

2014/
2015

QUARTERLY REPORT
31 MARCH 2015

EMAKHAZENI LOCAL
MUNICIPALITY



1. Executive Summary

Table C1: Quarterly Budget Statement Summary

For the third quarter of January to March 2015, total revenue to the amount of R34,3 million was realised compared to the quarterly performance targets of R46,3 million. This reflects an unfavourable deviation of 26%. The total operating expenditure for the quarter amounts to R 31,7 million, against the quarterly target of R57,5 million. This reflects an unfavourable deviation of 45%. Capital expenditure for the quarter amounts R 2,8 million. This reflects unfavourable deviation of 36%. The municipality needs to put corrective measure in place to remedy the situation , as this is negatively affect the development of Emakhazeni.

Taking into consideration the above, the net operating surplus for the first quarter amount to R13,2 million, whilst the cash and cash equivalent amounted to R 10.8 million.

Outstanding debtors comprises of consumer accounts and the outstanding debtors increased to R 185,3 million. Total creditors amounted to R 52,6 million.

2. In-Year Budget Statements Tables

Table C2: Quarterly Financial Performance by Vote

Table C2 measures the quarterly actual against the year to date budget figures which realised by vote for revenue and expenditure. The deviation by vote is reflected in the year to date variation column.

Table C4: Quarterly Financial Performance by Revenue Source and Expenditure Type

This table provides the quarterly details for revenue by source and expenditure by type. For the purpose of reporting, Table C4 will be used to provide explanation on deviations. Reasons for deviations will only be provided in cases where the percentage differs with more that 10% and can be viewed in supporting Table SC1

Table C5: Quarterly Capital Expenditure by Vote

The C5 indicates the quarterly actual on capital expenditure for all votes and measures the year –to –date performance targets against the actual capital expenditure figures.

For the quarter ending 31 March 2015 capital expenditure to the amount of R 2,8 million was realised. This deviates with R 1.5 million against the planned figure of R 4,3 million, which constitutes an unfavourable deviation of 36 %.

Table C6: Quarterly Budget Statement Financial Position

In general the community wealth of the municipality amounts to R484,8 million. The total liabilities amounts to R126,8 million whilst the total assets amounts to R611,7 million.

Table C7: Quarterly Budget Statement Cash flow

Table C7 provides detail of the monthly cash in and outflow. For the quarter end of March 2015, the year net cash from operating activities was R26 million whilst cash used for investing activities was R2 million. The cash held decreased to be R 12,3 million.

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

Description	2013/14	Budget Year 2014/15									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 actual	Q2 actual	Q3 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue - Standard											
<i>Governance and administration</i>	120,648	125,340	125,383	50,908	28,096	23,020	102,024	113,552	(11,528)	-10%	124,865
<i>Community and public safety</i>	3,093	169	134	41	32	20	92	81	11	14%	134
<i>Economic and environmental services</i>	13,171	9,419	8,864	2,425	1,743	5,734	9,902	6,648	3,254	49%	8,864
<i>Trading services</i>	65,399	74,070	67,890	15,528	16,479	15,645	47,652	52,134	(4,481)	-9%	69,512
<i>Other</i>	-	-	-	-	-	-	-	-	-	0%	-
Total Revenue - Standard	202,310	208,998	202,271	68,903	46,350	44,417	159,670	172,415	(12,743)	-7%	203,375
Expenditure - Standard											
<i>Governance and administration</i>	128,401	119,815	118,712	9,884	10,504	10,015	30,402	90,299	(59,897)	-66%	118,712
<i>Community and public safety</i>	7,532	9,430	9,048	1,956	1,649	1,758	5,363	6,786	(1,424)	-21%	9,048
<i>Economic and environmental services</i>	25,801	31,324	31,392	5,618	5,939	6,317	17,875	23,544	(5,670)	-24%	31,392
<i>Trading services</i>	60,968	71,734	69,669	16,450	13,142	13,028	42,619	53,618	(10,999)	-21%	69,669
<i>Other</i>	564	1,020	994	158	143	150	451	746	(295)	-40%	994
Total Expenditure - Standard	223,265	233,323	229,816	34,066	31,377	31,267	96,710	174,993	(78,283)	-45%	229,816
Surplus/ (Deficit) for the year	(20,956)	(24,325)	(27,545)	34,837	14,973	13,150	62,960	(2,579)	65,539		(27,545)

Chart 1 – Table C2

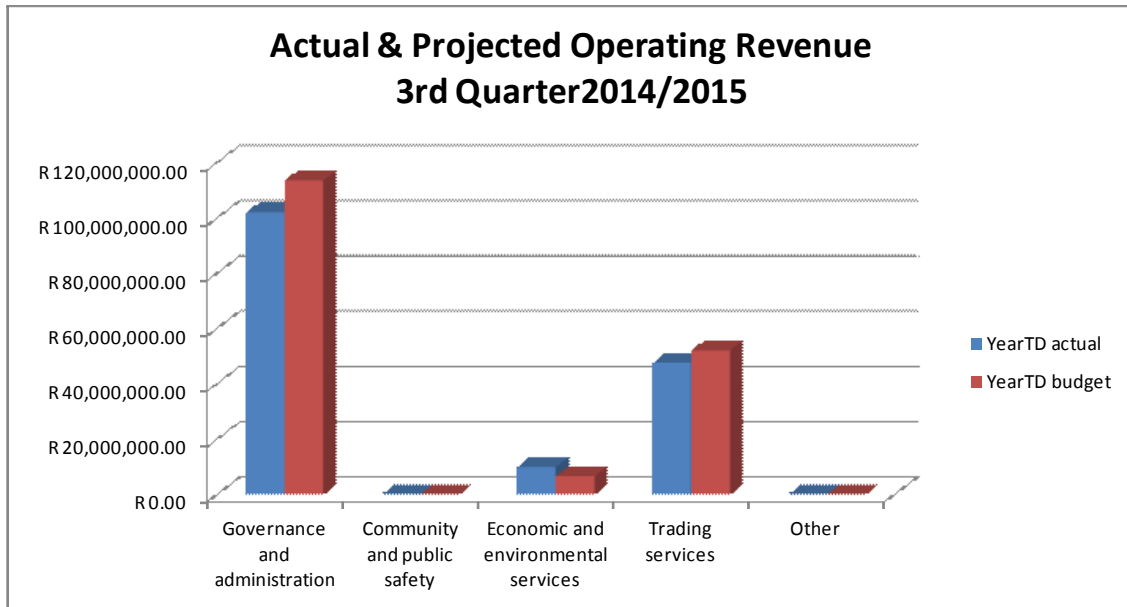
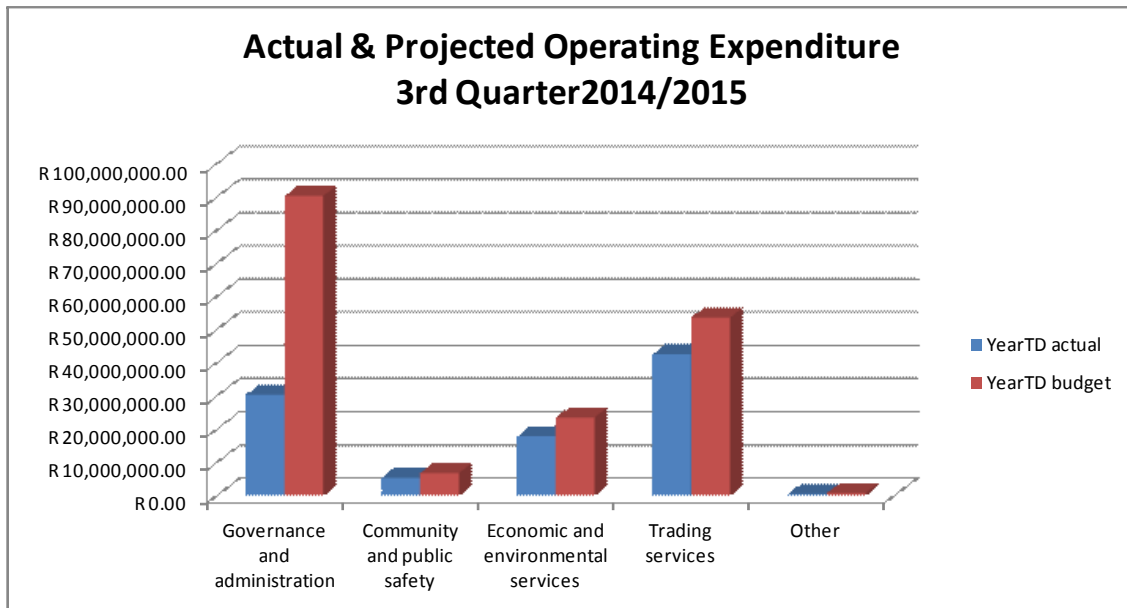


Chart 2 – Table C2



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

Vote Description	2013/14	Budget Year 2014/15									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 actual	Q2 actual	Q3 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue by Vote											
Vote 1 - EXECUTIVE & COUNCIL	119,574	62,331	62,331	50,656	(9,839)	9,190	50,007	57,087	(7,080)	-12%	123,971
Vote 2 - FINANCE & ADMIN	1,074	63,009	63,052	253	37,934	13,830	52,017	56,464	(4,448)	-8%	895
Vote 3 - PLANNING & DEVELOPMENT	1,167	1,601	1,601	549	612	392	1,552	1,201	351	29%	1,601
Vote 4 - HEALTH	-	-	-	-	-	-	-	-	-	0%	-
Vote 5 - COMMUNITY & SOCIAL SERVICES	88	68	87	24	24	14	62	65	(3)	-5%	87
Vote 6 - PUBLIC SAFETY	2,892	5	-	-	-	-	-	-	-	0%	-
Vote 7 - SPORT & RECREATION	112	96	47	17	8	6	31	16	15	93%	47
Vote 8 - WASTE MANAGEMENT	7,807	8,487	8,487	2,242	2,146	2,155	6,543	6,365	177	3%	8,487
Vote 9 - WASTE WATER MANAGEMENT	7,721	8,304	8,289	2,072	2,032	2,016	6,120	6,217	(97)	-2%	8,289
Vote 10 - ROAD TRANSPORT	12,004	7,818	7,263	1,877	1,131	5,342	8,350	5,447	2,902	53%	7,263
Vote 11 - WATER	14,005	12,380	11,475	2,573	3,139	4,595	10,307	9,822	485	5%	13,096
Vote 12 - ELECTRICITY	35,865	44,900	39,639	8,642	9,163	6,878	24,682	29,729	(5,047)	-17%	39,639
Vote 13 - OTHER	-	-	-	-	-	-	-	-	-	0%	-
Total Revenue by Vote	202,310	208,998	202,271	68,903	46,350	44,417	159,670	172,415	(12,743)	-7%	203,375
Expenditure by Vote											
Vote 1 - EXECUTIVE & COUNCIL	100,191	35,457	35,751	3,543	4,199	3,401	11,143	25,700	(14,557)	-57%	35,751
Vote 2 - FINANCE & ADMIN	28,209	84,358	82,962	6,341	6,305	6,614	19,260	64,599	(45,339)	-70%	82,962
Vote 3 - PLANNING & DEVELOPMENT	9,940	15,765	15,255	2,562	2,869	2,862	8,293	11,441	(3,148)	-28%	15,255
Vote 4 - HEALTH	725	1,054	852	185	61	1	247	639	(392)	-61%	852
Vote 5 - COMMUNITY & SOCIAL SERVICES	1,629	2,182	2,142	406	412	407	1,224	1,607	(382)	-24%	2,142
Vote 6 - PUBLIC SAFETY	1,499	1,910	1,818	371	266	327	964	1,363	(400)	-29%	1,818
Vote 7 - SPORT & RECREATION	3,679	4,284	4,236	995	909	1,024	2,927	3,177	(250)	-8%	4,236
Vote 8 - WASTE MANAGEMENT	8,765	10,226	10,016	1,592	1,615	1,435	4,642	7,512	(2,870)	-38%	10,016
Vote 9 - WASTE WATER MANAGEMENT	5,521	7,011	6,551	1,186	1,040	1,491	3,717	5,063	(1,346)	-27%	6,551
Vote 10 - ROAD TRANSPORT	15,861	15,559	16,137	3,056	3,071	3,454	9,581	12,103	(2,522)	-21%	16,137
Vote 11 - WATER	8,574	7,423	6,943	1,943	1,345	1,109	4,398	6,424	(2,026)	-32%	6,943
Vote 12 - ELECTRICITY	38,108	47,074	46,159	11,729	9,141	8,993	29,863	34,620	(4,756)	-14%	46,159
Vote 13 - OTHER	564	1,020	994	158	143	150	451	746	(295)	-40%	994
Total Expenditure by Vote	223,265	233,323	229,816	34,066	31,377	31,267	96,710	174,993	(78,283)	-45%	229,816
Surplus/ (Deficit) for the year	(20,956)	(24,325)	(27,545)	34,837	14,973	13,150	62,960	(2,579)	65,539		(27,545)

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

Description	2013/14	Budget Year 2014/15									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 actual	Q2 actual	Q3 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue By Source											
Property rates	54,239	62,157	62,157	24,011	13,446	13,458	50,915	46,618	4,297	9%	62,157
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	35,438	44,342	39,342	8,581	9,110	6,799	24,490	33,257	(8,766)	-26%	39,342
Service charges - water revenue	11,899	12,352	11,452	2,569	2,701	4,370	9,639	9,264	375	4%	11,452
Service charges - sanitation revenue	7,702	8,273	8,273	2,066	2,030	2,014	6,110	6,205	(95)	-2%	8,273
Service charges - refuse revenue	7,806	8,487	8,487	2,242	2,146	2,155	6,543	6,365	177	3%	8,487
Service charges - other	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	435	444	418	106	173	169	448	333	115	34%	418
Interest earned - external investments	218	216	264	106	132	50	289	162	127	78%	264
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines	9,207	5,401	5,250	1,502	1,131	3,061	5,694	4,051	1,643	41%	5,250
Licences and permits	23	33	7	1	2	1	4	5	(1)	-17%	7
Agency services	2,794	2,384	2,010	374	-	2,274	2,648	1,788	860	48%	2,010
Transfers recognised - operational	41,975	46,402	46,402	19,964	14,463	371	34,798	46,402	(11,604)	-25%	46,402
Other revenue	14,979	1,070	771	223	217	202	642	578	64	11%	771
Gains on disposal of PPE	8	204	204	18	200	-	218	153	65	42%	204
Total Revenue (excluding capital transfers and contributions)	186,725	191,766	185,039	61,764	45,751	34,924	142,438	155,182	(12,743)	-8%	185,039
Expenditure By Type											
Employee related costs	60,598	78,916	78,916	15,578	14,866	15,082	45,526	58,790	(13,264)	-23%	78,916
Remuneration of councillors	4,812	5,109	5,109	1,139	1,197	1,192	3,528	4,229	(701)	-17%	5,109
Debt impairment	31,225	9,190	9,190	-	-	-	-	6,893	(6,893)	-100%	9,190
Depreciation & asset impairment	49,320	50,980	50,980	-	-	-	-	38,235	(38,235)	-100%	50,980
Finance charges	2,162	1,537	1,937	533	824	861	2,217	1,153	1,064	92%	1,937
Bulk purchases	34,256	40,770	40,770	11,022	8,329	8,031	27,382	30,577	(3,195)	-10%	40,770
Other materials	4,129	-	6,135	-	1,384	779	2,163	5,989	(3,826)	-64%	6,135
Contracted services	3,548	3,474	4,174	777	551	58	1,385	2,605	(1,220)	-47%	4,174
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	30,952	43,349	32,605	5,017	3,628	5,864	14,508	26,522	(12,014)	-45%	32,605
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	221,003	233,323	229,816	34,066	30,778	31,867	96,710	174,993	(78,283)	-45%	229,816
Surplus/(Deficit)	(34,278)	(41,557)	(44,777)	27,698	14,973	3,057	45,728	(19,811)	65,539	(0)	(44,777)
Transfers recognised - capital	13,322	17,232	17,232	7,139	-	10,093	17,232	17,232	-	-	17,232
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(20,956)	(24,325)	(27,545)	34,837	14,973	13,150	62,960	(2,579)	65,539		(27,545)
Taxation	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(20,956)	(24,325)	(27,545)	34,837	14,973	13,150	62,960	(2,579)	65,539		(27,545)
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(20,956)	(24,325)	(27,545)	34,837	14,973	13,150	62,960	(2,579)	65,539		(27,545)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(20,956)	(24,325)	(27,545)	34,837	14,973	13,150	62,960	(2,579)	65,539		(27,545)

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

Vote Description	2013/14	Budget Year 2014/15									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 actual	Q2 actual	Q3 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Multi-Year expenditure appropriation											
Total Capital Multi-year expenditure	-	-	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation											
Vote 1 - Executive & Council	18,798	16,386	16,386	281	3,360	2,754	6,395	9,559	(3,163)	-33%	16,386
Vote 2 - Finance and Admin	55	251	95	12	5	-	17	146	(129)	-88%	95
Vote 3 - Planning and Development	-	23	5	-	-	-	-	13	(13)	-100%	5
Vote 4 - Health	-	25	25	-	-	-	-	15	(15)	-100%	25
Vote 5 - Community and social services	-	10	-	-	-	-	-	6	(6)	-100%	-
Vote 6 - Housing	2,682	-	30	-	-	-	-	25	(25)	-100%	30
Vote 7 - Public safety	-	42	20	-	-	-	-	12	(12)	-100%	20
Vote 8 - Sports and recreation	-	20	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental protection	-	-	200	-	-	-	-	-	-	-	200
Vote 10 - Waste Management	17	-	10	-	-	10	10	6	4	72%	10
Vote 11 - Waste water management	119	-	100	-	-	-	-	58	(58)	-100%	100
Vote 12 - Road transport	70	10	200	10	-	(10)	-	233	(233)	-100%	200
Vote 13 - Water	-	100	-	-	-	-	-	-	-	-	-
Vote 14 - Electricity	-	400	-	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	21,741	17,267	17,072	304	3,365	2,754	6,423	10,073	(3,650)	-36%	17,072
Total Capital Expenditure	21,741	17,267	17,072	304	3,365	2,754	6,423	10,073	(3,650)	-36%	17,072
Capital Expenditure - Standard Classification											
<i>Governance and administration</i>	18,853	16,637	16,481	294	3,365	2,754	6,413	9,706	(3,293)	-34%	16,481
<i>Community and public safety</i>	2,682	97	75	-	-	-	-	57	(57)	-100%	75
<i>Economic and environmental services</i>	17	33	15	10	-	-	10	19	(9)	-48%	15
<i>Trading services</i>	189	500	500	-	-	-	-	292	(292)	-100%	500
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	21,741	17,267	17,072	304	3,365	2,754	6,423	10,073	(3,650)	-36%	17,072
Funded by:											
National Government	11,080	16,370	16,370	279	3,360	2,754	6,393	9,549	(3,156)	-33%	16,370
Provincial Government	-	-	-	-	-	-	-	-	-	-	-
District Municipality	10,249	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	21,329	16,370	16,370	279	3,360	2,754	6,393	9,549	(3,156)	-33%	16,370
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	413	897	701	24	5	-	30	523	(494)	-94%	701
Total Capital Funding	21,741	17,267	17,072	304	3,365	2,754	6,423	10,073	(3,650)	-36%	17,072

Chart 3 – Table 5

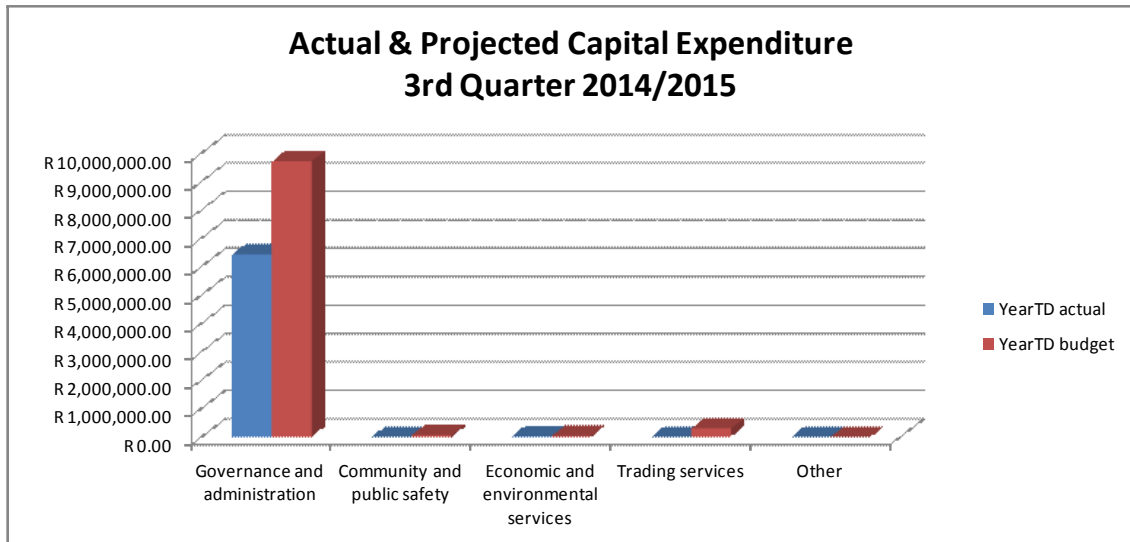
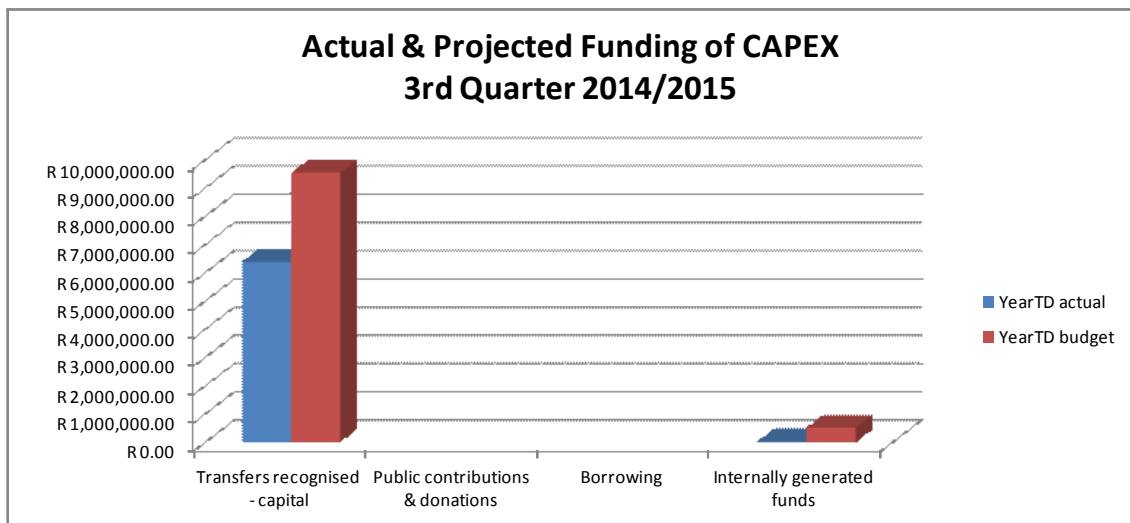


Chart 4 – Table 5



MP314 Emakhazeni - Table C6 Monthly Budget Statement - Financial Position

Description	2013/14	Budget Year 2014/15			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	277	150	150	14,347	150
Call investment deposits	4,013	1,500	1,500	(7,879)	1,500
Consumer debtors	54,588	56,508	56,508	97,311	56,508
Other debtors	2,551	2,013	2,013	1,203	2,013
Current portion of long-term receivables	-	-	-	-	-
Inventory	2,150	1,135	1,135	1,768	1,135
Total current assets	63,579	61,306	61,306	106,749	61,306
Non current assets					
Long-term receivables	-	-	-	-	-
Investments	-	-	-	-	-
Investment property	34,710	34,321	34,321	34,710	34,321
Investments in Associate	-	-	-	-	-
Property, plant and equipment	469,614	479,531	479,531	469,614	479,531
Agricultural	-	-	-	-	-
Biological assets	-	-	-	-	-
Intangible assets	523	488	488	523	488
Other non-current assets	76	-	-	76	-
Total non current assets	504,923	514,340	514,340	504,923	514,340
TOTAL ASSETS	568,502	575,646	575,646	611,672	575,646
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	-	-	-	-	-
Consumer deposits	1,609	1,554	1,554	1,638	1,554
Trade and other payables	93,610	35,000	35,000	84,283	35,000
Provisions	-	45,094	45,094	-	45,094
Total current liabilities	95,219	81,648	81,648	85,920	81,648
Non current liabilities					
Borrowing	-	-	-	-	-
Provisions	40,916	-	-	40,916	-
Total non current liabilities	40,916	-	-	40,916	-
TOTAL LIABILITIES	136,134	81,648	81,648	126,836	81,648
NET ASSETS	432,368	493,998	493,998	484,837	493,998
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	432,368	493,998	493,998	484,837	493,998
Reserves	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	432,368	493,998	493,998	484,837	493,998

MP314 Emakhazeni - Table C7 Monthly Budget Statement - Cash Flow

Description	2013/14	Budget Year 2014/15									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 actual	Q2 actual	Q3 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	134,098	145,148	138,168	41,675	12,434	11,649	65,758	108,708	(42,950)	-40%	145,148
Government - operating	41,975	46,402	46,402	19,964	-	14,834	34,798	34,951	(153)	0%	46,402
Government - capital	13,322	17,232	17,232	7,139	-	10,093	17,232	17,232	-	0%	17,232
Interest	218	216	264	106	69	114	289	162	127	78%	216
Dividends	-	-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees	(167,444)	(231,786)	(176,899)	(33,533)	(8,482)	(61,424)	(103,438)	(135,605)	32,167	-24%	(231,786)
Finance charges	(2,162)	(1,537)	(1,937)	(533)	(823)	(861)	(2,217)	(1,153)	(1,064)	92%	(1,537)
Transfers and Grants	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	20,008	(24,325)	23,231	34,819	4,021	(26,418)	12,422	24,295	(11,873)	-49%	(24,325)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE	8	204	204	-	218	-	218	153	65	42%	204
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets	(1,867)	(17,267)	(17,072)	(304)	(3,365)	(2,754)	(6,423)	(12,804)	6,381	-50%	(17,072)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,859)	(17,063)	(16,868)	(304)	(3,147)	(2,754)	(6,205)	(12,651)	6,446	-7%	(16,868)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	75	(62)	(62)	(1)	6	24	28	(46)	(74)	161%	(62)
Payments											
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	75	(62)	(62)	(1)	6	24	28	(46)	(74)	161%	(62)
NET INCREASE/ (DECREASE) IN CASH HELD	18,224	(41,451)	6,301	34,514	879	(29,148)	6,245	11,599	5,353	46%	(41,451)
Cash/cash equivalents at beginning:	43,470	44,003	(39,879)	6,023	40,538	41,417	(8)	(39,879)	(39,872)	100%	6,023
Cash/cash equivalents at month/year end:	61,694	2,552	(33,579)	40,538	41,417	12,269	6,238	(28,281)	(34,518)	122%	(35,428)

PART 2 – SUPPORTING DOCUMENTATION

1. Material variances

Supporting table SC1 indicates the material variances between the year to date budget and year to date actual with further comments.

2. Performance indicators

Supporting table SC2 indicates the performance indicators for March 2015.

3. Debtors analysis

Supporting Table SC 3 provides a breakdown of the consumer debtors at the end of the 3rd quarter. The outstanding debtors amounted to R185,3 million.

Chart 5 – Debtors analysis

4. Creditors analysis

Supporting Table SC4 provides detail on aged creditors. Unfortunately not all creditor payments have been made in terms of the MFMA section 65. The accumulated creditors payments for the 3rd quarter amounted to R 52,6 million

5. Investment portfolio analysis

Supporting Table SC5 display the Council's Investment Portfolio and indicates that R1,2 million is currently invested.

6. Allocation and grant receipts and expenditure

Supporting Tables SC6 & 7 provide detail of grants separately as income and expenditure, as far as revenue is recognised and expenditure is appropriated. On the receipt of grants, the actual grants received for the 3rd quarter amounts to R24,9 million, which is mainly made up of the equitable share.

7. Councillor allowance and employee benefits

Supporting Table SC8 provides the detail for councillor and employee benefits. For the 3rd quarter the total salaries, allowances and benefits paid amounted to R15,4 million.

8. Actual and revised targets for cash receipts

Supporting Table SC9 provides the detail of the cash inflow for the budget setting out receipts by source and payments by type per month.

9. Capital programme performance

Supporting Table SC12 provides information on the monthly trends for capital expenditure. In terms of this table the capital expenditure for the quarter amounts to R2,8 thousand.

Supporting Table SC13a provide the detail of capital expenditure by asset classification for the new assets separately.

The capital expenditure is graphically presented in: Chart 8 – Capital expenditure vs Targeted Budget

MP314 Emakhazeni - Supporting Table SC1 Material variance explanations

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source			
	Electricity Revenue	(8,766)	The service provider for debt collection with held pre-paid electricity sales revenue from the Municipality.	Legal services to intervene.
	Interest earned - external investments	127	More investment money were invested than anticipated which earned revenue.	-
	Fines	1,643	Anticipated revenue were expected to have decreased during the employee strike of Emakhazeni, but as all backlog were captured it came to light that the strike did not have an impact as expected and the revenue is therefore more than anticipated.	-
	Transfers recognised - operational	11,604	The third allocation of EQS were not received in the 3rd Quarter as per DORA.	-
	Gains on disposal of PPE	65	Allocation of asset sold, but incorrectly allocated is it is full revenue instead of profit only.	Journal should be posted to correct transaction.
2	Expenditure By Type			
	Debt impairment	(6,893)	No impairment of debtors have been done, will be done at year end as training is provided to staff on calculation method.	-
	Depreciation & asset impairment	(38,235)	No depreciation have been done, will be done once asset register with the assistance of National Treasury	-
	Finance charges	1,064	Interest paid toward creditor are much higher than anticipated, which result in Fruitless and wasteful expenditure.	Revenue enhancement to be able to pay creditors and not pay interest.
	Other expenditure	(12,014)	Due to prioritization of expenditure and cashflow constrains expenditure is lower.	-
3	Capital Expenditure			
	Capital Expenditure		Delay in the MIG allocation result in delay of MIG project spending. And the internal capital is not realizing due to cashflow constrains.	-
4	Financial Position			
	Property, Plant and Equipment		No depreciation have been done, will be done once asset register with the assistance of National Treasury	
	Trade and other payables		Due to cashflow constrains, the trade payables increase more than anticipated.	
	Current Assets: Consumer Debtors		Awaits debt impairment	
	Consumer debtors		Due to low collection rates, the consumer debtor increase more than anticipated.	
5	Cash Flow			
	Interest		More investment money were invested than anticipated which earned revenue.	

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

Description of financial indicator	Basis of calculation	2013/14	Budget Year 2014/15			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<u>Borrowing Management</u>						
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	1.0%	22.5%	23.0%	2.3%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	21.7%	0.0%	0.0%	17.4%	0.0%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>						
Current Ratio	Current assets/current liabilities	66.8%	0.0%	0.0%	124.2%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities	4.5%	0.0%	0.0%	7.5%	0.0%
<u>Revenue Management</u>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing					
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	30.6%	0.0%	0.0%	69.2%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))					
<u>Funding of Provisions</u>						
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions					
<u>Other Indicators</u>						
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source					
Employee costs	Employee costs/Total Revenue - capital revenue	32.5%	40.9%	42.6%	32.0%	0.0%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue	27.6%	27.4%	28.6%	1.6%	0.0%
<u>IDP regulation financial viability indicators</u>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)					
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services					
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure					

MP314 Emakhazeni - Supporting Table SC3 Monthly Budget Statement - aged debtors

Description	NT Code	Budget Year 2014/15									
		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	926	848	875	729	686	18,472	-	-	22,537	19,887
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,869	671	559	455	394	8,595	-	-	12,544	9,444
Receivables from Non-exchange Transactions - Property Rates	1400	4,664	4,087	3,721	3,682	3,561	82,005	-	-	101,721	89,248
Receivables from Exchange Transactions - Waste Water Management	1500	620	496	404	363	338	11,943	-	-	14,164	12,644
Receivables from Exchange Transactions - Waste Management	1600	664	572	501	466	438	13,674	-	-	16,316	14,578
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	624	674	614	445	453	15,214	-	-	18,024	16,112
Total By Income Source	2000	9,368	7,350	6,674	6,141	5,870	149,903	-	-	185,306	161,914
2013/14 - totals only										-	-
Debtors Age Analysis By Customer Group											
Organs of State	2200	129	74	37	28	28	4,134	-	-	4,432	4,191
Commercial	2300	1,570	1,207	1,028	893	835	17,444	-	-	22,977	19,172
Households	2400	2,938	2,626	2,348	2,134	2,022	64,705	-	-	76,773	68,861
Other	2500	4,731	3,442	3,261	3,086	2,985	63,619	-	-	81,123	69,690
Total By Customer Group	2600	9,368	7,350	6,674	6,141	5,870	149,903	-	-	185,306	161,914

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

Description	NT Code	Budget Year 2014/15					Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	
R thousands							
Creditors Age Analysis By Customer Type							
Bulk Electricity	0100	3,111	3,047	3,351	-	23,055	32,564
Bulk Water	0200	-	-	-	-	-	-
PAYE deductions	0300	515	-	-	-	1,481	1,996
VAT (output less input)	0400	-	-	-	-	-	-
Pensions / Retirement deductions	0500	938	-	-	-	-	938
Loan repayments	0600	-	-	-	-	-	-
Trade Creditors	0700	1,255	891	862	-	12,740	15,747
Auditor General	0800	853	-	-	-	-	853
Other	0900	456	-	-	-	-	456
Total By Customer Type	1000	7,129	3,938	4,212	-	37,276	52,556

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

Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Accrued interest for the month	Market value at end of the month
	Yrs/Months			
R thousands				
Municipality				
FNB: Call Account	Daily/monthly	Call Account	3	218
FNB: 32-day Account	32-Notice	32-day Account	0	2
FNB: Call Account (MIG)	Daily/monthly	Call Account	1	273
FNB: Call Account	Daily/monthly	Call Account	3	662
TOTAL INVESTMENTS AND INTEREST			7	1,156

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

Description	2013/14	Budget Year 2014/15										
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Q1 actual	Q2 actual	Q3 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands												
RECEIPTS:												
Operating Transfers and Grants												
National Government:	41,975	46,249	46,249	18,536	18,536	1,428	14,834	34,798	46,249	(11,451)	-24.8%	46,249
Equitable share	38,535	42,280	42,280	16,736	16,736	-	14,093	30,829	42,280	(11,451)	-27.1%	42,280
Finance Management grant	1,550	1,800	1,800	1,800	1,800	-	-	1,800	1,800	-		1,800
Municipal Systems Improvement	890	934	934	-	-	934	-	934	934	-		934
EPWP Incentive	1,000	1,235	1,235	-	-	494	741	1,235	1,235	-		1,235
Other grant providers:	-	153	153	-	-	-	-	-	153	(153)	-100.0%	153
<i>LGSETA</i>		153	153						153	(153)	-100.0%	153
Total Operating Transfers and Grants	41,975	46,402	43,637	18,536	18,536	1,428	14,834	34,798	46,402	(11,604)	-25.0%	46,402
Capital Transfers and Grants												
National Government:	13,322	17,232	17,232	7,139	7,139	-	10,093	17,232	17,232	-		17,232
Municipal Infrastructure Grant (MIG)	13,322	17,232	17,232	7,139	7,139	-	10,093	17,232	17,232	-		17,232
Provincial Government:	-	-	-	-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	13,322	17,232	17,232	7,139	7,139	-	10,093	17,232	17,232	-		17,232
TOTAL RECEIPTS OF TRANSFERS & GRANTS	55,297	63,634	60,869	25,675	25,675	1,428	24,927	52,030	63,634	(11,604)	-18.2%	63,634

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

Description	2013/14	Budget Year 2014/15									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 actual	Q2 actual	Q3 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
EXPENDITURE											
Operating expenditure of Transfers and Grants											
National Government:	41,975	43,484	43,484	49	19,856	10,985	30,890	32,613	(1,723)	-5.3%	43,484
Equitable share	38,535	39,515	39,515	-	19,758	9,879	29,636	29,636	-	0.0%	39,515
Finance Management grant	1,550	1,800	1,800	18	36	197	251	1,350	(1,099)	-81.4%	1,800
Municipal Systems Improvement	890	934	934	-	1	204	205	701	(495)	-70.7%	934
EPWP Incentive	1,000	1,235	1,235	31	61	705	798	926	(128)	-13.9%	1,235
Other grant providers:	-	153	153	19	39	66	124	115	9	7.7%	153
LGSETA		153	153	19	39	66	124	115	9	7.7%	153
Total operating expenditure of Transfers and Grants:	41,975	43,637	43,637	69	19,895	11,051	31,014	32,728	(1,714)	-5.2%	43,637
Capital expenditure of Transfers and Grants											
National Government:	13,322	17,232	17,232	36	241	6,907	7,184	12,924	(5,740)	-44.4%	17,232
Municipal Infrastructure Grant (MIG)	13,322	17,232	17,232	36	241	6,907	7,184	12,924	(5,740)	-44.4%	17,232
Total capital expenditure of Transfers and Grants	13,322	17,232	17,232	36	241	6,907	7,184	12,924	(5,740)	-44.4%	17,232
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	55,297	60,869	60,869	105	20,136	17,958	38,198	45,652	(7,454)	-16.3%	60,869

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

Summary of Employee and Councillor remuneration	2013/14	Budget Year 2014/15									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 actual	Q2 actual	Q3 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B	C								D
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages	2,915	2,954	2,954	689	750	734	2,174	2,216	(776)	-79%	2,954
Pension and UIF Contributions	670	443	443	94	99	110	303	332	(116)	-79%	443
Medical Aid Contributions		290	290	64	64	67	195	218	(75)	-78%	290
Motor Vehicle Allowance	902	984	984	200	200	200	601	738	(261)	-80%	984
Cellphone Allowance	261	332	332	73	75	78	226	249	(86)	-78%	332
Housing Allowances	64	71	71	9	9	9	26	53	(21)	-88%	71
Other benefits and allowances		34	34	5	6	4	15	25	(9)	-84%	34
TOTAL COUNCILLORS	4,812	5,109	5,109	1,135	1,203	1,203	3,540	3,831	(291)	-8%	5,109
Senior Managers of the Municipality											
Basic Salaries and Wages	1,829	2,892	2,892	374	374	533	1,280	2,169	(839)	-87%	2,892
Pension and UIF Contributions	436	648	648	83	83	110	275	486	(188)	-87%	648
Medical Aid Contributions	-	220	220	29	29	37	95	165	(64)	-87%	220
Overtime	-	-	-	-	-	-	-	-	-	-	-
Performance Bonus	-	678	678	-	-	-	-	508	(226)	-100%	678
Motor Vehicle Allowance	450	750	750	95	95	146	335	563	(218)	-87%	750
Cellphone Allowance	17	15	15	8	8	11	26	11	(2)	-48%	15
Housing Allowances	-	-	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	207	-	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	2,939	5,202	5,202	588	588	836	2,012	3,902	(1,890)	-48%	5,202
Other Municipal Staff											
Basic Salaries and Wages	35,403	41,916	41,916	10,105	10,011	10,324	30,439	31,437	(10,705)	-77%	41,916
Pension and UIF Contributions	7,164	9,439	9,439	2,004	2,003	1,973	5,980	7,079	(2,478)	-79%	9,439
Medical Aid Contributions	2,452	3,082	3,082	603	590	601	1,795	2,311	(826)	-80%	3,082
Overtime	2,526	3,453	3,453	711	573	574	1,858	2,589	(914)	-79%	3,453
Performance Bonus	2,651	3,463	3,463	515	676	778	1,969	2,598	(983)	-85%	3,463
Motor Vehicle Allowance	4,210	4,937	4,937	1,126	1,108	1,056	3,289	3,703	(1,270)	-77%	4,937
Cellphone Allowance	186	180	180	49	50	49	148	135	(44)	-73%	180
Housing Allowances	49	51	51	13	12	11	36	38	(13)	-75%	51
Other benefits and allowances	477	6,557	6,557	130	132	113	375	4,918	(2,142)	-98%	6,557
Payments in lieu of leave	-	-	-	-	-	-	-	-	-	-	-
Long service awards	576	636	636	-	-	-	-	477	(212)	-100%	636
Post-retirement benefit obligations	1,865	-	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	57,560	73,714	73,714	15,254	15,156	15,478	45,888	55,285	(9,397)	-17%	73,714
TOTAL MANAGERS AND STAFF	60,499	78,916	78,916	15,842	15,743	16,315	47,900	59,187	(11,287)	-19%	78,916
TOTAL EMPLOYEE & COUNCILLOR REMUNERATION	65,311	84,025	84,025	16,977	16,946	17,517	51,440	63,019	(11,579)	-18%	84,025

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

Description	Budget Year 2014/15												2014/15 Medium Term Revenue & Expenditure		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget			
Cash Receipts By Source															
Property rates	5,180	5,180	5,180	5,180	5,180	5,180	5,180	5,180	5,180	5,180	5,180	5,180	62,157	65,886	69,840
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	44,342	47,619	51,138
Service charges - water revenue	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	12,352	13,094	13,879
Service charges - sanitation revenue	689	689	689	689	689	689	689	689	689	689	689	689	8,273	8,770	9,296
Service charges - refuse	707	707	707	707	707	707	707	707	707	707	707	707	8,487	8,996	9,536
Rental of facilities and equipment	37	37	37	37	37	37	37	37	37	37	37	37	444	470	499
Interest earned - external investments	18	18	18	18	18	18	18	18	18	18	18	18	216	221	225
Fines	450	450	450	450	450	450	450	450	450	450	450	450	5,401	5,509	5,620
Licences and permits	3	3	3	3	3	3	3	3	3	3	3	3	33	34	37
Agency services	199	199	199	199	199	199	199	199	199	199	199	199	2,384	2,432	2,480
Transfer receipts - operating	3,867	3,867	3,867	3,867	3,867	3,867	3,867	3,867	3,867	3,867	3,867	3,867	46,402	51,286	54,684
Other revenue	89	89	89	89	89	89	89	89	89	89	89	89	1,070	1,134	1,201
Cash Receipts by Source	15,964	15,964	15,964	15,964	15,964	15,964	15,964	15,964	15,964	15,964	15,964	15,964	191,562	205,451	218,434
Other Cash Flows by Source															
Transfer receipts - capital	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	17,232	22,888	23,509
Proceeds on disposal of PPE	17	17	17	17	17	17	17	17	17	17	17	17	204	208	212
Total Cash Receipts by Source	17,417	17,417	17,417	17,417	17,417	17,417	17,417	17,417	17,417	17,417	17,417	17,417	208,998	228,547	242,155
Cash Payments by Type															
Employee related costs	6,576	6,576	6,576	6,576	6,576	6,576	6,576	6,576	6,576	6,576	6,576	6,576	78,916	83,999	89,582
Remuneration of councillors	426	426	426	426	426	426	426	426	426	426	426	426	5,109	5,415	5,740
Interest paid	128	128	128	128	128	128	128	128	128	128	128	128	1,537	1,629	1,727
Bulk purchases - Electricity	3,397	3,397	3,397	3,397	3,397	3,397	3,397	3,397	3,397	3,397	3,397	3,397	40,770	44,056	47,607
Contracted services	289	289	289	289	289	289	289	289	289	289	289	289	3,474	3,543	3,614
General expenses	3,612	3,612	3,612	3,612	3,612	3,612	3,612	3,612	3,612	3,612	3,612	3,612	43,349	42,535	43,065
Total Cash Payments by Type	14,429	14,429	14,429	14,429	14,429	14,429	14,429	14,429	14,429	14,429	14,429	14,429	173,154	181,177	191,335
NET INCREASE/(DECREASE) IN CASH HELD	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	35,845	47,370	50,820
Cash/cash equivalents at the month/year beginning:	6,023	9,010	11,998	14,985	17,972	20,959	23,946	26,933	29,920	32,907	35,894	38,881	6,023	41,868	89,238
Cash/cash equivalents at the month/year end:	9,010	11,998	14,985	17,972	20,959	23,946	26,933	29,920	32,907	35,894	38,881	41,868	41,868	89,238	140,058

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

Month	Budget Year 2014/15						
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands						%	
Monthly expenditure performance trend							
July	1,439	1,439	38	1,439	1,401	97.3%	0%
August	1,439	1,439	24	2,878	2,854	99.2%	0%
September	1,439	1,439	241	4,317	4,076	94.4%	1%
1st QUARTER	4,317	4,317	304	8,634	8,330	97.0%	2%
October	1,439	1,439	806	5,756	4,646	80.7%	5%
November	1,439	1,439	1,764	7,195	4,321	60.1%	10%
December	1,439	1,439	795	8,634	4,965	57.5%	5%
2nd QUARTER	4,317	4,317	3,365	12,951	13,931	107.6%	19%
January	1,439	1,406	2,754	10,040	7,286	72.6%	16%
February	1,439	1,406	-	11,446	11,446	100.0%	0%
March	1,439	1,406	-	12,853	12,853	100.0%	0%
3rd QUARTER	4,317	4,219	2,754	12,755			
Total Capital expenditure	17,267	17,072	6,423				

COMMENTS OF THE MANGER FINANCE

- The reasons for the poor performance of the budget could be attributed to low payment of services by the community. Payment rate fluctuates approximately at 55% which means that other programmes of the municipality will not be funded.
- The challenges with the implementation of the valuation has also led to the non-payment of property rates which negatively affected the budget.
- The lack of proper planning and zero based budgeting results in numerous virements which distorts the budget and vote performance.
- The budget was also affected by the withholding of the Equitable share income due to the Eskom debt by the municipality.
- In the main, overall, the income as opposed to the expenditure part of the budget is negatively affected.

RECOMMENDATIONS BY MANAGER FINANCIAL SERVICES

1. That, the above 3rd Quarter Budget performance be noted.
2. That, Measures to increase the income of the municipality through cost curtailment and revenue enhancement should be implemented.

FOR NOTING