

# Harry Gwala District Municipality



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

## Table of Contents

<b>1. PART 1 – IN YEAR REPORT</b> .....	Error! Bookmark not defined.
1.1 Mayors Report.....	<b>Error! Bookmark not defined.</b>
1.2 Executive Summary.....	4
1.3 Resolutions .....	6
1.4 In Year Budget Statement Tables.....	6
1.5 Consolidated Schedules.....	16
<b>2. PART 2 – SUPPORTING DOCUMENTATION</b> .....	<b>27</b>
2.1 Debtors Analysis .....	27
2.2 Creditors Analysis .....	32
2.3 Investment Portfolio Analysis .....	32
2.4 Allocation and Grant receipts and Expenditure.....	33
2.5 Councillor and Staff Benefits.....	35
2.7 Material Variances to the SDBIP.....	39
2.8 Capital Programme Performance.....	52
2.9 Managers Quality Certificate .....	56

## **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 2019/20 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

28 January 2020

---

Councillor: Z. D. Nxumalo

Honourable Mayor: Harry Gwala DM

28 January 2020

## **1.2 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 31 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 84% 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 still 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 2019 was R261, 4million against a year to date budget of R361, 9million representing under performance of 28% due to capital expenditure which was not recognised as revenue.

## **OPERATIONAL EXPENDITURE**

The operational budget performance at midyear was 24% 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 underspent by 24% against year to date budget projections at the end of December 2019. This is an indication for a non-accelerated infrastructure expenditure programme.

It should be noted that the December Section71 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.

### **1.3 Resolutions**

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

It is recommended that the 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 28<sup>th</sup> February 2020 in terms of Municipal Budget Regulations.
6. Revise the projections for Revenue & Expenditure in the SDBIP to reflect the adjustments to the Annual Budget.

### **1.4 In Year Budget Statement Tables**

#### **Consolidated 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	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	58 421	88 392	67 065	5 151	33 846	33 533	314	1%	67 065
Investment revenue	9 202	11 161	11 161	576	4 046	5 581	(1 534)	-27%	11 161
Transfers and subsidies	366 165	366 404	359 405	71 865	215 744	179 702	36 042	20%	359 405
Other own revenue	11 587	10 440	10 440	1 181	7 809	5 220	2 589	50%	10 440
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>445 375</b>	<b>476 396</b>	<b>448 071</b>	<b>78 774</b>	<b>261 446</b>	<b>224 035</b>	<b>37 410</b>	<b>17%</b>	<b>448 071</b>
Employee costs	173 695	205 726	205 726	15 817	99 445	102 863	(3 418)	-3%	205 726
Remuneration of Councillors	6 952	7 574	7 574	648	3 504	3 787	(283)	-7%	7 574
Depreciation & asset impairment	69 605	38 192	79 590	275	275	39 795	(39 520)	-99%	79 590
Finance charges	3 752	3 522	3 522	5	1 908	1 761	147	8%	3 522
Materials and bulk purchases	49 017	30 443	25 648	4 604	11 698	12 824	(1 126)	-9%	25 648
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	221 352	184 141	202 814	21 522	81 961	101 407	(19 445)	-19%	202 814
<b>Total Expenditure</b>	<b>538 373</b>	<b>469 599</b>	<b>524 874</b>	<b>42 872</b>	<b>198 792</b>	<b>262 437</b>	<b>(63 645)</b>	<b>-24%</b>	<b>524 874</b>
<b>Surplus/(Deficit)</b>	<b>(92 998)</b>	<b>6 798</b>	<b>(76 803)</b>	<b>35 902</b>	<b>62 654</b>	<b>(38 402)</b>	<b>101 055</b>	<b>-263%</b>	<b>(76 803)</b>
Transfers and subsidies - capital (monetary allocations)	335 775	275 839	275 839	-	-	137 919	(137 919)	-100%	275 839
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>35 902</b>	<b>62 654</b>	<b>99 518</b>	<b>(36 864)</b>	<b>-37%</b>	<b>199 035</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>35 902</b>	<b>62 654</b>	<b>99 518</b>	<b>(36 864)</b>	<b>-37%</b>	<b>199 035</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>266 785</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>
Capital transfers recognised	134 240	276 203	276 063	8 336	105 213	138 032	(32 819)	-24%	276 063
Internally generated funds	14 442	6 421	4 821	-	1 340	2 410	(1 071)	-44%	4 821
<b>Total sources of capital funds</b>	<b>148 683</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>
<b>Financial position</b>									
Total current assets	118 770	282 609	282 609	-	164 620	-	-	-	282 609
Total non current assets	2 171 694	2 165 144	2 163 404	-	2 278 246	-	-	-	2 163 404
Total current liabilities	176 293	138 272	138 272	-	268 102	-	-	-	138 272
Total non current liabilities	48 140	36 242	36 242	-	43 412	-	-	-	36 242
Community wealth/Equity	2 068 565	1 990 615	1 990 615	-	2 136 353	-	-	-	1 990 615
<b>Cash flows</b>									
Net cash from (used) operating	280 806	295 470	231 948	(14 269)	114 640	115 974	1 334	1%	231 948
Net cash from (used) investing	(364 374)	(275 839)	(280 884)	(8 336)	(106 552)	(140 442)	(33 890)	24%	(280 884)
Net cash from (used) financing	(3 130)	(3 896)	(12 528)	-	-	(6 264)	(6 264)	100%	(12 528)
<b>Cash/cash equivalents at the month/year end</b>	<b>25 638</b>	<b>128 072</b>	<b>10 129</b>	<b>-</b>	<b>79 681</b>	<b>40 861</b>	<b>(38 820)</b>	<b>-95%</b>	<b>10 129</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	8 011	7 040	6 473	5 272	4 603	4 707	67 104	95 664	198 873
<b>Creditors Age Analysis</b>									
Total Creditors	9 557	2 239	0	3 450	-	-	-	-	15 246

## Financial Performance

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

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

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue - Functional</b>									
<i>Governance and administration</i>	331 363	368 310	368 310	72 335	221 362	184 155	37 207	20%	368 310
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	331 363	368 310	368 310	72 335	221 362	184 155	37 207	20%	368 310
Internal audit	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	382 421	-	-	186	186	-	186	#DIV/0!	-
Planning and development	382 421	-	-	186	186	-	186	#DIV/0!	-
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	67 365	383 925	355 599	6 253	39 898	177 800	(137 902)	-78%	355 599
Energy sources	-	7 000	-	-	-	-	-	-	-
Water management	49 012	351 168	336 240	4 361	28 793	168 120	(139 327)	-83%	336 240
Waste water management	18 353	25 757	19 359	1 892	11 105	9 679	1 426	15%	19 359
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>781 150</b>	<b>752 235</b>	<b>723 909</b>	<b>78 774</b>	<b>261 446</b>	<b>361 955</b>	<b>(100 509)</b>	<b>-28%</b>	<b>723 909</b>
<b>Expenditure - Functional</b>									
<i>Governance and administration</i>	211 835	227 394	260 243	18 213	97 060	130 122	(33 061)	-25%	260 243
Executive and council	18 100	35 385	34 546	1 395	14 343	17 273	(2 930)	-17%	34 546
Finance and administration	187 560	187 697	221 380	16 122	79 176	110 690	(31 514)	-28%	221 380
Internal audit	6 175	4 312	4 317	696	3 541	2 159	1 382	64%	4 317
<i>Community and public safety</i>	13 823	11 180	10 880	1 163	7 215	5 440	1 775	33%	10 880
Community and social services	13 823	11 180	10 880	1 163	7 215	5 440	1 775	33%	10 880
<i>Economic and environmental services</i>	167 800	116 309	141 757	7 947	29 183	70 878	(41 695)	-59%	141 757
Planning and development	167 800	116 309	141 757	7 947	29 183	70 878	(41 695)	-59%	141 757
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	144 915	114 236	111 514	15 549	65 333	55 757	9 576	17%	111 514
Energy sources	35	-	-	-	-	-	-	-	-
Water management	144 137	113 919	111 193	15 491	64 952	55 597	9 355	17%	111 193
Waste water management	742	317	321	58	381	160	221	138%	321
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	480	480	-	-	240	(240)	-100%	480
<b>Total Expenditure - Functional</b>	<b>538 373</b>	<b>469 599</b>	<b>524 874</b>	<b>42 872</b>	<b>198 792</b>	<b>262 437</b>	<b>(63 645)</b>	<b>-24%</b>	<b>524 874</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>35 902</b>	<b>62 654</b>	<b>99 518</b>	<b>(36 864)</b>	<b>-37%</b>	<b>199 035</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 2019 was R 261, 4million against a year to date budget of R 361, 9million representing under performance of 28%.

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 76% against the year to date budget which is under performed by of 24%.

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) - M06 December

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	330 039	368 310	368 310	72 306	220 786	184 155	36 631	19,9%	368 310
Vote 04 - Summary Corporate Services	445	-	-	-	150	-	150	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planing	346	-	-	186	186	-	186	#DIV/0!	-
Vote 06 - Summary Infrastructure Services	382 076	295 533	288 534	-	-	144 267	(144 267)	-100,0%	288 534
Vote 07 - Summary Water Services	68 244	88 392	67 065	6 282	40 324	33 533	6 791	20,3%	67 065
<b>Total Revenue by Vote</b>	<b>781 150</b>	<b>752 235</b>	<b>723 909</b>	<b>78 774</b>	<b>261 446</b>	<b>361 955</b>	<b>(100 509)</b>	<b>-27,8%</b>	<b>723 909</b>
<b>Expenditure by Vote</b>									
Vote 01 - Summary Council	8 421	12 958	10 971	928	5 947	5 485	462	8,4%	10 971
Vote 02 - Summary Municipal Manager	15 854	17 136	18 289	1 162	6 937	9 145	(2 208)	-24,1%	18 289
Vote 03 - Summary Budget And Treasury Office	71 176	79 233	83 866	5 487	25 545	41 933	(16 388)	-39,1%	83 866
Vote 04 - Summary Corporate Services	85 564	67 212	79 155	5 687	35 466	39 578	(4 112)	-10,4%	79 155
Vote 05 - Summary Social Services & Development Planning	47 553	62 447	57 833	7 486	26 365	28 916	(2 551)	-8,8%	57 833
Vote 06 - Summary Infrastructure Services	134 106	77 835	107 547	1 623	15 033	53 773	(38 740)	-72,0%	107 547
Vote 07 - Summary Water Services	175 699	152 777	167 212	20 498	83 499	83 606	(108)	-0,1%	167 212
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>538 373</b>	<b>469 599</b>	<b>524 874</b>	<b>42 872</b>	<b>198 792</b>	<b>262 437</b>	<b>(63 645)</b>	<b>-24,3%</b>	<b>524 874</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>35 902</b>	<b>62 654</b>	<b>99 518</b>	<b>(36 864)</b>	<b>-37,0%</b>	<b>199 035</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 2019.

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

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges - water revenue	43 001	62 635	47 706	3 633	24 904	23 853	1 051	4%	47 706
Service charges - sanitation revenue	15 419	25 757	19 359	1 519	8 942	9 679	(737)	-8%	19 359
Rental of facilities and equipment									
Interest earned - external investments	9 202	11 161	11 161	576	4 046	5 581	(1 534)	-27%	11 161
Interest earned - outstanding debtors	10 556	9 658	9 658	1 146	6 646	4 829	1 817	38%	9 658
Dividends received									
Fines, penalties and forfeits	694	-	-	35	305	-	305	#DIV/0!	-
Transfers and subsidies	366 165	366 404	359 405	71 865	215 744	179 702	36 042	20%	359 405
Other revenue	337	781	781	-	858	391	467	120%	781
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>445 375</b>	<b>476 396</b>	<b>448 071</b>	<b>78 774</b>	<b>261 446</b>	<b>224 035</b>	<b>37 410</b>	<b>17%</b>	<b>448 071</b>
<b>Expenditure By Type</b>									
Employee related costs	173 695	205 726	205 726	15 817	99 445	102 863	(3 418)	-3%	205 726
Remuneration of councillors	6 952	7 574	7 574	648	3 504	3 787	(283)	-7%	7 574
Debt impairment	19 111	25 315	25 315	-	-	12 658	(12 658)	-100%	25 315
Depreciation & asset impairment	69 605	38 192	79 590	275	275	39 795	(39 520)	-99%	79 590
Finance charges	3 752	3 522	3 522	5	1 908	1 761	147	8%	3 522
Bulk purchases	18 011	15 000	17 762	3 061	6 508	8 881	(2 373)	-27%	17 762
Other materials	31 006	15 443	7 886	1 543	5 190	3 943	1 247	32%	7 886
Contracted services	155 330	101 502	116 915	13 607	52 553	58 458	(5 905)	-10%	116 915
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	37 963	57 324	60 583	7 916	29 409	30 291	(883)	-3%	60 583
Loss on disposal of PPE	8 948	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>538 373</b>	<b>469 599</b>	<b>524 874</b>	<b>42 872</b>	<b>198 792</b>	<b>262 437</b>	<b>(63 645)</b>	<b>-24%</b>	<b>524 874</b>
<b>Surplus/(Deficit)</b>	<b>(92 998)</b>	<b>6 798</b>	<b>(76 803)</b>	<b>35 902</b>	<b>62 654</b>	<b>(38 402)</b>	<b>101 055</b>	<b>(0)</b>	<b>(76 803)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	335 775	275 839	275 839	-	-	137 919	(137 919)	(0)	275 839
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>35 902</b>	<b>62 654</b>	<b>99 518</b>			<b>199 035</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>35 902</b>	<b>62 654</b>	<b>99 518</b>			<b>199 035</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>35 902</b>	<b>62 654</b>	<b>99 518</b>			<b>199 035</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>35 902</b>	<b>62 654</b>	<b>99 518</b>			<b>199 035</b>

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

### **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.

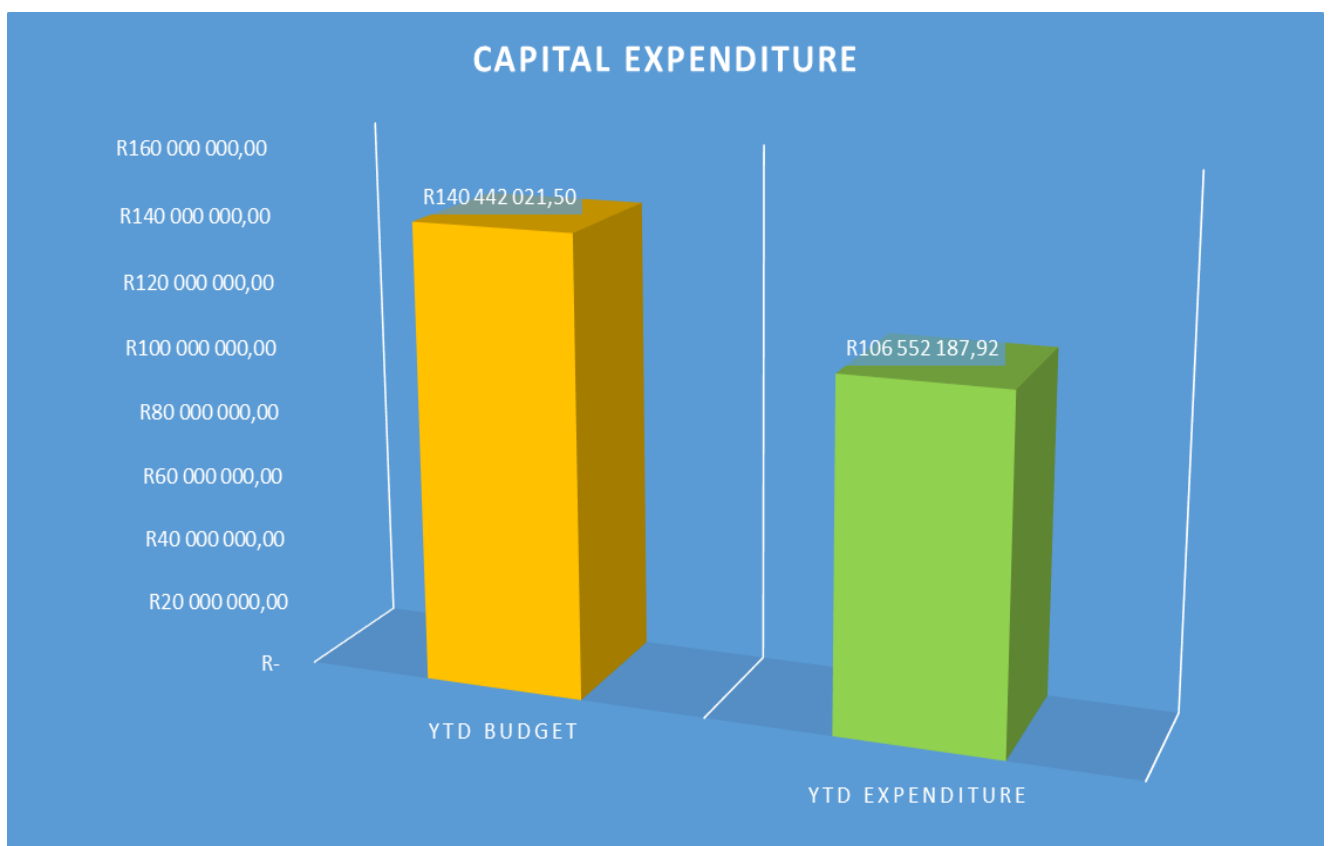
DC43 Harry Gwala - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M06

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	216 818	20 000	20 000	-	7 375	10 000	(2 625)	-26%	20 000
Vote 07 - Summary Water Services	35 525	145 243	145 243	6 713	63 251	72 622	(9 371)	-13%	145 243
<b>Total Capital Multi-year expenditure</b>	<b>252 343</b>	<b>165 243</b>	<b>165 243</b>	<b>6 713</b>	<b>70 626</b>	<b>82 622</b>	<b>(11 996)</b>	<b>-15%</b>	<b>165 243</b>
<b>Single Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	38	629	489	-	-	245	(245)	-100%	489
Vote 04 - Summary Corporate Services	10 203	4 942	3 342	-	1 340	1 671	(332)	-20%	3 342
Vote 05 - Summary Social Services & Development Planning	62	158	158	-	-	79	(79)	-100%	158
Vote 06 - Summary Infrastructure Services	4 140	-	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	111 651	111 651	1 623	34 587	55 826	(21 239)	-38%	111 651
<b>Total Capital single-year expenditure</b>	<b>14 442</b>	<b>117 381</b>	<b>115 641</b>	<b>1 623</b>	<b>35 926</b>	<b>57 820</b>	<b>(21 894)</b>	<b>-38%</b>	<b>115 641</b>
<b>Total Capital Expenditure</b>	<b>266 785</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>
<b>Capital Expenditure - Functional Classification</b>									
<b>Governance and administration</b>	<b>10 240</b>	<b>5 571</b>	<b>3 831</b>	<b>-</b>	<b>1 340</b>	<b>1 916</b>	<b>(576)</b>	<b>-30%</b>	<b>3 831</b>
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	10 240	5 571	3 831	-	1 340	1 916	(576)	-30%	3 831
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>212 808</b>	<b>158</b>	<b>158</b>	<b>-</b>	<b>-</b>	<b>79</b>	<b>(79)</b>	<b>-100%</b>	<b>158</b>
Planning and development	212 808	158	158	-	-	79	(79)	-100%	158
<b>Trading services</b>	<b>43 737</b>	<b>276 894</b>	<b>276 894</b>	<b>8 336</b>	<b>105 213</b>	<b>138 447</b>	<b>(33 235)</b>	<b>-24%</b>	<b>276 894</b>
Energy sources	-	-	-	-	-	-	-	-	-
Water management	43 737	213 071	213 071	7 727	77 117	106 535	(29 418)	-28%	213 071
Waste water management	-	63 824	63 824	609	28 095	31 912	(3 816)	-12%	63 824
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>266 785</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>
<b>Funded by:</b>									
National Government	134 240	275 978	275 838	8 336	105 213	137 919	(32 707)	-24%	275 838
Provincial Government	-	-	-	-	-	-	-	-	-
District Municipality	-	225	225	-	-	113	(113)	-100%	225
Other transfers and grants	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>134 240</b>	<b>276 203</b>	<b>276 063</b>	<b>8 336</b>	<b>105 213</b>	<b>138 032</b>	<b>(32 819)</b>	<b>-24%</b>	<b>276 063</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>14 442</b>	<b>6 421</b>	<b>4 821</b>	<b>-</b>	<b>1 340</b>	<b>2 410</b>	<b>(1 071)</b>	<b>-44%</b>	<b>4 821</b>
<b>Total Capital Funding</b>	<b>148 683</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>

The 2019/2020 mid-year capital expenditure has underspend by 24% from year to date to budget, improvement is needed in the expenditure of CAPEX as it affects the grant funding given by National and Provincial 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 R106, 5million against a YTD budget of R140, 4million. In monetary terms, these figures a represent 76% percent performance against the capital development programme as at midyear.

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

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

Description	2018/19	Budget Year 2019/20			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash	53 026	169 975	169 975	38 927	169 975
Call investment deposits	5 337	37 087	37 087	42 464	37 087
Consumer debtors	26 933	42 739	42 739	47 822	42 739
Other debtors	33 226	32 638	32 638	35 160	32 638
Current portion of long-term receivables	-	-	-	-	-
Inventory	248	171	171	248	171
<b>Total current assets</b>	<b>118 770</b>	<b>282 609</b>	<b>282 609</b>	<b>164 620</b>	<b>282 609</b>
<b>Non current assets</b>					
Investments in Associate					
Property, plant and equipment	2 170 503	2 163 828	2 162 088	2 277 055	2 162 088
Biological					
Intangible	1 191	1 316	1 316	1 191	1 316
Other non-current assets	0	0	0	0	0
<b>Total non current assets</b>	<b>2 171 694</b>	<b>2 165 144</b>	<b>2 163 404</b>	<b>2 278 246</b>	<b>2 163 404</b>
<b>TOTAL ASSETS</b>	<b>2 290 464</b>	<b>2 447 753</b>	<b>2 446 013</b>	<b>2 442 867</b>	<b>2 446 013</b>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities</b>					
Borrowing	-	(4 290)	(4 290)	(745)	(4 290)
Consumer deposits	1 768	1 740	1 740	1 837	1 740
Trade and other payables	163 525	131 248	131 248	256 010	131 248
Provisions	11 000	9 574	9 574	11 000	9 574
<b>Total current liabilities</b>	<b>176 293</b>	<b>138 272</b>	<b>138 272</b>	<b>268 102</b>	<b>138 272</b>
<b>Non current liabilities</b>					
Borrowing	29 200	13 292	13 292	24 472	13 292
Provisions	18 940	22 949	22 949	18 940	22 949
<b>Total non current liabilities</b>	<b>48 140</b>	<b>36 242</b>	<b>36 242</b>	<b>43 412</b>	<b>36 242</b>
<b>TOTAL LIABILITIES</b>	<b>224 433</b>	<b>174 514</b>	<b>174 514</b>	<b>311 514</b>	<b>174 514</b>
<b>NET ASSETS</b>	<b>2 066 030</b>	<b>2 273 239</b>	<b>2 271 499</b>	<b>2 131 353</b>	<b>2 271 499</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>					
Accumulated Surplus/(Deficit)	2 068 565	1 990 615	1 990 615	2 136 353	1 990 615
Reserves	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 068 565</b>	<b>1 990 615</b>	<b>1 990 615</b>	<b>2 136 353</b>	<b>1 990 615</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	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates							-		
Service charges	50 033	47 732	47 732	3 365	27 313	23 866	3 447	14%	47 732
Other revenue	3 816	781	781	35	1 169	391	778	199%	781
Government - operating	361 595	366 004	316 404	71 865	226 446	158 202	68 244	43%	316 404
Government - capital	312 210	275 839	275 839	-	110 000	137 919	(27 919)	-20%	275 839
Interest	9 645	9 658	11 161	390	3 860	5 581	(1 720)	-31%	11 161
Dividends							-		
<b>Payments</b>									
Suppliers and employees	(452 539)	(401 033)	(416 446)	(89 923)	(252 243)	(208 223)	44 020	-21%	(416 446)
Finance charges	(3 954)	(3 510)	(3 522)	-	(1 904)	(1 761)	143	-8%	(3 522)
Transfers and Grants							-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>280 806</b>	<b>295 470</b>	<b>231 948</b>	<b>(14 269)</b>	<b>114 640</b>	<b>115 974</b>	<b>1 334</b>	<b>1%</b>	<b>231 948</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(364 374)	(275 839)	(280 884)	(8 336)	(106 552)	(140 442)	(33 890)	24%	(280 884)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(364 374)</b>	<b>(275 839)</b>	<b>(280 884)</b>	<b>(8 336)</b>	<b>(106 552)</b>	<b>(140 442)</b>	<b>(33 890)</b>	<b>24%</b>	<b>(280 884)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Increase (decrease) in consumer deposits	200	-	-	-	-	-	-	-	-
<b>Payments</b>									
Repayment of borrowing	(3 330)	(3 896)	(12 528)	-	-	(6 264)	(6 264)	100%	(12 528)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 130)</b>	<b>(3 896)</b>	<b>(12 528)</b>	<b>-</b>	<b>-</b>	<b>(6 264)</b>	<b>(6 264)</b>	<b>100%</b>	<b>(12 528)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(86 697)</b>	<b>15 736</b>	<b>(61 464)</b>	<b>(22 605)</b>	<b>8 088</b>	<b>(30 732)</b>			<b>(61 464)</b>
Cash/cash equivalents at beginning:	112 336	112 336	71 593		71 593	71 593			71 593
Cash/cash equivalents at month/year end:	25 638	128 072	10 129		79 681	40 861			10 129



There has rather been higher than expected collection levels signalled by a collection of 64%. The increase has been attributed by the amnesty programme where consumers had 50% of their debt written off when they pay 50% of what they owe. Water restrictions 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**

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

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Service charges	58 421	88 392	67 065	5 151	33 846	33 533	314	1%	67 065
Investment revenue	9 202	11 161	11 161	390	3 860	5 581	(1 720)	-31%	11 161
Transfers and subsidies	366 165	366 404	359 405	71 865	215 744	179 702	36 042	20%	359 405
Other own revenue	11 587	10 440	10 440	1 181	7 809	5 220	2 589	50%	10 440
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>445 375</b>	<b>476 396</b>	<b>448 071</b>	<b>78 588</b>	<b>261 260</b>	<b>224 035</b>	<b>37 224</b>	<b>17%</b>	<b>448 071</b>
Employee costs	173 695	205 726	205 726	15 817	99 445	102 863	(3 418)	-3%	205 726
Remuneration of Councillors	6 952	7 574	7 574	648	3 504	3 787	(283)	-7%	7 574
Depreciation & asset impairment	69 605	38 192	79 590	-	-	39 795	(39 795)	-100%	79 590
Finance charges	3 752	3 522	3 522	-	1 904	1 761	143	8%	3 522
Materials and bulk purchases	49 017	30 443	25 648	4 604	11 698	12 824	(1 126)	-9%	25 648
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	221 352	184 141	202 814	18 947	79 387	101 407	(22 020)	-22%	202 814
<b>Total Expenditure</b>	<b>538 373</b>	<b>469 599</b>	<b>524 874</b>	<b>40 017</b>	<b>195 937</b>	<b>262 437</b>	<b>(66 500)</b>	<b>-25%</b>	<b>524 874</b>
<b>Surplus/(Deficit)</b>	<b>(92 998)</b>	<b>6 798</b>	<b>(76 803)</b>	<b>38 571</b>	<b>65 322</b>	<b>(38 402)</b>	<b>103 724</b>	<b>-270%</b>	<b>(76 803)</b>
Transfers and subsidies - capital (monetary allocations)	335 775	275 839	275 839	-	-	137 919	(137 919)	-100%	275 839
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>38 571</b>	<b>65 322</b>	<b>99 518</b>	<b>(34 195)</b>	<b>-34%</b>	<b>199 035</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>38 571</b>	<b>65 322</b>	<b>99 518</b>	<b>(34 195)</b>	<b>-34%</b>	<b>199 035</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>266 785</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>
Capital transfers recognised	134 240	276 203	276 063	8 336	105 213	138 032	(32 819)	-24%	276 063
Internally generated funds	14 442	6 421	4 821	-	1 340	2 410	(1 071)	-44%	4 821
<b>Total sources of capital funds</b>	<b>148 683</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>
<b>Financial position</b>									
Total current assets	118 770	282 609	282 609	-	162 910	-	-	-	282 609
Total non current assets	2 171 694	2 165 144	2 163 404	-	2 278 246	-	-	-	2 163 404
Total current liabilities	176 293	138 272	138 272	-	268 102	-	-	-	138 272
Total non current liabilities	48 140	36 242	36 242	-	43 412	-	-	-	36 242
Community wealth/Equity	<b>2 066 030</b>	<b>2 273 239</b>	<b>2 271 499</b>	-	<b>2 129 643</b>	-	-	-	<b>2 271 499</b>
<b>Cash flows</b>									
Net cash from (used) operating	280 806	295 470	231 948	(14 269)	114 640	115 974	1 334	1%	231 948
Net cash from (used) investing	(364 374)	(275 839)	(280 884)	(8 336)	(106 552)	(140 442)	(33 890)	24%	(280 884)
Net cash from (used) financing	(3 130)	(3 896)	(12 528)	-	-	(6 264)	(6 264)	100%	(12 528)
<b>Cash/cash equivalents at the month/year end</b>	<b>25 638</b>	<b>128 072</b>	<b>10 129</b>	<b>-</b>	<b>79 681</b>	<b>40 861</b>	<b>(38 820)</b>	<b>-95%</b>	<b>10 129</b>
<b>Debtors &amp; creditors analysis</b>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	8 011	7 040	6 473	5 272	4 603	4 707	67 104	95 664	198 873
<b>Creditors Age Analysis</b>									
Total Creditors	9 557	2 239	0	3 450	-	-	-	-	15 246

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December									
Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue - Functional</b>									
<b>Governance and administration</b>	331 363	368 310	368 310	72 335	221 362	184 155	37 207	20%	368 310
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	331 363	368 310	368 310	72 335	221 362	184 155	37 207	20%	368 310
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	382 421	-	-	-	-	-	-	-	-
Planning and development	382 421	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	67 365	383 925	355 599	6 253	39 898	177 800	(137 902)	-78%	355 599
Energy sources	-	7 000	-	-	-	-	-	-	-
Water management	49 012	351 168	336 240	4 361	28 793	168 120	(139 327)	-83%	336 240
Waste water management	18 353	25 757	19 359	1 892	11 105	9 679	1 426	15%	19 359
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>781 150</b>	<b>752 235</b>	<b>723 909</b>	<b>78 588</b>	<b>261 260</b>	<b>361 955</b>	<b>(100 695)</b>	<b>-28%</b>	<b>723 909</b>
<b>Expenditure - Functional</b>									
<b>Governance and administration</b>	211 835	227 394	260 243	18 213	97 060	130 122	(33 061)	-25%	260 243
Executive and council	18 100	35 385	34 546	1 395	14 343	17 273	(2 930)	-17%	34 546
Finance and administration	187 560	187 697	221 380	16 122	79 176	110 690	(31 514)	-28%	221 380
Internal audit	6 175	4 312	4 317	696	3 541	2 159	1 382	64%	4 317
<b>Community and public safety</b>	13 823	11 180	10 880	1 163	7 215	5 440	1 775	33%	10 880
Community and social services	13 823	11 180	10 880	1 163	7 215	5 440	1 775	33%	10 880
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	167 800	116 309	141 757	5 092	26 328	70 878	(44 550)	-63%	141 757
Planning and development	167 800	116 309	141 757	5 092	26 328	70 878	(44 550)	-63%	141 757
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	144 915	114 236	111 514	15 549	65 333	55 757	9 576	17%	111 514
Energy sources	35	-	-	-	-	-	-	-	-
Water management	144 137	113 919	111 193	15 491	64 952	55 597	9 355	17%	111 193
Waste water management	742	317	321	58	381	160	221	138%	321
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	480	480	-	-	240	(240)	-100%	480
<b>Total Expenditure - Functional</b>	<b>538 373</b>	<b>469 599</b>	<b>524 874</b>	<b>40 017</b>	<b>195 937</b>	<b>262 437</b>	<b>(66 500)</b>	<b>-25%</b>	<b>524 874</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>38 571</b>	<b>65 322</b>	<b>99 518</b>	<b>(34 195)</b>	<b>-34%</b>	<b>199 035</b>

Table C2: 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 consolidated actual year to date revenue recognised as at December 2019 was R261, 2million against a year to date budget of R361, 9million representing under performance of 72%.

Parent Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 75% against the year to date budget which is under performed by 25%.

DC43 Harry Gwala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue by Vote</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	330 039	368 310	368 310	72 306	220 786	184 155	36 631	19,9%	368 310
Vote 04 - Summary Corporate Services	445	-	-	-	150	-	150	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planning	346	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	382 076	295 533	288 534	-	-	144 267	(144 267)	-100,0%	288 534
Vote 07 - Summary Water Services	68 244	88 392	67 065	6 282	40 324	33 533	6 791	20,3%	67 065
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>781 150</b>	<b>752 235</b>	<b>723 909</b>	<b>78 588</b>	<b>261 260</b>	<b>361 955</b>	<b>(100 695)</b>	<b>-27,8%</b>	<b>723 909</b>
<b>Expenditure by Vote</b>									
Vote 01 - Summary Council	8 421	12 958	10 971	928	5 947	5 485	462	8,4%	10 971
Vote 02 - Summary Municipal Manager	15 854	17 136	18 289	1 162	6 937	9 145	(2 208)	-24,1%	18 289
Vote 03 - Summary Budget And Treasury Office	71 176	79 233	83 866	5 487	25 545	41 933	(16 388)	-39,1%	83 866
Vote 04 - Summary Corporate Services	85 564	67 212	79 155	5 687	35 466	39 578	(4 112)	-10,4%	79 155
Vote 05 - Summary Social Services & Development Planning	47 553	62 447	57 833	4 632	23 510	28 916	(5 406)	-18,7%	57 833
Vote 06 - Summary Infrastructure Services	134 106	77 835	107 547	1 623	15 033	53 773	(38 740)	-72,0%	107 547
Vote 07 - Summary Water Services	175 699	152 777	167 212	20 498	83 499	83 606	(108)	-0,1%	167 212
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>538 373</b>	<b>469 599</b>	<b>524 874</b>	<b>40 017</b>	<b>195 937</b>	<b>262 437</b>	<b>(66 500)</b>	<b>-25,3%</b>	<b>524 874</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>38 571</b>	<b>65 322</b>	<b>99 518</b>	<b>(34 195)</b>	<b>-34,4%</b>	<b>199 035</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 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges - water revenue	43 001	62 635	47 706	3 633	24 904	23 853	1 051	4%	47 706
Service charges - sanitation revenue	15 419	25 757	19 359	1 519	8 942	9 679	(737)	-8%	19 359
Rental of facilities and equipment									
Interest earned - external investments	9 202	11 161	11 161	390	3 860	5 581	(1 720)	-31%	11 161
Interest earned - outstanding debtors	10 556	9 658	9 658	1 146	6 646	4 829	1 817	38%	9 658
Dividends received									
Fines, penalties and forfeits	694	-	-	35	305	-	305	#DIV/0!	-
Transfers and subsidies	366 165	366 404	359 405	71 865	215 744	179 702	36 042	20%	359 405
Other revenue	337	781	781	-	858	391	467	120%	781
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>445 375</b>	<b>476 396</b>	<b>448 071</b>	<b>78 588</b>	<b>261 260</b>	<b>224 035</b>	<b>37 224</b>	<b>17%</b>	<b>448 071</b>
<b>Expenditure By Type</b>									
Employee related costs	173 695	205 726	205 726	15 817	99 445	102 863	(3 418)	-3%	205 726
Remuneration of councillors	6 952	7 574	7 574	648	3 504	3 787	(283)	-7%	7 574
Debt impairment	19 111	25 315	25 315	-	-	12 658	(12 658)	-100%	25 315
Depreciation & asset impairment	69 605	38 192	79 590	-	-	39 795	(39 795)	-100%	79 590
Finance charges	3 752	3 522	3 522	-	1 904	1 761	143	8%	3 522
Bulk purchases	18 011	15 000	17 762	3 061	6 508	8 881	(2 373)	-27%	17 762
Other materials	31 006	15 443	7 886	1 543	5 190	3 943	1 247	32%	7 886
Contracted services	155 330	101 502	116 915	12 856	51 802	58 458	(6 656)	-11%	116 915
Transfers and subsidies	14 000	-	-	-	-	-	-	-	-
Other expenditure	37 963	57 324	60 583	6 092	27 585	30 291	(2 707)	-9%	60 583
Loss on disposal of PPE	8 948	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>538 373</b>	<b>469 599</b>	<b>524 874</b>	<b>40 017</b>	<b>195 937</b>	<b>262 437</b>	<b>(66 500)</b>	<b>-25%</b>	<b>524 874</b>
<b>Surplus/(Deficit)</b>	<b>(92 998)</b>	<b>6 798</b>	<b>(76 803)</b>	<b>38 571</b>	<b>65 322</b>	<b>(38 402)</b>	<b>103 724</b>	<b>(0)</b>	<b>(76 803)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	335 775	275 839	275 839	-	-	137 919	(137 919)	(0)	275 839
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>38 571</b>	<b>65 322</b>	<b>99 518</b>			<b>199 035</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>38 571</b>	<b>65 322</b>	<b>99 518</b>			<b>199 035</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>38 571</b>	<b>65 322</b>	<b>99 518</b>			<b>199 035</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>242 777</b>	<b>282 636</b>	<b>199 035</b>	<b>38 571</b>	<b>65 322</b>	<b>99 518</b>			<b>199 035</b>

**Service charges** – Currently the year to date collection rate is only 57%. The actual figure is based on accrued revenue. Billing is slightly more than anticipated, however based on actual collections only R27, 3million cash is actually received

**Interest earned on outstanding receivables** – budget is based on realistically collectable 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 favourable than anticipated or projected. The municipality was unable to invest more funds during the financial year due to available cash being committed to day to day operational activities of the municipality.

**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 2019/2020 financial year. The MIG Grant allocation per DORA has been received.

#### **PARENT 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 and reduce the expenditure for overtime and transport allowance.

**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 2019.

**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 R275 130k, 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 year to date expenditure is R1, 9million.

**Bulk Purchases** – this line item pertains to bulk water purchases from Umngeni Water and Ugu District Municipality.

**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

DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Multi-Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	216 818	20 000	20 000	-	7 375	10 000	(2 625)	-26%	20 000
Vote 07 - Summary Water Services	35 525	145 243	145 243	6 713	63 251	72 622	(9 371)	-13%	145 243
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	<b>252 343</b>	<b>165 243</b>	<b>165 243</b>	<b>6 713</b>	<b>70 626</b>	<b>82 622</b>	<b>(11 996)</b>	<b>-15%</b>	<b>165 243</b>
<b>Single Year expenditure appropriation</b>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	38	629	489	-	-	245	(245)	-100%	489
Vote 04 - Summary Corporate Services	10 203	4 942	3 342	-	1 340	1 671	(332)	-20%	3 342
Vote 05 - Summary Social Services & Development Planning	62	158	158	-	-	79	(79)	-100%	158
Vote 06 - Summary Infrastructure Services	4 140	-	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	111 651	111 651	1 623	34 587	55 826	(21 239)	-38%	111 651
Vote 15 - Other	-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	<b>14 442</b>	<b>117 381</b>	<b>115 641</b>	<b>1 623</b>	<b>35 926</b>	<b>57 820</b>	<b>(21 894)</b>	<b>-38%</b>	<b>115 641</b>
<b>Total Capital Expenditure</b>	<b>266 785</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>
<b>Capital Expenditure - Functional Classification</b>									
<b>Governance and administration</b>	<b>10 240</b>	<b>5 571</b>	<b>3 831</b>	<b>-</b>	<b>1 340</b>	<b>1 916</b>	<b>(576)</b>	<b>-30%</b>	<b>3 831</b>
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	10 240	5 571	3 831	-	1 340	1 916	(576)	-30%	3 831
Internal audit	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>212 808</b>	<b>158</b>	<b>158</b>	<b>-</b>	<b>-</b>	<b>79</b>	<b>(79)</b>	<b>-100%</b>	<b>158</b>
Planning and development	212 808	158	158	-	-	79	(79)	-100%	158
<b>Trading services</b>	<b>43 737</b>	<b>276 894</b>	<b>276 894</b>	<b>8 336</b>	<b>105 213</b>	<b>138 447</b>	<b>(33 235)</b>	<b>-24%</b>	<b>276 894</b>
Energy sources	-	-	-	-	-	-	-	-	-
Water management	43 737	213 071	213 071	7 727	77 117	106 535	(29 418)	-28%	213 071
Waste water management	-	63 824	63 824	609	28 095	31 912	(3 816)	-12%	63 824
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>266 785</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</b>
<b>Funded by:</b>									
National Government	134 240	275 978	275 838	8 336	105 213	137 919	(32 707)	-24%	275 838
District Municipality	-	225	225	-	-	113	(113)	-100%	225
Other transfers and grants	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>134 240</b>	<b>276 203</b>	<b>276 063</b>	<b>8 336</b>	<b>105 213</b>	<b>138 032</b>	<b>(32 819)</b>	<b>-24%</b>	<b>276 063</b>
<b>Internally generated funds</b>	<b>14 442</b>	<b>6 421</b>	<b>4 821</b>	<b>-</b>	<b>1 340</b>	<b>2 410</b>	<b>(1 071)</b>	<b>-44%</b>	<b>4 821</b>
<b>Total Capital Funding</b>	<b>148 683</b>	<b>282 624</b>	<b>280 884</b>	<b>8 336</b>	<b>106 552</b>	<b>140 442</b>	<b>(33 890)</b>	<b>-24%</b>	<b>280 884</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 underspending for the mid-year ending 31 December 2019. The 2019/20 year



to date actual capital expenditure amounting to R106, 5million against year to date budget of R140, 4million representing 76% of the year to date budget.

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

Description	2018/19	Budget Year 2019/20			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>					
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash	53 026	169 975	169 975	37 217	169 975
Call investment deposits	5 337	37 087	37 087	42 464	37 087
Consumer debtors	26 933	42 739	42 739	47 822	42 739
Other debtors	33 226	32 638	32 638	35 160	32 638
Inventory	248	171	171	248	171
<b>Total current assets</b>	<b>118 770</b>	<b>282 609</b>	<b>282 609</b>	<b>162 910</b>	<b>282 609</b>
<b>Non current assets</b>					
Investments in Associate					
Property, plant and equipment	2 170 503	2 163 828	2 162 088	2 277 055	2 162 088
Intangible	1 191	1 316	1 316	1 191	1 316
Other non-current assets	0	0	0	0	0
<b>Total non current assets</b>	<b>2 171 694</b>	<b>2 165 144</b>	<b>2 163 404</b>	<b>2 278 246</b>	<b>2 163 404</b>
<b>TOTAL ASSETS</b>	<b>2 290 464</b>	<b>2 447 753</b>	<b>2 446 013</b>	<b>2 441 157</b>	<b>2 446 013</b>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities</b>					
Borrowing	–	(4 290)	(4 290)	(745)	(4 290)
Consumer deposits	1 768	1 740	1 740	1 837	1 740
Trade and other payables	163 525	131 248	131 248	256 010	131 248
Provisions	11 000	9 574	9 574	11 000	9 574
<b>Total current liabilities</b>	<b>176 293</b>	<b>138 272</b>	<b>138 272</b>	<b>268 102</b>	<b>138 272</b>
<b>Non current liabilities</b>					
Borrowing	29 200	13 292	13 292	24 472	13 292
Provisions	18 940	22 949	22 949	18 940	22 949
<b>Total non current liabilities</b>	<b>48 140</b>	<b>36 242</b>	<b>36 242</b>	<b>43 412</b>	<b>36 242</b>
<b>TOTAL LIABILITIES</b>	<b>224 433</b>	<b>174 514</b>	<b>174 514</b>	<b>311 514</b>	<b>174 514</b>
<b>NET ASSETS</b>	<b>2 066 030</b>	<b>2 273 239</b>	<b>2 271 499</b>	<b>2 129 643</b>	<b>2 271 499</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>					
Accumulated Surplus/(Deficit)	2 066 030	2 273 239	2 271 499	2 129 643	2 271 499
Reserves	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 066 030</b>	<b>2 273 239</b>	<b>2 271 499</b>	<b>2 129 643</b>	<b>2 271 499</b>

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

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates							-		
Service charges	50 033	47 732	47 732	3 365	27 313	23 866	3 447	14%	47 732
Other revenue	3 816	781	781	35	1 169	391	778	199%	781
Government - operating	361 595	366 004	316 404	71 865	226 446	158 202	68 244	43%	316 404
Government - capital	312 210	275 839	275 839	-	110 000	137 919	(27 919)	-20%	275 839
Interest	9 645	9 658	11 161	390	3 860	5 581	(1 720)	-31%	11 161
Dividends							-		
<b>Payments</b>									
Suppliers and employees	(452 539)	(401 033)	(416 446)	(89 923)	(252 243)	(208 223)	44 020	-21%	(416 446)
Finance charges	(3 954)	(3 510)	(3 522)	-	(1 904)	(1 761)	143	-8%	(3 522)
Transfers and Grants							-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>280 806</b>	<b>295 470</b>	<b>231 948</b>	<b>(14 269)</b>	<b>114 640</b>	<b>115 974</b>	<b>1 334</b>	<b>1%</b>	<b>231 948</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
<b>Payments</b>									
Capital assets	(364 374)	(275 839)	(280 884)	(8 336)	(106 552)	(140 442)	(33 890)	24%	(280 884)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(364 374)</b>	<b>(275 839)</b>	<b>(280 884)</b>	<b>(8 336)</b>	<b>(106 552)</b>	<b>(140 442)</b>	<b>(33 890)</b>	<b>24%</b>	<b>(280 884)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits	200	-	-	-	-	-	-	-	-
<b>Payments</b>									
Repayment of borrowing	(3 330)	(3 896)	(12 528)	-	-	(6 264)	(6 264)	100%	(12 528)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 130)</b>	<b>(3 896)</b>	<b>(12 528)</b>	<b>-</b>	<b>-</b>	<b>(6 264)</b>	<b>(6 264)</b>	<b>100%</b>	<b>(12 528)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(86 697)</b>	<b>15 736</b>	<b>(61 464)</b>	<b>(22 605)</b>	<b>8 088</b>	<b>(30 732)</b>			<b>(61 464)</b>
Cash/cash equivalents at beginning:	112 336	112 336	71 593		71 593	71 593			71 593
Cash/cash equivalents at month/year end:	25 638	128 072	10 129		79 681	40 861			10 129

## 2. PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Debtors Analysis

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

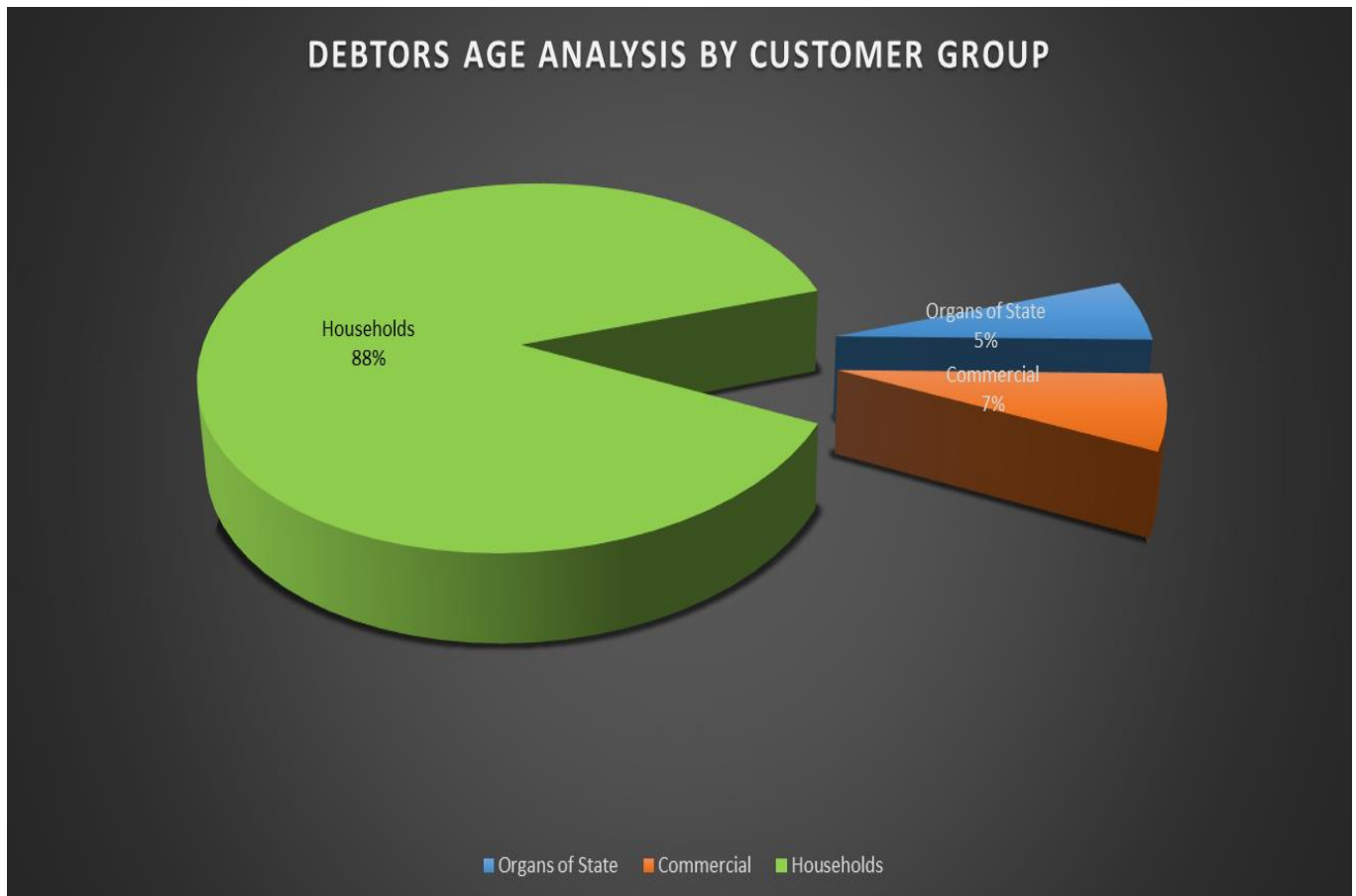
**Table 2.1.1: Debtors Age Analysis by Income Source**

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

Description	Budget Year 2019/20									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	5 142	4 519	4 155	3 384	2 955	3 022	43 076	61 409	127 661	113 845
Trade and Other Receivables from Exchange Transactions - Electricity	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	2 009	1 765	1 623	1 322	1 154	1 180	16 828	23 990	49 872	44 475
Receivables from Exchange Transactions - Waste Management	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	860	755	695	566	494	505	7 200	10 265	21 340	19 030
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Income Source</b>	<b>8 011</b>	<b>7 040</b>	<b>6 473</b>	<b>5 272</b>	<b>4 603</b>	<b>4 707</b>	<b>67 104</b>	<b>95 664</b>	<b>198 873</b>	<b>177 350</b>
<b>2018/19 - totals only</b>									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2 838	1 834	1 149	580	315	268	1 438	2 094	10 517	4 695
Commercial	849	728	1 050	460	470	444	4 291	4 526	12 818	10 190
Households	4 323	4 478	4 273	4 231	3 818	3 995	61 375	89 044	175 538	162 464
Other	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>8 011</b>	<b>7 040</b>	<b>6 473</b>	<b>5 272</b>	<b>4 603</b>	<b>4 707</b>	<b>67 104</b>	<b>95 664</b>	<b>198 873</b>	<b>177 350</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.

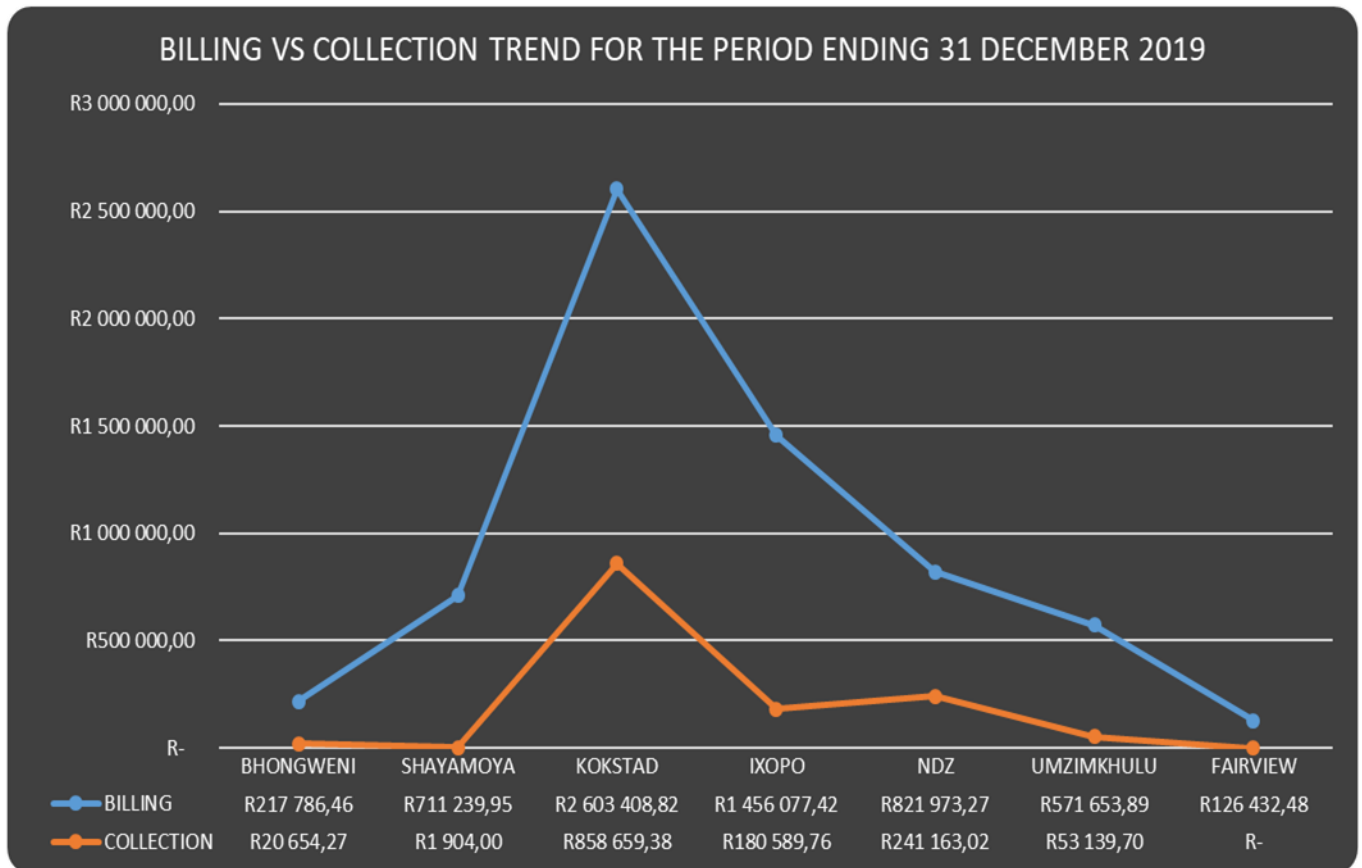
The table that follows below unpacks the revenue receipts per Local Municipality in the District

Revenue receipts per Area:

AREA	AMOUNT		
		DECEMBER 2019	NOVEMBER 2019
Unallocated receipts	R 2 008 400,74	60%	74%
Bhongweni	R 20 654,27	1%	0%
Shayamoya	R 1 904,00	0%	0%
Kokstad	R 858 659,38	26%	15%
Ixopo	R 180 589,76	5%	4%
NDZ	R 241 163,02	7%	5%
Umzimkulu	R 53 139,70	2%	1%
Fairview	R 0,00	0%	0%
<b>TOTAL RECEIPTS INCL VAT</b>	<b>R 3 364 570,87</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 2019 is R3, 3million. The mid-year collection is at R 27, 3million against mid-year billing of R 33, 8million.

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



**Debtors age analysis per service**

The municipality’s total outstanding debtors amounted to R 198 873 000 as at 31 December 2019 compared with the R 195 168 724 as at 30 November 2019. Current debt represent 4% of the total outstanding debt compared with the 5% of November 2019; 30 days and older debt 4% compared with the 3% for November 2019; 60 days and older debt 3% compared with the 3% of November 2019; and 90 days 3% compared with the 2% of November 2019; 120 days to History and older 89% compared with the 87% for November 2019.

Current debt increased with R 3,704,277 to R 198,873,000 compared with the R 195,168,724 as at 30 November 2019; 30 days + debt Increased with R 235,918; 60 days + Increased with R 1,019,624; 90 days + debt Increased with R 526,219 and 120 + days and older debt as at December 2019 has increased with R 8,105,362 to R 177,349,813 compared with the R 169,244,451 as at 30 November 2019.

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

Business debtors owes the municipality R 12,541,965 (6%); Municipal debtors R 796,724 (0.01%); domestic debtors R 144,706,281 (73%); Government accounts R 9,565,597 (5%); Indigent debtors R 27,889,601 (14%) and other debtors R 3,372,832 (2%) of the total outstanding debt of R 198,873,000. Furthermore most of the domestic debt and other debt will be irrecoverable and most probably will also have to be written off.

## 2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2019

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

Description	Budget Year 2019/20								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity									-
Bulk Water	4 263	1 986	0	-					6 250
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	5 294	252	-	3 450					8 996
Auditor General									-
Other									-
<b>Total By Customer Type</b>	<b>9 557</b>	<b>2 239</b>	<b>0</b>	<b>3 450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 246</b>

## 2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short term investments balances broken down per investment type as at 31 December 2019.



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

Investments by maturity Name of institution & investment ID	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands												
<b>Municipality</b>												
FIRST NATIONAL BANK	CALL ACCOUNT							7 464	54	(6 730)	-	789
FIRST NATIONAL BANK	CALL ACCOUNT							24 801	63	(23 976)	879	1 767
FIRST NATIONAL BANK	ADMIN CALL							1 592	6	(1 200)	36 000	36 398
INVESTEC	FIXED DEPOSIT							4 954	12	(2 900)	-	2 065
FIRST NATIONAL BANK	FIXED DEPOSIT							46 775	196	(25 221)	-	21 751
FIRST NATIONAL BANK	CALL ACCOUNT							3 630	15	(129)	-	3 515
FIRST NATIONAL BANK	CALL ACCOUNT							5 923	17	(2 839)	-	3 100
FIRST NATIONAL BANK	CALL ACCOUNT							4 413	22	(2 768)	5 000	6 667
FIRST NATIONAL BANK	FIXED DEPOSIT							1 017	4	-	-	1 021
CURRENT ACCOUNT								1 716		892	-	2 607
<b>Municipality sub-total</b>								<b>102 285</b>	<b>388</b>	<b>(64 872)</b>	<b>41 879</b>	<b>79 681</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>								<b>102 285</b>	<b>388</b>	<b>(64 872)</b>	<b>41 879</b>	<b>79 681</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	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	325 110	371 320	371 321	71 865	222 117	183 827	38 290	20,8%	372 321
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	318 074	345 309	345 309	71 865	215 744	172 655	43 090	25,0%	345 309
Expanded Public Works Programme Integrated Grant	5 036	10 632	10 632	-	3 722	5 316	(1 594)	-30,0%	10 632
Integrated National Electrification Programme Grant	-	7 000	7 000	-	-	1 167	(1 167)	-100,0%	7 000
Local Government Financial Management Grant	2 000	1 000	1 000	-	1 000	1 000	0	0,0%	2 000
Municipal Infrastructure Grant	-	5 022	5 022	-	-	2 511	(2 511)	-100,0%	5 022
Rural Road Asset Management Systems Grant	-	2 357	2 358	-	1 651	1 179	472	40,1%	2 358
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	43 783	-	-	-	-	-	-	-	-
Other	43 783	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>	791	400	400	-	-	200	(200)	-100,0%	400
Development Planned Shared Services	791	400	400	-	-	200	(200)	-100,0%	400
<b>Total Operating Transfers and Grants</b>	<b>369 683</b>	<b>371 720</b>	<b>371 721</b>	<b>71 865</b>	<b>222 117</b>	<b>184 027</b>	<b>38 090</b>	<b>20,7%</b>	<b>372 721</b>
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	286 326	275 839	275 839	-	110 000	107 919	2 081	1,9%	275 839
Equitable Share	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	152 755	195 839	195 839	-	50 000	97 919	(47 919)	-48,9%	195 839
Municipal Water Infrastructure Grant	63 571	60 000	60 000	-	45 000	-	45 000	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	70 000	20 000	20 000	-	15 000	10 000	5 000	50,0%	20 000
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	60 000
[insert description]	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>286 326</b>	<b>275 839</b>	<b>275 839</b>	<b>-</b>	<b>110 000</b>	<b>107 919</b>	<b>2 081</b>	<b>1,9%</b>	<b>275 839</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>656 009</b>	<b>647 558</b>	<b>647 559</b>	<b>71 865</b>	<b>332 117</b>	<b>291 946</b>	<b>40 171</b>	<b>13,8%</b>	<b>648 559</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	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	522 942	457 774	513 013	39 249	186 094	247 091	(60 996)	-24,7%	513 013
Energy Efficiency and Demand Side Management Grant	-	7 000	-	-	-	1 167	(1 167)	-100,0%	-
Equitable Share	474 426	425 735	490 079	39 010	184 506	234 106	(49 601)	-21,2%	490 079
Expanded Public Works Programme Integrated Grant	358	15 878	15 883	55	304	7 941	(7 637)	-96,2%	15 883
Local Government Financial Management Grant	1 371	1 782	1 793	183	608	895	(286)	-32,0%	1 793
Municipal Infrastructure Grant	29 839	5 022	5 022	-	440	2 511	(2 071)	-82,5%	5 022
Municipal Systems Improvement Grant	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	2 003	2 357	237	-	237	472	(235)	-49,8%	237
Water Services Infrastructure Grant	14 945	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	1 332	-	-	-	-	-	-	-	-
Development Planning and Shared Services	1 332	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	15 709	15 709	-	5 000	7 854	(2 854)	-36,3%	15 709
Specify (Add grant description)	-	15 709	15 709	-	5 000	7 854	(2 854)	-36,3%	15 709
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	<b>524 274</b>	<b>473 483</b>	<b>528 721</b>	<b>39 249</b>	<b>191 094</b>	<b>254 945</b>	<b>(63 851)</b>	<b>-25,0%</b>	<b>528 721</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	134 240	275 978	275 838	8 336	105 213	137 954	(32 742)	-23,7%	275 838
Local Government Financial Management Grant	-	140	-	-	-	35	(35)	-100,0%	-
Municipal Infrastructure Grant	10 090	195 838	195 838	2 585	60 109	97 919	(37 811)	-38,6%	195 838
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	65 476	20 000	20 000	-	7 375	10 000	(2 625)	-26,2%	20 000
Water Services Infrastructure Grant	58 674	60 000	60 000	5 751	37 729	30 000	7 729	25,8%	60 000
<b>Provincial Government:</b>	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	225	225	-	-	112	(112)	-100,0%	225
Specify (Add grant description)	-	225	225	-	-	112	(112)	-100,0%	225
<b>Other grant providers:</b>	-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	<b>134 240</b>	<b>276 203</b>	<b>276 063</b>	<b>8 336</b>	<b>105 213</b>	<b>138 067</b>	<b>(32 854)</b>	<b>-23,8%</b>	<b>276 063</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>658 515</b>	<b>749 686</b>	<b>804 785</b>	<b>47 585</b>	<b>296 307</b>	<b>393 012</b>	<b>(96 705)</b>	<b>-24,6%</b>	<b>804 785</b>

## 2.5 Councillor and Staff Benefits

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

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

Summary of Employee and Councillor remuneration	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	4 538	5 691	5 691	425	2 250	2 846	(596)	-21%	5 691
Pension and UIF Contributions	581	254	254	40	240	127	113	89%	254
Medical Aid Contributions	96	45	45	4	26	22	3	15%	45
Motor Vehicle Allowance	45	-	-	-	-	-	-	-	-
Cellphone Allowance	534	372	372	54	286	186	100	54%	372
Other benefits and allowances	1 159	1 212	1 212	125	702	606	96	16%	1 212
<b>Sub Total - Councillors</b>	<b>6 952</b>	<b>7 574</b>	<b>7 574</b>	<b>648</b>	<b>3 504</b>	<b>3 787</b>	<b>(283)</b>	<b>-7%</b>	<b>7 574</b>
% increase		8,9%	8,9%						8,9%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	4 005	5 660	5 660	275	1 649	2 830	(1 181)	-42%	5 660
Pension and UIF Contributions	10	8	8	1	4	4	1	18%	8
Medical Aid Contributions	91	1 021	1 021	9	54	510	(456)	-89%	1 021
Performance Bonus	146	-	-	-	53	-	53	#DIV/0!	-
Motor Vehicle Allowance	883	941	941	69	416	470	(55)	-12%	941
Cellphone Allowance	91	785	785	8	47	392	(346)	-88%	785
Housing Allowances	129	110	110	13	77	55	22	40%	110
Other benefits and allowances	110	117	117	30	181	59	122	208%	117
Payments in lieu of leave	22	353	353	-	-	177	(177)	-100%	353
<b>Sub Total - Senior Managers of Municipality</b>	<b>5 488</b>	<b>8 995</b>	<b>8 995</b>	<b>405</b>	<b>2 481</b>	<b>4 497</b>	<b>(2 016)</b>	<b>-45%</b>	<b>8 995</b>
% increase		63,9%	63,9%						63,9%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	99 979	103 251	103 251	8 959	53 589	51 625	1 964	4%	103 251
Pension and UIF Contributions	14 873	12 905	12 905	1 337	8 080	6 453	1 627	25%	12 905
Medical Aid Contributions	7 261	5 136	5 136	664	4 006	2 568	1 438	56%	5 136
Overtime	22 215	19 704	19 704	2 079	11 974	9 852	2 122	22%	19 704
Performance Bonus	6 855	9 704	9 704	607	3 548	4 852	(1 304)	-27%	9 704
Motor Vehicle Allowance	13 814	12 641	12 641	1 202	7 244	6 321	923	15%	12 641
Cellphone Allowance	699	734	734	64	392	367	25	7%	734
Housing Allowances	413	1 442	1 442	40	240	721	(482)	-67%	1 442
Other benefits and allowances	3 514	18 178	18 178	400	2 412	9 089	(6 677)	-73%	18 178
Payments in lieu of leave	1 967	1 419	1 419	61	410	709	(299)	-42%	1 419
Long service awards	626	314	314	-	69	157	(88)	-56%	314
Post-retirement benefit obligations	(4 009)	2 099	2 099	-	-	1 050	(1 050)	-100%	2 099
<b>Sub Total - Other Municipal Staff</b>	<b>168 207</b>	<b>187 528</b>	<b>187 528</b>	<b>15 413</b>	<b>91 964</b>	<b>93 764</b>	<b>(1 800)</b>	<b>-2%</b>	<b>187 528</b>
% increase		11,5%	11,5%						11,5%
<b>Total Parent Municipality</b>	<b>180 647</b>	<b>204 097</b>	<b>204 097</b>	<b>16 466</b>	<b>97 949</b>	<b>102 049</b>	<b>(4 100)</b>	<b>-4%</b>	<b>204 097</b>
		13,0%	13,0%						13,0%
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>									
<b>Board Members of Entities</b>									
Basic Salaries and Wages	-	350	350	-	-	175	(175)	-100%	350
<b>Sub Total - Board Members of Entities</b>	<b>-</b>	<b>350</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>(175)</b>	<b>-100%</b>	<b>350</b>
% increase		#DIV/0!	#DIV/0!						#DIV/0!
<b>Senior Managers of Entities</b>									
Basic Salaries and Wages	-	1 100	1 100	-	-	550	(550)	-100%	1 100
<b>Sub Total - Senior Managers of Entities</b>	<b>-</b>	<b>1 100</b>	<b>1 100</b>	<b>-</b>	<b>-</b>	<b>550</b>	<b>(550)</b>	<b>-100%</b>	<b>1 100</b>
% increase		#DIV/0!	#DIV/0!						#DIV/0!
<b>Other Staff of Entities</b>									
Basic Salaries and Wages	-	5 283	5 283	-	5 000	2 642	2 359	89%	5 283
Pension and UIF Contributions	-	1 380	1 380	-	-	690	(690)	-100%	1 380
Medical Aid Contributions	-	450	450	-	-	225	(225)	-100%	450
Performance Bonus	-	500	500	-	-	250	(250)	-100%	500
Other benefits and allowances	-	100	100	-	-	50	(50)	-100%	100
Payments in lieu of leave	-	40	40	-	-	20	(20)	-100%	40
<b>Sub Total - Other Staff of Entities</b>	<b>-</b>	<b>7 753</b>	<b>7 753</b>	<b>-</b>	<b>5 000</b>	<b>3 876</b>	<b>1 124</b>	<b>29%</b>	<b>7 753</b>
% increase		#DIV/0!	#DIV/0!						#DIV/0!
<b>Total Municipal Entities</b>	<b>-</b>	<b>9 203</b>	<b>9 203</b>	<b>-</b>	<b>5 000</b>	<b>4 602</b>	<b>398</b>	<b>9%</b>	<b>9 203</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>180 647</b>	<b>213 300</b>	<b>213 300</b>	<b>16 466</b>	<b>102 949</b>	<b>106 650</b>	<b>(3 701)</b>	<b>-3%</b>	<b>213 300</b>
% increase		18,1%	18,1%						18,1%
<b>TOTAL MANAGERS AND STAFF</b>	<b>173 695</b>	<b>205 376</b>	<b>205 376</b>	<b>15 817</b>	<b>99 445</b>	<b>102 688</b>	<b>(3 243)</b>	<b>-3%</b>	<b>205 376</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 2019/20												2019/20 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 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>															
<b>Cash Receipts By Source</b>															
Property rates												-			
Service charges - water revenue	3 341	3 133	3 401	3 529	3 385	2 355	1 200	1 500	1 789	2 456	2 700	5 034	33 823	36 089	38 507
Service charges - sanitation revenue	1 432	1 343	1 457	1 502	1 451	1 009	1 200	970	1 200	1 087	1 100	158	13 909	14 842	15 838
Interest earned - external investments	354	969	910	673	565	390	-	1 617	810	713	1 677	981	9 658	10 238	10 852
Interest earned - outstanding debtors												-			
Transfer receipts - operating	145 208	3 980		3 000	2 393	71 865	-	595	138 842	-	121	-	366 004	381 076	411 995
Other revenue		276		-	858						(352)		781	823	867
<b>Cash Receipts by Source</b>	<b>150 335</b>	<b>9 700</b>	<b>5 768</b>	<b>8 703</b>	<b>8 651</b>	<b>75 620</b>	<b>2 400</b>	<b>4 682</b>	<b>142 641</b>	<b>4 256</b>	<b>5 598</b>	<b>5 821</b>	<b>424 175</b>	<b>443 068</b>	<b>478 060</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	50 000	40 000	-	-	20 000				165 839				275 839	302 870	358 946
Contributions & Contributed assets															
Change in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>200 335</b>	<b>49 700</b>	<b>5 768</b>	<b>8 703</b>	<b>28 651</b>	<b>75 620</b>	<b>2 400</b>	<b>4 682</b>	<b>308 480</b>	<b>4 256</b>	<b>5 598</b>	<b>5 821</b>	<b>700 014</b>	<b>745 938</b>	<b>837 006</b>
<b>Cash Payments by Type</b>															
Employee related costs	20 661	16 041	15 717	15 786	15 422	15 817	15 529	17 706	13 450	16 066	15 906	25 278	203 380	218 433	234 679
Remuneration of councillors	443	461	602	663	686	648	592	592	940	633	633	681	7 574	8 180	8 834
Interest paid						-	40	(2)	22	22	24	3 403	3 510	3 700	3 899
Bulk purchases - Water & Sewer		839	3 601	(993)		3 061	1 275	1 244	1 209	1 307	1 263	2 194	15 000	15 810	16 664
Other materials			462	1 366	1 796	1 543					12 046	-	17 213	16 035	16 901
Contracted services	5 912	5 127	8 229	11 258	7 581	13 607	1 769	9 567	8 275	7 586	8 333	4 116	91 360	94 212	99 437
General expenses	(5 158)	21 399	11 831	4 685	2 595	7 916	3 020	2 675	7 879	2 736	3 403	3 526	66 506	56 719	62 092
<b>Cash Payments by Type</b>	<b>21 858</b>	<b>43 867</b>	<b>40 442</b>	<b>32 765</b>	<b>28 081</b>	<b>42 592</b>	<b>22 225</b>	<b>31 784</b>	<b>31 775</b>	<b>28 350</b>	<b>41 609</b>	<b>39 197</b>	<b>404 543</b>	<b>413 089</b>	<b>442 506</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	15 134	13 021	17 935	15 692	36 401	8 336	5 213	8 696	13 973	29 714	28 234	83 490	275 839	276 162	326 406
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	3 896	3 896	4 323	2 338
<b>Total Cash Payments by Type</b>	<b>36 991</b>	<b>56 888</b>	<b>58 377</b>	<b>48 456</b>	<b>64 481</b>	<b>50 928</b>	<b>27 437</b>	<b>40 480</b>	<b>45 748</b>	<b>58 064</b>	<b>69 843</b>	<b>126 583</b>	<b>684 278</b>	<b>693 574</b>	<b>771 249</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>163 344</b>	<b>(7 188)</b>	<b>(52 609)</b>	<b>(39 753)</b>	<b>(35 830)</b>	<b>24 692</b>	<b>(25 037)</b>	<b>(35 798)</b>	<b>262 732</b>	<b>(53 809)</b>	<b>(64 245)</b>	<b>(120 762)</b>	<b>15 736</b>	<b>52 364</b>	<b>65 756</b>
Cash/cash equivalents at the month/year beginning:	112 336	275 679	268 491	215 882	176 129	140 299	164 991	139 953	104 155	366 887	313 078	248 834	112 336	128 072	180 436
Cash/cash equivalents at the month/year end:	275 679	268 491	215 882	176 129	140 299	164 991	139 953	104 155	366 887	313 078	248 834	128 072	128 072	180 436	246 192

## **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 2019.

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

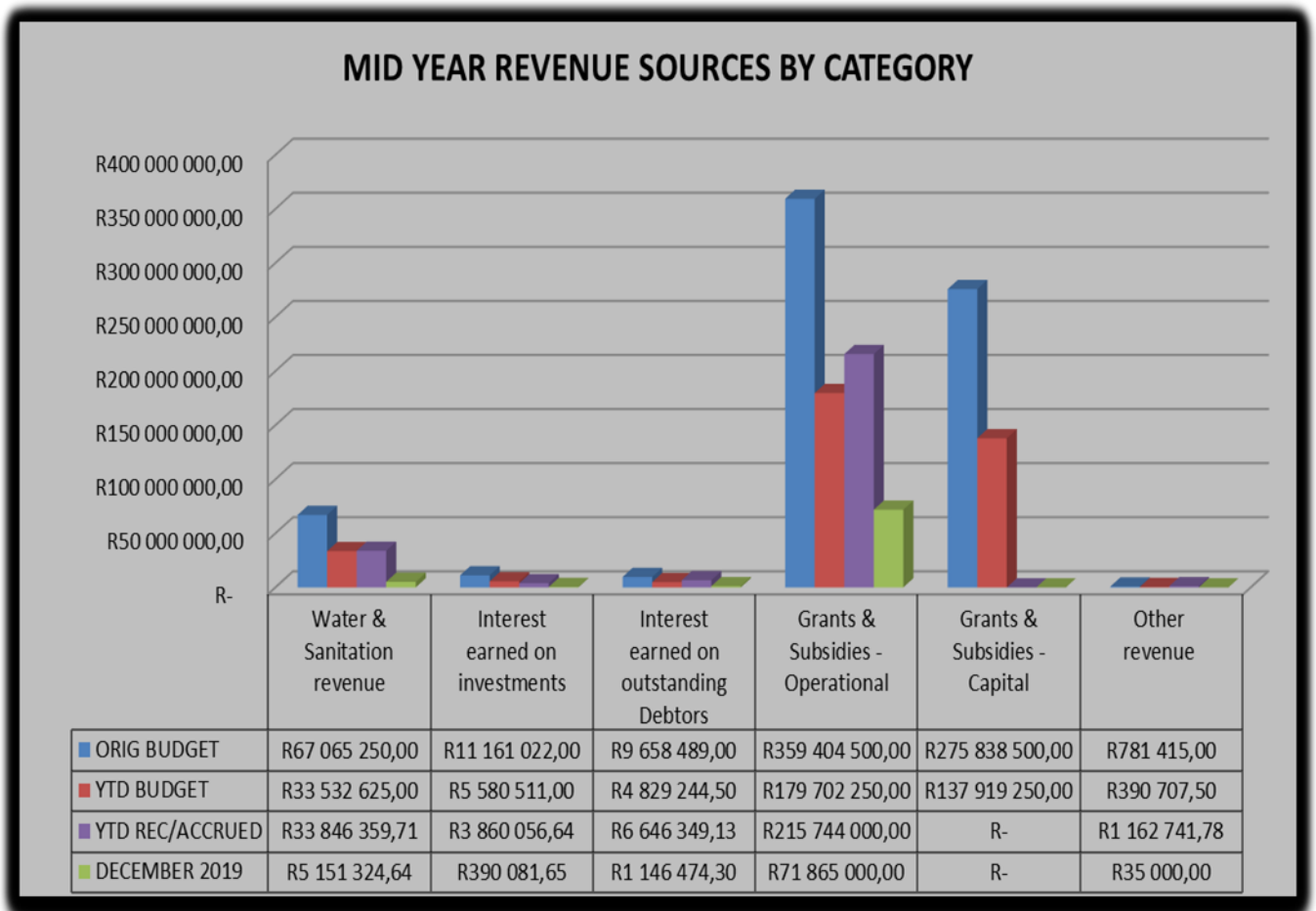
Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
<b>R thousands</b>			
<b>Revenue By Source</b>			
Service charges - water revenue	4%	The municipal billing exceeded the projections due to faulty meters that were fixed and installed the new meters and indigent household are the only one receiving 6kl free as opposite to every household per the budgeted figures	No adjustment budget will be effected
Service charges - sanitation revenue	-8%	The municipal billing exceeded the projections due to faulty meters that were fixed and installed the new meters and indigent household are the only one receiving 6kl free as opposite to every household per the budgeted figures	No adjustment budget will be effected
Interest earned - external investments	-27%	Due to cas flow situation the municipality is unable to invest more funds	Downward adustment
Interest earned - outstanding debtors	38%	Increased due to higher debtors balance than anticipated as a result of defaulting customers.	Adjust budget upward
Transfers and subsidies	20%	All grants received as per Division of Revenue bill	No adjustment needed only projections need to be revised
Other revenue	120%	The municipality advertised more tenders in the current financial year and the tender documents were sold	Adjust budget upward
<b>Expenditure By Type</b>			
Employee related costs	-3%	The actual is within the projected budget , however it must be noted with great concer that overtime and transport costs are causing proble and they need to be reduced	No adjustment needed
Remuneration of councillors	-7%	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 2018.	No adjustment needed
Debtimpairment	-100%	Debt impairment only adjusted on a annual basis due to the complexity in the provision calculation	Timeuos processing of journals
Depreciation & asset impairment	-99%	Depreciation not yet processed due to the none alighment of MSCOA versions bewtween the main financial system and asset management module resulting in errors when updating the asset management module.	Process journals monthly
Finance charges		The budget for finance charges was only for ABSA Loan and Finance lease was not catered for and there was a expendiure that was incurred for finance lease	Upward adjustment will be effected
Bulk purchases	-27%	There was invoices processed under bulk water purcheses for management fees and the municipality need to correct the misallocation when preparing the adjustment budget	No adjustment budget will be effected
Other materials	32%	The budget was moved to contracted and the description was corrected therefore the municipality need to move expenditure to maintenance	Transfer of actual expenditure from other materials to contracted services
Contracted services	-10%	The actual is within the projected budget although the municipality still need to do analysis and negotiate with service providers to reduce costs	downward adjustment
Other expenditure	-3%	reduce expenditure due to cost containment measures and unfunded budget	downward adjustment
<b>Capital Expenditure</b>			
National Government	-24%	Supply chain processes	No adjustments needed
Internally generated funds	-44%	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 2019 was R33, 8million against a year to date **budget** of R33, 5million. This represents over performance in municipal billing by 1%. 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. The reason for billing exceeded the projections is because of the tariffs increase, faulty meters were fixed and installed the new ones and not every household is getting 6kl free only indigent. There is no adjustment needed.

*Adjustment Budget Implications:* None

## **Interest Earned on External Investments**

The actual interest earned on external investments as at midyear is under performed by 5% (R1 720 454) less than the year to date projected budget. The negative variance was as a result of a reduction of investment (unable to invest more funds) during the financial year due to available cash being committed to day to day operational activities of the municipality.

*Adjustment Budget Implications:* A down ward adjustment is required

## **Transfers Recognised - Operational**

The operational grants revenue of R215, 7million against a budget of R179, 7million is largely attributable to the YTD equitable share received of R215, 7million while the balance relates to conditions met on conditional grant funding. Transfers recognised relates to the gazetted operational grants the municipality receives from the National

Government. The need for adjustment of this source of revenue is only when there is changes in DoRA allocations for the municipality issued by National Government and also when the municipality received approval for roll-over of the unspent conditional grants allocation.

*Adjustment Budget Implications:* None

### **Transfers Recognised – Capital**

The actual R106, 5million (against a YTD budget of R140, 4million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 24% under performance in Conditional Capital grant funding expenditures.

The municipality received a rejection from Treasury to roll-over the unspent conditional grants as at 30 June 2019 based on the letter of application submitted in August 2019 and therefore adjustment was made on the adjustment budget that was tabled to Council in November 2019.

*Adjustment Budget Implications:* None

### **Other Revenue**

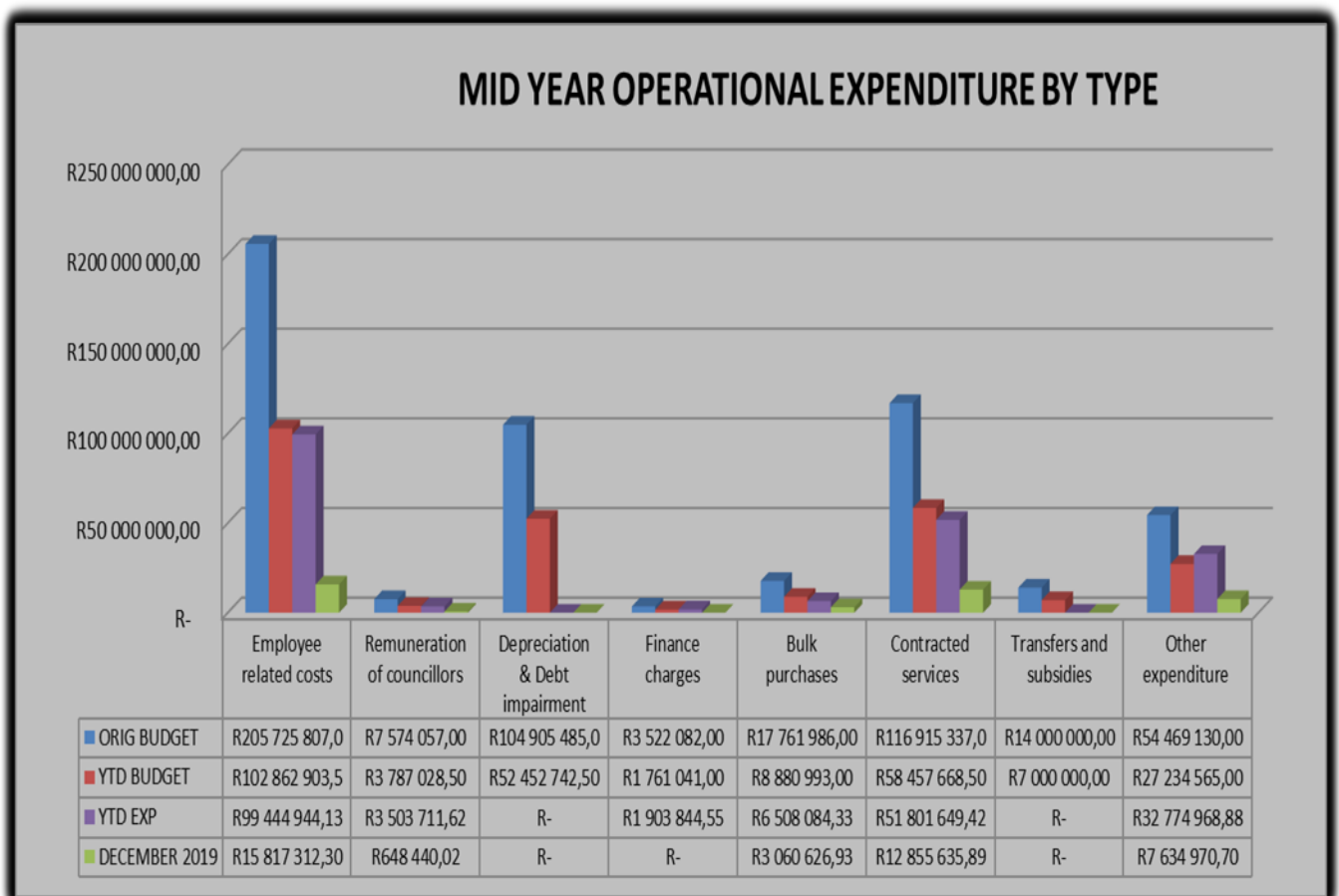
The YTD actual of other revenue is R857 942 against year to date budget of R390 708. Other revenue results from the sale of Tender Documents, water tanker hire, water sales and revenue generated by the Harry Gwala Agency. Other revenue has over performed by R467 235. An upward adjustment of this budget would be necessary.

*Adjustment Budget Implications:* An upward adjustment would be necessary.

## 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 YTD budget for employee related costs is R102, 8million against a YTD actual of R99, 4million. The performance of this line item of expenditure is slightly below the projected expenditure for the first half of the financial year and this resulted in under spending variance of 3%. The municipality need to reduce the level of spending on overtime per department.

*Adjustment Budget Implications: None*

### **Remuneration of Councillors**

The remuneration of councillor's expenditure as at 31 December 2019 was R3, 5million against a year to budget of R3, 7million. An underperformance of 7% on this line item mainly due to the fact that the adjustments of the Councillor Allowance in line with the determination is often undertaken in the third quarter.

*Adjustment Budget Implications: None*

### **Finance Charges**

As at midyear, the finance charges budget has been overspent by 9%. The municipality has leased vehicles for its daily operations in the form of operating and finance lease. The amortisation schedules were not presented at the time of finalizing the budget therefore the municipality did not have accurate figures for this expenditure item and as a result, the budget thereof was materially understated

*Adjustment Budget Implications:* An increase in this line item budget would have to be implemented.

### **Bulk Purchases**

The expenditure on Bulk Water purchases has underspent by R2, 3million at mid-year when comparing to the year to date actual of R 6, 5million against year to budget of R 8, 8million.

*Adjustment Budget Implications:* No adjustment budget will be made on this line item

### **Other Expenditure**

The year to date actual is R32, 7million against year to date budget of R 27, 2million citing an over expenditure of R5, 5million

*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.

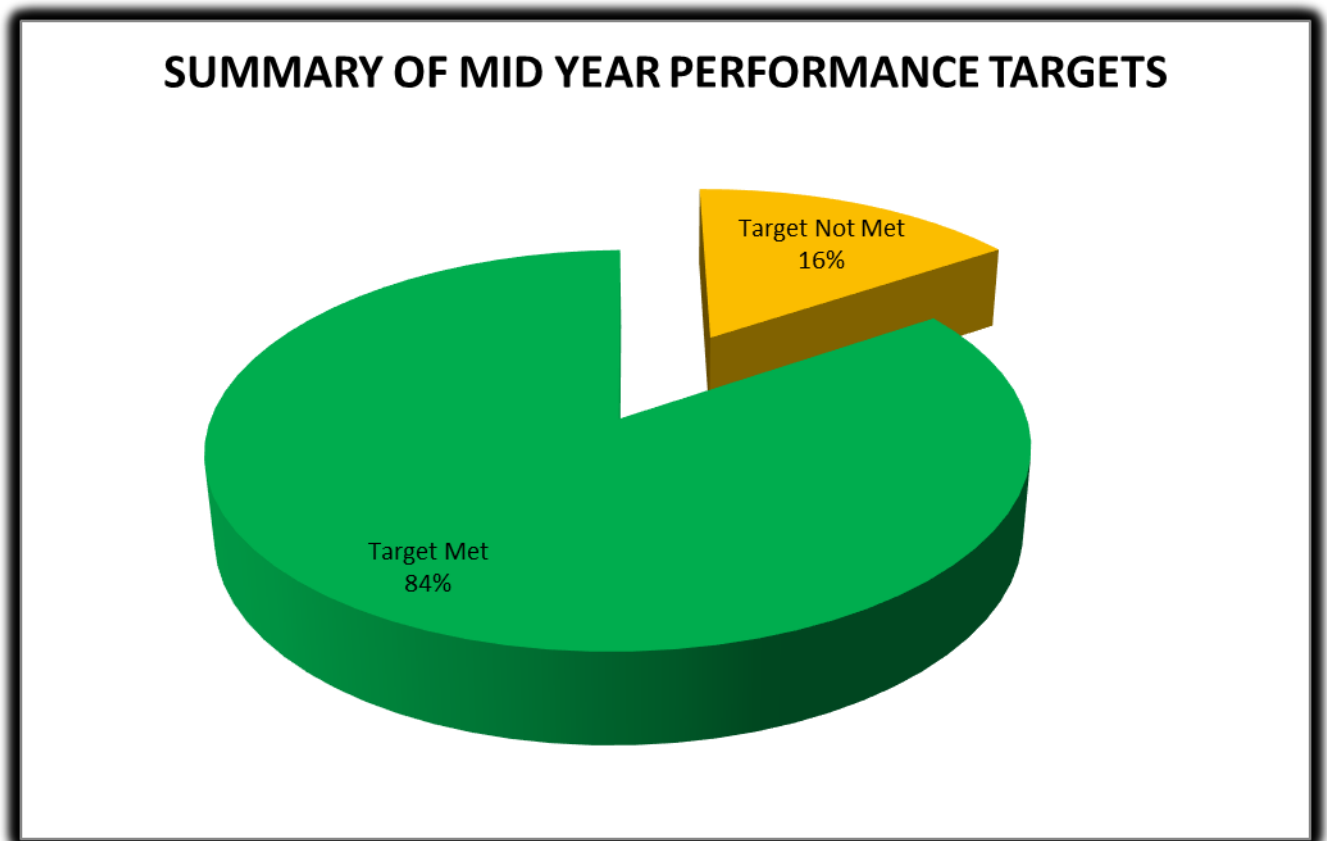


Chart 5 above provides a summary of the targets achieved or met (84%) as well the targets not met (16%). It can be stated that the performance of the municipality at midyear is above average; however there is still more room for improvement. There are reasons why some of the targets could not be met, 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 1 6% 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**

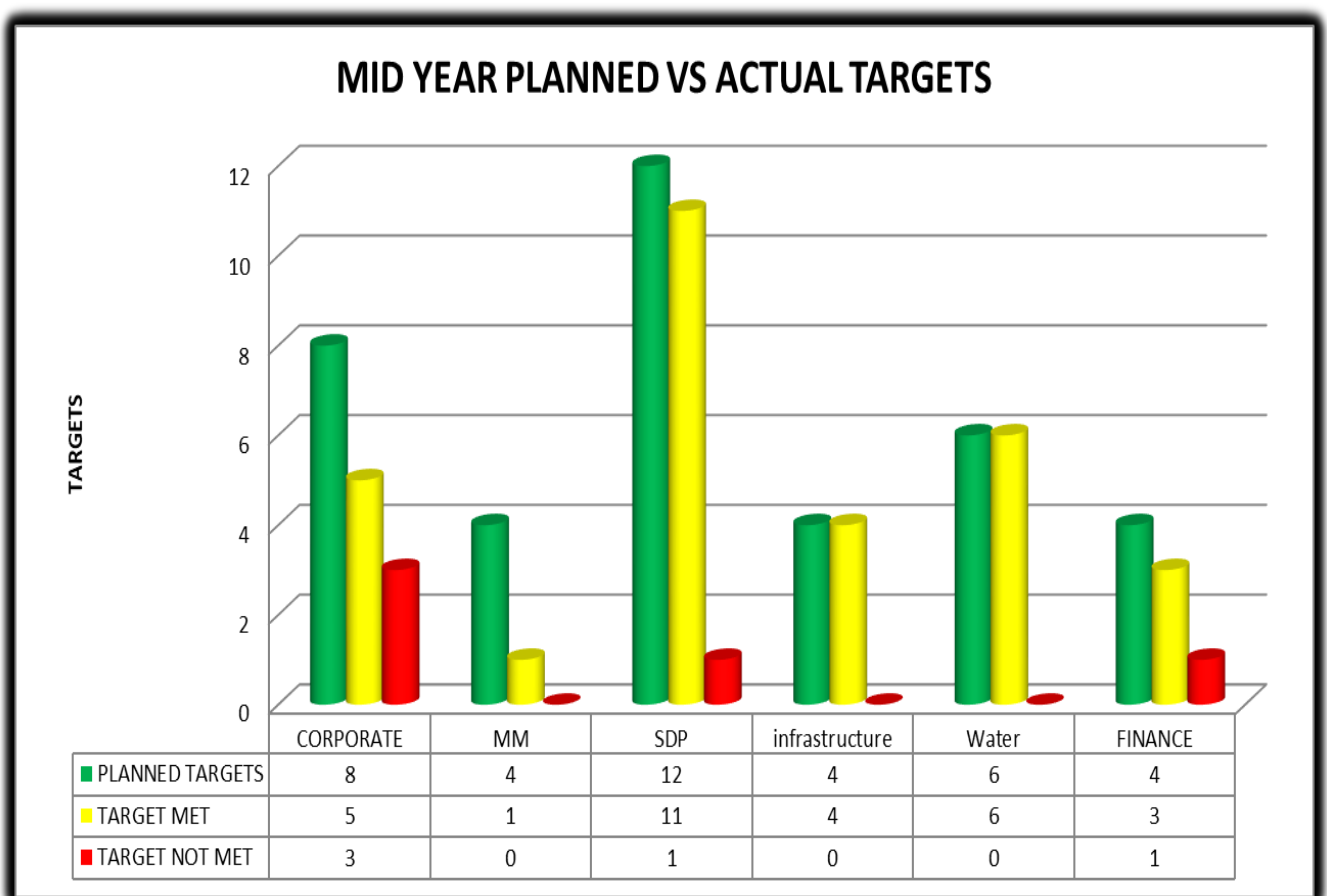
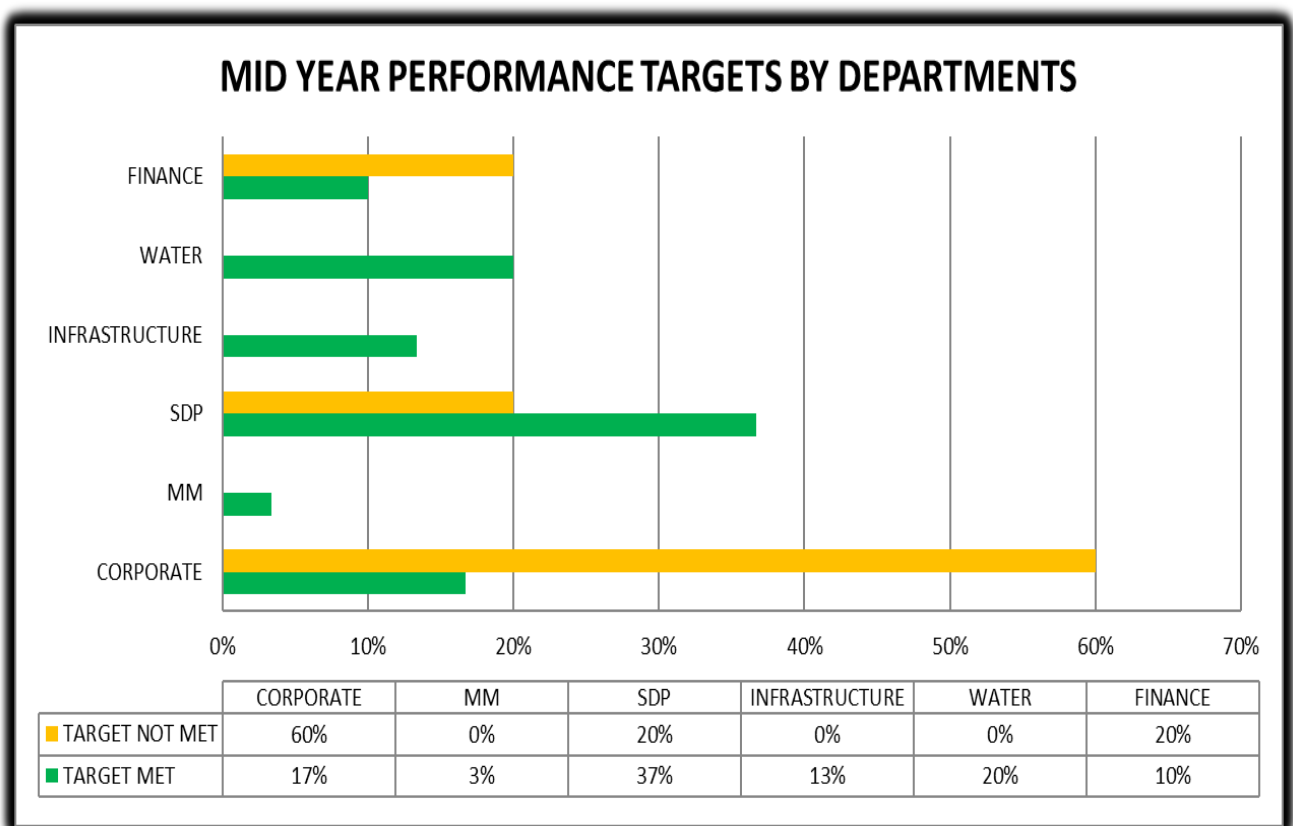


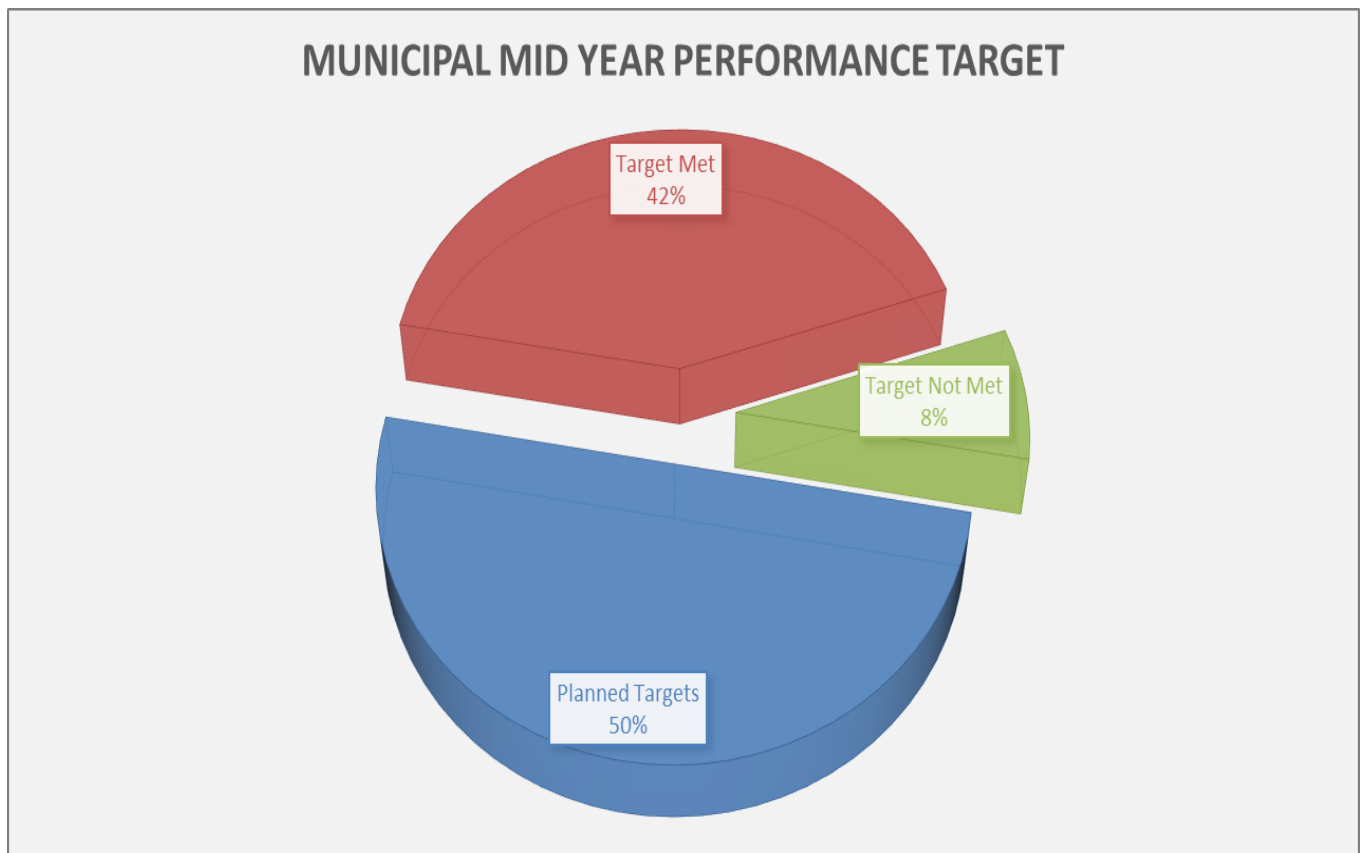


Chart 7 below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest.

**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 on Financial Sustainability**

The municipality is continuously experiencing tied cash flow positions as a result of committed contractual obligations resulting with accelerated operational expenditures and therefore there is a critical need to cut on operational expenditures in order to sustain the municipality financially. Due to accruals relating to the previous financial year that have affected the liquidity of the municipality in a negative manner. The Municipality must continue enforcing its credit control policy to avoid consumer debtors that are outstanding for longer period; currently the averaged collection period is 60 days and this still needs to be intensified. Debt Collection strategies are in place to enhance the revenue collection by encouraging consumers to pay and this is achieved through implementation of water cut off on consumers that are on arrears

## **Key Challenges on Departmental Performance**

Dilapidated infrastructure is a major contributor to the huge losses of water and money. Some of the key issues contributing to the poor Operation & Maintenance (O&M) have been identified as follows:

- Insufficient funds, equipment and material
- Inadequate Workmanship
- Ageing Infrastructure
- Illegal connections of water

Some of the significant challenges experienced by the department were delays in appointing service providers hence the MIG grant was not spent at 100%. Other departments did not achieve their targets due to financial constraints.

## **Corrective Measures**

Certain projects were placed on hold until the financial health improves. Legal steps were taken to enforce payment for water usage. Smart meters were installed in Kokstad extension 7 and part of Fairview. Belt tightening measures were introduced to assist in improving the financial state of the municipality. Acceleration of Supply Chain Processes to appoint Service Providers.

## 2.8 Capital Programme Performance

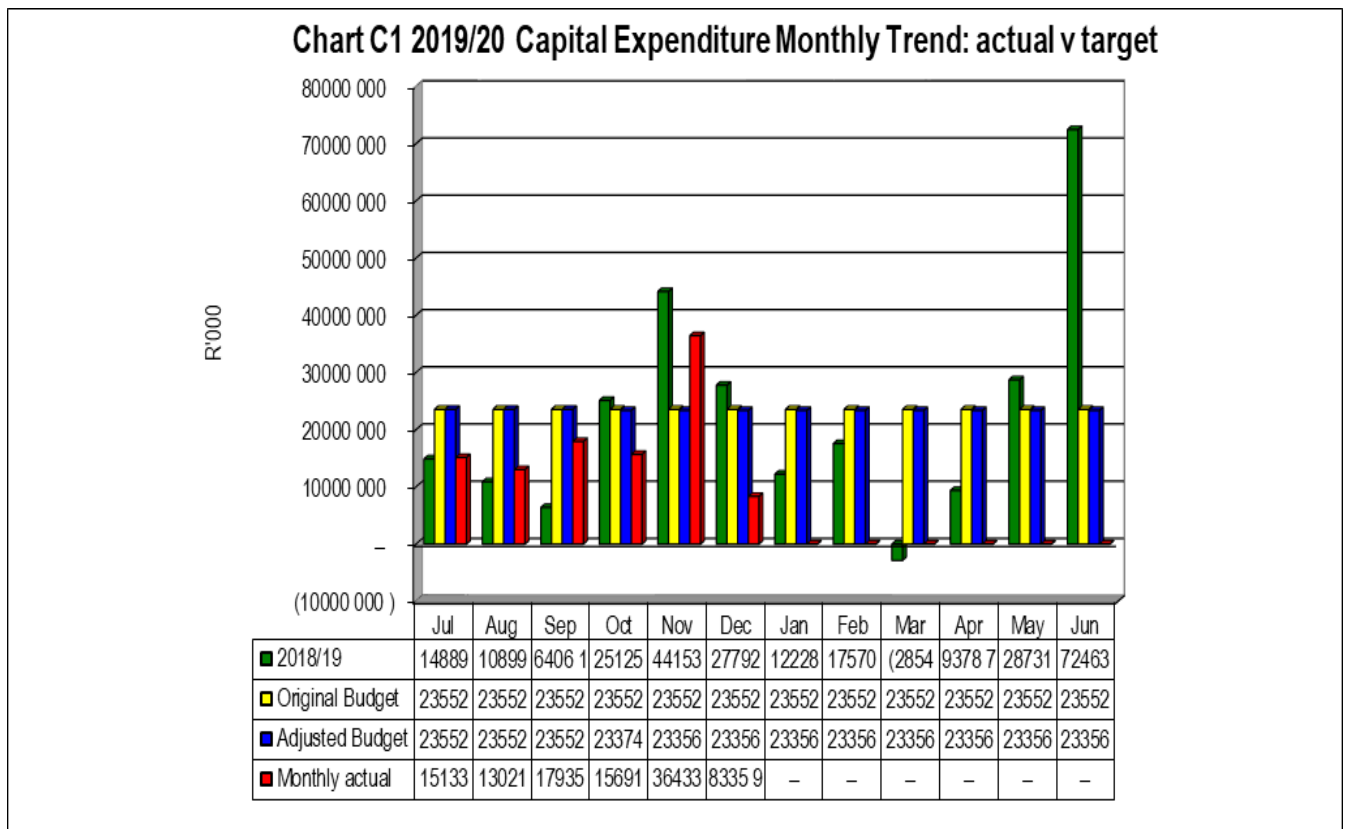
This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

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 2019 and the planned monthly targets is also displayed.

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

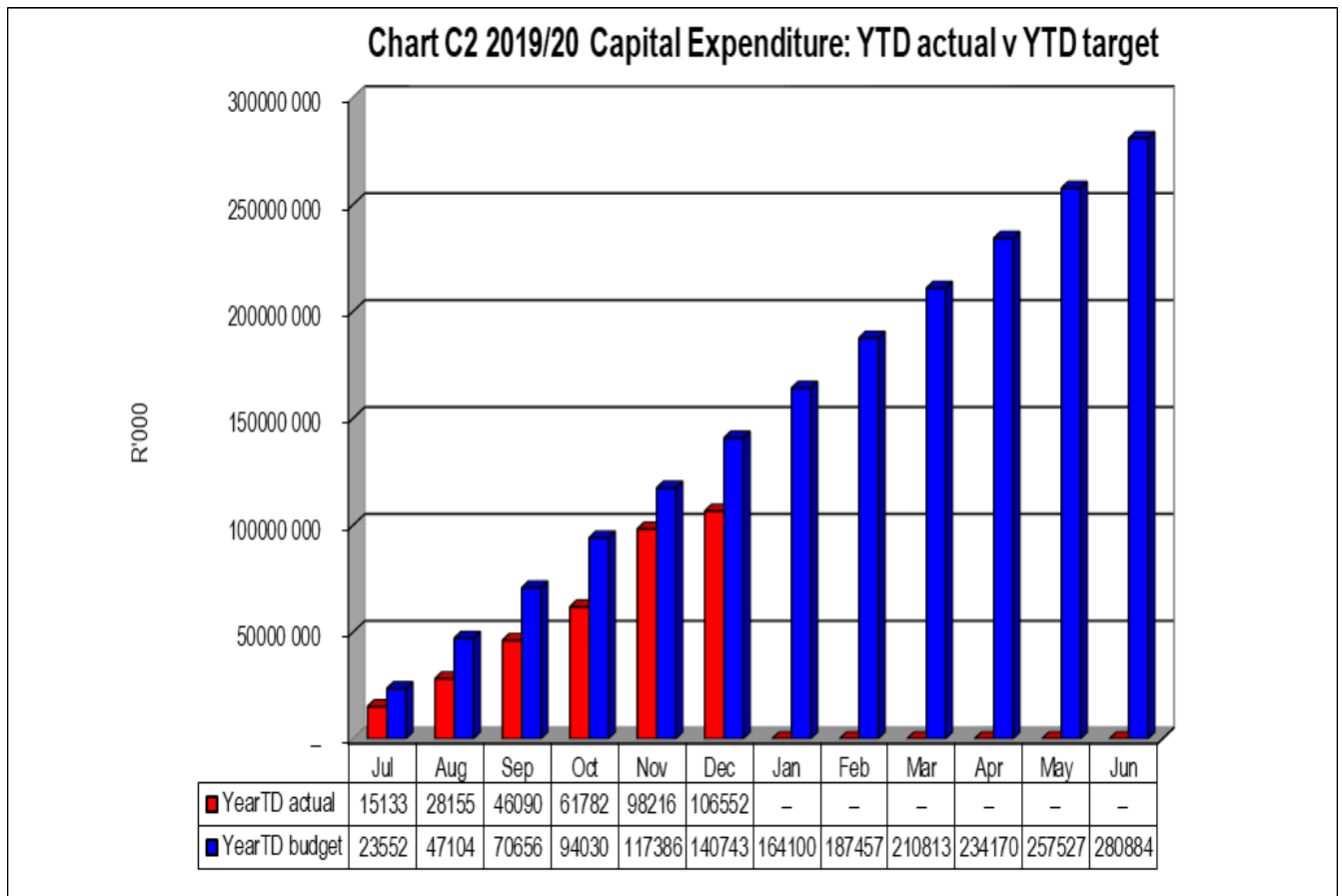
Month	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
<b>Monthly expenditure performance trend</b>									
July	14 889	23 552	23 552	15 134	15 134	23 552	8 418	35,7%	5%
August	10 900	23 552	23 552	13 021	28 155	47 104	18 949	40,2%	10%
September	6 406	23 552	23 552	17 935	46 091	70 656	24 565	34,8%	16%
October	25 125	23 552	23 374	15 692	61 782	94 030	32 248	34,3%	22%
November	44 154	23 552	23 357	36 434	98 216	117 387	19 171	16,3%	35%
December	27 793	23 552	23 357	8 336	106 552	140 744	34 192	24,3%	38%
January	12 229	23 552	23 357	-	-	164 100	-	-	-
February	17 570	23 552	23 357	-	-	187 457	-	-	-
March	(2 855)	23 552	23 357	-	-	210 814	-	-	-
April	9 379	23 552	23 357	-	-	234 171	-	-	-
May	28 732	23 552	23 357	-	-	257 527	-	-	-
June	72 464	23 552	23 357	-	-	280 884	-	-	-
<b>Total Capital expenditure</b>	<b>266 785</b>	<b>282 624</b>	<b>280 884</b>	<b>106 552</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 be maintained or increased at the trends experienced in December 2019.

## 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 **2019** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name Adelaide Nomnandi Dlamini

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

Signature \_\_\_\_\_

Date \_\_\_\_\_