

EMTHANJENI MUNICIPALITY



1ST QUARTERLY BUDGET STATEMENT FOR THE YEAR 2017-2018

SCHEDULE C:

MONTHLY AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY

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Glossary

- **Adjustments budget** - Prescribed in section 28 of the MFMA. The formal means by which a municipality 1ST QUARTERLY 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 month it is received, even though it 1st QUARTERLY 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 monthly 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 - Monthly Budget Statement

The 1st Quarterly budget statement for September 2017 has been prepared to meet the legislative requirements of the Municipal Budget and Reporting Regulations.

The audited outcomes are draft for 2016/2017 reflected in this report are draft for 1st QUARTERLY 2017 as the Annual Financial Statements are not completed and will be submitted to and audited by the Auditor General on 31 August 2017.

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 18 % above the year-to-date budget for 1st QUARTERLY 2017.

The abnormally high revenue includes the annual property rates and other fixed service charges billed to consumers for the 2017/2018 financial year, this situation arose because certain customers being billed monthly. As well as operating grants received that exceeds the monthly 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 -7% below the year-to-date operating expenditure. 12.5% of the total capital budget has been spent at 1st QUARTERLY 2017, with 71.85% of that being funded from capital grants.¹

¹ 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 monthly budget statement and supporting documentation for 1st QUARTERLY 2017.

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 1st QUARTERLY 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 R9, 935 million above year-to-date budget projections for 1st QUARTERLY 2017².

Operating expenditure by type

Year-to-date expenditure is -7% or R3, 891 million, below the year-to-date budget as at 30 1st QUARTERLY 2017.

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

² Table C4 - Total revenue by source (excluding capital transfers and contributions)

³ Table C4 - Total expenditure by type

Capital expenditure

Year-to-date expenditure on capital amounts to R4.921 or 12.5% of the capital budget of R39.082 million⁴, 71.85% of expenditure to date has been funded from capital grants recognised⁵.

Refer to Section 4 - Table C5 for more detail.

Cash flows

The financial year commenced with cash & cash equivalents balance of R7, 524 million⁶.

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

3.3 Material variances

Description	Variance
R thousands	
<u>Revenue by source</u>	
Property rates	9 662
Service charges - electricity revenue	(1 302)
Fines	(841)
Licences and permits	(369)
<u>Expenditure by type</u>	
Debt impairment	(1 895)
Depreciation & asset impairment	(2 264)
Other expenditure	(984)
<u>Capital expenditure</u>	
Road transport	(1 792)
Electricity	(21)
Water	(3 203)
Waste water management	(5)
<u>Cash Flow</u>	
Service charges	(6 451)
Other revenue	(2 673)
Capital assets	(4 849)

3.4 Remedial or corrective steps

NC073 Emthanjeni - Supporting Table SC1 Material variance explanations - M03 1st Quarterly

Ref	Description	Reasons for material deviations	Remedial or corrective steps/remarks
1	<u>Revenue By Source</u>		
	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 months the estimated revenue was expected to be more	The current situation will be corrected in the adjustment budget
2	<u>Expenditure By Type</u>		
	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
3	<u>Capital Expenditure</u>		
	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
5	<u>Cash Flow</u>		
	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
	Capital assets	Slow capital spending	The situation will be taken into account when drawing up the adjustment budget of 2016-17

⁴Table C5 - Total capital expenditure

⁵Table C5 - Capital Expenditure (municipal vote, standard classification and funding)

⁶Table C7 - Cash flow (cash and cash equivalents = cashbook and current investment)

2017

Table C2: Monthly Budget Statement – Financial Performance (standard classification)
 NC073 Emthanjeni - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q1 First Quarter

R thousands	Description	Budget Year 2017/18										
		2016/17	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	Revenue - Standard		1									
	<i>Governance and administration</i>			49 745	50 514	50 514	953	25 444	12 628	12 816	101%	51 180
	Executive and council	4 445		4 445	4 245	4 245	84	1 839	1 061	778	73%	4 295
	Budget and treasury office	45 220		46 204	46 204	867	23 596	11 551	12 045	12 045	104%	46 801
	Corporate services	81		65	65	1	9	16	(8)	(8)	-47%	84
	<i>Community and public safety</i>	5 371		6 857	6 857	120	371	1 714	(1 344)	(1 344)	-78%	11 325
	Community and social services	1 970		1 683	1 683	74	221	421	(200)	(200)	-47%	1 942
	Sport and recreation	1 171		1 62	1 62	6	8	40	(32)	(32)	-80%	123
	Public safety	1 540		4 969	4 969	38	133	1 242	(1 109)	(1 109)	-89%	7 991
	Housing	690		44	44	3	8	11	(3)	(3)	-25%	41
	Health	—		—	—	—	—	—	—	—	—	1 227
	<i>Economic and environmental services</i>	1 031		13 850	13 850	3	284	3 482	(3 179)	(3 179)	-92%	3 816
	Planning and development	1 000		13 378	13 378	—	272	3 344	(3 072)	(3 072)	-92%	1 610
	Road transport	31		472	472	3	12	118	(106)	(106)	-90%	2 207
	Environmental protection	—		—	—	—	—	—	—	—	—	—
	<i>Trading services</i>	149 679		186 327	186 327	11 313	48 833	48 582	2 252	2 252	5%	165 860
	Electricity	32 471		94 497	94 497	6 721	21 168	23 024	(2 456)	(2 456)	-10%	90 239
	Water	23 144		48 659	48 659	2 281	15 555	12 165	3 391	3 391	28%	38 471
	Waste water management	13 587		26 925	26 925	1 472	7 603	6 731	871	871	13%	24 322
	Waste management	—		16 246	16 246	839	4 507	4 062	446	446	11%	12 828
	<i>Other</i>	—		—	—	—	—	—	—	—	—	—
	Total Revenue - Standard	205 827		257 549	257 549	12 389	74 932	64 387	10 545	10 545	16%	232 182
	Expenditure - Standard											
	<i>Governance and administration</i>			39 259	54 098	54 098	3 522	10 108	12 728	(2 620)	-21%	48 553
	Executive and council	11 217		16 790	16 790	762	3 406	3 716	(310)	(310)	-8%	14 054
	Budget and treasury office	16 301		22 975	22 975	1 586	4 001	5 511	(1 510)	(1 510)	-27%	21 982
	Corporate services	11 741		14 334	14 334	1 173	2 700	3 501	(800)	(800)	-23%	12 518
	<i>Community and public safety</i>	23 755		30 611	30 611	1 940	5 658	7 592	(1 936)	(1 936)	-26%	29 417
	Community and social services	9 162		13 074	13 074	727	2 198	3 238	(1 040)	(1 040)	-32%	11 849
	Sport and recreation	4 193		5 285	5 285	332	970	1 305	(335)	(335)	-26%	4 654
	Public safety	8 242		9 704	9 704	691	1 948	2 412	(464)	(464)	-19%	10 367
	Housing	2 140		2 396	2 396	187	527	599	(72)	(72)	-12%	2 400
	Health	18		153	153	3	13	38	(25)	(25)	-67%	148
	<i>Economic and environmental services</i>	19 910		29 566	29 566	1 670	4 455	7 390	(2 935)	(2 935)	-40%	28 440
	Planning and development	10 358		12 896	12 896	652	1 957	3 224	(1 266)	(1 266)	-39%	12 162
	Road transport	9 552		16 670	16 670	1 017	2 498	4 166	(1 668)	(1 668)	-40%	16 278
	Environmental protection	—		—	—	—	—	—	—	—	—	—
	<i>Trading services</i>	108 910		119 817	119 817	12 089	32 946	29 954	2 992	2 992	10%	108 815
	Electricity	72 198		76 082	76 082	8 089	24 585	19 020	5 565	5 565	29%	71 539
	Water	15 025		15 250	15 250	871	2 379	3 812	(1 433)	(1 433)	-38%	12 906
	Waste water management	11 356		15 605	15 605	1 409	2 687	3 901	(1 214)	(1 214)	-31%	12 936
	Waste management	13 331		12 880	12 880	1 720	3 294	3 220	74	74	2%	11 435
	<i>Other</i>	1 308		690	690	103	298	172	126	126	73%	738
	Total Expenditure - Standard	193 141		234 782	234 782	19 324	53 483	57 836	(4 373)	(4 373)	-8%	215 964
	Surplus/ (Deficit) for the year	12 685		22 766	22 766	(6 935)	21 489	6 551	14 917	14 917	228%	16 218

Table C2: Monthly 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.

Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

The operating expenditure budget is approved by Council on the municipal vote level.

NC073 Emthanjeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1 First Quarter

R thousands	Vote 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 %				
	Revenue by Vote	1												
	Vote 1 - EXECUTIVE AND COUNCIL		4 445	4 245	4 245	84	1 839	1 061	778	73.3%	4 295			
	Vote 2 - FINANCE AND ADMINISTRATION		45 301	46 269	46 269	869	23 605	11 567	12 038	104.1%	46 885			
	Vote 3 - PLANNING AND DEVELOPMENT		1 000	13 378	13 378	-	272	3 344	(3 072)	-91.9%	1 610			
	Vote 4 - HEALTH		-	-	-	-	-	-	-	-	1 227			
	Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 970	1 683	1 683	74	221	421	(200)	-47.5%	1 942			
	Vote 6 - PUBLIC SAFETY		1 540	4 969	4 969	38	133	1 242	(1 109)	-89.3%	7 991			
	Vote 7 - SPORT AND RECREATION		1 171	162	162	6	8	40	(32)	-79.8%	123			
	Vote 8 - ROAD TRANSPORT		31	472	472	3	12	118	(106)	-90.2%	2 207			
	Vote 9 - OTHER		-	-	-	-	-	-	-	-	-			
	Vote 10 - HOUSING SERVICES		690	44	44	3	8	11	(3)	-24.8%	41			
	Vote 11 - WASTE MANAGEMENT		13 587	16 246	16 246	839	4 507	4 062	446	11.0%	12 828			
	Vote 12 - WASTE WATER MANAGEMENT		23 144	26 925	26 925	1 472	7 603	6 731	871	12.9%	24 322			
	Vote 13 - ELECTRICITY		80 478	94 497	94 497	6 721	21 168	23 624	(2 456)	-10.4%	90 239			
	Vote 14 - WATER		32 471	48 659	48 659	2 281	15 555	12 165	3 391	27.9%	38 471			
	Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-			
	Total Revenue by Vote	2	205 827	257 549	257 549	12 389	74 932	64 387	10 545	16.4%	232 182			
	Expenditure by Vote	1												
	Vote 1 - EXECUTIVE AND COUNCIL		11 217	16 790	16 790	762	3 406	3 716	(310)	-8.3%	14 054			
	Vote 2 - FINANCE AND ADMINISTRATION		28 042	37 309	37 309	2 760	6 701	9 012	(2 311)	-25.6%	34 499			
	Vote 3 - PLANNING AND DEVELOPMENT		10 358	12 896	12 896	652	1 957	3 224	(1 266)	-39.3%	12 162			
	Vote 4 - HEALTH		18	153	153	3	13	38	(25)	-66.6%	148			
	Vote 5 - COMMUNITY AND SOCIAL SERVICES		9 162	13 074	13 074	727	2 198	3 238	(1 040)	-32.1%	11 849			
	Vote 6 - PUBLIC SAFETY		8 242	9 704	9 704	691	1 948	2 412	(464)	-19.2%	10 367			
	Vote 7 - SPORT AND RECREATION		4 193	5 285	5 285	332	970	1 305	(335)	-25.7%	4 654			
	Vote 8 - ROAD TRANSPORT		9 552	16 670	16 670	1 017	2 498	4 166	(1 668)	-40.0%	16 278			
	Vote 9 - OTHER		1 308	690	690	103	298	172	126	73.0%	738			
	Vote 10 - HOUSING SERVICES		2 140	2 396	2 396	187	527	599	(72)	-12.1%	2 400			
	Vote 11 - WASTE MANAGEMENT		13 331	12 880	12 880	1 720	3 294	3 220	74	2.3%	11 435			
	Vote 12 - WASTE WATER MANAGEMENT		11 356	15 605	15 605	1 409	2 687	3 901	(1 214)	-31.1%	12 936			
	Vote 13 - ELECTRICITY		72 198	76 082	76 082	8 089	24 585	19 020	5 565	29.3%	71 539			
	Vote 14 - WATER		12 025	15 250	15 250	871	2 379	3 812	(1 433)	-37.6%	12 906			
	Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-			
	Total Expenditure by Vote	2	193 141	234 782	234 782	19 324	53 463	57 836	(4 373)	-7.6%	215 964			
	Surplus/ (Deficit) for the year	2	12 685	22 766	22 766	(6 935)	21 469	6 551	14 917	227.7%	16 218			

Table C5: Monthly 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) - Q1 First Quarter

Vote Description	Ref	Budget Year 2017/18												
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast				
Multi-Year expenditure appropriation	2													
Vote 15 - (NAME OF VOTE 15)	4.7													
Total Capital Multi-year expenditure	2	16	1 925	1 925	760	1 028	481	547	11.4%	137				
Single Year expenditure appropriation		109	1 260	1 260			315	(315)	-100%	1 735				
Vote 1 - EXECUTIVE AND COUNCIL			120	120			30	(30)	-100%	296				
Vote 2 - FINANCE AND ADMINISTRATION			57	57			14	(14)	-100%	63				
Vote 5 - COMMUNITY AND SOCIAL SERVICES			65	65			16	(16)	-100%	75				
Vote 6 - PUBLIC SAFETY			15 153	15 153	368	1 995	3 788	(1 792)	-47%	4 200				
Vote 7 - SPORT AND RECREATION			22	22			5	(5)	-100%	29				
Vote 8 - ROAD TRANSPORT														
Vote 11 - WASTE MANAGEMENT														
Vote 12 - WASTE WATER MANAGEMENT														
Vote 13 - ELECTRICITY		2 634	6 400	6 400	830	1 579	1 600	(21)	-1%	5 400				
Vote 14 - WATER		804	14 080	14 080	317	317	3 520	(3 203)	-91%	7 822				
Total Capital single-year expenditure	4	13 536	39 082	39 082	2 275	4 921	9 770	(4 849)	-50%	20 739				
Total Capital Expenditure		13 536	39 082	39 082	2 275	4 921	9 770	(4 849)	-50%	20 739				
Capital Expenditure - Standard Classification														
Governance and administration		125	3 185	3 185	760	1 028	796	232	29%	1 873				
Executive and council		16	1 925	1 925	760	1 028	481	547	11.4%	137				
Budget and treasury office		85	930	930			232	(232)	-100%	1 385				
Corporate services		25	330	330			82	(82)	-100%	350				
Community and public safety		1 012	242	242			60	(60)	-100%	434				
Community and social services			120	120			30	(30)	-100%	296				
Sport and recreation		1 000	65	65			16	(16)	-100%	75				
Public safety		12	57	57			14	(14)	-100%	63				
Economic and environmental services		8 796	15 153	15 153	368	1 986	3 788	(1 792)	-47%	4 200				
Road transport		8 796	15 153	15 153	368	1 996	3 788	(1 792)	-47%	4 200				
Trading services		3 602	20 502	20 502	1 147	1 896	5 125	(3 229)	-63%	14 232				
Electricity		2 634	6 400	6 400	830	1 579	1 600	(21)	-1%	5 400				
Water		804	14 080	14 080	317	317	3 520	(3 203)	-91%	7 822				
Waste water management		164								981				
Waste management			22	22			5	(5)	-100%	29				
Other														
Total Capital Expenditure - Standard Classification	3	13 536	39 082	39 082	2 275	4 921	9 770	(4 849)	-50%	20 739				
Funded by:														
National Government		9 936	32 292	32 292	1 159	3 536	8 073	(4 537)	-56%	13 905				
Transfers recognised - capital		9 838	32 292	32 292	1 159	3 536	8 073	(4 537)	-56%	13 905				
Borrowing	6	1 156												
Internally generated funds		3 598	6 790	6 790	1 117	1 385	1 697	(312)	-18%	6 834				
Total Capital Funding		14 692	39 082	39 082	2 275	4 921	9 770	(4 849)	-50%	20 739				

Table C6: Monthly Budget Statement - Financial Position
NC073 Emthanjani - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter

Description	Ref	Budget Year 2017/18				
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash		14 845	968	968	88	968
Call investment deposits		-	10 075	10 075	9 713	10 075
Consumer debtors		60 532	22 824	22 824	73 008	22 824
Other debtors		-	11 277	11 277	(3 501)	11 277
Current portion of long-term receivables		2	-	-	-	-
Inventory		62 922	65 556	65 556	62 960	65 556
Total current assets		138 300	110 700	110 700	142 269	110 700
Non current assets						
Long-term receivables		1	-	-	-	-
Investments		26	29	29	25	29
Investment property		5 018	5 004	5 004	5 733	5 004
Property, plant and equipment		827 558	932 114	932 114	782 356	932 114
Intangible assets		82	458	458	61	458
Other non-current assets		12	83	83	9	83
Total non current assets		832 698	937 687	937 687	788 185	937 687
TOTAL ASSETS		970 999	1 048 386	1 048 386	930 454	1 048 386
LIABILITIES						
Current liabilities						
Bank overdraft		7 321	9 338	9 338	1 137	9 338
Borrowing		1 065	688	688	589	688
Consumer deposits		2 193	2 289	2 289	2 270	2 289
Trade and other payables		49 018	16 352	16 352	42 630	16 352
Provisions		1 469	2 972	2 972	52 218	2 972
Total current liabilities		61 066	31 639	31 639	98 843	31 639
Non current liabilities						
Borrowing		40 096	-	-	-	-
Provisions		7 030	36 071	36 071	8 951	36 071
Total non current liabilities		47 126	36 071	36 071	8 951	36 071
TOTAL LIABILITIES		108 193	67 709	67 709	107 795	67 709
NET ASSETS	2	862 806	980 677	980 677	822 659	980 677
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		862 806	980 677	980 677	820 407	980 677
Reserves		-	-	-	2 253	-
TOTAL COMMUNITY WEALTH/EQUITY	2	862 806	980 677	980 677	822 659	980 677

Table C7: Monthly Budget Statement - Cash Flow

NC073 Emthanjani - 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									
CASH FLOW FROM OPERATING ACTIVITIES																				
Property rates, penalties & collection charges		22 553	24 942	24 942	1 911	5 884	6 235	(352)	-6%	27 999										
Service charges		97 969	113 321	113 321	8 925	21 880	28 330	(6 451)	-23%	99 902										
Other revenue		27 379	33 311	33 311	2 324	5 654	8 328	(2 673)	-32%	34 954										
Government - operating		35 295	40 761	40 761	-	17 428	10 190	7 238	71%	41 210										
Government - capital		14 617	32 292	32 292	-	23 000	8 073	14 927	185%	14 602										
Interest		105	1 723	1 723	-	39	431	(391)	-91%	806										
Suppliers and employees		(174 891)	(205 542)	(205 542)	(19 641)	(53 772)	(51 385)	2 386	-5%	(190 113)										
Finance charges		(1 005)	(2 055)	(2 055)	-	(8)	(514)	(505)	98%	(5 466)										
NET CASH FROM/(USED) OPERATING ACTIVITIES		22 022	38 753	38 753	(6 481)	20 105	9 688	(10 417)	-108%	23 890										
CASH FLOWS FROM INVESTING ACTIVITIES																				
Proceeds on disposal of PPE		420	268	268	4	4	67	(63)	-94%	130										
Decrease (increase) other non-current receivables		(0)	-	-	-	-	-	-	-	-										
Capital assets		(12 736)	(39 082)	(39 082)	(2 275)	(4 921)	(9 771)	(4 849)	50%	(20 739)										
NET CASH FROM/(USED) INVESTING ACTIVITIES		(12 316)	(38 814)	(38 814)	(2 271)	(4 917)	(9 704)	(4 786)	49%	(20 610)										
CASH FLOWS FROM FINANCING ACTIVITIES																				
Borrowing long term/refinancing		1 156	-	-	-	-	-	-	-	-										
Increase (decrease) in consumer deposits		-	95	95	12	18	24	(5)	-23%	98										
Repayment of borrowing		(2 684)	(573)	(573)	-	-	(573)	(573)	100%	(688)										
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 528)	(478)	(478)	12	18	(549)	(568)	103%	(590)										
NET INCREASE/(DECREASE) IN CASH HELD		8 179	(539)	(539)	(8 741)	15 206	(565)			2 691										
Cash/cash equivalents at beginning:		(1 306)	7 524	7 524	7 524	7 524	7 524	7 524		7 524										
Cash/cash equivalents at month/year end:		6 872	6 985	6 985	22 730	22 730	6 959	6 959		10 214										

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

NC073 Emthlangeni - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Q1 First Quarter

R thousands	Description	Budget Year 2017/18												Escrowed Expenditure			
		July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
	Cash Receipts By Source																
	Property rates	1 489	2 483	1 911	-	-	-	-	-	-	-	-	-	22 115	27 999	28 239	49 909
	Service charges - electricity revenue	2 602	4 553	4 410	-	-	-	-	-	-	-	-	-	41 613	53 178	56 426	67 691
	Service charges - water revenue	1 171	1 710	1 789	-	-	-	-	-	-	-	-	-	19 076	23 746	25 448	41 408
	Service charges - sanitation revenue	963	792	1 571	-	-	-	-	-	-	-	-	-	11 719	15 045	15 131	16 467
	Service charges - refuse	606	493	1 117	-	-	-	-	-	-	-	-	-	5 599	7 815	7 545	6 983
	Service charges - other	33	33	38	-	-	-	-	-	-	-	-	-	15	118	270	132
	Rental of facilities and equipment	62	61	72	-	-	-	-	-	-	-	-	-	490	686	734	770
	Interest earned - external investments	-	39	-	-	-	-	-	-	-	-	-	-	766	806	830	863
	Fines	68	12	9	-	-	-	-	-	-	-	-	-	6 454	6 543	6 870	7 076
	Licences and permits	45	42	37	-	-	-	-	-	-	-	-	-	1 855	1 978	1 938	2 399
	Transfer receipts - operating	17 156	272	-	-	-	-	-	-	-	-	-	-	23 782	41 210	41 753	47 657
	Other revenue	342	2 699	2 206	-	-	-	-	-	-	-	-	-	20 500	25 747	26 967	43 475
	Cash Receipts by Source	24 536	13 190	13 160	-	-	-	-	-	-	-	-	-	153 985	204 870	212 149	284 431
	Other Cash Flows by Source																
	Transfer receipts - capital	14 000	9 000	-	-	-	-	-	-	-	-	-	-	(8 398)	14 602	14 342	13 798
	Proceeds on disposal of PPE	-	-	4	-	-	-	-	-	-	-	-	-	126	130	139	148
	Increase in consumer deposits	2	4	12	-	-	-	-	-	-	-	-	-	79	98	90	71
	Total Cash Receipts by Source	38 538	22 194	13 175	-	-	-	-	-	-	-	-	-	145 792	219 699	226 720	298 449
	Cash Payments by Type																
	Employee related costs	6 371	6 353	6 115	-	-	-	-	-	-	-	-	-	-	69 691	73 073	77 674
	Remuneration of councillors	398	398	398	-	-	-	-	-	-	-	-	-	-	4 648	5 015	5 269
	Interest paid	3	5	-	-	-	-	-	-	-	-	-	-	-	5 468	6 143	9 731
	Bulk purchases - Electricity	7 028	7 428	6 778	-	-	-	-	-	-	-	-	-	-	31 099	52 332	55 359
	Bulk purchases - Water & Sewer	167	199	147	-	-	-	-	-	-	-	-	-	-	1 928	2 440	2 736
	Other materials	192	362	1 410	-	-	-	-	-	-	-	-	-	-	14 808	16 771	18 864
	Contracted services	12	277	688	-	-	-	-	-	-	-	-	-	-	9 846	10 565	17 432
	General expenses	2 006	2 942	4 105	-	-	-	-	-	-	-	-	-	-	34 065	35 533	39 397
	Cash Payments by Type	16 176	17 963	19 641	-	-	-	-	-	-	-	-	-	141 802	195 562	207 287	275 648
	Other Cash Flows/ Payments by Type																
	Capital assets	-	2 646	2 275	-	-	-	-	-	-	-	-	-	-	15 818	20 739	22 006
	Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	688	-	-
	Total Cash Payments by Type	16 176	20 609	21 916	-	-	-	-	-	-	-	-	-	158 307	217 009	227 692	297 654
	NET INCREASE/(DECREASE) IN CASH HELD	22 362	1 585	(8 741)	-	-	-	-	-	-	-	-	-	(12 515)	2 691	(972)	795
	Cash/cash equivalents at the monthly year beginning	7 524	29 886	31 470	22 730	22 730	22 730	22 730	22 730	22 730	22 730	22 730	22 730	22 730	7 524	10 214	9 243
	Cash/cash equivalents at the monthly year end	29 886	31 470	22 730	22 730	22 730	22 730	22 730	22 730	22 730	22 730	22 730	22 730	10 214	10 214	9 243	10 037

PART 2 - SUPPORTING DOCUMENTATION Section 5 - Debtors' analysis

Supporting Table SC3

NC073 Emthanjeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

Description	NT Code	Budget Year 2017/18										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	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	-	2 386	1 578	1 656	849	897	9 156	-	16 602	12 638	-	-	13 488
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	4 710	1 852	1 290	818	415	3 560	-	12 646	6 083	-	-	2 676
Receivables from Non-exchange Transactions - Property Rates	1400	-	1 196	457	13 397	342	296	11 153	-	26 841	25 189	-	-	6 379
Receivables from Exchange Transactions - Waste Water Management	1500	-	1 025	985	675	443	418	4 077	-	7 623	5 613	-	-	5 403
Receivables from Exchange Transactions - Waste Management	1600	-	527	504	333	209	190	2 018	-	3 781	2 750	-	-	2 578
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-	4 862
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	-	129	72	94	66	63	623	-	1 047	846	-	-	3 790
Total By Income Source	2000	-	9 973	5 448	17 485	2 727	2 279	30 627	-	68 539	53 118	-	-	39 175
2016/17 - totals only			20621233	3403677	2701031	2413665	2260512	5643844		37 244	13 219			66361780
Debtors Age Analysis By Customer Group														
Organs of State	2200	-	578	364	2 823	217	192	2 744	-	6 919	5 976	-	-	1 931
Commercial	2300	-	2 637	727	669	241	138	874	-	5 286	1 922	-	-	1 094
Households	2400	-	6 167	3 994	13 619	2 042	1 756	25 166	-	52 744	42 583	-	-	32 051
Other	2500	-	591	363	374	227	193	1 842	-	3 591	2 637	-	-	4 099
Total By Customer Group	2600	-	9 973	5 448	17 485	2 727	2 279	30 627	-	68 539	53 118	-	-	39 175

Investment portfolio analysis

NC073 Emthanjani - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q1 First Quarter

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	Yrs/Months							
R thousands										
<u>Municipality</u> General Investment		Yrs		Fixed Depos	30/06/2017	0	0.0%	11 270	-	11 270
Municipality sub-total						0		11 270	-	11 270
<u>Entities</u>										
Entities sub-total						-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2					0		11 270	-	11 270

Grant expenditure

NC073 Emthanjeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter

Description	Ref	Budget Year 2017/18										Full Year Forecast	
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	YTD variance	Full Year Forecast		
Operating expenditure of Transfers and Grants													
National Government:		14 205	8 859	8 859	2 218	3 523	2 215	1 308	59.1%	38 822			
Local Government Equitable Share		10 912	6 073	6 073	2 054	3 054	1 518	1 536	101.1%	36 197			
Finance Management		1 600	1 700	1 700	140	391	425	(34)	-8.1%	1 625			
Municipal Systems Improvement		930	-	-	24	79	272	(193)	-71.0%	1 000			
EPWP incentive		763	1 086	1 086									
Other transfers and grants [insert description]		1 177	2 108	2 108	63	158	1 345	(1 187)	-88.3%	2 388			
Provincial Government:		-	1 227	1 227			1 125	(1 125)	-100.0%	1 227			
Health subsidy		35	-	-			-	-		-			
Housing		1 142	881	881	63	158	220	(62)	-28.3%	1 161			
Sport and Recreation		-	-	-	-	-	-	-		-			
Other transfers and grants [insert description]		-	-	-	-	-	-	-		-			
District Municipality:		-	-	-	-	-	-	-		-			
<i>[insert description]</i>		-	-	-	-	-	-	-		-			
Other grant providers:		-	-	-	-	-	-	-		-			
<i>[insert description]</i>		-	-	-	-	-	-	-		-			
Total operating expenditure of Transfers and Grants		15 382	10 967	10 967	2 281	3 681	3 560	121	3.4%	41 210			
Capital expenditure of Transfers and Grants													
National Government:		9 938	32 292	32 292	1 159	3 536	8 073	(4 537)	-56.2%	13 905			
Municipal Infrastructure Grant (MIG)		6 570	12 292	12 292	11	1 639	3 073	(1 434)	-46.7%	10 905			
Regional Bulk Infrastructure		734	14 000	14 000	317	317	3 500	(3 183)	-90.9%	-			
Integrated National Electrification Programme		2 634	6 000	6 000	830	1 579	1 500	79	5.3%	3 000			
Other capital transfers [insert description]		-	-	-	-	-	-	-		-			
Provincial Government:		-	-	-	-	-	-	-		-			
District Municipality:		-	-	-	-	-	-	-		-			
Other grant providers:		-	-	-	-	-	-	-		-			
Total capital expenditure of Transfers and Grants		9 938	32 292	32 292	1 159	3 536	8 073	(4 537)	-56.2%	13 905			
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		25 320	43 259	43 259	3 439	7 217	11 633	(4 416)	-38.0%	55 115			

Expenditure on councillor and board members allowances and employee benefits

NC073 Emthanjeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q1 First Quarter

		Budget Year 2017/18										Full Year Forecast
		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	YTD variance	Full Year Forecast	
Councillors (Political Office Bearers plus Other)												
Basic Salaries and Wages		2 892	3 623	3 623	278	834	906	(71)	-8%	3 451		
Pension and UIF Contributions		198	-	-	-	-	-	-	-	-		
Medical Aid Contributions		18	-	-	-	-	-	-	-	-		
Motor Vehicle Allowance		931	1 208	1 208	87	260	302	(42)	-14%	1 150		
Cellphone Allowance		361	414	414	33	99	104	(5)	-4%	395		
Other benefits and allowances		-	52	52	-	7	7	(7)	-100%	51		
Sub Total - Councillors		4 401	5 297	5 297	398	1 193	1 319	(126)	-10%	5 046		
Senior Managers of the Municipality	3											
Basic Salaries and Wages		4 009	4 052	4 052	313	1 224	1 013	211	21%	3 833		
Pension and UIF Contributions		769	673	673	57	171	168	3	2%	672		
Medical Aid Contributions		161	115	115	4	12	29	(17)	-60%	115		
Motor Vehicle Allowance		546	770	770	74	222	192	29	15%	755		
Cellphone Allowance		116	382	382	15	44	95	(51)	-54%	138		
Other benefits and allowances		279	62	62	7	18	15	3	18%	268		
Sub Total - Senior Managers of Municipality		5 881	6 053	6 053	468	1 691	1 513	178	12%	5 781		
Other Municipal Staff												
Basic Salaries and Wages		47 208	54 607	54 607	3 910	11 445	13 652	(2 207)	-16%	48 768		
Pension and UIF Contributions		6 217	9 228	9 228	710	1 393	2 307	(914)	-40%	8 721		
Medical Aid Contributions		1 889	1 865	1 865	217	855	466	189	41%	1 810		
Overtime		3 139	1 334	1 334	269	852	333	518	156%	1 477		
Motor Vehicle Allowance		1 025	1 150	1 150	62	201	288	(87)	-30%	1 124		
Cellphone Allowance		127	317	317	10	33	79	(46)	-58%	233		
Housing Allowances		536	1 178	1 178	55	163	294	(132)	-45%	687		
Other benefits and allowances		2 928	1 141	1 141	350	1 043	285	758	266%	1 179		
Post-retirement benefit obligations		36	57	57	-	-	14	(14)	-100%	58		
Sub Total - Other Municipal Staff	2	65 104	70 877	70 877	5 584	15 786	17 719	(1 933)	-11%	64 057		
Total Parent Municipality		75 386	82 228	82 228	6 450	18 670	20 551	(1 881)	-9%	74 884		
Unpaid salary, allowances & benefits in arrears:												
Board Members of Entities												
Post-retirement benefit obligations												
Sub Total - Board Members of Entities	2											
Senior Managers of Entities												
Post-retirement benefit obligations												
Sub Total - Senior Managers of Entities	2											
Other Staff of Entities												
Post-retirement benefit obligations												
Sub Total - Other Staff of Entities												
Total Municipal Entities												
TOTAL SALARY, ALLOWANCES & BENEFITS		75 386	82 228	82 228	6 450	18 670	20 551	(1 881)	-9%	74 884		
TOTAL MANAGERS AND STAFF		70 884	76 930	76 930	6 053	17 477	19 203	(1 756)	-9%	69 838		

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

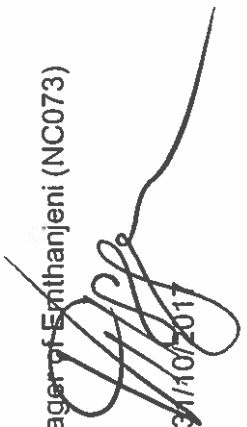
I, Isak Visser the Municipal Manager of Emthanjeni Municipality hereby certify that the monthly budget statement for the month of 1st Quarterly 2017 has been prepared in accordance with the Municipality Finance Management Act and Regulations made under the Act.

Print Name Isak Visser

Municipal manager of Emthanjeni (NC073)

Signature

Date



31/10/2017

