	2 391
Interest earned - external investments	3 375	3 500	734	1 721	1 167	554	47%	3 500
Interest earned - outstanding debtors	8 000	8 500	1 312	5 249	2 833	2 415	85%	8 500
Transfers recognised - operational	260 403	277 632	-	108 362	92 544	15 818	17%	277 632
Other revenue	1 098	609	242	873	203	670	330%	609
Gains on disposal of PPE						-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328 699</b>	<b>350 794</b>	<b>4 177</b>	<b>124 358</b>	<b>116 931</b>	<b>7 426</b>	<b>6%</b>	<b>350 794</b>
<b>Expenditure By Type</b>								
Employee related costs	116 031	125 313	10 810	43 676	41 771	1 905	5%	125 313
Remuneration of councillors	7 321	7 906	393	1 700	2 635	(936)	-36%	7 906
Debt impairment	24 692	25 394	-	-	8 465	(8 465)	-100%	25 394
Depreciation & asset impairment	30 000	31 874	-	-	10 625	(10 625)	-100%	31 874
Finance charges	1 114	1 926	-	-	642	(642)	-100%	1 926
Bulk purchases	9 852	10 709	-	599	3 570	(2 970)	-83%	10 709
Contracted services	53 356	44 923	1 819	4 320	14 974	(10 654)	-71%	44 923
Transfers and grants	18 096	20 000	-	6 667	6 667	0	0%	20 000
Other expenditure	126 589	114 358	11 893	40 167	38 119	2 047	5%	114 358
Loss on disposal of PPE						-		
<b>Total Expenditure</b>	<b>387 050</b>	<b>382 404</b>	<b>24 916</b>	<b>97 129</b>	<b>127 468</b>	<b>(30 339)</b>	<b>-24%</b>	<b>382 404</b>
<b>Surplus/(Deficit)</b>	<b>(58 351)</b>	<b>(31 610)</b>	<b>(20 739)</b>	<b>27 229</b>	<b>(10 537)</b>	<b>37 765</b>	<b>(0)</b>	<b>(31 610)</b>
Transfers recognised - capital	244 290	335 772	-	-	111 924	(111 924)	(0)	335 772
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>185 939</b>	<b>304 163</b>	<b>(20 739)</b>	<b>27 229</b>	<b>101 388</b>			<b>304 163</b>
<b>Surplus/(Deficit) after taxation</b>	<b>185 939</b>	<b>304 163</b>	<b>(20 739)</b>	<b>27 229</b>	<b>101 388</b>			<b>304 163</b>
Atributable to minorities								
<b>Surplus/(Deficit) attributable to municipality</b>	<b>185 939</b>	<b>304 163</b>	<b>(20 739)</b>	<b>27 229</b>	<b>101 388</b>			<b>304 163</b>
<b>Surplus/ (Deficit) for the year</b>	<b>185 939</b>	<b>304 163</b>	<b>(20 739)</b>	<b>27 229</b>	<b>101 388</b>			<b>304 163</b>

## Capital Expenditure

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

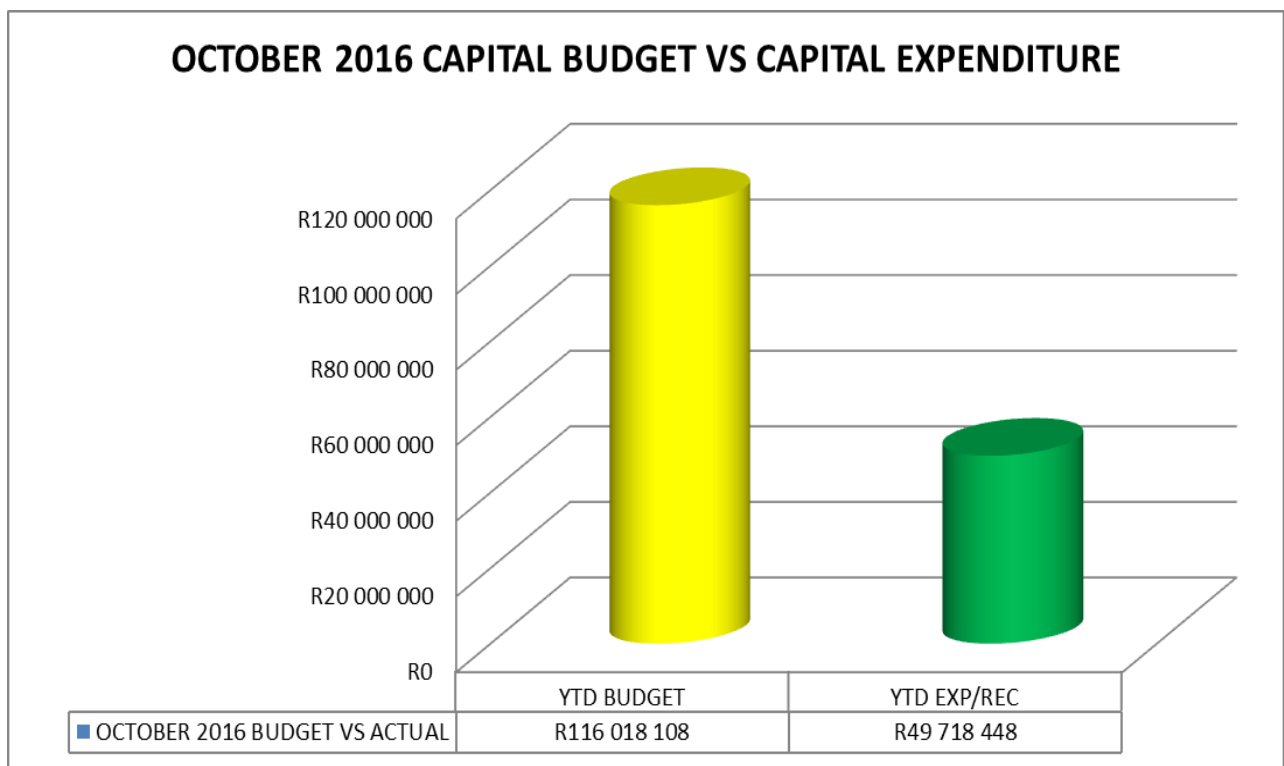
DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M04 October

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
<b>R thousands</b>								
<b>Multi-Year expenditure appropriation</b>								
Vote 1 - Mayor	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager Admin	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Administration	-	-	-	-	-	-	-	-
Vote 4 - Corporate services admin	1 643	4 624	397	405	1 541	(1 136)	-74%	4 624
Vote 5 - Social economic & development planning admin	400	1 117	-	-	372	(372)	-100%	1 117
Vote 6 - Infrastructure services admin	244 590	337 272	16 645	49 313	112 424	(63 111)	-56%	337 272
Vote 7 - Water services admin	3 605	5 042	-	-	1 681	(1 681)	-100%	5 042
<b>Total Capital Multi-year expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>17 043</b>	<b>49 718</b>	<b>116 018</b>	<b>(66 300)</b>	<b>-57%</b>	<b>348 054</b>
<b>Total Capital Expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>17 043</b>	<b>49 718</b>	<b>116 018</b>	<b>(66 300)</b>	<b>-57%</b>	<b>348 054</b>
<b>Capital Expenditure - Standard Classification</b>								
<b>Governance and administration</b>	<b>1 643</b>	<b>4 624</b>	<b>397</b>	<b>405</b>	<b>1 541</b>	<b>(1 136)</b>	<b>-74%</b>	<b>4 624</b>
Executive and council						-		
Budget and treasury office						-		
Corporate services	1 643	4 624	397	405	1 541	(1 136)	-74%	4 624
<b>Economic and environmental services</b>	<b>400</b>	<b>1 117</b>	<b>-</b>	<b>-</b>	<b>372</b>	<b>(372)</b>	<b>-100%</b>	<b>1 117</b>
Planning and development	400	1 117	-	-	372	(372)	-100%	1 117
<b>Trading services</b>	<b>248 195</b>	<b>342 314</b>	<b>16 645</b>	<b>49 313</b>	<b>114 105</b>	<b>(64 791)</b>	<b>-57%</b>	<b>342 314</b>
Water	3 605	5 042	-	-	1 681	(1 681)	-100%	5 042
Waste water management	244 590	337 272	16 645	49 313	112 424	(63 111)	-56%	337 272
Waste management						-		
<b>Total Capital Expenditure - Standard Classification</b>	<b>250 238</b>	<b>348 054</b>	<b>17 043</b>	<b>49 718</b>	<b>116 018</b>	<b>(66 300)</b>	<b>-57%</b>	<b>348 054</b>
<b>Funded by:</b>								
National Government	244 290	335 772	23 544	32 668	83 943	(51 275)	-61%	335 772
Provincial Government						-		
<b>Transfers recognised - capital</b>	<b>244 290</b>	<b>335 772</b>	<b>23 544</b>	<b>32 668</b>	<b>83 943</b>	<b>(51 275)</b>	<b>-61%</b>	<b>335 772</b>
Internally generated funds	5 948	12 282	-	8	3 071	(3 063)	-100%	12 282
<b>Total Capital Funding</b>	<b>250 238</b>	<b>348 054</b>	<b>23 544</b>	<b>32 676</b>	<b>87 014</b>	<b>(54 338)</b>	<b>-62%</b>	<b>348 054</b>

As alluded to above, the capital expenditure programme for the month ending 31 October was R17m which represents 43% of capital expenditure against year to date budget and thus shows a great improvement on expenditures reflected on National grant funding.

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

**Chart 1: 2016/2017 CAPEX YTD BUDGET & YTD ACTUAL**



As at 31 October 2016, the year to date actual expenditure was R49, 7m against a YTD budget of R116million. In monetary terms, these figures represent 43% per cent performance against the capital development programme as at 31 October 2016.

Table C6 displays the financial position of the municipality as at 31 October 2016.

DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M04 October

Description	2015/16	Budget Year 2016/17		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	9 855	35 377	97 819	35 377
Consumer debtors	39 061	48 078	32 001	48 078
Other debtors	12 065	12 789	18 833	12 789
Current portion of long-term receivables	4 246	-	-	-
Inventory	349	384	192	384
<b>Total current assets</b>	<b>65 577</b>	<b>96 627</b>	<b>148 845</b>	<b>96 627</b>
<b>Non current assets</b>				
Property, plant and equipment	1 571 174	1 912 816	1 668 684	1 912 816
Agricultural	-	-	-	-
Biological assets	-	-	-	-
Intangible assets	1 184	1 296	307	1 296
Other non-current assets	-	-	-	-
<b>Total non current assets</b>	<b>1 572 358</b>	<b>1 914 112</b>	<b>1 668 991</b>	<b>1 914 112</b>
<b>TOTAL ASSETS</b>	<b>1 637 935</b>	<b>2 010 739</b>	<b>1 817 836</b>	<b>2 010 739</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	3 592	3 330	5 463	3 330
Consumer deposits	1 415	1 593	1 390	1 593
Trade and other payables	95 710	51 770	295 374	51 770
Provisions	8 169	4 305	2 661	4 305
<b>Total current liabilities</b>	<b>108 886</b>	<b>60 999</b>	<b>304 888</b>	<b>60 999</b>
<b>Non current liabilities</b>				
Borrowing	16 683	12 353	17 539	12 353
Provisions	14 334	17 506	27 449	17 506
<b>Total non current liabilities</b>	<b>31 018</b>	<b>29 859</b>	<b>44 988</b>	<b>29 859</b>
<b>TOTAL LIABILITIES</b>	<b>139 904</b>	<b>90 858</b>	<b>349 876</b>	<b>90 858</b>
<b>NET ASSETS</b>	<b>1 498 031</b>	<b>1 919 882</b>	<b>1 467 960</b>	<b>1 919 882</b>
<b>COMMUNITY WEALTH/EQUITY</b>				
Accumulated Surplus/(Deficit)	1 498 031	1 919 882	1 467 960	1 919 882
Reserves				
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 498 031</b>	<b>1 919 882</b>	<b>1 467 960</b>	<b>1 919 882</b>

Table C7 below display the Cash Flow Statement for the period ending 31 October 2016.

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M04 October

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties & collection charges	-	-	-	-	-	-	-	-
Service charges	30 746	32 408	3 054	8 721	10 803	(2 082)	-19%	32 408
Other revenue	2 034	305	242	873	102	771	760%	305
Government - operating	260 403	277 632	2 000	112 707	92 544	20 163	22%	277 632
Government - capital	244 290	335 772	61 059	234 735	111 924	122 811	110%	335 772
Interest	8 294	3 500	2 046	6 969	1 167	5 803	497%	3 500
Dividends	-	-	-	-	-	-	-	-
<b>Payments</b>								
Suppliers and employees	(262 968)	(298 426)	(6 191)	(215 620)	(99 475)	116 145	-117%	(298 426)
Finance charges	(1 114)	(1 926)	-	-	(642)	(642)	100%	(1 926)
Transfers and Grants	(18 096)	(20 000)	-	(6 667)	(6 667)	0	0%	(20 000)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>263 590</b>	<b>329 265</b>	<b>62 210</b>	<b>141 718</b>	<b>109 755</b>	<b>(31 963)</b>	<b>-29%</b>	<b>329 265</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(276 912)	(310 943)	(17 043)	(49 718)	(103 648)	(53 929)	52%	(310 943)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(276 912)</b>	<b>(310 943)</b>	<b>(17 043)</b>	<b>(49 718)</b>	<b>(103 648)</b>	<b>(53 929)</b>	<b>52%</b>	<b>(310 943)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	151	178	-	-	59	(59)	-100%	178
<b>Payments</b>								
Repayment of borrowing	(2 845)	(3 000)	-	-	(1 000)	(1 000)	100%	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2 694)</b>	<b>(2 822)</b>	<b>-</b>	<b>-</b>	<b>(941)</b>	<b>(941)</b>	<b>100%</b>	<b>178</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 016)</b>	<b>15 500</b>	<b>45 167</b>	<b>92 000</b>	<b>5 167</b>			<b>18 500</b>
Cash/cash equivalents at beginning:	25 871	19 877	-	5 819	19 877	-	-	5 819
Cash/cash equivalents at monthly year end:	9 855	35 377	-	97 819	25 043	-	-	24 319

The billing vs Collection ratio for the month of October was 98% (Sept: 62%) showing an increase in collection by 36% as compared to previous month

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 31 October 2016.

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

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October										
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
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	2 671	2 556	2 238	2 007	1 631	1 650	10 167	74 653	97 574	90 109
Trade and Other Receivables from Exchange Transactions - Electricity	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1 044	999	874	784	637	645	3 972	29 164	38 118	35 202
Receivables from Exchange Transactions - Waste Management	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	447	427	374	336	273	276	1 700	12 479	16 310	15 062
<b>Total By Income Source</b>	<b>4 162</b>	<b>3 982</b>	<b>3 486</b>	<b>3 127</b>	<b>2 541</b>	<b>2 571</b>	<b>15 839</b>	<b>116 295</b>	<b>152 003</b>	<b>140 373</b>
<b>2015/16 - totals only</b>										
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	1 013	914	620	409	364	330	1 572	7 038	12 260	9 713
Commercial	408	318	228	222	172	177	1 126	8 322	10 973	10 019
Households	2 740	2 750	2 638	2 497	2 005	2 064	13 140	100 935	128 770	120 641
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>4 162</b>	<b>3 982</b>	<b>3 486</b>	<b>3 127</b>	<b>2 541</b>	<b>2 571</b>	<b>15 839</b>	<b>116 295</b>	<b>152 003</b>	<b>140 373</b>

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

### 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: 86%
- ✓ Government 7%
- ✓ 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.



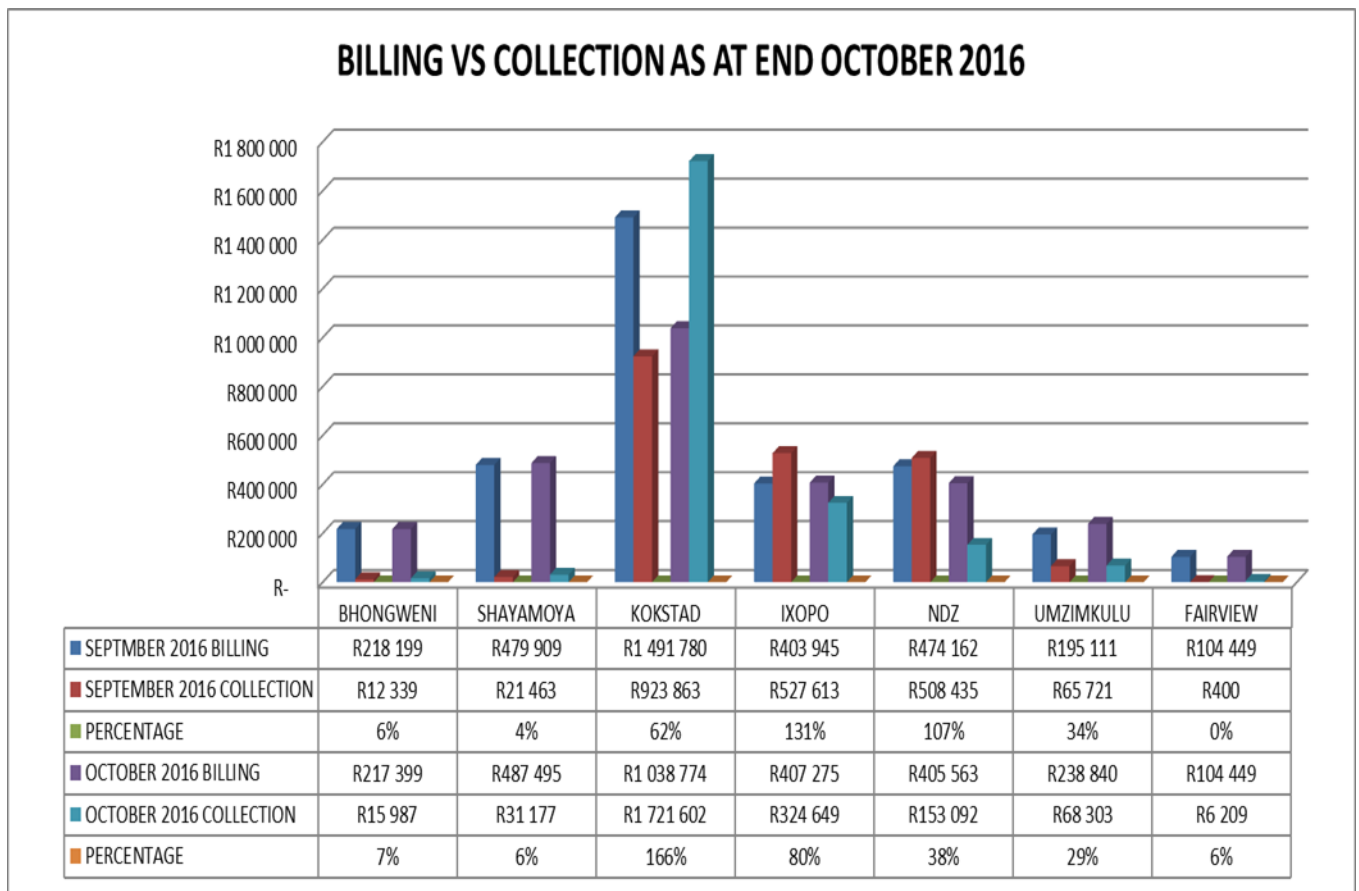
The table that follows below unpacks the revenue receipts per Local Municipality in the District

## REVENUE RECEIPTS

### Revenue receipts per Area

AREA	AMOUNT	OCTOBER	SEPTEMBER
		2016	2016
Unallocated receipts	R 713 717,26	23%	2%
Bhongweni	R 15 987,49	1%	1%
Shayamoya	R 31 177,05	1%	1%
Kokstad	R 1 721 601,72	56%	44%
Ixopo	R 324 648,85	11%	26%
NDZ	R 153 092,28	5%	9%
Umzimkulu	R 68 303,23	2%	3%
Fairview	R 6 208,61	0%	0%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 3 054 076,10</b>	100%	100%

The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for October is R3million. 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 October is from Kokstad at 56% followed by Ixopo at 11%. These statistics confirm dependency on Kokstad as the greatest contributor to the District Municipality's revenue. The Unallocated receipts for the month of October amounting to 23% which still need to be allocated according to the local municipalities.



## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 October 2016.

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

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	
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity									-
Bulk Water	334	286	289	569					1 479
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	3 067	7 442	5 539	4 995					21 043
Auditor General									-
Other									-
<b>Total By Customer Type</b>	<b>3 401</b>	<b>7 728</b>	<b>5 828</b>	<b>5 564</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22 522</b>

## 2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short term investments balances broken down per investment type as at 31 October 2016.

### Cash and Bank Balances (Investments)

DC43 Harry Gwala - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M04 October

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
	Yrs/Months							
<b>R thousands</b>								
<b>Municipality</b>								
FIRST NATIONAL BANK		CALL ACCOUNT		44		2 460	(333)	2 170
FIRST NATIONAL BANK		CALL ACCOUNT		124		32 390	(11 378)	21 136
FIRST NATIONAL BANK		ADMIN CALL		0		9		9
INVESTEC		FIXED DEPOSIT		63		11 296		11 360
FIRST NATIONAL BANK		FIXED DEPOSIT		18		944	42 170	43 131
FIRST NATIONAL BANK		CALL ACCOUNT		9		2 092	-	2 101
FIRST NATIONAL BANK		CALL ACCOUNT		0		5		5
FIRST NATIONAL BANK		CALL ACCOUNT		3		857		859
FIRST NATIONAL BANK		FIXED DEPOSIT		5		1 258	-	1 262
<b>Municipality sub-total</b>				<b>265</b>		<b>51 310</b>	<b>30 459</b>	<b>82 035</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>				<b>265</b>		<b>51 310</b>	<b>30 459</b>	<b>82 035</b>

## 2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M04 October

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>RECEIPTS:</b>								
<b>Operating Transfers and Grants</b>								
<b>National Government:</b>	<b>259 223</b>	<b>277 232</b>	<b>2 000</b>	<b>112 707</b>	<b>92 411</b>	<b>21 672</b>	<b>23,5%</b>	<b>277 232</b>
Local Government Equitable Share	241 033	260 069	-	108 362	86 690	21 672	25,0%	260 069
Finance Management	1 250	1 250	-	1 250	417	-	-	1 250
Municipal Systems Improvement	940	1 041	-	-	347	-	-	1 041
Municipal Infrastructure Grant (PMU)	9 460	4 777	-	-	1 592	-	-	4 777
Energy Efficiency And Demand Side Management Grant	-	8 000	-	-	2 667	-	-	8 000
Water Services Operating Subsidy	-	-	-	-	-	-	-	-
Rural Roads Asset Management Grant	2 040	2 095	-	1 095	698	-	-	2 095
Rural Household Infrastructure Grant	4 500	-	-	-	-	-	-	-
Energy Efficiency and Demand Management Grant	-	-	2 000	2 000	-	-	-	-
<b>Provincial Government:</b>	<b>1 180</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>(133)</b>	<b>-100,0%</b>	<b>400</b>
Infrastructure Sport Facilities	-	-	-	-	-	-	-	-
LG Seta	80	-	-	-	-	-	-	-
Accredited Councillors Training	-	-	-	-	-	-	-	-
Development Planning Shared Services	1 100	400	-	-	133	(133)	-100,0%	400
Tourism route	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>260 403</b>	<b>277 632</b>	<b>2 000</b>	<b>112 707</b>	<b>92 544</b>	<b>21 539</b>	<b>23,3%</b>	<b>277 632</b>
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	<b>244 290</b>	<b>335 772</b>	<b>61 059</b>	<b>234 735</b>	<b>111 924</b>	<b>54 903</b>	<b>49,1%</b>	<b>335 772</b>
Municipal Infrastructure Grant (MIG)	183 324	186 290	-	117 000	62 097	54 903	88,4%	186 290
Regional Bulk Infrastructure	14 000	60 000	18 000	48 000	20 000	-	-	60 000
Municipal Water Infrastructure Grant	43 500	86 118	43 059	68 894	28 706	-	-	86 118
Expanded public works programme incentive grant	3 466	3 364	-	841	1 121	-	-	3 364
Rural Household Infrastructure Grant	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>244 290</b>	<b>335 772</b>	<b>61 059</b>	<b>234 735</b>	<b>111 924</b>	<b>54 903</b>	<b>49,1%</b>	<b>335 772</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>504 693</b>	<b>613 404</b>	<b>63 059</b>	<b>347 442</b>	<b>204 468</b>	<b>76 442</b>	<b>37,4%</b>	<b>613 404</b>

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

Table SC7 track the expenditure on Conditional grant funding.

DC43 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M04 October

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>EXPENDITURE</b>								
<b>Operating expenditure of Transfers and Grants</b>								
<b>National Government:</b>	<b>259 223</b>	<b>277 232</b>	<b>86 731</b>	<b>86 731</b>	<b>92 411</b>	<b>(698)</b>	<b>-0,8%</b>	<b>277 232</b>
Local Government Equitable Share	241 033	260 069	86 690	86 690	86 690	-	0,0%	260 069
Finance Management	1 250	1 250	41	41	417	-		1 250
Municipal Systems Improvement	940	1 041	-	-	347	-		1 041
Municipal Infrastructure Grant (PMU)	9 460	4 777	-	-	1 592	-		4 777
Energy Efficiency And Demand Side Management Grant	-	8 000	-	-	2 667	-		8 000
Water Services Operating Subsidy	-	-	-	-	-	-		-
Rural Roads Asset Management Grant	2 040	2 095	-	-	698	(698)	-100,0%	2 095
Rural Household Infrastructure Grant	4 500	-	-	-	-	-		-
Other transfers and grants [insert description]	-	-	-	-	-	-		-
<b>Provincial Government:</b>	<b>1 180</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>-</b>	<b>-</b>	<b>400</b>
Infrastructure Sport Facilities	-	-	-	-	-	-		-
LG Seta	80	-	-	-	-	-		-
Community Development Project	-	-	-	-	-	-		-
Development Planning Shared Services	1 100	400	-	-	133	-		400
Tourism route	-	-	-	-	-	-		-
<b>Total operating expenditure of Transfers and Grants:</b>	<b>260 403</b>	<b>277 632</b>	<b>86 731</b>	<b>86 731</b>	<b>92 544</b>	<b>(698)</b>	<b>-0,8%</b>	<b>277 632</b>
<b>Capital expenditure of Transfers and Grants</b>								
<b>National Government:</b>	<b>244 290</b>	<b>335 772</b>	<b>18 713</b>	<b>54 672</b>	<b>111 924</b>	<b>(25 641)</b>	<b>-22,9%</b>	<b>335 772</b>
Municipal Infrastructure Grant (MIG)	183 324	186 290	12 075	36 456	62 097	(25 641)	-41,3%	186 290
Regional Bulk Infrastructure	14 000	60 000	74	3 017	20 000	-		60 000
Municipal Water Infrastructure Grant	43 500	86 118	6 405	11 430	28 706	-		86 118
Expanded public works programme incentive grant	3 466	3 364	-	-	1 121	-		3 364
Rural Household Infrastructure Grant	-	-	158	3 768	-	-		-
<b>Total capital expenditure of Transfers and Grants</b>	<b>244 290</b>	<b>335 772</b>	<b>18 713</b>	<b>54 672</b>	<b>111 924</b>	<b>(25 641)</b>	<b>-22,9%</b>	<b>335 772</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>504 693</b>	<b>613 404</b>	<b>105 444</b>	<b>141 403</b>	<b>204 468</b>	<b>(26 339)</b>	<b>-12,9%</b>	<b>613 404</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 31 October 2016.

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October

Summary of Employee and Councillor remuneration	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	A	B					%	D
<b>Councillors (Political Office Bearers plus Other)</b>								
Basic Salaries and Wages	621	5 361	267	1 153	1 787	(634)	-36%	5 361
Pension and UIF Contributions	311	399	20	86	133	(47)	-36%	399
Medical Aid Contributions	771	94	5	20	31	(11)	-36%	94
Motor Vehicle Allowance	621	1 178	59	253	393	(139)	-36%	1 178
Cellphone Allowance	2 636	259	13	56	86	(31)	-36%	259
Housing Allowances	1 618	-	-	-	-	-	-	-
Other benefits and allowances	742	616	31	132	205	(73)	-36%	616
<b>Sub Total - Councillors</b>	<b>7 321</b>	<b>7 906</b>	<b>393</b>	<b>1 700</b>	<b>2 635</b>	<b>(936)</b>	<b>-36%</b>	<b>7 906</b>
<b>% increase</b>		<b>8,0%</b>						<b>8,0%</b>
<b>Senior Managers of the Municipality</b>								
Basic Salaries and Wages	5 551	5 995	454	1 836	1 998	(162)	-8%	5 995
Pension and UIF Contributions	3	3	0	1	1	0	5%	3
Medical Aid Contributions	5	6	0	2	2	0	5%	6
Overtime	-	-	-	-	-	-	-	-
Performance Bonus	-	-	63	254	-	254	#DIV/0!	-
Motor Vehicle Allowance	3 049	3 293	284	1 148	1 098	50	5%	3 293
Cellphone Allowance	143	154	13	54	51	2	5%	154
Housing Allowances	-	-	-	-	-	-	-	-
Other benefits and allowances	4	5	0	2	2	0	5%	5
Payments in lieu of leave	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>8 755</b>	<b>9 455</b>	<b>816</b>	<b>3 295</b>	<b>3 152</b>	<b>144</b>	<b>5%</b>	<b>9 455</b>
<b>% increase</b>		<b>8,0%</b>						<b>8,0%</b>
<b>Other Municipal Staff</b>								
Basic Salaries and Wages	77 494	83 693	7 220	29 170	27 898	1 272	5%	83 693
Pension and UIF Contributions	13 103	14 151	1 221	4 932	4 717	215	5%	14 151
Medical Aid Contributions	1 811	1 955	169	682	652	30	5%	1 955
Overtime	1 618	1 747	151	609	582	27	5%	1 747
Performance Bonus	7 180	7 755	669	2 703	2 585	118	5%	7 755
Motor Vehicle Allowance	3 300	3 564	307	1 242	1 188	54	5%	3 564
Cellphone Allowance	563	608	52	212	203	9	5%	608
Housing Allowances	49	53	5	18	18	1	5%	53
Other benefits and allowances	2 158	2 331	201	812	777	35	5%	2 331
Post-retirement benefit obligations	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>	<b>107 276</b>	<b>115 858</b>	<b>9 994</b>	<b>40 381</b>	<b>38 619</b>	<b>1 761</b>	<b>5%</b>	<b>115 858</b>
<b>% increase</b>		<b>8,0%</b>						<b>8,0%</b>
<b>Total Parent Municipality</b>	<b>123 351</b>	<b>133 219</b>	<b>11 203</b>	<b>45 376</b>	<b>44 406</b>	<b>969</b>	<b>2%</b>	<b>133 219</b>
		<b>8,0%</b>						<b>8,0%</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>								
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>123 351</b>	<b>133 219</b>	<b>11 203</b>	<b>45 376</b>	<b>44 406</b>	<b>969</b>	<b>2%</b>	<b>133 219</b>
<b>% increase</b>		<b>8,0%</b>						<b>8,0%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>116 031</b>	<b>125 313</b>	<b>10 810</b>	<b>43 676</b>	<b>41 771</b>	<b>1 905</b>	<b>5%</b>	<b>125 313</b>

## 2.6 Material Variances to the SDBIP

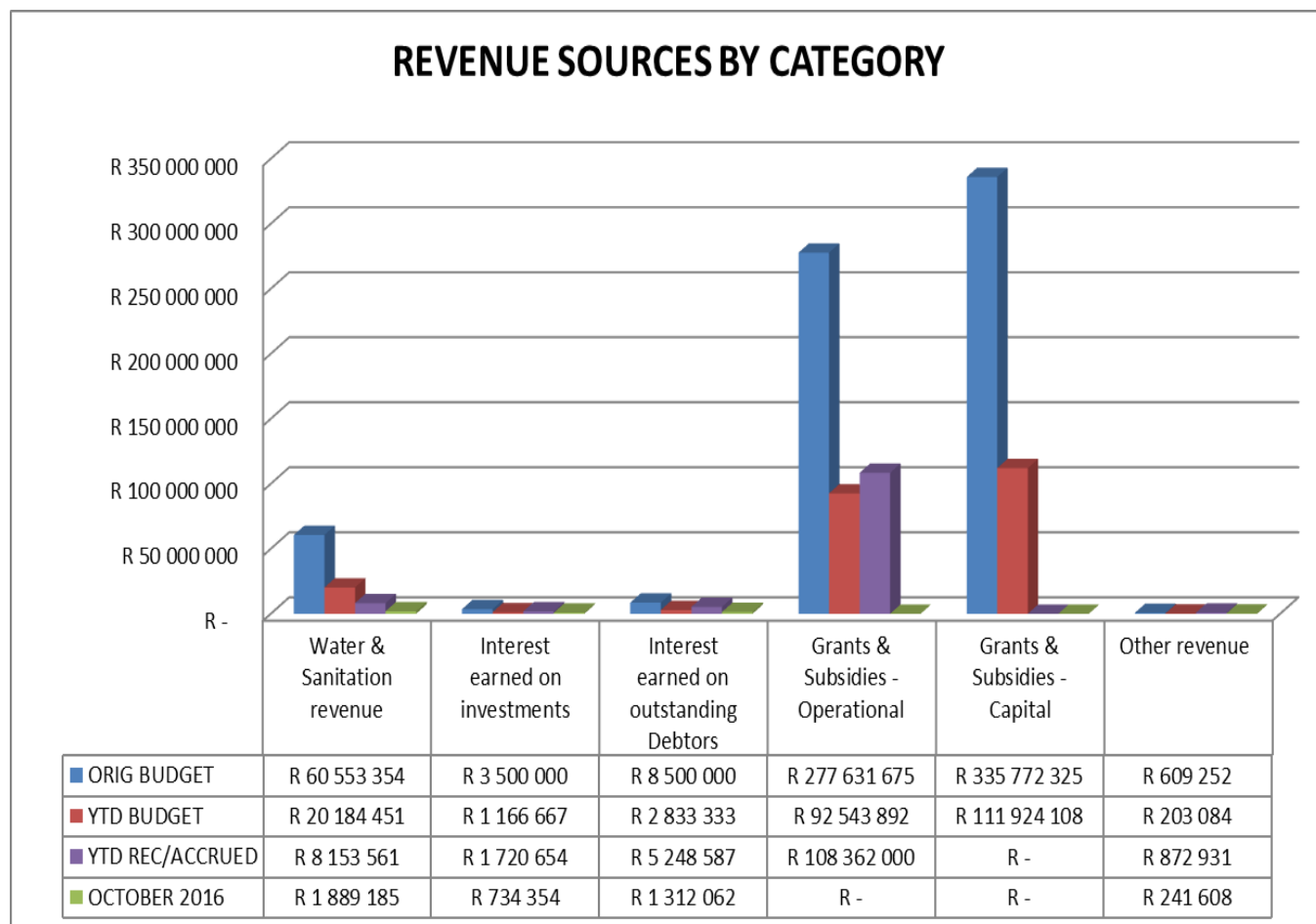
The following section analyses material variances between the actual targets as at 31 October 2016 and the budget for the same period. This report analyses each major component under following headings;

- ✓ 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**



**Water & Sanitation Charges**

The year to date **actual** water & sanitation charges (**billing**) as at 31 October 2016 was R8, 1million against a year to date **budget** of R20, 1million.

**Interest Earned on External Investments**

The year to date actual interest earned on external investments as at 31 October 2016 is R 1,3m against year to date budget of R1, 1m. This represents 147% of actual against year to date budget. The interest received is more by 47% against to what was projected.



### **Transfers Recognised – Operational**

No operational grants received for the month of October 2016

### **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, however there is 43% expenditure for capital grants that was spent on current financial year's budget. The actual R49, 7m (against a YTD budget of R116million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 43% performance in Conditional Capital grant funding expenditures.

Two Capital grants received namely:

- Water Services Infrastructure Grant- R43 059 000
- Regional Bulk Infrastructure Grant- R18 000 000

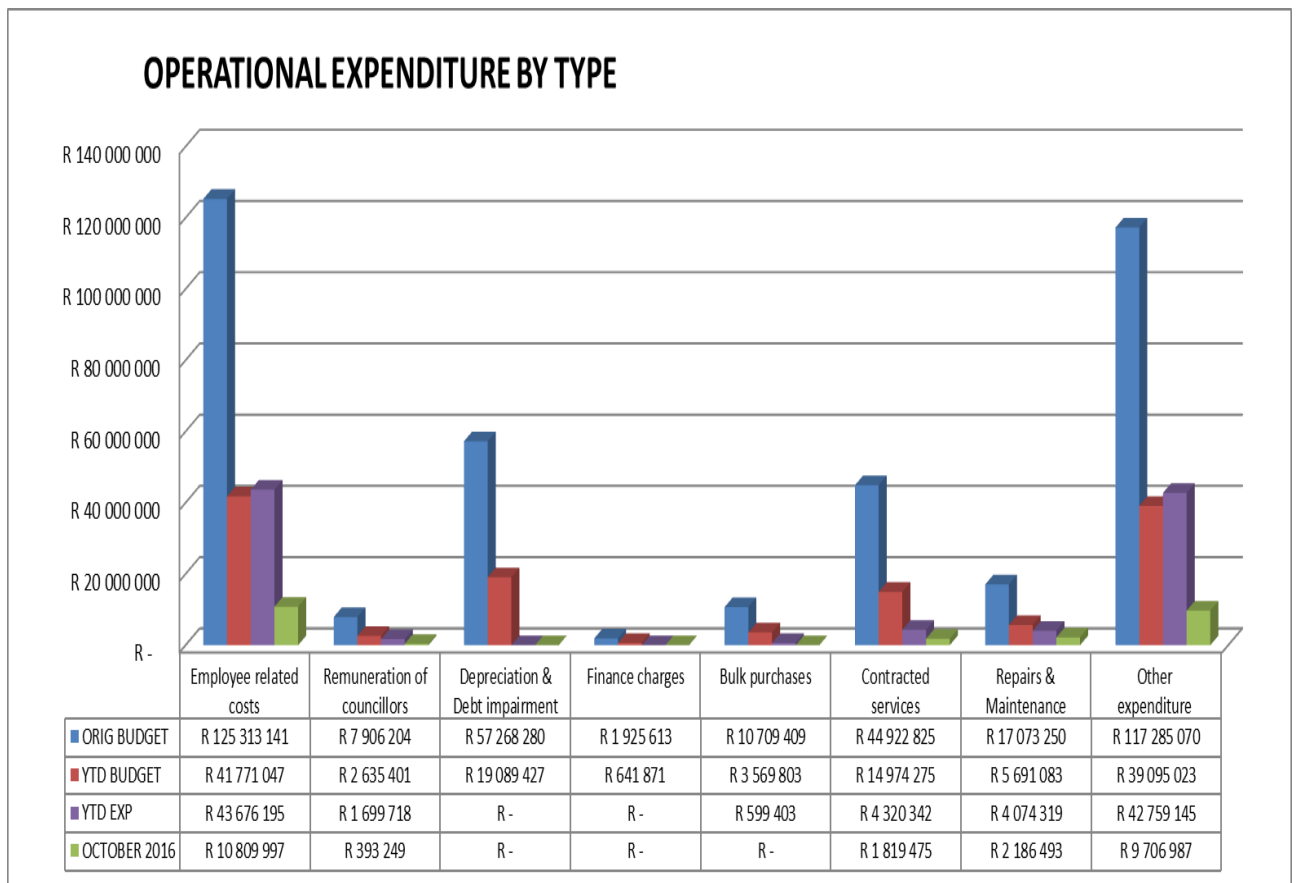
### **Other Revenue**

The YTD performance of other revenue is R 872 931k against YTD budget of R 203 084k of YTD budget.

### **OPERATIONAL EXPENDITURE**

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

### **Chart 4: 2016/17 Financial year Opex**



### Employee Related Costs

The YTD budget for employee related costs is R41, 7million against a YTD actual of R43, 6million which is 105% of the YTD budget.

### Remuneration of Councillors

The remuneration of councillor's expenditure as at 31 October 2016 was R1, 6m against a YTD budget of R2, 6m.

### **Finance Charges**

As at 31 October 2016, There was no movement for finance charges since July 2016.

### **Bulk Purchases**

The YTD budget for bulk purchases was at R3, 5m against a YTD expenditure of R599 403.

### **Other Expenditure**

The YTD budget for other expenditure was at R39million against a YTD expenditure of R42, 7million. The other expenditure for the month of October is over performed by 9%.

### **Performance assessment**

The Performance Assessment Report will be available on the second quarter of 2016/2017 financial year in terms of mid-term performance assessment in accordance with the Municipal Finance Management Act.

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

DC43 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M04 October

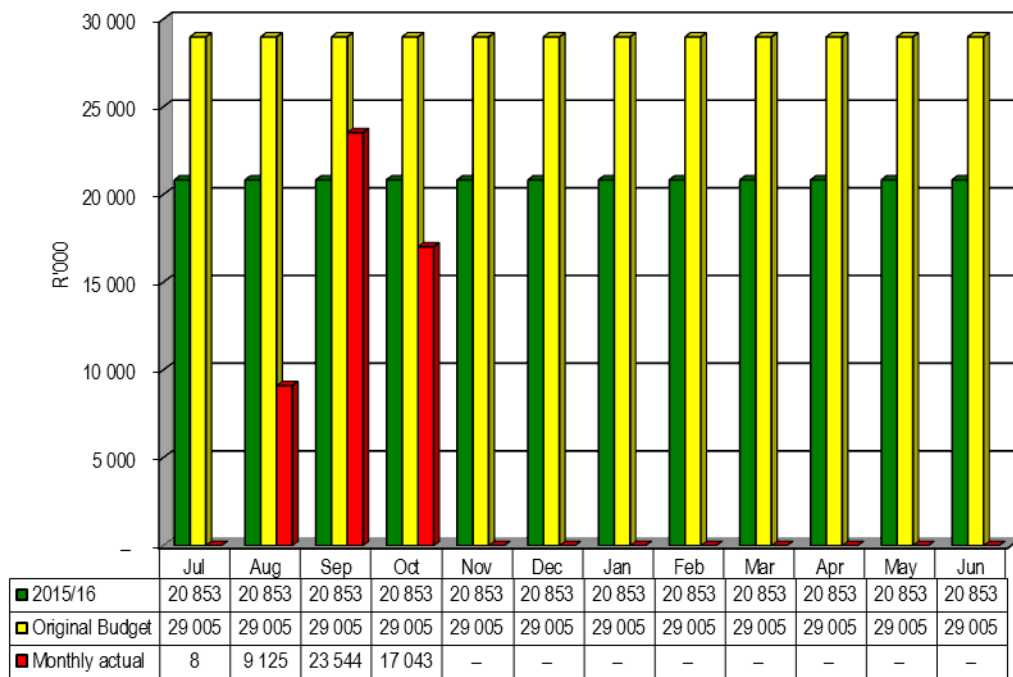
Description	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework			
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>R thousands</b>																
<b>Cash Receipts By Source</b>																
Service charges - water revenue	1 393	1 104	1 470	2 138	2 110	2 110	2 110	2 110	2 110	2 110	2 110	2 110	22 985	23 305	24 703	
Service charges - sanitation revenue	597	473	630	916	851	851	851	851	851	851	851	851	9 422	9 988	10 587	
Interest earned - external investments	183	102	700	734	222	222	222	222	222	222	222	222	3 500	3 710	3 933	
Interest earned - outstanding debtors	1 303	1 311	1 322	1 312								(5 249)	-	-	-	
Transfer receipts - operating	108 362	1 250	1 095	2 000	80 160							(0)	277 632	294 948	317 863	
Other revenue	(158)	131	658	242								(566)	305	323	342	
<b>Cash Receipts by Source</b>	<b>111 681</b>	<b>4 371</b>	<b>5 876</b>	<b>7 342</b>	<b>83 343</b>	<b>3 183</b>	<b>3 183</b>	<b>3 183</b>	<b>87 948</b>	<b>3 183</b>	<b>3 183</b>	<b>(2 634)</b>	<b>313 844</b>	<b>332 273</b>	<b>357 428</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	172 835	841		61 059					50 518			50 519	335 772	401 643	373 080	
Increase in consumer deposits												178	178	200	226	
<b>Total Cash Receipts by Source</b>	<b>284 516</b>	<b>5 212</b>	<b>5 876</b>	<b>68 401</b>	<b>83 343</b>	<b>3 183</b>	<b>3 183</b>	<b>3 183</b>	<b>138 466</b>	<b>3 183</b>	<b>3 183</b>	<b>48 064</b>	<b>649 794</b>	<b>734 117</b>	<b>730 733</b>	
<b>Cash Payments by Type</b>																
Employee related costs	10 685	11 568	10 613	10 810	9 070	9 070	9 070	9 070	9 070	9 070	9 070	18 147	125 313	135 338	146 165	
Remuneration of councillors	497	432	378	393	517	517	517	517	517	517	517	2 586	7 906	8 539	9 222	
Interest paid					963	963	963	963	963	963	963	1 926	1 926	1 595	1 229	
Bulk purchases - Water & Sewer		599	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	1 264	(1 264)	10 709	11 641	12 654	
Contracted services	1 026	1 238	237	1 819	3 384	3 384	3 384	3 384	3 384	3 384	3 384	16 918	44 923	46 016	50 272	
Grants and subsidies paid - other	6 667				6 667	6 667	6 667	6 667	6 667	6 667	6 667	(0)	20 000	22 218	23 551	
General expenses	107 026	37 235	27 895	(6 831)	(6 987)	(6 987)	(6 987)	(6 987)	(6 987)	(6 987)	(6 987)	(6 842)	109 575	109 032	114 494	
<b>Cash Payments by Type</b>	<b>125 902</b>	<b>51 071</b>	<b>40 386</b>	<b>7 455</b>	<b>13 914</b>	<b>8 211</b>	<b>7 248</b>	<b>7 248</b>	<b>13 914</b>	<b>7 248</b>	<b>7 248</b>	<b>30 508</b>	<b>320 352</b>	<b>334 380</b>	<b>357 588</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets												310 943	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	17 043								(49 718)				
<b>Total Cash Payments by Type</b>	<b>125 909</b>	<b>60 196</b>	<b>63 930</b>	<b>24 498</b>	<b>13 914</b>	<b>8 211</b>	<b>7 248</b>	<b>7 248</b>	<b>13 914</b>	<b>7 248</b>	<b>7 248</b>	<b>294 732</b>	<b>634 294</b>	<b>703 206</b>	<b>701 302</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>158 606</b>	<b>(54 984)</b>	<b>(58 054)</b>	<b>43 903</b>	<b>69 429</b>	<b>(5 027)</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>124 552</b>	<b>(4 064)</b>	<b>(4 064)</b>	<b>(246 668)</b>	<b>15 500</b>	<b>30 910</b>	<b>29 431</b>	
Cash/cash equivalents at the monthly year begin	5 819	164 425	109 442	51 388	95 291	164 720	159 693	155 628	151 564	276 116	272 051	267 987	5 819	21 319	52 229	
Cash/cash equivalents at the monthly year end:	164 425	109 442	51 388	95 291	164 720	159 693	155 628	151 564	276 116	272 051	267 987	21 319	21 319	52 229	81 661	

## Capital Expenditure Trend

DC43 Harry Gwala - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M04 October

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
<b>R thousands</b>								
<b>Monthly expenditure performance trend</b>								
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	17 043	49 718	116 018	66 300	57,1%	14%
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	-		
<b>Total Capital expenditure</b>	<b>250 238</b>	<b>348 054</b>	<b>49 718</b>					

**Chart C1 2016/17 Capital Expenditure Monthly Trend: actual v target**



**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 - M04 October

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	232 188	331 272	16 645	48 810	110 424	61 614	55,8%	331 272
Infrastructure - Road transport	-	500	-	-	167	167	100,0%	500
<i>Roads, Pavements &amp; Bridges</i>	-	500	-	-	167	167	100,0%	500
<i>Storm water</i>	-	-	-	-	-	-	-	-
Infrastructure - Water	203 688	297 107	13 910	31 854	99 036	67 181	67,8%	297 107
<i>Water purification</i>	-	-	-	-	-	-	-	-
<i>Reticulation</i>	203 688	297 107	13 910	31 854	99 036	67 181	67,8%	297 107
Infrastructure - Sanitation	28 500	33 666	2 735	16 956	11 222	(5 734)	-51,1%	33 666
<i>Reticulation</i>	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>	28 500	33 666	2 735	16 956	11 222	(5 734)	-51,1%	33 666
<b>Other assets</b>	9 950	10 533	28	36	3 511	3 475	99,0%	10 533
General v ehicles	-	4 642	-	-	1 547	1 547	100,0%	4 642
Specialised vehicles	-	-	-	-	-	-	-	-
Plant & equipment	4 600	2 600	-	-	867	867	100,0%	2 600
Furniture and other office equipment	1 450	1 791	28	36	597	561	94,0%	1 791
Other Buildings	600	-	-	-	-	-	-	-
Other	3 300	1 500	-	-	500	500	100,0%	1 500
<b>Intangibles</b>	1 100	1 250	369	369	417	47	11,4%	1 250
Computers - software & programming	1 100	1 250	369	369	417	47	11,4%	1 250
<b>Total Capital Expenditure on new assets</b>	<b>243 238</b>	<b>343 054</b>	<b>17 043</b>	<b>49 215</b>	<b>114 351</b>	<b>65 136</b>	<b>57,0%</b>	<b>343 054</b>

<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-
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 - M04 October

Description	2015/16	Budget Year 2016/17						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>								
<b>Infrastructure</b>	7 000	5 000	-	503	1 667	1 164	69,8%	5 000
Infrastructure - Water	7 000	5 000	-	503	1 667	1 164	69,8%	5 000
<i>Water purification</i>	-	-	-	-	-	-	-	-
<i>Reticulation</i>	7 000	5 000	-	503	1 666 666,67	1 164	69,8%	5 000
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>7 000</b>	<b>5 000</b>	<b>-</b>	<b>503</b>	<b>1 667</b>	<b>1 164</b>	<b>69,8%</b>	<b>5 000</b>

<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-

## 2.7 Municipal Manager's Quality's Certificate

### Quality Certificate

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

- The monthly budget statement

For the month of October 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 \_\_\_\_\_