

EMAKHAZENI LOCAL MUNICIPALITY



FIRST QUARTER BUDGET PERFORMANCE REPORT ENDING 30 SEPTEMBER 2017

EMAKHAZENI BUDGET PERFORMANCE FOR THE 1st QUARTER ENDING 30 SEPTEMBER 2017

As per MFMA Section 52 (d): The mayor of a municipality 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 2017, total revenue to the amount of R 70 649 million was realised compared to the quarterly performance targets of R 68 460 million. This reflects an favourable deviation of 3.2%. Capital expenditure for the quarter amounts R 878 000.

Taking into consideration the above, the net operating surplus for the first quarter amount to R 35 836 million, whilst the cash and cash equivalent amounted to R 14 374 million.

Outstanding debtors comprises of consumer accounts and the outstanding debtors amounting to R 229 099 million. Total creditors amounted to R 84 429 million.

2. In-Year Budget Statements Tables

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 than 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 2017 capital expenditure to the amount of R 878 000. was realised.

Table C6: Quarterly Budget Statement Financial Position

In general the community wealth of the municipality amounts to R 1 028 073 billion. The total liabilities amounts to R 111 082 million whilst the total assets amounts to R1 167 459 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 2017, the year net cash from operating activities amounted to R 1 560 million whilst cash used for investing activities was negative R 878 000. Net cash from financing activities amounted to R 8 000.

SUPPORTING SCHEDULES

MP314 Emakhazeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		53 460	57 512	57 512	18 640	18 640	14 378	4 263	30%	
Service charges - electricity revenue		51 596	43 643	43 643	13 232	13 232	10 911	2 321	21%	
Service charges - water revenue		14 214	17 675	17 675	2 099	2 099	4 419	(2 320)	-53%	
Service charges - sanitation revenue		10 154	14 113	14 113	3 019	3 019	3 528	(510)	-14%	
Service charges - refuse revenue		10 059	9 370	9 370	2 965	2 965	2 343	622	27%	
Service charges - other		-	-	-	-	-	-	-	-	
Rental of facilities and equipment		1 042	4 713	4 713	9	9	1 178	(1 170)	-99%	
Interest earned - external investments		643	4 128	4 128	112	112	1 032	(920)	-89%	
Interest earned - outstanding debtors		-	3 522	3 522	-	-	881	(881)	-100%	
Dividends received		-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		9 173	12 713	12 713	4 300	4 300	3 178	1 122	35%	
Licences and permits		1	6	6	-	-	2	(2)	-100%	
Agency services		-	-	-	-	-	-	-	-	
Transfers and subsidies		53 914	60 632	60 632	25 233	25 233	25 263	(30)	0%	
Other revenue		167	5 391	5 391	1 041	1 041	1 348	(307)	-23%	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		204 422	233 420	233 420	70 649	70 649	68 460	2 189	3%	-
Expenditure By Type										
Employee related costs		87 617	100 161	100 161	20 101	20 101	25 040	(4 939)	-20%	
Remuneration of councillors		5 560	6 066	6 066	1 517	1 517	1 517	-	-	
Debt impairment		31 189	59 236	59 236	-	-	14 809	(14 809)	-100%	
Depreciation & asset impairment		43 412	44 243	44 243	-	-	11 061	(11 061)	-100%	
Finance charges		5 473	3 937	3 937	1 409	1 409	984	425	43%	
Bulk purchases		47 337	49 851	49 851	14 027	14 027	12 463	1 565	13%	
Other materials		-	6 754	6 754	-	-	1 689	(1 689)	-100%	
Contracted services		4 096	5 560	5 560	669	669	1 390	(721)	-52%	
Transfers and subsidies		-	-	-	-	-	-	-	-	
Other expenditure		46 252	56 297	56 297	13 816	13 816	14 074	(258)	-2%	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	
Total Expenditure		270 936	332 104	332 104	51 540	51 540	83 026	(31 486)	-38%	-
Surplus/(Deficit)		(66 513)	(98 685)	(98 685)	19 109	19 109	(14 566)	33 675	(0)	-
Transfers and subsidies - capital (financially accountable) (National / Provincial and District)		34 621	54 560	54 560	16 727	16 727	22 733	(6 006)	(0)	
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind - all)		-	22 033	22 033	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		(31 892)	(22 092)	(22 092)	35 836	35 836	8 167			-
Taxation		-	-	-	-	-	-	-	-	
Surplus/(Deficit) after taxation		(31 892)	(22 092)	(22 092)	35 836	35 836	8 167			-
Attributable to minorities		-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		(31 892)	(22 092)	(22 092)	35 836	35 836	8 167			-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year		(31 892)	(22 092)	(22 092)	35 836	35 836	8 167			-

MP314 Emakhazeni - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

Description	Ref	Budget Year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	1	57 512	57 512	57 512		14 378	(14 378)	-100%		
Service charges		84 802	84 802	84 802	8 752	21 200	(12 448)	-59%		
Other revenue		22 823	22 823	22 823	2 050	5 706	(3 656)	-64%		
Government - operating		60 632	60 632	60 632	23 010	15 158	7 852	52%		
Government - capital		54 560	54 560	54 560	16 727	13 640	3 087	23%		
Interest		7 651	7 651	7 651	61	1 913	(1 852)	-97%		
Dividends		-	-	-	-	-	-			
Payments										
Suppliers and employees		(267 309)	(267 309)	(267 309)	(40 936)	(66 827)	(25 891)	39%		
Finance charges		(59 236)	(59 236)	(59 236)	-	(14 809)	(14 809)	100%		
Transfers and Grants		(5 560)	(5 560)	(5 560)	-	(1 390)	(1 390)	100%		
NET CASH FROM/(USED) OPERATING ACTIVITIES		(44 125)	(44 125)	(44 125)	9 664	9 664	(11 031)	20 695	188%	-
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		
Payments										
Capital assets		(55 484)	(5 276)	(5 276)	(878)	(1 319)	(441)	33%		
NET CASH FROM/(USED) INVESTING ACTIVITIES		(55 484)	(5 276)	(5 276)	(878)	(878)	(1 319)	(441)	33%	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		
Borrowing long term/refinancing		-	-	-	-	-	-	-		
Increase (decrease) in consumer deposits		-	-	-	8	8	8	-		
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	8	8	8	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD		(99 609)	(49 401)	(49 401)	8 794	8 794	(12 342)			-
Cash/cash equivalents at beginning:		8 070	8 070	8 070		8 070	8 070			8 070
Cash/cash equivalents at month/year end:		(91 539)	(41 331)	(41 331)		16 864	(4 272)			8 070

MP314 Emakhaseni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q1 First

Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-
Executive and council										
Finance and administration										
Internal audit										
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services										
Sport and recreation										
Public safety										
Housing										
Health										
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development										
Road transport										
Environmental protection										
<i>Trading services</i>		-	37 000	37 000	634	-	-	-	-	-
Energy sources			7 000	7 000						
Water management			30 000	30 000	634					
Waste water management										
Waste management										
<i>Other</i>										
Total Capital Expenditure - Functional Classification	3	-	37 000	37 000	634	-	-	-	-	-
Funded by:										
National Government				55 484	634					
Provincial Government				-	-					
District Municipality				-	-					
Other transfers and grants				-	-					
Transfers recognised - capital		-	-	55 484	634	-	-	-	-	-
Public contributions & donations	5									
Borrowing	6									
Internally generated funds										
Total Capital Funding		-	-	55 484	634	-	-	-	-	-

MP314 Emakhazeni - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		2 778	193	193	5 556	
Call investment deposits		5 292	57 057	57 057	8 818	
Consumer debtors		40 270	113 786	113 786	130 927	
Other debtors		140	2 214	2 214	15 024	
Current portion of long-term receivables		-	-	-	-	
Inventory		2 414	2 878	2 878	6 781	
Total current assets		50 895	176 128	176 128	167 106	-
Non current assets						
Long-term receivables					-	
Investments					-	
Investment property		195 035	195 036	195 036	195 036	
Investments in Associate		-			-	
Property, plant and equipment		794 380	768 722	768 722	794 380	
Agricultural		-			-	
Biological assets		-			-	
Intangible assets		681	680	680	681	
Other non-current assets		10 256			10 256	
Total non current assets		1 000 352	964 438	964 438	1 000 353	-
TOTAL ASSETS		1 051 247	1 140 565	1 140 565	1 167 459	-
LIABILITIES						
Current liabilities						
Bank overdraft		-			-	
Borrowing		-	-	-	-	
Consumer deposits		1 759	-	-	1 797	
Trade and other payables		134 649	72 202	72 202	82 419	
Provisions		2 964	419	419	2 964	
Total current liabilities		139 372	72 621	72 621	87 180	-
Non current liabilities						
Borrowing		-	-	-	-	
Provisions		36 317	39 872	39 872	23 901	
Total non current liabilities		36 317	39 872	39 872	23 901	-
TOTAL LIABILITIES		175 689	112 493	112 493	111 082	-
NET ASSETS	2	875 559	1 028 073	1 028 073	1 056 378	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		875 559	1 028 073	1 028 073	1 056 378	
Reserves					-	
TOTAL COMMUNITY WEALTH/EQUITY	2	875 559	1 028 073	1 028 073	1 056 378	-

MP314 Emakhazeni - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q1 First Quarter

Description of financial indicator	Basis of calculation	Ref	2016/17	Budget Year 2017/18			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		2.0%	14.5%	14.5%	2.7%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		15.4%	7.0%	7.0%	7.8%	0.0%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	36.5%	242.5%	242.5%	191.7%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities		5.8%	78.8%	78.8%	16.5%	0.0%
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		19.8%	49.7%	49.7%	206.6%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		42.9%	42.9%	42.9%	30.6%	0.0%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		23.9%	20.6%	20.6%	2.0%	0.0%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

MP314 Emakhazeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

Description	NT Code	Budget Year 2017/18								Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.o Council Policy	
		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
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200												
Trade and Other Receivables from Exchange Transactions - Electricity	1300												
Receivables from Non-exchange Transactions - Property Rates	1400												
Receivables from Exchange Transactions - Waste Water Management	1500												
Receivables from Exchange Transactions - Waste Management	1600												
Receivables from Exchange Transactions - Property Rental Debtors	1700												
Interest on Arrear Debtor Accounts	1810												
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820												
Other	1900	8 560	18 462	18 005	7 547	5 586	4 256	31 127	135 557	229 099	184 073		
Total By Income Source	2000	8 560	18 462	18 005	7 547	5 586	4 256	31 127	135 557	229 099	184 073		
2016/17 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200												
Commercial	2300												
Households	2400												
Other	2500	8 560	18 462	18 005	7 547	5 586	4 256	31 127	135 557	229 099	184 073		
Total By Customer Group	2600	8 560	18 462	18 005	7 547	5 586	4 256	31 127	135 557	229 099	184 073		

Chart C3 Aged Consumer Debtors Analysis

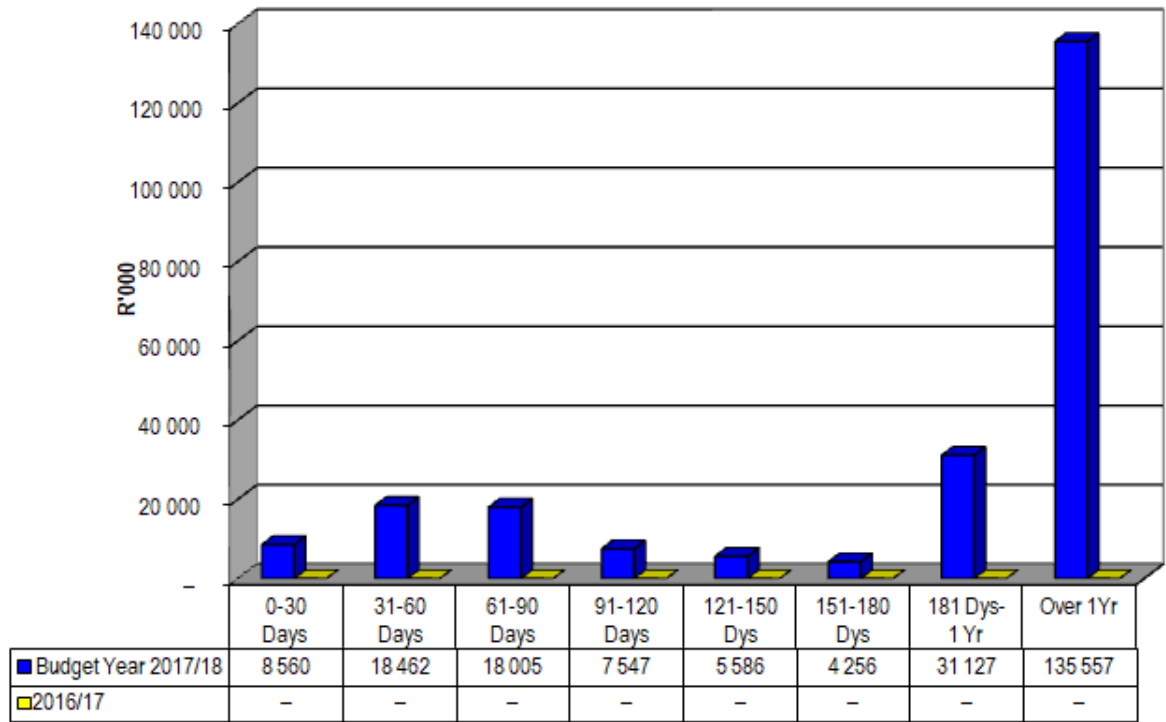
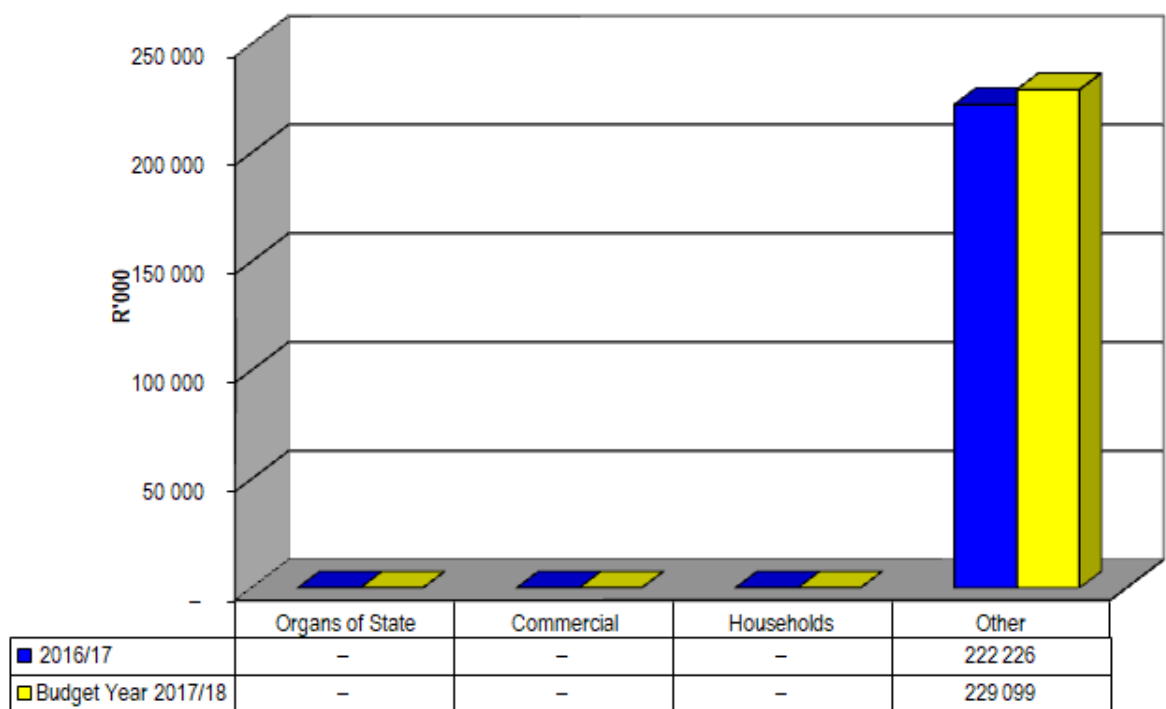
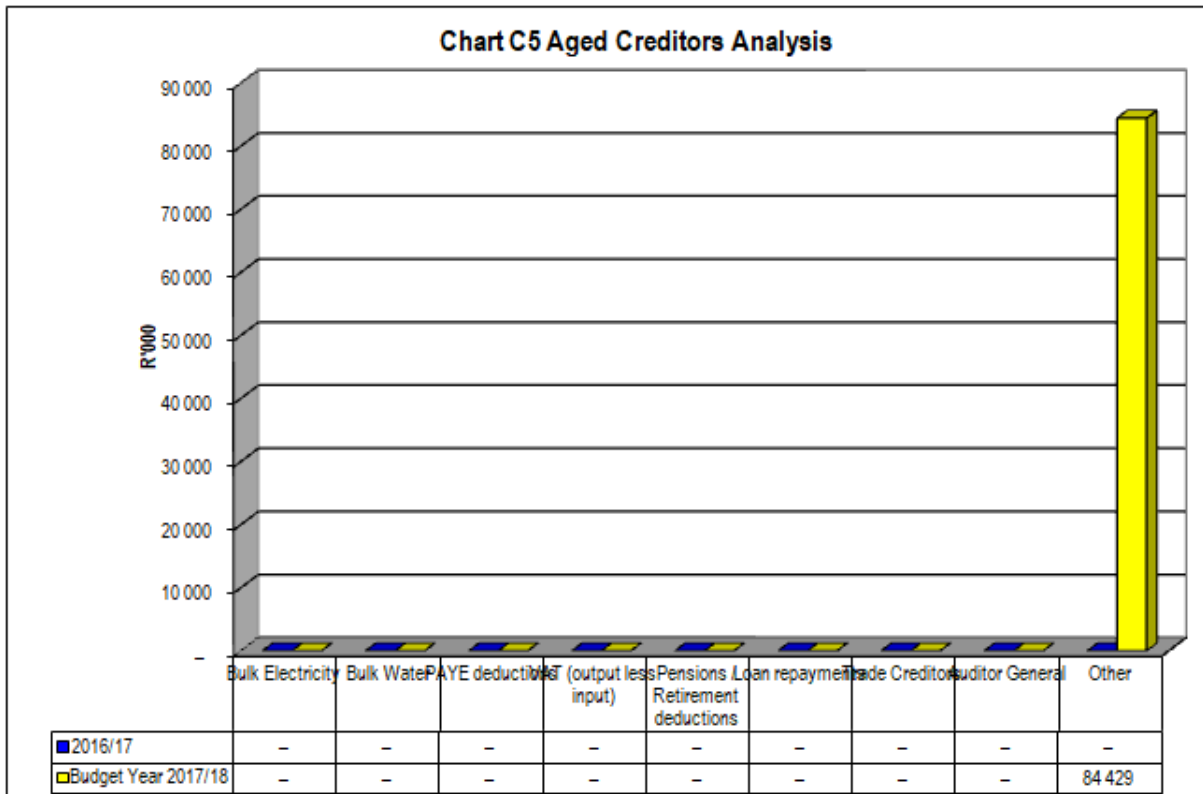


Chart C4 Consumer Debtors (total by Debtor Customer Category)



MP314 Emakhazeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

Description	NT Code	Budget Year 2017/18								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	9 117	6 346	315	(326)	68 977	-	-	-	84 429
Total By Customer Type	1000	9 117	6 346	315	(326)	68 977	-	-	-	84 429



MP314 Emakhazeni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q1 First Quarter

Description	Ref	2016/17	Budget Year 2017/18							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		62 429	65 412	65 412	25 233	25 233	65 412	(32 212)	-49.2%	-
Local Government Equitable Share		51 387	55 222	55 222	23 010	23 010	55 222	(32 212)	-58.3%	
Finance Management		1 825	1 900	1 900	1 900	1 900	1 900			
Integrated National Electrification Programme		8 000	7 000	7 000	-	-	7 000			
EPWP Incentive		1 217	1 290	1 290	323	323	1 290			
Other transfers and grants [insert description]	3							-		
Provincial Government:		-	-	-	-	-	-	-		-
Other transfers and grants [insert description]	4							-		
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	-	-	-	-	-	-		-
Other grant providers:								-		
Total Operating Transfers and Grants	5	62 429	65 412	65 412	25 233	25 233	65 412	(32 212)	-49.2%	-
Capital Transfers and Grants										
National Government:		25 404	18 484	18 484	1 727	1 727	18 484	(16 757)	-90.7%	-
Municipal Infrastructure Grant (MIG)		25 404	18 484	18 484	1 727	1 727	18 484	(16 757)	-90.7%	
Other capital transfers [insert description]								-		
Provincial Government:		-	-	-	-	-	-	-		-
[insert description]								-		
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	30 000	30 000	15 000	15 000	30 000	(15 000)	-50.0%	-
Water Service Improvement Grant		-	30 000	30 000	15 000	15 000	30 000	(15 000)	-50.0%	
Total Capital Transfers and Grants	5	25 404	48 484	48 484	16 727	16 727	48 484	(31 757)	-65.5%	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	87 833	113 896	113 896	41 960	41 960	113 896	(63 969)	-56.2%	-

MP314 Emakhazeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter

Description	Ref	2016/17	Budget Year 2017/18							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		-	10 190	10 190	158	158	-	158	#DIV/0!	-
Local Government Equitable Share										
Finance Management			1 900	1 900	98	98		98	#DIV/0!	
Integrated National Electrification Programme			7 000	7 000	-	-		-		
EPWP Incentive			1 290	1 290	60	60		60	#DIV/0!	
Other transfers and grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-		-
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:		-	10 190	10 190	158	158	-	158	#DIV/0!	-
Capital expenditure of Transfers and Grants										
National Government:		-	18 484	18 484	878	878	-	878	#DIV/0!	-
Municipal Infrastructure Grant (MIG)			18 484	18 484	878	878		878	#DIV/0!	
Other capital transfers [insert description]										
Provincial Government:		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants		-	18 484	18 484	878	878	-	878	#DIV/0!	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	28 674	28 674	1 036	1 036	-	1 036	#DIV/0!	-

MP314 Emakhazeni - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - Q1 First Quarter

Month	2016/17	Budget Year 2017/18								
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget	
R thousands										
Monthly expenditure performance trend										
July		55 484	55 484	140	140	55 484	55 344	99.7%	0%	
August		55 484	55 484	104	244	110 968	110 724	99.8%	0%	
September		55 484	55 484	634	878	166 452	165 574	99.5%	0%	
October		55 484	55 484	-	-	221 936	-			
November		55 484	55 484	-	-	277 420	-			
December		55 484	55 484	-	-	332 904	-			
January		55 484	55 484	-	-	388 388	-			
February		55 484	55 484	-	-	443 872	-			
March		55 484	55 484	-	-	499 356	-			
April		55 484	55 484	-	-	554 840	-			
May		55 484	55 484	-	-	610 324	-			
June		55 484	55 484	-	-	665 808	-			
Total Capital expenditure		-	665 808	665 808	878					

Chart C1 2017/18 Capital Expenditure Monthly Trend: actual v target

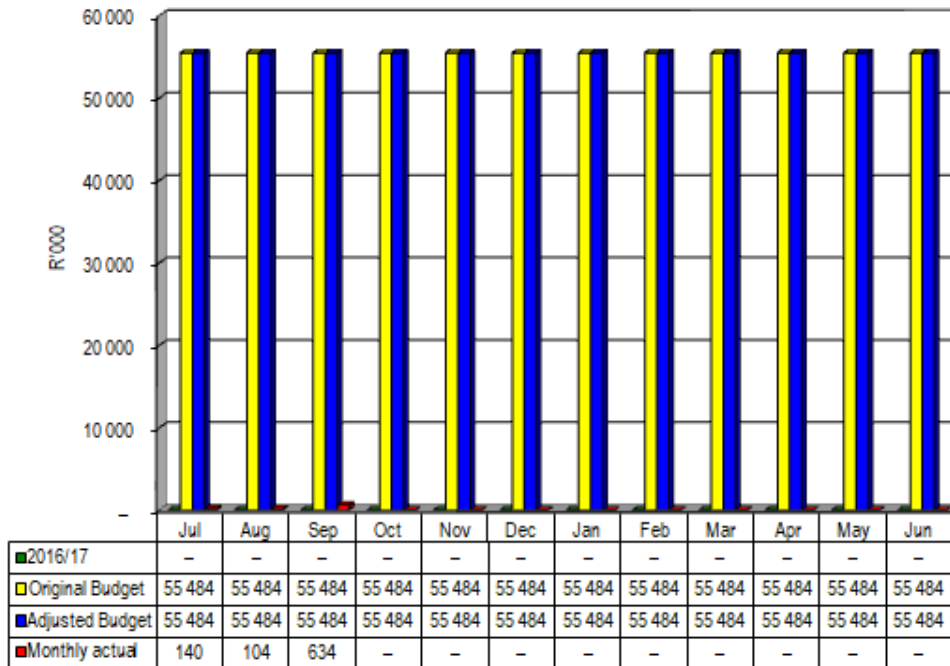


Chart C2 2017/18 Capital Expenditure: YTD actual v YTD target

