



SECOND QUARTERLY BUDGET PERFORMANCE



QUARTERLY BUDGET PERFORMANCE REPORT ENDED IN DECEMBER 2021

REPORT BY THE ACTING CHIEF FINANCIAL OFFICER

PURPOSE

To submit the Quarterly budget report for December 2021 to the Committee for noting.

BACKGROUND

The Quarterly section 52 (d) reports aims to provide a regular update on indicators critical to the organization's viability and serve as an early warning indicator where remedial action is required.

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 council on the implementation of the budget and the financial state of affairs of the municipality. Below is the Executive Summary of the Second quarter Budget Performance report.

DISCUSSION

Summary Analysis of the report

Description	Budget	Adjustment Budget	quarterly yearly actual Revenue/expen diture	Year to date Actual	Budget Revenue/Expen diture for the YTD	% Year to date Actual	% spend of Original Budget
Revenue	316 915		61 276	158 760	79 229	77%	50%
Expenditure	399 277		52 724	115 965	99 819	53%	29%
Surplus/Deficit	(82 362)	-	8 552	42 795	(20 591)	25%	21%
Exclude Non Cash Items							
Depreciation	68 808			-	17 202	0%	0%
Debt Impairment	51 919				12 980	0%	0%
Surplus/Deficit	38 365	-	8 552	42 795	(50 772)	25%	21%
Capital transfers	72 094		9 699	19 398	18 023	54%	27%
Debtors			315 960				
Creditors			90 117				
Creditors Paid			17 642				

FINANCIAL PERFORMANCE FOR THE SECOND QUARTER ENDED IN DECEMBER 2021

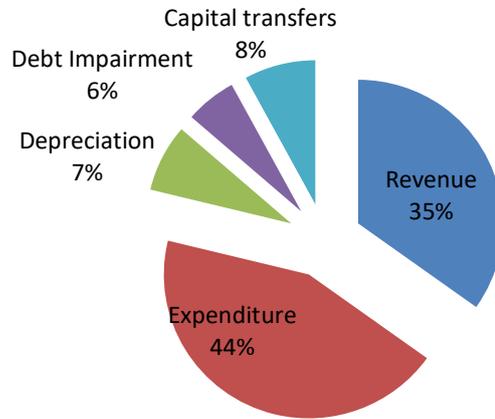


Table C1: Quarterly Budget Statement Summary

For the quarter ending in December 2021, revenue to the amount of 61.2-million realized against the budgeted revenue of R79.7million. This reflects a unfavorable of -23.2% decrease in our revenue.

Operating expenditure to the amount of R52.7million was appropriated for the quarter against the budgeted expenditure of R99.8.-million. This reflects a unfavorable of -47.1% spent this quarter.

The capital transfers recognized for the quarter amounts to R28 million. The year to-date transfers recognized amounts to R28-million compared to the year-to date budget. Capital transfers are recognized as revenue when the condition of the grant was met. This reflects favorable of 100% as per DORA payment schedule.

Taking the above into consideration the net operating surplus for the quarter amounts to R42.7million compared to the budget year to date deficit of R20.5 million whilst the cash and cash equivalents amounts to R366 thousands.

As at 2nd quarter for the creditors' amount to R90.1-million as per age analysis, compared to 1st quarter R63.1-million which reflects a unfavorable of 42.7% increase in creditors.

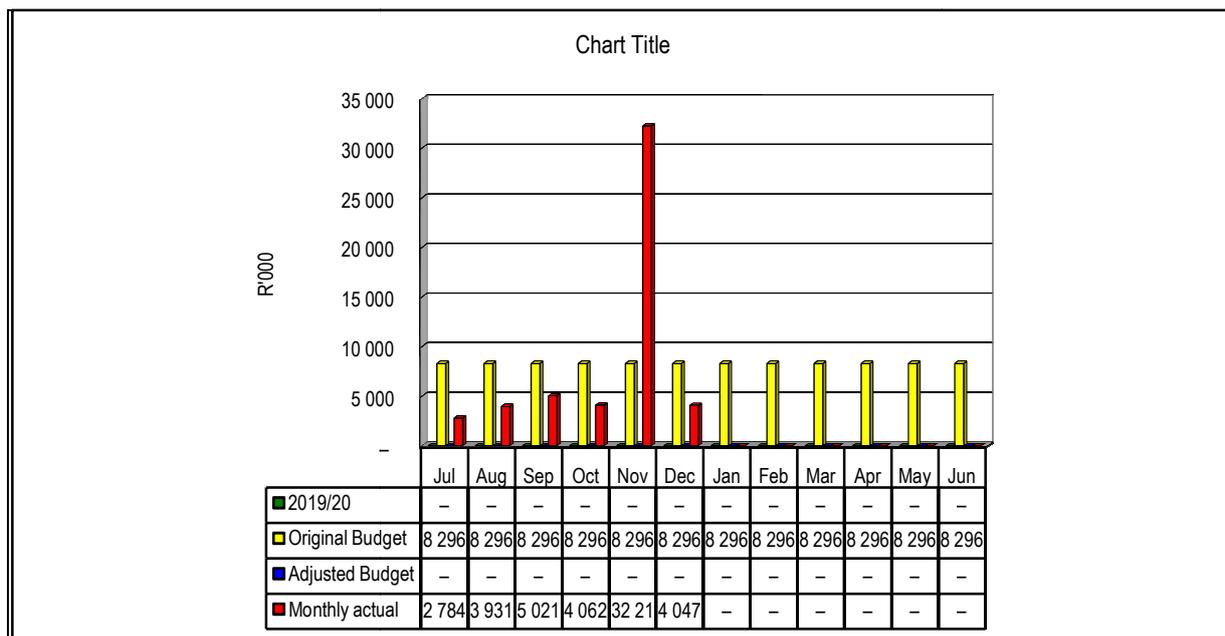
As at 2nd quarter the debtor's amount to R315.9 million as per age analysis, compared to 1st quarter R312.8 million which reflects unfavourable of 0.99% increase in debtors.

Tables C4 will be used to provide explanations on deviations and reasons for deviations will only be provided in cases where the percentages differ with more than 10% and can be viewed in supporting table SC1.

Table C5: Quarterly Capital Expenditure by Vote

Table C5 indicates the Quarterly actual on capital expenditure for all votes and measures the year-to-date actual against the year to date planning figures. For the second quarter of December 2021, capital expenditure amount of R41.4million realized compared from the planned figure of R24.9million which constitutes a favourable results of 99.9% spending for the quarter ended in December 2021. The Capex by vote is graphically presented in:

Financial Year	Project/No	Function	Segment/Desc	AccType	Total Budget	202 112.00	Total Actual	Available	% Monthly	ItemLvl05	
2022	Capital:No	Developm	Poultry LED	A	249 996.00	-	-	249 996.00	0%	Additions	
2022	Capital:No	Developm	Bakery Machadodorp LED	A	249 996.00	-	-	249 996.00	0%	Additions	
2022	Capital:No	Developm	Brick Plant LED Projects	A	249 996.00	-	800.00	249 196.00	0%	Additions	
2022	Capital:No	Developm	Bakery Watervalboven LED Projects	A	249 996.00	-	19 380.49	230 615.51	8%	Additions	
2022	Capital:No	Municipal	LED PROJECTS(Financial and non financial smme's)	A	5 000 004.00	-	-	5 000 004.00	0%	Machinery and Equipm	
			LED		5 999 988.00	-	20 180.49	5 979 807.51	0%		
2022	Capital:No	Supply Ch	Furniture & Equip 026/305010	A	755 004.00	-	66 520.55	688 483.45	9%	Computer Equipment	
2022	Capital:No	Police For	Acquisitions	A	60 000.00	-	-	60 000.00	0%	Electrical Infrastructur	
2022	Capital:Inf	Electricity	Supply and Installation of High Mast Lighting inBelfast	A	1 156 908.00	-	-	1 156 908.00	0%	Electrical Infrastructur	
2022	Capital:Inf	Administra	ICT .Data Centre	A	2 499 996.00	2 140 156.00	2 140 156.00	359 840.00	86%	Information and Comm	
2022	Capital:No	Road and	Audio visual cam camers and two way radios gunsafe & chainsaw	A	999 996.00	-	-	999 996.00	0%	Machinery and Equipm	
2022	Capital:No	Recreation	Brush cutters (016/305020)	A	350 004.00	-	-	350 004.00	0%	Machinery and Equipm	
2022	Capital:No	Fleet Man	Machinery and Equipment (035/305020)	A	399 996.00	-	-	399 996.00	0%	Machinery and Equipm	
2022	Capital:No	Police For	Security Services(CCTV & other)	A	731 496.00	-	-	731 496.00	0%	Machinery and Equipm	
2022	Capital:No	Recreation	Fencing Municipal Offices and Workshop	A	1 343 088.00	-	-	1 343 088.00	0%	Other Assets	
2022	Capital:No	Solid Wast	Fencing Landfillsite ward 4 Dullstroom	A	999 996.00	-	-	999 996.00	0%	Other Assets	
2022	Capital:No	Electricity	Solar System	A	1 500 000.00	-	-	1 500 000.00	0%	Other Assets	
2022	Capital:Inf	Roads: Pub	capital roads	A	2 000 004.00	-	-	2 000 004.00	0%	Roads Infrastructure	
2022	Capital:Inf	Roads: Pub	Bhekumuzi Drive Road	A	2 000 004.00	-	3 477 218.70	1 477 214.70	174%	Roads Infrastructure	
2022	Capital:Inf	Road and	Height Restrictions	A	400 000.00	-	-	400 000.00	0%	Roads Infrastructure	
2022	Capital:No	Road and	Road Block Trailer	A	200 000.00	-	-	200 000.00	0%	Transport Assets	
2022	Capital:No	Fleet Man	cherry picker	A	2 499 996.00	-	-	2 499 996.00	0%	Transport Assets	
2022	Capital:No	Fleet Man	refuse truck	A	999 996.00	-	-	999 996.00	0%	Transport Assets	
2022	Capital:No	Administra	4G/5G	A	966 996.00	-	-	966 996.00	0%	Computer Equipment	
2022	Capital:No	Administra	Computer Equipment (305012)	A	1 500 000.00	-	266 078.26	1 233 921.74	18%	Computer Equipment	
2022	Capital:No	Administra	Intern Cap: Vehicles (23/305022)	A	699 996.00	-	-	699 996.00	0%	Transport Assets	
			INTERNAL CAP		22 063 476.00	2 140 156.00	5 949 973.51	16 113 502.49	27%		
2022	Capital:Inf	Electricity	Install 132/11kva substation	A	30 000 000.00	1 595 530.17	31 668 011.17	1 668 011.17	106%	Electrical Infrastructur	
2022	Capital:Inf	Electricity	Electrification of household at Emthonjeni	A	3 999 996.00	-	-	3 999 996.00	0%	Electrical Infrastructur	
			INEP		33 999 996.00	1 595 530.17	31 668 011.17	2 331 984.83	93%		
2022	Capital:Inf	Electricity	Solar High mast in Madala new	A	1 156 908.00	-	-	1 156 908.00	0%	Electrical Infrastructur	
2022	Capital:Inf	Electricity	Solar High mast in Madala new	A	1 156 908.00	-	228 773.03	928 134.97	20%	Electrical Infrastructur	
2022	Capital:Inf	Roads: Pub	Siyathuthuka Road ward 1	A	2 199 996.00	-	1 017 770.07	1 182 225.93	46%	Roads Infrastructure	
2022	Capital:Inf	Roads: Pub	Siyathuthuka Ward 3 Road	A	2 779 884.00	194 129.69	1 080 193.37	1 699 690.63	39%	Roads Infrastructure	
2022	Capital:Inf	Roads: Pub	Madala acces Road(new)	A	2 000 004.00	24 454.10	1 881 049.79	118 954.21	94%	Roads Infrastructure	
2022	Capital:Inf	Roads: Pub	Emgwanya Ward 7 Road(new)	A	-	=	-	-	-	Roads Infrastructure	
2022	Capital:Inf	Roads: Pub	Sakhelwe Roads	A	-	-	-	-	-	Roads Infrastructure	
2022	Capital:Inf	Roads: Off	Paving Of Ward 4	A	2 499 996.00	-	-	2 499 996.00	0%	Roads Infrastructure	
2022	Capital:Inf	Roads: Pub	capital roads	A	-	-	1 153 161.46	1 153 161.46	-	Roads Infrastructure	
2022	Capital:Inf	Waste Wa	waterborne sewer emothanjeni & enkamini	A	-	-	-	-	-	Sanitation Infrastructu	
2022	Capital:Inf	Waste Wa	waterborne sanitation sakhelwe	A	-	-	-	-	-	Sanitation Infrastructu	
2022	Capital:Inf	Waste Wa	Upgrading of roman pump new	A	3 999 996.00	93 033.70	266 665.31	3 733 330.69	7%	Sanitation Infrastructu	
2022	Capital:Inf	Water Tre	water supply rural areas	A	2 300 004.00	-	316 065.00	1 983 939.00	14%	Water Supply Infrastru	
			MIG		18 093 696.00	311 617.49	5 943 678.03	12 150 017.97	33%		
2022	Capital:Inf	Waste Wa	Upgrading of sgwabula Sewer line	A	2 969 004.00	-	-	2 969 004.00	0%	Sanitation Infrastructu	
2022	Capital:Inf	Waste Wa	sewer pump station and rising main at Sakhel	A	-	-	400 000.00	400 000.00	-	Sanitation Infrastructu	
2022	Capital:Inf	Water Tre	install distribution in ward 7	A	-	-	-	-	-	Water Supply Infrastru	
2022	Capital:Inf	Water Dist	Water cart	A	-	-	-	-	-	Water Supply Infrastru	
2022	Capital:Inf	Water Tre	Upgrading of Machadodorp water treatment works ground rese	A	17 031 000.00	-	9 564 252.99	7 466 747.01	56%	Water Supply Infrastru	
2022	Capital:Inf	Water Tre	Upgrading of Machadodorp water treatment works	A	-	-	-	-	-	Water Supply Infrastru	
2022	Capital:Inf	Water Tre	Upgrade WTW 3 Mega Litres	A	-	-	-	-	-	Water Supply Infrastru	
			WSIG		20 000 004.00	-	9 964 252.99	10 035 751.01	50%		
			TOTAL CAPITAL BUDGET		33 385 720.00	100 157 160.00	4 047 303.66	41 410 020.46	46 611 063.81	41%	
			CONDITIONAL GRANTS		24 031 232.00	72 093 696.00	1 907 147.66	38 902 374.82	24 517 753.81	162%	



Spending on our capital projects year to date is @41% and the conditional grants are @ 162%

Table C6: Quarterly Budget Statement Financial Position

In general the community wealth or net assets of the municipality to amount to R 1.7 billion. Total net assets or community wealth is represented by total assets less total liabilities. Total liabilities amounts to R 184 million, whilst total assets amounts to R 1.9 billion.

Quarterly Budget Statement Cash Flow

Table C7 provides detail of the projected cash in- and outflow. A net cash inflow from investing activities amounted to R41.4 million. Net cash inflows from operating activities consist of a primary bank account amounting to R18.2million and short term investment accounts amounting to R51 thousands.

Table SC3

Supporting table SC3 provides details on consumer debtors.

Debtors amounted to R315.9 million as at 31st December per age analysis. Outstanding debtor over 90 days amounts to R297.5 million.

Table SC4

Supporting table SC4 provides details on aged creditors. In terms of the Municipal Finance Management Act all creditors must be paid within 30 days of receiving the invoice or statement. Paid creditors for the month ending in December 2021 amounts to R 17 million.

For the month ended in December 2021creditors unpaid amounted to R90.1 million as per age analysis, and the bulk of the creditors relates to Eskom account with an amount of R53 million.

Table SC2

Supporting table SC2 provides detail on performance indicators and norms in particular to revenue management.

MP314 Emakhazeni - Table C1 Monthly Budget Statement Summary - Q2 Second Quarter

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	51 339	66 288	-	12 251	47 148	16 572	30 576	185%	66 288
Service charges	150 602	138 152	-	28 928	59 313	34 538	24 775	72%	138 152
Investment revenue	977	3 181	-	68	98	795	(697)	-88%	8 404
Transfers and subsidies	84 208	77 219	-	19 446	49 996	19 305	30 692	159%	-
Other own revenue	8 325	32 074	-	584	2 205	8 019	(5 814)	-73%	104 071
Total Revenue (excluding capital transfers and contributions)	295 452	316 915	-	61 276	158 760	79 229	79 531	100%	316 915
Employee costs	107 589	113 912	-	22 348	40 959	28 478	12 481	44%	113 912
Remuneration of Councillors	7 154	8 217	-	1 518	2 736	2 054	682	33%	8 217
Depreciation & asset impairment	66 804	51 919	-	-	-	12 980	(12 980)	-100%	51 919
Finance charges	1 027	2 000	-	1 152	1 569	500	1 069	214%	2 000
Materials and bulk purchases	81 486	76 066	-	15 223	44 504	19 016	25 487	134%	76 066
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	131 787	147 164	-	12 483	26 196	36 791	(10 595)	-29%	147 164
Total Expenditure	395 847	399 277	-	52 724	115 965	99 819	16 145	16%	399 277
Surplus/(Deficit)	(100 395)	(82 362)	-	8 552	42 795	(20 591)	63 386	-308%	(82 362)
Transfers and subsidies - capital (monetary allocations)	65 232	72 094	-	9 699	19 398	18 023	1 375	8%	72 094
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(35 163)	(10 268)	-	18 251	62 194	(2 567)	64 761	-2523%	(10 268)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(35 163)	(10 268)	-	18 251	62 194	(2 567)	64 761	-2523%	(10 268)
Capital expenditure & funds sources									
Capital expenditure	-	93 439	93 439	7 739	8 686	54 506	(45 820)	-84%	93 439
Capital transfers recognised	-	72 094	-	38 902	47 576	30 039	17 537	58%	72 094
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	28 063	-	2 508	5 970	11 693	(5 723)	-49%	28 063
Total sources of capital funds	-	100 157	-	41 410	53 546	41 732	11 814	28%	100 157
Financial position									
Total current assets	121 547	202 179	-	-	325 829	-	-	-	320 623
Total non current assets	1 027 615	1 650 282	-	-	1 650 282	-	-	-	1 650 282
Total current liabilities	88 386	18 048	-	-	95 013	-	-	-	95 137
Total non current liabilities	102 854	89 516	-	-	89 516	-	-	-	89 516
Community wealth/Equity	957 922	1 744 896	-	-	1 791 582	-	-	-	1 786 252
Cash flows									
Net cash from (used) operating	107 181	110 459	-	83 416	270 744	46 024	(224 720)	-488%	110 459
Net cash from (used) investing	-	(100 157)	-	(41 410)	(53 546)	(41 732)	11 814	-28%	(100 157)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	107 181	29 349	19 047	-	221 078	23 339	(197 739)	-847%	14 181
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	(35)	11 896	6 563	9 041	8 277	7 886	45 504	226 830	315 960
Creditors Age Analysis									
Total Creditors	28 782	7 214	9 534	9 188	17 570	17 830	-	-	90 117

MP314 Emakhazeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

Description	Ref	Budget Year 2020/21								
		2019/20 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		51 339	66 288		12 251	47 148	16 572	30 576	185%	66 288
Service charges - electricity revenue		110 335	93 435		19 259	38 961	23 359	15 602	67%	93 435
Service charges - water revenue		17 409	20 219		3 768	8 507	5 055	3 452	68%	20 219
Service charges - sanitation revenue		12 751	13 074		3 337	6 698	3 268	3 430	105%	13 074
Service charges - refuse revenue		10 107	11 424		2 565	5 147	2 856	2 291	80%	11 424
Rental of facilities and equipment		260	8 404		51	96	2 101	(2 005)	-95%	
Interest earned - external investments		977	3 181		68	98	795	(697)	-88%	8 404
Interest earned - outstanding debtors		-	3 804		-	-	951	(951)	-100%	3 181
Dividends received		-	-		-	-	-	-	-	3 804
Fines, penalties and forfeits		76	2 567		316	306	642	(336)	-52%	
Licences and permits		-	30		-	-	8	(8)	-100%	2 567
Agency services		-	-		-	-	-	-	-	30
Transfers and subsidies		84 208	77 219		19 446	49 996	19 305	30 692	159%	-
Other revenue		7 990	17 270		216	1 803	4 317	(2 514)	-58%	77 219
Gains on disposal of PPE		-	-		-	-	-	-	-	17 270
Total Revenue (excluding capital transfers and contributions)		295 452	316 915	-	61 276	158 760	79 229	79 531	100%	316 915
Expenditure By Type										
Employee related costs		107 589	113 912		22 348	40 959	28 478	12 481	44%	113 912
Remuneration of councillors		7 154	8 217		1 518	2 736	2 054	682	33%	8 217
Debt impairment		75 540	68 808		-	-	17 202	(17 202)	-100%	68 808
Depreciation & asset impairment		66 804	51 919		-	-	12 980	(12 980)	-100%	51 919
Finance charges		1 027	2 000		1 152	1 569	500	1 069	214%	2 000
Bulk purchases		62 534	60 000		14 910	40 225	15 000	25 225	168%	60 000
Other materials		18 952	16 066		314	4 279	4 016	263	7%	16 066
Contracted services		36 882	45 084		9 333	19 061	11 271	7 790	69%	45 084
Transfers and subsidies		-	-		-	-	-	-	-	-
Other expenditure		19 365	32 625		3 150	7 135	8 156	(1 021)	-13%	32 625
Loss on disposal of PPE		-	647		-	-	162	(162)	-100%	647
Total Expenditure		395 847	399 277	-	52 724	115 965	99 819	16 145	16%	399 277
Surplus/(Deficit)		(100 395)	(82 362)	-	8 552	42 795	(20 591)	63 386	(0)	(82 362)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		65 232	72 094		9 699	19 398	18 023	1 375	0	72 094
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-		-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-		-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(35 163)	(10 268)	-	18 251	62 194	(2 567)			(10 268)
Taxation										
Surplus/(Deficit) after taxation		(35 163)	(10 268)	-	18 251	62 194	(2 567)			(10 268)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(35 163)	(10 268)	-	18 251	62 194	(2 567)			(10 268)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(35 163)	(10 268)	-	18 251	62 194	(2 567)			(10 268)

MP314 Emakhazeni -Table C5 Monthly Budget statement - Capital Expenditure (Municipal vote,functional classification and funding) - 2 Quarter

Vote Description	Ref	2020/21	Budget 2021/2022							
		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										
Governance and administration		18 233	11 422	-	2 396	2 473	5 711	(3 238)	-57%	11 422
Executive and council		7 660	5 000				2 500	(2 500)	-100%	5 000
Finance and administration		10 573	6 422		2 396	2 473	3 211	(738)	-23%	6 422
Internal audit		-					-	-		
Community and public safety		14 112	1 693	-	-	-	847	(847)	-100%	1 693
Community and social services		9 565					-	-		
Sport and recreation		-	1 693				847	(847)	-100%	1 693
Public safety		4 547					-	-		
Housing		-					-	-		
Health		-					-	-		
Economic and environmental services		39 181	16 871	-	3 391	8 630	8 436	194	2%	16 871
Planning and development			14 480		3 391	8 630	7 240	1 390	19%	14 480
Road transport		39 181	2 391				1 196	(1 196)	-100%	2 391
Environmental protection							-	-		
Trading services		-	66 271	-	35 623	42 444	33 135	9 308	28%	66 271
Energy sources			38 971	-	30 790	31 897	19 485	12 411	64%	38 971
Water management			19 331		4 566	9 880	9 666	215	2%	19 331
Waste water management			6 969		267	667	3 485	(2 818)	-81%	6 969
Waste management			1 000				500	(500)	-100%	1 000
Other			3 900				1 950	(1 950)	-100%	3 900
Total Capital Expenditure - Functional Classification	3	71 526	100 157	-	41 410	53 546	50 079	3 468	7%	100 157
Funded by:										
National Government			72 094		38 902	47 576	30 039	17 537	58%	72 094
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		-	72 094	-	38 902	47 576	30 039	17 537	58%	72 094
Borrowing	6							-		
Internally generated funds			28 063		2 508	5 970	11 693	(5 723)	-49%	28 063
Total Capital Funding		-	100 157	-	41 410	53 546	41 732	11 814	28%	100 157

MP314 Emakhazeni - Table C6 Monthly Budget Statement - Financial Position - Q2 Second Quarter

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		21 848	7 000		3 880	3 880
Call investment deposits		16 000	43 492		68	98
Consumer debtors		80 301	145 765		315 960	310 724
Other debtors		1 048	801		801	801
Current portion of long-term receivables		-	-			
Inventory		2 351	5 121		5 121	5 121
Total current assets		121 547	202 179	-	325 829	320 623
Non current assets						
Long-term receivables		-	-	-		
Investments		-	-	-		
Investment property		166 830	227 015		227 015	227 015
Investments in Associate		-	-	-	-	-
Property, plant and equipment		860 248	1 412 661		1 412 661	1 412 661
Biological						
Intangible		423	693		693	693
Other non-current assets		114	9 913		9 913	9 913
Total non current assets		1 027 615	1 650 282	-	1 650 282	1 650 282
TOTAL ASSETS		1 149 162	1 852 460	-	1 976 111	1 970 905
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing						
Consumer deposits		1 878	1 855		1 855	1 855
Trade and other payables		84 969	13 152		90 117	90 241
Provisions		1 539	3 041		3 041	3 041
Total current liabilities		88 386	18 048	-	95 013	95 137
Non current liabilities						
Borrowing						
Provisions		102 854	89 516		89 516	89 516
Total non current liabilities		102 854	89 516	-	89 516	89 516
TOTAL LIABILITIES		191 240	107 564	-	184 529	184 653
NET ASSETS	2	957 922	1 744 896	-	1 791 582	1 786 252
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		957 922	1 744 896	-	1 791 582	1 786 252
Reserves						
TOTAL COMMUNITY WEALTH/EQUITY	2	957 922	1 744 896	-	1 791 582	1 786 252

1. PART 2 – SUPPORTING DOCUMENTATION

1. Material variances

1.1 Supporting table SC1 indicates the material variation between the year to-date budget and year-to-date actual with comments on the deviations.

1.2 The main deviations on operational revenue are:

MP314 Emakhazeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

Description	Ref	2019/20	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2020/21				
		Audited Outcome				YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		51 339	66 288		12 251	47 148	16 572	30 576	185%	66 288
Service charges - electricity revenue		110 335	93 435		19 259	38 961	23 359	15 602	67%	93 435
Service charges - water revenue		17 409	20 219		3 768	8 507	5 055	3 452	68%	20 219
Service charges - sanitation revenue		12 751	13 074		3 337	6 698	3 268	3 430	105%	13 074
Service charges - refuse revenue		10 107	11 424		2 565	5 147	2 856	2 291	80%	11 424
Rental of facilities and equipment		260	8 404		51	96	2 101	(2 005)	-95%	
Interest earned - external investments		977	3 181		68	98	795	(697)	-88%	8 404
Interest earned - outstanding debtors		-	3 804		-	-	951	(951)	-100%	3 181
Dividends received		-	-		-	-	-	-	-	3 804
Fines, penalties and forfeits		76	2 567		316	306	642	(336)	-52%	
Licences and permits		-	30		-	-	8	(8)	-100%	2 567
Agency services		-	-		-	-	-	-	-	30
Transfers and subsidies		84 208	77 219		19 446	49 996	19 305	30 692	159%	-
Other revenue		7 990	17 270		216	1 803	4 317	(2 514)	-58%	77 219
Gains on disposal of PPE		-	-		-	-	-	-	-	17 270
Total Revenue (excluding capital transfers and contributions)		295 452	316 915	-	61 276	158 760	79 229	79 531	100%	316 915

- ♣ **Property rates**(47 Million and more than YTD budget)- this project realized due correction of all transaction that were billed incorrectly.
- ♣ **Service Charges** (59 million and less than YTD budget) – Service charged will be corrected in the adjustment budget under water and electricity tariff setting needs to be corrected by munsoft.
- ♣ **Rental of facilities and equipment** (R96-thousand and less than YTD budget) – We unable to collect as anticipated in our debtor rentals.
Interest earned: external investments (R98 thousand and less than YTD budget) –this segment vote did not yield positive results as planned
Interest earned: outstanding debtors (R0.01 less than YTD budget) - error classification of votes in billing; however it will be corrected in the year end.
- ♣ **Fines, penalties and forfeits** (R306 thousand less than YTD budget) – Recognition of traffic fines will be done via journal .
- ♣ **Other revenue** (1.8 million less than YTD budget) _ this line item did not yield positive results as planned.

1.3 The main deviations on operational expenditure are:

Expenditure By Type									
Employee related costs	107 589	113 912		18 611	18 611	28 478	(9 867)	-35%	99 523
Remuneration of councillors	7 154	8 217		1 218	1 218	2 054	(836)	-41%	6 906
Debt impairment	75 540	68 808				17 202	(17 202)	-100%	65 845
Depreciation & asset impairment	66 804	51 919				12 980	(12 980)	-100%	49 773
Finance charges	1 027	2 000		417	417	500	(83)	-17%	4 080
Bulk purchases	62 534	60 000		25 315	25 315	15 000	10 315	69%	59 434
Other materials	18 952	16 066		3 965	3 965	4 016	(51)	-1%	13 421
Contracted services	36 882	45 084		9 728	9 728	11 271	(1 543)	-14%	34 931
Transfers and subsidies	–	–				–	–		–
Other expenditure	19 365	32 625		3 986	3 986	8 156	(4 171)	-51%	23 044
Loss on disposal of PPE		647				162	(162)	-100%	619
Total Expenditure	395 847	399 277	–	63 240	63 240	99 819	(36 579)	-37%	357 576

- ♣ **Employee related cost** (R40.9-million less than the YTD budget) – backlog data not captured fully
- ♣ **Remuneration of councillors** R2.7 – million less than the YTD budget) – not all cost were captured.
- ♣ **Depreciation and asset impairment** (R0.01 less than the YTD budget) - The auto journal will be uploaded in the 30 June 2022. Due to fact that we are still on implementation phase.
- ♣ **Finance charges** (R1.5–million less than YTD budget). – Only Eskom interest is the biggest factor on this vote.
- ♣ **Bulk purchase** (R40.2 – million more than YTD budget). – Increase in usage of electricity during summer rainswas a biggest factor on the increase of this segment vote.
- ♣ **Other Materials** (R4.2-million less than YTD budget). – This project vote is based on service delivery service as when needed.
- ♣ **Contracted Services** (R19-million, less than YTD budget). – Due to cash constrained this segment does not perform as planned.
- ♣ **Other Expenditure** (R7.1-million, less than YTD budget). – Due to cash constrained this segment does not perform as planned.

Performance indicators supporting

Table SC2 provides detail on performance indicators in particular to revenue management. The payment rate for the previous quarter was 80% whilst the payment rate for this quarter is 97%.

The graph below indicates the norms and percentage of year to date actual as at the end of December 2021 for the second quarter report.

MP314 Emakhazeni - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q2 Second Quarter

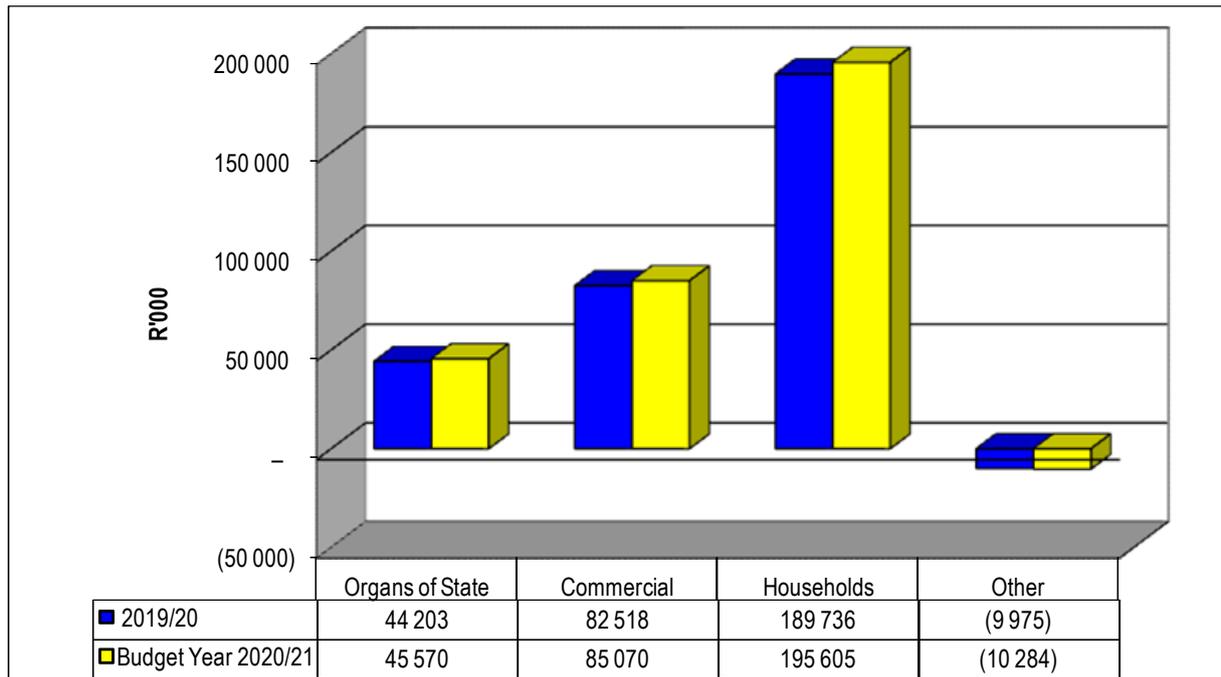
Description of financial indicator	Basis of calculation	Ref	2019/20	Budget Year 2020/21			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0.3%	13.5%	0.0%	1.4%	2.6%
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		8.9%	0.8%	0.0%	5.0%	5.1%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	137.5%	1120.2%	0.0%	342.9%	337.0%
Liquidity Ratio	Monetary Assets/Current Liabilities		42.8%	279.8%	0.0%	4.2%	4.2%
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		27.5%	46.2%	0.0%	199.5%	98.3%
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		36.4%	35.9%	0.0%	25.8%	35.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	4.0%	0.0%	1.8%	1.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		23.0%	17.0%	0.0%	1.0%	3.2%
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						

3. Debtors analysis Supporting

Table SC3 provides a breakdown of the debtors. The outstanding debtor at the end of December 2021 amounts to R315.9-million. Consumer debtors have increased.

MP314 Emakhazeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q2 Second Quarter

Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts L1o 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	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	(1)	1 344	1 153	1 073	983	1 017	5 027	32 579	43 176	40 679		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	(2)	2 926	2 226	1 911	1 861	1 628	8 342	41 931	60 824	55 674		
Receivables from Non-exchange Transactions - Property Rates	1400	(31)	3 736	2 970	2 482	2 263	2 153	19 596	87 045	120 214	113 538		
Receivables from Exchange Transactions - Waste Water Management	1500	(2)	1 009	617	553	511	478	2 416	17 449	23 033	21 408		
Receivables from Exchange Transactions - Waste Management	1600	(1)	756	628	576	536	508	2 667	18 678	24 348	22 964		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	693	660	613	598	586	3 337	5 898	12 385	11 032		
Interest on Arrear Debtor Accounts	1810	-	5	5	5	5	5	38	762	825	815		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	0	1 426	(1 696)	1 829	1 519	1 511	4 080	22 487	31 156	31 427		
Total By Income Source	2000	(35)	11 896	6 563	9 041	8 277	7 886	45 504	226 830	315 960	297 537		
2019/20 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(0)	2 188	645	751	1 250	1 174	6 518	33 044	45 570	42 737		
Commercial	2300	(28)	3 459	(666)	2 954	2 165	1 980	15 358	59 848	85 070	82 305		
Households	2400	(7)	6 258	6 055	5 783	5 064	4 920	26 484	141 047	195 605	183 299		
Other	2500	0	(9)	529	(447)	(203)	(188)	(2 856)	(7 110)	(10 284)	(10 804)		
Total By Customer Group	2600	(35)	11 896	6 563	9 041	8 277	7 886	45 504	226 830	315 960	297 537		

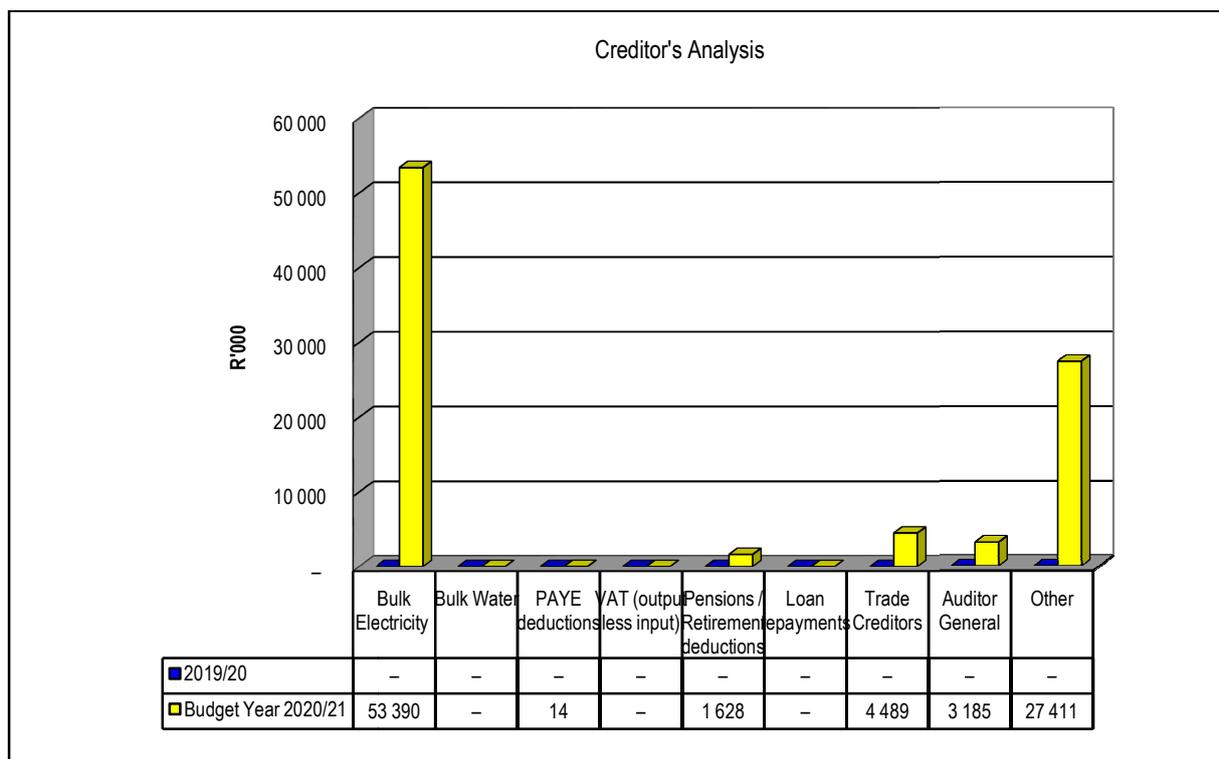


4. Creditors analysis Supporting

Table SC4 provides detail on aged creditors. In terms of the MFMA all creditors are unpaid within thirty (30) days of receiving the invoice or statement. For the month of December amount to R90.1million.

MP314 Emakhazeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q2 Second Quarter

Description	NT Code	Budget Year 2020/21								Total	Prior year totals for chart (same period)
		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		
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	5 904	5 940	5 719	7 291	10 707	17 830			53 390	
Bulk Water	0200									-	
PAYE deductions	0300	9		5						14	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500	1 628								1 628	
Loan repayments	0600									-	
Trade Creditors	0700	1 804	172	0	27	2 486				4 489	
Auditor General	0800			173		3 011				3 185	
Other	0900	19 437	1 101	3 637	1 870	1 366				27 411	
Total By Customer Type	1000	28 782	7 214	9 534	9 188	17 570	17 830	-	-	90 117	-



RECOMMENDATION OF THE ACTING CHIEF FINANCIAL OFFICER

1. That; the first quarter Budget Performance report for period ending 31st December 2021 be noted from table C1 to table C7 and its supporting tables SC2, SC4 .
2. That; 99.9% spent on the capital budget under table C5 be noted and
3. That; the report be published in the Municipal website.

RECOMMENDATION BY THE EXTENDED MANAGEMENT COMMITTEE

1. That; the first quarter Budget Performance report for period ending 31st December 2021 be noted from table C1 to table C7 and its supporting tables SC2, SC4 .
2. That; 99.9% spent on the capital budget under table C5 be noted and
3. That; the report be published in the Municipal website.

RECOMMENDATION BY THE SECTION 80 COMMITTEE

1. That; the first quarter Budget Performance report for period ending 31st December 2021 be noted from table C1 to table C7 and its supporting tables SC2, SC4 .
2. That; 99.9% spent on the capital budget under table C5 be noted and
3. That; the report be published in the Municipal website.

FOR NOTING