

MID-YEAR ASSESSMENT REPORT FOR THE PERIOD JULY- DECEMBER 2015

Mid-Year Report

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“An improved quality of life for all residents



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*Prepared in terms of the Local  
Government: Municipal Finance  
Management Act (56/2003)*

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**SECTION 72 REPORTS**

**JOE GQABI DISTRICT MUNICIPALITY**

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**GLOSSARY**

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

**Allocations** – Money received from Provincial or National Government or other municipalities.

**Budget** – The financial plan of the Joe Gqabi District Municipality.

**Budget related policy** – Policy of the municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

**Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as a non-current asset on the Municipality's balance sheet.

**Cash flow statement** – A statement including only actual receipts and expenditure by the Municipality. Cash payments and receipts do not always coincide with budgeted timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period. The same principle applies with the cash receipts. The Municipality recognise the revenue on date of billing whilst payment may not appear in the same period; the receipt is recognised at date of receipt.

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

**Equitable share** – A general grant paid to Municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between Municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting; this Municipality will need to fully comply by the end of June 2012.

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

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

**MFMA** – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

**Operating expenditure** – Spending on the day to day expenses of the Municipality such as salaries and wages and general expenses.

**Rates** – Local Government tax levied in terms of the Local Government: Municipal Property Rates Act; Act 6 of 2004. The tax is based on the assessed market value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

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

**Unauthorised expenditure** – Generally, is spending without, or in excess of, an approved budget.

**Virement** – A transfer of budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**MIG** – Municipal Infrastructure Grant

**MWIG** – Municipal Water Infrastructure Grant

**WSOS** – Water Services Operating Subsidy

**Vote** – One of the main segments into which a budget. In Joe Gqabi District Municipality this means at directorate level. The votes for Joe Gqabi therefore are:

- Management Services;
- Financial Services;
- Corporate Services;
- Technical Services; and
- Community Services.

**SECTION 1-INTRODUCTION**

Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Mid-year budget and performance assessment

72. (1).The accounting officer of a municipality must by 25 January of each year—

(a) Assess the performance of the municipality during the first half of the financial year, taking into account—

(i) The monthly statements referred to in section 71 for the first half of the financial year;

(ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

(iii) The past year's annual report, and progress on resolving problems identified in the annual report; and

(iv) The performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

(b) Submit a report on such assessment to—

(i) The mayor of the municipality;

(ii) The National Treasury; and

(iii) The relevant provincial treasury.

(2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

(3) The accounting officer must, as part of the review—

(a) Make recommendations as to whether an adjustments budget is necessary; and

(b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 54 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:-

Budgetary control and early identification of financial problems

54. (1) on receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must-

(a) Consider the statement or report;

(2) If the municipality faces any serious financial problems, the mayor must-

(a) Promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include-

(i) Steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;

(ii) The tabling of an adjustments; or

(iii) Steps in terms of Chapter 13; and

(b) Alert the council and the MEC for local government in the province to those problems.

(3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

Section 28 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Municipal adjustments budgets

28. (1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustment budget:

- (a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- (b) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- (c) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- (d) May authorise the utilisation of projected savings in one vote towards spending under another vote;
- (e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by council;
- (f) May correct any errors in the annual budget; and
- (g) May provide for any other expenditure within a prescribed framework.

Section 23 of the Municipal Finance Management Act, 2003 (56/2003):  
Municipal budget and reporting regulations 393 of 2009 stipulates as follows:-

Timeframes for tabling of adjustments budgets

23. (1) An adjustments budget referred to in section 28 (2) (b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.



***PURPOSE OF THIS REPORT***

The purpose of this report is to submit the outcome of the assessment carried out in terms of section 72 of the MFMA to the Executive Mayor of the Joe Gqabi District Municipality with a view to:

- a. Make recommendations as to whether an adjustments budget is necessary; and
- b. Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

***BACKGROUND***

A high level assessment of the actual results for the period July 2015 to December 2015 was conducted. The purpose was to enable the Accounting Officer to make recommendations as to whether an adjustments budget for the 2015/2016 financial year is necessary.

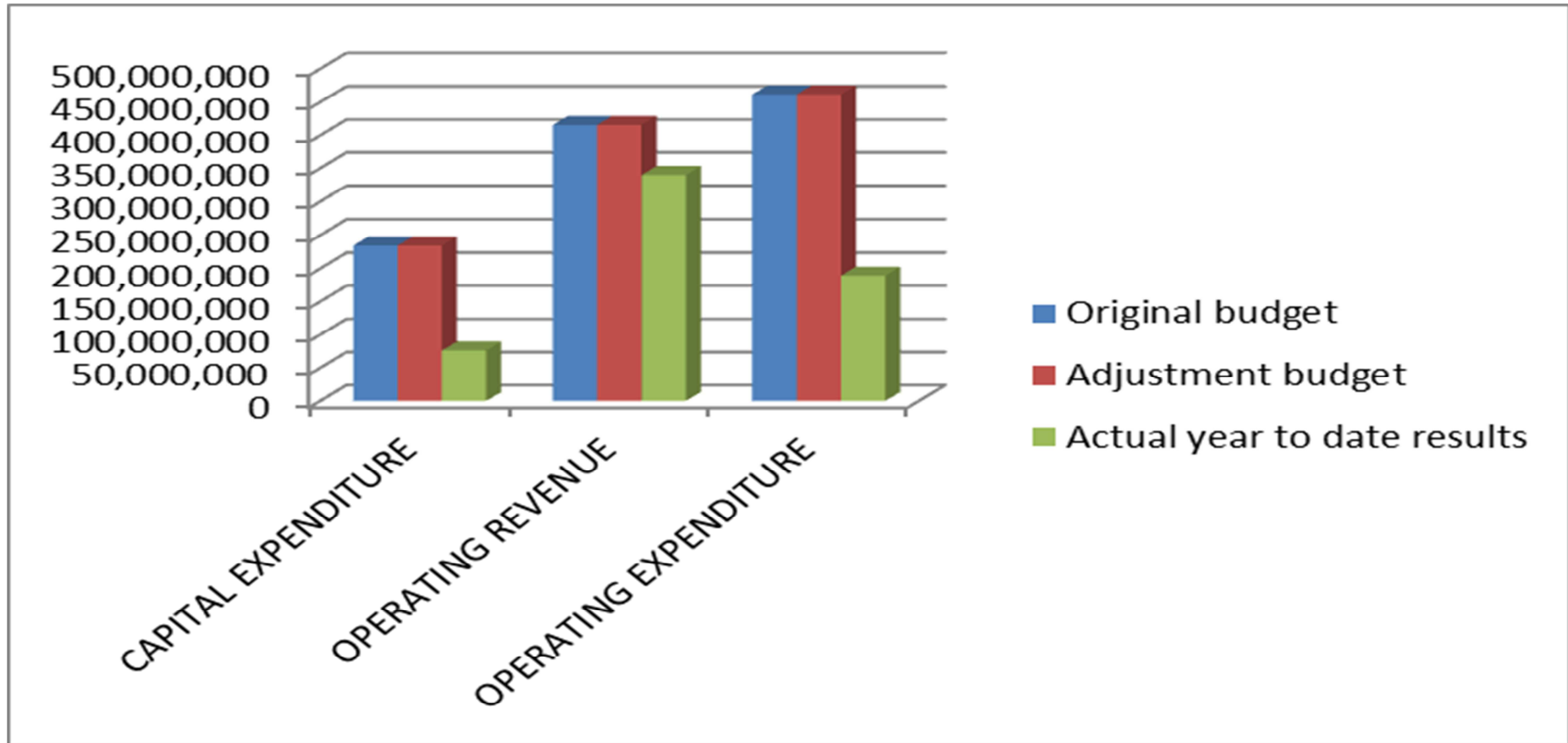
To ensure successful outcome only a high level review of the Total Council Summary was undertaken. It should therefore be noted that this report does not provide for an assessment of each individual line item/ vote number contained in the approved budget of the Joe Gqabi District Municipality for the 2015/2016 financial year.

This report merely highlights the status quo of key revenue and expenditure vote numbers that may require the revision of the approved annual budget through an adjustments budget in terms of section 28 of the MFMA.

**SECTION 2 – ACTUAL MID-YEAR RESULTS**

Table 2.1

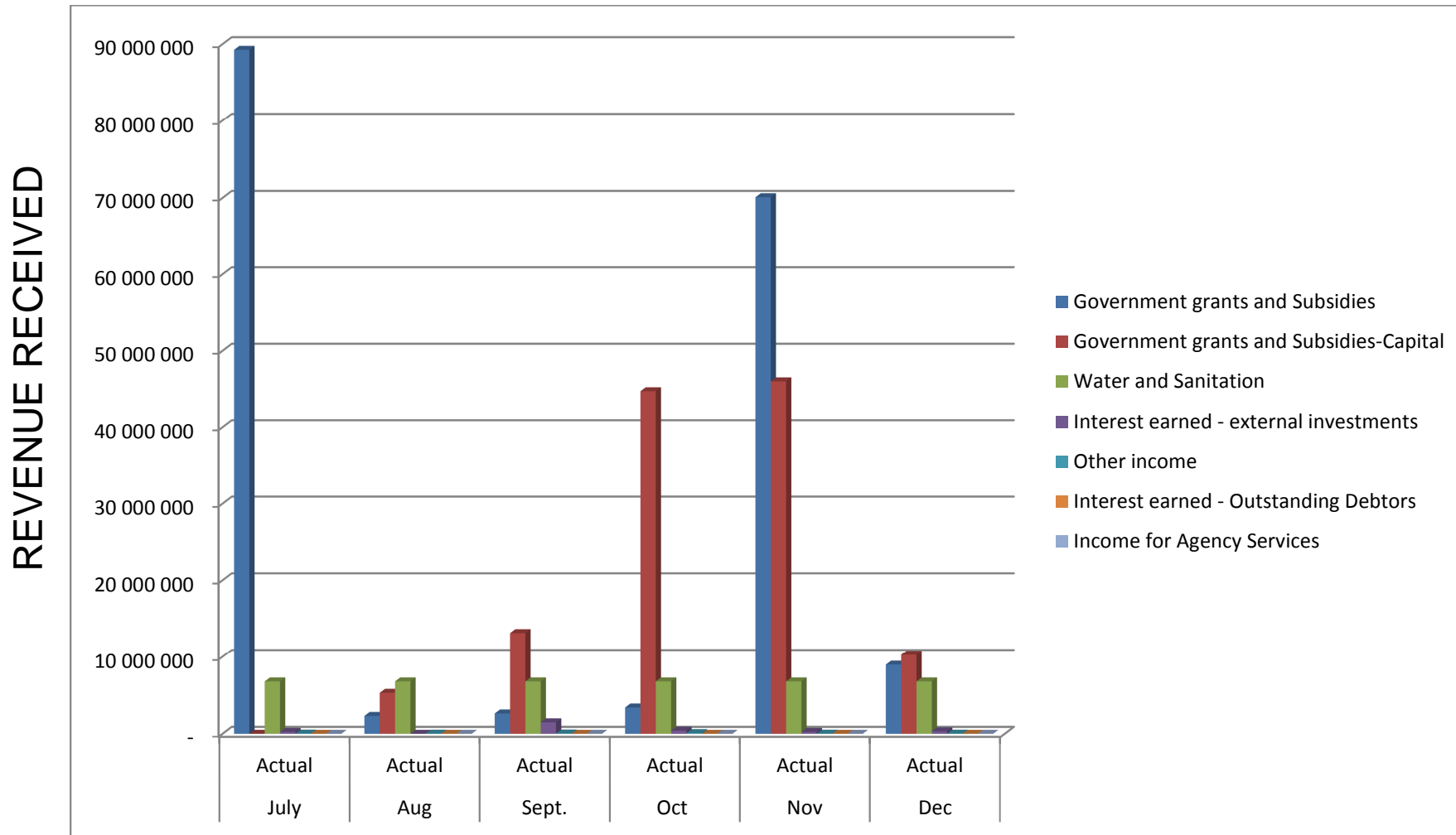
<b>PARTICULARS</b>	<b>CAPITAL</b>	<b>REVENUE</b>	<b>EXPENDITURE</b>
<b>Original budget</b>	234,660,932	415,815,276	461,654,411
<b>Adjustment budget</b>	234,660,932	415,815,276	461,654,411
<b>Actual year to date results</b>	76,227,086	339,646,501	189,441,299
<b>Variance</b>	158,433,846	76,168,775	272,213,112
<b>Variance %</b>	68%	18%	59%



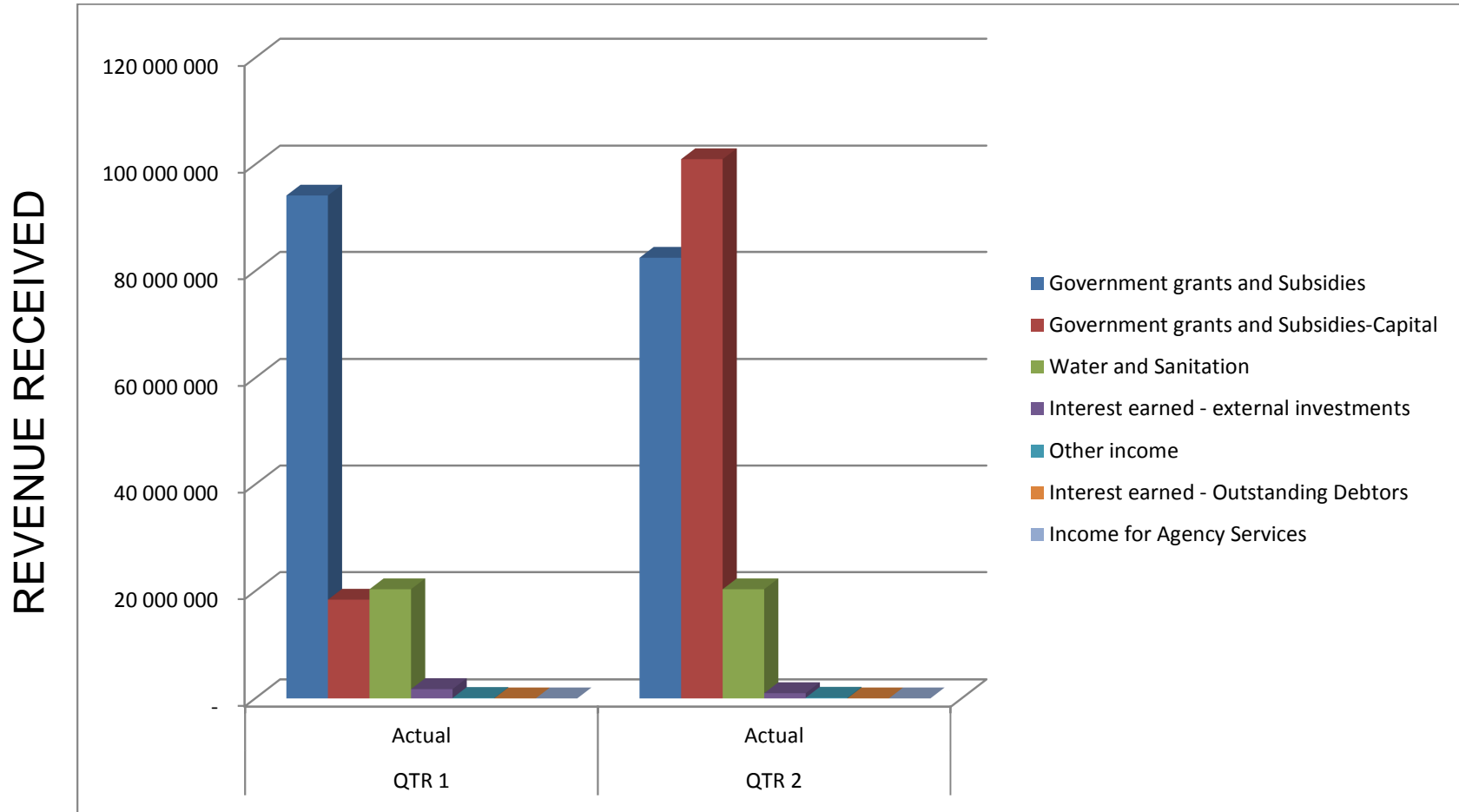
**Table 2.1.1 REVENUE BY SOURCE**

	1ST Qter		2ND Qter		Year to date		Variance		Full year Forecast	ORIGINAL BUDGET	RECOMMENDED ADJUST BUDGET
	Actual	Budget	Actual	Budget	Actual	Budget	R	%			
<b>Revenue by Source</b>											
Government grants -Operating	(94,191,605)	(86,352,600)	(82,440,463)	(86,352,600)	(176,632,068)	(172,705,200)	3,926,868	-2%	(353,264,137)	(345,410,400)	(353,264,200)
Government grants -Capital	(18,421,470)	(58,665,233)	(100,989,075)	(58,665,233)	(119,410,545)	(117,330,466)	2,080,079	-2%	(238,821,090)	(238,814,000)	(238,821,100)
Income for Agency Services	-	-	-	-	-	-	-	0%	(112,000)	(112,000)	(112,000)
Interest earned - external investments	(1,721,570)	(842,000)	(967,928)	(842,000)	(2,689,497)	(1,684,000)	1,005,497	-60%	(5,378,995)	(3,368,000)	(5,378,995)
Interest earned - outstanding debtors	-	(676,018)	-	(676,018)	-	(1,352,036)	(1,352,036)	100%	(2,704,072)	(2,704,072)	(2,704,072)
Other income	(81,278)	(485,055)	(127,963)	(485,055)	(209,242)	(970,110)	(760,868)	78%	(418,484)	(1,940,220)	(1,000,000)
Service charges	(20,352,574)	(30,173,442)	(20,352,574)	(30,173,442)	(40,705,148)	(60,346,883)	(19,641,735)	33%	(81,410,296)	(120,693,767)	(98,000,000)
Revenue Foregone	-	14,603,296	-	14,603,296	-	29,206,592	29,206,592	100%	58,413,183	58,413,183	58,413,183
<b>TOTAL</b>	<b>(134,768,497)</b>	<b>(177,194,348)</b>	<b>(204,878,004)</b>	<b>(177,194,348)</b>	<b>(339,646,501)</b>	<b>(354,388,695)</b>	<b>(14,742,195)</b>	<b>147%</b>	<b>(623,695,890)</b>	<b>(654,629,276)</b>	<b>(640,867,184)</b>

**COMPARISON OF MONTHLY EXPENDITURE**



**COMPARISON OF THE FIRST TWO QUARTERS**



**REVENUE BY SOURCE**

The actual Net Operating Revenue for the municipality as at 31 December 2015 amounted to R339.6 million, of which it constitutes 52% compared to the original budget amount of R654.6 million.

The main contributors to the variance for the mid-year expenditure which ended on 31 December 2015 is as follows:

**GOVERNMENT GRANTS AND SUBSIDIES –OPERATING**

The municipality has been able to recognize 51 % when compared to the original budget. This is due mainly to the 2 tranches of equitable share out of 3 that has been received so far.

An increase of R7.8 million is recommended to the adjustment budget as the full year forecast of R353.2 million is more than the original budget of R345.4 million. This is due to the following Grants: RBIG (Regional Bulk Infrastructure Grant), PWSP (Public Works Special Programme) and Drought relief that were not budgeted for in the original budget.

**GOVERNMENT GRANTS AND SUBSIDIES –CAPITAL**

As at 31 December 2015, the municipality has been able to recognize revenue of 40% of the capital grants when compared to the original budget, with MIG the main contributor.

The Municipal Infrastructure Grant has been allocated R154.2 million for the year (including R23 million roll-over from 2014/15) and at the end of the first 6 months; the municipality has been able to spend R99.8 million which constitutes 65% of the allocated budget.

The municipality has underspent this line item by 26% as compared to the year to date budget and this is due to the poor expenditure in MWIG as at the end of the period.

Therefore, in this line item there would be no need for any adjustment in the adjustment budget.



***INTEREST EARNED ON EXTERNAL INVESTMENT***

For the first 6 months of the year, the municipality has managed to receive 89 % of this line item as it made concerted efforts to get maximum interest rate from financial institutions as per the municipalities Investment policy.

In the next 6 Months the municipality's earned interest will decrease substantially as the municipality does not have enough money to invest, since the municipality in the first half of the year received money from grants and invested it, but the municipality's expenditure has increased and the municipality needs to settle its expenses.

Therefore, in this line item there would be no need for any adjustment in the adjustment budget.

***OTHER REVENUE***

This line item constitutes 31% when it is compared to the original budgeted amount to be received.

Other Revenue is made up of contribution from SETA that has been recognised, JGDM is just an agent in this income. The expenses are incurred by a 3rd party and claimed via JGDM. As soon as the income is received the 3rd party is paid immediately. The net effect in the books and budget of JGDM is therefore zero.

***SERVICE CHARGES***

The municipality's service charges consist of Water services revenue and Waste water sanitation revenue.

The municipality has raised R 40.7 million for service charges against a year to date budget of R60.3 million which constitutes 68 %. The amount of R40.7 million raised by the municipality does not include service charges for the month of December due to information delayed by the billing section who are still reconciling the billing amount for the month as this report was being done, but an amount of R6.7 million is estimated for the month of December and this will be rectify in the section 71 report for the month of January, and this amount is included in the Full year forecast .

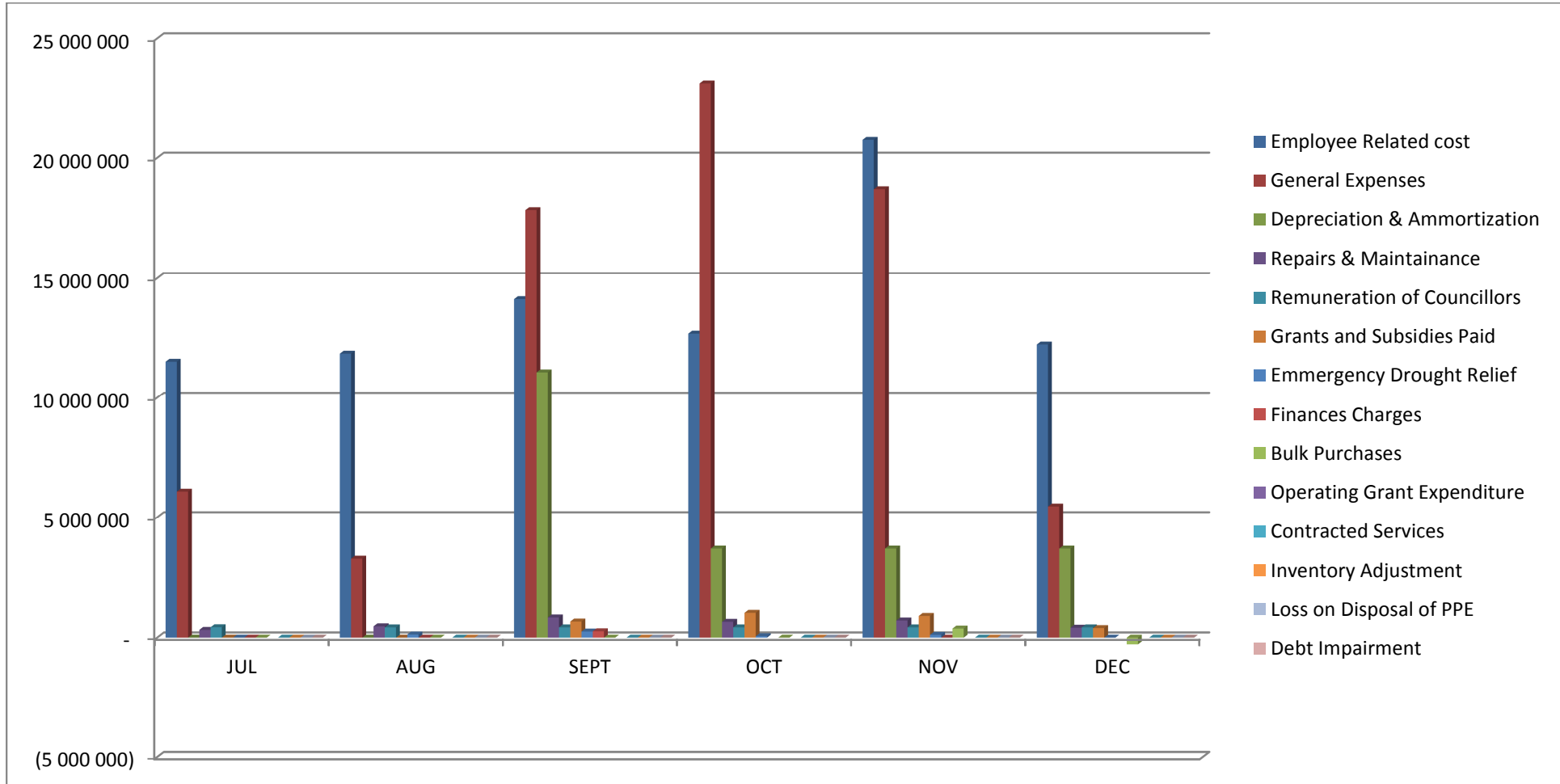
To the original budget of R 120.6 million, the municipality has managed to raise 34 % which seems to be behind the threshold of 50% that should have been collected by now.

A decrease of R22.6 million is recommended to the adjustment budget, as the full year forecast of R81, 4 million is far less than the original budget of R120.6 million.

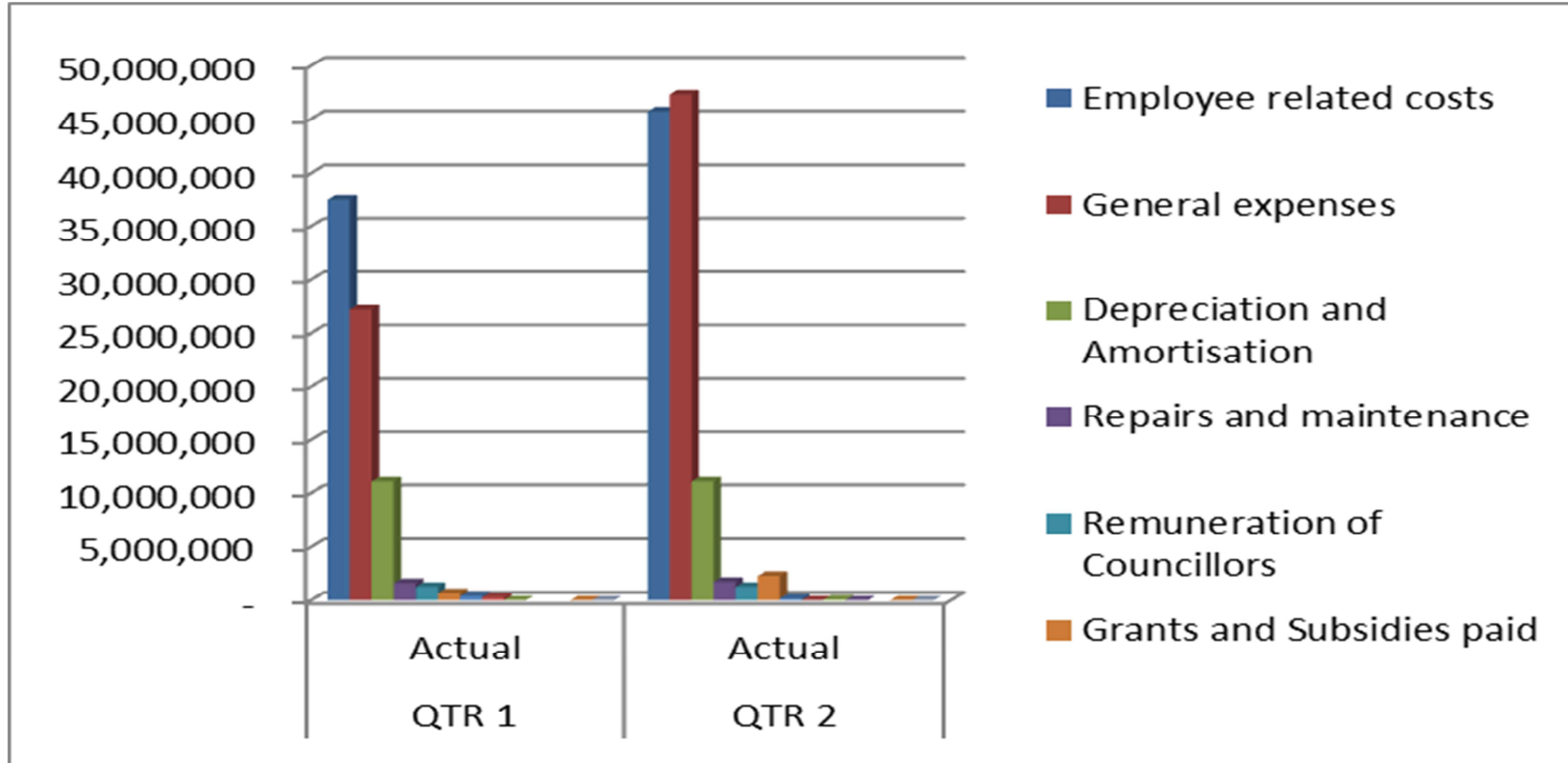
## 2.1.2 EXPENDITURE BY NATURE

	1STQter		2NDQter		Year to date		Variance		Full year	ORIGINAL	RECOMMENDED
	Actual	Budget	Actual	Budget	Actual	Budget	R	%	Forecast	BUDGET	ADJUST BUDGET
<b>Expenditure by Nature</b>									-		
Employee related costs	37,471,119	44,092,645	45,693,570	44,092,645	<b>83,164,689</b>	<b>88,185,290</b>	5,020,601	6%	166,329,378	176,370,580	170,370,580
Remuneration of Councillors	1,262,117	1,508,447	1,258,019	1,508,446	<b>2,520,136</b>	<b>3,016,893</b>	496,757	16%	5,040,273	6,033,786	6,033,786
Debt Impairment	-	4,895,671	-	4,895,671	-	<b>9,791,343</b>	9,791,343	0%		19,582,685	15,000,000
Depreciation and Amortisation	11,059,957	11,912,191	11,059,957	11,912,191	<b>22,119,913</b>	<b>23,824,382</b>	1,704,469	7%	44,239,827	47,648,764	47,867,019
Emergency Drought Relief	377,766	320,000	171,884	320,000	<b>549,650</b>	<b>640,000</b>	90,350	14%	1,099,300	1,280,000	1,280,000
Bulk Purchases	-	2,619,963	61,791	2,619,963	<b>61,791</b>	<b>5,239,927</b>	5,178,136	99%	123,582	10,479,853	4,686,452
Finance charges	258,528	573,472	-	573,472	<b>258,528</b>	<b>1,146,943</b>	888,415	77%	517,056	2,293,887	1,000,000
Contracted services	-	2,869,099	-	2,869,099	-	<b>5,738,199</b>	5,738,199		-	11,476,397	6,000,000
Grants and Subsidies paid	656,737	7,032,832	2,289,233	7,032,832	<b>2,945,970</b>	<b>14,065,663</b>	11,119,693	79%	5,891,940	28,131,327	10,000,000
Inventory Adjustment	-	13,500	-	13,500		<b>27,000</b>				54,000	54,000
Loss on Disposal of PPE	-	-	-	-	-	-	-	0%	-	-	-
General expenses	27,174,770	36,697,953	47,293,040	36,697,953	<b>74,467,810</b>	<b>73,395,907</b>	(1,071,903)	-1%	148,935,620	146,791,813	160,000,000
Repairs and maintenance	1,604,119	2,877,830	1,748,692	2,877,830	<b>3,352,811</b>	<b>5,755,659</b>	2,402,848	42%	6,705,622	11,511,318	8,000,000
<b>TOTAL</b>	<b>79,865,112</b>	<b>115,413,603</b>	<b>109,576,186</b>	<b>115,413,603</b>	<b>189,441,299</b>	<b>230,827,205</b>	<b>41,358,907</b>	<b>339%</b>	<b>378,882,597</b>	<b>461,654,411</b>	<b>430,291,837</b>

**COMPARISON OF MONTHLY EXPENDITURE**



**COMPARISON OF THE FIRST TWO QUARTERS**



**EXPENDITURE BY NATURE**

The actual Net Operating Expenditure for the municipality as at 31 December 2015 amounted to R189.4 million, of which it constitutes 41% compared to the original budget amount of R461.6 million.

The main contributors to the variance for the mid-year expenditure which ended on 31 December 2015 is as follows:

***EMPLOYEE RELATED COSTS***

This line item has been underspent by 6% when compared to the YTD Budget of R88.1 million off which the municipality has actual spent R83.1 million as at December 2015 and this is due to the posts that have not been filled yet as some employees have left the institution.

The actual Employee remuneration cost for the mid-year expenditure is R83.1 million and this expenditure constitutes 47 % as compared to the original budget of R176. 3 million for the year. This line item is in line with the budgeted expenditure. A decrease of R2 million is recommended to the adjustment budget as the full year forecast amount of R166.3 million is less than the original budget of R176.3 million and there are budgeted posts that are still vacant. In addition leave taken in December has not been included.

***REMUNERATION FOR COUNCILLORS***

In this line item the municipality has underspent by 16% when compared to the year-to-date Budget of R3. 6 million off which the municipality has actual spent R2.5 million as at December 2015.

The Actual Remuneration for Councillors cost for the mid-year expenditure is R2.5 million and this expenditure constitutes 42 % compared to the original budget of R6 million for the year. This line item is in line with the budgeted expenditure.

The budget for this line item seems to be in line, even though the full year forecast amount of R5 million is less than the original budgeted amount of R6 million, because of the Government gazette for upper limits to councillors that has not yet been received by the municipality while it is budgeted for.

Therefore, there would be no need for adjustment to this line item as the original budget will be sufficient for the last six months of the year.

***DEPRECIATION AND AMORTIZATION***

Depreciation is journalized monthly at a straight line- method, but at the year end, a full stock take is done to verify that the correct depreciation has been written off.

The amount of depreciation for the month is fixed at an amount of R 3.7 million. As to date the actual amount of depreciation for the first two quarters is R22.1 million versus the year-to-date budgeted amount of the first two quarters which is R 23.9 million, and this expenditure constitutes 92 %.

Depreciation is forecasted to increase by R220 000 due to the full year forecast amount of R44.2 million being less than the original budget of R47.8 as this would not be sufficient for the year, if the original budget is not adjusted.

***REPAIRS AND MAINTENANCE***

The municipality has original budgeted R 10.5 million in this line item for the full year, as to date the municipality has actual spent R 3.3 million which constitutes 32 % against original budget.

A full forecast for the year is R6.7 million and it is far less than the original budget of R10.5 million, no adjustment is however recommended since major repairs and maintenance will take place in the next six months.



***FINANCE CHARGES***

This line item is mainly the results of the municipality's borrowing during the current financial year. The finance charges are also made of DBSA Loan and Water Meters loan from ABSA Bank. As at 31 December 2015, the municipality has spent R258 528 which constitutes 23 % against the year to date budget. The original budget for the year in this line item is R2.3 million with the full year forecast of R517 056, therefore this line item would need to be adjusted to R1 million in the adjustment budget as this line item is paid once in half-yearly.

***GRANTS AND SUBSIDIES PAID***

As at 31 December 2015, the municipality managed to spent R2.9 million in this line item as to date compared to the year to date budget of R14 million. The municipality has under spent by 79 % compared to the year-to-date and 90% compared to the original budget. This is due mainly to the MWIG and WSOS which has a very low expenditure since the beginning of the year.

***EMERGENCY DROUGHT RELIEF***

The municipality has original budgeted R 1.2 million for the full year, as to date the municipality has actual spent R549 650 which constitutes 43 % against original budget.

As the full forecast of the year is R1.1 million, and taken into account the current drought situation it is recommended that the Emergency Drought relief be amended with R5 million.

**GENERAL EXPENDITURE**

The municipality under spent by 16 % as compared to the YTD budget of R89.9 million with R75.4 million being the actual expenditure as at 31 December 2015, this variance is due to an amount of R17 million that is still in the order book that have not yet been invoiced, immediately these orders are invoiced the expenditure on this line item will increase.

The amount of R75.4 million for general expenditure includes the amount of R42.3 million for operating grant expenditure, reason being operating grant expenditure has not be mapped as such on the IE report therefore the expenditure can not be determined reliably.

However, there is a detailed table on the report that gives full status of each grant, **see table 2.1.2 and 3.1.1.**

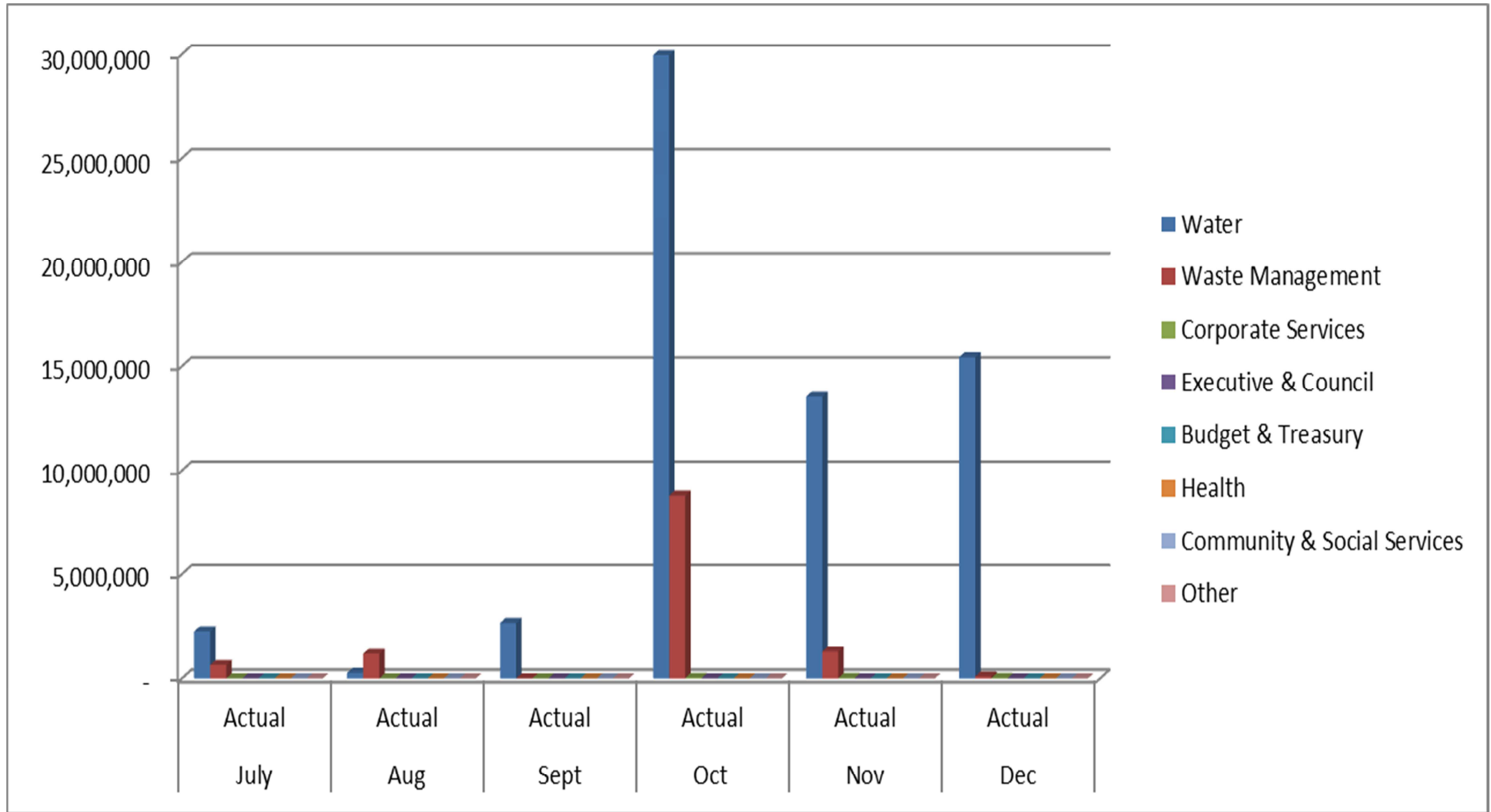
A certain amount of Subsistence & Travelling for the month of December has not yet been paid and this line item constitutes the highest expenditure under the General expenditure item. However, there are also certain expenses which are only paid once a year and towards the end of each financial year. A detailed analysis is underway to ensure adequate budgeting of General expenses.

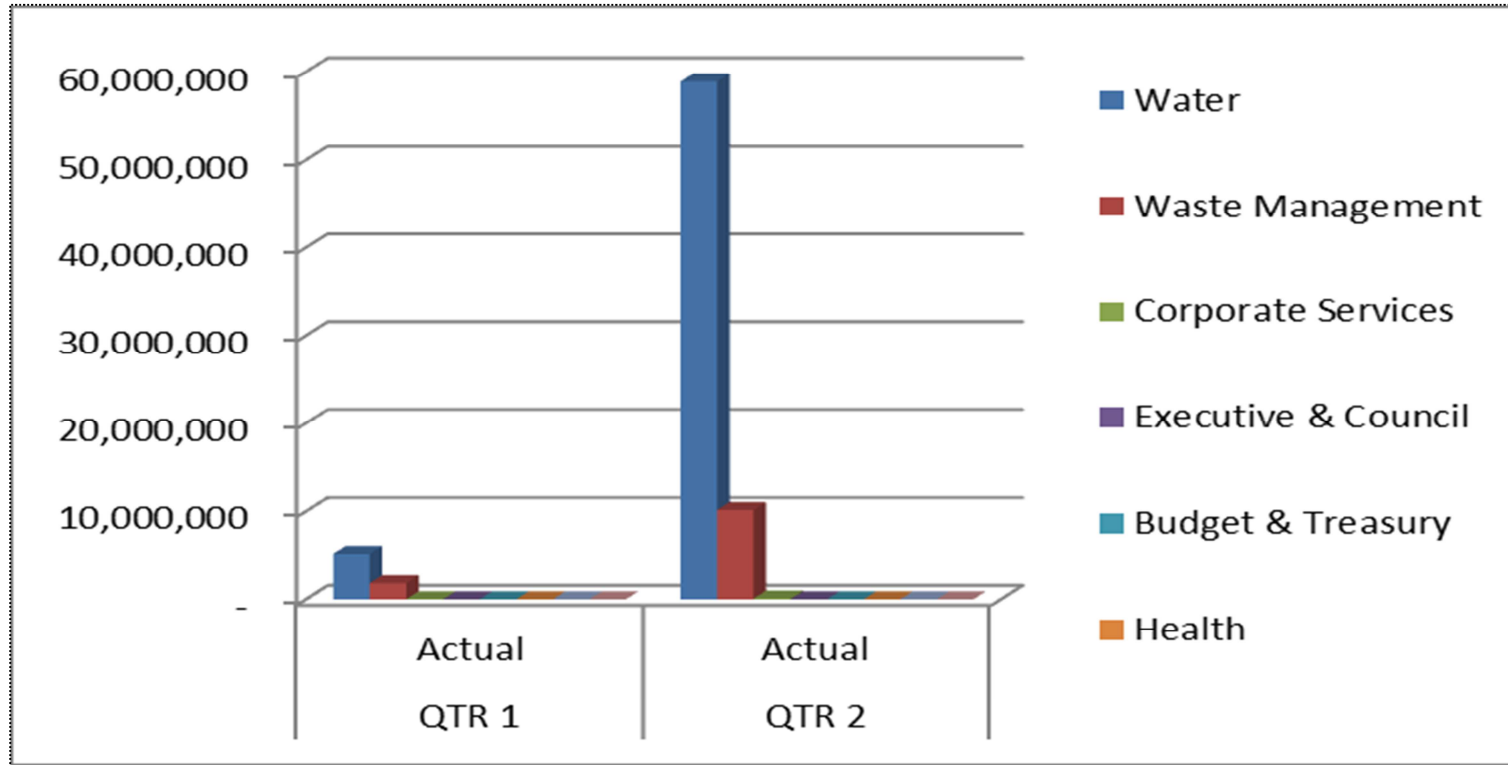
**CAPITAL EXPENDITURE****Table 2.1.3**

	1ST Qter		2ND Qter		Year to date		Variance		Full year Forecast	ORIGINAL BUDGET
	Actual	Budget	Actual	Budget	Actual	Budget	R	%		
<b>Capital Expenditure by Vote</b>										
Executive & Council	-	-	-	-	-	-	-	-	-	
Budget & Treasury	-	50,000	-	50,000	-	-	-	-	-	200,000
Corporate Services	35,800	618,800	102,907	618,800	138,707	1,237,600	1,098,893	89%	277,414	2,475,200
Community & Social Services	-	-	-	-	-	-	-	0%	-	5,000,000
Waste Management	1,833,181	14,182,018	10,168,345	14,182,018	12,001,526	28,364,036	16,362,510	58%	24,003,052	56,728,071
Water	5,192,435	42,564,415	58,894,418	42,564,415	64,086,853	85,128,830	21,041,977	25%	128,173,706	170,257,661
<b>TOTAL</b>	<b>7,061,416</b>	<b>57,365,233</b>	<b>69,165,670</b>	<b>57,365,233</b>	<b>76,227,086</b>	<b>114,730,466</b>	<b>38,503,380</b>	<b>171%</b>	<b>152,454,172</b>	<b>234,660,982</b>

The Municipality has been able to spend 66% of the YTD capital budget of R114.7 million as compared to the actual capital expenditure of R76.2 million as at 31 December 2015 being the actual money spent on provision of service delivery in water and sanitation.

MIG grant is the main contributor of JGDM's capital budget.

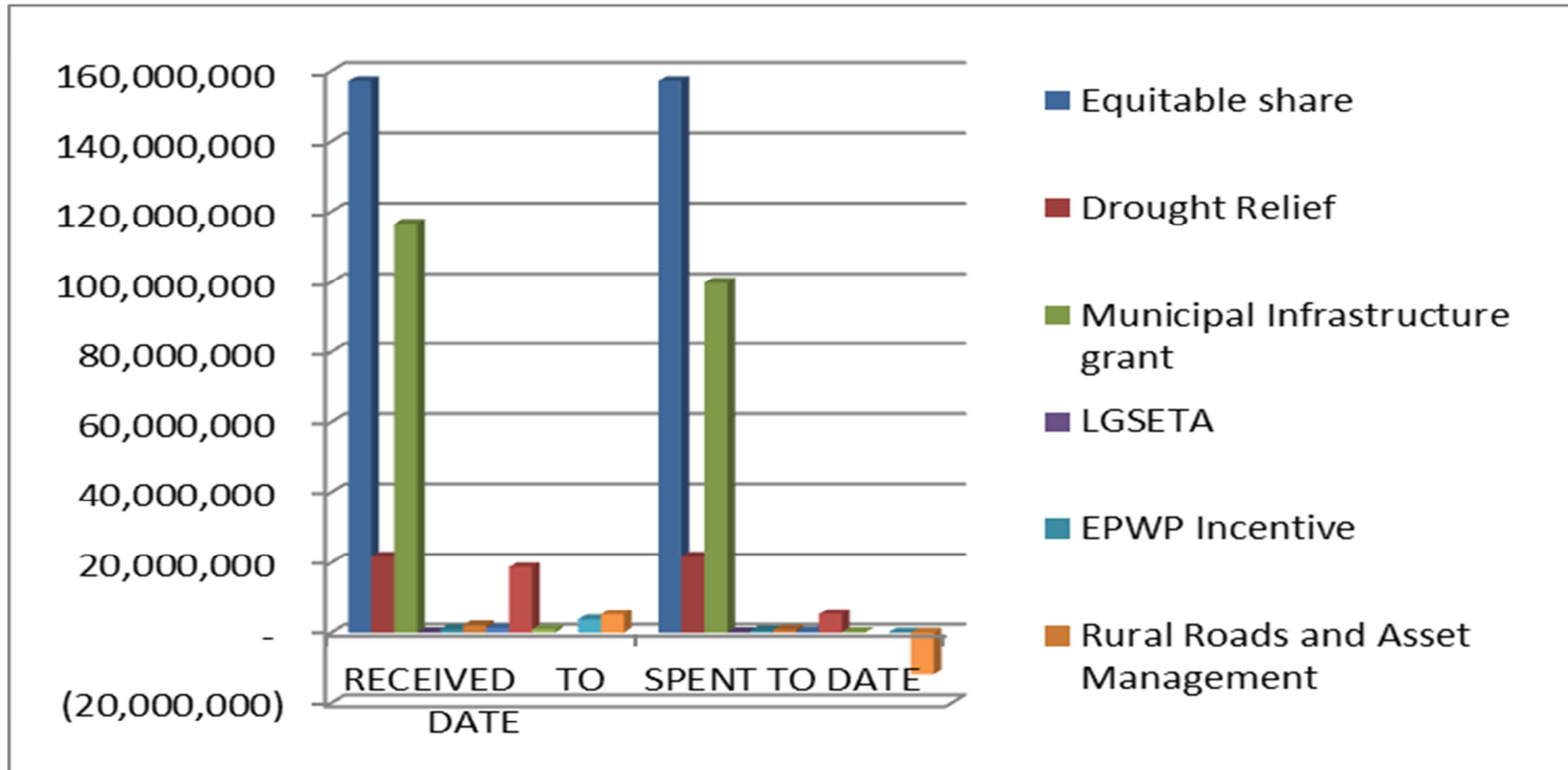




**SECTION 3 - EXPENDITURE ON CONDITIONAL GRANTS**

Table 3.1.1

Grants	ALLOCATIONS	RECEIVED TO DATE	SPENT TO DATE	% SPENT TO DATE
	R	R	R	
Drought Relief (operational)	-	21,779,920	(21,779,920)	100%
EPWP Incentive (operational)	1,379,000	966,000	(603,648)	63%
Equitable Share (operational)	209,607,000	157,205,000	(157,205,000)	100%
Finance Management Grant (operational)	1,250,000	1,250,000	(364,483)	29%
Human Settlement (operational)	-	-	(308,689)	-
LGSETA (operational)	-	204,655	(174,655)	85%
Municipal Water Infrastructure grant (capital)	25,011,000	18,758,000	(5,252,809)	28%
Municipal Infrastructure grant (capital)	154,270,000	116,520,000	(99,887,045)	86%
Municipal Systems Improvement (operational)	940,000	940,000	(195,880)	21%
Public Works Special Programs (operational)	-	5,193,333	(11,804,379)	-23%
RBIG (operational)	-	-	(1,029,523)	-
Rural Roads and Asset Management (operational)	2,080,000	2,080,000	(853,296)	41%
Water Services Operating Subsidy (operational)	3,000,000	3,750,000	(0)	0%
<b>TOTAL</b>	<b>397,537,000</b>	<b>328,646,908</b>	<b>(299,459,327)</b>	<b>91%</b>





As at 31 December 2015, the municipality has spent 83 % of its conditional grant as compared to the Grants received and 75% spent as compared to the grant allocation.

The Municipality's grant spending is as follows: FMG (29%), WSOG (0%), MSIG (21%) and MWIG (28%), and all the above grants are a concern to the municipality as they have the lower expenditure and below the 50% which at least they suppose to reach as at the first half of the year. The municipality needs to spend expenditure more on these grants as there is a risk to return the unspent portions to the National Revenue Fund at year end.

Public Works Special Program is the only grant that has been spent more than the amount that is received and the percentage spent is -23%.

Rural Roads and Asset Management has a fair expenditure of 41% even though the expenditure has not reached 50 %, but it is closer.

All other grants are above the threshold of 50%, with MIG having the highest expenditure of 86%, LGSETA 85%, EPWP 63%.

**SECTION 4: BUDGET TABLES FOR 2015/16 AND PROGRESS MADE**

The following tables represent the budgets made by the municipality and the progress made as at 31 December 2015.

DC14 Joe Gqabi - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

Description	2014/15	Budget Year 2015/16							
	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	42,865	62,281	62,281	1,565	8,227	42,016	(33,789)	-80%	73,705
Investment revenue	3,901	3,368	3,368	319	2,689	1,914	775	41%	4,806
Transfers recognised - operational	235,192	351,410	351,410	8,957	176,632	223,131	(46,499)	-21%	255,009
Other own revenue	7,404	4,755	4,755	21	209	2,578	(2,369)	-92%	3,179
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>289,362</b>	<b>421,815</b>	<b>421,815</b>	<b>10,862</b>	<b>187,758</b>	<b>269,639</b>	<b>(81,882)</b>	<b>-30%</b>	<b>376,700</b>
Employee costs	153,749	179,953	179,373	12,216	83,165	98,051	(14,886)	-15%	164,091
Remuneration of Councillors	5,253	6,031	6,031	419	2,520	2,897	(377)	-13%	4,630
Depreciation & asset impairment	44,240	47,867	47,867	3,687	22,120	108,390	(86,271)	-80%	40,973
Finance charges	4,462	2,294	2,294	-	259	305	(47)	-15%	2,001
Materials and bulk purchases	3,004	10,480	10,480	62	62	5,240	(5,178)	-99%	4,686
Transfers and grants	-	25,316	25,316	391	2,946	6,579	(3,633)	-55%	19,403
Other expenditure	275,813	194,704	195,294	5,466	78,370	95,436	(18,066)	-19%	165,259
<b>Total Expenditure</b>	<b>486,531</b>	<b>467,654</b>	<b>467,654</b>	<b>22,260</b>	<b>189,441</b>	<b>317,908</b>	<b>(128,467)</b>	<b>-40%</b>	<b>401,043</b>
<b>Surplus/(Deficit)</b>	<b>(197,169)</b>	<b>(46,839)</b>	<b>(46,839)</b>	<b>(11,399)</b>	<b>(1,684)</b>	<b>(48,269)</b>	<b>46,585</b>	<b>-97%</b>	<b>(24,344)</b>
Transfers recognised - capital	209,242	238,814	238,814	10,262	119,411	109,654	9,756	9%	272,075
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>12,073</b>	<b>192,975</b>	<b>192,975</b>	<b>(1,136)</b>	<b>117,727</b>	<b>61,385</b>	<b>55,342</b>	<b>92%</b>	<b>247,731</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>12,073</b>	<b>192,975</b>	<b>192,975</b>	<b>(1,136)</b>	<b>117,727</b>	<b>61,385</b>	<b>55,342</b>	<b>92%</b>	<b>247,731</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>-</b>	<b>234,661</b>	<b>234,661</b>	<b>15,576</b>	<b>76,227</b>	<b>144,079</b>	<b>(67,852)</b>	<b>-47%</b>	<b>234,661</b>
Capital transfers recognised	-	122,644	122,644	6,338	45,150	75,320	(31,170)	-41%	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	22,500	22,500	-	4,054	22,500	(18,446)	-82%	22,500
Internally generated funds	-	89,517	89,517	9,238	27,023	46,259	(18,236)	-40%	212,161
<b>Total sources of capital funds</b>	<b>-</b>	<b>234,661</b>	<b>234,661</b>	<b>15,576</b>	<b>76,227</b>	<b>144,079</b>	<b>(67,852)</b>	<b>-47%</b>	<b>234,661</b>
<b>Financial position</b>									
Total current assets	112,999	87,350	87,350	-	157,910	-	-	-	87,350
Total non current assets	1,288,280	1,479,021	1,479,021	-	1,386,177	-	-	-	1,479,021
Total current liabilities	159,975	36,770	36,770	-	189,402	-	-	-	36,770
Total non current liabilities	35,866	72,173	72,173	-	32,376	-	-	-	72,173
<b>Community wealth/Equity</b>	<b>1,205,438</b>	<b>1,270,200</b>	<b>1,270,200</b>	<b>-</b>	<b>1,322,309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,270,200</b>
<b>Cash flows</b>									
Net cash from/(used) operating	101,449	105,576	(149)	55,874	79,903	260,829	180,926	69%	105,576
Net cash from/(used) investing	(94,743)	231	107	(14,674)	(73,712)	(60,217)	13,495	-22%	(120,433)
Net cash from/(used) financing	(229)	-	-	-	-	(1,001)	(1,001)	100%	(2,002)
<b>Cash/cash equivalents at the month/year end</b>	<b>23,846</b>	<b>105,807</b>	<b>(60)</b>	<b>-</b>	<b>39,984</b>	<b>198,655</b>	<b>158,612</b>	<b>80%</b>	<b>16,933</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	16,907	10,787	7,072	25,441	8,429	95,056	-	-	163,694
<b>Creditors Age Analysis</b>									
Total Creditors	2,855	689	205	114	561	1,153	15	432	6,025

DC14 Joe Gqabi - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Mid-Year Assessment

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		202,935	226,453	226,453	415	160,615	170,385	(9,770)	-6%	216,965
Executive and council		5,480	6,800	6,800	-	-	3,613	(3,613)	-100%	3,800
Budget and treasury office		196,187	219,153	219,153	413	160,540	166,450	(5,910)	-4%	213,062
Corporate services		1,258	500	500	2	75	323	(247)	-77%	103
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		204,229	222,695	222,695	10,358	110,016	104,680	5,327	5%	262,436
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		199,980	211,729	211,729	10,358	110,016	102,404	7,612	7%	253,717
Environmental protection		4,249	10,966	10,966	-	-	2,286	(2,286)	-100%	8,719
<i>Trading services</i>		132,570	211,481	211,481	10,352	36,537	104,219	(67,682)	-65%	169,374
Electricity		-	-	-	-	-	-	-	-	-
Water		110,290	199,471	199,471	10,352	35,568	95,446	(59,878)	-63%	153,187
Waste water management		22,280	12,010	12,010	-	968	8,772	(7,804)	-89%	16,187
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	539,735	660,629	660,629	21,124	307,168	379,294	(72,126)	-19%	648,775
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		157,063	151,265	151,010	7,007	49,791	82,164	(32,373)	-39%	132,093
Executive and council		32,719	37,831	37,831	2,551	17,714	17,126	587	3%	29,594
Budget and treasury office		82,190	66,297	66,042	1,442	16,360	35,777	(19,427)	-54%	56,936
Corporate services		42,154	47,137	47,137	3,015	15,728	29,261	(13,533)	-46%	45,564
<i>Community and public safety</i>		13,851	14,087	14,087	1,063	7,387	7,316	71	1%	13,277
Community and social services		2,911	2,208	2,208	241	1,393	1,211	183	15%	2,522
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		10,940	11,879	11,879	822	5,994	6,106	(112)	-2%	10,754
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		141,862	149,646	149,646	5,801	71,902	79,307	(7,405)	-9%	47,386
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		125,639	126,614	126,614	4,482	64,126	59,155	4,971	8%	30,137
Environmental protection		16,223	23,032	23,032	1,319	7,776	20,151	(12,376)	-61%	17,248
<i>Trading services</i>		173,755	152,656	152,911	8,389	60,362	149,122	(88,760)	-60%	131,889
Electricity		-	-	-	-	-	-	-	-	-
Water		128,997	132,225	132,180	7,053	49,512	103,140	(53,628)	-52%	111,700
Waste water management		44,758	20,431	20,731	1,336	10,850	45,982	(35,132)	-76%	20,189
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	486,531	467,654	467,654	22,260	189,441	317,908	(128,467)	-40%	324,645
<b>Surplus/ (Deficit) for the year</b>		53,204	192,975	192,975	(1,136)	117,727	61,385	56,342	92%	324,130

DC14 Joe Gqabi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year Assessment

Vote Description	Ref	2014/15	Budget Year 2015/16							
		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>	1									
Vote 1 - MANAGEMENT SERVICES		5,490	6,800	6,800	-	-	3,613	(3,613)	-100.0%	3,800
Vote 2 - FINANCIAL SERVICES		280,182	281,434	281,434	1,978	168,767	208,465	(39,699)	-19.0%	286,768
Vote 3 - CORPORATE SERVICES		1,258	500	500	2	75	323	(247)	-76.6%	103
Vote 4 - TECHNICAL SERVICES		248,555	360,929	360,929	19,144	138,326	164,607	(26,280)	-16.0%	349,385
Vote 5 - COMMUNITY SERVICES		4,249	10,966	10,966	-	-	2,286	(2,286)	-100.0%	8,719
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>539,735</b>	<b>660,629</b>	<b>660,629</b>	<b>21,124</b>	<b>307,168</b>	<b>379,294</b>	<b>(72,126)</b>	<b>-19.0%</b>	<b>648,775</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - MANAGEMENT SERVICES		32,719	37,831	37,831	2,551	17,714	17,126	587	3.4%	29,594
Vote 2 - FINANCIAL SERVICES		82,190	66,297	66,042	1,442	16,360	35,777	(19,427)	-54.3%	34,538
Vote 3 - CORPORATE SERVICES		42,154	47,137	47,137	3,015	15,728	29,261	(13,533)	-46.3%	45,564
Vote 4 - TECHNICAL SERVICES		286,723	263,986	264,241	11,909	118,753	200,525	(81,771)	-40.8%	226,059
Vote 5 - COMMUNITY SERVICES		42,746	52,403	52,403	3,345	20,897	35,220	(14,323)	-40.7%	42,891
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>486,531</b>	<b>467,654</b>	<b>467,654</b>	<b>22,260</b>	<b>189,441</b>	<b>317,908</b>	<b>(128,467)</b>	<b>-40.4%</b>	<b>378,646</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>53,204</b>	<b>192,975</b>	<b>192,975</b>	<b>(1,136)</b>	<b>117,727</b>	<b>61,385</b>	<b>56,342</b>	<b>91.8%</b>	<b>270,129</b>

## DC14 Joe Gqabi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	2014/15	Budget Year 2015/16							
		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		-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		24,734	50,271	50,271	1,565	8,227	33,243	(25,017)	-75%	57,518
Service charges - sanitation revenue		18,131	12,010	12,010	-	-	8,772	(8,772)	-100%	16,187
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-
Interest earned - external investments		3,901	3,368	3,368	319	2,689	1,914	775	41%	4,806
Interest earned - outstanding debtors		5,808	2,704	2,704	-	-	1,523	(1,523)	-100%	2,380
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	112	112	-	-	39	(39)	-100%	112
Transfers recognised - operational		235,192	351,410	351,410	8,957	176,632	223,131	(46,499)	-21%	295,009
Other revenue		1,668	1,940	1,940	21	209	1,016	(807)	-79%	677
Gains on disposal of PPE		(72)	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>289,362</b>	<b>421,815</b>	<b>421,815</b>	<b>10,862</b>	<b>187,758</b>	<b>269,639</b>	<b>(81,882)</b>	<b>-30%</b>	<b>376,700</b>
<b>Expenditure By Type</b>										
Employee related costs		153,749	179,963	179,373	12,216	83,165	98,061	(14,896)	-15%	164,091
Remuneration of councillors		5,263	6,031	6,031	419	2,520	2,897	(377)	-13%	4,630
Debt impairment		74,777	19,583	19,583	-	-	11,035	(11,035)	-100%	18,668
Depreciation & asset impairment		44,240	47,867	47,867	3,687	22,120	108,390	(86,271)	-80%	40,973
Finance charges		4,462	2,294	2,294	-	259	306	(47)	-15%	2,001
Bulk purchases		3,004	10,480	10,480	62	62	5,240	(5,178)	-99%	4,686
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-
Transfers and grants		-	26,316	26,316	391	2,946	6,579	(3,633)	-55%	19,403
Other expenditure		196,880	175,121	175,711	5,486	78,370	85,400	(7,030)	-8%	146,601
Loss on disposal of PPE		4,155	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>486,531</b>	<b>467,654</b>	<b>467,654</b>	<b>22,260</b>	<b>189,441</b>	<b>317,908</b>	<b>(128,467)</b>	<b>-40%</b>	<b>401,043</b>
<b>Surplus/(Deficit)</b>		<b>(197,169)</b>	<b>(45,839)</b>	<b>(45,839)</b>	<b>(11,399)</b>	<b>(1,684)</b>	<b>(48,269)</b>	<b>46,585</b>	<b>(0)</b>	<b>(24,344)</b>
Transfers recognised - capital		209,242	238,814	238,814	10,262	119,411	109,654	9,756	0	272,075
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>12,073</b>	<b>192,975</b>	<b>192,975</b>	<b>(1,136)</b>	<b>117,727</b>	<b>61,385</b>			<b>247,731</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>12,073</b>	<b>192,975</b>	<b>192,975</b>	<b>(1,136)</b>	<b>117,727</b>	<b>61,385</b>			<b>247,731</b>
Atributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>12,073</b>	<b>192,975</b>	<b>192,975</b>	<b>(1,136)</b>	<b>117,727</b>	<b>61,385</b>			<b>247,731</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>12,073</b>	<b>192,975</b>	<b>192,975</b>	<b>(1,136)</b>	<b>117,727</b>	<b>61,385</b>			<b>247,731</b>



DC14 Joe Gqabi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Mid-Year Assessment

Vote Description	Ref	Budget Year 2015/16								
		2014/15 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4.7	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - MANAGEMENT SERVICES		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	200	200	-	-	100	(100)	-100%	200
Vote 3 - CORPORATE SERVICES		-	2,475	2,475	59	139	1,738	(1,599)	-92%	2,475
Vote 4 - TECHNICAL SERVICES		-	226,986	226,986	15,517	76,088	137,241	(61,153)	-45%	226,986
Vote 5 - COMMUNITY SERVICES		-	5,000	5,000	-	-	5,000	(5,000)	-100%	5,000
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	-	234,661	234,661	15,576	76,227	144,079	(67,852)	-47%	234,661
<b>Total Capital Expenditure</b>		-	234,661	234,661	15,576	76,227	144,079	(67,852)	-47%	234,661
<b>Capital Expenditure - Standard Classification</b>										
<b>Governance and administration</b>		-	2,675	2,675	59	139	1,838	(1,699)	-92%	2,675
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		-	200	200	-	-	100	(100)	-100%	200
Corporate services		-	2,475	2,475	59	139	1,738	(1,599)	-92%	2,475
<b>Community and public safety</b>		-	5,000	5,000	-	-	5,000	(5,000)	-100%	5,000
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	5,000	5,000	-	-	5,000	(5,000)	-100%	5,000
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	226,986	226,986	15,517	76,088	137,241	(61,153)	-45%	226,986
Electricity		-	-	-	-	-	-	-	-	-
Water		-	170,258	174,258	15,426	64,087	107,570	(43,483)	-40%	174,258
Waste water management		-	56,728	52,728	91	12,002	29,671	(17,670)	-60%	52,728
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard Classification</b>	3	-	234,661	234,661	15,576	76,227	144,079	(67,852)	-47%	234,661
<b>Funded by:</b>										
National Government		-	122,644	122,644	6,338	45,150	76,320	(31,170)	-41%	122,644
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	(122,644)
<b>Transfers recognised - capital</b>		-	122,644	122,644	6,338	45,150	76,320	(31,170)	-41%	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	22,500	22,500	-	4,054	22,500	(18,446)	-82%	22,500
Internally generated funds		-	89,517	89,517	9,238	27,023	45,259	(18,236)	-40%	212,161
<b>Total Capital Funding</b>		-	234,661	234,661	15,576	76,227	144,079	(67,852)	-47%	234,661

## DC14 Joe Gqabi - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		38,102	3,505	3,505	8,136	3,505
Call investment deposits		35,091	17,469	17,469	61,771	17,469
Consumer debtors		43,602	52,808	52,808	66,400	52,808
Other debtors		(6,814)	10,000	10,000	18,082	10,000
Current portion of long-term receivables		-	-	-	-	-
Inventory		3,018	3,568	3,568	3,521	3,568
<b>Total current assets</b>		<b>112,999</b>	<b>87,350</b>	<b>87,350</b>	<b>157,910</b>	<b>87,350</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		3,195	3,402	3,402	3,305	3,402
Investment property		2,621	2,894	2,894	2,553	2,894
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1,280,256	1,469,379	1,469,379	1,378,941	1,469,379
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		2,208	3,346	3,346	1,378	3,346
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>1,288,280</b>	<b>1,479,021</b>	<b>1,479,021</b>	<b>1,386,177</b>	<b>1,479,021</b>
<b>TOTAL ASSETS</b>		<b>1,401,279</b>	<b>1,566,371</b>	<b>1,566,371</b>	<b>1,544,088</b>	<b>1,566,371</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		(878)	1,350	1,350	936	1,350
Consumer deposits		-	1,250	1,250	-	1,250
Trade and other payables		143,960	4,153	4,153	160,459	4,153
Provisions		16,893	30,017	30,017	28,007	30,017
<b>Total current liabilities</b>		<b>159,975</b>	<b>36,770</b>	<b>36,770</b>	<b>189,402</b>	<b>36,770</b>
<b>Non current liabilities</b>						
Borrowing		5,740	42,723	42,723	5,653	42,723
Provisions		30,126	29,450	29,450	26,723	29,450
<b>Total non current liabilities</b>		<b>35,866</b>	<b>72,173</b>	<b>72,173</b>	<b>32,376</b>	<b>72,173</b>
<b>TOTAL LIABILITIES</b>		<b>195,841</b>	<b>108,943</b>	<b>108,943</b>	<b>221,778</b>	<b>108,943</b>
<b>NET ASSETS</b>	2	<b>1,205,438</b>	<b>1,457,428</b>	<b>1,457,428</b>	<b>1,322,309</b>	<b>1,457,428</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		1,205,438	1,270,200	1,270,200	1,322,309	1,270,200
Reserves		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>1,205,438</b>	<b>1,270,200</b>	<b>1,270,200</b>	<b>1,322,309</b>	<b>1,270,200</b>



DC14 Joe Gqabi - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges		-	-	-	-	-	-	-		-
Service charges		47,817	81,939	29	1,906	8,036	40,970	(32,934)	-80%	81,939
Other revenue		-	-	-	-	-	-	-		-
Government - operating		311,264	254,204	244	43,569	340,896	340,896	-		254,204
Government - capital		96,876	209,478	-	36,565	277,240	104,739	172,501	165%	209,478
Interest		4,535	2,394	3	13	147	1,197	(1,050)	-88%	2,394
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(345,992)	(348,588)	(361)	(26,181)	(546,065)	(180,047)	366,019	-203%	(348,588)
Finance charges		(764)	(4,121)	(8)	-	(350)	(2,060)	(1,710)	83%	(4,121)
Transfers and Grants		(12,286)	(89,730)	(56)	-	-	(44,865)	(44,865)	100%	(89,730)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>101,449</b>	<b>105,576</b>	<b>(149)</b>	<b>55,874</b>	<b>79,903</b>	<b>260,829</b>	<b>180,926</b>	<b>69%</b>	<b>105,576</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		150	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	231	-	903	1,017	-	1,017	#DIV/0!	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		219	120,664	-	-	-	116	(116)	-100%	231
<b>Payments</b>										
Capital assets		(95,112)	(120,664)	107	(15,576)	(74,729)	(60,332)	14,397	-24%	(120,664)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(94,743)</b>	<b>231</b>	<b>107</b>	<b>(14,674)</b>	<b>(73,712)</b>	<b>(60,217)</b>	<b>13,485</b>	<b>-22%</b>	<b>(120,433)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		171	1,001	-	-	216	(500)	716	-143%	(1,001)
<b>Payments</b>										
Repayment of borrowing		(399)	(1,001)	-	-	(216)	(500)	(285)	57%	(1,001)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(229)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,001)</b>	<b>(1,001)</b>	<b>100%</b>	<b>(2,002)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>6,478</b>	<b>105,807</b>	<b>(43)</b>	<b>41,200</b>	<b>6,192</b>	<b>199,612</b>			<b>(16,859)</b>
Cash/cash equivalents at beginning		17,368	-	(17)		33,792	(17)			33,792
Cash/cash equivalents at month/year end		23,846	105,807	(60)		39,984	199,595			16,933

**SECTION 5****CLOSURE**

Based on the analysis above, an Adjustments Budget is necessary to effect the changes in the estimates and bring in line the expenditure budget to the revenue that can be collected. The water and sanitation function take-over revenue and expenditure is a major factor affecting this.

**RECOMMENDATIONS**

That the Report of the Municipal Manager to the Executive Mayor of the Joe Gqabi District Municipality on the assessment carried out in terms of section 72 of the MFMA be noted.

That the Executive Mayor considers the report in terms of section 54 (1) of the MFMA.

That the Executive Mayor, in terms of section 54(1)(f) of the MFMA, submits the report to the Council by 25 January 2016.

That the Executive Mayor, in terms of section 54(2)(a)(ii) of the MFMA, tables an Adjustments Budget as contemplated in section 28(a), (b), (d) and (f) of the MFMA.

That the Adjustments Budget, in terms of section 23 of the Municipal Budget and Reporting regulations 393 of 2009, be tabled in the Municipal Council not later than 29 February 2016.

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Z A Williams  
Municipal Manager

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Date