

# EMTHANJENI MUNICIPALITY



## **2<sup>nd</sup> Quarter**

# **BUDGET STATEMENT**

# **FOR THE YEAR 2016-2017**

# **SCHEDULE C:**

## **QUARTERLY AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY**

**Copies of this document can be viewed:**

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
  - **At [www.emthanjeni.co.za](http://www.emthanjeni.co.za)**

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## Glossary

- **Adjustments budget** - Prescribed in section 28 of the MFMA. The formal means by which a municipality July revise its annual budget during the year.
- **Allocations** - Money received from Provincial or National Government or other municipalities.
- **Budget** - The financial plan of the Municipality.
- **Budget related policy** - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.
- **Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.
- **Cash flow statement** - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the Quarter it is received, even though it July not be paid in the same period.
- **DORA** - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.
- **Equitable share** - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.
- **Fruitless and wasteful expenditure** - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.
- **GFS** - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.
- **GRAP** - Generally Recognised Accounting Practice. The new standard for municipal accounting.
- **IDP** - Integrated Development Plan. The main strategic planning document of the Municipality.
- **MBRR** - Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.
- **MFMA** - Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

- **MIG** - Municipal Infrastructure Grant.
- **MTREF** - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.
- **Operating expenditure** - Spending on the day to day expenses of the Municipality such as salaries and wages.
- **Rates** - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.
- **SDBIP** - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and Quarterly budget estimates.
- **Strategic objectives** - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.
- **Unauthorised expenditure** - Generally, is spending without, or in excess of, an approved budget.
- **Virement** - A transfer of budget.
- **Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.
- **Vote** - One of the main segments into which a budget. In Emthanjeni Municipality this means at directorate level.

# **PART 1 - IN-YEAR REPORT**

## **Section 1 - Mayor's Report**

### **1.1 In-Year Report - Quarterly Budget Statement**

The Quarterly budget statement for December 2016 has been prepared to meet the legislative requirements of the Municipal Budget and Reporting Regulations.

The audited outcomes for 2015/2016 reflected in this report are Final for June 2016 as the Annual Financial Statements were completed and submitted to and audited by the Auditor General on 31 August 2016.

#### **1.1.1 Financial problems or risks facing the municipality**

There are no financial problems affecting the municipality. Monitoring and implementation of the capital projects remains a priority.

#### **1.1.2 Relevant information**

Year-to-date operating revenue realised is 0 % above the year-to-date budget for December 2016.

The abnormally high revenue includes the annual property rates and other fixed service charges billed to consumers for the 2016/2017 financial year, this situation arose because certain customers being billed Quarterly. As well as operating grants received that exceeds the Quarterly budget the reason for this being that there was no payment schedule available at the time of concluding the budget.

Operating expenditure incurred amounts to 13% below the year-to-date operating expenditure. 41% of the total capital budget has been spent at 31 December 2016, with 74.61% of that being funded from capital grants.<sup>1</sup>

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<sup>1</sup> Table C5 - Capital Expenditure (municipal vote, standard classification and funding)

## Section 2 - Resolutions

### ***IN-YEAR REPORTS 2015/2016***

This is the resolution that will be presented to Council when the In-Year Report is tabled:

#### ***RECOMMENDATION:***

- (a) That Council notes the Quarterly budget statement and supporting documentation for December 2016.

## Section 3 - Executive Summary

### **3.1 Introduction**

As already stated in the Mayor's Report the financial figures reflected in this report are final for June 2016 as the Annual Financial Statements were completed and submitted to and audited by the Auditor General on 31 August 2016.

### **3.2 Consolidated performance**

#### **3.2.1 Against annual budget (original approved and latest adjustments)**

##### **Revenue by Source**

Year-to-date revenue realised R223 Thousand above year-to-date budget projections for December 2016<sup>2</sup>.

##### **Operating expenditure by type**

Year-to-date expenditure is 13% or R14, 784 million, below the year-to-date budget as at 31 December 2016.

Refer to Section 4 - Table C4 for further details on both revenue by source and expenditure by type.

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<sup>2</sup> Table C4 - Total revenue by source (excluding capital transfers and contributions)

<sup>3</sup> Table C4 - Total expenditure by type

## Capital expenditure

Year-to-date expenditure on capital amounts to R6,079 million or 41.1% of the capital budget of R20.739 million<sup>4</sup>, 74.61% % of expenditure to date has been funded from capital grants recognised<sup>5</sup>.

Refer to Section 4 - Table C5 for more detail.

## Cash flows

The financial year commenced with positive cash & cash equivalents balance of R7, 524 million<sup>6</sup> and this has increased by R2, 441 million during the year-to-date to R 9, 965 million.

Refer to section 4 - Supporting Table C9 and Section 7 for more detail on the cash position.

### 3.3 Material variances

Description	Variance
<b>R thousands</b>	
<b>Revenue By Source</b>	
Property rates	4 760
Service charges - electricity revenue	(2 017)
Fines	(2 551)
Licences and permits	(1 056)
<b>Expenditure By Type</b>	
Debt impairment	(4 450)
Depreciation & asset impairment	(3 668)
Other expenditure	(4 056)
<b>Capital Expenditure</b>	
Road transport	1 604
Electricity	(536)
Water	(3 911)
Waste water management	(327)
<b>Cash Flow</b>	
Service charges	(7 516)
Other revenue	(4 459)
Capital assets	(4 290)



### 3.4 Remedial or corrective steps

Description	Reasons for material deviations	Remedial or corrective steps/remarks
<b>R thousands</b>		
<b>Revenue By Source</b>		
Property rates	The farmers property rates are charged yearly and thus the actual amount is higher than the budgeted amount.	The current situation will correct itself during the financial year
Service charges - electricity revenue	Due to high usage of pre-paid electricity during Quarters the estimated revenue was expected to be more	The current situation will be corrected in the adjustment budget
Fines		
Licences and permits		
<b>Expenditure By Type</b>		
Debt impairment	Are Done at year end	The situation will be fixed at year end
Depreciation & asset impairment	Are Done at year end	The situation will be fixed at year end
Other expenditure	other expenditure was estimated to be higher	The situation will be taken into account when drawing up the adjustment budget of 2016-17
<b>Capital Expenditure</b>		
Road transport	Slow capital spending	The situation will be taken into account when drawing up the adjustment budget of 2016-17
Electricity	Slow capital spending	The situation will be taken into account when drawing up the adjustment budget of 2016-17
Water	Slow capital spending	The situation will be taken into account when drawing up the adjustment budget of 2016-17
Waste water management	Slow capital spending	The situation will be taken into account when drawing up the adjustment budget of 2016-17
<b>Cash Flow</b>		
Service charges	Slow collection due to customers not paying accounts	Continued Enforcing of the credit collection policy as well as looking to adjusted the estimated revenue collection
Other revenue		
Capital assets	Slow capital spending	The situation will be taken into account when drawing up the adjustment budget of 2016-17

<sup>4</sup> Table C5 - Total capital expenditure

<sup>5</sup> Table C5 - Capital Expenditure (municipal vote, standard classification and funding)

<sup>6</sup> Table C7 - Cash flow (cash and cash equivalents = cashbook and current investment)



**Table C2: Quarterly Budget Statement – Financial Performance (standard classification)**

NC073 Emthanjeni - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

		2015/16 Budget Year 2016/17										Full Year Forecast
R thousands	Description	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD Budget	YTD variance	YTD variance %	YTD variance	Full Year Forecast
	<b>Revenue - Standard</b>	1										
	<i>Governance and administration</i>											
	Executive and council		45 610	51 180	51 180	5 549	33 111	25 590	7 521	29%	51 180	
	Budget and treasury office		3 528	4 295	4 295	824	2 883	2 148	735	34%	4 295	
	Corporate services		42 000	46 801	46 801	4 721	30 188	23 401	6 787	29%	46 801	
	<i>Community and public safety</i>											
	Community and social services		82	84	84	5	41	42	(1)	-3%	84	
	Sport and recreation		21 463	11 325	11 325	150	2 828	5 662	(2 834)	-50%	11 325	
	Public safety		1 906	1 942	1 942	59	998	971	27	3%	1 942	
	Housing		182	123	123	58	118	62	56	90%	123	
	Health		19 318	7 991	7 991	30	1 017	3 906	(2 978)	-75%	7 991	
	<i>Economic and environmental services</i>											
	Planning and development		57	41	41	3	695	21	675	3283%	41	
	Environmental protection		—	1 227	1 227	—	—	614	(614)	-100%	1 227	
	<i>Trading services</i>											
	Electricity		9 072	3 816	3 816	452	723	1 908	(1 185)	-62%	3 816	
	Water		999	1 610	1 610	450	700	805	(105)	-13%	1 610	
	Waste water management		8 073	2 207	2 207	2	23	1 103	(1 081)	-98%	2 207	
	Waste management		—	—	—	—	—	—	—	—	—	
	<i>Other</i>											
	Electricity		132 257	165 860	165 860	15 507	76 959	86 859	(9 899)	-11%	165 860	
	Water		62 855	90 239	90 239	6 993	39 603	45 980	(6 378)	-14%	90 239	
	Waste water management		29 827	38 471	38 471	3 479	16 670	20 280	(3 672)	-18%	38 471	
	Waste management		27 574	24 322	24 322	3 144	13 032	13 158	(127)	-1%	24 322	
	Other		12 001	12 828	12 828	1 890	7 718	7 440	278	4%	12 828	
	<b>Total Revenue - Standard</b>	2	<b>208 403</b>	<b>232 182</b>	<b>232 182</b>	<b>21 658</b>	<b>113 622</b>	<b>120 020</b>	<b>(6 398)</b>	<b>-5%</b>	<b>232 182</b>	
	<b>Expenditure - Standard</b>											
	<i>Governance and administration</i>											
	Executive and council		48 435	48 553	48 553	3 005	20 254	24 276	(4 021)	-17%	48 553	
	Budget and treasury office		14 305	14 054	14 054	1 093	5 944	7 027	(1 083)	-15%	14 054	
	Corporate services		22 532	21 982	21 982	960	7 821	10 990	(3 170)	-20%	21 982	
	<i>Community and public safety</i>											
	Community and social services		11 598	12 518	12 518	952	6 490	6 259	231	4%	12 518	
	Sport and recreation		51 153	29 417	29 417	1 877	10 774	14 766	(3 992)	-27%	29 417	
	Public safety		27 874	11 849	11 849	657	3 976	5 924	(1 948)	-33%	11 849	
	Housing		8 044	10 367	10 367	429	2 036	2 327	(291)	-12%	10 367	
	Health		10 854	2 400	2 400	162	1 102	1 200	(98)	-8%	2 400	
	<i>Economic and environmental services</i>											
	Planning and development		262	148	148	3	9	74	(65)	-86%	148	
	Environmental protection		32 348	28 440	28 440	1 448	8 924	14 489	(5 564)	-38%	28 440	
	<i>Trading services</i>											
	Electricity		59 848	71 539	71 539	4 928	39 998	36 735	3 263	9%	71 539	
	Water		34 145	12 906	12 906	877	5 366	7 556	(2 190)	-29%	12 906	
	Waste water management		12 653	11 435	11 435	909	4 978	6 413	(1 435)	-22%	12 653	
	Waste management		1 614	738	738	1 169	6 164	7 305	(1 141)	-16%	7 388	
	<i>Other</i>											
	Electricity		132 290	108 815	108 815	7 883	56 506	58 009	(1 502)	-3%	108 815	
	Water		59 848	71 539	71 539	4 928	39 998	36 735	3 263	9%	71 539	
	Waste water management		34 145	12 906	12 906	877	5 366	7 556	(2 190)	-29%	12 906	
	Waste management		12 653	11 435	11 435	1 169	6 164	7 305	(1 141)	-16%	12 653	
	<i>Other</i>		1 614	738	738	1 169	6 164	7 305	(1 141)	-16%	7 388	
	<b>Total Expenditure - Standard</b>	3	<b>265 840</b>	<b>215 964</b>	<b>215 964</b>	<b>14 312</b>	<b>97 125</b>	<b>111 908</b>	<b>(14 784)</b>	<b>-13%</b>	<b>215 964</b>	
	<b>Surplus/ (Deficit) for the year</b>		<b>(57 437)</b>	<b>16 218</b>	<b>16 218</b>	<b>7 346</b>	<b>16 497</b>	<b>8 111</b>	<b>8 386</b>	<b>103%</b>	<b>16 218</b>	

**Table C2: Quarterly Budget Statement – Financial Performance (standard classification)**

This table reflects the operating budget (Financial Performance) in the standard classifications which are the Government Finance Statistics Functions and Sub-functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions. The main functions are Governance and administration; Community and public safety; Economic and environmental services; and Trading services.

It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3.

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

NC073 Emthanjeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December		Budget Year 2016/17									
Vote Description	Ref	2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<i>R thousands</i>											
Multi-Year expenditure appropriation	1										
Single Year expenditure appropriation	2										
Vote 1 - EXECUTIVE AND COUNCIL	2	161	137	137	16	16	69	(53)	-77%	137	
Vote 2 - FINANCE AND ADMINISTRATION		779	1 735	1 735	-	32	868	(836)	-96%	1 735	
Vote 5 - COMMUNITY AND SOCIAL SERVICES		178	266	266	-	-	148	(148)	-100%	266	
Vote 6 - PUBLIC SAFETY		79	63	63	-	-	32	(32)	-100%	63	
Vote 7 - SPORT AND RECREATION		-	75	75	-	-	38	(38)	-100%	75	
Vote 8 - ROAD TRANSPORT		6 673	4 200	4 200	(179)	3 703	2 100	1 604	76%	4 200	
Vote 11 - WASTE MANAGEMENT		34	29	29	-	-	14	(14)	-100%	29	
Vote 12 - WASTE WATER MANAGEMENT		1 140	981	981	-	164	491	(327)	-67%	981	
Vote 13 - ELECTRICITY		2 589	5 400	5 400	-	2 164	2 700	(536)	-20%	5 400	
Vote 14 - WATER		14	7 822	7 822	-	-	3 911	(3 911)	-100%	7 822	
Total Capital single-year expenditure	4	11 646	20 739	20 739	(163)	6 079	10 370	(4 290)	-41%	20 739	
Total Capital Expenditure		11 646	20 739	20 739	(163)	6 079	10 370	(4 290)	-41%	20 739	
Capital Expenditure - Standard Classification											
Governance and administration		940	1 873	1 873	16	48	936	(889)	-95%	1 873	
Executive and council		161	137	137	16	16	69	(53)	-77%	137	
Budget and treasury office		484	1 385	1 385	-	17	693	(676)	-98%	1 385	
Corporate services		255	350	350	-	15	175	(160)	-92%	350	
Community and public safety		257	434	434	-	-	217	(217)	-100%	434	
Community and social services		178	296	296	-	-	148	(148)	-100%	296	
Sport and recreation		-	75	75	-	-	38	(38)	-100%	75	
Public safety		79	63	63	-	-	32	(32)	-100%	63	
Economic and environmental services		6 673	4 200	4 200	(179)	3 703	2 100	1 604	76%	4 200	
Road transport		6 673	4 200	4 200	(179)	3 703	2 100	1 604	76%	4 200	
Trading services		3 776	14 232	14 232	-	2 328	7 116	(4 788)	-67%	14 232	
Electricity		2 589	5 400	5 400	-	2 164	2 700	(536)	-20%	5 400	
Water		14	7 822	7 822	-	-	3 911	(3 911)	-100%	7 822	
Waste water management		1 140	981	981	-	164	491	(327)	-67%	981	
Waste management		34	29	29	-	-	14	(14)	-100%	29	
Total Capital Expenditure - Standard Classification	3	11 646	20 739	20 739	(163)	6 079	10 370	(4 290)	-41%	20 739	
Funded by:											
National Government		10 195	13 905	13 905	53	4 536	6 953	(2 417)	-35%	13 905	
Transfers recognised - capital		10 195	13 905	13 905	53	4 536	6 953	(2 417)	-35%	13 905	
Borrowing	6	1 156	-	-	-	-	-	-	-	-	
Internally generated funds		295	6 834	6 834	(216)	1 543	3 417	(1 874)	-55%	6 834	
Total Capital Funding		11 646	20 739	20 739	(163)	6 079	10 370	(4 290)	-41%	20 739	

**Table C6: Quarterly Budget Statement - Financial Position**

NC073 Emthanjeni - Table C6 Monthly Budget Statement - Financial Position - M06 December		2015/16		Budget Year 2016/17			
		Ref	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands		1					
<b>ASSETS</b>							
Current assets							
Cash			14 845	968	968	68	968
Call investment deposits			—	10 075	10 075	18 066	10 075
Consumer debtors			60 532	22 824	22 824	74 564	22 824
Other debtors			—	11 277	11 277	2 297	11 277
Current portion of long-term receivables			2	—	—	—	—
Inventory			62 922	65 556	65 556	63 001	65 556
<b>Total current assets</b>			<b>138 300</b>	<b>110 700</b>	<b>110 700</b>	<b>158 016</b>	<b>110 700</b>
<b>Non current assets</b>							
Long-term receivables			1	—	—	—	—
Investments			26	29	29	26	29
Investment property			5 018	5 004	5 004	5 003	5 004
Investments in Associates			—	—	—	—	—
Property, plant and equipment			827 558	932 114	932 114	819 244	932 114
Agricultural			—	—	—	—	—
Biological assets			—	—	—	—	—
Intangible assets			82	458	458	82	458
Other non-current assets			12	83	83	81	83
<b>Total non current assets</b>			<b>832 698</b>	<b>937 687</b>	<b>937 687</b>	<b>824 436</b>	<b>937 687</b>
<b>TOTAL ASSETS</b>			<b>970 998</b>	<b>1 048 386</b>	<b>1 048 386</b>	<b>982 452</b>	<b>1 048 386</b>
<b>LIABILITIES</b>							
Current liabilities							
Bank overdraft			7 321	9 338	9 338	8 189	9 338
Borrowing			1 065	688	688	860	688
Consumer deposits			2 193	2 289	2 289	2 226	2 289
Trade and other payables			49 018	16 352	16 352	30 880	16 352
Provisions			1 469	2 972	2 972	54 610	2 972
<b>Total current liabilities</b>			<b>61 066</b>	<b>31 639</b>	<b>31 639</b>	<b>98 765</b>	<b>31 639</b>
<b>Non current liabilities</b>							
Borrowing			40 096	—	—	—	—
Provisions			7 030	36 071	36 071	1 914	36 071
<b>Total non current liabilities</b>			<b>47 126</b>	<b>36 071</b>	<b>36 071</b>	<b>1 914</b>	<b>36 071</b>
<b>TOTAL LIABILITIES</b>			<b>108 193</b>	<b>67 709</b>	<b>67 709</b>	<b>98 679</b>	<b>67 709</b>
<b>NET ASSETS</b>		2	<b>862 806</b>	<b>980 677</b>	<b>980 677</b>	<b>883 773</b>	<b>980 677</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)			862 806	980 677	980 677	881 520	860 677
Reserves			—	—	—	2 253	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		2	<b>862 806</b>	<b>980 677</b>	<b>980 677</b>	<b>883 773</b>	<b>980 677</b>



**Table C7: Quarterly Budget Statement - Cash Flow**

Description	Ref	Budget Year 2018/17										Full Year Forecast	
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %				
<b>R thousands</b>	1												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>													
<b>Receipts</b>													
Property rates, penalties & collection charges		19 106	27 999	27 999	1 195	12 148	13 999	(1 852)	-13%		27 999		
Service charges		94 706	99 902	99 902	5 755	42 435	49 951	(7 516)	-15%		99 902		
Other revenue		8 813	34 954	34 954	2 115	13 018	17 477	(4 459)	-26%		34 954		
Government - operating		42 853	41 210	41 210	9 224	25 258	20 605	4 653	23%		41 210		
Government - capital		10 775	14 602	14 602	4 904	12 867	7 301	5 566	76%		14 602		
Interest		1 760	806	806	-	47	403	(356)	-88%		806		
Dividends		-	-	-	-	-	-	-	-		-		
<b>Payments</b>													
Suppliers and employees		(154 090)	(190 113)	(190 113)	(14 126)	(96 423)	(95 057)	1 367	-1%		(190 113)		
Finance charges		(1 761)	(5 468)	(5 468)	(186)	(659)	(2 734)	(2 075)	76%		(5 468)		
Transfers and Grants		(247)	-	-	-	-	-	-	-		-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>21 912</b>	<b>23 890</b>	<b>23 890</b>	<b>8 880</b>	<b>8 681</b>	<b>11 945</b>	<b>3 254</b>	<b>27%</b>		<b>23 890</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>													
<b>Receipts</b>													
Proceeds on disposal of PPE		91	130	130	-	124	65	60	92%		130		
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-		-		
Decrease (increase) other non-current receivables		(0)	-	-	-	-	-	-	-		-		
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-		-		
<b>Payments</b>													
Capital assets		(11 646)	(20 739)	(20 739)	163	(6 079)	(10 370)	(4 290)	41%		(20 739)		
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(11 554)</b>	<b>(20 610)</b>	<b>(20 610)</b>	<b>163</b>	<b>(5 955)</b>	<b>(10 305)</b>	<b>(4 350)</b>	<b>42%</b>		<b>(20 610)</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>													
<b>Receipts</b>													
Short term loans		-	-	-	-	-	-	-	-		-		
Borrowing long term/refinancing		1 156	-	-	-	-	-	-	-		-		
Increase (decrease) in consumer deposits		-	98	98	5	39	49	(10)	-21%		98		
<b>Payments</b>													
Repayment of borrowing		(2 684)	(688)	(688)	-	(334)	(344)	(10)	3%		(688)		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 528)</b>	<b>(590)</b>	<b>(590)</b>	<b>5</b>	<b>(295)</b>	<b>(295)</b>	<b>0</b>	<b>0%</b>		<b>(590)</b>		
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>8 830</b>	<b>2 691</b>	<b>2 691</b>	<b>9 049</b>	<b>2 441</b>	<b>1 345</b>				<b>2 691</b>		
Cash/cash equivalents at beginning:		(1 306)	(985)	(985)		7 524	(985)				7 524		
Cash/cash equivalents at monthly year end:		7 524	1 706	1 706		9 955	360				10 214		

**Supporting Table SC9: Quarterly Budget Statement – Actual & revised targets for cash receipts & cash flows This supporting table gives a detailed breakdown of information summarised in Table C7.**

Ref	Description	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework			
		July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18		
		Outcomes	Outcomes	Outcomes	Outcomes	Outcomes	Outcomes	Budget	Budget	Budget	Budget	Budget	Budget	2016/17	2017/18		
R thousands																	
	<b>Cash Receipts By Source</b>																
	Property rates	1 170	2 554	1 074	1 380	3 906	1 195	—	—	—	—	—	15 851	27 959	28 239	49 909	
	Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Service charges - electricity revenue	3 394	4 149	5 996	3 544	4 716	3 212	—	—	—	—	—	28 067	53 178	50 426	67 691	
	Service charges - water revenue	1 407	1 281	1 477	1 534	1 196	1 448	—	—	—	—	—	15 404	23 746	25 448	41 408	
	Service charges - sanitation revenue	732	992	1 044	1 103	782	683	—	—	—	—	—	9 710	15 045	15 131	16 407	
	Service charges - refuse	505	681	710	780	409	377	—	—	—	—	—	4 373	7 815	7 545	8 583	
	Service charges - other	33	33	37	33	34	34	—	—	—	—	—	(87)	118	270	132	
	Rental of facilities and equipment	65	72	72	67	75	59	—	—	—	—	—	276	686	734	770	
	Interest earned - external investments	25	15	2	4	2	—	—	—	—	—	—	758	808	830	863	
	Interest earned - outstanding debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Fines	149	96	37	154	470	15	—	—	—	—	—	—	—	—	—	
	Licences and permits	32	33	34	36	30	24	—	—	—	—	—	1 780	1 978	1 938	2 399	
	Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Treasury receipts - operating	15 204	250	—	581	—	9 224	—	—	—	—	—	15 952	41 210	41 753	47 657	
	Other revenue	466	2 536	2 222	1 966	2 285	2 017	—	—	—	—	—	14 275	25 747	26 067	43 475	
	<b>Cash Receipts by Source</b>	<b>23 180</b>	<b>12 882</b>	<b>13 554</b>	<b>11 280</b>	<b>13 912</b>	<b>18 288</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>111 984</b>	<b>204 870</b>	<b>212 149</b>	<b>284 431</b>	
	<b>Other Cash Flows by Source</b>																
	Transfer receipts - capital	680	—	7 283	—	4 904	—	—	—	—	—	—	—	—	—	—	
	Contributions & contributed assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Proceeds on disposal of PPE	—	15	111	(1)	—	—	—	—	—	—	—	5	130	139	148	
	Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Borrowing long term/short-term	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Increase in consumer deposits	8	14	2	2	6	5	—	—	—	—	—	58	98	90	71	
	Receipt of non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Receipt of non-current receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Change in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	<b>Total Cash Receipts by Source</b>	<b>23 878</b>	<b>12 711</b>	<b>20 850</b>	<b>11 281</b>	<b>13 918</b>	<b>23 188</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>113 783</b>	<b>218 699</b>	<b>228 730</b>	<b>298 449</b>	
	<b>Cash Payments by Type</b>																
	Employee related costs	5 804	5 972	5 996	5 804	6 026	5 978	—	—	—	—	—	33 011	60 691	73 073	77 671	
	Remuneration of councillors	367	321	419	387	401	387	—	—	—	—	—	2 680	4 948	5 015	5 269	
	Interest paid	105	63	148	148	11	186	—	—	—	—	—	4 809	5 468	6 143	9 731	
	Bulk purchases - Electricity	8 034	7 658	5 482	3 752	3 814	3 828	—	—	—	—	—	19 707	52 332	55 359	60 859	
	Bulk purchases - Water & Sewer	78	406	(155)	196	292	—	—	—	—	—	—	1 603	2 440	2 736	4 313	
	Other materials	340	333	625	822	900	1 039	—	—	—	—	—	12 600	10 771	18 864	30 971	
	Contracted services	253	474	532	531	1 185	172	—	—	—	—	—	6 699	9 846	10 565	17 432	
	Grants and subsidies paid - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	Grants and subsidies paid - other	430	(430)	—	—	—	—	—	—	—	—	—	—	—	—	—	
	General expenses	700	2 503	4 351	3 250	4 119	2 724	—	—	—	—	—	16 430	34 085	35 533	39 397	
	Cash Payments by Type	16 216	17 296	17 420	15 889	18 747	14 312	—	—	—	—	—	88 498	195 582	207 287	275 648	
	<b>Other Cash Flows/Payments by Type</b>																
	Capital assets	442	2 113	891	1 449	1 347	(163)	—	—	—	—	—	14 660	20 739	20 405	22 005	
	Repayment of borrowing	—	—	334	—	—	—	—	—	—	—	—	354	688	—	—	
	Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	<b>Total Cash Payments by Type</b>	<b>16 658</b>	<b>19 412</b>	<b>18 645</b>	<b>16 638</b>	<b>19 084</b>	<b>14 149</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>113 913</b>	<b>217 009</b>	<b>227 682</b>	<b>297 654</b>	
	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>7 220</b>	<b>(6 702)</b>	<b>2 305</b>	<b>(5 356)</b>	<b>(4 172)</b>	<b>9 049</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>250</b>	<b>2 681</b>	<b>(972)</b>	<b>795</b>	
	Cash/cash equivalents at the month/year beginning	7 524	14 744	6 042	10 348	5 091	9 965	9 965	9 965	9 965	9 965	9 965	9 965	9 965	7 524	10 214	9 243
	Cash/cash equivalents at the month/year end	14 744	8 042	10 348	5 091	9 965	9 965	9 965	9 965	9 965	9 965	9 965	10 214	10 214	9 243	10 037	



# Creditors' analysis

## Supporting Table SC4

NC073 Emthanjani - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

R thousands	Description	NT Code	Budget Year 2016/17										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							
	<b>Creditors Age Analysis By Customer Type</b>																
	Bulk Electricity	0100															
	Bulk Water	0200															
	PAYE deductions	0300															
	VAT (output less input)	0400															
	Pensions / Retirement deductions	0500															
	Loan repayments	0600															
	Trade Creditors	0700	1 473	345												1 818	1
	Auditor General	0800	-	-												-	-
	Other	0900	5 040	-												5 040	2 337
	<b>Total By Customer Type</b>	<b>1000</b>	<b>6 513</b>	<b>345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 858</b>	<b>2 339</b>	

## Investment portfolio analysis

NC073 Emthanjeni - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of investment		Type of investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs	Months							
R thousands										
<b>Municipality</b> General Investment		Yrs		Fixed Deposit	30/06/2017	0	0.0%	11 270	-	11 270
<b>Municipality sub-total</b>						0		11 270	-	11 270
<b>Entities</b>						0		11 270	-	11 270
<b>TOTAL INVESTMENTS AND INTEREST</b>	2					0		11 270	-	11 270

**Allocation and grant receipts and expenditure: - Operating Revenue Framework**



NC073 Emthanjeni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	Budget Year 2016/17													
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast					
R thousands															
<b>RECEIPTS:</b>	1,2														
<b>Operating Transfers and Grants</b>															
National Government:		39 459	38 822	38 822	8 580	24 429	18 097	5 319	29.4%	38 822					
Local Government Equitable Share		35 929	36 197	36 197	8 130	22 104	16 785	5 319	31.7%	36 197					
Finance Management		1 600	1 625	1 625	-	1 625	812	-	-	1 625					
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-					
EPWP Incentive		1 000	1 000	1 000	450	700	500	-	-	1 000					
Provincial Government:		1 177	2 388	2 388	-	1 261	1 194	67	5.6%	2 388					
Health subsidy		-	1 227	1 227	-	-	614	(614)	-100.0%	1 227					
Housing		35	-	-	-	680	-	680	#DIV/0!	-					
Sport and Recreation	4	1 142	1 161	1 161	-	581	581	-	-	1 161					
District Municipality:		-	-	-	-	-	-	-	-	-					
Other grant providers:		-	-	-	-	-	-	-	-	-					
<b>Total Operating Transfers and Grants</b>	5	40 636	41 210	41 210	8 580	25 690	19 291	5 386	27.9%	41 210					
<b>Capital Transfers and Grants</b>															
National Government:		13 398	14 602	14 602	-	7 283	5 367	1 916	35.7%	14 602					
Municipal Infrastructure Grant (MIG)		11 898	11 602	11 602	-	7 283	3 867	3 416	88.3%	11 602					
Regional Bulk Infrastructure		-	-	-	-	-	-	-	-	-					
Integrated National Electrification Programme		1 500	3 000	3 000	-	-	1 500	(1 500)	-100.0%	3 000					
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-					
Provincial Government:		-	-	-	-	-	-	-	-	-					
District Municipality:		-	-	-	-	-	-	-	-	-					
Other grant providers:		-	-	-	-	-	-	-	-	-					
<b>Total Capital Transfers and Grants</b>	5	13 398	14 602	14 602	-	7 283	5 367	1 916	35.7%	14 602					
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	54 034	55 812	55 812	8 580	32 973	24 659	7 301	29.6%	55 812					

## Grant expenditure

NC073 Emthanjeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	Budget Year 2016/17													
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast					
R thousands															
<b>EXPENDITURE</b>															
<b>Operating expenditure of Transfers and Grants</b>															
National Government:		39 506	38 822	38 822	1 169	5 610	5 241	368	7.0%	38 822					
Local Government Equitable Share		35 929	36 197	36 197	984	4 695	3 929	766	19.5%	36 197					
Finance Management		1 600	1 625	1 625	161	860	812	48	5.9%	1 625					
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-					
EPWP Incentive		1 047	1 000	1 000	24	55	500	(445)	-89.0%	1 000					
Other transfers and grants [insert description]															
Provincial Government:		1 177	2 388	2 388	29	260	785	(525)	-66.9%	2 388					
Health subsidy		-	1 227	1 227	-	-	205	(205)	-100.0%	1 227					
Housing		35	-	-	-	-	-	-	-	-					
Sport and Recreation		1 142	1 161	1 161	29	260	581	(320)	-55.2%	1 161					
District Municipality:		-	-	-	-	-	-	-	-	-					
Other grant providers:		-	-	-	-	-	-	-	-	-					
<b>Total operating expenditure of Transfers and Grants:</b>		<b>40 683</b>	<b>41 210</b>	<b>41 210</b>	<b>1 199</b>	<b>5 870</b>	<b>6 026</b>	<b>(157)</b>	<b>-2.6%</b>	<b>41 210</b>					
<b>Capital expenditure of Transfers and Grants</b>															
National Government:		12 115	13 905	13 905	53	4 536	6 953	(2 417)	-34.8%	13 905					
Municipal Infrastructure Grant (MIG)		10 615	10 905	10 905	53	2 371	5 453	(3 081)	-56.5%	10 905					
Regional Bulk Infrastructure		-	-	-	-	-	-	-	-	-					
Integrated National Electrification Programme		1 500	3 000	3 000	-	2 164	1 500	664	44.3%	3 000					
Provincial Government:		-	-	-	-	-	-	-	-	-					
District Municipality:		-	-	-	-	-	-	-	-	-					
Other grant providers:		-	-	-	-	-	-	-	-	-					
<b>Total capital expenditure of Transfers and Grants</b>		<b>12 115</b>	<b>13 905</b>	<b>13 905</b>	<b>53</b>	<b>4 536</b>	<b>6 953</b>	<b>(2 417)</b>	<b>-34.8%</b>	<b>13 905</b>					
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>52 798</b>	<b>55 115</b>	<b>55 115</b>	<b>1 252</b>	<b>10 406</b>	<b>12 979</b>	<b>(2 573)</b>	<b>-19.8%</b>	<b>55 115</b>					



# Expenditure on councillor and board members allowances and employee benefits

		Budget Year 2016/17									
		2015/16					2016/17				
Summary of Employee and Councillor remuneration	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
											R thousands
<b>Councillors (Political Office Besters plus Other)</b>											
Basic Salaries and Wages	1	2 892	3 451	3 451	270	1 043	1 150	(108)	-9%	3 451	
Pension and UF Contributions		198	-	-	-	-	-	-	-	-	
Medical Aid Contributions		18	-	-	-	-	-	-	-	-	
Motor Vehicle Allowance		931	1 150	1 150	86	332	383	(51)	-13%	1 150	
Cellphone Allowance		361	395	395	31	110	132	(13)	-10%	395	
Other benefits and allowances		-	51	51	-	-	9	(9)	-100%	51	
<b>Sub Total - Councillors</b>		<b>4 401</b>	<b>5 046</b>	<b>5 046</b>	<b>387</b>	<b>1 494</b>	<b>1 674</b>	<b>(180)</b>	<b>-11%</b>	<b>5 046</b>	
<b>% Increase</b>	4		<b>14.7%</b>	<b>14.7%</b>						<b>14.7%</b>	
<b>Senior Managers of the Municipality</b>											
Basic Salaries and Wages	3	4 009	3 833	3 833	295	1 547	1 916	(369)	-19%	3 833	
Pension and UF Contributions		769	672	672	46	244	336	(91)	-27%	672	
Medical Aid Contributions		161	115	115	4	22	58	(36)	-63%	115	
Motor Vehicle Allowance		546	755	755	68	338	378	(40)	-11%	755	
Cellphone Allowance		116	138	138	14	68	69	(1)	-1%	138	
Other benefits and allowances		279	268	268	5	27	134	(107)	-80%	268	
Long service awards		-	-	-	5	-	-	-	-	-	
<b>Sub Total - Senior Managers of Municipality</b>		<b>5 881</b>	<b>5 781</b>	<b>5 781</b>	<b>437</b>	<b>2 246</b>	<b>2 890</b>	<b>(644)</b>	<b>-22%</b>	<b>5 781</b>	
<b>% Increase</b>	4		<b>-1.7%</b>	<b>-1.7%</b>						<b>-1.7%</b>	
<b>Other Municipal Staff</b>											
Basic Salaries and Wages		47 208	48 768	48 768	3 714	23 622	24 384	(762)	-3%	48 768	
Pension and UF Contributions		8 217	8 721	8 721	681	4 029	4 360	(331)	-8%	8 721	
Medical Aid Contributions		1 889	1 810	1 810	211	1 303	905	398	44%	1 810	
Overtime		3 139	1 477	1 477	276	1 411	739	673	91%	1 477	
Motor Vehicle Allowance		1 025	1 124	1 124	83	491	562	(72)	-13%	1 124	
Cellphone Allowance		127	233	233	14	82	116	(34)	-29%	233	
Housing Allowances		536	687	687	54	329	343	(14)	-4%	687	
Other benefits and allowances		2 928	1 179	1 179	605	927	1 720	(792)	-46%	1 179	
Post-retirement benefit obligations	2	36	58	58	-	-	10	(10)	-100%	58	
<b>Sub Total - Other Municipal Staff</b>		<b>65 104</b>	<b>64 057</b>	<b>64 057</b>	<b>5 639</b>	<b>32 195</b>	<b>33 139</b>	<b>(944)</b>	<b>-3%</b>	<b>64 057</b>	
<b>% Increase</b>	4		<b>-1.6%</b>	<b>-1.6%</b>						<b>-1.6%</b>	
<b>Total Parent Municipality</b>		<b>75 386</b>	<b>74 884</b>	<b>74 884</b>	<b>6 464</b>	<b>35 935</b>	<b>37 704</b>	<b>(1 768)</b>	<b>-5%</b>	<b>74 884</b>	
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>75 386</b>	<b>74 884</b>	<b>74 884</b>	<b>6 464</b>	<b>35 935</b>	<b>37 704</b>	<b>(1 768)</b>	<b>-5%</b>	<b>74 884</b>	
<b>% Increase</b>	4		<b>-0.7%</b>	<b>-0.7%</b>						<b>-0.7%</b>	
<b>TOTAL MANAGERS AND STAFF</b>		<b>70 984</b>	<b>69 838</b>	<b>69 838</b>	<b>6 076</b>	<b>34 441</b>	<b>36 030</b>	<b>(1 589)</b>	<b>-4%</b>	<b>69 838</b>	

## Capital programme performance

NC073 Ernthanjani - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

R thousands	Month	2015/16				Budget Year 2016/17				YTD variance	YTD variance %	% spend of Original Budget
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YearTD variance	YearTD variance %			
	<u>Monthly expenditure performance trend</u>											
	July	63	1 456	1 456	442	442	1 456	1 014	69.7%	2%		
	August	530	5 033	5 033	2 113	2 555	6 490	3 934	60.6%	12%		
	September	378	461	461	891	3 447	6 950	3 504	50.4%	17%		
	October	2 897	1 396	1 396	1 449	4 895	8 346	3 451	41.3%	24%		
	November	734	4 263	4 263	1 347	6 243	12 609	6 366	50.5%	30%		
	December	40	753	753	(163)		13 361	-				
	January	1 127	698	698	-		14 060	-				
	February	53	1 791	1 791	-		15 851	-				
	March	2 700	3 222	3 222	-		19 073	-				
	April	1 130	1 115	1 115	-		20 187	-				
	May	896	310	310	-		20 497	-				
	June	1 099	242	242	-		20 739	-				
	<b>Total Capital expenditure</b>	<b>11 646</b>	<b>20 739</b>	<b>20 739</b>	<b>6 079</b>							

**Supporting Table C13**

Supporting Tables SC13 include the following:

- SC13a: Capital expenditure on new assets by asset class
- SC13b: Capital expenditure on renewal of existing assets by asset class
- These two tables total to Table C5.
- SC13c: Expenditure on repairs and maintenance by asset class



**Municipal manager's quality certificate**

I, Isak Visser the Municipal Manager of Emthanjeni Municipality hereby certify that the monthly budget statement for the month of December 2016 has been prepared in accordance with the Municipality Finance Management Act and Regulations made under the Act.

Print Name Isak Visser

Municipal manager of Emthanjeni (NC073)

Signature

Date



14/01/2017

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