

MONTHLY BUDGET STATEMENT FOR THE MONTH ENDING 31 AUGUST 2017

EXECUTIVE MAYOR'S REPORT

PURPOSE

To report on monthly actual performance of the municipality's budget for the period ending 31 August 2017

LEGAL/STATUTORY REQUIREMENT

Municipal Finance Management Act No. 56 of 2003.

Municipal Budget and Reporting Regulations gazette No 32141

BACKGROUND

In terms of Section 71(1), (2) and (3) of the MFMA No 56, 2003 Chapter 8, the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement on the financial performance of that municipality.

The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information of financial performance.

OVERALL OPERATING RESULTS

EC124 Amahlathi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	Budget Year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			16,771		1,686	3,373	2,795	578	21%	16,771
Service charges - electricity revenue			41,643		1,732	3,288	6,941	(3,652)	-53%	41,643
Service charges - water revenue			-		-	-	-	-	-	-
Service charges - sanitation revenue			-		-	-	-	-	-	-
Service charges - refuse revenue			10,032		910	1,821	1,672	149	9%	10,032
Service charges - other			127		-	-	21	(21)	-100%	127
Rental of facilities and equipment			1,004		17	108	167	(59)	-35%	1,004
Interest earned - external investments			6,800		488	820	1,133	(314)	-28%	6,800
Interest earned - outstanding debtors			2,640		-	140	440	(300)	-68%	2,640
Dividends received			-		-	-	-	-	-	-
Fines, penalties and forfeits			53		127	127	9	118	1331%	53
Licences and permits			-		-	-	-	-	-	-
Agency services			4,066		392	701	678	23	3%	4,066
Transfers and subsidies			101,164		-	39,770	16,861	22,909	136%	101,164
Other revenue			41,320		51	204	6,887	(6,683)	-97%	41,320
Gains on disposal of PPE			-		-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			-		5,404	50,352	37,603	12,748	34%	225,621

EC124 Amahlathi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands											
Expenditure By Type											
Employee related costs			113,568		10,739	20,258	18,928	1,330	7%	113,568	
Remuneration of councillors			13,244		942	1,884	2,207	(323)	-15%	13,244	
Debt impairment			5,000		-	-	833	(833)	-100%	5,000	
Depreciation & asset impairment			26,000		-	-	4,333	(4,333)	-100%	26,000	
Finance charges			100		6	6	17	(11)	-66%	100	
Bulk purchases			28,000		3,391	3,391	4,667	(1,275)	-27%	28,000	
Other materials			-		-	-	-	-	-	-	
Contracted services			2,782		214	295	464	(168)	-36%	2,782	
Transfers and subsidies			-		-	-	-	-	-	-	
Other expenditure			36,927		4,016	6,628	6,154	474	8%	36,927	
Loss on disposal of PPE			-		-	-	-	-	-	-	
Total Expenditure			-	225,621	-	19,308	32,463	37,603	(5,141)	-14%	225,621
Surplus/(Deficit)			-	-	-	(13,905)	17,889	0	17,889	17,889	-

The overall operating results of the municipality reflects that it generated operating revenue of R50 352 000 and incurred operating expenditure of R32 463 000, resulting in an operating surplus of R17 889 000 excluding capital transfers.

CAPITAL EXPENDITURE

The expenditure on capital projects (MIG and INEG Grant) as at 31 August 2017 amounts to R921 088.00 which is 2.87% of the approved budget of R32 145 300 for the 2017/18 financial year. Below is detailed expenditure.

Description	Original Budget	YTD Expenditure	%
INEG Grant	R5 000 000.00	R 13 613.00	0.27%
MIG Projects	R27 145 300.00	R907 475.00	3.34%

EXPENDITURE ON CONDITIONAL GRANTS

The 2017/18 financial year approved budget includes conditional grants allocation of R3 089 000. The total expenditure on conditional grants as at 31 August 2017 amounts R53 333.00 which is 3.14% of the allocation.

Description	Budget	YTD Expenditure	%
FMG	R1 700 000.00	R53 333.00	3.14%
EPWP	R 1 389 000.00	R -	0.00%

COLLECTION RATE AND OUTSTANDING DEBTORS

Total debtor's book as at 31 August 2017 amounts to R40 787 000 and is detailed below.

EC124 Amahlathi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2017/18										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	844	855	533	374	270	101	448		3,425	1,193			
Receivables from Non-exchange Transactions - Property Rates	1400	2,506	2,217	95	690	556	529	10,509		17,103	12,285			
Receivables from Exchange Transactions - Waste Water Management	1500	207	154	(233)	106	95	84	2,450		2,863	2,735			
Receivables from Exchange Transactions - Waste Management	1600	326	358	370	362	350	341	11,627		13,734	12,680			
Receivables from Exchange Transactions - Property Rental Debtors	1700	100	91	49	36	33	26	781		1,116	876			
Interest on Arrear Debtor Accounts	1810	1	210	66	66	63	61	992		1,459	1,181			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	16	14	14	14	14	230		303	273			
Other	1900	(16)	(113)	15	14	27	12	844		784	897			
Total By Income Source	2000	3,969	3,789	910	1,661	1,408	1,168	27,881	-	40,787	32,119	-	-	
2016/17 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200									-	-			
Commercial	2300									-	-			
Households	2400									-	-			
Other	2500	(84)	(64)	1	16	27	15	423		334	481			
Total By Customer Group	2600	(84)	(64)	1	16	27	15	423	-	334	481	-	-	

INVESTMENTS

The interest generated on investments for the month ending 31 August 2017 amounts to R488 000. The investments are detailed below.

EC124 Amahlathi - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

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									
Municipality									
INVESTEC - 456					333		–	50,171	50,504
NEDBANK					98		–	(133)	(35)
ABSA 1602					–		–	10,041	10,041
FNB 3770					6		1,565	(1,494)	77
FNB 9619					2		616	(598)	20
FNB 1351					1		242	0	243
FNB 9858					49		7,597	47	7,693
Municipality sub-total					488		10,021	58,035	68,543

RECOMMENDATION

1. That the monthly report for period ending 31 August 2017 **BE NOTED AND ACCEPTED.**

P Qaba

The Mayor

14/09/2017