

# Harry Gwala District Municipality

MFMA s71 report for the period ending 31 October 2019.

11/13/2019

Budget & Treasury Office

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## **REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 31 OCTOBER 2019**

### **1.1 PURPOSE**

To table the monthly expenditure report in terms of s71 of the MFMA for the period ending 31 October 2019 to Finance and Corporate Services Committee.

### **LEGISLATIVE FRAMEWORK**

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

### **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/DISCUSSION**

The discussion that follows, in terms of MFMA Section 71 above, intends to inform the Finance & Corporate services committee and Executive committee on the progress made thus far in terms of implementing the 2019/2020 budget for the period ending 31 October 2019.

### **1.3 Resolutions**

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

### **1.4 Monthly Budget Statement Tables**

#### **Monthly Budget Statements Summary**

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

DC43 Harry Gwala - Table C1 Consolidated Monthly Budget Statement Summary - M04 October

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Service charges	58 421	88 392	67 065	5 931	22 865	27 094	(4 229)	-16%	67 065
Investment revenue	9 202	11 161	11 161	673	2 905	3 720	(815)	-22%	11 161
Transfers and subsidies	366 165	366 404	359 404	-	143 879	121 357	22 522	19%	359 404
Other own revenue	11 587	10 440	10 440	1 108	4 380	3 480	900	26%	10 440
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>445 375</b>	<b>476 396</b>	<b>448 070</b>	<b>7 711</b>	<b>174 029</b>	<b>155 651</b>	<b>18 378</b>	<b>12%</b>	<b>448 070</b>
Employee costs	173 695	205 726	205 726	15 786	68 205	68 575	(370)	-1%	205 726
Remuneration of Councillors	6 952	7 574	7 574	663	2 169	2 525	(356)	-14%	7 574
Depreciation & asset impairment	69 605	38 192	70 700	-	-	16 343	(16 343)	-100%	70 700
Finance charges	3 752	3 522	3 522	-	-	1 174	(1 174)	-100%	3 522
Materials and bulk purchases	49 017	30 443	25 648	373	5 298	9 615	(4 317)	-45%	25 648
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	221 352	184 141	209 193	15 943	50 263	64 164	(13 901)	-22%	209 193
<b>Total Expenditure</b>	<b>538 373</b>	<b>469 599</b>	<b>522 363</b>	<b>32 765</b>	<b>125 936</b>	<b>162 396</b>	<b>(36 460)</b>	<b>-22%</b>	<b>522 363</b>
<b>Surplus/(Deficit)</b>	<b>(92 998)</b>	<b>6 798</b>	<b>(74 294)</b>	<b>(25 053)</b>	<b>48 093</b>	<b>(6 744)</b>	<b>54 838</b>	<b>-813%</b>	<b>(74 294)</b>
Transfers and subsidies - capital (monetary allocations)	335 775	275 839	275 839	-	-	91 946	(91 946)	-100%	275 839
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>242 777</b>	<b>282 636</b>	<b>201 545</b>	<b>(25 053)</b>	<b>48 093</b>	<b>85 202</b>	<b>(37 109)</b>	<b>-44%</b>	<b>201 545</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>201 545</b>	<b>(25 053)</b>	<b>48 093</b>	<b>85 202</b>	<b>(37 109)</b>	<b>-44%</b>	<b>201 545</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>266 785</b>	<b>282 624</b>	<b>281 024</b>	<b>15 692</b>	<b>61 782</b>	<b>94 030</b>	<b>(32 248)</b>	<b>-34%</b>	<b>281 024</b>
Capital transfers recognised	134 240	276 203	276 203	15 607	60 476	92 068	(31 592)	-34%	276 203
Internally generated funds	14 442	6 421	4 821	85	1 306	1 962	(656)	-33%	4 821
<b>Total sources of capital funds</b>	<b>148 683</b>	<b>282 624</b>	<b>281 024</b>	<b>15 692</b>	<b>61 782</b>	<b>94 030</b>	<b>(32 248)</b>	<b>-34%</b>	<b>281 024</b>
<b>Financial position</b>									
Total current assets	118 770	282 609	282 609	-	156 700	-	-	-	282 609
Total non current assets	2 171 694	2 165 144	2 163 544	-	2 233 477	-	-	-	2 163 544
Total current liabilities	176 293	138 272	138 272	-	230 768	-	-	-	138 272
Total non current liabilities	48 140	36 242	36 242	-	45 285	-	-	-	36 242
Community wealth/Equity	<b>2 066 030</b>	<b>2 273 239</b>	<b>2 271 639</b>	-	<b>2 114 124</b>	-	-	-	<b>2 271 639</b>
<b>Cash flows</b>									
Net cash from (used) operating	280 806	295 470	-	(10 972)	84 692	98 490	13 799	14%	-
Net cash from (used) investing	(364 374)	(275 839)	-	(15 692)	(61 782)	(91 946)	(30 164)	33%	-
Net cash from (used) financing	(3 130)	(3 896)	-	-	-	(1 299)	(1 299)	100%	-
<b>Cash/cash equivalents at the month/year end</b>	<b>25 638</b>	<b>128 072</b>	<b>-</b>	<b>-</b>	<b>135 245</b>	<b>117 581</b>	<b>(17 664)</b>	<b>-15%</b>	<b>112 336</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	8 724	6 433	5 419	4 932	5 183	5 152	68 835	87 469	192 146
<b>Creditors Age Analysis</b>									
Total Creditors	10 455	1 314	-	1 816	-	-	-	-	13 584

## Financial Performance

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

DC43 Harry Gwala - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M04 October

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue - Functional</b>									
<i>Governance and administration</i>	331 363	368 310	368 310	835	147 167	122 770	24 397	20%	368 310
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	331 363	368 310	368 310	835	147 167	122 770	24 397	20%	368 310
Internal audit	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	382 421	-	-	-	-	-	-	-	-
Planning and development	382 421	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	67 365	383 925	355 598	6 876	26 862	124 828	(97 966)	-78%	355 598
Energy sources	-	7 000	-	-	-	1 556	(1 556)	-100%	-
Water management	49 012	351 168	336 239	4 896	19 685	115 397	(95 713)	-83%	336 239
Waste water management	18 353	25 757	19 359	1 980	7 177	7 875	(697)	-9%	19 359
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>781 150</b>	<b>752 235</b>	<b>723 908</b>	<b>7 711</b>	<b>174 029</b>	<b>247 598</b>	<b>(73 569)</b>	<b>-30%</b>	<b>723 908</b>
<b>Expenditure - Functional</b>									
<i>Governance and administration</i>	211 835	227 394	266 703	11 818	63 274	80 166	(16 892)	-21%	266 703
Executive and council	18 100	35 385	34 546	930	11 244	11 702	(457)	-4%	34 546
Finance and administration	187 560	187 697	227 840	10 309	49 756	67 026	(17 270)	-26%	227 840
Internal audit	6 175	4 312	4 317	579	2 273	1 438	835	58%	4 317
<i>Community and public safety</i>	13 823	11 180	10 880	1 236	4 902	3 693	1 209	33%	10 880
Community and social services	13 823	11 180	10 880	1 236	4 902	3 693	1 209	33%	10 880
<i>Economic and environmental services</i>	167 800	116 309	132 787	7 196	17 022	40 601	(23 578)	-58%	132 787
Planning and development	167 800	116 309	132 787	7 196	17 022	40 601	(23 578)	-58%	132 787
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	144 915	114 236	111 514	12 515	40 738	37 776	2 961	8%	111 514
Energy sources	35	-	-	-	-	-	-	-	-
Water management	144 137	113 919	111 193	12 458	40 519	37 670	2 849	8%	111 193
Waste water management	742	317	321	57	219	106	112	106%	321
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	480	480	-	-	160	(160)	-100%	480
<b>Total Expenditure - Functional</b>	<b>538 373</b>	<b>469 599</b>	<b>522 363</b>	<b>32 765</b>	<b>125 936</b>	<b>162 396</b>	<b>(36 460)</b>	<b>-22%</b>	<b>522 363</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>201 545</b>	<b>(25 053)</b>	<b>48 093</b>	<b>85 202</b>	<b>(37 109)</b>	<b>-44%</b>	<b>201 545</b>

This table assess the revenue by department and then the expenditure for the period ending 31 October 2019. 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 3%.

Expenditure by standard classification presents the expenditures by the departments. Waste Water Management (Water Services) has largest expenditure by 33% in the period ending 31 October 2019. 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 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M04

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	330 039	368 310	368 310	687	146 924	122 770	24 154	19,7%	368 310
Vote 04 - Summary Corporate Services	445	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	346	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	382 076	295 533	288 533	-	-	97 733	(97 733)	-100,0%	288 533
Vote 07 - Summary Water Services	68 244	88 392	67 065	7 024	27 105	27 094	11	0,0%	67 065
<b>Total Revenue by Vote</b>	<b>781 150</b>	<b>752 235</b>	<b>723 908</b>	<b>7 711</b>	<b>174 029</b>	<b>247 598</b>	<b>(73 569)</b>	<b>-29,7%</b>	<b>723 908</b>
<b>Expenditure by Vote</b>									
Vote 01 - Summary Council	8 421	12 958	10 971	688	4 327	4 099	228	5,6%	10 971
Vote 02 - Summary Municipal Manager	15 854	17 136	18 289	821	4 191	5 840	(1 649)	-28,2%	18 289
Vote 03 - Summary Budget And Treasury Office	71 176	79 233	83 896	3 026	15 588	26 929	(11 341)	-42,1%	83 896
Vote 04 - Summary Corporate Services	85 564	67 212	85 535	4 934	23 366	24 440	(1 074)	-4,4%	85 535
Vote 05 - Summary Social Services & Development Planning	47 553	62 447	57 803	2 569	15 854	20 300	(4 445)	-21,9%	57 803
Vote 06 - Summary Infrastructure Services	134 106	77 835	98 657	5 863	11 070	28 259	(17 188)	-60,8%	98 657
Vote 07 - Summary Water Services	175 699	152 777	167 212	14 864	51 540	52 530	(989)	-1,9%	167 212
<b>Total Expenditure by Vote</b>	<b>538 373</b>	<b>469 599</b>	<b>522 363</b>	<b>32 765</b>	<b>125 936</b>	<b>162 396</b>	<b>(36 460)</b>	<b>-22,5%</b>	<b>522 363</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>201 545</b>	<b>(25 053)</b>	<b>48 093</b>	<b>85 202</b>	<b>(37 109)</b>	<b>-43,6%</b>	<b>201 545</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 2019.



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

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue									
Service charges - water revenue	43 001	62 635	47 706	4 312	17 121	19 220	(2 099)	-11%	47 706
Service charges - sanitation revenue	15 419	25 757	19 359	1 618	5 744	7 875	(2 130)	-27%	19 359
Rental of facilities and equipment									
Interest earned - external investments	9 202	11 161	11 161	673	2 905	3 720	(815)	-22%	11 161
Interest earned - outstanding debtors	10 556	9 658	9 658	1 105	4 377	3 219	1 157	36%	9 658
Dividends received									
Fines, penalties and forfeits	694	-	-	3	3	-	3	#DIV/0!	-
Transfers and subsidies	366 165	366 404	359 404	-	143 879	121 357	22 522	19%	359 404
Other revenue	337	781	781	-	-	260	(260)	-100%	781
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>445 375</b>	<b>476 396</b>	<b>448 070</b>	<b>7 711</b>	<b>174 029</b>	<b>155 651</b>	<b>18 378</b>	<b>12%</b>	<b>448 070</b>
<b>Expenditure By Type</b>									
Employee related costs	173 695	205 726	205 726	15 786	68 205	68 575	(370)	-1%	205 726
Remuneration of councillors	6 952	7 574	7 574	663	2 169	2 525	(356)	-14%	7 574
Debt impairment	19 111	25 315	25 315	-	-	8 438	(8 438)	-100%	25 315
Depreciation & asset impairment	69 605	38 192	70 700	-	-	16 343	(16 343)	-100%	70 700
Finance charges	3 752	3 522	3 522	-	-	1 174	(1 174)	-100%	3 522
Bulk purchases	18 011	15 000	17 762	(993)	3 447	5 307	(1 859)	-35%	17 762
Other materials	31 006	15 443	7 886	1 366	1 851	4 308	(2 457)	-57%	7 886
Contracted services	155 330	101 502	116 897	11 258	31 365	35 545	(4 179)	-12%	116 897
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	37 963	57 324	66 980	4 685	18 898	20 181	(1 283)	-6%	66 980
Loss on disposal of PPE	8 948	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>538 373</b>	<b>469 599</b>	<b>522 363</b>	<b>32 765</b>	<b>125 936</b>	<b>162 396</b>	<b>(36 460)</b>	<b>-22%</b>	<b>522 363</b>
<b>Surplus/(Deficit)</b>									
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	(92 998)	6 798	(74 294)	(25 053)	48 093	(6 744)	54 838	(0)	(74 294)
Transfers and subsidies - capital (in-kind - all)	335 775	275 839	275 839	-	-	91 946	(91 946)	(0)	275 839
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>242 777</b>	<b>282 636</b>	<b>201 545</b>	<b>(25 053)</b>	<b>48 093</b>	<b>85 202</b>			<b>201 545</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>242 777</b>	<b>282 636</b>	<b>201 545</b>	<b>(25 053)</b>	<b>48 093</b>	<b>85 202</b>			<b>201 545</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>242 777</b>	<b>282 636</b>	<b>201 545</b>	<b>(25 053)</b>	<b>48 093</b>	<b>85 202</b>			<b>201 545</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>201 545</b>	<b>(25 053)</b>	<b>48 093</b>	<b>85 202</b>			<b>201 545</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.

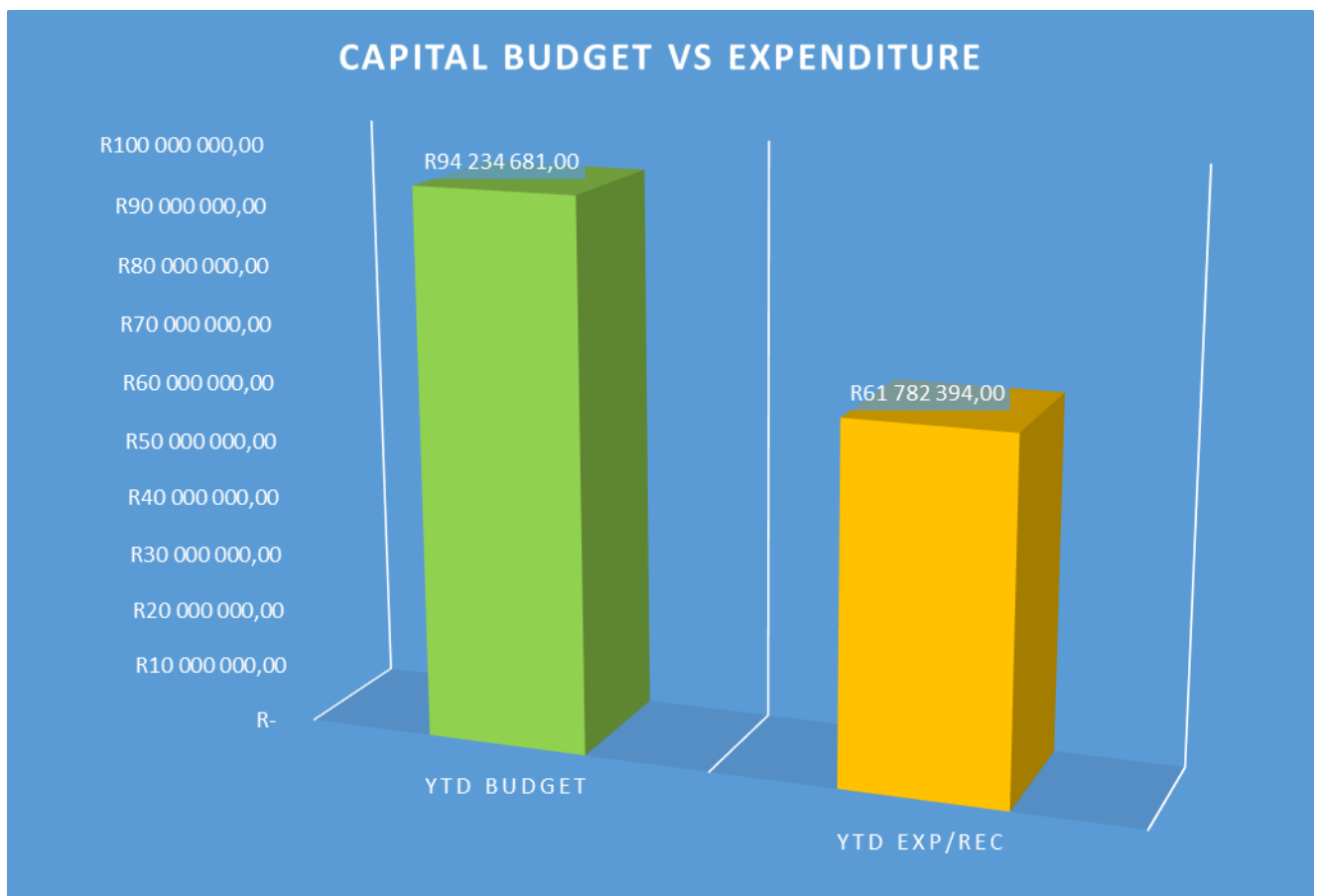
DC43 Harry Gwala - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M04

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	216 818	20 000	20 000	3 975	4 968	6 667	(1 699)	-25%	20 000
Vote 07 - Summary Water Services	35 525	145 243	145 243	3 986	40 107	48 414	(8 308)	-17%	145 243
<b>Total Capital Multi-year expenditure</b>	<b>252 343</b>	<b>165 243</b>	<b>165 243</b>	<b>7 961</b>	<b>45 075</b>	<b>55 081</b>	<b>(10 007)</b>	<b>-18%</b>	<b>165 243</b>
<b>Single Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	38	629	629	-	-	210	(210)	-100%	629
Vote 04 - Summary Corporate Services	10 203	4 942	3 342	85	1 306	1 470	(163)	-11%	3 342
Vote 05 - Summary Social Services & Development Planning	62	158	158	-	-	53	(53)	-100%	158
Vote 06 - Summary Infrastructure Services	4 140	-	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	111 651	111 651	7 646	15 401	37 217	(21 816)	-59%	111 651
<b>Total Capital single-year expenditure</b>	<b>14 442</b>	<b>117 381</b>	<b>115 781</b>	<b>7 731</b>	<b>16 708</b>	<b>38 949</b>	<b>(22 241)</b>	<b>-57%</b>	<b>115 781</b>
<b>Total Capital Expenditure</b>	<b>266 785</b>	<b>282 624</b>	<b>281 024</b>	<b>15 692</b>	<b>61 782</b>	<b>94 030</b>	<b>(32 248)</b>	<b>-34%</b>	<b>281 024</b>
<b>Capital Expenditure - Functional Classification</b>									
<b>Governance and administration</b>									
Executive and council	10 240	5 571	3 971	85	1 306	1 679	(373)	-22%	3 971
Finance and administration	10 240	5 571	3 971	85	1 306	1 679	(373)	-22%	3 971
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>									
Planning and development	212 808	158	158	-	-	53	(53)	-100%	158
Road transport	212 808	158	158	-	-	53	(53)	-100%	158
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>									
Energy sources	43 737	276 894	276 894	15 607	60 476	92 298	(31 822)	-34%	276 894
Water management	43 737	213 071	213 071	14 539	41 481	71 024	(29 542)	-42%	213 071
Waste water management	-	63 824	63 824	1 068	18 995	21 275	(2 280)	-11%	63 824
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	<b>266 785</b>	<b>282 624</b>	<b>281 024</b>	<b>15 692</b>	<b>61 782</b>	<b>94 030</b>	<b>(32 248)</b>	<b>-34%</b>	<b>281 024</b>
<b>Funded by:</b>									
National Government	134 240	275 978	275 978	15 607	60 476	91 993	(31 517)	-34%	275 978
District Municipality	-	225	225	-	-	75	(75)	-100%	225
Other transfers and grants	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>134 240</b>	<b>276 203</b>	<b>276 203</b>	<b>15 607</b>	<b>60 476</b>	<b>92 068</b>	<b>(31 592)</b>	<b>-34%</b>	<b>276 203</b>
<b>Internally generated funds</b>	<b>14 442</b>	<b>6 421</b>	<b>4 821</b>	<b>85</b>	<b>1 306</b>	<b>1 962</b>	<b>(656)</b>	<b>-33%</b>	<b>4 821</b>
<b>Total Capital Funding</b>	<b>148 683</b>	<b>282 624</b>	<b>281 024</b>	<b>15 692</b>	<b>61 782</b>	<b>94 030</b>	<b>(32 248)</b>	<b>-34%</b>	<b>281 024</b>

As alluded to above, the capital expenditure programme for the month ending 31 October was R15, 6m of capital expenditure against year to date budget.

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

**Chart 1: 2019/2020 CAPEX YTD BUDGET & YTD ACTUAL**



As at 31 October 2019, the year to date actual expenditure was R61, 7million against a YTD budget of R94, 2million. In monetary terms, these figures represent 66% per cent performance against the capital development programme as at 31 October 2019.

Table C6 displays the financial position of the municipality as at 31 October 2019.

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

Description	2018/19	Budget Year 2019/20			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash	53 026	169 975	169 975	135 245	169 975
Call investment deposits	5 337	37 087	37 087	14 280	37 087
Consumer debtors	26 933	42 739	42 739	41 569	42 739
Other debtors	33 226	32 638	32 638	26 729	32 638
Inventory	248	171	171	248	171
<b>Total current assets</b>	<b>118 770</b>	<b>282 609</b>	<b>282 609</b>	<b>218 070</b>	<b>282 609</b>
<b>Non current assets</b>					
Investments in Associate					
Property, plant and equipment	2 170 503	2 163 828	2 162 228	2 232 285	2 162 228
Biological					
Intangible	1 191	1 316	1 316	1 191	1 316
Other non-current assets	0	0	0	0	0
<b>Total non current assets</b>	<b>2 171 694</b>	<b>2 165 144</b>	<b>2 163 544</b>	<b>2 233 477</b>	<b>2 163 544</b>
<b>TOTAL ASSETS</b>	<b>2 290 464</b>	<b>2 447 753</b>	<b>2 446 153</b>	<b>2 451 547</b>	<b>2 446 153</b>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities</b>					
Borrowing	–	(4 290)	(4 290)	(386)	(4 290)
Consumer deposits	1 768	1 740	1 740	1 822	1 740
Trade and other payables	163 525	131 248	131 248	201 103	131 248
Provisions	11 000	9 574	9 574	11 000	9 574
<b>Total current liabilities</b>	<b>176 293</b>	<b>138 272</b>	<b>138 272</b>	<b>213 539</b>	<b>138 272</b>
<b>Non current liabilities</b>					
Borrowing	29 200	13 292	13 292	26 345	13 292
Provisions	18 940	22 949	22 949	18 940	22 949
<b>Total non current liabilities</b>	<b>48 140</b>	<b>36 242</b>	<b>36 242</b>	<b>45 285</b>	<b>36 242</b>
<b>TOTAL LIABILITIES</b>	<b>224 433</b>	<b>174 514</b>	<b>174 514</b>	<b>258 824</b>	<b>174 514</b>
<b>NET ASSETS</b>	<b>2 066 030</b>	<b>2 273 239</b>	<b>2 271 639</b>	<b>2 192 723</b>	<b>2 271 639</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>					
Accumulated Surplus/(Deficit)	2 066 030	2 273 239	2 271 639	2 192 723	2 271 639
Reserves	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 066 030</b>	<b>2 273 239</b>	<b>2 271 639</b>	<b>2 192 723</b>	<b>2 271 639</b>

Table C7 below display the Cash Flow Statement for the period ending 31 October 2019.

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

Description	2018/19	Budget Year 2019/20						
	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						-		
Service charges	50 033	47 732	5 005	19 113	15 911	3 202	20%	47 732
Other revenue	3 816	781		276	260	15	6%	781
Government - operating	361 595	366 004	3 000	152 188	122 001	30 187	25%	366 004
Government - capital	312 210	275 839		90 000	91 946	(1 946)	-2%	275 839
Interest	9 645	9 658	673	2 905	3 219	(314)	-10%	9 658
<b>Payments</b>								
Suppliers and employees	(452 539)	(401 033)	(19 651)	(179 790)	(133 678)	46 112	-34%	(401 033)
Finance charges	(3 954)	(3 510)			(1 170)	(1 170)	100%	(3 510)
Transfers and Grants						-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>280 806</b>	<b>295 470</b>	<b>(10 972)</b>	<b>84 692</b>	<b>98 490</b>	<b>13 799</b>	<b>14%</b>	<b>295 470</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	(364 374)	(275 839)	(15 692)	(61 782)	(91 946)	(30 164)	33%	(275 839)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(364 374)</b>	<b>(275 839)</b>	<b>(15 692)</b>	<b>(61 782)</b>	<b>(91 946)</b>	<b>(30 164)</b>	<b>33%</b>	<b>(275 839)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Increase (decrease) in consumer deposits	200	-				-		
<b>Payments</b>								
Repayment of borrowing	(3 330)	(3 896)	-		(1 299)	(1 299)	100%	(3 896)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 130)</b>	<b>(3 896)</b>	<b>-</b>	<b>-</b>	<b>(1 299)</b>	<b>(1 299)</b>	<b>100%</b>	<b>(3 896)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(86 697)</b>	<b>15 736</b>	<b>(26 664)</b>	<b>22 909</b>	<b>5 245</b>			<b>15 736</b>
Cash/cash equivalents at beginning:	112 336	112 336		112 336	135 245			112 336
Cash/cash equivalents at month/year end:	25 638	128 072		135 245	140 490			128 072

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 31 October 2019.

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

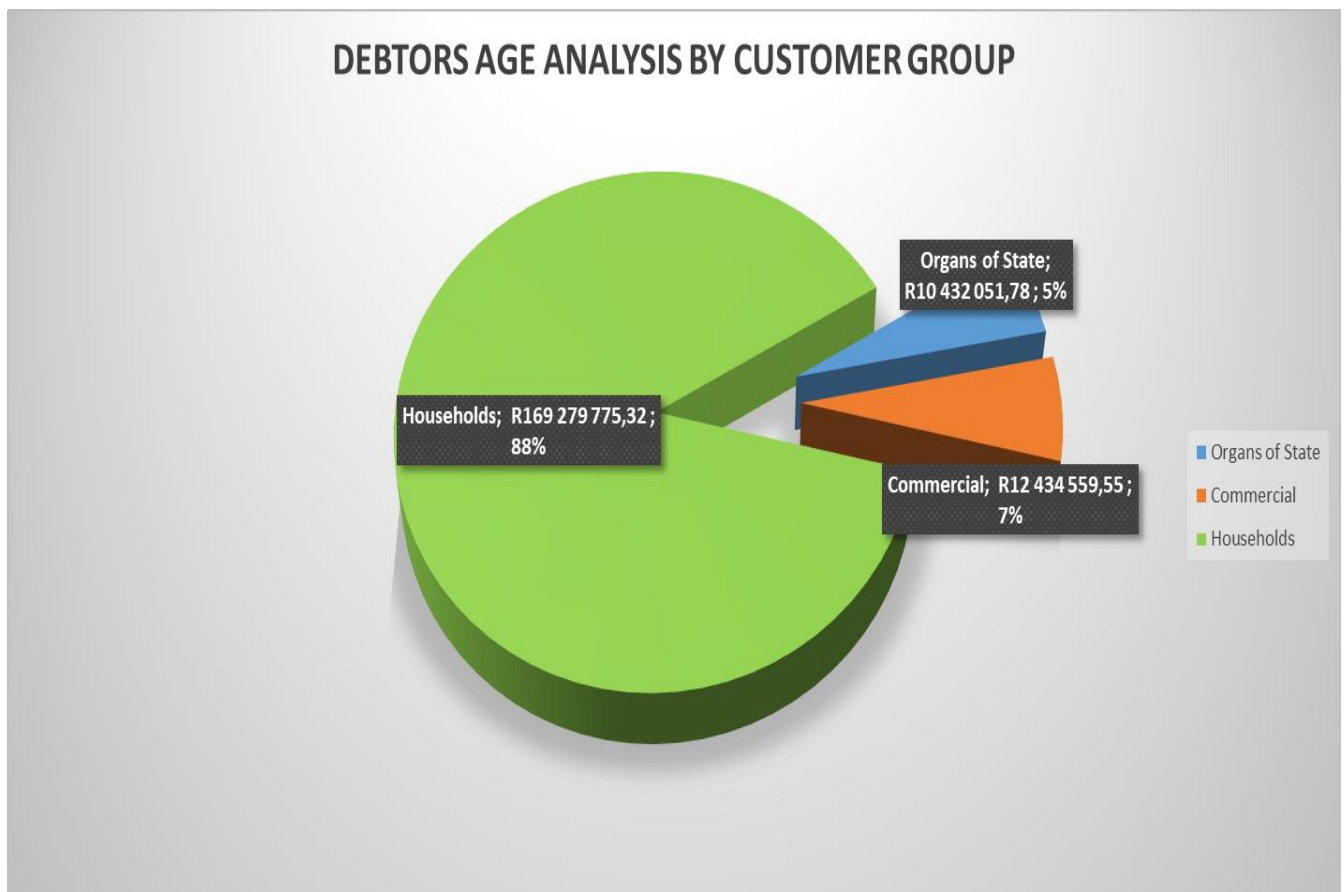
DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	Budget Year 2019/20									
	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	5 600	4 129	3 479	3 166	3 327	3 307	44 187	56 148	123 343	110 135
Trade and Other Receivables from Exchange Transactions - Electricity	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	2 188	1 613	1 359	1 237	1 300	1 292	17 262	21 935	48 185	43 026
Receivables from Exchange Transactions - Waste Management	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	936	690	582	529	556	553	7 386	9 386	20 618	18 410
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Income Source</b>	<b>8 724</b>	<b>6 433</b>	<b>5 419</b>	<b>4 932</b>	<b>5 183</b>	<b>5 152</b>	<b>68 835</b>	<b>87 469</b>	<b>192 146</b>	<b>171 571</b>
2018/19 - totals only									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2 832	1 444	945	327	449	342	1 710	2 383	10 432	5 211
Commercial	1 346	569	549	492	423	421	4 436	4 198	12 435	9 970
Households	4 546	4 420	3 926	4 112	4 311	4 389	62 688	80 888	169 280	156 389
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>8 724</b>	<b>6 433</b>	<b>5 419</b>	<b>4 932</b>	<b>5 183</b>	<b>5 152</b>	<b>68 835</b>	<b>87 469</b>	<b>192 146</b>	<b>171 571</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: 88%
- ✓ Government 5%
- ✓ 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

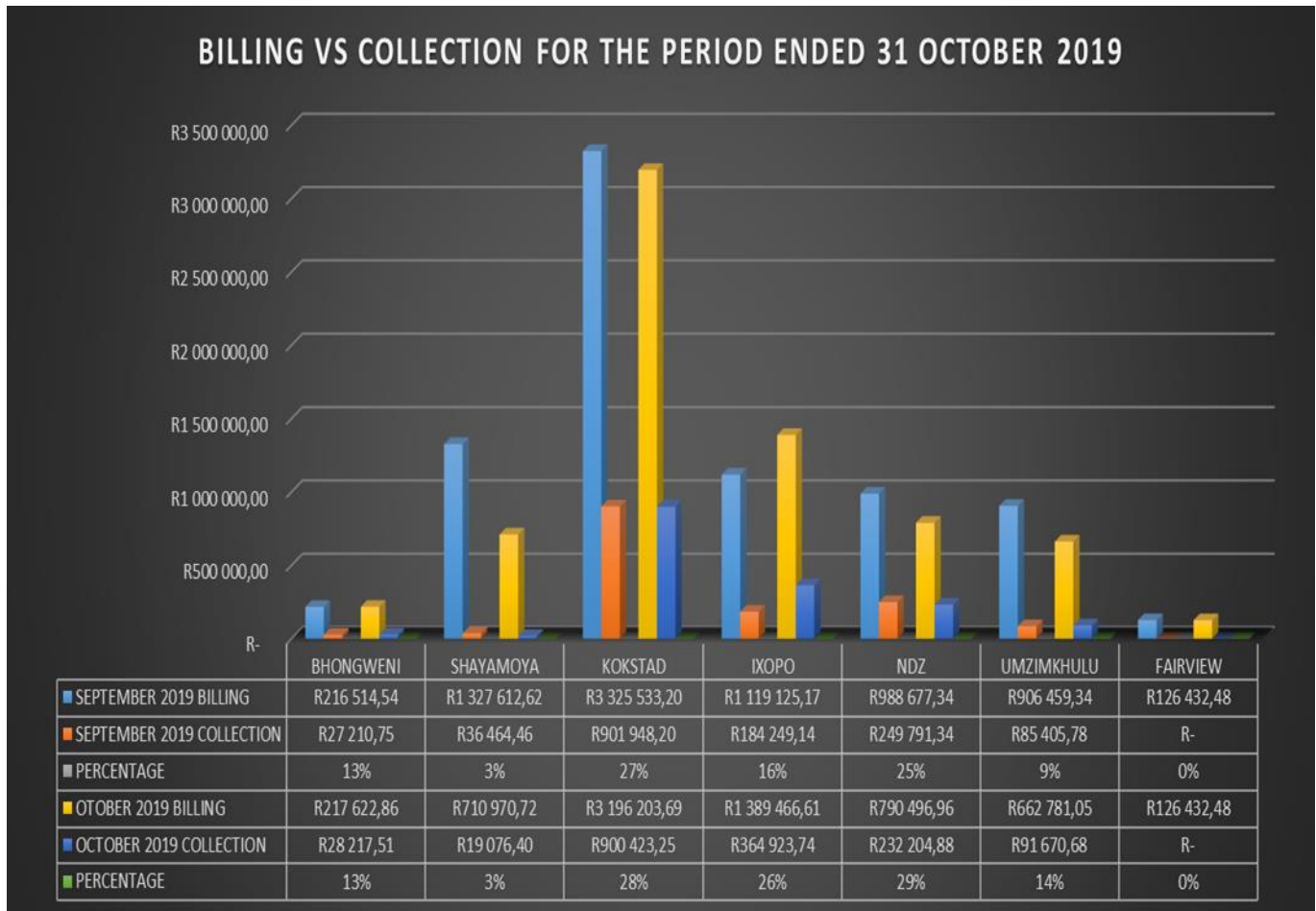
### REVENUE RECEIPTS PER AREA

AREA	AMOUNT		
		OCTOBER 2019	SEPTEMBER 2019
Unallocated receipts	R 3 368 939,92	67%	69%
Bhongweni	R 28 217,51	1%	1%
Shayamoya	R 19 076,40	0%	1%
Kokstad	R 900 423,28	18%	19%
Ixopo	R 364 923,74	7%	4%
NDZ	R 232 204,88	5%	5%
Umzimkulu	R 91 670,68	2%	2%
Fairview	R 0.00	0%	0%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 5 005 456,38</b>	100%	100%

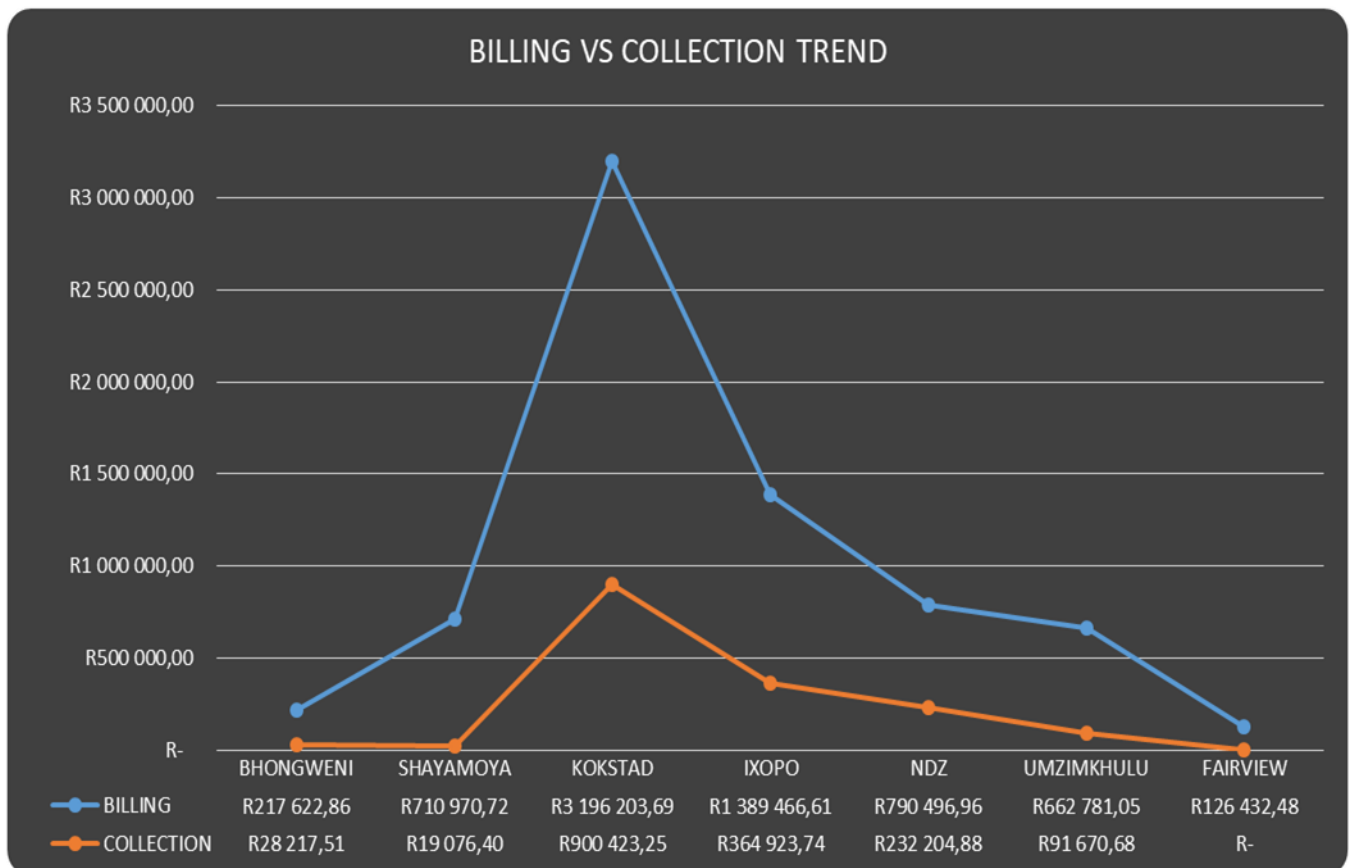
The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for October 2019 is R5million



**BILLING VS COLLECTION FOR SEPTEMBER AND OCTOBER 2019**



### BILLING VS COLLECTION TREND FOR OCTOBER 2019



### Debtors age analysis per service

The municipality’s total outstanding debtors amounted to R 192 146 387 as at 31 October 2019 compared with the R 189 161 572 as at 30 September 2019. Current debt represent 5% of the total outstanding debt compared with the 5% of September 2019; 30 days and older debt 3% compared with the 4% for September 2019; 60 days and older debt 3% compared with the 3% of September 2019; and 90 days 3% compared with the 3% of September 2019; 160 days to History and older 87% compared with the 83% for September 2019.

Current debt increased with R 2,984,815 to R 192,146,387 compared with the R 186,423,680 as at 30 September 2019; 30 days + debt Increased with R 80,123; 60 days + Decreased with R 888,265 and 90 days and older debt as at September 2019 has increased with R 3,542,414 to R 171,570,667 compared with the R 168,028,253 as at 31 October 2019.

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

Business debtors owes the municipality R 12,101,256 (6%); Municipal debtors R 915,469 (0.01%); domestic debtors R 140,124,152 (73%); Government accounts R 8,924,200 (5%); Indigent debtors R 26,876,093 (14%) and other debtors R 3,205,217 (2%) of the total outstanding debt of R 192,146,387. Furthermore most of the domestic debt and other debt will be irrecoverable and most probably will also have to be written off.

## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 October 2019.

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

Description	Budget Year 2019/20								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity									-
Bulk Water	4 049	0	-	-					4 049
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	5 270	1 313	-	1 816					8 399
Auditor General	1 135	-	-	-					1 135
Other									-
<b>Total By Customer Type</b>	<b>10 455</b>	<b>1 314</b>	<b>-</b>	<b>1 816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 584</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 2019.

The closing cash and cash equivalents as at the end of October 2019 was R135, 2million refer to the table below for cash and cash equivalent register for more detail on the municipality's cash position

### Cash and Bank Balances (Investments)

CASH AND INVESTMENT REGISTER FOR THE PERIOD ENDING 31 OCTOBER 2019

Investments by maturity Name of institution & investment ID	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ²	Opening balance	Interest to be realised	Partial/ Premature Withdrawal (4)	Investment Top Up	Closing Balance
<b>R thousands</b>									
<u>Municipality</u>									
FIRST NATIONAL BANK	CALL ACCOUNT				44 819	188	(16 493)		28 513
FIRST NATIONAL BANK	CALL ACCOUNT				48 167	182	(6 453)		41 896
FIRST NATIONAL BANK	ADMIN CALL				13 139	53	(13 085)	5 245	5 352
INVESTEC	FIXED DEPOSIT				4 901	26			4 928
FIRST NATIONAL BANK	FIXED DEPOSIT				35 901	167	(6 248)		29 820
FIRST NATIONAL BANK	CALL ACCOUNT				1 217	5		2 393	3 615
FIRST NATIONAL BANK	CALL ACCOUNT				2 889	12			2 900
FIRST NATIONAL BANK	CALL ACCOUNT				8 927	36			8 963
FIRST NATIONAL BANK	FIXED DEPOSIT				1 009	4			1 013
CURRENT ACCOUNT					2 832	-	-	5 413	8 245
<b>Municipality sub-total</b>					<b>163 801</b>	<b>673</b>	<b>(42 280)</b>	<b>13 051</b>	<b>135 245</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>					<b>163 801</b>		<b>(42 280)</b>	<b>13 051</b>	<b>135 245</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	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	325 110	371 320	371 320	3 000	147 859	123 773	24 086	19,5%	372 320
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	318 074	345 309	345 309	-	143 879	115 103	28 776	25,0%	345 309
Expanded Public Works Programme Integrated Grant	5 036	10 632	10 632	-	1 329	3 544	(2 215)	-62,5%	10 632
Integrated National Electrification Programme Grant	-	7 000	7 000	3 000	-	2 333	(2 333)	-100,0%	7 000
Local Government Financial Management Grant	2 000	1 000	1 000	-	1 000	333	667	200,0%	2 000
Municipal Infrastructure Grant	-	5 022	5 022	-	-	1 674	(1 674)	-100,0%	5 022
Rural Road Asset Management Systems Grant	-	2 357	2 357	-	1 651	786	865	110,1%	2 357
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	43 783	-	-	-	-	-	-	-	-
Other	43 783	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Development Planning Shared Services	791	400	400	-	-	133	(133)	-100,0%	400
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	-	-	-	-	-	133	(133)	-100,0%	-
Unspecified	-	-	-	-	-	133	(133)	-100,0%	-
<b>Total Operating Transfers and Grants</b>	<b>368 893</b>	<b>371 320</b>	<b>371 320</b>	<b>3 000</b>	<b>147 859</b>	<b>123 906</b>	<b>23 953</b>	<b>19,3%</b>	<b>372 320</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	335 775	275 839	275 839	-	90 000	91 946	(1 946)	-2,1%	275 839
Equitable Share	47 223	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	152 755	195 839	195 839	-	50 000	65 280	(15 280)	-23,4%	195 839
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	70 000	20 000	20 000	-	10 000	6 667	3 333	50,0%	20 000
Rural Road Asset Management Systems Grant	2 226	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	63 571	60 000	60 000	-	30 000	20 000	10 000	50,0%	60 000
<b>Total Capital Transfers and Grants</b>	<b>335 775</b>	<b>275 839</b>	<b>275 839</b>	<b>-</b>	<b>90 000</b>	<b>91 946</b>	<b>(1 946)</b>	<b>-2,1%</b>	<b>275 839</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>704 668</b>	<b>647 158</b>	<b>647 158</b>	<b>3 000</b>	<b>237 859</b>	<b>215 853</b>	<b>22 006</b>	<b>10,2%</b>	<b>648 158</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	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
National Government:	522 942	457 774	510 502	31 917	117 650	158 450	(40 800)	-25,7%	510 502
Energy Efficiency and Demand Side Management Grant	-	7 000	-	-	-	1 556	(1 556)	-100,0%	-
Equitable Share	474 426	425 735	487 568	31 742	116 646	148 782	(32 136)	-21,6%	487 568
Expanded Public Works Programme Integrated Grant	358	15 878	15 883	55	199	5 293	(5 094)	-96,2%	15 883
Local Government Financial Management Grant	1 371	1 782	1 793	119	364	595	(231)	-38,9%	1 793
Municipal Infrastructure Grant	29 839	5 022	5 022	-	203	1 674	(1 471)	-87,9%	5 022
Municipal Systems Improvement Grant	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	2 003	2 357	237	-	237	550	(313)	-57,0%	237
Water Services Infrastructure Grant	14 945	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	<b>1 332</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Development Planning and Shared Services	1 332	400	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	<b>-</b>	<b>15 709</b>	<b>15 709</b>	<b>-</b>	<b>5 000</b>	<b>5 236</b>	<b>(236)</b>	<b>-4,5%</b>	<b>15 709</b>
Specify (Add grant description)	-	15 709	15 709	-	5 000	5 236	(236)	-4,5%	15 709
<b>Total operating expenditure of Transfers and Grants:</b>	<b>524 274</b>	<b>473 883</b>	<b>526 210</b>	<b>31 917</b>	<b>122 650</b>	<b>163 686</b>	<b>(41 037)</b>	<b>-25,1%</b>	<b>526 210</b>
<b>Capital expenditure of Transfers and Grants</b>									
National Government:	134 240	275 978	275 978	15 607	60 476	91 993	(31 517)	-34,3%	275 978
Local Government Financial Management Grant	-	140	140	-	-	47	(47)	-100,0%	140
Municipal Infrastructure Grant	10 090	195 838	195 838	7 684	29 871	65 280	(35 409)	-54,2%	195 838
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	65 476	20 000	20 000	3 975	4 968	6 667	(1 699)	-25,5%	20 000
Water Services Infrastructure Grant	58 674	60 000	60 000	3 947	25 637	20 000	5 637	28,2%	60 000
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>District Municipality:</b>	<b>-</b>	<b>225</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>(75)</b>	<b>-100,0%</b>	<b>225</b>
Specify (Add grant description)	-	225	225	-	-	75	(75)	-100,0%	225
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital expenditure of Transfers and Grants</b>	<b>134 240</b>	<b>276 203</b>	<b>276 203</b>	<b>15 607</b>	<b>60 476</b>	<b>92 068</b>	<b>(31 529)</b>	<b>-34,3%</b>	<b>276 203</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>658 515</b>	<b>750 086</b>	<b>802 414</b>	<b>47 523</b>	<b>183 126</b>	<b>255 754</b>	<b>(72 628)</b>	<b>-28,4%</b>	<b>802 414</b>

## 2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at 31 October 2019.



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

Summary of Employee and Councillor remuneration	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	4 538	5 691	5 691	425	1 399	1 897	(498)	-26%	5 691
Pension and UIF Contributions	581	254	254	40	160	85	75	89%	254
Medical Aid Contributions	96	45	45	4	17	15	2	15%	45
Motor Vehicle Allowance	45	-	-	-	-	-	-	-	-
Cellphone Allowance	534	372	372	75	177	124	53	43%	372
Other benefits and allowances	1 159	1 212	1 212	118	415	404	11	3%	1 212
<b>Sub Total - Councillors</b>	<b>6 952</b>	<b>7 574</b>	<b>7 574</b>	<b>663</b>	<b>2 169</b>	<b>2 525</b>	<b>(356)</b>	<b>-14%</b>	<b>7 574</b>
% increase		8,9%	8,9%						8,9%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	4 005	5 660	5 660	275	1 100	1 887	(787)	-42%	5 660
Pension and UIF Contributions	10	8	8	1	3	3	0	18%	8
Medical Aid Contributions	91	1 021	1 021	9	36	340	(304)	-89%	1 021
Performance Bonus	146	-	-	-	53	-	53	#DIV/0!	-
Motor Vehicle Allowance	883	941	941	69	277	314	(36)	-12%	941
Cellphone Allowance	91	785	785	8	31	262	(231)	-88%	785
Housing Allowances	129	110	110	13	51	37	15	40%	110
Other benefits and allowances	110	117	117	30	120	39	81	208%	117
Payments in lieu of leave	22	353	353	-	-	118	(118)	-100%	353
<b>Sub Total - Senior Managers of Municipality</b>	<b>5 488</b>	<b>8 995</b>	<b>8 995</b>	<b>405</b>	<b>1 672</b>	<b>2 998</b>	<b>(1 326)</b>	<b>-44%</b>	<b>8 995</b>
% increase		63,9%	63,9%						63,9%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	99 979	103 251	103 251	9 016	35 709	34 417	1 292	4%	103 251
Pension and UIF Contributions	14 873	12 905	12 905	1 351	5 401	4 302	1 100	26%	12 905
Medical Aid Contributions	7 261	5 136	5 136	673	2 664	1 712	952	56%	5 136
Overtime	22 215	19 704	19 704	1 992	8 092	6 568	1 524	23%	19 704
Performance Bonus	6 855	9 704	9 704	459	2 587	3 235	(648)	-20%	9 704
Motor Vehicle Allowance	13 814	12 641	12 641	1 212	4 799	4 214	585	14%	12 641
Cellphone Allowance	699	734	734	67	264	245	19	8%	734
Housing Allowances	413	1 442	1 442	41	160	481	(320)	-67%	1 442
Other benefits and allowances	3 514	18 178	18 178	415	1 567	6 059	(4 493)	-74%	18 178
Payments in lieu of leave	1 967	1 419	1 419	156	223	473	(250)	-53%	1 419
Long service awards	626	314	314	-	69	105	(36)	-34%	314
Post-retirement benefit obligations	(4 009)	2 099	2 099	-	-	700	(700)	-100%	2 099
<b>Sub Total - Other Municipal Staff</b>	<b>168 207</b>	<b>187 528</b>	<b>187 528</b>	<b>15 382</b>	<b>61 534</b>	<b>62 509</b>	<b>(976)</b>	<b>-2%</b>	<b>187 528</b>
% increase		11,5%	11,5%						11,5%
<b>Total Parent Municipality</b>	<b>180 647</b>	<b>204 097</b>	<b>204 097</b>	<b>16 449</b>	<b>65 374</b>	<b>68 032</b>	<b>(2 658)</b>	<b>-4%</b>	<b>204 097</b>
<b>Board Members of Entities</b>									
Basic Salaries and Wages	-	350	350	-	-	117	(117)	-100%	350
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<b>Sub Total - Board Members of Entities</b>	<b>-</b>	<b>350</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>(117)</b>	<b>-100%</b>	<b>350</b>
% increase		#DIV/0!	#DIV/0!						#DIV/0!
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	-	1 100	1 100	-	-	367	(367)	-100%	1 100
<b>Sub Total - Senior Managers of Entities</b>	<b>-</b>	<b>1 100</b>	<b>1 100</b>	<b>-</b>	<b>-</b>	<b>367</b>	<b>(367)</b>	<b>-100%</b>	<b>1 100</b>
% increase		#DIV/0!	#DIV/0!						#DIV/0!
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	-	5 283	5 283	-	5 000	1 761	3 239	184%	5 283
Pension and UIF Contributions	-	1 380	1 380	-	-	460	(460)	-100%	1 380
Medical Aid Contributions	-	450	450	-	-	150	(150)	-100%	450
Performance Bonus	-	500	500	-	-	167	(167)	-100%	500
Other benefits and allowances	-	100	100	-	-	33	(33)	-100%	100
Payments in lieu of leave	-	40	40	-	-	13	(13)	-100%	40
<b>Sub Total - Other Staff of Entities</b>	<b>-</b>	<b>7 753</b>	<b>7 753</b>	<b>-</b>	<b>5 000</b>	<b>2 584</b>	<b>2 416</b>	<b>93%</b>	<b>7 753</b>
% increase		#DIV/0!	#DIV/0!						#DIV/0!
<b>Total Municipal Entities</b>	<b>-</b>	<b>9 203</b>	<b>9 203</b>	<b>-</b>	<b>5 000</b>	<b>3 068</b>	<b>1 932</b>	<b>63%</b>	<b>9 203</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>180 647</b>	<b>213 300</b>	<b>213 300</b>	<b>16 449</b>	<b>70 374</b>	<b>71 100</b>	<b>(726)</b>	<b>-1%</b>	<b>213 300</b>
% increase		18,1%	18,1%						18,1%
<b>TOTAL MANAGERS AND STAFF</b>	<b>173 695</b>	<b>205 376</b>	<b>205 376</b>	<b>15 786</b>	<b>68 205</b>	<b>68 459</b>	<b>(253)</b>	<b>0%</b>	<b>205 376</b>

## 2.6 Material Variances to the SDBIP

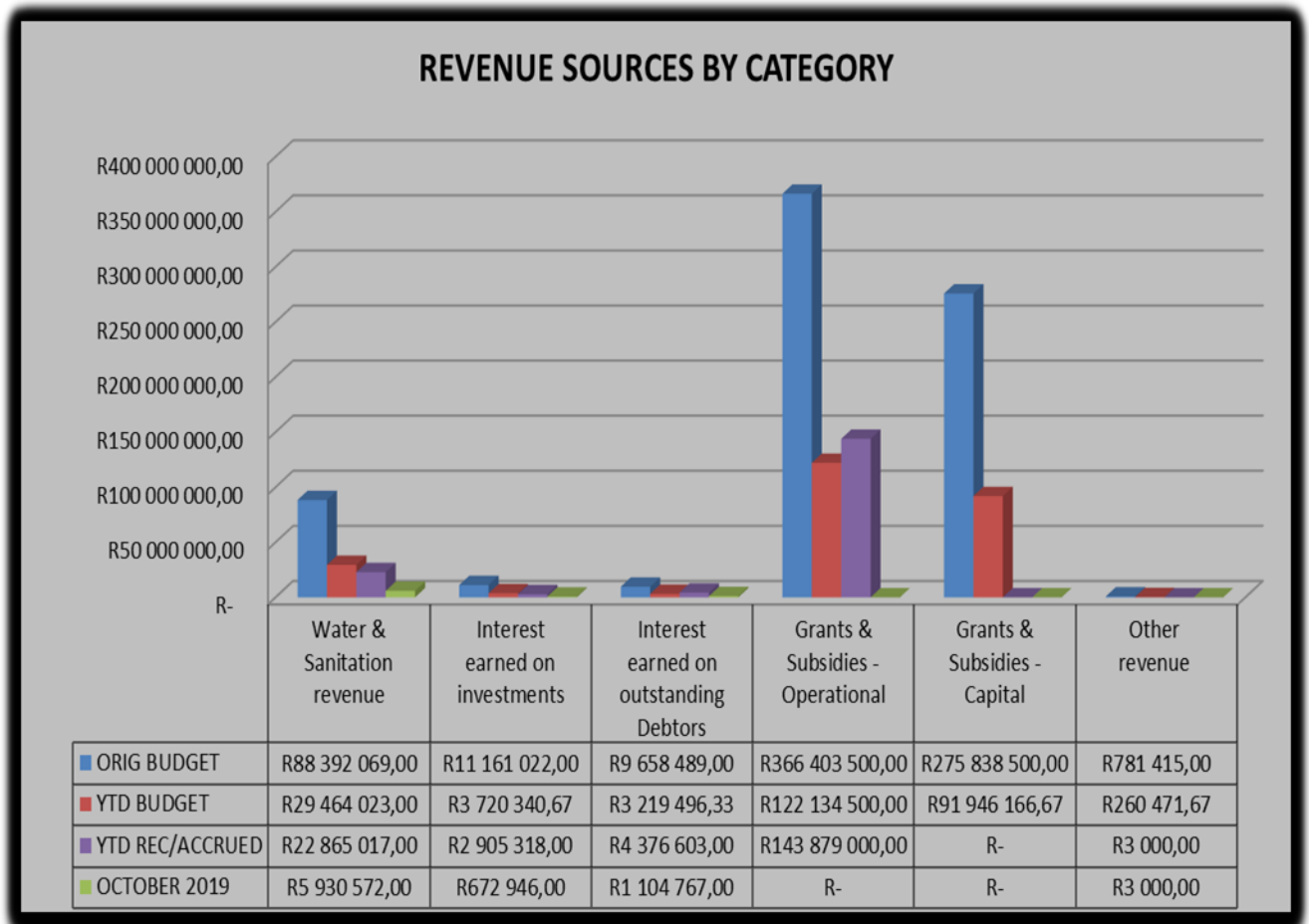
The following section analyses material variances between the actual targets as at 31 October 2019 and the budget for the same period. This report analyses each major component under following headings;

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

### **REVENUE**

The chart displays a comparison between the 2019/20 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 2019 was R22, 8million against a year to date **budget** of R29, 4million.

#### Interest Earned on External Investments

The year to date actual on interest earned on external investments as at 31 October 2019 is R2, 9m against year to date budget of R3, 7million.

## **Transfers Recognised – Operational**

One operational grant received for the month of October 2019 namely

- Energy Efficiency and Management Grant- R 3 000 000

## **Transfers Recognised – Capital**

The year to date actual R61, 7million (against a YTD budget of R94, 2million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 66% performance in Conditional Capital grant funding expenditures.

No Capital grant received in the month of October 2019

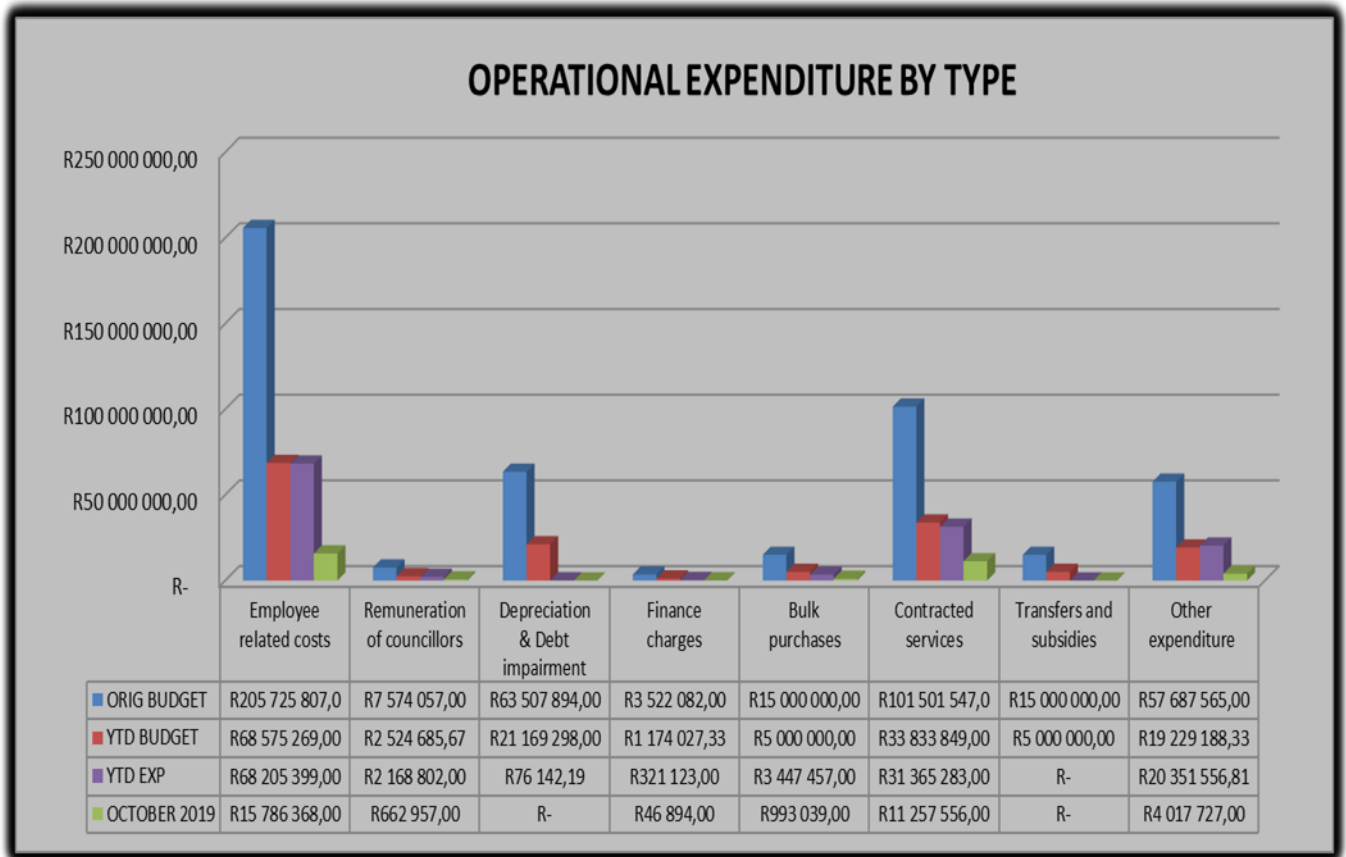
## **Other Revenue**

The YTD performance of other revenue is R3000 against YTD budget of R260 472.

## **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: 2019/20 financial year opex**



### Employee Related Costs

The YTD budget for employee related costs is R68, 5million against a YTD actual of R68, 2million which is 99% of the planned budget

### Remuneration of Councillors

The remuneration of councillor’s year to date expenditure is at R 2, 1m against a YTD budget of R2, 5million representing 86% of the planned budget.

## **Finance Charges**

As at 31 October 2019, Finance charges was at R46 894 against year to date budget of R321 123. The original budget for finance charges was R3, 5million.

## **Bulk Purchases**

The YTD budget for water purchases was at R 5million against a YTD expenditure of R 3, 4m representing 69 per cent of the year to date budget.

## **Other Expenditure**

The YTD budget for other expenditure was at R 19, 2million against a YTD actual of R 20, 3million and expenditure for the month of October 2019 representing 106 per cent of the year to date budget.

## **Performance assessment**

The Performance Assessment Report will be available on the second quarter of 2019/2020 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 2019/20												2019/20 Medium Term Revenue & Expenditure Framework		
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Budget	Dec Budget	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>															
<b>Cash Receipts By Source</b>															
Service charges - water revenue	3 341	3 133	3 401	3 504	2 621	2 498	2 614	2 601	2 675	2 337	2 660	3 162	33 823	36 089	38 507
Service charges - sanitation revenue	1 432	1 343	1 457	1 502	1 097	1 100	1 035	1 290	1 260	1 087	1 237	482	13 909	14 842	15 838
Interest earned - external investments	354	969	910	673	746	716	-	1 617	810	713	1 677	427	9 658	10 238	10 852
Transfer receipts - operating	145 208	3 980		3 000	66 665	-	-	595	145 933	-	121	-	366 004	381 076	411 995
Other revenue		276			18	45	35	17	23	15	6	256	781	823	867
<b>Cash Receipts by Source</b>	<b>150 335</b>	<b>9 700</b>	<b>5 768</b>	<b>8 678</b>	<b>71 147</b>	<b>4 359</b>	<b>3 684</b>	<b>6 119</b>	<b>150 700</b>	<b>4 152</b>	<b>5 701</b>	<b>4 327</b>	<b>424 175</b>	<b>443 068</b>	<b>478 060</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	50 000	40 000			73 092	10 816	41 491	9 771	29 656			21 013	275 839	302 870	358 946
Contributions & Contributed assets															
<b>Total Cash Receipts by Source</b>	<b>200 335</b>	<b>49 700</b>	<b>5 768</b>	<b>8 678</b>	<b>144 239</b>	<b>15 175</b>	<b>45 175</b>	<b>15 890</b>	<b>180 356</b>	<b>4 152</b>	<b>5 701</b>	<b>25 340</b>	<b>700 014</b>	<b>745 938</b>	<b>837 006</b>
<b>Cash Payments by Type</b>															
Employee related costs	20 661	16 041	15 717	15 786	16 381	15 287	15 529	17 706	13 450	16 066	15 906	17 450	203 380	218 433	234 679
Remuneration of councillors	443	461	602	663	592	592	592	592	940	633	633	900	7 574	8 180	8 834
Interest paid	-	-	-	47	-	1 077	40	(2)	22	22	24	2 325	3 510	3 700	3 899
Bulk purchases - Water & Sewer		839	3 601	993	2 446	1 241	1 275	1 244	1 209	1 307	1 263	575	15 000	15 810	16 664
Other materials			462								16 751		17 213	16 035	16 901
Contracted services	5 912	5 127	8 229	11 258	14 107	8 101	2 069	13 683	8 275	7 586	8 333	9 937	91 360	94 212	99 437
General expenses	(5 158)	21 399	11 831	(8 634)	8 173	9 720	3 020	2 675	7 879	2 736	3 403	-	66 506	56 719	62 092
<b>Cash Payments by Type</b>	<b>21 858</b>	<b>43 867</b>	<b>40 442</b>	<b>20 113</b>	<b>41 699</b>	<b>36 018</b>	<b>22 525</b>	<b>35 900</b>	<b>31 775</b>	<b>28 350</b>	<b>46 314</b>	<b>41 124</b>	<b>404 543</b>	<b>413 089</b>	<b>442 506</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	15 134	13 021	17 935	15 692	16 301	24 505	5 213	8 696	13 973	29 714	28 234	87 778	275 839	276 162	326 406
Repayment of borrowing					-	1 901	-	-	-	-	-	1 995	3 896	4 323	2 338
<b>Total Cash Payments by Type</b>	<b>36 991</b>	<b>56 888</b>	<b>58 377</b>	<b>35 805</b>	<b>58 000</b>	<b>62 425</b>	<b>27 738</b>	<b>44 596</b>	<b>45 748</b>	<b>58 064</b>	<b>74 548</b>	<b>130 896</b>	<b>684 278</b>	<b>693 574</b>	<b>771 249</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>163 344</b>	<b>(7 188)</b>	<b>(52 609)</b>	<b>(27 126)</b>	<b>86 239</b>	<b>(47 250)</b>	<b>17 437</b>	<b>(28 706)</b>	<b>134 608</b>	<b>(53 912)</b>	<b>(68 847)</b>	<b>(105 557)</b>	<b>15 736</b>	<b>52 364</b>	<b>65 756</b>
Cash/cash equivalents at the month/year beginning:	58 363	221 706	214 519	161 909	134 783	221 022	173 772	191 210	162 503	297 112	243 200	174 353	58 363	74 099	126 463
Cash/cash equivalents at the month/year end:	221 706	214 519	161 909	134 783	221 022	173 772	191 210	162 503	297 112	243 200	174 353	68 796	74 099	126 463	192 219

# Parent Municipal financial performance

## DC43 Harry Gwala - Supporting Table SC10 Monthly Budget Statement - Parent Municipality Financial Performance (revenue and expenditure) - M04 October

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Property rates	-	-	-	-	-	-	-	0%	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-
Service charges - water revenue	43 001	62 635	47 706	4 312	17 121	19 220	(2 099)	-11%	47 706
Service charges - sanitation revenue	15 419	25 757	19 359	1 618	5 744	7 875	(2 130)	-27%	19 359
Interest earned - external investments	9 202	11 161	11 161	673	2 905	3 720	(815)	-22%	11 161
Interest earned - outstanding debtors	10 556	9 658	9 658	1 105	4 377	3 219	1 157	36%	9 658
Fines, penalties and forfeits	694	-	-	3	3	-	3	#DIV/0!	-
Transfers and subsidies	366 165	366 404	359 404	-	143 879	121 357	22 522	19%	359 404
Other revenue	337	781	781	-	-	260	(260)	-100%	781
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>445 375</b>	<b>476 396</b>	<b>448 070</b>	<b>7 711</b>	<b>174 029</b>	<b>155 651</b>	<b>18 378</b>	<b>12%</b>	<b>448 070</b>
<b>Expenditure By Type</b>									
Employee related costs	173 695	196 523	196 523	15 786	63 205	65 508	(2 302)	-4%	196 523
Remuneration of councillors	6 952	7 574	7 574	663	2 169	2 525	(356)	-14%	7 574
Debt impairment	19 111	25 315	25 315	-	-	8 438	(8 438)	-100%	25 315
Depreciation & asset impairment	69 605	38 192	70 700	-	-	16 343	(16 343)	-100%	70 700
Finance charges	3 752	3 510	3 510	-	-	1 170	(1 170)	-100%	3 510
Bulk purchases	18 011	15 000	17 762	(993)	3 447	5 307	(1 859)	-35%	17 762
Other materials	31 006	15 193	7 636	1 366	1 851	4 225	(2 374)	-56%	7 636
Contracted services	155 330	100 172	115 567	11 258	31 365	35 101	(3 736)	-11%	115 567
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	37 963	54 691	64 347	4 685	18 898	19 303	(405)	-2%	64 347
Loss on disposal of PPE	8 948	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>538 373</b>	<b>456 170</b>	<b>508 935</b>	<b>32 765</b>	<b>120 936</b>	<b>157 920</b>	<b>(36 984)</b>	<b>-23%</b>	<b>508 935</b>
<b>Surplus/(Deficit)</b>									
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	(92 998)	20 226	(60 865)	(25 053)	53 093	(2 268)	55 361	-2441%	(60 865)
Transfers and subsidies - capital (in-kind - all)	335 775	275 839	275 839	-	-	91 946	(91 946)	-100%	275 839
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>242 777</b>	<b>296 065</b>	<b>214 973</b>	<b>(25 053)</b>	<b>53 093</b>	<b>89 678</b>	<b>(36 585)</b>	<b>-41%</b>	<b>214 973</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>242 777</b>	<b>296 065</b>	<b>214 973</b>	<b>(25 053)</b>	<b>53 093</b>	<b>89 678</b>	<b>(36 585)</b>	<b>-41%</b>	<b>214 973</b>

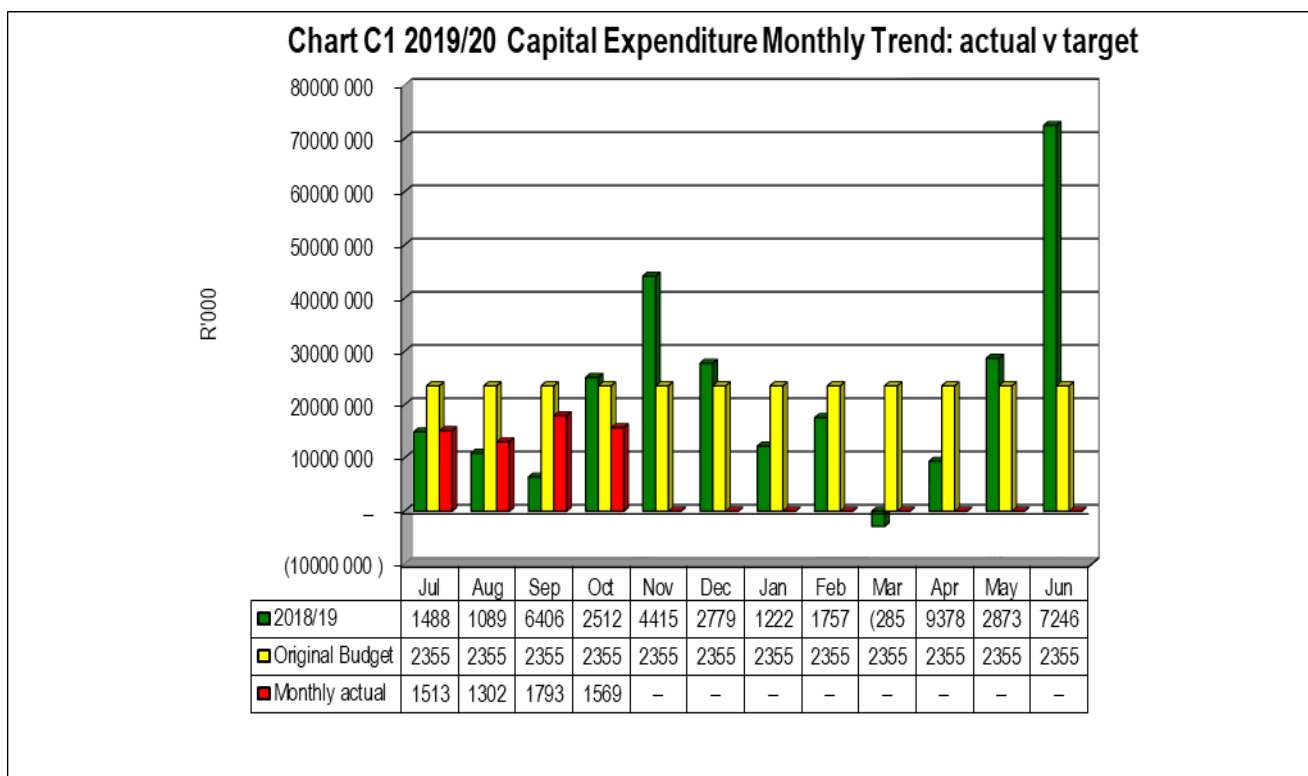


### Capital Expenditure Trend

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

Month	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	14 889	23 552	23 552	15 134	15 134	23 552	8 418	35,7%	5%
August	10 900	23 552	23 552	13 021	28 155	47 104	18 949	40,2%	10%
September	6 406	23 552	23 552	17 935	46 091	70 656	24 565	34,8%	16%
October	25 125	23 552	23 374	15 692	61 782	94 030	32 248	34,3%	22%
November	44 154	23 552	23 374	-	-	117 404	-	-	-
December	27 793	23 552	23 374	-	-	140 779	-	-	-
January	12 229	23 552	23 374	-	-	164 153	-	-	-
February	17 570	23 552	23 374	-	-	187 527	-	-	-
March	(2 855)	23 552	23 374	-	-	210 901	-	-	-
April	9 379	23 552	23 374	-	-	234 276	-	-	-
May	28 732	23 552	23 374	-	-	257 650	-	-	-
June	72 464	23 552	23 374	-	-	281 024	-	-	-
<b>Total Capital expenditure</b>	<b>266 785</b>	<b>282 624</b>	<b>281 024</b>	<b>61 782</b>					

### CAPITAL EXPENDITURE MONTHLY TREND



### Capital Expenditure on New Assets by Asset Class

DC43 Harry Gwala - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M04 October

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	72 687	96 344	96 344	6 630	15 813	32 115	16 301	50,8%	96 344
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	70 959	96 344	96 344	6 630	15 813	32 115	16 301	50,8%	96 344
Dams and Weirs	65 476	24 250	24 250	3 975	4 968	8 083	3 115	38,5%	24 250
Boreholes	3 203	2 000	2 000	-	-	667	667	100,0%	2 000
Reservoirs	-	13 680	13 680	-	306	4 560	4 254	93,3%	13 680
Pump Stations	-	-	-	-	-	-	-	-	-
Water Treatment Works	2 281	-	-	-	-	-	-	-	-
Bulk Mains	-	24 200	24 200	1 941	7 160	8 067	907	11,2%	24 200
Distribution	-	31 614	31 614	714	3 380	10 538	7 158	67,9%	31 614
Capital Spares	-	600	600	-	-	200	200	100,0%	600
Information and Communication Infrastructure	1 728	-	-	-	-	-	-	-	-
Data Centres	1 728	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	25	25	-	-	8	8	100,0%	25
Community Facilities	-	25	25	-	-	8	8	100,0%	25
Halls	-	-	-	-	-	-	-	-	-
Centres	-	25	25	-	-	8	8	100,0%	25
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	211	211	-	-	70	70	100,0%	211
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	211	211	-	-	70	70	100,0%	211
Staff Housing	-	211	211	-	-	70	70	100,0%	211
<b>Intangible Assets</b>	-	100	100	-	-	33	33	100,0%	100
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	100	100	-	-	33	33	100,0%	100
Computer Software and Applications	-	100	100	-	-	33	33	100,0%	100
<b>Computer Equipment</b>	-	1 450	1 450	-	1 221	483	(738)	-152,6%	1 450
Computer Equipment	-	1 450	1 450	-	1 221	483	(738)	-152,6%	1 450
<b>Furniture and Office Equipment</b>	1 120	1 996	896	85	85	543	458	84,3%	896
Furniture and Office Equipment	1 120	1 996	896	85	85	543	458	84,3%	896
<b>Machinery and Equipment</b>	38	289	289	-	-	96	96	100,0%	289
Machinery and Equipment	38	289	289	-	-	96	96	100,0%	289
<b>Total Capital Expenditure on new assets</b>	<b>73 845</b>	<b>100 415</b>	<b>99 315</b>	<b>6 715</b>	<b>17 120</b>	<b>33 350</b>	<b>16 230</b>	<b>48,7%</b>	<b>99 315</b>

## 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 2019 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 \_\_\_\_\_

