

# Harry Gwala District Municipality



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

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## **1. PART 1 – IN YEAR REPORT**

### **1.1 Mayors Report**

#### **PREAMBLE**

The Mayor, Hounarable Councillor Z D Nxumalo

In accordance with S72 of the Municipal Finance Management Act, I submit the required statement assessing the performance of the Harry Gwala District Municipality during the first half of the 2020/2021 financial year.

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

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

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

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



Municipal Manager: Mrs N Dlamini

Municipal Manager: Harry Gwala DM

22 January 2021



Councillor: Z. D. Nxumalo

Honourable Mayor: Harry Gwala DM

22 January 2021

## **1.1 Executive Summary**

### **Legislative Requirements**

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

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

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

### **Material Variances in the SDBIP**

The performance of the Municipality, as discussed in detail under 2.6 Material Variances in the SDBIP, shows that the Municipality has managed to achieve 70% of the planned target as at midyear. It can be stated that the performance of the municipality at midyear is slightly above average; however the departments need to improve their performance in the next remaining months.

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

## **REVENUE**

The actual year to date revenue recognised as at 31 December 2020 was R504, 1million against a year to date budget of R392, 3million representing over performance of 29%.

## **OPERATIONAL EXPENDITURE**

The operational budget performance at midyear was 23% below the Year to Date YTD budget. An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

## **CAPITAL EXPENDITURE**

As at Midyear, the capital budget was overspent by 19%. This is an indication for an accelerated infrastructure expenditure programme.

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

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

### **1.2 Resolutions**

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

It is recommended that the Council;

1. Notes the monthly budget statement and any other supporting documentation
2. Notes the quarterly report on the implementation of the budget in terms of s52(d) MFMA
3. Notes the Midyear budget & Performance assessment in terms of s72 of the MFMA.
4. Notes the Midyear budget & performance assessment report for the Harry Gwala Development Agency.
5. Prepares the adjustments budget for Tabling to Council before the 25<sup>th</sup> February 2021 in terms of Municipal Budget Regulations.
6. Revise the projections for Revenue & Expenditure in the SDBIP to reflect the adjustments to the Annual Budget.

## **1.3 In Year Budget Statement Tables**

### **Monthly Budget Statements Summary**

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

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

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	70 463	71 050	71 050	5 583	33 349	35 525	(2 176)	-6%	71 050
Investment revenue	6 196	7 681	7 681	46	1 149	3 841	(2 692)	-70%	7 681
Transfers and subsidies	380 256	387 266	431 049	156 985	327 334	215 525	111 809	52%	431 049
Other own revenue	15 464	11 345	11 345	981	5 290	5 673	(383)	-7%	11 345
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>472 379</b>	<b>477 343</b>	<b>521 126</b>	<b>163 595</b>	<b>367 123</b>	<b>260 563</b>	<b>106 560</b>	<b>41%</b>	<b>521 126</b>
Employee costs	190 401	222 746	222 746	22 915	106 234	111 373	(5 139)	-5%	222 746
Remuneration of Councillors	7 702	8 018	8 018	653	4 035	4 009	26	1%	8 018
Depreciation & asset impairment	71 944	84 249	84 249	272	272	42 124	(41 852)	-99%	84 249
Finance charges	4 284	4 385	4 385	252	252	2 192	(1 940)	-88%	4 385
Materials and bulk purchases	28 232	27 745	28 745	3 901	12 595	14 373	(1 778)	-12%	28 745
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	243 894	207 401	210 851	20 286	91 356	105 425	(14 069)	-13%	210 851
<b>Total Expenditure</b>	<b>560 458</b>	<b>554 543</b>	<b>558 993</b>	<b>48 280</b>	<b>214 745</b>	<b>279 497</b>	<b>(64 752)</b>	<b>-23%</b>	<b>558 993</b>
<b>Surplus/(Deficit)</b>	<b>(88 079)</b>	<b>(77 200)</b>	<b>(37 867)</b>	<b>115 315</b>	<b>152 378</b>	<b>(18 933)</b>	<b>171 312</b>	<b>-905%</b>	<b>(37 867)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	262 515	263 488	263 488	-	137 033	131 744	5 289	4%	263 488
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	5 863	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>115 315</b>	<b>289 411</b>	<b>112 810</b>	<b>176 600</b>	<b>157%</b>	<b>225 621</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>115 315</b>	<b>289 411</b>	<b>112 810</b>	<b>176 600</b>	<b>157%</b>	<b>225 621</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>40 106</b>	<b>165 821</b>	<b>139 434</b>	<b>26 387</b>	<b>19%</b>	<b>280 780</b>
Capital transfers recognised	234 687	263 488	263 488	39 911	156 402	131 744	24 658	19%	263 488
Borrowing	1 296	-	-	-	-	-	-	-	-
Internally generated funds	4 211	7 734	17 292	195	9 419	7 690	1 728	22%	17 292
<b>Total sources of capital funds</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>40 106</b>	<b>165 821</b>	<b>139 434</b>	<b>26 387</b>	<b>19%</b>	<b>280 780</b>
<b>Financial position</b>									
Total current assets	101 841	54 206	101 768		311 902				101 768
Total non current assets	2 341 369	2 290 106	2 576 729		2 506 996				2 576 729
Total current liabilities	122 351	85 282	105 190		215 056				105 190
Total non current liabilities	44 948	27 811	37 425		38 460				37 425
Community wealth/Equity	<b>2 330 681</b>	<b>2 231 219</b>	<b>2 496 549</b>		<b>2 550 227</b>				<b>2 496 549</b>
<b>Cash flows</b>									
Net cash from (used) operating	232 930	269 092	291 320	197 425	324 974	145 660	(179 314)	-123%	291 320
Net cash from (used) investing	(279 405)	(271 221)	(280 780)	(40 106)	(165 821)	(140 390)	25 431	-18%	(280 780)
Net cash from (used) financing	(12 528)	(4 555)	(9 741)	(2 217)	(2 217)	(4 871)	(2 654)	54%	(9 741)
<b>Cash/cash equivalents at the month/year end</b>	<b>(640)</b>	<b>6 237</b>	<b>41 471</b>	<b>-</b>	<b>197 607</b>	<b>400</b>	<b>(197 208)</b>	<b>-49318%</b>	<b>800</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	6 998	6 730	6 223	5 122	4 496	4 947	29 192	154 284	217 992
<b>Creditors Age Analysis</b>									
Total Creditors	-	-	225	2 965	-	-	-	-	3 189



## Financial Performance by Functional Classification

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

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

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	368 076	391 887	437 170	157 106	326 383	218 585	107 798	49%	437 170
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	368 076	391 887	437 170	157 106	326 383	218 585	107 798	49%	437 170
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	7 928	6 966	5 466	40	40	2 733	(2 694)	-99%	5 466
Planning and development	7 928	6 966	5 466	40	40	2 733	(2 694)	-99%	5 466
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	364 753	341 978	341 978	6 450	177 733	170 989	6 744	4%	341 978
Energy sources	-	-	-	-	-	-	-	-	-
Water management	348 448	321 468	321 468	4 975	169 482	160 734	8 748	5%	321 468
Waste water management	16 305	20 510	20 510	1 474	8 250	10 255	(2 005)	-20%	20 510
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>740 757</b>	<b>740 831</b>	<b>784 614</b>	<b>163 595</b>	<b>504 155</b>	<b>392 307</b>	<b>111 848</b>	<b>29%</b>	<b>784 614</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	251 148	240 522	244 816	17 672	96 249	122 408	(26 159)	-21%	244 816
Executive and council	18 818	24 234	24 234	2 022	9 246	12 117	(2 871)	-24%	24 234
Finance and administration	222 531	208 209	212 504	15 045	82 993	106 252	(23 258)	-22%	212 504
Internal audit	9 799	8 078	8 078	605	4 009	4 039	(30)	-1%	8 078
<b>Community and public safety</b>	16 687	18 788	18 788	1 265	7 668	9 394	(1 726)	-18%	18 788
Community and social services	16 687	18 788	18 788	1 265	7 668	9 394	(1 726)	-18%	18 788
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	139 476	148 577	147 377	12 768	26 741	73 688	(46 948)	-64%	147 377
Planning and development	139 476	148 577	147 377	12 768	26 741	73 688	(46 948)	-64%	147 377
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	153 146	146 657	148 012	16 575	84 088	74 006	10 081	14%	148 012
Energy sources	-	-	-	-	-	-	-	-	-
Water management	150 572	145 857	147 212	16 515	83 694	73 606	10 088	14%	147 212
Waste water management	2 574	800	800	60	393	400	(7)	-2%	800
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>560 458</b>	<b>554 543</b>	<b>558 993</b>	<b>48 280</b>	<b>214 745</b>	<b>279 497</b>	<b>(64 752)</b>	<b>-23%</b>	<b>558 993</b>
<b>Surplus/ (Deficit) for the year</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>115 315</b>	<b>289 411</b>	<b>112 810</b>	<b>176 600</b>	<b>157%</b>	<b>225 621</b>

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

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2020 was R 504, 1million against a year to date budget of R 392, 3million representing over performance of 29%.

Financial Performance, reflects operating expenditure in the standard classifications

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 77% against the year to date budget which is under performed by of 23%.

### **Financial Performance by Municipal Vote**

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

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

Vote Description	2019/20	Budget Year 2020/21							
	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	366 522	391 887	437 170	157 106	326 321	218 585	107 736	49,3%	437 170
Vote 04 - Summary Corporate Services	1 447	-	-	-	20	-	20	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planing	928	6 966	5 466	40	40	2 733	(2 694)	-98,6%	5 466
Vote 06 - Summary Infrastructure Services	287 979	270 928	270 928	352	141 184	135 464	5 720	4,2%	270 928
Vote 07 - Summary Water Services	83 881	71 050	71 050	6 098	36 590	35 525	1 065	3,0%	71 050
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>740 757</b>	<b>740 831</b>	<b>784 614</b>	<b>163 595</b>	<b>504 155</b>	<b>392 307</b>	<b>111 848</b>	<b>28,5%</b>	<b>784 614</b>
<b>Expenditure by Vote</b>									
Vote 01 - Summary Council	10 296	15 677	15 677	1 522	7 019	7 839	(819)	-10,5%	15 677
Vote 02 - Summary Municipal Manager	18 321	16 635	16 635	1 105	6 236	8 318	(2 082)	-25,0%	16 635
Vote 03 - Summary Budget And Treasury Office	99 612	84 548	84 548	4 955	22 981	42 274	(19 293)	-45,6%	84 548
Vote 04 - Summary Corporate Services	84 939	81 310	81 760	6 166	39 181	40 880	(1 699)	-4,2%	81 760
Vote 05 - Summary Social Services & Development Planing	49 942	58 793	57 293	12 282	23 684	28 647	(4 962)	-17,3%	57 293
Vote 06 - Summary Infrastructure Services	114 515	112 989	113 289	2 101	12 818	56 644	(43 826)	-77,4%	113 289
Vote 07 - Summary Water Services	182 831	184 590	189 790	20 150	102 825	94 895	7 929	8,4%	189 790
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>560 458</b>	<b>554 543</b>	<b>558 993</b>	<b>48 280</b>	<b>214 745</b>	<b>279 497</b>	<b>(64 752)</b>	<b>-23,2%</b>	<b>558 993</b>
<b>Surplus/ (Deficit) for the year</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>115 315</b>	<b>289 411</b>	<b>112 810</b>	<b>176 600</b>	<b>156,5%</b>	<b>225 621</b>

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

## Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2020.

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

Description	2019/20	Budget Year 2020/21							
	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 - water revenue	54 157	50 540	50 540	4 396	26 641	25 270	1 371	5%	50 540
Service charges - sanitation revenue	16 305	20 510	20 510	1 187	6 709	10 255	(3 546)	-35%	20 510
Interest earned - external investments	6 196	7 681	7 681	46	1 149	3 841	(2 692)	-70%	7 681
Interest earned - outstanding debtors	12 632	10 238	10 238	870	4 811	5 119	(308)	-6%	10 238
Fines, penalties and forfeits	-	-	-	-	183	-	183	#DIV/0!	-
Transfers and subsidies	380 256	387 266	431 049	156 985	327 334	215 525	111 809	52%	431 049
Other revenue	1 770	1 107	1 107	111	296	554	(257)	-46%	1 107
Gains	1 062	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>472 379</b>	<b>477 343</b>	<b>521 126</b>	<b>163 595</b>	<b>367 123</b>	<b>260 563</b>	<b>106 560</b>	<b>41%</b>	<b>521 126</b>
<b>Expenditure By Type</b>									
Employee related costs	190 401	222 746	222 746	22 915	106 234	111 373	(5 139)	-5%	222 746
Remuneration of councillors	7 702	8 018	8 018	653	4 035	4 009	26	1%	8 018
Debt impairment	43 060	26 556	26 556	-	-	13 278	(13 278)	-100%	26 556
Depreciation & asset impairment	71 944	84 249	84 249	272	272	42 124	(41 852)	-99%	84 249
Finance charges	4 284	4 385	4 385	252	252	2 192	(1 940)	-88%	4 385
Bulk purchases	22 833	18 632	18 632	1 627	9 095	9 316	(221)	-2%	18 632
Other materials	5 400	9 113	10 113	2 275	3 500	5 056	(1 556)	-31%	10 113
Contracted services	142 512	118 356	120 806	14 352	63 244	60 403	2 841	5%	120 806
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	55 607	62 488	63 488	5 934	28 112	31 744	(3 632)	-11%	63 488
Losses	2 714	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>560 458</b>	<b>554 543</b>	<b>558 993</b>	<b>48 280</b>	<b>214 745</b>	<b>279 497</b>	<b>(64 752)</b>	<b>-23%</b>	<b>558 993</b>
<b>Surplus/(Deficit)</b>									
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	(88 079)	(77 200)	(37 867)	115 315	152 378	(18 933)	171 312	(0)	(37 867)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	262 515	263 488	263 488	-	137 033	131 744	5 289	0	263 488
Transfers and subsidies - capital (in-kind - all)	5 863	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>115 315</b>	<b>289 411</b>	<b>112 810</b>			<b>225 621</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>115 315</b>	<b>289 411</b>	<b>112 810</b>			<b>225 621</b>
Atributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>115 315</b>	<b>289 411</b>	<b>112 810</b>			<b>225 621</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>115 315</b>	<b>289 411</b>	<b>112 810</b>			<b>225 621</b>

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

**Service charges** – Currently the year to date collection rate is only 59%. The actual figure is based on accrued revenue. Billing is slightly more than anticipated, however based on actual collections only R27, 2million cash is actually received

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

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

**Government grants** – Equitable Share, FMG, MIG, RBIG, and WSIG tranches received. There has been no indication from National Treasury that any of the Grants in terms of DORA would be reduced in the remaining six months of the 2020/2021 financial year.

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

**Employee Related Costs** – remains the largest expenditure incurred. The fixed nature of the salaries makes it difficult to reduce the level of

expenditure when compared to operating expenditure. The municipality must certify prudence in the filling of vacated positions to ensure that adequate budget is available till the end of the financial year.

**Councillor Remuneration** - the budgeted expenditure for councillors is based on the previous gazette, the current financial year have not yet been effected as the regulating gazette specifying the remuneration packages was not yet issued by the end of December 2020.

**Depreciation** – There have been no journal entries to account for depreciation for the parent municipality and the year to date actual for Development agency is R272 317, however the budgeted amount is currently deemed to be sufficient.

**Finance costs** – includes the portion of interest on the ABSA loan as well as the interest on the finance leases (for rental of printers and fax machines). The consolidated year to date expenditure is R252 158.

**Bulk Purchases** – this line item pertains to bulk water purchases from Umngeni Water and Ugu District Municipality. The budget for bulk water purchases appears to be sufficient for the next 6 months.

**Contracted services** – includes the rental of office accommodation, Repairs and Maintenance, Security. This expenditure is linked to contractual commitments.

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

### **Capital Expenditure**

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

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

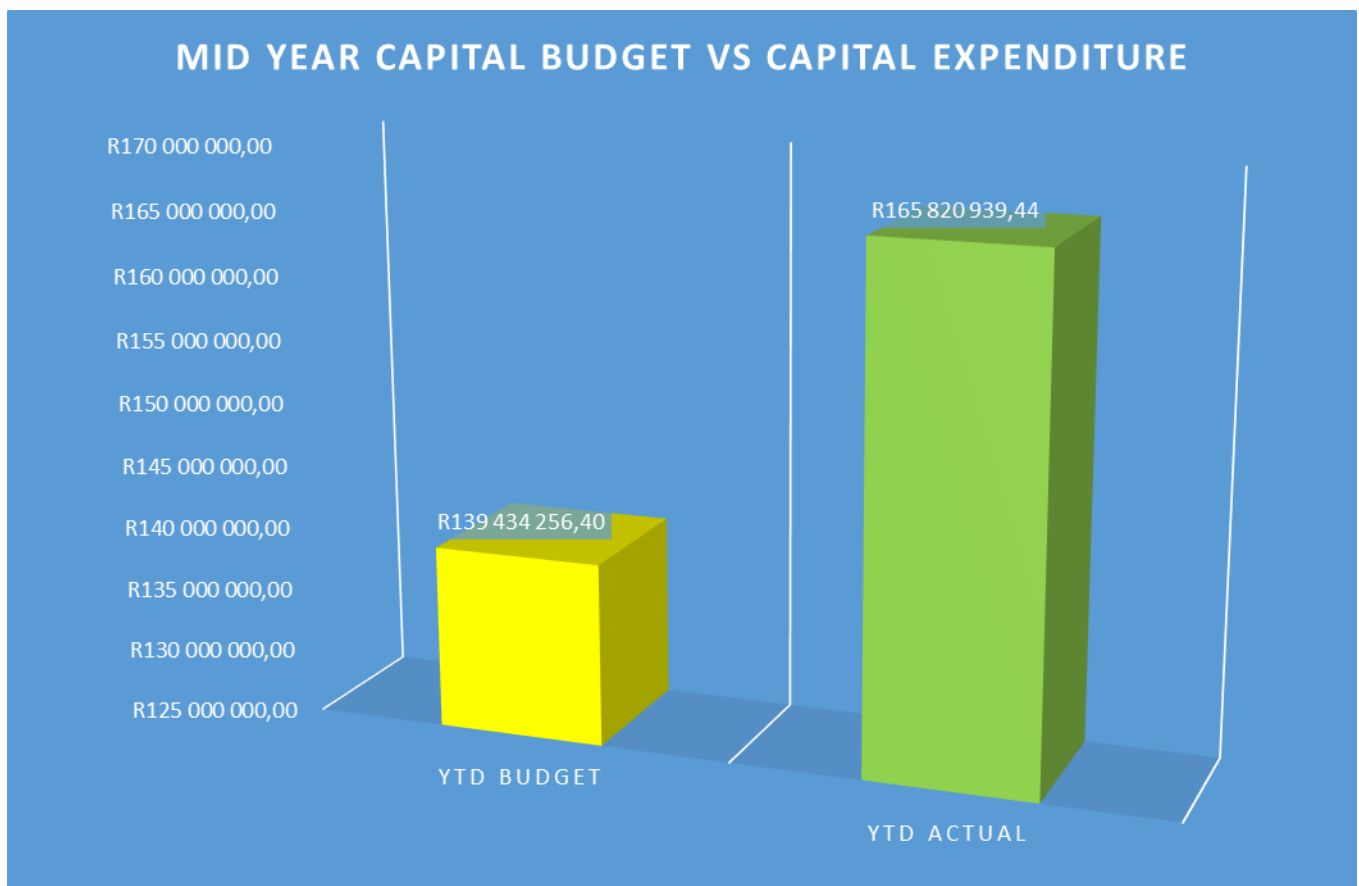
Vote Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	281	324	324	-	-	162	(162)	-100%	324
Vote 04 - Summary Corporate Services	3 814	2 350	3 450	-	1 869	1 615	254	16%	3 450
Vote 05 - Summary Social Services & Development Planning	-	3 060	11 518	195	7 550	4 913	2 637	54%	11 518
Vote 06 - Summary Infrastructure Services	223 225	9 026	9 026	2 797	13 112	4 513	8 599	191%	9 026
Vote 07 - Summary Water Services	11 855	256 462	256 462	37 114	143 291	128 231	15 060	12%	256 462
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	<b>239 175</b>	<b>271 221</b>	<b>280 780</b>	<b>40 106</b>	<b>165 821</b>	<b>139 434</b>	<b>26 387</b>	<b>19%</b>	<b>280 780</b>
<b>Single 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	1 020	-	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	<b>1 020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>40 106</b>	<b>165 821</b>	<b>139 434</b>	<b>26 387</b>	<b>19%</b>	<b>280 780</b>
<b>Capital Expenditure - Functional Classification</b>									
<b>Governance and administration</b>	<b>4 095</b>	<b>2 964</b>	<b>4 064</b>	<b>-</b>	<b>1 869</b>	<b>1 922</b>	<b>(53)</b>	<b>-3%</b>	<b>4 064</b>
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	4 095	2 964	4 064	-	1 869	1 922	(53)	-3%	4 064
Internal audit	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>-</b>	<b>2 500</b>	<b>10 958</b>	<b>-</b>	<b>7 355</b>	<b>4 633</b>	<b>2 722</b>	<b>59%</b>	<b>10 958</b>
Community and social services	-	2 500	10 958	-	7 355	4 633	2 722	59%	10 958
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>1 693</b>	<b>270</b>	<b>270</b>	<b>195</b>	<b>195</b>	<b>135</b>	<b>60</b>	<b>44%</b>	<b>270</b>
Planning and development	1 693	270	270	195	195	135	60	44%	270
<b>Trading services</b>	<b>234 406</b>	<b>265 488</b>	<b>265 488</b>	<b>39 911</b>	<b>156 402</b>	<b>132 744</b>	<b>23 658</b>	<b>18%</b>	<b>265 488</b>
Energy sources	-	-	-	-	-	-	-	-	-
Water management	198 896	220 615	220 615	37 340	147 408	110 308	37 100	34%	220 615
Waste water management	35 511	44 873	44 873	2 572	8 994	22 436	(13 442)	-60%	44 873
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>40 106</b>	<b>165 821</b>	<b>139 434</b>	<b>26 387</b>	<b>19%</b>	<b>280 780</b>
<b>Funded by:</b>									
National Government	222 832	263 488	263 488	39 911	156 402	131 744	24 658	19%	263 488
Provincial Government	11 855	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>234 687</b>	<b>263 488</b>	<b>263 488</b>	<b>39 911</b>	<b>156 402</b>	<b>131 744</b>	<b>24 658</b>	<b>19%</b>	<b>263 488</b>
<b>Borrowing</b>	<b>1 296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>4 211</b>	<b>7 734</b>	<b>17 292</b>	<b>195</b>	<b>9 419</b>	<b>7 690</b>	<b>1 728</b>	<b>22%</b>	<b>17 292</b>
<b>Total Capital Funding</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>40 106</b>	<b>165 821</b>	<b>139 434</b>	<b>26 387</b>	<b>19%</b>	<b>280 780</b>



The 2020/2021 mid-year capital expenditure has overspent by 19% from year to date to budget, there is a great improvement in the expenditure of CAPEX for the midyear as the municipality succeeded to reach the target of 60 per cent given by National Treasury. The capital budget continues to be largely dependent on the National Government grants.

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

**Chart 1: Midyear Capex**



As at midyear, the year to date actual expenditure was R165, 8million against a YTD budget of R139, 4million. In monetary terms, these figures a represent 118% percent performance against the capital development programme as at midyear.

Table C6 displays the financial position of the municipality as at 31 December 2020.

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

Description	2019/20	Budget Year 2020/21			
	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	23 704	1 720	23 308	(143 106)	23 308
Call investment deposits	16 967	4 517	18 163	374 257	18 163
Consumer debtors	33 364	33 454	37 114	51 171	37 114
Other debtors	27 538	14 334	22 917	29 314	22 917
Current portion of long-term receivables	-	-	-	-	-
Inventory	267	181	267	267	267
<b>Total current assets</b>	<b>101 841</b>	<b>54 206</b>	<b>101 768</b>	<b>311 902</b>	<b>101 768</b>
<b>Non current assets</b>					
Investments in Associate	-	-	-	-	-
Property, plant and equipment	2 340 494	2 288 618	2 575 900	2 506 120	2 575 900
Biological	-	-	-	-	-
Intangible	875	1 489	829	875	829
Other non-current assets	0	0	0	0	0
<b>Total non current assets</b>	<b>2 341 369</b>	<b>2 290 106</b>	<b>2 576 729</b>	<b>2 506 996</b>	<b>2 576 729</b>
<b>TOTAL ASSETS</b>	<b>2 443 210</b>	<b>2 344 313</b>	<b>2 678 497</b>	<b>2 818 898</b>	<b>2 678 497</b>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities</b>					
Borrowing	-	4 555	-	(76)	-
Consumer deposits	1 863	1 845	2 008	1 922	2 008
Trade and other payables	107 194	68 734	89 888	199 916	89 888
Provisions	13 294	10 148	13 294	13 294	13 294
<b>Total current liabilities</b>	<b>122 351</b>	<b>85 282</b>	<b>105 190</b>	<b>215 056</b>	<b>105 190</b>
<b>Non current liabilities</b>					
Borrowing	26 469	3 485	16 040	19 981	16 040
Provisions	18 479	24 326	21 385	18 479	21 385
<b>Total non current liabilities</b>	<b>44 948</b>	<b>27 811</b>	<b>37 425</b>	<b>38 460</b>	<b>37 425</b>
<b>TOTAL LIABILITIES</b>	<b>167 300</b>	<b>113 094</b>	<b>142 615</b>	<b>253 517</b>	<b>142 615</b>
<b>NET ASSETS</b>	<b>2 275 910</b>	<b>2 231 219</b>	<b>2 535 882</b>	<b>2 565 381</b>	<b>2 535 882</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>					
Accumulated Surplus/(Deficit)	2 275 910	2 231 219	2 535 882	2 565 381	2 535 882
Reserves	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 275 910</b>	<b>2 231 219</b>	<b>2 535 882</b>	<b>2 565 381</b>	<b>2 535 882</b>

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

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

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates							-		
Service charges	51 990	53 288	46 183	3 291	27 247	23 091	4 156	18%	46 183
Other revenue	11 626	1 107	7 732	111	479	3 866	(3 387)	-88%	7 732
Transfers and Subsidies - Operational	339 907	387 266	431 049	156 985	330 747	215 525	115 222	53%	431 049
Transfers and Subsidies - Capital	274 335	263 488	263 488	90 000	221 026	131 744	89 282	68%	263 488
Interest	7 257	7 681	7 681	46	1 149	3 841	(2 692)	-70%	7 681
Dividends							-		
<b>Payments</b>									
Suppliers and employees	(447 672)	(439 354)	(460 428)	(52 756)	(255 422)	(230 214)	25 208	-11%	(460 428)
Finance charges	(4 180)	(4 385)	(4 385)	(252)	(252)	(2 192)	(1 940)	88%	(4 385)
Transfers and Grants	(332)	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>232 930</b>	<b>269 092</b>	<b>291 320</b>	<b>197 425</b>	<b>324 974</b>	<b>145 660</b>	<b>(179 314)</b>	<b>-123%</b>	<b>291 320</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(279 405)	(271 221)	(280 780)	(40 106)	(165 821)	(140 390)	25 431	-18%	(280 780)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(279 405)</b>	<b>(271 221)</b>	<b>(280 780)</b>	<b>(40 106)</b>	<b>(165 821)</b>	<b>(140 390)</b>	<b>25 431</b>	<b>-18%</b>	<b>(280 780)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Repayment of borrowing	(12 528)	(4 555)	(9 741)	(2 217)	(2 217)	(4 871)	(2 654)	54%	(9 741)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(12 528)</b>	<b>(4 555)</b>	<b>(9 741)</b>	<b>(2 217)</b>	<b>(2 217)</b>	<b>(4 871)</b>	<b>(2 654)</b>	<b>54%</b>	<b>(9 741)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(59 003)</b>	<b>(6 685)</b>	<b>800</b>	<b>155 102</b>	<b>156 937</b>	<b>400</b>			<b>800</b>
Cash/cash equivalents at beginning:	58 363	12 922	40 671		40 671				
Cash/cash equivalents at month/year end:	(640)	6 237	41 471		197 607	400			800

There has rather been higher than expected collection levels signalled by a collection of 59%. The increase has been attributed water restrictions that were introduced for defaulting consumers. Faulty meters were replaced so as to capture the actual consumption.

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

**Table C1 Parent Monthly Budget**

# Harry Gwala District Municipality

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

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	70 463	71 050	71 050	5 583	33 349	35 525	(2 176)	-6%	71 050
Investment revenue	6 196	7 681	7 681	7	1 110	3 841	(2 731)	-71%	7 681
Transfers and subsidies	380 256	387 266	431 049	156 985	327 334	211 146	116 188	55%	431 049
Other own revenue	15 464	11 345	11 345	981	5 290	5 673	(383)	-7%	11 345
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>472 379</b>	<b>477 343</b>	<b>521 126</b>	<b>163 556</b>	<b>367 083</b>	<b>256 185</b>	<b>110 898</b>	<b>43%</b>	<b>521 126</b>
Employee costs	190 401	222 746	222 746	17 171	100 490	111 373	(10 883)	-10%	222 746
Remuneration of Councillors	7 702	8 018	8 018	653	4 035	4 009	26	1%	8 018
Depreciation & asset impairment	71 944	84 249	84 249	-	-	42 124	(42 124)	-100%	84 249
Finance charges	4 284	4 385	4 385	246	246	2 192	(1 946)	-89%	4 385
Materials and bulk purchases	28 232	27 745	28 745	3 901	12 595	14 273	(1 678)	-12%	28 745
Transfers and subsidies	14 000	-	-	5 000	10 000	-	10 000	#DIV/0!	-
Other expenditure	243 894	207 401	210 851	16 363	87 434	105 081	(17 647)	-17%	210 851
<b>Total Expenditure</b>	<b>560 458</b>	<b>554 543</b>	<b>558 993</b>	<b>43 335</b>	<b>214 800</b>	<b>279 052</b>	<b>(64 253)</b>	<b>-23%</b>	<b>558 993</b>
<b>Surplus/(Deficit)</b>	<b>(88 079)</b>	<b>(77 200)</b>	<b>(37 867)</b>	<b>120 220</b>	<b>152 283</b>	<b>(22 867)</b>	<b>175 151</b>	<b>-766%</b>	<b>(37 867)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	262 515	263 488	263 488	-	137 033	131 744	5 289	4%	263 488
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	5 863	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>120 220</b>	<b>289 316</b>	<b>108 876</b>	<b>180 440</b>	<b>166%</b>	<b>225 621</b>
<b>Surplus/ (Deficit) for the year</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>120 220</b>	<b>289 316</b>	<b>108 876</b>	<b>180 440</b>	<b>166%</b>	<b>225 621</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>39 911</b>	<b>165 626</b>	<b>139 434</b>	<b>26 192</b>	<b>19%</b>	<b>280 780</b>
Capital transfers recognised	234 687	263 488	263 488	39 911	156 402	131 744	24 658	19%	263 488
Borrowing	1 296	-	-	-	-	-	-	-	-
Internally generated funds	4 211	7 734	17 292	-	9 224	7 690	1 534	20%	17 292
<b>Total sources of capital funds</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>39 911</b>	<b>165 626</b>	<b>139 434</b>	<b>26 192</b>	<b>19%</b>	<b>280 780</b>
<b>Financial position</b>									
Total current assets	101 841	54 206	101 768		311 902				101 768
Total non current assets	2 341 369	2 290 106	2 576 729		2 506 996				2 576 729
Total current liabilities	122 351	85 282	105 190		215 056				105 190
Total non current liabilities	44 948	27 811	37 425		38 460				37 425
Community wealth/Equity	<b>2 275 910</b>	<b>2 231 219</b>	<b>2 535 882</b>		<b>2 565 381</b>				<b>2 535 882</b>
<b>Cash flows</b>									
Net cash from (used) operating	232 930	269 092	291 320	207 058	324 779	145 660	(179 119)	-123%	291 320
Net cash from (used) investing	(279 405)	(271 221)	(280 780)	(39 911)	(165 626)	(140 390)	25 236	-18%	(280 780)
Net cash from (used) financing	(12 528)	(4 555)	(9 741)	(2 217)	(2 217)	(4 871)	(2 654)	54%	(9 741)
<b>Cash/cash equivalents at the month/year end</b>	<b>(640)</b>	<b>6 237</b>	<b>41 471</b>	<b>-</b>	<b>197 607</b>	<b>400</b>	<b>(197 208)</b>	<b>-49318%</b>	<b>800</b>
<b>Debtors &amp; creditors analysis</b>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	6 998	6 730	6 223	5 122	4 496	4 947	29 192	154 284	217 992
<b>Creditors Age Analysis</b>									
Total Creditors	-	-	225	2 965	-	-	-	-	3 189

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

Description	2019/20	Budget Year 2020/21	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	Audited Outcome	Original Budget							
<b>R thousands</b>									
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	368 076	391 887	437 170	157 106	326 383	218 585	107 798	49%	437 170
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	368 076	391 887	437 170	157 106	326 383	218 585	107 798	49%	437 170
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	7 928	6 966	5 466	-	-	2 733	(2 733)	-100%	5 466
Planning and development	7 928	6 966	5 466	-	-	2 733	(2 733)	-100%	5 466
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	364 753	341 978	341 978	6 450	177 733	170 989	6 744	4%	341 978
Energy sources	-	-	-	-	-	-	-	-	-
Water management	348 448	321 468	321 468	4 975	169 482	160 734	8 748	5%	321 468
Waste water management	16 305	20 510	20 510	1 474	8 250	10 255	(2 005)	-20%	20 510
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>740 757</b>	<b>740 831</b>	<b>784 614</b>	<b>163 556</b>	<b>504 116</b>	<b>392 307</b>	<b>111 809</b>	<b>29%</b>	<b>784 614</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	251 148	240 522	244 816	17 672	96 249	122 408	(26 159)	-21%	244 816
Executive and council	18 818	24 234	24 234	2 022	9 246	12 117	(2 871)	-24%	24 234
Finance and administration	222 531	208 209	212 504	15 045	82 993	106 252	(23 258)	-22%	212 504
Internal audit	9 799	8 078	8 078	605	4 009	4 039	(30)	-1%	8 078
<b>Community and public safety</b>	16 687	18 788	18 788	1 265	7 668	9 394	(1 726)	-18%	18 788
Community and social services	16 687	18 788	18 788	1 265	7 668	9 394	(1 726)	-18%	18 788
<b>Economic and environmental services</b>	139 476	148 577	147 377	7 823	26 796	73 688	(46 893)	-64%	147 377
Planning and development	139 476	148 577	147 377	7 823	26 796	73 688	(46 893)	-64%	147 377
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	153 146	146 657	148 012	16 575	84 088	74 006	10 081	14%	148 012
Energy sources	-	-	-	-	-	-	-	-	-
Water management	150 572	145 857	147 212	16 515	83 694	73 606	10 088	14%	147 212
Waste water management	2 574	800	800	60	393	400	(7)	-2%	800
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>560 458</b>	<b>554 543</b>	<b>558 993</b>	<b>43 335</b>	<b>214 800</b>	<b>279 497</b>	<b>(64 697)</b>	<b>-23%</b>	<b>558 993</b>
<b>Surplus/ (Deficit) for the year</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>120 220</b>	<b>289 316</b>	<b>112 810</b>	<b>176 506</b>	<b>156%</b>	<b>225 621</b>

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

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2020 was R 504, 1million against a year to date budget of R 392, 3million representing over performance of 29%.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 77% against the year to date budget which is under performed by 23%.

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

Vote Description	2019/20	Budget Year 2020/21							
	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	366 522	391 887	437 170	157 106	326 321	218 585	107 736	49,3%	437 170
Vote 04 - Summary Corporate Services	1 447	-	-	-	20	-	20	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planning	928	6 966	5 466	-	-	2 733	(2 733)	-100,0%	5 466
Vote 06 - Summary Infrastructure Services	287 979	270 928	270 928	352	141 184	135 464	5 720	4,2%	270 928
Vote 07 - Summary Water Services	83 881	71 050	71 050	6 098	36 590	35 525	1 065	3,0%	71 050
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>740 757</b>	<b>740 831</b>	<b>784 614</b>	<b>163 556</b>	<b>504 116</b>	<b>392 307</b>	<b>111 809</b>	<b>28,5%</b>	<b>784 614</b>
<b>Expenditure by Vote</b>									
Vote 01 - Summary Council	10 296	15 677	15 677	1 522	7 019	7 839	(819)	-10,5%	15 677
Vote 02 - Summary Municipal Manager	18 321	16 635	16 635	1 105	6 236	8 318	(2 082)	-25,0%	16 635
Vote 03 - Summary Budget And Treasury Office	99 612	84 548	84 548	4 955	22 981	42 274	(19 293)	-45,6%	84 548
Vote 04 - Summary Corporate Services	84 939	81 310	81 760	6 166	39 181	40 880	(1 699)	-4,2%	81 760
Vote 05 - Summary Social Services & Development Planning	49 942	58 793	57 293	7 337	23 739	28 647	(4 907)	-17,1%	57 293
Vote 06 - Summary Infrastructure Services	114 515	112 989	113 289	2 101	12 818	56 644	(43 826)	-77,4%	113 289
Vote 07 - Summary Water Services	182 831	184 590	189 790	20 150	102 825	94 895	7 929	8,4%	189 790
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>560 458</b>	<b>554 543</b>	<b>558 993</b>	<b>43 335</b>	<b>214 800</b>	<b>279 497</b>	<b>(64 697)</b>	<b>-23,1%</b>	<b>558 993</b>
<b>Surplus/ (Deficit) for the year</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>120 220</b>	<b>289 316</b>	<b>112 810</b>	<b>176 506</b>	<b>156,5%</b>	<b>225 621</b>

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



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

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue									
Service charges - water revenue	54 157	50 540	50 540	4 396	26 641	25 270	1 371	5%	50 540
Service charges - sanitation revenue	16 305	20 510	20 510	1 187	6 709	10 255	(3 546)	-35%	20 510
Interest earned - external investments	6 196	7 681	7 681	7	1 110	3 841	(2 731)	-71%	7 681
Interest earned - outstanding debtors	12 632	10 238	10 238	870	4 811	5 119	(308)	-6%	10 238
Fines, penalties and forfeits	-	-	-	-	183	-	183	#DIV/0!	-
Transfers and subsidies	380 256	387 266	431 049	156 985	327 334	211 146	116 188	55%	431 049
Other revenue	1 770	1 107	1 107	111	296	554	(257)	-46%	1 107
Gains	1 062	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>472 379</b>	<b>477 343</b>	<b>521 126</b>	<b>163 556</b>	<b>367 083</b>	<b>256 185</b>	<b>110 898</b>	<b>43%</b>	<b>521 126</b>
<b>Expenditure By Type</b>									
Employee related costs	190 401	222 746	222 746	17 171	100 490	111 373	(10 883)	-10%	222 746
Remuneration of councillors	7 702	8 018	8 018	653	4 035	4 009	26	1%	8 018
Debt impairment	43 060	26 556	26 556	-	-	13 278	(13 278)	-100%	26 556
Depreciation & asset impairment	71 944	84 249	84 249	-	-	42 124	(42 124)	-100%	84 249
Finance charges	4 284	4 385	4 385	246	246	2 192	(1 946)	-89%	4 385
Bulk purchases	22 833	18 632	18 632	1 627	9 095	9 316	(221)	-2%	18 632
Other materials	5 400	9 113	10 113	2 275	3 500	4 956	(1 456)	-29%	10 113
Contracted services	142 512	118 356	120 806	13 860	62 752	60 171	2 581	4%	120 806
Transfers and subsidies	14 000	-	-	5 000	10 000	-	10 000	#DIV/0!	-
Other expenditure	55 607	62 488	63 488	2 504	24 682	31 632	(6 950)	-22%	63 488
Losses	2 714	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>560 458</b>	<b>554 543</b>	<b>558 993</b>	<b>43 335</b>	<b>214 800</b>	<b>279 052</b>	<b>(64 253)</b>	<b>-23%</b>	<b>558 993</b>
<b>Surplus/(Deficit)</b>	<b>(88 079)</b>	<b>(77 200)</b>	<b>(37 867)</b>	<b>120 220</b>	<b>152 283</b>	<b>(22 867)</b>	<b>175 151</b>	<b>(0)</b>	<b>(37 867)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	262 515	263 488	263 488	-	137 033	131 744	5 289	0	263 488
Transfers and subsidies - capital (in-kind - all)	5 863	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>120 220</b>	<b>289 316</b>	<b>108 876</b>			<b>225 621</b>
Taxation							-		
<b>Surplus/(Deficit) after taxation</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>120 220</b>	<b>289 316</b>	<b>108 876</b>			<b>225 621</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>120 220</b>	<b>289 316</b>	<b>108 876</b>			<b>225 621</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>180 299</b>	<b>186 288</b>	<b>225 621</b>	<b>120 220</b>	<b>289 316</b>	<b>108 876</b>			<b>225 621</b>

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

Vote Description	2019/20	Budget Year 2020/21							
	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	281	324	324	-	-	162	(162)	-100%	324
Vote 04 - Summary Corporate Services	3 814	2 350	3 450	-	1 869	1 615	254	16%	3 450
Vote 05 - Summary Social Services & Development Planning	-	3 060	11 518	-	7 355	4 913	2 442	50%	11 518
Vote 06 - Summary Infrastructure Services	223 225	9 026	9 026	2 797	13 112	4 513	8 599	191%	9 026
Vote 07 - Summary Water Services	11 855	256 462	256 462	37 114	143 291	128 231	15 060	12%	256 462
<b>Total Capital Multi-year expenditure</b>	<b>239 175</b>	<b>271 221</b>	<b>280 780</b>	<b>39 911</b>	<b>165 626</b>	<b>139 434</b>	<b>26 192</b>	<b>19%</b>	<b>280 780</b>
<b>Single 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	1 020	-	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	<b>1 020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>39 911</b>	<b>165 626</b>	<b>139 434</b>	<b>26 192</b>	<b>19%</b>	<b>280 780</b>
<b>Capital Expenditure - Functional Classification</b>									
<b>Governance and administration</b>	<b>4 095</b>	<b>2 964</b>	<b>4 064</b>	<b>-</b>	<b>1 869</b>	<b>1 922</b>	<b>(53)</b>	<b>-3%</b>	<b>4 064</b>
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	4 095	2 964	4 064	-	1 869	1 922	(53)	-3%	4 064
Internal audit	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>-</b>	<b>2 500</b>	<b>10 958</b>	<b>-</b>	<b>7 355</b>	<b>4 633</b>	<b>2 722</b>	<b>59%</b>	<b>10 958</b>
Community and social services	-	2 500	10 958	-	7 355	4 633	2 722	59%	10 958
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>1 693</b>	<b>270</b>	<b>270</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>(135)</b>	<b>-100%</b>	<b>270</b>
Planning and development	1 693	270	270	-	-	135	(135)	-100%	270
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>234 406</b>	<b>265 488</b>	<b>265 488</b>	<b>39 911</b>	<b>156 402</b>	<b>132 744</b>	<b>23 658</b>	<b>18%</b>	<b>265 488</b>
Energy sources	-	-	-	-	-	-	-	-	-
Water management	198 896	220 615	220 615	37 340	147 408	110 308	37 100	34%	220 615
Waste water management	35 511	44 873	44 873	2 572	8 994	22 436	(13 442)	-60%	44 873
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>39 911</b>	<b>165 626</b>	<b>139 434</b>	<b>26 192</b>	<b>19%</b>	<b>280 780</b>
<b>Funded by:</b>									
National Government	222 832	263 488	263 488	39 911	156 402	131 744	24 658	19%	263 488
Provincial Government	11 855	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>234 687</b>	<b>263 488</b>	<b>263 488</b>	<b>39 911</b>	<b>156 402</b>	<b>131 744</b>	<b>24 658</b>	<b>19%</b>	<b>263 488</b>
<b>Borrowing</b>	<b>1 296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>4 211</b>	<b>7 734</b>	<b>17 292</b>	<b>-</b>	<b>9 224</b>	<b>7 690</b>	<b>1 534</b>	<b>20%</b>	<b>17 292</b>
<b>Total Capital Funding</b>	<b>240 195</b>	<b>271 221</b>	<b>280 780</b>	<b>39 911</b>	<b>165 626</b>	<b>139 434</b>	<b>26 192</b>	<b>19%</b>	<b>280 780</b>

Capital expenditure typically includes vehicles, computer, equipment, Office furniture's, etc. which are funded by internal contributions. It also includes expenditure on water and sanitation infrastructure funded by external funds such as MIG. Capital expenditure reflects overspending for the mid-year ending 31 December 2020. The 2020/2021 year to date actual capital expenditure amounting to R165, 6million against year to date budget of R139, 48million representing 119% of the year to date budget.

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

Description	2019/20	Budget Year 2020/21			
	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	23 704	1 720	23 308	(143 106)	23 308
Call investment deposits	16 967	4 517	18 163	374 257	18 163
Consumer debtors	33 364	33 454	37 114	51 171	37 114
Other debtors	27 538	14 334	22 917	29 314	22 917
Current portion of long-term receivables	-	-	-	-	-
Inventory	267	181	267	267	267
<b>Total current assets</b>	<b>101 841</b>	<b>54 206</b>	<b>101 768</b>	<b>311 902</b>	<b>101 768</b>
<b>Non current assets</b>					
Long-term receivables					
Investments					
Investment property	-	-	-	-	-
Investments in Associate					
Property, plant and equipment	2 340 494	2 288 618	2 575 900	2 506 120	2 575 900
Biological					
Intangible	875	1 489	829	875	829
Other non-current assets	0	0	0	0	0
<b>Total non current assets</b>	<b>2 341 369</b>	<b>2 290 106</b>	<b>2 576 729</b>	<b>2 506 996</b>	<b>2 576 729</b>
<b>TOTAL ASSETS</b>	<b>2 443 210</b>	<b>2 344 313</b>	<b>2 678 497</b>	<b>2 818 898</b>	<b>2 678 497</b>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities</b>					
Bank overdraft	-	-	-	-	-
Borrowing	-	4 555	-	(76)	-
Consumer deposits	1 863	1 845	2 008	1 922	2 008
Trade and other payables	107 194	68 734	89 888	199 916	89 888
Provisions	13 294	10 148	13 294	13 294	13 294
<b>Total current liabilities</b>	<b>122 351</b>	<b>85 282</b>	<b>105 190</b>	<b>215 056</b>	<b>105 190</b>
<b>Non current liabilities</b>					
Borrowing	26 469	3 485	16 040	19 981	16 040
Provisions	18 479	24 326	21 385	18 479	21 385
<b>Total non current liabilities</b>	<b>44 948</b>	<b>27 811</b>	<b>37 425</b>	<b>38 460</b>	<b>37 425</b>
<b>TOTAL LIABILITIES</b>	<b>167 300</b>	<b>113 094</b>	<b>142 615</b>	<b>253 517</b>	<b>142 615</b>
<b>NET ASSETS</b>	<b>2 275 910</b>	<b>2 231 219</b>	<b>2 535 882</b>	<b>2 565 381</b>	<b>2 535 882</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>					
Accumulated Surplus/(Deficit)	2 275 910	2 231 219	2 535 882	2 565 381	2 535 882
Reserves	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 275 910</b>	<b>2 231 219</b>	<b>2 535 882</b>	<b>2 565 381</b>	<b>2 535 882</b>

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

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates							-		
Service charges	51 990	53 288	46 183	3 291	27 247	23 091	4 156	18%	46 183
Other revenue	11 626	1 107	7 732	111	479	3 866	(3 387)	-88%	7 732
Transfers and Subsidies - Operational	339 907	387 266	431 049	156 985	330 747	215 525	115 222	53%	431 049
Transfers and Subsidies - Capital	274 335	263 488	263 488	90 000	221 026	131 744	89 282	68%	263 488
Interest	7 257	7 681	7 681	7	1 110	3 841	(2 731)	-71%	7 681
Dividends							-		
<b>Payments</b>									
Suppliers and employees	(447 672)	(439 354)	(460 428)	(43 089)	(255 583)	(230 214)	25 369	-11%	(460 428)
Finance charges	(4 180)	(4 385)	(4 385)	(246)	(246)	(2 192)	(1 946)	89%	(4 385)
Transfers and Grants	(332)	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>232 930</b>	<b>269 092</b>	<b>291 320</b>	<b>207 058</b>	<b>324 779</b>	<b>145 660</b>	<b>(179 119)</b>	<b>-123%</b>	<b>291 320</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE							-		
Decrease (increase) in non-current receivables							-		
Decrease (increase) in non-current investments							-		
<b>Payments</b>									
Capital assets	(279 405)	(271 221)	(280 780)	(39 911)	(165 626)	(140 390)	25 236	-18%	(280 780)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(279 405)</b>	<b>(271 221)</b>	<b>(280 780)</b>	<b>(39 911)</b>	<b>(165 626)</b>	<b>(140 390)</b>	<b>25 236</b>	<b>-18%</b>	<b>(280 780)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-		-
<b>Payments</b>									
Repayment of borrowing	(12 528)	(4 555)	(9 741)	(2 217)	(2 217)	(4 871)	(2 654)	54%	(9 741)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(12 528)</b>	<b>(4 555)</b>	<b>(9 741)</b>	<b>(2 217)</b>	<b>(2 217)</b>	<b>(4 871)</b>	<b>(2 654)</b>	<b>54%</b>	<b>(9 741)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(59 003)</b>	<b>(6 685)</b>	<b>800</b>	<b>164 930</b>	<b>156 937</b>	<b>400</b>			<b>800</b>
Cash/cash equivalents at beginning:	58 363	12 922	40 671		40 671				
Cash/cash equivalents at month/year end:	(640)	6 237	41 471		197 607	400			800

## 2. PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

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

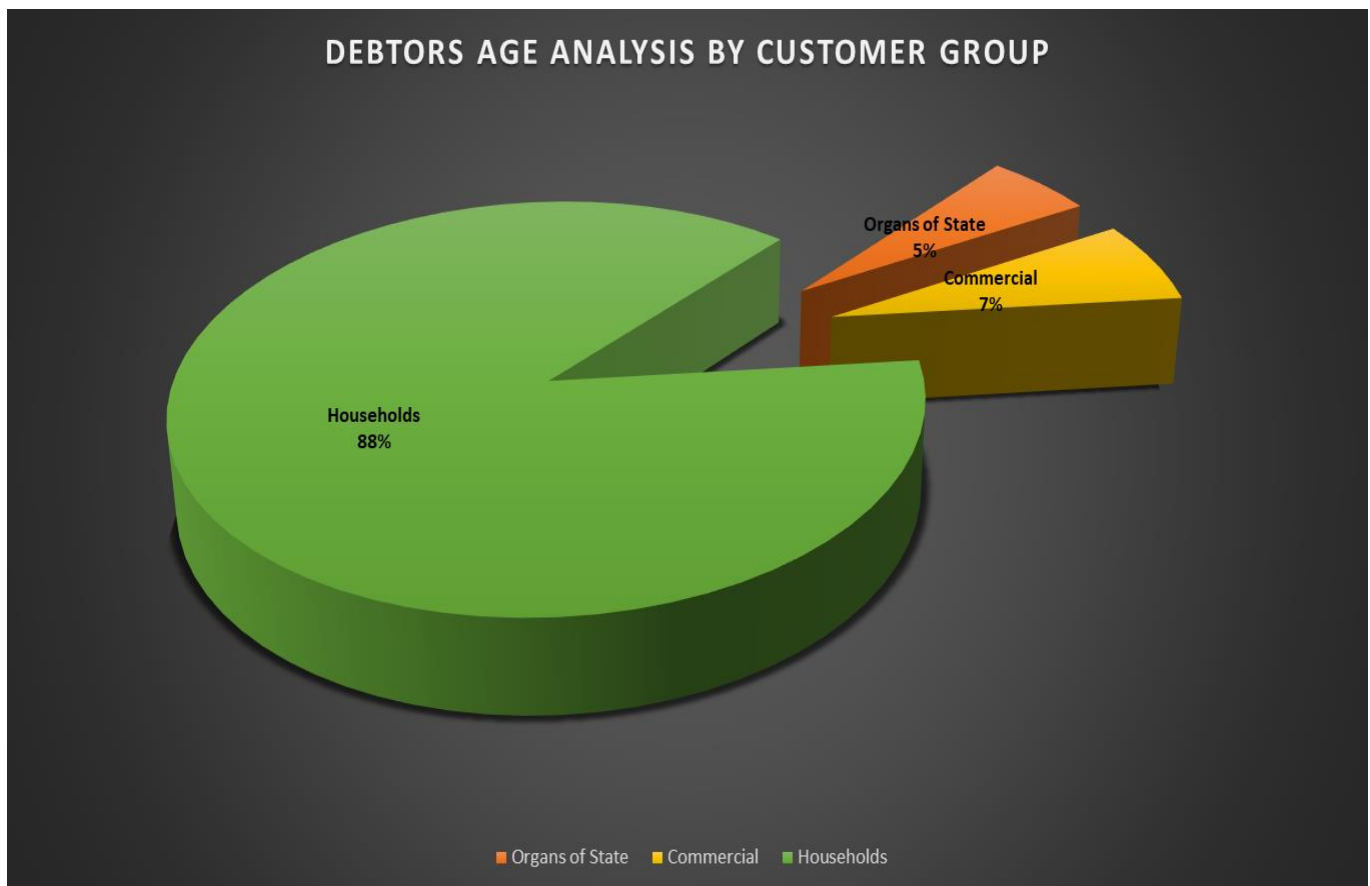
**Table 2.1.1: Debtors Age Analysis by Income Source**

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

Description	Budget Year 2020/21									
	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	4 492	4 320	3 995	3 288	2 886	3 176	18 739	99 038	139 934	127 127
Trade and Other Receivables from Exchange Transactions - Electricity	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1 755	1 688	1 561	1 284	1 127	1 241	7 321	38 690	54 667	49 663
Receivables from Exchange Transactions - Waste Management	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	751	722	668	550	482	531	3 132	16 555	23 391	21 250
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Income Source</b>	<b>6 998</b>	<b>6 730</b>	<b>6 223</b>	<b>5 122</b>	<b>4 496</b>	<b>4 947</b>	<b>29 192</b>	<b>154 284</b>	<b>217 992</b>	<b>198 040</b>
<b>2019/20 - totals only</b>									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2 651	2 076	1 840	571	232	155	997	3 419	11 941	5 374
Commercial	615	695	509	607	387	566	2 474	8 892	14 746	12 926
Households	3 732	3 959	3 875	3 944	3 877	4 226	25 720	141 972	191 305	179 740
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>6 998</b>	<b>6 730</b>	<b>6 223</b>	<b>5 122</b>	<b>4 496</b>	<b>4 947</b>	<b>29 192</b>	<b>154 284</b>	<b>217 992</b>	<b>198 040</b>

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

### Debtors Age Analysis By Customer Group



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

- ✓ Households: 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

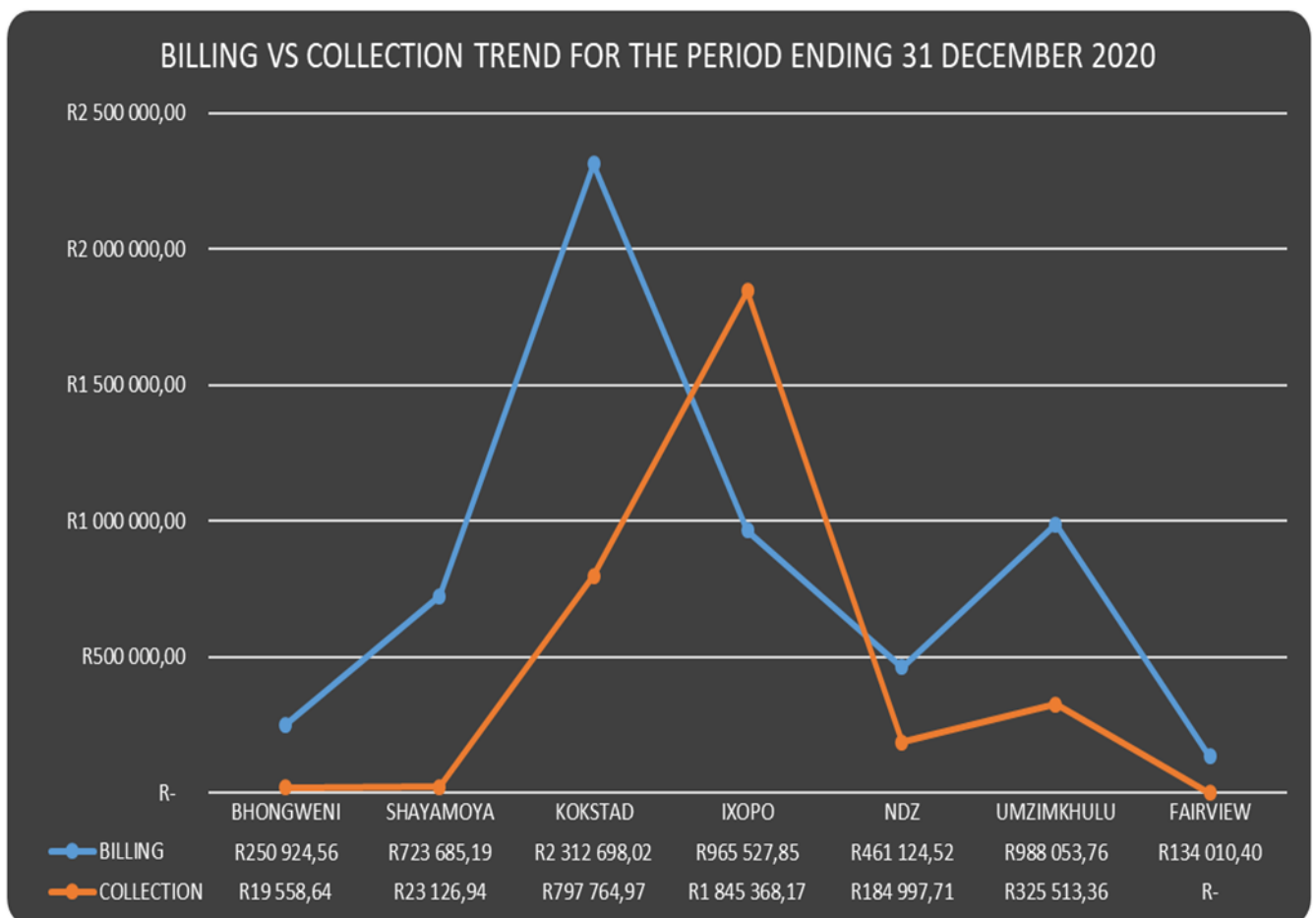
Revenue receipts per Area:

AREA	AMOUNT		
		DECEMBER 2020	NOVEMBER 2020
Unallocated receipts	R 94 697,08	49%	3%
Bhongweni	R 19 558,64	1%	1%
Shayamoya	R 23 126,94	0%	0%
Kokstad	R 797 764,97	24%	33%
Ixopo	R 1 845 368,17	10%	30%
NDZ	R 184 997,71	11	15%
Umzimkulu	R 325 513,36	5%	18%
Fairview	R 0,00	0%	0%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 3 291 026,87</b>	100%	100%

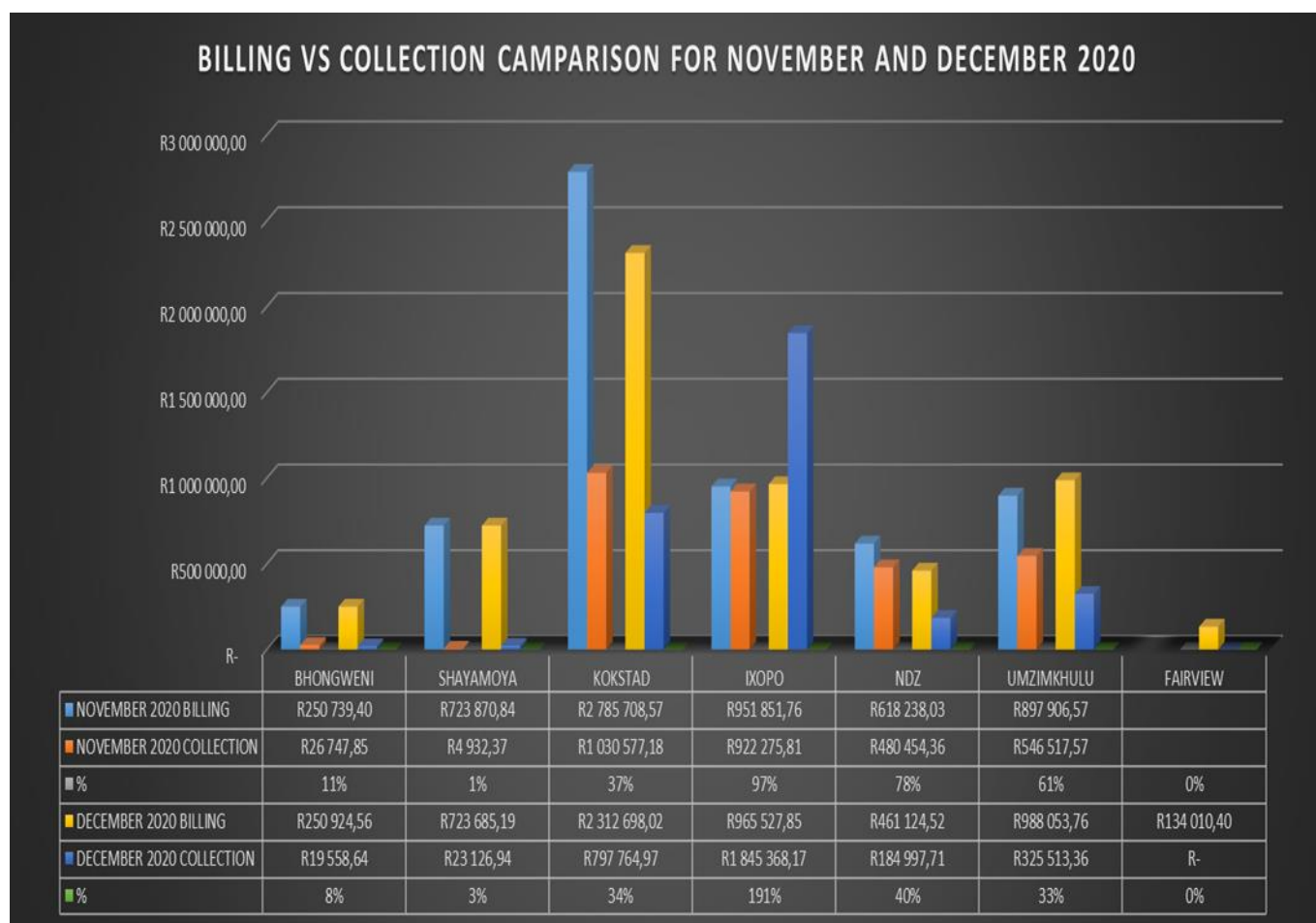


The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for December 2020 is R3, 2million

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



**CHART 3: BILLING VS COLLECTION (COMPARISON BETWEEN NOVEMBER AND DECEMBER 2020)**



**Debtors age analysis per service**

The municipality’s total outstanding debtors amounted to R 217 991 815 as at 31 December 2020 compared with the R 213 504 506 as at 30 November 2020. Current debt represent 3% of the total outstanding debt compared with the 3% of November 2020; 30 days and older debt 3% compared with the 3% for November 2020; 60 days and older debt 3% compared with the 2% of November 2020; and 90 days 2% compared with the 2% of November 2020; 120 days to History and older 88% compared with the 89% for November 2020.

Current debt Increased with R 4,487,309 to R 217,991,815 compared with the R 213,504,506 as at 30 November 2020; 30 days + debt Increased with R 56,859; 60 days + Increased with R 906,275; 90 days + debt Decreased with R 511,685 and 120 + days and older debt as at 30 November 2020 has Increased with R 3,308,283 to R 192,918,541 compared with the R 189,610,258 as at 30 November 2020.

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

Business debtors owes the municipality R 14,568,177 (7%); Municipal debtors R 944,721 (1%); domestic debtors R 179,979,580 (83%); Government accounts R 10,555,196 (5%); Indigent debtors R 7,636,642 (4%) and other debtors R 4,307,499 (2%) of the total outstanding debt of R 217,991,815.

## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2020

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

Description	Budget Year 2020/21								
	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									-
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	-	-	225	2 965					3 189
Auditor General									-
Other									-
<b>Total By Customer Type</b>	-	-	225	2 965	-	-	-	-	3 189

## 2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short term investments balances broken down per investment type as at 31 December 2020.

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

Investments by maturity Name of institution & investment ID  R thousands	Type of Investment	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
<b>Municipality</b>							
FIRST NATIONAL BANK	CALL ACCOUNT		11 808	26	(21 557)	59 189	49 466
FIRST NATIONAL BANK	CALL ACCOUNT		1 913	42	(65 120)	90 000	26 835
FIRST NATIONAL BANK	ADMIN CALL		8 858	37	(7 680)	107 796	109 011
INVESTEC	FIXED DEPOSIT		2 148	6	-		2 154
FIRST NATIONAL BANK	FIXED DEPOSIT		10 357	21	(10 336)	-	42
FIRST NATIONAL BANK	CALL ACCOUNT		2 346	4	-	-	2 349
FIRST NATIONAL BANK	CALL ACCOUNT		2	-	-	-	2
FIRST NATIONAL BANK	CALL ACCOUNT		37	4	(955)	4 435	3 521
FIRST NATIONAL BANK	FIXED DEPOSIT		2 589	4	(154)	-	2 438
CURRENT ACCOUNT			2 844		(1 055)	-	1 789
<b>Municipality sub-total</b>			<b>42 900</b>	<b>145</b>	<b>(106 857)</b>	<b>261 420</b>	<b>197 607</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>			<b>42 900</b>		<b>(106 857)</b>	<b>261 420</b>	<b>197 607</b>

## 2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	2019/20	Budget Year 2020/21							
	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>	<b>379 924</b>	<b>385 766</b>	<b>431 049</b>	<b>156 985</b>	<b>327 334</b>	<b>210 996</b>	<b>116 338</b>	<b>55,1%</b>	<b>431 049</b>
Energy Efficiency and Demand Side Management Grant	7 000	-	-	-	-	-	-	-	-
Equitable Share	345 309	372 340	417 623	156 985	324 538	204 283	120 255	58,9%	417 623
Expanded Public Works Programme Integrated Grant	5 316	5 195	5 195	-	2 172	2 597	(426)	-16,4%	5 195
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 000	1 000	1 000	-	193	500	(307)	-61,4%	1 000
Municipal Disaster Relief Grant	596	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	9 808	4 986	4 986	-	-	2 493	(2 493)	-100,0%	4 986
Rural Road Asset Management Systems Grant	2 358	2 245	2 245	-	432	1 122	(691)	-61,6%	2 245
Water Services Infrastructure Grant	8 537	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	<b>332</b>	<b>1 500</b>	<b>1 500</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>(150)</b>	<b>-100,0%</b>	<b>1 500</b>
Other	-	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	332	1 500	1 500	-	-	150	(150)	-100,0%	1 500
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>380 256</b>	<b>387 266</b>	<b>432 549</b>	<b>156 985</b>	<b>327 334</b>	<b>211 146</b>	<b>116 188</b>	<b>55,0%</b>	<b>432 549</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>262 515</b>	<b>263 488</b>	<b>263 488</b>	<b>90 000</b>	<b>137 033</b>	<b>131 744</b>	<b>5 289</b>	<b>4,0%</b>	<b>263 488</b>
Equitable Share	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	191 052	194 462	194 462	90 000	100 873	97 231	3 642	3,7%	194 462
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	20 000	9 026	9 026	-	4 595	4 513	82	1,8%	9 026
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	51 463	60 000	60 000	-	31 565	30 000	1 565	5,2%	60 000
<b>Provincial Government:</b>	<b>5 863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Specify (Add grant description)	5 863	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>268 379</b>	<b>263 488</b>	<b>263 488</b>	<b>90 000</b>	<b>137 033</b>	<b>131 744</b>	<b>5 289</b>	<b>4,0%</b>	<b>263 488</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>648 634</b>	<b>650 754</b>	<b>696 037</b>	<b>246 985</b>	<b>464 367</b>	<b>342 890</b>	<b>121 477</b>	<b>35,4%</b>	<b>696 037</b>

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

## Table SC7 track the expenditure on Conditional grant funding.

DC43 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	514 184	467 489	475 299	38 292	187 802	236 479	(48 678)	-20,6%	475 299
Energy Efficiency and Demand Side Management Grant	6 087	-	-	-	-	-	-	-	-
Equitable Share	482 340	454 063	461 873	38 051	186 605	229 766	(43 161)	-18,8%	461 873
Expanded Public Works Programme Integrated Grant	5 218	5 195	5 195	55	289	2 598	(2 308)	-88,9%	5 195
Local Government Financial Management Grant	309	1 000	1 000	51	245	500	(255)	-51,0%	1 000
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	12 708	4 986	4 986	-	-	2 493	(2 493)	-100,0%	4 986
Municipal Systems Improvement Grant	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	2 050	2 245	2 245	134	662	1 123	(460)	-41,0%	2 245
Water Services Infrastructure Grant	5 471	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	-	1 500	-	-	-	150	(150)	-100,0%	-
Development Planning and Shared Services	-	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	1 500	-	-	-	150	(150)	-100,0%	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	17 480	17 480	-	-	8 740	(8 740)	-100,0%	17 480
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	514 184	468 989	475 299	38 292	187 802	236 629	(48 828)	-20,6%	475 299
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	222 832	263 488	263 488	39 911	156 402	131 744	24 658	18,7%	263 488
Local Government Financial Management Grant	281	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	155 868	194 462	194 462	30 333	116 662	97 231	19 431	20,0%	194 462
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	19 379	9 026	9 026	830	4 826	4 513	313	6,9%	9 026
Water Services Infrastructure Grant	47 304	60 000	60 000	8 748	34 915	30 000	4 915	16,4%	60 000
<b>Provincial Government:</b>	11 855	-	-	-	-	-	-	-	-
Specify (Add grant description)	11 855	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	234 687	263 488	263 488	39 911	156 402	131 744	24 658	18,7%	263 488
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	748 871	732 477	738 787	78 203	344 204	368 373	(24 170)	-6,6%	738 787

## 2.5 Councillor and Staff Benefits

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

# Harry Gwala District Municipality

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

Summary of Employee and Councillor remuneration	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	5 041	5 844	5 700	457	2 740	2 874	(134)	-5%	5 700
Pension and UIF Contributions	507	319	370	43	256	177	80	45%	370
Medical Aid Contributions	54	48	48	5	28	24	4	18%	48
Cellphone Allowance	622	440	461	58	347	227	120	53%	461
Other benefits and allowances	1 478	1 367	1 439	92	664	708	(44)	-6%	1 439
<b>Sub Total - Councillors</b>	<b>7 702</b>	<b>8 018</b>	<b>8 018</b>	<b>653</b>	<b>4 035</b>	<b>4 009</b>	<b>26</b>	<b>1%</b>	<b>8 018</b>
% increase		4,1%	4,1%						4,1%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	3 637	3 719	3 719	336	2 015	1 859	155	8%	3 719
Pension and UIF Contributions	10	10	10	1	5	5	0	6%	10
Medical Aid Contributions	122	117	165	14	85	75	10	14%	165
Performance Bonus	53	56	56	-	55	28	27	96%	56
Motor Vehicle Allowance	928	923	1 110	88	526	524	2	0%	1 110
Cellphone Allowance	108	104	104	10	58	52	6	12%	104
Housing Allowances	160	163	163	13	80	82	(2)	-2%	163
Other benefits and allowances	434	385	428	38	230	207	23	11%	428
<b>Sub Total - Senior Managers of Municipality</b>	<b>5 452</b>	<b>5 478</b>	<b>5 756</b>	<b>500</b>	<b>3 054</b>	<b>2 832</b>	<b>222</b>	<b>8%</b>	<b>5 756</b>
% increase		0,5%	5,6%						5,6%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	108 070	119 067	115 427	10 452	61 196	58 320	2 875	5%	115 427
Pension and UIF Contributions	16 177	17 188	17 545	1 551	9 142	8 713	429	5%	17 545
Medical Aid Contributions	8 220	8 585	8 666	743	4 364	4 319	44	1%	8 666
Overtime	136	153	153	7	56	77	(21)	-27%	153
Performance Bonus	7 833	7 670	7 858	619	3 605	3 898	(292)	-7%	7 858
Motor Vehicle Allowance	14 366	15 269	15 452	1 330	7 810	7 696	114	1%	15 452
Cellphone Allowance	781	833	833	68	401	417	(16)	-4%	833
Housing Allowances	487	510	510	45	274	255	19	7%	510
Other benefits and allowances	25 941	30 422	31 655	1 776	9 647	15 622	(5 975)	-38%	31 655
Payments in lieu of leave	3 208	780	2 040	57	563	810	(248)	-31%	2 040
Long service awards	193	1 065	1 124	22	378	552	(174)	-32%	1 124
Post-retirement benefit obligations	(461)	3 125	3 125	-	-	1 562	(1 562)	-100%	3 125
<b>Sub Total - Other Municipal Staff</b>	<b>184 950</b>	<b>204 667</b>	<b>204 389</b>	<b>16 671</b>	<b>97 436</b>	<b>102 242</b>	<b>(4 806)</b>	<b>-5%</b>	<b>204 389</b>
% increase		10,7%	10,5%						10,5%
<b>Total Parent Municipality</b>	<b>198 103</b>	<b>218 163</b>	<b>218 163</b>	<b>17 824</b>	<b>104 525</b>	<b>109 082</b>	<b>(4 557)</b>	<b>-4%</b>	<b>218 163</b>
		10,1%	10,1%						10,1%
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>									
<b>Board Members of Entities</b>									
Basic Salaries and Wages	400	500	-	15	307	250	57	23%	373
<b>Sub Total - Board Members of Entities</b>	<b>400</b>	<b>500</b>	<b>-</b>	<b>15</b>	<b>307</b>	<b>250</b>	<b>57</b>	<b>23%</b>	<b>373</b>
% increase		25,0%							-6,8%
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	2 166	2 750	-	342	2 052	2 394	(342)	-14%	-
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of Entities</b>	<b>2 166</b>	<b>2 750</b>	<b>-</b>	<b>342</b>	<b>2 052</b>	<b>2 394</b>	<b>(342)</b>	<b>-14%</b>	<b>-</b>
% increase		27,0%							
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	8 067	9 361	-	1 100	3 385	3 662	(276)	-8%	7 575
Post-retirement benefit obligations									
<b>Sub Total - Other Staff of Entities</b>	<b>8 067</b>	<b>9 361</b>	<b>-</b>	<b>1 100</b>	<b>3 385</b>	<b>3 662</b>	<b>(276)</b>	<b>-8%</b>	<b>7 575</b>
% increase		16,0%							-6,1%
<b>Total Municipal Entities</b>	<b>10 633</b>	<b>12 611</b>	<b>-</b>	<b>1 457</b>	<b>5 744</b>	<b>6 306</b>	<b>(562)</b>	<b>-9%</b>	<b>7 947</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>208 736</b>	<b>230 774</b>	<b>218 163</b>	<b>19 281</b>	<b>110 269</b>	<b>115 388</b>	<b>(5 119)</b>	<b>-4%</b>	<b>226 110</b>
% increase		10,6%	4,5%						8,3%
<b>TOTAL MANAGERS AND STAFF</b>	<b>200 635</b>	<b>222 256</b>	<b>210 145</b>	<b>18 613</b>	<b>105 928</b>	<b>111 129</b>	<b>(5 202)</b>	<b>-5%</b>	<b>217 719</b>



## **2.6 Actual and Revised Targets**

Table SC9 presents the actual and revised targets for cash receipts

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

Description	Budget Year 2020/21												2020/21 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 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>															
<b>Cash Receipts By Source</b>															
Property rates															
Service charges - electricity revenue															
Service charges - water revenue	2 184	2 215	5 588	4 612	2 170	2 304	2 930	2 915	2 998	2 619	2 981	4 390	37 905	40 157	42 530
Service charges - sanitation revenue	936	949	2 395	1 976	930	987	1 144	1 426	1 394	1 202	1 368	674	15 383	16 297	17 262
Interest earned - external investments	-	-	732	203	168	46	-	1 168	585	515	1 212	3 051	7 681	8 140	8 627
Interest earned - outstanding debtors															
Transfers and Subsidies - Operational	169 125	2 299	-	-	34	156 985	-	646	55 742	-	131	2 304	387 266	411 458	441 097
Other revenue	-	209	26	39	94	111	92	92	92	92	92	167	1 107	1 165	1 224
<b>Cash Receipts by Source</b>	<b>172 245</b>	<b>5 673</b>	<b>8 741</b>	<b>6 830</b>	<b>3 396</b>	<b>160 433</b>	<b>4 166</b>	<b>6 248</b>	<b>60 811</b>	<b>4 429</b>	<b>5 785</b>	<b>10 585</b>	<b>449 343</b>	<b>477 218</b>	<b>510 740</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	68 000	9 026	30 000	24 000	57 289	90 000	-	-	75 173	-		(90 000)	263 488	277 232	293 486
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	(52)	117
Decrease (increase) in non-current receivables															
Decrease (increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>240 245</b>	<b>14 699</b>	<b>38 741</b>	<b>30 830</b>	<b>60 685</b>	<b>250 433</b>	<b>4 166</b>	<b>6 248</b>	<b>135 984</b>	<b>4 429</b>	<b>5 785</b>	<b>(79 415)</b>	<b>712 830</b>	<b>754 398</b>	<b>804 343</b>
<b>Cash Payments by Type</b>															
Employee related costs	16 377	16 069	15 673	18 134	17 067	22 915	18 562	18 562	18 562	18 562	18 562	23 701	222 746	232 810	248 842
Remuneration of councillors	688	627	673	682	712	653	668	668	668	668	668	642	8 018	8 579	9 180
Interest paid	-	-	-	-	-	252	-	-	-	-	-	4 132	4 385	4 595	4 816
Bulk purchases - Water & Sewer	-	1 896	1 889	1 380	2 302	1 627	1 553	1 553	1 553	1 553	1 553	1 774	18 632	19 527	20 464
Other materials	-	85	729	360	51	2 275	759	759	759	759	759	1 816	9 113	9 432	9 885
Contracted services	12 933	6 474	17 835	4 846	14 297	14 352	9 863	9 863	9 863	9 863	9 863	(1 694)	118 356	132 296	138 735
General expenses	11 578	15 834	4 561	5 384	3 471	10 934	5 207	5 207	5 207	5 207	5 207	(15 310)	62 488	63 093	66 228
<b>Cash Payments by Type</b>	<b>41 575</b>	<b>40 983</b>	<b>41 361</b>	<b>30 786</b>	<b>37 899</b>	<b>53 008</b>	<b>36 613</b>	<b>36 613</b>	<b>36 613</b>	<b>36 613</b>	<b>36 613</b>	<b>15 062</b>	<b>443 739</b>	<b>470 332</b>	<b>498 150</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	17 453	27 579	34 472	31 874	14 337	40 106	22 602	22 602	22 602	22 602	22 602	(7 608)	271 221	281 421	297 885
Repayment of borrowing						2 217						7 524	9 741	1 287	1 365
<b>Total Cash Payments by Type</b>	<b>59 029</b>	<b>68 562</b>	<b>75 833</b>	<b>62 659</b>	<b>52 236</b>	<b>95 331</b>	<b>59 215</b>	<b>59 215</b>	<b>59 215</b>	<b>59 215</b>	<b>59 215</b>	<b>14 978</b>	<b>724 701</b>	<b>753 041</b>	<b>797 399</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>181 217</b>	<b>(53 863)</b>	<b>(37 092)</b>	<b>(31 829)</b>	<b>8 449</b>	<b>155 102</b>	<b>(55 048)</b>	<b>(52 967)</b>	<b>76 769</b>	<b>(54 786)</b>	<b>(53 430)</b>	<b>(94 393)</b>	<b>(11 871)</b>	<b>1 357</b>	<b>6 944</b>
Cash/cash equivalents at the month/year beginning:	40 671	221 888	168 024	130 932	99 103	107 552	262 655	207 606	154 640	231 409	176 623	123 193	40 671	6 237	7 646
Cash/cash equivalents at the month/year end:	221 888	168 024	130 932	99 103	107 552	262 655	207 606	154 640	231 409	176 623	123 193	28 800	28 800	7 594	14 591

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

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

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

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

The last section under this heading analyses the actual targets against the planned targets as at 31 December 2020.

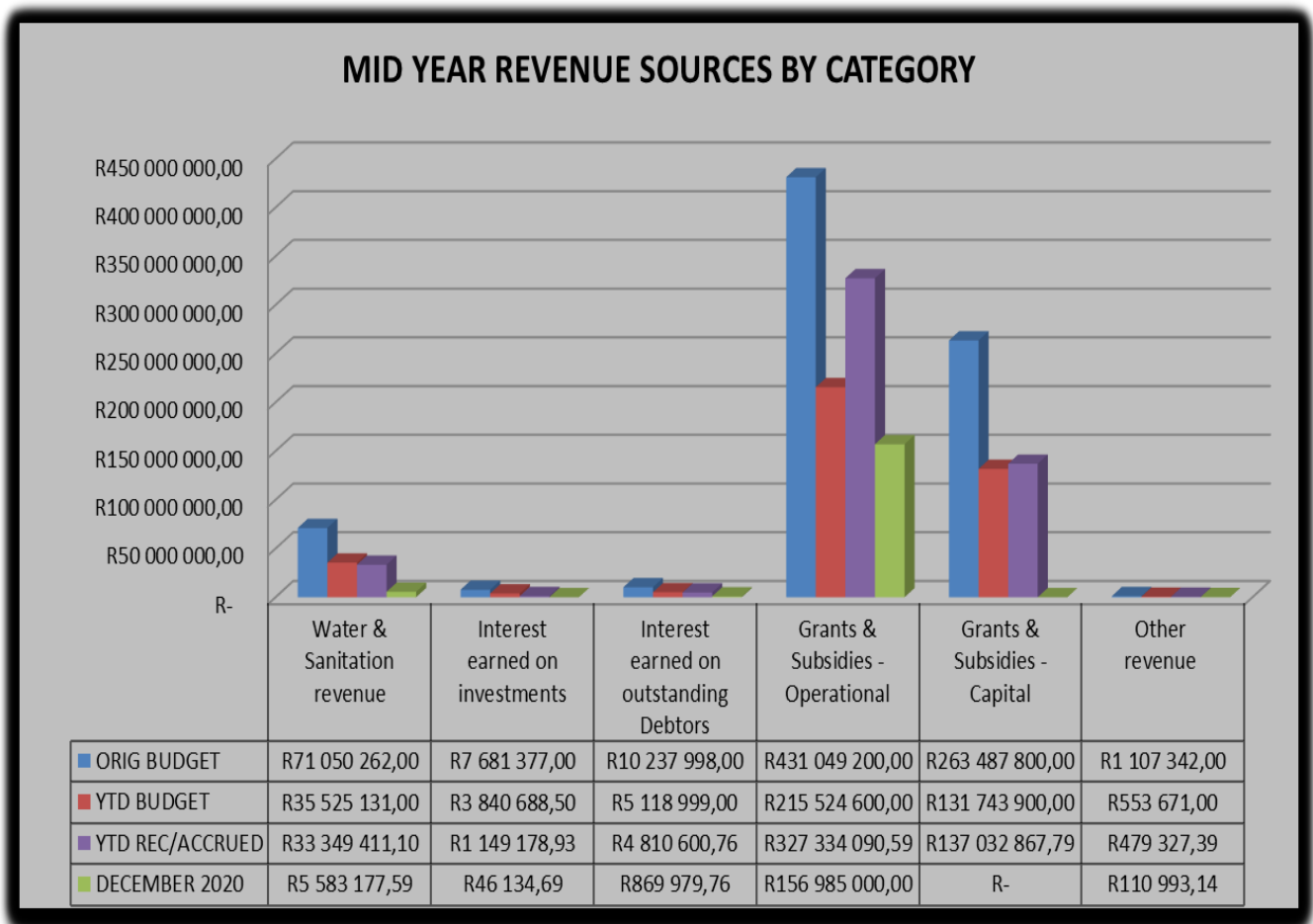
DC43 Harry Gwala - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	<b>Revenue By Source</b>			
	Service charges - water revenue	5%	due an increase in the number of new applicants and fixing faulty meters	No adjustment needed only projectons need to be revised
	Service charges - sanitation revenue	-35%	due to system error on sanitation billing resulting in the adjustment on sanitation	Projections need to be revised
	Interest earned - external investments	-70%	Due to cas flow situation the municipality is unable to invest more funds	Downward adustment
	Interest earned - outstanding debtrs	-6%	due to interest write offs due to covid 19 on request by consumers as well as receipts from consumers	Downward adustment and revision on projections
	Transfers and subsidies	52%	All grants received as per Division of Revenue bill	No adjustment needed only projectons need to be revised
	Other revenue	-46%	The municipal revenue was affected due to lockdown and regulations	No adjustment is necessary
2	<b>Expenditure By Type</b>			
	Employee related costs	-5%	The municipality is spending according to what was projected	No adjustment is necessary
	Remuneration of councillors	1%	Underbudgeting and the expenditure for councillors is based on the previous gazette, the current financial year have not yet been effected as the regulating gazette specifying the remuneration packages was not yet issued by the end of December 2020.	Review and adjust upward
	Debt impairment	-100%	Debt impairment only adjusted on a annual basis due to the complexity in the provision calculation	Timeous processing of Journals
	Depreciation & asset impairment	-99%	No depreciation run done yet	Will be in line once depreciation run performed
	Finance charges	-88%	This is mainly due to the interest on finance leases that was not taken into account for the first six months of the financial year.	No adjustment would be required
	Bulk purchases	-2%	The actual is within the projected budget ,	No adjustment is necessary
	Other materials	-31%	Based on the actual quantities that the department need at that particular time	No adjustment is necessary
	Contracted services	5%	No material variance although the municipality still need to do analysis and negotiate with service providers to reduce costs	Review and adjust downward
	Other expenditure	-11%	reduce expenditure due to cost containment measures and unfunded budget	Downward adustment
3	<b>Capital Expenditure</b>			
	National Government	19%	The actual is within the projected budget ,	No adjustment needed
	Internally generated funds	22%	Under expenditure on internally funded projects was due to the minimisation of cash flow risk and reprioritisation of internally funded projects.	The downward adjustment will be effected

## REVENUE

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

**Chart 3: Revenue Analysis**



## **Water & Sanitation Charges**

The year to date **actual** water & sanitation charges (**billing**) as at 31 December 2020 was R33, 3million against a year to date **budget** of R35, 5million. This represents under performance in municipal billing by 6%. However, this percentage measures the municipal performance in terms of the ability to bill consumers that are receiving services from the municipality and **is not** a measure of the ability to collect outstanding consumer accounts.

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

## **Interest Earned on External Investments**

The actual interest earned on external investments as at midyear is under performed by 70% (R2, 6m) less than what was anticipated.

*Adjustment Budget Implications:* A downward adjustment is required

## **Transfers Recognised - Operational**

The operational grants revenue of R327, 3million against a year to date budget of R215, 5million is largely attributable to the YTD equitable share

received of R324, 5million while the balance relates to conditions met on conditional grant funding.

*Adjustment Budget Implications: None*

### **Transfers Recognised – Capital**

The actual R137, 8million (against a YTD budget of R131, 7million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 4% over performance in Conditional Capital grant funding expenditures.

*Adjustment Budget Implications: None*

### **Other Revenue**

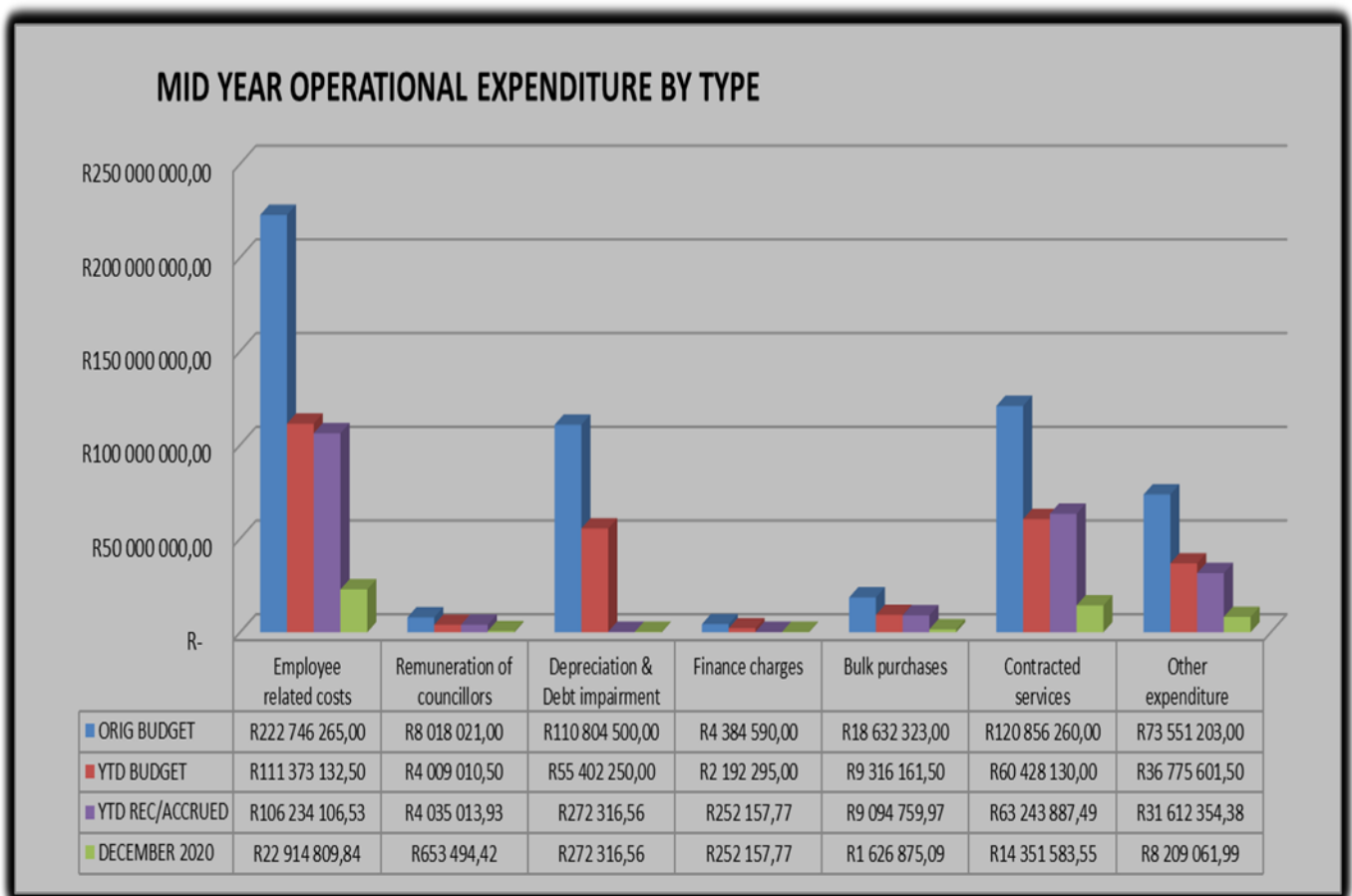
The YTD actual of other revenue is R479 327 against year to date budget of R553 671. Other revenue results from the sale of Tender Documents, water tanker hire, water sales and revenue generated by the Harry Gwala Development Agency.

*Adjustment Budget Implications: None.*

## OPERATIONAL EXPENDITURE

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

**Chart 4: Midyear Opex**





## **Employee Related Costs**

The Consolidated year to date budget for employee related costs is R111, 3million against a year to date actual of R106, 2million. Parent year to date budget for employee related costs is R 100, 4m against year to date budget R 111, 3m. Employee related costs over performed by 4%.

*Adjustment Budget Implications: None*

## **Remuneration of Councillors**

The remuneration of councillor's expenditure as at 31 December 2020 was R4million against a year to budget of R4million. An upward adjustment of the Councillor Allowance would be required to cater for the increase as per councillors' determination Government Gazette.

*Adjustment Budget Implications: An increase in this budget would have to be effected*

## **Finance Charges**

As at midyear, the finance charges budget has been underspent by 88% or, under budgeted by R1, 9m

*Adjustment Budget Implications: A downward adjustment would be necessary.*

## **Bulk Purchases**

The expenditure on Bulk Water purchases has underspent by 16per cent at mid-year. The year to date actual amounting to R9million against year to date budget of R9, 3million.

*Adjustment Budget Implications:* None

## **Contracted Services**

An over expenditure of 5% was reported at mid-year. A review of the classification of other expenditure would need to be undertaken

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

## **Other Expenditure**

An under expenditure of 14% was reported at mid-year. A review of the classification of other expenditure would need to be undertaken

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

## Performance assessment

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

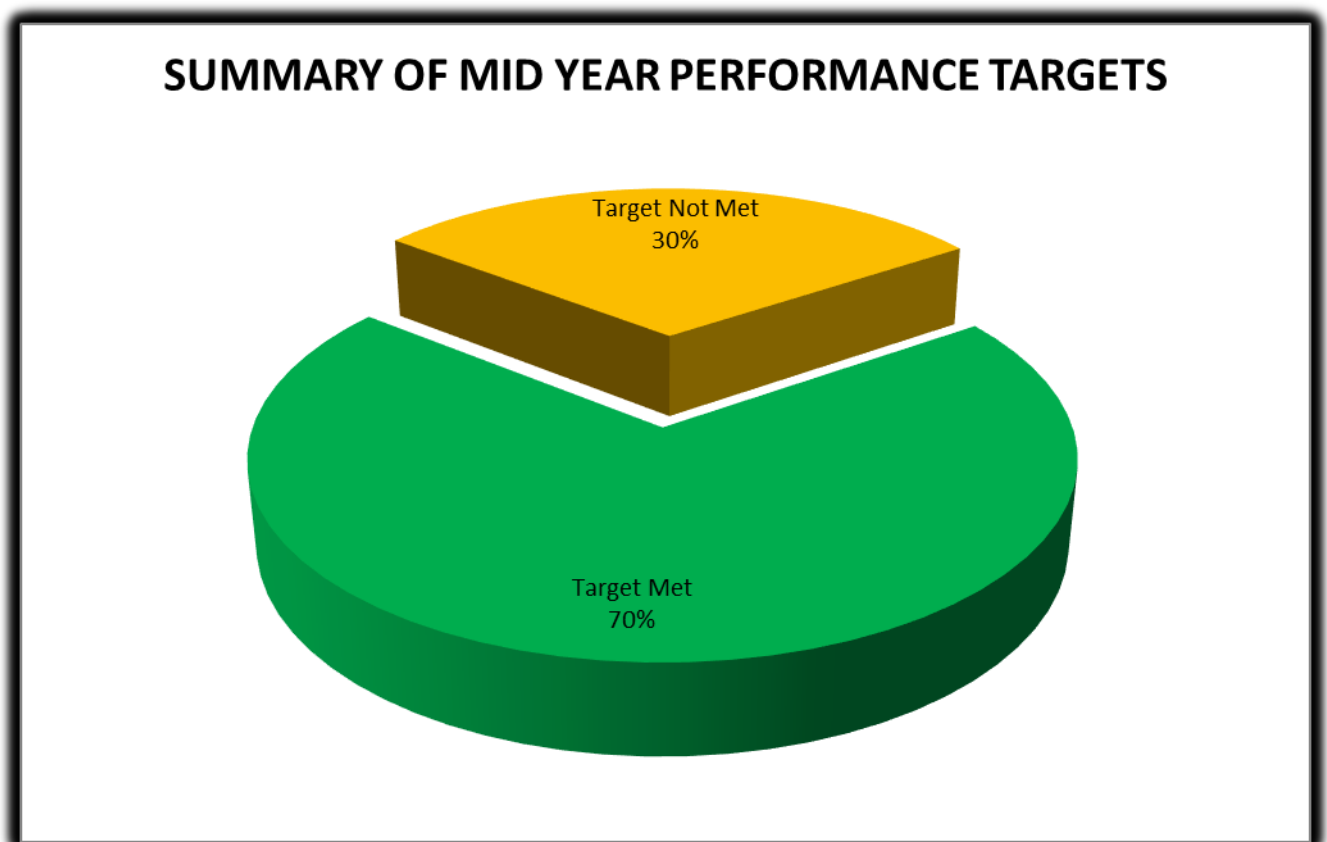


Chart 5 above provides a summary of the targets achieved or met (70%) as well the targets not met (30%). It can be stated that the performance of the municipality at midyear is above average; however there is still more room for improvement. There are reasons why some of the targets could not be met, and as such, the Performance

Management unit has listed all the possible challenges that have hindered/ contributed to non- performance or non -implementation of the 30% targets not met.

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

### **Chart 6: Departmental performance targets**

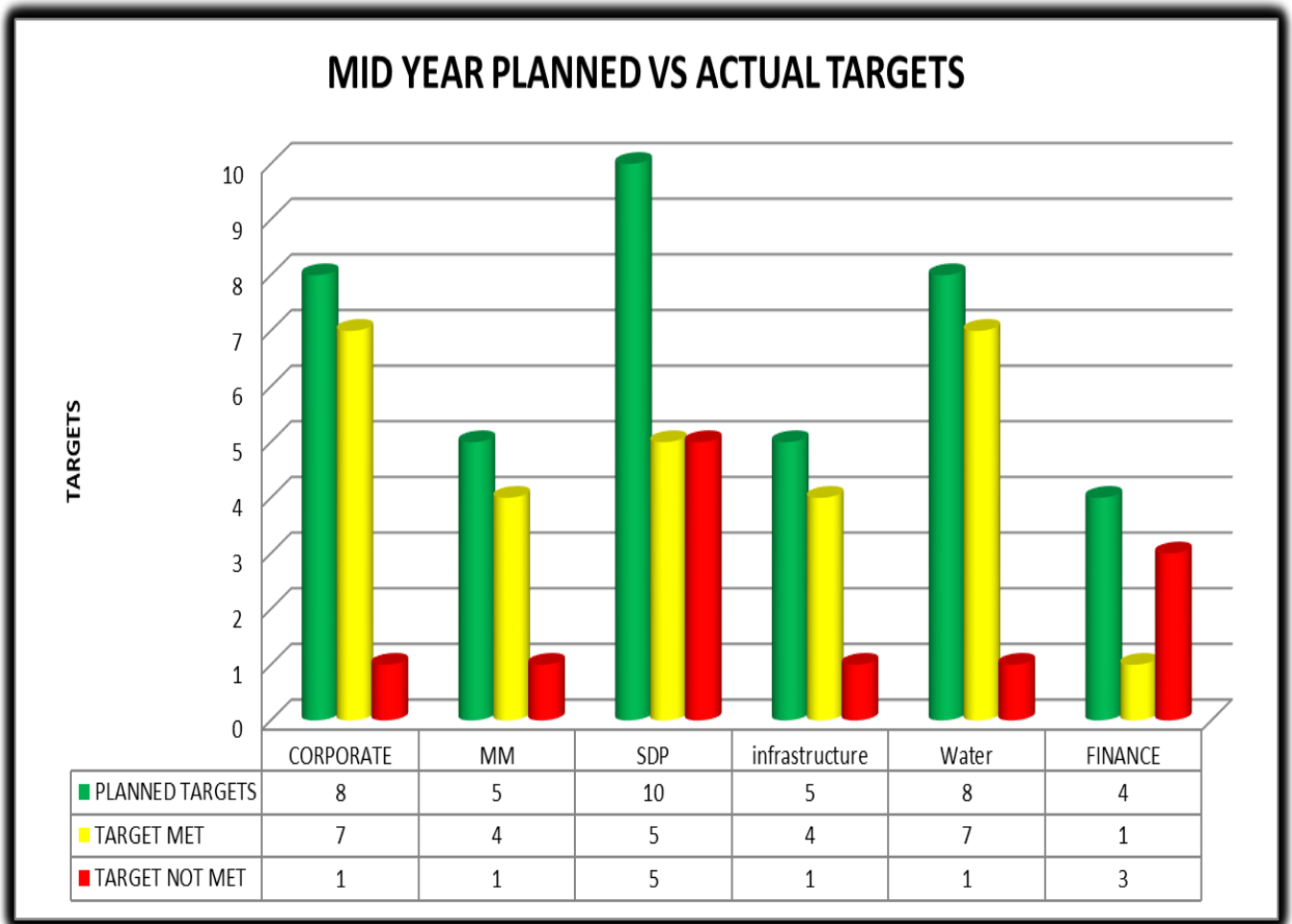
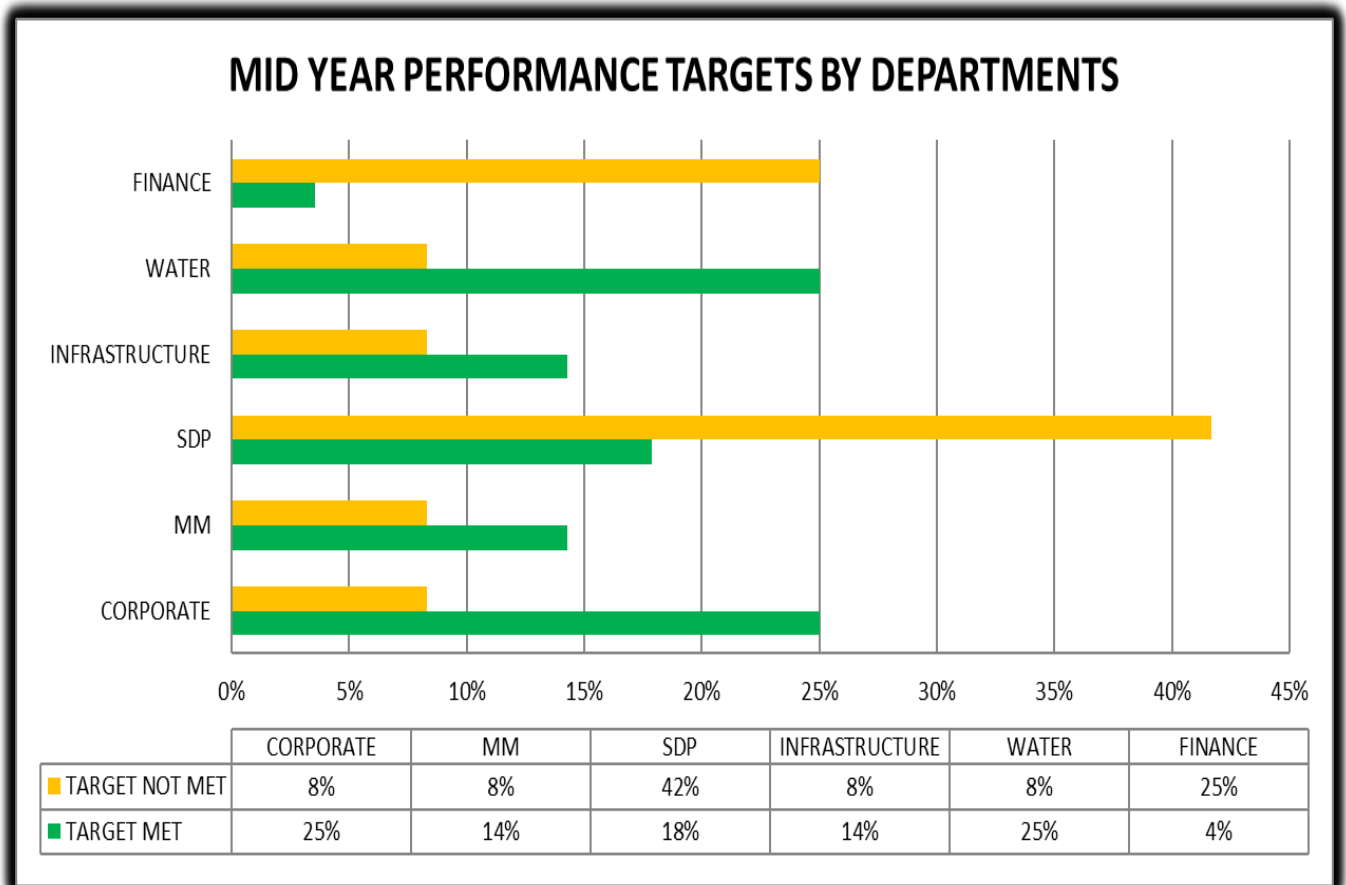


Chart 7 below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest.

**Chart 7: Performance targets Departments**



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

## **Key Challenges**

Due to COVID 19 nationwide Lockdown and regulations the municipality were placed on hold and revised the targets for the second quarter. Shortage of technical personnel causing delays to other project. The municipal billing and collection, also contributing negatively to the financial health of the municipality.

## **Corrective Measures**

Meeting with contractors and drew up new programmes to finish up the scope. Certain projects were placed on hold until the COVID 19 improves. Legal steps were taken to enforce payment for water usage. Belt tightening measures were introduced to assist in improving the financial state of the municipality.

## **2.8 Capital Programme Performance**

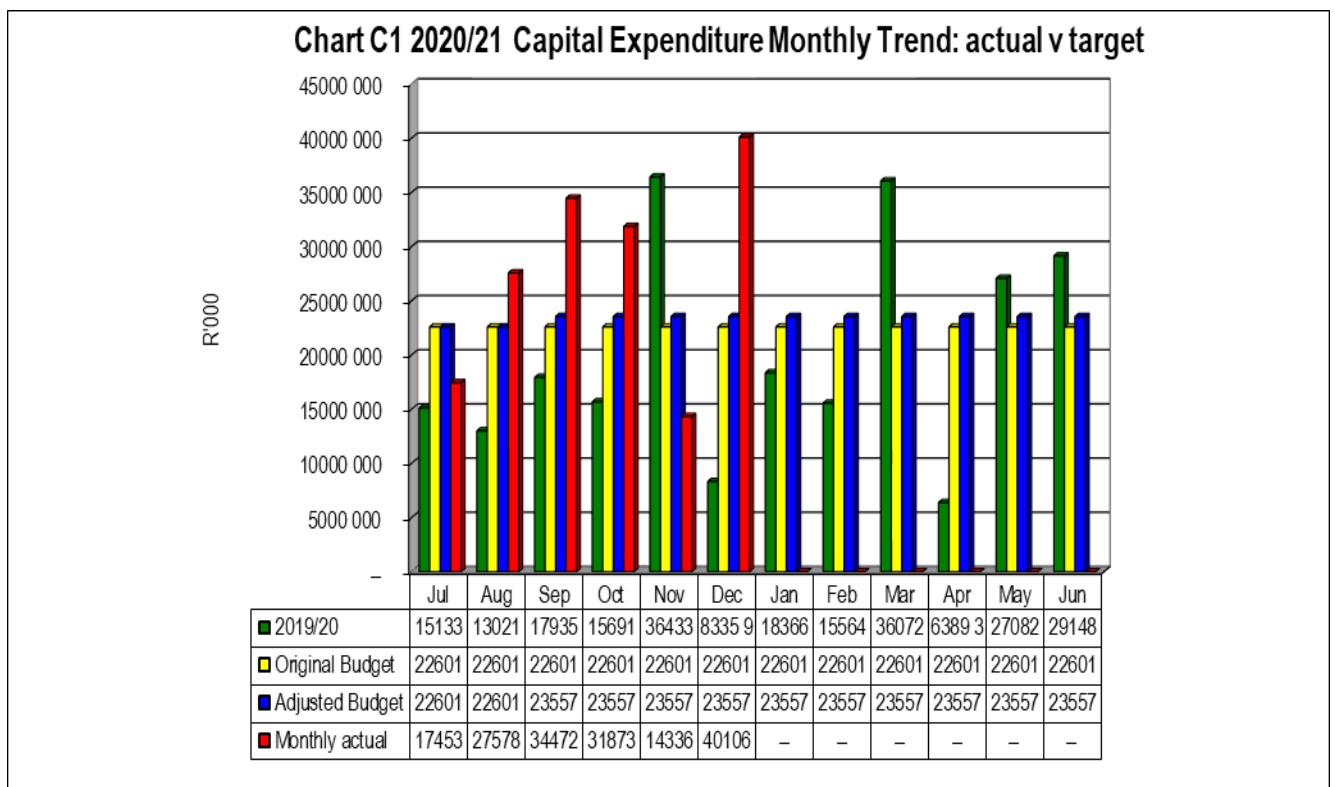
This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

Chart C1 below display a comparison between the previous year's capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods July to December 2020 and the planned monthly targets is also displayed.

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

Month	2019/20	Budget Year 2020/21							
	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	15 134	22 602	22 602	17 453	17 453	22 602	5 149	22,8%	6%
August	13 021	22 602	22 602	27 579	45 032	45 204	172	0,4%	17%
September	17 935	22 602	23 558	34 472	79 504	68 761	(10 743)	-15,6%	29%
October	15 692	22 602	23 558	31 874	111 378	92 319	(19 059)	-20,6%	41%
November	36 434	22 602	23 558	14 337	125 715	115 877	(9 838)	-8,5%	46%
December	8 336	22 602	23 558	40 106	165 821	139 434	(26 387)	-18,9%	61%
January	18 366	22 602	23 558	-	-	162 992	-	-	-
February	15 564	22 602	23 558	-	-	186 550	-	-	-
March	36 072	22 602	23 558	-	-	210 107	-	-	-
April	6 389	22 602	23 558	-	-	233 665	-	-	-
May	27 082	22 602	23 558	-	-	257 223	-	-	-
June	29 148	22 602	23 557	-	-	280 780	-	-	-
<b>Total Capital expenditure</b>	<b>239 175</b>	<b>271 221</b>	<b>280 780</b>	<b>165 821</b>					

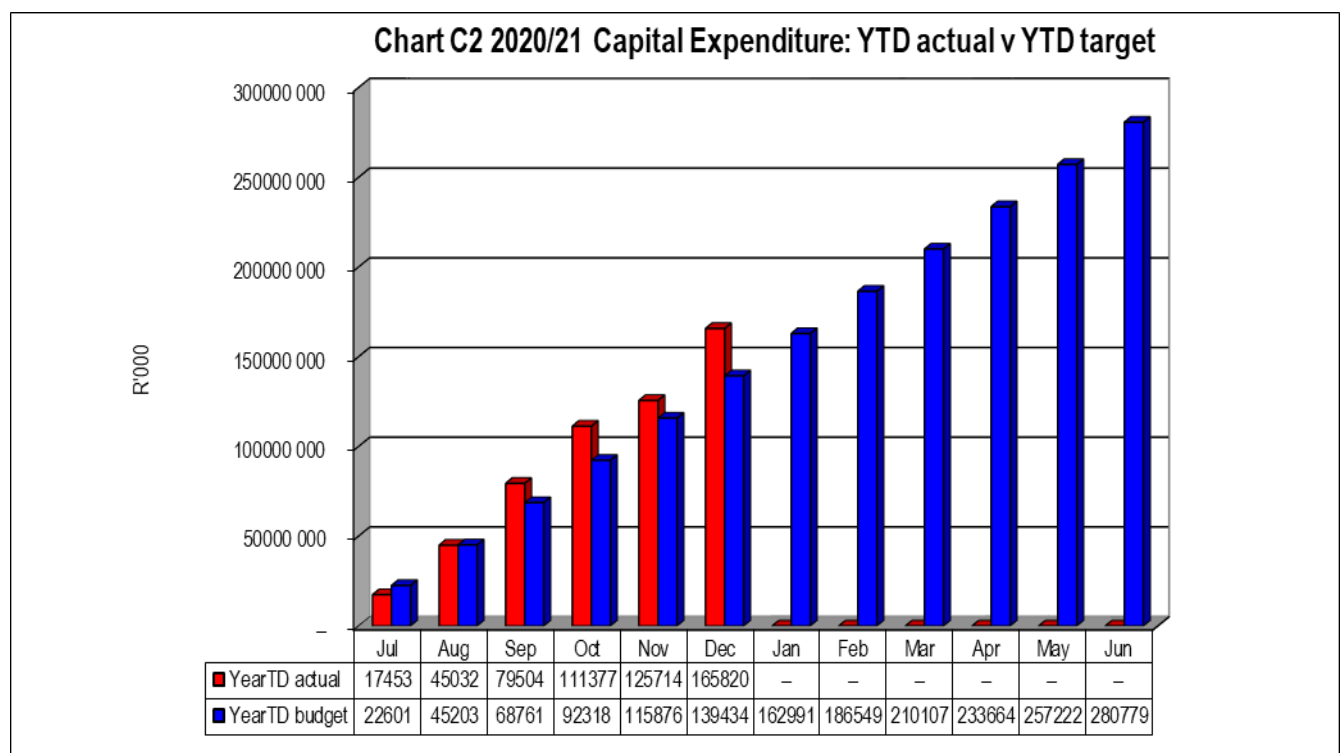
Chart C1: Capital Expenditure Monthly Trend: Actual v Target





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

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



In order for the municipality to reach its annual targets in the capital development programme, expenditure in this budget would have to maintained or increased at the trends experienced in December 2020.

## 2.9 Municipal Manager's Quality's Certification

### Quality Certificate

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


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

The performance for the month of **31 December** of **2020** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name Adelaide Nomnandi Dlamini

Municipal Manager of **Harry Gwala District Municipality (DC43)**

Signature



Date

25/01/2021