

EMAKHAZENI BUDGET PERFORMANCE FOR THE 1st QUARTER 30 SEPTEMBER 2016

REPORT OF THE CHIEF FINANCIAL OFFICER

PURPOSE

To submit to the Council the 1st Quarter Budget performance report for the period ending 30 September 2016.

BACKGROUND

As per MFMA Section 52 (d):

52. The mayor of a municipality -
- (d) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

Below is the Executive Summary of the 1st Quarter Budget Performance report:

1. Executive Summary

Table C1: Quarterly Budget Statement Summary

For the first quarter of July to September 2016, total revenue to the amount of R77,92 million was realised compared to the quarterly performance targets of R77,00 million. This reflects an favourable deviation of 1%. The total operating expenditure for the quarter amounts R39,87 to million, against the quarterly target of R65,22 million. This reflects an unfavourable deviation of 39%. Capital expenditure for the quarter amounts R1,4 million. This reflects unfavourable deviation of 86%.

Taking into consideration the above, the net operating surplus for the first quarter amount to R11,78 million, whist the cash and cash equivalent amounted to R28,98 million.

Outstanding debtors comprises of consumer accounts and the outstanding debtors decreased to R46,82 million. Total creditors amounted to R79,37 million.

2. In-Year Budget Statements Tables

Table C2: Quarterly Financial Performance by Vote

Table C2 measures the quarterly actual against the year to date budget figures which realised by vote for revenue and expenditure. The deviation by vote is reflected in the year to date variation column.

Table C4: Quarterly Financial Performance by Revenue Source and Expenditure Type

This table provides the quarterly details for revenue by source and expenditure by type. For the purpose of reporting, Table C4 will be used to provide explanation on deviations. Reasons for deviations will only be provided in cases where the percentage differs with more that 10% and can be viewed in supporting Table SC1

Table C5: Quarterly Capital Expenditure by Vote

The C5 indicates the quarterly actual on capital expenditure for all votes and measures the year –to – date performance targets against the actual capital expenditure figures.

For the quarter ending 30 September 2016 capital expenditure to the amount of R1,4 million was realised. This unfavourable deviation amount of R8,52 million against the planned figure of R9,97 million, which constitutes an unfavourable deviation of 86% for the quarter.

Table C6: Quarterly Budget Statement Financial Position

In general the community wealth of the municipality amounts to R 941,57 million. The total liabilities amounts to R162,14 million whilst the total assets amounts to R 1,1 billion.

Table C7: Quarterly Budget Statement Cash flow

Table C7 provides detail of the monthly cash in and outflow. For the quarter end of 30 September 2016, the year net cash from operating activities was R23,79 million whilst cash used for investing activities was negative R1,4 million. The cash held increased to be R28,98 million.

MP314 Emakhazeni - Table C1 Quartely Budget Statement Summary

Description	Budget Year 2016/17						
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands							
Financial Performance							
Property rates	39 647	13 631	13 631	9 912	3 719	38%	
Service charges	81 521	23 131	23 131	20 380	2 750	13%	
Investment revenue	351	230	230	88	143	162%	
Transfers recognised - operational	56 899	23 911	23 911	24 833	(922)	-4%	
Other own revenue	48 537	4 699	4 699	12 134	(7 436)	-61%	
Total Revenue (excluding capital transfers and contributions)	226 955	65 601	65 601	67 347	(1 746)		
Employee costs	85 182	18 486	18 486	21 295	(2 810)	-13%	
Remuneration of Councillors	5 743	1 294	1 294	1 436	(141)	-10%	
Depreciation & asset impairment	44 243	-	-	11 061	(11 061)	-100%	
Finance charges	3 700	818	818	925	(107)	-12%	
Materials and bulk purchases	56 285	12 631	12 631	14 071	(1 441)	-10%	
Transfers and grants	-	-	-	-	-		
Other expenditure	65 728	6 639	6 639	16 432	(9 793)	-60%	
Total Expenditure	260 881	39 868	39 868	65 220	(25 352)		
Surplus/(Deficit)	(33 927)	25 733	25 733	2 127	23 606		
Transfers recognised - capital	32 134	12 315	12 315	9 654	-		
Contributions & Contributed assets	13 000	-	-	-	-		
Surplus/(Deficit) after capital transfers & contributions	11 207	38 048	38 048	11 780	23 606		
Share of surplus/ (deficit) of associate	-	-	-	-	-		
Surplus/ (Deficit) for the year	11 207	38 048	38 048	11 780	23 606		
Capital expenditure & funds sources							
Capital expenditure	75 841	1 444	1 444	9 967	(2 982)	-99%	
Capital transfers recognised	61 586	1 398	1 398	9 654	(2 811)	-100%	
Public contributions & donations	13 000	-	-	-	-		
Borrowing	-	-	-	-	-		
Internally generated funds	1 255	46	46	314	(171)	-89%	
Total sources of capital funds	75 841	1 444	1 444	9 967	(2 982)	-99%	
Financial position							
Total current assets	196 456	70 846	91 319				
Total non current assets	671 419	1 032 856	695 563				
Total current liabilities	71 053	121 794	86 286				
Total non current liabilities	56 923	40 340	53 071				
Community wealth/Equity	739 899	941 568	647 525				
Cash flows							
Net cash from (used) operating	28 585	23 785	23 785	15 222	8 563		
Net cash from (used) investing	(46 389)	(1 444)	(1 444)	(11 597)	10 153		
Net cash from (used) financing	-	-	-	-	-		
Cash/cash equivalents at the month/year end	(11 167)	40 005	40 005	10 261	(18 716)		
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Total
Debtors Age Analysis							
Total By Income Source	10 893	10 236	8 226	4 129	4 485	136 692	174 661
Creditors Age Analysis							
Total Creditors	11 246	4 437	2 035	61 648			79 366

MP314 Emakhazeni - Table C2 Quartely Budget Statement - Financial Performance (standard classification)

Description	Budget Year 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Revenue - Standard						
<i>Governance and administration</i>	154 426	47 403	47 403	47 585	(183)	0%
<i>Community and public safety</i>	121	29	29	30	(2)	-5%
<i>Economic and environmental services</i>	14 486	4 349	4 349	3 622	728	20%
<i>Trading services</i>	103 055	26 136	26 136	25 764	372	1%
<i>Other</i>	–	–	–	–	–	0%
Total Revenue - Standard	272 089	77 916	77 916	77 001	915	
Expenditure - Standard						
<i>Governance and administration</i>	124 613	11 322	11 322	31 153	(19 832)	-64%
<i>Community and public safety</i>	10 493	2 335	2 335	2 623	(289)	-11%
<i>Economic and environmental services</i>	40 748	7 976	7 976	10 187	(2 211)	-22%
<i>Trading services</i>	84 207	18 045	18 045	21 052	(3 007)	-14%
<i>Other</i>	820	191	191	205	(14)	-7%
Total Expenditure - Standard	260 881	39 868	39 868	65 220	(25 352)	
Surplus/ (Deficit) for the year	11 207	38 048	38 048	11 780	26 268	

Chart 1 – Table C2

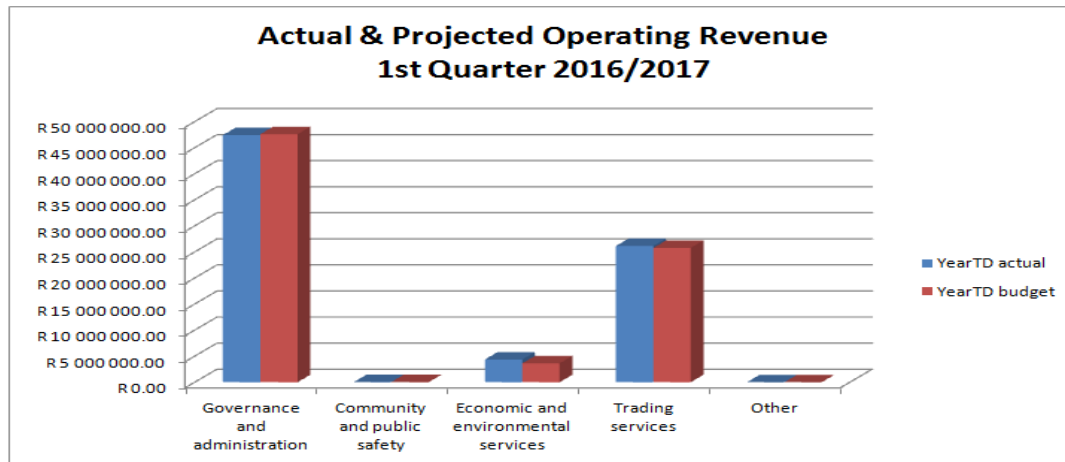
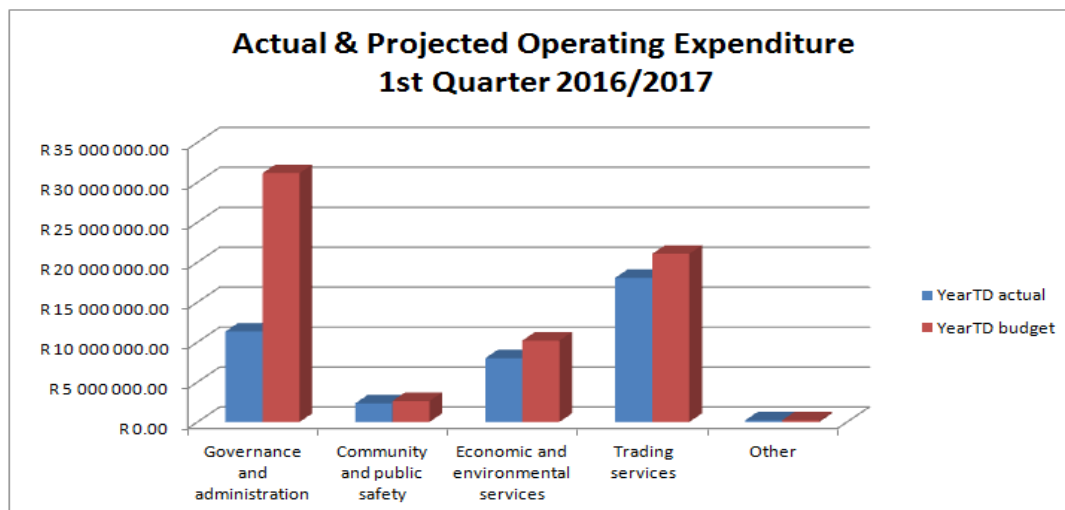


Chart 2 – Table C2



MP314 Emakhazeni - Table C3 Monthly Budget Statement - Financial Performance (by municipal vote)

Vote Description	Budget Year 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Revenue by Vote						
Vote 1 - EXECUTIVE & COUNCIL	109 387	46 700	46 700	36 325	10 374	29%
Vote 2 - FINANCE & ADMIN	45 039	703	703	11 260	(10 557)	-94%
Vote 3 - PLANNING & DEVELOPMENT	1 400	330	330	350	(20)	-6%
Vote 4 - HEALTH	-	-	-	-	-	0%
Vote 5 - COMMUNITY & SOCIAL SERVICES	80	23	23	20	3	15%
Vote 6 - PUBLIC SAFETY	-	-	-	-	-	0%
Vote 7 - SPORT & RECREATION	41	5	5	10	(5)	-47%
Vote 8 - WASTE MANAGEMENT	8 807	2 312	2 312	2 202	110	0%
Vote 9 - WASTE WATER MANAGEMENT	26 283	2 218	2 218	6 571	(4 353)	-198%
Vote 10 - ROAD TRANSPORT	13 086	4 019	4 019	3 272	747	11%
Vote 11 - WATER	16 637	4 923	4 923	4 159	764	23%
Vote 12 - ELECTRICITY	51 329	16 684	16 684	12 832	3 851	93%
Vote 13 - OTHER	-	-	-	-	-	0%
Total Revenue by Vote	272 089	77 916	77 916	77 001	915	
Expenditure by Vote						
Vote 1 - EXECUTIVE & COUNCIL	83 113	4 509	4 509	20 778	(16 269)	-78%
Vote 2 - FINANCE & ADMIN	41 500	6 812	6 812	10 375	(3 563)	-34%
Vote 3 - PLANNING & DEVELOPMENT	16 588	3 370	3 370	4 147	(777)	-19%
Vote 4 - HEALTH	923	106	106	231	(125)	-54%
Vote 5 - COMMUNITY & SOCIAL SERVICES	2 394	449	449	599	(150)	-25%
Vote 6 - PUBLIC SAFETY	2 291	591	591	573	19	3%
Vote 7 - SPORT & RECREATION	4 885	1 188	1 188	1 221	(33)	-3%
Vote 8 - WASTE MANAGEMENT	11 867	2 187	2 187	2 967	(779)	-26%
Vote 9 - WASTE WATER MANAGEMENT	7 645	1 599	1 599	1 911	(312)	-16%
Vote 10 - ROAD TRANSPORT	24 160	4 606	4 606	6 040	(1 434)	-24%
Vote 11 - WATER	9 080	1 132	1 132	2 270	(1 138)	-50%
Vote 12 - ELECTRICITY	55 616	13 126	13 126	13 904	(778)	-6%
Vote 13 - OTHER	820	191	191	205	(14)	-7%
Total Expenditure by Vote	260 881	39 868	39 868	65 220	(25 352)	
Surplus/ (Deficit) for the year	11 207	38 048	38 048	11 780	26 268	

MP314 Emakhazeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure)

Description	Budget Year 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Revenue By Source						
Property rates	39 647	13 631	13 631	9 912	3 719	38%
Property rates - penalties & collection charges	-	-	-	-	-	
Service charges - electricity revenue	42 838	13 934	13 934	10 710	3 224	30%
Service charges - water revenue	16 612	4 670	4 670	4 153	517	12%
Service charges - sanitation revenue	13 264	2 215	2 215	3 316	(1 101)	-33%
Service charges - refuse revenue	8 807	2 312	2 312	2 202	110	5%
Service charges - other	-	-	-	-	-	
Rental of facilities and equipment	1 078	214	214	269	(56)	-21%
Interest earned - external investments	351	230	230	88	143	162%
Interest earned - outstanding debtors	3 907	-	-	977	(977)	-100%
Dividends received	-	-	-	-	-	
Fines	13 069	3 021	3 021	3 267	(246)	-8%
Licences and permits	8	0	0	2	(2)	-79%
Agency services	-	-	-	-	-	0%
Transfers recognised - operational	56 899	23 911	23 911	24 833	(922)	-4%
Other revenue	30 475	1 464	1 464	7 619	(6 155)	-81%
Gains on disposal of PPE	-	-	-	-	-	0%
Total Revenue (excluding capital transfers and contributions)	226 955	65 601	65 601	67 347	(1 746)	-3%
Expenditure By Type						
Employee related costs	85 182	18 486	18 486	21 295	(2 810)	-13%
Remuneration of councillors	5 743	1 294	1 294	1 436	(141)	-10%
Debt impairment	10 000	-	-	2 500	(2 500)	-100%
Depreciation & asset impairment	44 243	-	-	11 061	(11 061)	-100%
Finance charges	3 700	818	818	925	(107)	-12%
Bulk purchases	49 697	12 261	12 261	12 424	(163)	-1%
Other materials	6 588	370	370	1 647	(1 277)	-78%
Contracted services	5 285	1 013	1 013	1 321	(309)	-23%
Transfers and grants	-	-	-	-	-	
Other expenditure	50 443	5 627	5 627	12 611	(6 984)	-55%
Loss on disposal of PPE	-	-	-	-	-	
Total Expenditure	260 881	39 868	39 868	65 220	(25 352)	-39%
Surplus/(Deficit)	(33 927)	25 733	25 733	2 127	23 606	(0)
Transfers recognised - capital	32 134	12 315	12 315	9 654	2 661	
Contributions recognised - capital	-	-	-	-	-	
Contributed assets	13 000	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	11 207	38 048	38 048	11 780	26 268	
Taxation	-	-	-	-	-	
Surplus/(Deficit) after taxation	11 207	38 048	38 048	11 780	26 268	
Attributable to minorities	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality	11 207	38 048	38 048	11 780	26 268	
Share of surplus/ (deficit) of associate	-	-	-	-	-	
Surplus/ (Deficit) for the year	11 207	38 048	38 048	11 780	26 268	

MP314 Emakhazeni - Table C5 Quarterly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

Vote Description	Budget Year 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Multi-Year expenditure appropriation						
Total Capital Multi-year expenditure	-	-	-	-	-	
Single Year expenditure appropriation						
Vote 1 - Executive & Council	53 586	881	881	9 654	(8 772)	-91%
Vote 2 - Finance and Admin	380	46	46	95	(49)	-51%
Vote 3 - Planning and Development	-	-	-	-	-	
Vote 4 - Health	-	-	-	-	-	
Vote 5 - Community and social services	24	-	-	6	(6)	-100%
Vote 6 - Housing	-	-	-	-	-	
Vote 7 - Public safety	-	-	-	-	-	#DIV/0!
Vote 8 - Sports and recreation	-	-	-	-	-	#DIV/0!
Vote 9 - Environmental protection	-	-	-	-	-	
Vote 10 - Waste Management	-	-	-	-	-	
Vote 11 - Waste water management	13 325	-	-	81	(81)	-100%
Vote 12 - Road transport	35	-	-	9	(9)	-100%
Vote 13 - Water	251	-	-	63	(63)	-100%
Vote 14 - Electricity	8 180	517	517	45	472	1048%
Vote 15 - Other	60	-	-	15	(15)	
Total Capital single-year expenditure	75 841	1 444	1 444	9 967	(8 523)	-86%
Total Capital Expenditure	75 841	1 444	1 444	9 967	(8 523)	-86%
Capital Expenditure - Standard Classification						
<i>Governance and administration</i>	53 966	928	928	9 749	(8 821)	-90%
<i>Community and public safety</i>	24	-	-	6	(6)	-100%
<i>Economic and environmental services</i>	35	-	-	9	(9)	-100%
<i>Trading services</i>	21 756	517	517	189	328	173%
<i>Other</i>	60	-	-	15	(15)	-100%
Total Capital Expenditure - Standard Classification	75 841	1 444	1 444	9 967	(8 523)	-86%
Funded by:						
National Government	32 134	1 398	1 398	9 654	(8 255)	-86%
Provincial Government		-	-	-	-	
District Municipality	29 452	-	-	-	-	0%
Other transfers and grants		-	-	-	-	
Transfers recognised - capital	61 586	1 398	1 398	9 654	(8 255)	-100%
Public contributions & donations	13 000	-	-	-	-	
Borrowing	-	-	-	-	-	
Internally generated funds	1 255	46	46	314	(267)	-85%
Total Capital Funding	75 841	1 444	1 444	9 967	(8 523)	-86%

Chart 3 – Table 5

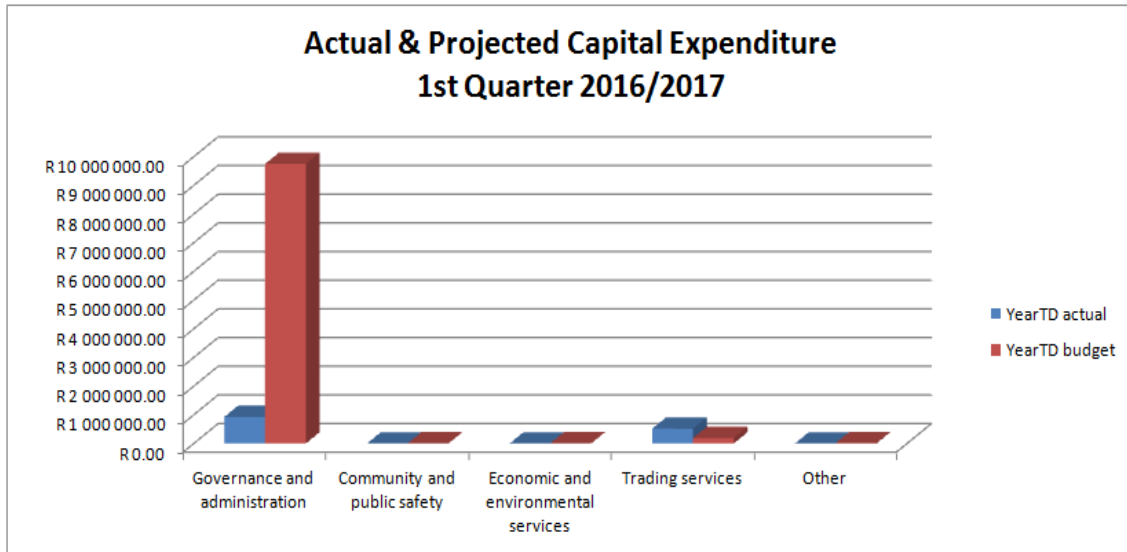
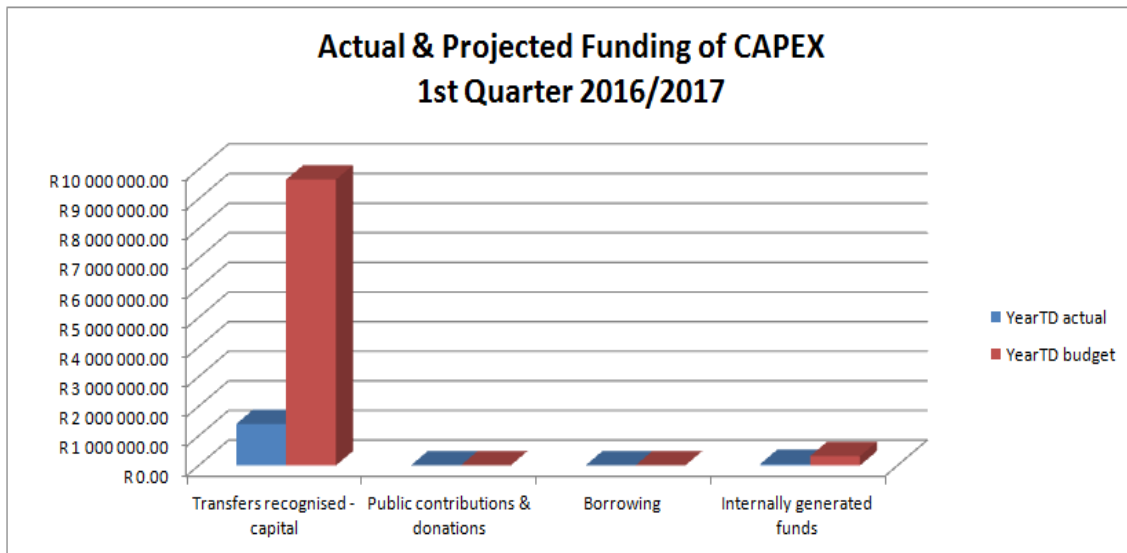


Chart 4 – Table 5



MP314 Emakhazeni - Table C6 Monthly Budget Statement - Financial Position

Description	Budget Year 2016/17	
	Original Budget	YearTD actual
R thousands		
<u>ASSETS</u>		
Current assets		
Cash	290	14
Call investment deposits	5 973	15 762
Consumer debtors	179 743	46 824
Other debtors	1 213	2 279
Current portion of long-term receivables	-	-
Inventory	9 238	5 967
Total current assets	196 456	70 846
Non current assets		
Long-term receivables	-	-
Investments	-	-
Investment property	76 281	195 036
Investments in Associate	-	-
Property, plant and equipment	594 344	836 791
Agricultural	-	-
Biological assets	-	-
Intangible assets	794	1 029
Other non-current assets	-	-
Total non current assets	671 419	1 032 856
TOTAL ASSETS	867 875	1 103 702
<u>LIABILITIES</u>		
Current liabilities		
Bank overdraft	-	4 180
Borrowing	-	-
Consumer deposits	1 683	1 708
Trade and other payables	69 370	115 906
Provisions	-	-
Total current liabilities	71 053	121 794
Non current liabilities		
Borrowing	-	-
Provisions	56 923	40 340
Total non current liabilities	56 923	40 340
TOTAL LIABILITIES	127 976	162 134
NET ASSETS	739 899	941 568
<u>COMMUNITY WEALTH/EQUITY</u>		
Accumulated Surplus/(Deficit)	739 899	941 568
Reserves	-	-
TOTAL COMMUNITY WEALTH/EQUITY	739 899	941 568

MP314 Emakhazeni - Table C7 Monthly Budget Statement - Cash Flow

Description	Budget Year 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	34 493	9 541	9 541	6 938	2 603	38%
Service charges	72 120	16 191	16 191	14 266	1 925	13%
Other revenue	15 015	1 464	1 464	8 959	(7 496)	-84%
Government - operating	56 899	23 911	23 911	24 833	(922)	-4%
Government - capital	45 134	12 315	12 315	11 852	463	4%
Interest	4 258	230	230	1 065	(834)	-78%
Dividends	-	-	-	-	-	-
Payments						
Suppliers and employees	(195 635)	(39 050)	(39 050)	(50 842)	11 792	-23%
Finance charges	(3 700)	(818)	(818)	(1 850)	1 032	-56%
Transfers and Grants	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	28 585	23 785	23 785	15 222	8 563	56%
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	0%
Decrease (Increase) in non-current debtors	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-
Payments						
Capital assets	(46 389)	(1 444)	(1 444)	(11 597)	10 153	-88%
NET CASH FROM/(USED) INVESTING ACTIVITIES	(46 389)	(1 444)	(1 444)	(11 597)	10 153	-88%
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short term loans	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-
Payments						
Repayment of borrowing	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(17 804)	22 340	22 340	3 624	(18 716)	
Cash/cash equivalents at beginning:	6 636	6 636	6 636	6 636		
Cash/cash equivalents at month/year end:	(11 167)	28 977	28 977	10 261	(18 716)	

PART 2 – SUPPORTING DOCUMENTATION

1. Material variances

Supporting table SC1 indicates the material variances between the year to date budget and year to date actual with further comments.

2. Performance indicators

Supporting table SC2 indicates the performance indicators for September 2016.

3. Debtors analysis

Supporting Table SC 3 provides a breakdown of the consumer debtors at the end of the 1st quarter. The outstanding consumer debtors amounted to R46,82 million.

Chart 5 – Debtors analysis

4. Creditors analysis

Supporting Table SC4 provides detail on aged creditors. Unfortunately not all creditor payments have been made in terms of the MFMA section 65. The accumulated creditors payments for the 1st quarter amounted to R 79,37 million

5. Investment portfolio analysis

Supporting Table SC5 display the Council's Investment Portfolio and indicates that R15,67 million is currently invested.

6. Allocation and grant receipts and expenditure

Supporting Tables SC6 & 7 provide detail of grants separately as income and expenditure, as far as revenue is recognised and expenditure is appropriated. On the receipt of grants, the actual grants received for the 1st quarter amounts to R33,34 million, which is mainly made up of the equitable share.

7. Councillor allowance and employee benefits

Supporting Table SC8 provides the detail for councillor and employee benefits. For the 1st quarter the total salaries, allowances and benefits paid amounted to R19,78 million. This amount include skills development levy.

8. Actual and revised targets for cash receipts

Supporting Table SC9 provides the detail of the cash inflow for the budget setting out receipts by source and payments by type per month.

9. Capital programme performance

Supporting Table SC12 provides information on the monthly trends for capital expenditure. In terms of this table the capital expenditure for the quarter amounts to R1,4 million.

The capital expenditure is graphically presented in: Chart 8 – Capital expenditure vs Targeted Budget

MP314 Emakhazeni - Supporting Table SC1 Material variance explanations

Ref	Description	Variance	Reasons for material deviations (All above 10%)
	R thousands		
1	Revenue By Source		
	Property rates	3 645	Opening of new consumer accounts - Agriculture, resulted in a higher increase of billing than anticipated.
	Service charges - electricity revenue	3 224	Income section has been notified and are investigating as to why the budget is exceeded with the assistance of National Treasury advisor.
	Service charges - water revenue	517	Income section has been notified and are investigating as to why the budget is exceeded with the assistance of National Treasury advisor.
	Service charges - sanitation revenue	(1 101)	Income section has been notified and are investigating as to why the budget has not been met.
	Rental of facilities and equipment	(56)	The average is used for this year to date budget, but it must be noted that the actual is effected by the vacation session of which December is the high vacation session, therefore the percentage will be ironed out through out the year.
	Interest earned - external investments	143	The interest earned is higher than anticipated due to short term deposit account investments.
	Interest earned - outstanding debtors	(977)	The implementation of the Credit control policy has not yet been implemented for the charging of interest on arrears consumer accounts.
	License and permits	(2)	The average is used for this year to date budget, but it must be noted that the actual is effected by the vacation session of which December is the high vacation session, therefore the percentage will be ironed out through out the year in relation to fish
	Other revenue	(6 409)	Anticipated other revenue is inclusive of donations to be received, but it only expected later during the year and therefore the variance.
	Transfers recognised - CAPITAL	2 661	Anticipated budget for INEP grant was set to be received by June 2017, while R2,7 million has been received an this quarter.
2	Expenditure By Type		
	Employee related costs	(2 810)	Not all vacant posts have been filled as anticipated and provisions for employee benefits as per GRAP 25 will only be done at year end.
	Debt impairment	(2 500)	No impairment of debtors have been done, will only be done at year end.
	Depreciation & asset impairment	(11 061)	No depreciation/impairment have been done, SCM/Assets section are yet to respond to why it is not yet transacted.
	Finance charges	(107)	Interst charged by creditors is less than anticipated which is good as there is a decrease in Fruitless and Wasteful expenditure.
	Other materials	(1 277)	Due to prioritization of expenditure and cashflow constrains expenditure is lower.
	Contracted services	(309)	Due to prioritization of expenditure and cashflow constrains expenditure is lower.
	Other expenditure	(6 984)	Due to prioritization of expenditure and cashflow constrains expenditure is lower.
3	Capital Expenditure		
	Capital Expenditure	(9 018)	MIG project is not taking speed as anticipated which result in capital expenditure currently being lower than anticipated.
4	Financial Position		
	Non current assets		Corrections to the asset register was made as a prior year error, which result in the actual being different from the budgeted amounts.
	Current Assets		A high provision for write off of bad debts was done in Aug 2016 for the AFS which result in debtors being much lower in actual than what was budgeted.
	Current Liabilities		For the 1st quarter the cashbook balance reflected an overdraft as well as higher creditors than was budgeted.
	Non current liabilities		There was a decrease in provision for Landfill site in Aug 2016 for the AFS, which result in a lower provision than budgeted.
5	Cash Flow		
	Net Cash from Operating Cash		Revenue yielded more than what was budgeted for due to new accounts opened
	Capital Expenditure		MIG project is not taking speed as anticipated which result in capital expenditure currently being lower than anticipated.

MP314 Emakhazeni - Supporting Table SC2 Monthly Budget Statement - Performance indicators

Description of financial indicator	Basis of calculation	Budget 2016/17	
		Original Budget	YearTD actual
<u>Borrowing Management</u>			
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	21.3%	1.2%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0.0%	0.0%
<u>Safety of Capital</u>			
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	9.4%	12.8%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%
<u>Liquidity</u>			
Current Ratio	Current assets/current liabilities	276.5%	58.2%
Liquidity Ratio	Monetary Assets/Current Liabilities	8.8%	13.0%
<u>Revenue Management</u>			
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing		
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	-2.1%	-1.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		
<u>Creditors Management</u>			
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))		
<u>Other Indicators</u>			
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated		
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source		
Employee costs	Employee costs/Total Revenue - capital revenue	37.3%	31.9%
Interest & Depreciation	I&D/Total Revenue - capital revenue	24.6%	0.8%

MP314 Emakhazeni - Supporting Table SC3 Monthly Budget Statement - aged debtors

Description	NT Code	Budget 2016/17								Total
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1200	2 276	1 153	1 014	631	751	23 893	-	-	29 717
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3 499	1 482	1 366	662	1 065	12 956	-	-	21 030
Receivables from Non-exchange Transactions - Property Rates	1400	2 513	5 453	4 110	1 539	1 505	52 954	-	-	68 074
Receivables from Exchange Transactions - Waste Water Management	1500	682	632	505	400	366	14 449	-	-	17 033
Receivables from Exchange Transactions - Waste Management	1600	687	631	550	460	425	17 297	-	-	20 049
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1900	1 237	886	680	437	372	15 144	-	-	18 757
Total By Income Source	2000	10 893	10 236	8 226	4 129	4 485	136 692	-	-	174 661
2013/14 - totals only										-
Debtors Age Analysis By Customer Group										
Organs of State	2200	3 862	749	1 663	312	751	(371)			6 966
Commercial	2300	1 710	1 161	807	693	647	20 513			25 532
Households	2400	3 858	3 663	3 535	2 425	2 423	86 225			102 129
Other	2500	1 463	4 662	2 221	699	664	30 325			40 035
Total By Customer Group	2600	10 893	10 236	8 226	4 129	4 485	136 692	-	-	174 661

MP314 Emakhazeni - Supporting Table SC4 Monthly Budget Statement - aged creditors

Description	NT Code	Budget 2016/17					Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	
R thousands							
Creditors Age Analysis By Customer Type							
Bulk Electricity	0100	5 065 775	4 162 584	0	34 978 460	0	44 207
Bulk Water	0200	0	0	0	0	0	-
PAYE deductions	0300	759 450	0	0	0	0	759
VAT (output less input)	0400	0	0	0	0	0	-
Pensions / Retirement deductions	0500	1 070 560	0	0	0	0	1 071
Loan repayments	0600	0	0	0	0	0	-
Trade Creditors	0700	3 218 203	273 652	2 034 864	26 669 824	0	32 197
Auditor General	0800	347 522	0	0	0	0	348
Other	0900	784 592	500	0	0	0	785
Total By Customer Type	1000	11 246	4 437	2 035	61 648	-	79 366

MP314 Emakhazeni - Supporting Table SC5 Monthly Budget Statement - investment portfolio

Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Accrued interest for the month	Market value at end of the month
	Yrs/Months			
R thousands				
Municipality				
FNB: Call Account 4600	Daily/monthly	Call Account	29	545
FNB: 32-day Account	32-Notice	32-day Account	0	2
FNB: Call Account (MIG)	Daily/monthly	Call Account	57	14 404
FNB: 7-day Account	7-notice	7 Day Account	10	722
TOTAL INVESTMENTS AND INTEREST			95	15 673

MP314 Emakhazeni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts

Description	Budget 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
RECEIPTS:						
Operating Transfers and Grants						
National Government:	55 629	23 728	23 728	24 478	(750)	-3.1%
Equitable share	51 837	21 599	21 599	21 599	-	0.0%
Finance Management grant	1 825	1 825	1 825	1 825	-	0.0%
Municipal Systems Improvement	750	-	-	750	(750)	-100.0%
EPWP Incentive	1 217	304	304	304	-	0.0%
Other grant providers:	-	-	183	-	183	
<i>LGSETA</i>	-	-	183	-	183	
Total Operating Transfers and Grants	55 629	23 728	23 911	24 478	(567)	-2.3%
Capital Transfers and Grants						
National Government:	25 404	9 615	9 615	9 615	-	0.0%
Municipal Infrastructure Grant (MIG)	25 404	9 615	9 615	9 615	-	0.0%
Provincial Government:	-	-	-	-	-	
Total Capital Transfers and Grants	25 404	9 615	9 615	9 615	-	0.0%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	81 033	33 343	33 526	34 093	(567)	-1.7%

MP314 Emakhazeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure

Description	Budget 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
EXPENDITURE						
Operating expenditure of Transfers and Grants						
National Government:	55 629	22 387	22 387	22 547	(160)	-0.7%
Equitable share	51 837	21 599	21 599	21 599	-	0.0%
Finance Management grant	1 825	411	411	456	(45)	-9.8%
Municipal Systems Improvement	750	75	75	188	(112)	-59.8%
EPWP Incentive	1 217	301	301	304	(3)	-0.9%
Other grant providers:	-	-	-	-	-	
<i>LGSETA</i>	-	-	-	-	-	0.0%
Total operating expenditure of Transfers and Grants:	55 629	22 387	22 387	22 547	(160)	-0.7%
Capital expenditure of Transfers and Grants						
National Government:	25 404	1 141	1 141	9 336	(8 195)	-87.8%
Municipal Infrastructure Grant (MIG)	25 404	1 141	1 141	9 336	(8 195)	-87.8%
Total capital expenditure of Transfers and Grants	25 404	1 141	1 141	9 336	(8 195)	-87.8%
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	81 033	23 528	23 528	31 883	(8 355)	-26.2%

MP314 Emakhazeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits

Summary of Employee and Councillor remuneration	Budget 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Councillors (Political Office Bearers plus Other)						
Basic Salaries and Wages	3,502	833	833	876	(42)	-5%
Pension and UIF Contributions	525	106	106	131	(26)	-19%
Medical Aid Contributions	308	18	18	77	(59)	-77%
Motor Vehicle Allowance	954	241	241	239	2	1%
Cellphone Allowance	389	81	81	97	(16)	-16%
Housing Allowances	39	7	7	10	(3)	-27%
Other benefits and allowances	25	8	8	6	1	22%
TOTAL COUNCILLORS	5,743	1,294	1,294	1,436	(142)	-10%
Senior Managers of the Municipality						
Basic Salaries and Wages	2,885	563	563	721	(158)	-22%
Pension and UIF Contributions	736	114	114	184	(70)	-38%
Medical Aid Contributions	184	45	45	46	(1)	-3%
Overtime	-	-	-	-	-	-
Performance Bonus	631	-	-	158	(158)	-100%
Motor Vehicle Allowance	811	148	148	203	(55)	-27%
Cellphone Allowance	76	11	11	19	(8)	-40%
Housing Allowances	9	2	2	2	(0)	2
Other benefits and allowances	1	9	9	0	9	(9)
Payments in lieu of leave	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	5,332	892	892	1,333	(441)	-33%
Other Municipal Staff						
Basic Salaries and Wages	46,242	11,170	11,170	11,561	(391)	-3%
Pension and UIF Contributions	9,705	2,235	2,235	2,426	(191)	-8%
Medical Aid Contributions	3,125	736	736	781	(46)	-6%
Overtime	3,629	1,057	1,057	907	150	17%
Performance Bonus	3,646	990	990	911	79	9%
Motor Vehicle Allowance	4,577	1,014	1,014	1,144	(130)	-11%
Cellphone Allowance	326	72	72	82	(10)	-12%
Housing Allowances	692	171	171	173	(1)	-1%
Other benefits and allowances	4,674	149	149	1,168	(1,019)	-87%
Payments in lieu of leave	-	-	-	-	-	-
Long service awards	717	-	-	179	(179)	-100%
Post-retirement benefit obligations	2,517	-	-	629	(629)	1,258
Sub Total - Other Municipal Staff	79,850	17,594	17,594	19,962	(2,368)	-12%
TOTAL MANAGERS AND STAFF	85,182	18,486	18,486	21,295	(2,809)	-13%
TOTAL EMPLOYEE & COUNCILLOR REMUNERATION	90,925	19,780	19,780	22,731	(2,951)	-13%

MP314 Emakhazeni - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts

Description	Budget 2016/17												2016/17 Medium Term Revenue &		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget			
Cash Receipts By Source															
Property rates	4 849	10 913	2 697	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	2 874	34 493	39 925	44 102
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	3 763	7 797	6 137	3 213	3 213	3 213	3 213	3 213	3 213	3 213	3 213	3 213	38 554	44 728	49 137
Service charges - water revenue	1 141	2 492	2 328	1 204	1 204	1 204	1 204	1 204	1 204	1 204	1 204	1 204	14 452	16 300	17 911
Service charges - sanitation revenue	697	1 455	760	962	962	962	962	962	962	962	962	962	11 540	13 427	14 755
Service charges - refuse	730	1 520	791	631	631	631	631	631	631	631	631	631	7 574	8 915	9 796
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	56	116	97	76	76	76	76	76	76	76	76	76	916	1 005	1 110
Interest earned - external investments	42	140	90	29	29	29	29	29	29	29	29	29	351	372	387
Interest earned - outstanding debtors	-	-	-	326	326	326	326	326	326	326	326	326	3 907	3 907	3 907
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	3 021	1 089	1 089	1 089	1 089	1 089	1 089	1 089	1 089	1 089	13 069	12 113	12 120
Licences and permits	0	0	0	1	1	1	1	1	1	1	1	1	8	8	9
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operating	24 299	24 603	1 825	653	17 001	214	214	579	12 894	214	214	214	56 899	60 642	64 267
Other revenue	46	131	1 262	85	85	85	85	85	85	85	85	85	1 023	1 055	1 119
Cash Receipts by Source	35 622	49 167	19 010	11 144	27 491	10 704	10 704	11 070	23 384	10 704	10 704	10 704	182 786	202 397	218 619
Other Cash Flows by Source															
Transfer receipts - capital	12 315	0	0	11 119	-	-	-	-	9 164	-	-	13 000	45 134	24 637	21 447
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	47 937	49 167	19 010	22 263	27 491	10 704	10 704	11 070	32 548	10 704	10 704	23 704	227 920	227 034	240 066
Cash Payments by Type															
Employee related costs	6 175	12 407	6 586	6 660	6 660	6 660	6 660	6 660	6 660	6 660	6 660	6 660	79 918	84 298	89 345
Remuneration of councillors	426	851	448	479	479	479	479	479	479	479	479	479	5 743	6 114	6 481
Interest paid	1	818	-	308	308	308	308	308	308	308	308	308	3 700	3 774	3 849
Bulk purchases - Electricity	-	12 261	-	4 201	4 201	4 201	4 201	4 201	4 201	4 201	4 201	3 550	49 697	53 603	57 816
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	6	228	145	547	547	547	547	547	547	547	547	574	6 588	7 061	7 255
Contracted services	336	673	339	465	465	465	465	465	465	465	465	198	5 285	5 432	5 540
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General expenses	437	4 358	1 146	4 034	4 034	4 034	4 034	4 034	4 034	4 034	4 034	4 034	48 403	47 541	48 860
Cash Payments by Type	7 382	31 596	8 664	16 692	16 692	16 692	16 692	16 692	16 692	16 692	16 692	15 803	199 335	207 823	219 148
Other Cash Flows/Payments by Type															
Capital assets	46	517	881	3 032	3 032	3 032	3 032	3 032	3 032	3 032	3 032	13 032	46 389	25 750	22 582
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	7 428	32 113	9 546	16 692	16 692	16 692	16 692	16 692	16 692	16 692	16 692	15 803	199 335	207 823	219 148
NET INCREASE/(DECREASE) IN CASH HELD	40 509	17 054	9 464	5 570	10 799	(5 988)	(5 988)	(5 622)	15 856	(5 988)	(5 988)	7 902	28 585	19 211	20 919
Cash/cash equivalents at the month/year beginning:	6 636	47 145	64 199	73 663	79 234	90 033	84 045	78 058	72 435	88 291	82 303	76 316	500	29 085	48 296
Cash/cash equivalents at the month/year end:	47 145	64 199	73 663	79 234	90 033	84 045	78 058	72 435	88 291	82 303	76 316	84 218	29 085	48 296	69 215

MP314 Emakhaseni - Table SC12 Quarterly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

Vote Description	Budget Year 2016/17					
	Original Budget	Q1 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Multi-Year expenditure appropriation						
Total Capital Multi-year expenditure	-	-	-	-	-	
Single Year expenditure appropriation						
Vote 1 - Executive & Council	53 586	881	881	9 654	(8 772)	-91%
Vote 2 - Finance and Admin	380	46	46	95	(49)	-51%
Vote 3 - Planning and Development	-	-	-	-	-	
Vote 4 - Health	-	-	-	-	-	
Vote 5 - Community and social services	24	-	-	6	(6)	-100%
Vote 6 - Housing	-	-	-	-	-	
Vote 7 - Public safety	-	-	-	-	-	#DIV/0!
Vote 8 - Sports and recreation	-	-	-	-	-	#DIV/0!
Vote 9 - Environmental protection	-	-	-	-	-	
Vote 10 - Waste Management	-	-	-	-	-	
Vote 11 - Waste water management	13 325	-	-	81	(81)	-100%
Vote 12 - Road transport	35	-	-	9	(9)	-100%
Vote 13 - Water	251	-	-	63	(63)	-100%
Vote 14 - Electricity	8 180	517	517	45	472	1048%
Vote 15 - Other	60	-	-	15	(15)	
Total Capital single-year expenditure	75 841	1 444	1 444	9 967	(8 523)	-86%
Total Capital Expenditure	75 841	1 444	1 444	9 967	(8 523)	-86%
Capital Expenditure - Standard Classification						
Governance and administration	53 966	928	928	9 749	(8 821)	-90%
Executive and council	53 586	881	881	13 397	(12 515)	-93%
Budget and treasury office	-	-	-	-	-	#DIV/0!
Corporate services	380	46	46	95	(49)	-51%
Community and public safety	24	-	-	6	(6)	-100%
Community and social services	24	-	-	6	(6)	-100%
Sport and recreation	-	-	-	-	-	#DIV/0!
Public safety	-	-	-	-	-	#DIV/0!
Housing	-	-	-	-	-	#DIV/0!
Health	-	-	-	-	-	#DIV/0!
Economic and environmental services	35	-	-	9	(9)	-100%
Planning and development	-	-	-	-	-	#DIV/0!
Road transport	35	-	-	9	(9)	-100%
Environmental protection	-	-	-	-	-	#DIV/0!
Trading services	21 756	517	517	189	328	173%
Electricity	8 180	-	-	2 045	(2 045)	-100%
Water	251	-	-	63	(63)	-100%
Waste water management	13 325	-	-	3 331	(3 331)	-100%
Waste management	-	-	-	-	-	#DIV/0!
Other	60	-	-	15	(15)	-100%
Total Capital Expenditure - Standard Classification	75 841	1 444	1 444	9 967	(8 523)	-86%
Funded by:						
National Government	32 134	1 398	1 398	9 654	(8 255)	-86%
Provincial Government	-	-	-	-	-	
District Municipality	29 452	-	-	-	-	0%
Other transfers and grants	-	-	-	-	-	
Transfers recognised - capital	61 586	1 398	1 398	9 654	(8 255)	-100%
Public contributions & donations	13 000	-	-	-	-	
Borrowing	-	-	-	-	-	
Internally generated funds	1 255	46	46	314	(267)	-85%
Total Capital Funding	75 841	1 444	1 444	9 967	(8 523)	-86%

RECOMMENDATIONS BY MANAGER FINANCIAL SERVICES

1. **That,** the above 1st Quarter Budget performance 2016/17 be noted.