

EMAKHAZENI BUDGET PERFORMANCE FOR THE 2nd QUARTER 31 DECEMBER 2015

REPORT OF THE CHIEF FINANCIAL OFFICER

PURPOSE

To submit to the Council the 2nd Quarter Budget performance report for the period ending 31 December 2015.

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 2nd Quarter Budget Performance report:

1. Executive Summary

Table C1: Quarterly Budget Statement Summary

For the second quarter of October to December 2015, total revenue to the amount of R47,83 million was realised compared to the quarterly performance targets of R58,57 million. This reflects an unfavourable deviation of 18%. The total operating expenditure for the quarter amounts to R45,48 million, against the quarterly target of R60,30 million. This reflects an unfavourable deviation of 15%. Capital expenditure for the quarter amounts R5,78 million. This reflects unfavourable deviation of 49%.

Taking into consideration the above, the net operating surplus for the second quarter amount to R2,35 million, whilst the cash and cash equivalent amounted to R 20,20 million.

Outstanding debtors comprises of consumer accounts and the outstanding debtors increased to R86,87 million. Total creditors amounted to R 65,01 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 31 December 2015 capital expenditure to the amount of R 5,78 million was realised. This favour deviates with R5,78 million against the planned figure of R 9,03 million, which constitutes an unfavourable deviation of 49% for the quarter.

Table C6: Quarterly Budget Statement Financial Position

In general the community wealth of the municipality amounts to R641,69 million. The total liabilities amounts to R148,52 million whilst the total assets amounts to R790,21 million.

Table C7: Quarterly Budget Statement Cash flow

Table C7 provides detail of the monthly cash in and outflow. For the quarter end of 31 December 2015, the year net cash from operating activities was R7,78 million whilst cash used for investing activities was negative R5,78 thousand. The cash held increased to be R 20,20 million.

MP314 Emakhazeni - Table C1 Quartely Budget Statement Summary

Description	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Q1 actual	Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
Financial Performance								
Property rates	16 928	60 321	8 972	6 406	15 377	30 161	(14 783)	-49%
Service charges	63 277	73 703	15 045	19 358	34 403	36 851	(2 449)	-7%
Investment revenue	380	216	95	105	200	108	92	85%
Transfers recognised - operational	44 855	52 305	23 368	16 489	39 857	39 857	-	-
Other own revenue	23 853	31 206	6 926	5 471	12 397	4 609	7 788	169%
Total Revenue (excluding capital transfers and contributions)	149 293	217 751	54 405	47 829	102 235	111 587	(9 352)	
Employee costs	63 291	81 248	17 333	17 484	34 817	40 624	(5 807)	-14%
Remuneration of Councillors	5 070	5 442	1 277	1 277	2 555	2 721	(166)	-6%
Depreciation & asset impairment	41 289	51 487	-	-	-	25 743	(25 743)	-100%
Finance charges	4 080	2 053	408	1 673	2 081	1 027	1 054	103%
Materials and bulk purchases	41 875	52 715	8 033	14 322	22 355	26 357	(4 002)	-15%
Transfers and grants	-	-	-	-	-	-	-	-
Other expenditure	9 544	58 698	5 964	10 723	16 687	29 349	(12 662)	-43%
Total Expenditure	165 149	251 643	33 015	45 479	78 494	125 821	(47 327)	
Surplus/(Deficit)	(15 856)	(33 891)	21 390	2 350	23 740	(14 234)	37 975	
Transfers recognised - capital	17 232	17 755	6 747	-	6 747	12 961	(6 214)	-48%
Contributions & Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 376	(16 136)	28 137	2 350	30 487	(1 273)	31 761	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1 376	(16 136)	28 137	2 350	30 487	(1 273)	31 761	
Capital expenditure & funds sources								
Capital expenditure		35 925	22	5 779	5 801	3 004	(2 982)	-99%
Capital transfers recognised		34 767	-	5 625	5 625	2 811	(2 811)	-100%
Public contributions & donations		-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-
Internally generated funds		1 158	22	154	176	193	(171)	-89%
Total sources of capital funds		35 925	22	5 779	5 801	3 004	(2 982)	-99%
Financial position								
Total current assets	97 744	113 346	91 319	101 664	101 664			
Total non current assets	688 542	493 924	695 563	688 542	688 542			
Total current liabilities	115 728	83 225	86 286	95 390	95 390			
Total non current liabilities	50 966	44 416	53 071	53 124	53 124			
Community wealth/Equity	619 592	479 630	647 525	641 691	641 691			
Cash flows								
Net cash from (used) operating	17 131	53 029	37 881	40 147	(5 322)	16 918	20 963	124%
Net cash from (used) investing	(14 785)	(35 871)	(22)	(6 945)	(1 917)	(4 493)	4 484	-57%
Net cash from (used) financing	-	55	32	-	7 218	14	(18)	-130%
Cash/cash equivalents at the month/year end	6 636	17 713	44 527	33 202	(21)	12 939	25 430	
Debtors & creditors analysis								
	0-30 Days	31-60 Days	121-150 Dys	151-180 Dys				Total
Debtors Age Analysis								
Total By Income Source	6 342	6 007	3 841	3 533				142 953
Creditors Age Analysis								
Total Creditors	11 259	910	1 067	42 221				65 008

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

Description	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Q1 actual	Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
Revenue - Standard								
<i>Governance and administration</i>	89 399	152 068	39 117	23 141	62 258	82 610	(20 352)	-25%
<i>Community and public safety</i>	111	122	28	29	57	61	(4)	-6%
<i>Economic and environmental services</i>	13 400	9 258	6 869	4 795	11 663	4 847	6 816	141%
<i>Trading services</i>	63 615	74 058	15 139	19 864	35 003	37 029	(2 026)	-5%
<i>Other</i>	-	-	-	-	-	-	-	0%
Total Revenue - Standard	166 525	235 506	61 152	47 829	108 982	124 548	(15 566)	
Expenditure - Standard								
<i>Governance and administration</i>	60 019	130 787	9 625	14 648	24 274	65 393	(41 120)	-63%
<i>Community and public safety</i>	7 295	9 093	2 363	2 172	4 535	4 546	(11)	0%
<i>Economic and environmental services</i>	25 870	33 278	8 051	9 197	17 247	16 639	609	4%
<i>Trading services</i>	71 355	77 424	12 784	19 275	32 059	38 712	(6 653)	-17%
<i>Other</i>	609	1 061	192	186	379	531	(152)	-29%
Total Expenditure - Standard	165 149	251 643	33 015	45 479	78 494	125 821	(47 327)	
Surplus/ (Deficit) for the year	1 376	(16 136)	28 137	2 350	30 487	(1 273)	31 761	

Chart 1 – Table C2

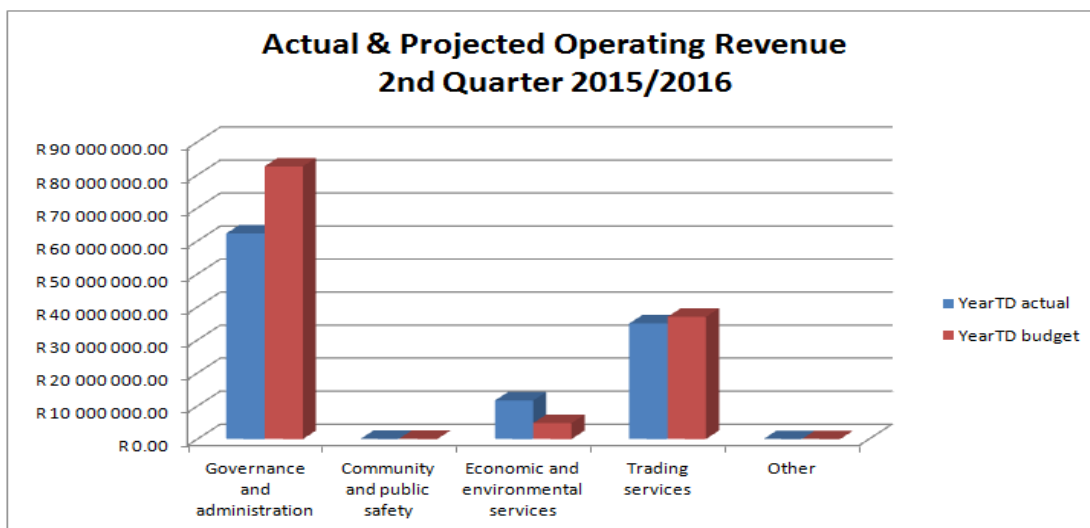
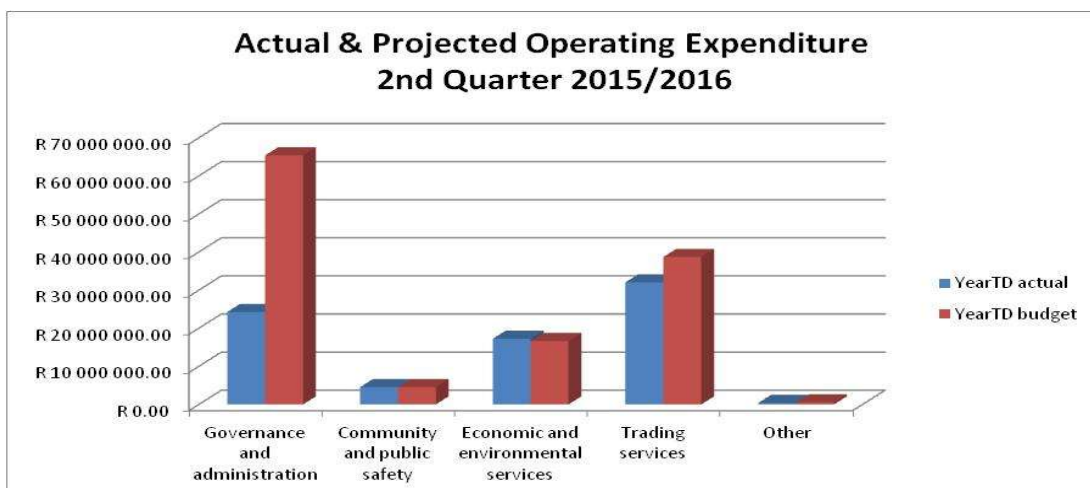


Chart 2 – Table C2



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

Vote Description	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Q1 actual	Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
Revenue by Vote								
Vote 1 - EXECUTIVE & COUNCIL	71 075	91 048	29 774	18 354	48 129	52 100	(3 971)	-8%
Vote 2 - FINANCE & ADMIN	18 325	61 020	9 342	4 787	14 129	30 510	(16 381)	-54%
Vote 3 - PLANNING & DEVELOPMENT	1 343	1 315	473	375	848	876	(28)	-3%
Vote 4 - HEALTH	-	-	-	-	-	-	-	0%
Vote 5 - COMMUNITY & SOCIAL SERVICES	76	72	20	16	36	36	(0)	-1%
Vote 6 - PUBLIC SAFETY	-	-	-	-	-	-	-	-
Vote 7 - SPORT & RECREATION	35	50	9	13	21	25	(4)	0%
Vote 8 - WASTE MANAGEMENT	8 662	8 996	2 484	1 889	4 373	4 498	(125)	-502%
Vote 9 - WASTE WATER MANAGEMENT	8 150	8 787	2 106	2 254	4 360	4 393	(33)	-1%
Vote 10 - ROAD TRANSPORT	12 057	7 943	6 395	4 420	10 815	3 971	6 844	156%
Vote 11 - WATER	13 314	12 163	2 665	3 503	6 168	6 082	86	2%
Vote 12 - ELECTRICITY	33 488	44 112	7 884	12 219	20 102	22 056	(1 954)	-32%
Total Revenue by Vote	166 525	235 506	61 152	47 829	108 982	124 548	(15 566)	
Expenditure by Vote								
Vote 1 - EXECUTIVE & COUNCIL	(8 192)	45 700	4 108	5 733	9 841	22 850	(13 009)	-57%
Vote 2 - FINANCE & ADMIN	68 211	85 087	5 517	8 916	14 433	42 544	(28 111)	-66%
Vote 3 - PLANNING & DEVELOPMENT	10 218	15 738	3 182	3 156	6 338	7 869	(1 531)	-19%
Vote 4 - HEALTH	281	110	-	63	63	55	8	14%
Vote 5 - COMMUNITY & SOCIAL SERVICES	-	2 336	419	429	849	1 168	(319)	-27%
Vote 6 - PUBLIC SAFETY	1 421	1 957	749	443	1 192	978	214	22%
Vote 7 - SPORT & RECREATION	3 999	4 690	1 195	1 237	2 432	2 345	87	4%
Vote 8 - WASTE MANAGEMENT	16 327	10 921	1 777	2 242	4 019	5 461	(1 442)	-26%
Vote 9 - WASTE WATER MANAGEMENT	5 351	6 771	1 424	1 549	2 973	3 385	(412)	-12%
Vote 10 - ROAD TRANSPORT	15 653	17 540	4 869	6 041	10 909	8 770	2 139	24%
Vote 11 - WATER	6 582	7 313	1 034	1 647	2 680	3 656	(976)	-27%
Vote 12 - ELECTRICITY	43 095	52 419	8 549	13 838	22 387	26 210	(3 822)	-15%
Vote 13 - OTHER	609	1 061	192	186	379	531	(152)	-29%
Total Expenditure by Vote	165 149	251 643	33 015	45 479	78 494	125 821	(47 327)	
Surplus/ (Deficit) for the year	1 376	(16 136)	28 137	2 350	30 487	(1 273)	31 761	

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

Description	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Q1 actual	Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
Revenue By Source								
Property rates	16 928	60 321	8 972	6 407	15 379	30 161	(14 782)	-49%
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges - electricity revenue	33 173	43 798	7 795	12 104	19 899	21 899	(2 000)	-9%
Service charges - water revenue	13 305	12 140	2 663	3 501	6 165	6 070	95	2%
Service charges - sanitation revenue	8 136	8 770	2 102	2 250	4 352	4 385	(33)	-1%
Service charges - refuse revenue	8 662	8 996	2 484	1 889	4 373	4 498	(125)	-3%
Service charges - other	-	-	-	-	-	-	-	-
Rental of facilities and equipment	806	437	257	298	555	219	337	154%
Interest earned - external investments	380	216	95	105	200	108	92	85%
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-
Fines	8 874	5 556	6 110	3 910	10 021	2 778	7 243	261%
Licences and permits	6	7	3	3	6	3	2	63%
Agency services	3 172	2 384	280	505	785	1 192	(408)	-34%
Transfers recognised - operational	44 855	52 305	23 368	16 489	39 857	39 857	-	0%
Other revenue	10 995	22 767	276	202	478	390	88	23%
Gains on disposal of PPE	-	54	-	-	-	27	(27)	-100%
Total Revenue (excluding capital transfers and contributions)	149 293	217 751	54 405	47 664	102 069	111 587	(9 518)	-9%
Expenditure By Type								
Employee related costs	63 291	81 248	17 333	17 499	34 832	40 624	(5 792)	-14%
Remuneration of councillors	5 070	5 442	1 277	1 277	2 555	2 721	(166)	-6%
Debt impairment	(32 364)	17 709	-	-	-	8 855	(8 855)	-100%
Depreciation & asset impairment	41 289	51 487	-	-	-	25 743	(25 743)	-100%
Finance charges	4 080	2 053	408	1 673	2 081	1 027	1 054	103%
Bulk purchases	39 404	46 575	7 445	12 835	20 280	23 288	(3 008)	-13%
Other materials	2 472	6 139	588	1 487	2 075	3 070	(994)	-32%
Contracted services	3 272	5 610	560	1 283	1 844	2 805	(961)	-34%
Transfers and grants	-	-	-	-	-	-	-	-
Other expenditure	38 636	35 379	5 404	9 258	14 662	17 689	(3 028)	-17%
Loss on disposal of PPE	-	-	-	-	-	-	-	-
Total Expenditure	165 149	251 643	33 015	45 313	78 329	125 821	(47 492)	-38%
Surplus/(Deficit)	(15 856)	(33 891)	21 390	2 350	23 740	(14 234)	37 975	(0)
Transfers recognised - capital	17 232	17 755	6 747	-	6 747	12 961	(6 214)	
Surplus/ (Deficit) for the year	1 376	(16 136)	28 137	2 350	30 487	(1 273)	31 761	

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

Vote Description	Budget Year 2015/16						
	Original Budget	Q1 actual	Q2 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	34 767	-	5 625	5 625	12 961	(7 336)	-57%
Vote 2 - Finance and Admin	386	1	154	155	193	(38)	-20%
Vote 3 - Planning and Development	-	-	-	-	12	(12)	
Vote 4 - Health	-	-	-	-	-	-	
Vote 5 - Community and social services	24	-	-	-	-	-	#DIV/0!
Vote 6 - Housing	-	-	-	-	-	-	
Vote 7 - Public safety	35	-	-	-	18	(18)	-100%
Vote 8 - Sports and recreation	30	-	-	-	15	(15)	-100%
Vote 9 - Environmental protection	-	-	-	-	-	-	
Vote 10 - Waste Management	-	-	-	-	-	-	
Vote 11 - Waste water management	200	-	-	-	100	(100)	-100%
Vote 12 - Road transport	83	-	-	-	41	(41)	-100%
Vote 13 - Water	200	-	-	-	100	(100)	-100%
Vote 14 - Electricity	200	21	-	21	100	(79)	-79%
Vote 15 - Other	-	-	-	-	-	-	
Total Capital single-year expenditure	35 925	22	5 779	5 801	13 540	(7 739)	-57%
Total Capital Expenditure	35 925	22	5 779	5 801	13 540	(7 739)	-57%
Capital Expenditure - Standard Classification							
<i>Governance and administration</i>	35 153	1	5 779	5 780	13 154	(7 374)	-56%
<i>Community and public safety</i>	89	-	-	-	45	(45)	-100%
<i>Economic and environmental services</i>	83	-	-	-	41	(41)	-100%
<i>Trading services</i>	600	21	-	21	300	(279)	-93%
<i>Other</i>	-	-	-	-	-	-	
Total Capital Expenditure - Standard Classification	35 925	22	5 779	5 801	13 540	(7 739)	-57%
Funded by:							
National Government	16 867	6 747	-	6 747	12 961	(6 214)	-48%
Provincial Government							
District Municipality	17 900	-	-	-	-	-	
Other transfers and grants							
Transfers recognised - capital	34 767	6 747	-	6 747	12 961	(6 214)	-100%
Public contributions & donations							
Borrowing							
Internally generated funds	1 158	22	154	176	579	(403)	-70%
Total Capital Funding	35 925	22	154	6 923	13 540	(6 617)	-49%

Chart 3 – Table 5

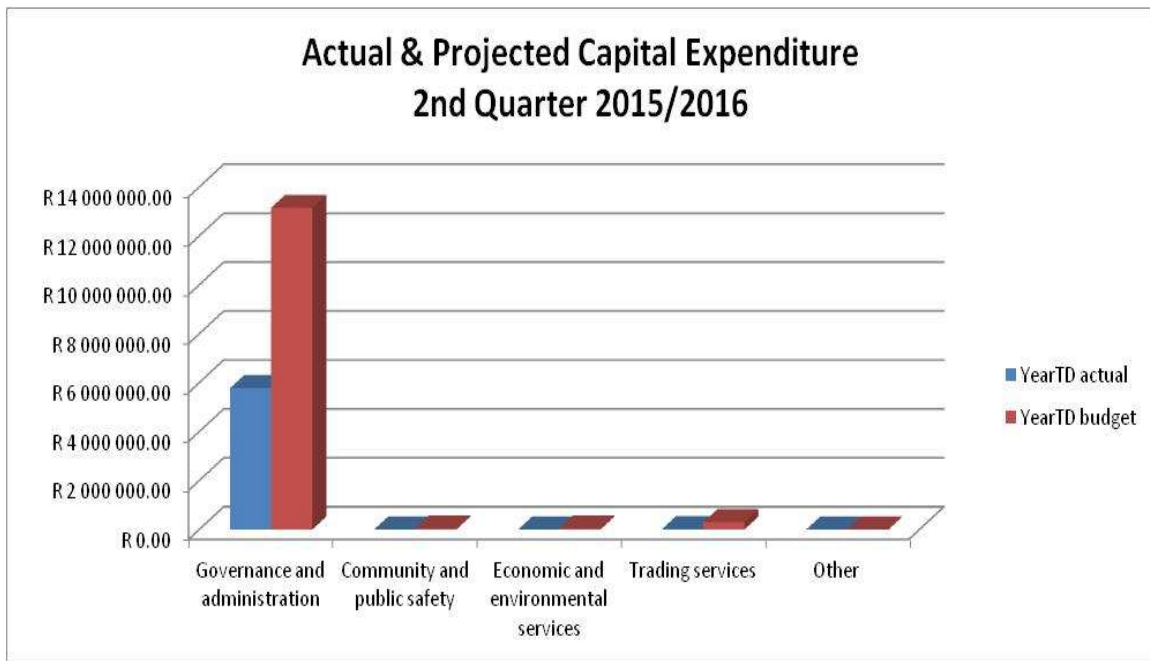
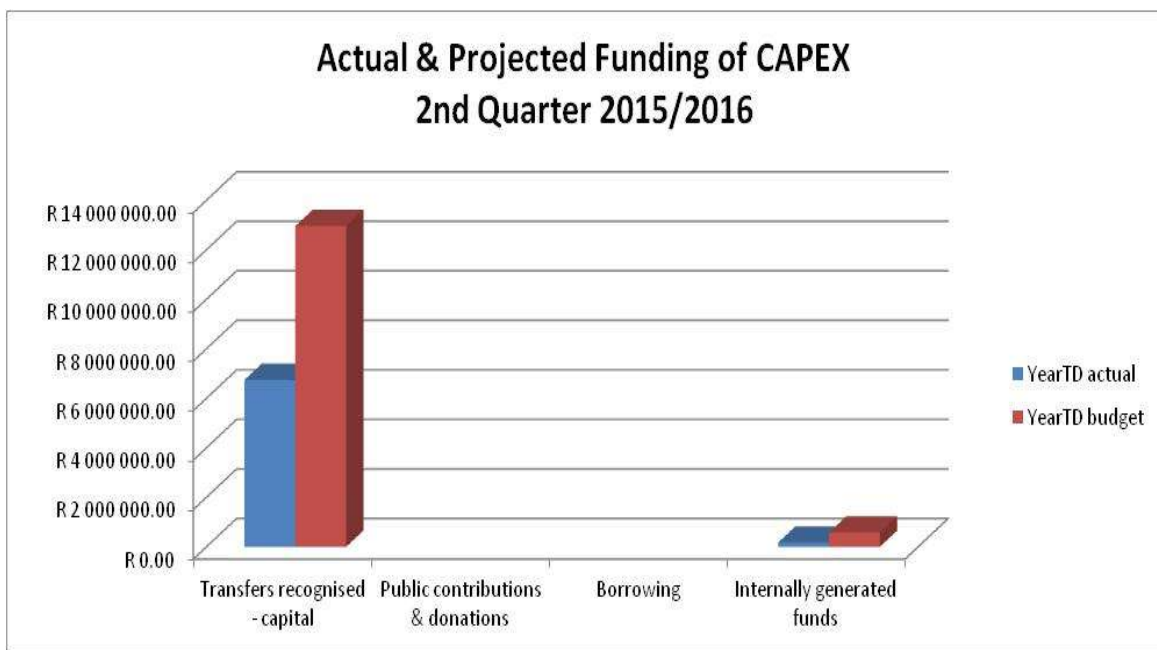


Chart 4 – Table 5



MP314 Emakhazeni - Table C6 Monthly Budget Statement - Financial Position

Description	2014/15	Budget Year 2015/16	
	Audited Outcome	Original Budget	YearTD actual
R thousands			
<u>ASSETS</u>			
Current assets			
Cash	14	290	14
Call investment deposits	6 622	5 944	3 865
Consumer debtors	80 607	103 707	86 869
Other debtors	1 177	1 213	1 592
Current portion of long-term receivables	-	-	-
Inventory	9 324	2 193	9 324
Total current assets	97 744	113 346	101 664
Non current assets			
Long-term receivables	-	-	-
Investments	-	-	-
Investment property	76 281	32 350	76 281
Investments in Associate	-	-	-
Property, plant and equipment	611 807	461 235	611 807
Agricultural	-	-	-
Biological assets	-	-	-
Intangible assets	454	263	454
Other non-current assets	-	76	-
Total non current assets	688 542	493 924	688 542
TOTAL ASSETS	786 286	607 270	790 206
<u>LIABILITIES</u>			
Current liabilities			
Bank overdraft	-	-	1 705
Borrowing	-	-	-
Consumer deposits	1 647	1 609	1 684
Trade and other payables	113 003	81 615	93 931
Provisions	1 078	-	-
Total current liabilities	115 728	83 225	97 320
Non current liabilities			
Borrowing	-	-	-
Provisions	50 966	44 416	51 195
Total non current liabilities	50 966	44 416	51 195
TOTAL LIABILITIES	166 694	127 640	148 515
NET ASSETS	619 592	479 630	641 691
<u>COMMUNITY WEALTH/EQUITY</u>			
Accumulated Surplus/(Deficit)	619 592	479 630	641 691
Reserves	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	619 592	479 630	641 691

MP314 Emakhazeni - Table C7 Monthly Budget Statement - Cash Flow

Description	2014/15	Budget Year 2015/16						
	Audited Outcome	Original Budget	Q1 actual	Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	80 066	165 176	30 943	47 091	62 448	59 097	3 351	6%
Government - operating	46 318	52 305	23 368	16 053	39 421	39 421	-	0%
Government - capital	17 232	17 755	6 747	-	6 747	12 961	(6 214)	-48%
Interest	380	216	95	105	200	108	92	85%
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(122 784)	(180 370)	(22 864)	(53 793)	(76 656)	(124 795)	48 139	-39%
Finance charges	(4 080)	(2 053)	(408)	(1 673)	(2 081)	(1 027)	(1 054)	103%
Transfers and Grants	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	17 131	53 029	37 881	7 784	30 079	(14 235)	44 313	-311%
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	54	-	-	-	27	-	42%
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(14 785)	(35 925)	(22)	5 779	5 801	(13 540)	19 341	-143%
NET CASH FROM/(USED) INVESTING ACTIVITIES	(14 785)	(35 871)	(22)	5 779	5 801	(13 513)	19 341	-100%
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	55	32	-	32	28	(4)	-15%
Payments								
Repayment of borrowing	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	55	32	-	32	28	(4)	-15%
NET INCREASE/ (DECREASE) IN CASH HELD	2 346	17 213	37 891	13 563	35 912	(27 720)	(63 631)	
Cash/cash equivalents at beginning:	4 290	500	6 636	6 636	6 636	500	(6 136)	
Cash/cash equivalents at month/year end:	6 636	17 713	44 527	20 200	42 548	(27 220)	(69 768)	

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 December 2015.

3. Debtors analysis

Supporting Table SC 3 provides a breakdown of the consumer debtors at the end of the 2nd quarter. The outstanding consumer debtors amounted to R86,87 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 2nd quarter amounted to R 65,01 million

5. Investment portfolio analysis

Supporting Table SC5 display the Council's Investment Portfolio and indicates that R9,93 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 2nd quarter amounts to R16,49 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 2nd quarter the total salaries, allowances and benefits paid amounted to R19,36 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 R5,78 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	<u>Revenue By Source</u>		
	Property rates	(14 782)	At year end prior financial year some data cleansing has been done, which identified that that the Property Rates have been over budgeted for and which result in the Budget to be corrected during Adjustment Budget.
	Rental of facilities and equipment	337	Due to revenue enhancement, contracts have be updated on the financial system and clients are being billed accordingly which result in the positive billing of lease contracts.
	Interest earned - external investments	92	More investment money were invested than anticipated which earned revenue.
	Fines	7 243	TMT services yielded more revenue than anticipated, which increased the percentage more than what was anticipated.
	Licences and permits	2	Dog, trade ect licenses is not realising as anticipated.
	Agency services	(408)	The month of November and Decembers 15 revenue has not yet been recoreded therefore the variance is coming forth, once updated the percentage should be on par.
	Transfers recognised - operational	-	FMG and MSIG were received in July and August respectively, but received for the full 12 months therefore year to date is currently higher
	Other revenue	88	Donations from NDM which is 85% of other revenue will only be received in the 4th quarter of the financial year.
	Gains on disposal of PPE	(27)	Profit to be made from sale of stands does not realise as anticipated.
	Transfers recognised - capital	(6 214)	The 2nd installment for MIG were not received in October 15 which result in the under performance of this Grant revenue
2	<u>Expenditure By Type</u>		
	Debt impairment	(8 855)	No impairment of debtors have been done, will only be done at year end.
	Depreciation & asset impairment	(25 743)	No impairment of debtors have been done, will only be done at year end.
	Finance charges	1 054	Interest paid toward creditor are much higher than anticipated. See Fruitless and wasteful report.
	Other materials	(994)	Due to prioritization of expenditure and cashflow contrains expenditure is lower.
	Contracted services	(961)	Due to prioritization of expenditure and cashflow contrains expenditure is lower.
	Other expenditure	(3 028)	Due to prioritization of expenditure and cashflow contrains expenditure is lower.
3	<u>Capital Expenditure</u>		
	Capital Expenditure		MIG project is not taking speed as anticipated which result in capital expenditure currently being lower than anticipated.
4	<u>Financial Position</u>		
	Bank overdraft	1 705	Based on the cashbook balance the municipality is at an overdraft value.
5	<u>Cash Flow</u>		
	PPE Purchase	5 801	The capital expenditure is not realising as anticipated.

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

Description of financial indicator	Basis of calculation	Budget 2015/16	
		Original Budget	YearTD actual
<u>Borrowing Management</u>			
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	21.3%	2.7%
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	17.0%	14.9%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%
<u>Liquidity</u>			
Current Ratio	Current assets/current liabilities	136.2%	104.5%
Liquidity Ratio	Monetary Assets/Current Liabilities	7.5%	4.0%
<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	-2.0%	-2.4%
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	Budget 2015/16							
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	Total	Total over 90 days
R thousands								
Debtors Age Analysis By Income Source								
Trade and Other Receivables from Exchange Transactions - Water	893	1 297	1 018	645	655	20 296	24 805	21 597
Trade and Other Receivables from Exchange Transactions - Electricity	1 454	1 021	744	629	550	9 756	14 154	10 934
Receivables from Non-exchange Transactions - Property Rates	2 078	1 777	1 552	1 479	1 337	44 001	52 223	46 817
Receivables from Exchange Transactions - Waste Water Management	668	670	439	399	374	12 933	15 484	13 706
Receivables from Exchange Transactions - Waste Management	640	562	505	472	482	15 253	17 914	16 207
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-
Other	609	680	485	216	135	16 248	18 372	16 599
Total By Income Source	6 342	6 007	4 743	3 841	3 533	118 487	142 953	125 860
2013/14 - totals only							-	-
Debtors Age Analysis By Customer Group								
Organs of State	506	572	183	109	89	1 727	3 186	1 925
Commercial	1 028	936	785	589	487	16 659	20 484	17 735
Households	3 430	3 490	2 797	2 444	2 285	71 714	86 161	76 443
Other	1 378	1 009	977	699	671	28 387	33 122	29 756
Total By Customer Group	6 342	6 007	4 743	3 841	3 533	118 487	142 953	125 860

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

Description	NT Code	Budget 2015/16					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	4 193	(444)	6 466	-	24 758	34 974
Bulk Water	0200	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-
VAT (output less input)	0400	709	-	-	-	-	709
Pensions / Retirement deductions	0500	1 038	-	-	-	-	1 038
Loan repayments	0600	-	-	-	-	-	-
Trade Creditors	0700	1 937	-	2 282	1 067	17 463	22 749
Auditor General	0800	-	1 033	803	-	-	1 836
Other	0900	3 381	321	-	-	-	3 702
Total By Customer Type	1000	11 259	910	9 551	1 067	42 221	65 008

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

Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Market value at end of the month
	Yrs/Months		
R thousands			
Municipality			
FNB: Call Account 4600	Daily/monthly	Call Account	1 800
FNB: 32-day Account	32-Notice	32-day Account	2
FNB: Call Account (MIG)	Daily/monthly	Call Account	1 223
FNB: 7-day Account	7-notice	7 Day Account	688
TOTAL INVESTMENTS AND INTEREST			3 712

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

Description	Budget 2015/16						
	Original Budget	Q1 actual	Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands							
RECEIPTS:							
Operating Transfers and Grants							
National Government:	52 305	23 368	16 489	39 857	39 857	-	
Equitable share	48 486	20 202	16 162	36 364	36 364	-	0.0%
Finance Management grant	1 800	1 800	-	1 800	1 800	-	0.0%
Municipal Systems Improvement	930	930	-	930	930	-	0.0%
EPWP Incentive	1 089	436	327	763	763	-	0.0%
Other grant providers:	-	-	-	-	-	-	
LGSETA	-	-	-	-	-	-	0.0%
Total Operating Transfers and Grants	52 305	23 368	16 489	39 857	39 857	-	0.0%
Capital Transfers and Grants							
National Government:	17 755	6 747	-	6 747	12 961	(6 214)	0.0%
Municipal Infrastructure Grant (MIG)	17 755	6 747	-	6 747	12 961	(6 214)	0.0%
Provincial Government:	-	-	-	-	-	-	
Total Capital Transfers and Grants	17 755	6 747	-	6 747	12 961	(6 214)	0.0%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	70 060	30 115	16 489	46 604	52 818	(6 214)	-11.8%

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

Description	Budget 2015/16						
	Original Budget	Q1 actual	Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands							
EXPENDITURE							
Operating expenditure of Transfers and Grants							
National Government:	52 305	15 575	21 582	37 157	15 646	21 511	137.5%
Equitable share	48 486	15 152	21 213	36 364	15 152	21 213	140.0%
Finance Management grant	1 800	182	107	289	185	104	56.2%
Municipal Systems Improvement	930	79	52	131	38	94	249.3%
EPWP Incentive	1 089	163	210	373	272	101	37.0%
Other grant providers:	-	-	-	-	-	-	#DIV/0!
LGSETA	-	-	-	-	-	-	0.0%
Total operating expenditure of Transfers and Grants:	52 305	15 575	21 582	37 157	15 646	21 511	137.5%
Capital expenditure of Transfers and Grants							
National Government:	17 755	251	6 346	6 597	8 878	(2 281)	-25.7%
Municipal Infrastructure Grant (MIG)	17 755	251	6 346	6 597	8 878	(2 281)	-25.7%
Total capital expenditure of Transfers and Grants	17 755	251	6 346	6 597	8 878	(2 281)	-25.7%
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	70 060	15 826	27 928	43 754	24 524	19 230	78.4%

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

Summary of Employee and Councillor remuneration	Budget 2015/16						
	Original Budget	Q1 actual	Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands							
Councillors (Political Office Bearers plus Other)							
Basic Salaries and Wages	3 329	787	785	1 572	832	740	89%
Pension and UIF Contributions	496	117	117	234	124	110	89%
Medical Aid Contributions	290	67	65	132	73	59	82%
Motor Vehicle Allowance	900	212	217	429	225	204	91%
Cellphone Allowance	389	92	92	184	97	86	89%
Housing Allowances	37	9	9	17	9	8	89%
Other benefits and allowances		-	-	-	-	-	#DIV/0!
TOTAL COUNCILLORS	5 442	1 284	1 284	2 567	1 360	1 207	89%
Senior Managers of the Municipality							
Basic Salaries and Wages	3 095	442	480	922	774	149	19%
Pension and UIF Contributions	693	89	98	187	173	14	8%
Medical Aid Contributions	235	30	34	64	59	5	9%
Overtime	-	-	-	-	-	-	-
Performance Bonus	652	-	-	-	163	(163)	-100%
Motor Vehicle Allowance	750	125	132	257	188	70	37%
Cellphone Allowance	9	9	10	19	2	17	733%
Housing Allowances	-	2	2	3	-	3	(3)
Other benefits and allowances	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	5 434	697	756	1 453	1 358	94	7%
Other Municipal Staff							
Basic Salaries and Wages	45 056	12 008	11 337	23 345	11 264	12 081	107%
Pension and UIF Contributions	9 996	2 011	2 138	4 149	2 499	1 650	66%
Medical Aid Contributions	3 204	625	666	1 291	801	490	61%
Overtime	3 650	831	880	1 711	913	798	87%
Performance Bonus	3 646	891	871	1 762	912	851	93%
Motor Vehicle Allowance	4 298	959	1 054	2 013	1 074	939	87%
Cellphone Allowance	174	45	46	91	44	48	110%
Housing Allowances	36	16	328	343	9	334	3729%
Other benefits and allowances	2 712	-	-	-	678	(678)	-100%
Payments in lieu of leave	-	-	-	-	-	-	-
Long service awards	673	-	-	-	168	(168)	-100%
Post-retirement benefit obligations	3 621	-	-	-	905	(905)	1 810
Sub Total - Other Municipal Staff	77 067	17 386	17 320	34 705	73 714	(39 008)	-53%
TOTAL MANAGERS AND STAFF	82 500	18 083	18 075	36 158	75 072	(38 914)	-52%
TOTAL EMPLOYEE & COUNCILLOR REMUNERATION	87 942	19 367	19 359	38 726	76 433	(37 707)	-49%

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

Description	Budget 2015/16												2015/16 Medium Term Revenue &			
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget				
Cash Receipts By Source																
Property rates	4 561	2 191	2 220	5 027	5 027	5 027	5 027	5 027	5 027	5 027	5 027	5 027	60 321	63 941	67 777	
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue	1 159	4 332	2 304	3 650	3 650	3 650	3 650	3 650	3 650	3 650	3 650	3 650	43 798	48 776	54 340	
Service charges - water revenue	1 007	941	716	1 012	1 012	1 012	1 012	1 012	1 012	1 012	1 012	1 012	12 140	12 868	13 640	
Service charges - sanitation revenue	701	701	701	731	731	731	731	731	731	731	731	731	8 770	9 296	9 853	
Service charges - refuse	769	877	838	750	750	750	750	750	750	750	750	750	8 996	9 536	10 108	
Rental of facilities and equipment	74	60	123	36	36	36	36	36	36	36	36	36	437	463	491	
Interest earned - external investments	14	32	50	18	18	18	18	18	18	18	18	18	216	229	243	
Fines	8	2 658	3 445	463	463	463	463	463	463	463	463	463	5 556	5 890	6 243	
Licences and permits	0	2	1	1	1	1	1	1	1	1	1	1	7	7	8	
Agency services	-	280	-	199	199	199	199	199	199	199	199	199	2 384	2 527	2 679	
Transfer receipts - operating	22 932	436	-	-	14 546	327	-	-	12 448	-	-	-	52 305	54 367	57 452	
Other revenue	110	56	110	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	22 767	827	877	
Cash Receipts by Source	31 334	12 565	10 507	13 783	28 329	14 109	13 783	13 783	26 231	13 783	13 783	13 783	217 697	208 727	223 711	
Other Cash Flows by Source																
Transfer receipts - capital	6 747	0	0	5 327	-	-	-	-	4 439	-	-	-	17 755	20 306	22 131	
Proceeds on disposal of PPE	-	-	-	5	5	5	5	5	5	5	5	5	54	54	54	
Increase in consumer deposits	26	1	5	-	-	-	-	-	-	-	-	55	55	-	-	
Total Cash Receipts by Source	38 107	12 565	10 512	19 114	28 333	14 114	13 787	13 787	30 674	13 787	13 787	13 842	235 562	229 087	245 896	
Cash Payments by Type																
Employee related costs	5 310	5 833	6 190	6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875	82 500	87 017	91 621	
Remuneration of councillors	426	426	426	452	452	452	452	452	452	452	452	452	5 419	5 768	6 114	
Interest paid	(9)	302	115	171	171	171	171	171	171	171	171	171	2 053	2 176	2 307	
Bulk purchases - Electricity	758	4 979	1 708	3 881	3 881	3 881	3 881	3 881	3 881	3 881	3 881	3 881	46 575	53 208	60 784	
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials	37	265	286	512	512	512	512	512	512	512	512	512	6 141	6 264	6 389	
Contracted services	-	560	-	444	444	444	444	444	444	444	444	444	5 325	5 432	5 540	
General expenses	(8 619)	2 311	1 967	2 867	2 867	2 867	2 867	2 867	2 867	2 867	2 867	2 867	34 410	34 300	35 415	
Cash Payments by Type	(2 097)	14 677	10 692	15 202	15 202	15 202	15 202	15 202	15 202	15 202	15 202	15 202	182 424	194 164	208 172	
Other Cash Flows/Payments by Type																
Capital assets	-	1	21	2 994	2 994	2 994	2 994	2 994	2 994	2 994	2 994	2 994	35 925	20 572	22 379	
Total Cash Payments by Type	(2 097)	14 677	10 713	18 196	18 196	18 196	18 196	18 196	18 196	18 196	18 196	18 196	218 349	214 735	230 550	
NET INCREASE/(DECREASE) IN CASH HELD	40 204	(2 112)	(201)	918	10 137	(4 082)	(4 409)	(4 409)	12 478	(4 409)	(4 409)	(4 353)	17 213	14 352	15 346	
Cash/cash equivalents at the month/year beginning:	6 636	46 840	44 728	44 527	45 445	55 583	51 501	47 092	42 684	55 162	50 754	46 345	500	17 713	32 065	
Cash/cash equivalents at the month/year end:	46 840	44 728	44 527	45 445	55 583	51 501	47 092	42 684	55 162	50 754	46 345	41 992	17 713	32 065	47 411	

MP314 Emakhazeni - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend

Month	Budget 2015/16					
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands					%	
Monthly expenditure performance trend						
July	1 502	–	96	(96)	-100.0%	0.0%
August	1 502	1	2 345	(2 345)	-100.0%	0.0%
September	1 502	21	4 594	(4 573)	-99.5%	0.1%
1st QUARTER	4 506	22	7 036	(7 015)	-100%	0%
October	1 502	132	2 168	(2 036)	-94%	0%
November	1 502	23	2 168	(2 145)	-99%	0%
December	1 502	5 625	2 168	3 457	159%	16%
2nd QUARTER	4 506	5 779	6 503	(724)	-11%	128%
Total Capital expenditure	35 925	5 801	13 540	(7 739)	-57%	16%

RECOMMENDATIONS BY MANAGER FINANCIAL SERVICES

1. **That**, the above 2nd Quarter Budget performance 2015/16 be noted.

FOR NOTING