

ELIAS MOTSOLEDI LOCAL MUNICIPALITY



SECTION 52 REPORT: 2017/18

REPORTING PERIOD: SECOND QUARTER

PART 1: IN - YEAR REPORT

PURPOSE

To report to the Council and submit to National and Provincial Treasury on the quarterly financial performance of the Municipality as required by Section 52 of the Municipal Finance Management Act.

EXECUTIVE SUMMARY

Section 52 of the Municipal Finance Management Act deals with requirements for quarterly reporting and further states that the Mayor of the Municipality must within 30 days of the end of each quarter submit a report to council on implementation of the Budget and the financial state of the Municipality.

IN YEAR BUDGET STATEMENT TABLES

Table C1 – Budget Statement Summary

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter Actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Financial Performance									
Property rates	25 815	26 472	–	7 401	18 507	13 236	5 271	40%	26 472
Service charges	77 251	89 822	–	20 283	42 719	36 813	5 906	16%	89 822
Investment revenue	1 319	3 701	–	312	1 001	1 912	(911)	-48%	3 701
Transfers and subsidies	–	226 163	–	62 397	154 514	168 969	(14 455)	-9%	226 163
Other own revenue	286 701	45 865	–	9 845	21 290	22 988	(1 697)	-7%	45 865
Total Revenue (excluding capital transfers)	391 085	392 023	–	100 237	238 031	243 917	(5 886)	-2%	392 023
Employee costs	117 781	123 460	–	51 814	71 377	64 792	6 585	10%	123 460
Remuneration of Councillors	20 298	22 113	–	5 084	10 167	11 056	(890)	-8%	22 113
Depreciation & asset impairment	47 998	51 200	–	–	–	23 706	(23 706)	-100%	51 200
Finance charges	1 426	3 124	–	95	291	1 183	(892)	-75%	3 124
Materials and bulk purchases	78 603	82 662	–	20 019	37 110	37 546	(436)	-1%	82 662
Transfers and subsidies	708	3 724	–	2 617	5 749	1 862	3 887	209%	3 724
Other expenditure	229 263	100 105	–	24 384	59 211	8	19 410	49%	100 105
Total Expenditure	496 076	386 388	–	104 013	183 904	179 946	3 958	2%	386 388
Surplus/(Deficit)	(104 990)	5 635	–	(3 775)	54 127	63 972	(9 844)	-15%	5 635
Transfers and subsidies - capital	68 930	70 860	–	26 369	50 275	37 792	12 483	33%	70 860
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers	(36 060)	76 495	–	22 594	104 403	101 764	2 639	3%	76 495
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	(36 060)	76 495	–	22 594	104 403	101 764	2 639	3%	76 495
Capital expenditure & funds sources									
Capital expenditure	80 665	77 302	–	32 437	51 015	42 030	8 984	21%	77 302
Capital transfers recognised	68 895	62 158	–	23 315	41 305	33 151	8 154	25%	62 158
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	11 770	15 144	–	9 121	9 710	8 880	830	9%	15 144
Total sources of capital funds	80 665	77 302	–	32 437	51 015	42 030	8 984	21%	77 302
Financial position									
Total current assets	87 618	107 614	–		143 355				107 614
Total non current assets	1 006 770	1 066 797	–		1 023 311				1 066 797
Total current liabilities	99 680	60 491	–		90 501				60 491
Total non current liabilities	89 811	98 733	–		92 012				98 733
Community wealth/Equity	904 896	1 015 187	–		984 153				1 015 187
Cash flows									
Net cash from (used) operating	98 321	93 102	–	35 123	72 884	46 551	(26 333)	-57%	93 102
Net cash from (used) investing	(81 193)	(77 302)	–	(26 919)	(51 015)	(42 030)	8 984	-21%	(77 302)
Net cash from (used) financing	(8 149)	(8 497)	–	666	(1 937)	(4 248)	(2 311)	54%	(8 497)
Cash/cash equivalents at the month/year end	20 944	32 968	–	–	40 876	25 936	(14 940)	-58%	28 248
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	9 249	5 725	2 362	1 982	3 339	1 276	5 775	24 459	54 167
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

The above C1 Sum table summarizes the following activities:-

Revenue:

The actual year to date operational revenue as at end of second quarter is R238, 031 million and the year to date budget of R243, 917 million and this reflects a negative variance of R5, 886 million that can be attributed to property rates, service charges electricity and refuse removal that have positive variance of material figure. The following are the secondary revenue item categories reflecting a negative and positive material variance:

- Interest earned - external investments: 48% unfavorable variance,
- Interest earned – outstanding Debtors 76% favorable variance,
- Rental on Facilities and Equipment: 53% unfavorable
- License and Permits: 22% unfavorable variance
- Fines: 75% unfavorable variance
- Other revenue: 626% favorable variance

Operating Expenditure

The year to date operational expenditure as at end of second quarter amounts to R183, 904 million and the year to date budget is R179, 946 million. This reflects a favorable variance of R3, 958 million that translates to 2% overspending variance. The variance is attributed to non-incorporation of depreciation amount for second quarter and over spending on contracted services. The municipality is however, in a process of linking the Asset Management system with core financial system so that the depreciation calculated on the initial system can be interfaced to the financial system and this will assist in doing away with the practice of calculating depreciation only at year end.

All other expenditure line items are performing almost in line with the year to date budget since the variance thereof is less than 10% except for the following:

- Employee related cost: 10% over performance variance
- Other materials: 17% under performance variance
- Finance Charges: 75% under performance variance
- Transfers and subsidies: 209% over performance variance

With regards to the over performance variance on contracted services, the municipality needs to reduce the level of reliance on consultants as outlined in the Treasury Instruction letter number 01.

Capital Expenditure

The year to date actual capital expenditure as at end of second quarter amounts to R51, 015 million and the year to date budget amounts to R42, 030 million and this gives rise to 21% over performance variance.

Surplus/Deficit

Taking the above into consideration, the net operating surplus for the quarter is R22, 595 million that is mainly attributed to receipt of unconditional grant - equitable share and over performance on MIG in the reporting period.

Debtors

Outstanding debtors' is comprised of consumer and sundry debtors. The total outstanding debtors as at end of second quarter amounts to R54, 167 million and this shows an increase of R6, 479 million as compared to R47, 688 million as at end of 2016/17 financial year.

Consumer debtors is made up of service charges and property rates that amount to R41, 297 million and other debtors amounting to R12, 870 Million.

Creditors

All creditors are paid within 30 days of receipt of invoice as required by MFMA and as a result, our creditor's age analysis does not have figures.

Table C2 – Financial Performance (Standard Classification)

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter Actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue - Functional									
Governance and administration	253 047	170 084	--	40 369	137 996	118 703	19 293	16%	170 084
Executive and council	--	35 581	--	14 497	35 581	26 686	8 895	33%	35 581
Finance and administration	253 047	128 101	--	25 872	96 013	87 216	8 797	10%	128 101
Internal audit	--	6 402	--	--	6 402	4 802	1 601	33%	6 402
Community and public safety	45	12 846	--	1 388	12 449	9 623	2 826	29%	12 846
Community and social services	45	6 377	--	24	5 981	4 771	1 210	25%	6 377
Sport and recreation	--	6 469	--	1 364	6 468	4 851	1 617	33%	6 469
Public safety	--	--	--	--	--	--	--	--	--
Housing	--	--	--	--	--	--	--	--	--
Health	--	--	--	--	--	--	--	--	--
Economic and environmental services	115 853	150 237	--	37 744	63 428	91 185	(27 757)	-30%	150 237
Planning and development	1 635	13 512	--	5 717	8 426	9 566	(1 140)	-12%	13 512
Road transport	114 218	135 883	--	32 027	55 001	80 987	(25 985)	-32%	135 883
Environmental protection	--	842	--	--	--	632	(632)	-100%	842
Trading services	91 070	129 716	--	47 106	74 434	62 199	12 235	20%	129 716
Energy sources	84 564	106 984	--	31 477	55 241	47 351	7 890	17%	106 984
Water management	--	--	--	--	--	--	--	--	--
Waste water management	--	--	--	--	--	--	--	--	--
Waste management	6 506	22 732	--	15 630	19 192	14 848	4 345	29%	22 732
Other	--	--	--	--	--	--	--	--	--
Total Revenue - Functional	460 016	462 883	--	126 607	288 306	281 710	6 597	2%	462 883
Expenditure - Functional									
Governance and administration	258 940	147 263	--	48 029	94 137	77 927	16 210	21%	147 263
Executive and council	35 425	35 981	--	9 599	19 089	17 773	1 316	7%	35 981
Finance and administration	215 183	104 880	--	34 790	70 309	56 967	13 342	23%	104 880
Internal audit	8 333	6 402	--	3 640	4 739	3 187	1 552	49%	6 402
Community and public safety	12 895	15 633	--	4 506	6 027	8 203	(2 177)	-27%	15 633
Community and social services	5 518	6 541	--	1 974	2 733	3 472	(739)	-21%	6 541
Sport and recreation	7 378	9 092	--	2 532	3 294	4 731	(1 437)	-30%	9 092
Public safety	--	--	--	--	--	--	--	--	--
Housing	--	--	--	--	--	--	--	--	--
Health	--	--	--	--	--	--	--	--	--
Economic and environmental services	103 151	117 737	--	22 437	32 233	48 350	(16 117)	-33%	117 737
Planning and development	18 070	20 850	--	5 568	8 418	7 602	816	11%	20 850
Road transport	83 994	96 045	--	16 640	23 507	40 270	(16 764)	-42%	96 045
Environmental protection	1 087	842	--	228	308	478	(170)	-35%	842
Trading services	121 089	105 754	--	29 041	51 507	45 465	6 042	13%	105 754
Energy sources	98 785	86 949	--	20 793	39 028	36 721	2 307	6%	86 949
Water management	--	--	--	--	--	--	--	--	--
Waste water management	--	--	--	--	--	--	--	--	--
Waste management	22 304	18 805	--	8 249	12 478	8 744	3 734	43%	18 805
Other	--	--	--	--	--	--	--	--	--
Total Expenditure - Functional	496 076	386 388	--	104 013	183 904	179 946	3 958	2%	386 388
Surplus/ (Deficit) for the year	(36 060)	76 495	--	22 595	104 403	101 764	2 639	3%	76 495

Table C3 – Fin' Performance (Revenue and Expenditure by vote)

Vote Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter Actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue by Vote									
Vote 1 - Executive & Council	–	31 540	–	10 456	31 540	23 655	7 885	33%	31 540
Vote 2 - Municipal Manager	–	15 805	–	4 041	14 716	11 853	2 863	24%	15 805
Vote 3 - Budget & Treasury	253 036	70 368	–	11 556	39 359	43 920	(4 561)	-10%	70 368
Vote 4 - Corporate Services	12	33 797	–	14 315	33 806	25 344	8 462	33%	33 797
Vote 5 - Community Services	62 691	89 322	–	25 422	43 642	55 685	(12 043)	-22%	89 322
Vote 6 - Technical Services	142 642	200 885	–	55 099	106 244	105 944	299	0%	200 885
Vote 7 - Developmental Planning	1 635	8 435	–	5 717	6 268	5 759	509	9%	8 435
Vote 8 - Executive Support	–	12 731	–	–	12 731	9 549	3 183	33%	12 731
Total Revenue by Vote	460 016	462 883	–	126 607	288 306	281 710	6 597	2%	462 883
Expenditure by Vote									
Vote 1 - Executive & Council	31 808	31 940	–	8 413	17 190	15 731	1 459	9%	31 940
Vote 2 - Municipal Manager	27 365	15 826	–	9 067	13 635	8 409	5 225	62%	15 826
Vote 3 - Budget & Treasury	128 458	39 702	–	15 437	36 961	20 432	16 529	81%	39 702
Vote 4 - Corporate Services	40 771	39 326	–	7 825	14 985	18 842	(3 856)	-20%	39 326
Vote 5 - Community Services	55 374	71 741	–	20 458	29 218	27 555	1 663	6%	71 741
Vote 6 - Technical Services	183 344	165 483	–	34 093	58 808	76 976	(18 168)	-24%	165 483
Vote 7 - Developmental Planning	12 074	9 604	–	2 723	4 618	4 904	(287)	-6%	9 604
Vote 8 - Executive Support	16 881	12 767	–	5 997	8 490	7 097	1 393	20%	12 767
Total Expenditure by Vote	496 076	386 388	–	104 013	183 904	179 946	3 958	2%	386 388
Surplus/ (Deficit) for the year	(36 060)	76 495	–	22 594	104 403	101 764	2 639	3%	76 495

Table C2 and C3 measure the monthly actuals and year to date actuals against the year to date budget. The aforementioned budget tables are presented by standard classification and vote respectively for both revenue and expenditure. The variances are all reflected in the year-to-date variance column.

The financial results portrayed in the two tables are the same as those in other tables (i.e. it is only the description or basis of reporting that is based on financial or budget performance by vote or department, and National Treasury's standard classification.

Table C4: Financial Performance by Revenue Source and Expenditure Type

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter Actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue By Source									
Property rates	25 815	26 472		7 401	18 507	13 236	5 271	40%	26 472
Service charges - electricity revenue		81 206		18 397	37 271	32 505	4 766	15%	81 206
Service charges - water revenue	70 745	-		-	-	-	-		-
Service charges - sanitation revenue		-		-	-	-	-		-
Service charges - refuse revenue		8 616		1 886	5 448	4 308	1 140	26%	8 616
Service charges - other	6 506	-		-	-	-	-		-
Rental of facilities and equipment		1 935		302	451	968	(516)	-53%	1 935
Interest earned - external investments	1 319	3 701		312	1 001	1 912	(911)	-48%	3 701
Interest earned - outstanding debtors	2 889	6 260		1 606	6 172	3 506	2 666	76%	6 260
Dividends received	6 469	-		-	-	-	-		-
Fines, penalties and forfeits		30 000		1 331	3 740	14 700	(10 960)	-75%	30 000
Licences and permits	50 885	5 171		821	2 008	2 585	(578)	-22%	5 171
Agency services	5 255	-		-	-	-	-		-
Transfers and subsidies		226 163		62 397	154 514	168 969	(14 455)	-9%	226 163
Other revenue	213 105	2 499		5 785	8 919	1 229	7 690	626%	2 499
Gains on disposal of PPE	8 098	-		-	-	-	-		-
Total Revenue (excluding capital transfers)	391 085	392 023	-	100 237	238 031	243 917	(5 886)	-2%	392 023
Expenditure By Type									
Employee related costs	117 781	123 460		51 814	71 377	64 792	6 585	10%	123 460
Remuneration of councillors	20 298	22 113		5 084	10 167	11 056	(890)	-8%	22 113
Debt impairment	21 128	26 372		-	-	-	-		26 372
Depreciation & asset impairment	47 998	51 200		-	-	23 706	(23 706)	-100%	51 200
Finance charges	1 426	3 124		95	291	1 183	(892)	-75%	3 124
Bulk purchases	65 729	69 165		16 217	30 486	29 553	933	3%	69 165
Other materials	12 873	13 497		3 802	6 624	7 993	(1 368)	-17%	13 497
Contracted services	43 080	25 350		13 215	32 364	13 658	18 706	137%	25 350
Transfers and subsidies	708	3 724		2 617	5 749	1 862	3 887	209%	3 724
Other expenditure	161 695	48 384		11 169	26 847	26 143	703	3%	48 384
Loss on disposal of PPE	3 360	-		-	-	-	-		-
Total Expenditure	496 076	386 388	-	104 013	183 904	179 946	3 958	2%	386 388
Surplus/(Deficit)	(104 990)	5 635	-	(3 775)	54 127	63 972	(9 844)	-15%	5 635
Transfers and subsidies - capital	68 930	70 860		26 369	50 275	37 792	12 483	33%	70 860
Transfers and subsidies - capital		-					-		-
Transfers and subsidies - capital		-					-		-
Surplus/(Deficit) after capital transfers	(36 060)	76 495	-	22 594	104 403	101 764			76 495
Taxation		-							-
Surplus/(Deficit) after taxation	(36 060)	76 495	-	22 594	104 403	101 764			76 495
Attributable to minorities		-							-
Surplus/(Deficit) attributable to municipality	(36 060)	76 495	-	22 594	104 403	101 764			76 495
Share of surplus/ (deficit) of associate		-							-
Surplus/ (Deficit) for the year	(36 060)	76 495	-	22 594	104 403	101 764			76 495

Table C4 provides budget performance details for revenue by source and expenditure by type. On revenue, the only revenue accounts that have immaterial variance is transfer and subsidies (with under performance variance of 9%). On expenditure, the only expenditure accounts that have immaterial variance is remuneration of councilors (with under performance variance of 8%), bulk purchase – electricity (with over performance variance of 3%), and other expenditure (with over performance variance of 3%).

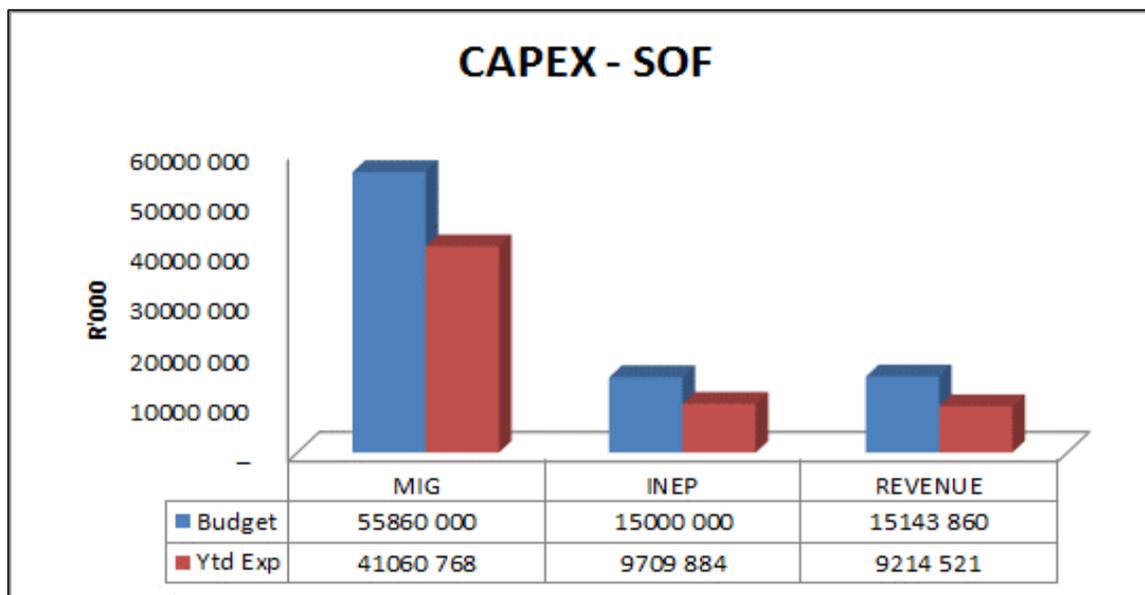
Table C5 Capex: Monthly Capital Expenditure by Standard Classification and Funding

Vote Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter Actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Capital Expenditure - Functional Classification									
Governance and administration	2 091	500	-	-	378	250	128	51%	500
Executive and council	-	-					-		-
Finance and administration	2 091	500			378	250	128	51%	500
Internal audit	-	-					-		-
Community and public safety	181	700	-	-	-	550	(550)	-100%	700
Community and social services	28	-					-		-
Sport and recreation	-	700				550	(550)	-100%	700
Public safety	153	-					-		-
Housing		-					-		-
Health	-	-					-		-
Economic and environmental services	67 241	62 944	-	28 671	44 180	35 072	9 109	26%	62 944
Planning and development	-	-					-		-
Road transport	67 241	62 944		28 671	44 180	35 072	9 109	26%	62 944
Environmental protection		-					-		-
Trading services	11 151	13 158	-	3 765	6 456	6 159	298	5%	13 158
Energy sources	11 151	13 158		3 765	6 456	6 159	298	5%	13 158
Water management		-					-		-
Waste water management		-					-		-
Waste management	-	-					-		-
Other		-					-		-
Total Capital Expenditure - Functional Classification	80 665	77 302	-	32 437	51 015	42 030	8 984	21%	77 302
Funded by:									
National Government	68 895	62 158		23 315	41 305	33 151	8 154	25%	62 158
Provincial Government							-		
District Municipality							-		
Other transfers and grants							-		
Transfers recognised - capital	68 895	62 158	-	23 315	41 305	33 151	8 154	25%	62 158
Public contributions & donations							-		
Borrowing							-		
Internally generated funds	11 770	15 144		9 121	9 710	8 880	830	9%	15 144
Total Capital Funding	80 665	77 302	-	32 437	51 015	42 030	8 984	21%	77 302

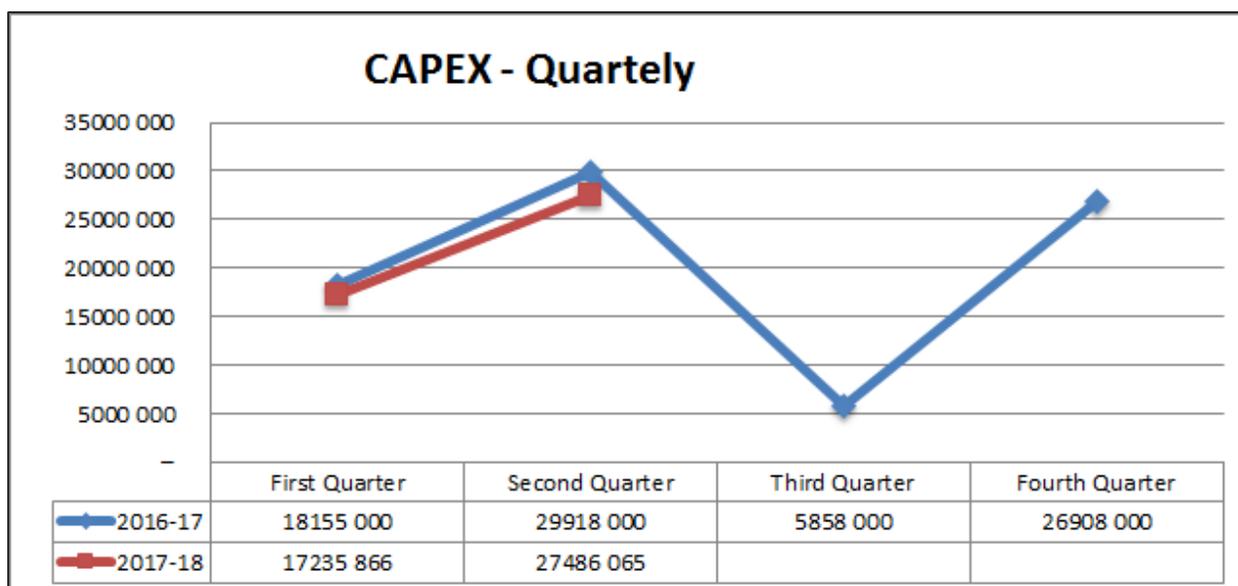
Table C5C: Monthly Capital Expenditure by Vote

Vote Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter Actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Multi-Year expenditure appropriation									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	500	-	-	378	250	128	51%	500
Vote 5 - Community Services	28	500	-	-	-	250	(250)	-100%	500
Vote 6 - Technical Services	50 994	52 539	-	26 707	40 295	30 118	10 177	34%	52 539
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	51 021	53 539	-	26 707	40 673	30 618	10 056	33%	53 539
Single Year expenditure appropriation									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1 508	-	-	-	-	-	-	-	-
Vote 5 - Community Services	153	700	-	-	-	550	(550)	-100%	700
Vote 6 - Technical Services	27 399	23 063	-	5 730	10 342	10 863	(521)	-5%	23 063
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	583	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	29 643	23 763	-	5 730	10 342	11 413	(1 071)	-9%	23 763
Total Capital Expenditure	80 665	77 302	-	32 437	51 015	42 030	8 984	21%	77 302

The above two tables (Table C5 Capex and C5C) present capital expenditure performance by Municipal vote, standard classification and the funding thereof. For second quarter, R32, 437 million spending was incurred on capital budget whilst the year to date actual is R 51, 015 and year to Date budget is R42, 030 million and this gave rise to over performance variance of R8, 984 million that translates to 21%.



The above graph shows the components of sources of finance for capital budget. Of the total capital budget, R55, 860 million (VAT inclusive) is funded from Municipal Infrastructure grant, R15, 000 million (VAT inclusive) from INEP and R15, 000 million from own revenue and the spending per source of finance is presented in the above graph.



The above graph compares the 2016/17 and 2017/18 quarterly capital expenditure performance and the results for second quarter show that the spending is more or less the same for the two financial years.

Table C6: Monthly Budget Statement Financial Position

Description	2016/17	Budget Year 2017/18			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS					
Current assets					
Cash	5 288	4 400		749	4 400
Call investment deposits	15 657	28 568		40 127	28 568
Consumer debtors	20 636	34 600		36 866	34 600
Other debtors	42 835	36 846		61 725	36 846
Current portion of long-term receivables	–	–		–	–
Inventory	3 202	3 200		3 887	3 200
Total current assets	87 618	107 614	–	143 355	107 614
Non current assets					
Long-term receivables	–	–		–	–
Investments	–	–		–	–
Investment property	55 728	96 146		55 728	96 146
Investments in Associate	–	–		–	–
Property, plant and equipment	938 356	957 866		955 360	957 866
Agricultural	–	–		–	–
Biological assets	–	–		–	–
Intangible assets	291	–		291	–
Other non-current assets	12 396	12 786		11 932	12 786
Total non current assets	1 006 770	1 066 797	–	1 023 311	1 066 797
TOTAL ASSETS	1 094 388	1 174 411	–	1 166 666	1 174 411
LIABILITIES					
Current liabilities					
Bank overdraft	–	–		–	–
Borrowing	6 900	8 608		6 900	8 608
Consumer deposits	5 633	5 089		5 243	5 089
Trade and other payables	82 244	45 253		73 719	45 253
Provisions	4 904	1 542		4 640	1 542
Total current liabilities	99 680	60 491	–	90 501	60 491
Non current liabilities					
Borrowing	–	16 500		–	16 500
Provisions	89 811	82 233		92 012	82 233
Total non current liabilities	89 811	98 733	–	92 012	98 733
TOTAL LIABILITIES	189 492	159 224	–	182 513	159 224
NET ASSETS	904 896	1 015 187	–	984 153	1 015 187
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	904 896	1 015 187		984 153	1 015 187
Reserves	–	–		–	–
TOTAL COMMUNITY WEALTH/EQUITY	904 896	1 015 187	–	984 153	1 015 187

The above table shows that community wealth amounts to R984, 153 million, total liabilities R182, 513 million and the total assets R1, 166 billion. Non-current liabilities is mainly made up of provisions for long service award, landfill site and bonus.

Included in the trade and other payables is unspent conditional grants amounting to R6, 780 million relating to MIG, INEP, FMG and EPWP.

Table C7: Monthly Budget Statement Cash Flow

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Second Quarter Actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	20 966	21 177		4 903	9 138	10 589	(1 451)	-14%	21 177
Service charges	69 070	83 078		16 247	31 692	41 539	(9 846)	-24%	83 078
Other revenue	10 066	13 516		12 364	12 516	6 758	5 758	85%	13 516
Government - operating	214 632	226 163		74 988	169 975	113 082	56 893	50%	226 163
Government - capital	83 703	70 860		25 933	54 263	35 430	18 833	53%	70 860
Interest	10 410	5 579		460	967	2 790	(1 823)	-65%	5 579
Dividends	-	-					-		-
Payments									
Suppliers and employees	(308 578)	(320 424)	-	(97 060)	(199 566)	(160 212)	39 354	-25%	(320 424)
Finance charges	(1 426)	(3 124)		(95)	(291)	(1 562)	(1 271)	81%	(3 124)
Transfers and Grants	(521)	(3 724)		(2 617)	(5 810)	(1 862)	3 948	-212%	(3 724)
NET CASH FROM/(USED) OPERATING ACTIVITIES	98 321	93 102	-	35 123	72 884	46 551	(26 333)	-57%	93 102
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-					-		-
Decrease (Increase) in non-current debtors		-					-		-
Decrease (increase) other non-current receivables	(529)	-					-		-
Decrease (increase) in non-current investments		-			-		-		-
Payments									
Capital assets	(80 665)	(77 302)		(26 919)	(51 015)	(42 030)	8 984	-21%	(77 302)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(81 193)	(77 302)	-	(26 919)	(51 015)	(42 030)	8 984	-21%	(77 302)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-					-		-
Borrowing long term/refinancing		-					-		-
Increase (decrease) in consumer deposits	21	111		666	765	56	709	1278%	111
Payments									
Repayment of borrowing	(8 170)	(8 608)		-	(2 702)	(4 304)	(1 601)	37%	(8 608)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(8 149)	(8 497)	-	666	(1 937)	(4 248)	(2 311)	54%	(8 497)
NET INCREASE/ (DECREASE) IN CASH HELD	8 979	7 304	-	8 870	19 932	272			7 304
Cash/cash equivalents at beginning:	11 965	25 664			20 944	25 664			20 944
Cash/cash equivalents at month/year end:	20 944	32 968	-		40 876	25 936			28 248

Table C7 presents details pertaining to cash flow performance. As at end of the second quarter, the net cash inflow from operating activities is R72, 884 million whilst net cash outflow from investing activities is R51, 015 million that is mainly comprised of capital expenditure movement, and cash outflow from financing activities is R1, 937 million. The cash and cash equivalent held at end of December 2017 amounted to R40, 876 million and the net effect of the above cash flows is cash outflow movement of R19, 932 million. The cash and cash equivalent at end of the reporting period of R 40, 879 million is made up of cash amounting to R 749 thousand and short term investment of R40, 127 million as presented in Table A6 under current assets

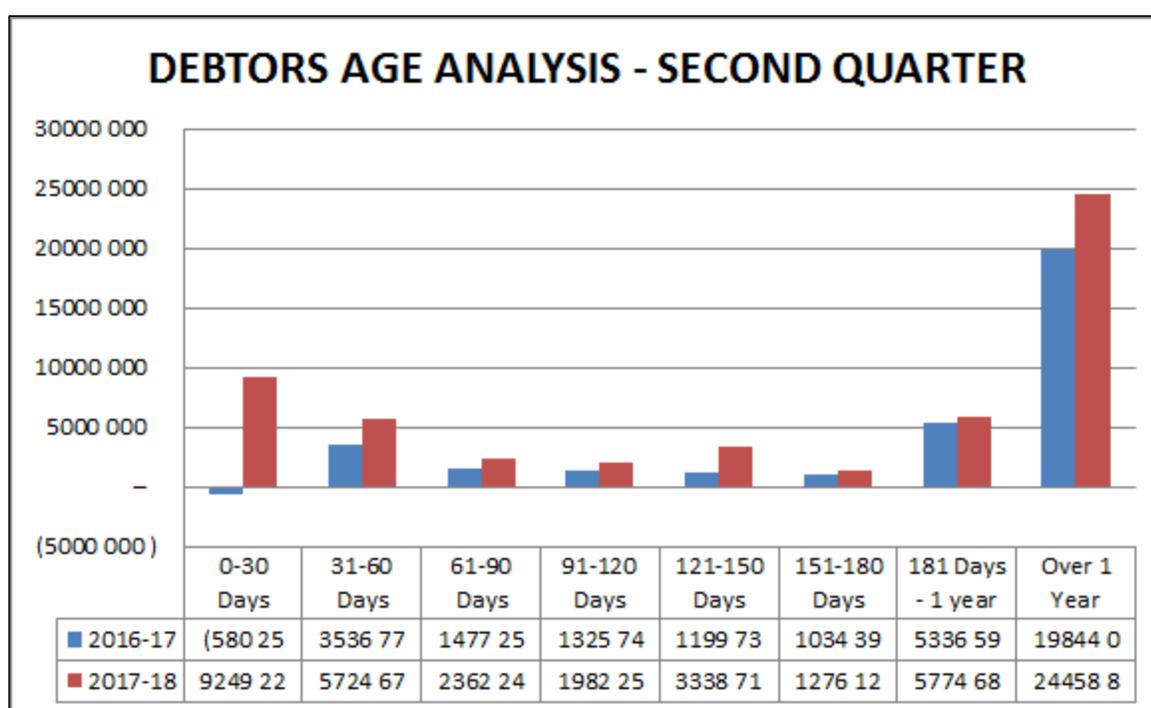
PART 2: SUPPORTING TABLES
Supporting Table: SC 3 - Debtors Age Analysis

Description	Budget Year 2017/18											
	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	Bad Debts Written Off	Impairment - Bad Debts
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water									-	-		
Trade and Other Receivables from Exchange Transactions - Electricity	5 273	3 080	697	295	176	97	1 130	2 170	12 917	3 867		
Receivables from Non-exchange Transactions - Property Rates	2 472	1 510	919	893	1 199	551	2 562	13 463	23 569	18 668		
Receivables from Exchange Transactions - Waste Water Management	-	-	-	-	-	-	-	-	-	-		
Receivables from Exchange Transactions - Waste Management	627	464	367	339	762	200	463	1 589	4 811	3 353		
Receivables from Exchange Transactions - Property Rental Debtors	52	50	7	1	2	56	219	831	1 218	1 109		
Interest on Arrear Debtor Accounts	576	521	495	466	933	404	2 120	8 169	13 685	12 092		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-		
Other	250	99	(122)	(13)	265	(30)	(720)	(1 762)	(2 033)	(2 259)		
Total By Income Source	9 249	5 725	2 362	1 982	3 339	1 276	5 775	24 459	54 167	36 831	-	-
2016/17 - totals only	(580)	3 537	1 477	1 326	1 200	1 034	5 337	19 844	33 174	28 740		
Debtors Age Analysis By Customer Group												
Organs of State	483	394	70	108	82	49	449	1 609	3 244	2 298		
Commercial	4 864	3 102	848	499	468	247	883	3 976	14 886	6 072		
Households	2 897	1 778	856	814	2 168	429	1 316	6 868	17 126	11 595		
Other	1 006	450	589	562	620	551	3 127	12 006	18 910	16 865		
Total By Customer Group	9 249	5 725	2 362	1 982	3 339	1 276	5 775	24 459	54 167	36 831	-	-

Supporting table SC3 provides a breakdown of the debtors. The outstanding debtors as at end of second quarter amount to R54, 166 million. The debtors' book is made up as follows:

- Rates 44%
- Electricity 24%
- Rental 2%
- Refuse removal 9%
- Interest on Debtors 25%
- Other -4%

The debtors' age analysis is graphically presented below.



The initial graph compares debtors' age analysis for 2016/17 financial year and 2017/18 (as at end of Second quarter).

Below is list of top twenty debtors that contribute significantly to the ever growing debt book.

TOP TWENTY DEBTORS

ACCOUNT NO	ACCOUNT HOLDER NAME	OUTSTANDING BALANCE	TOTAL	HAND OVER
9012345	BREED J & OOSTHUIZEN J F	R	909 407.50	N
1501364	JAN JOUBERT TR (JO JO TANKS)	R	707 083.23	N
200106	ANABEL AND T INVESTMENTS (WALTLOOM)	R	493 736.13	N
214913	MEAT SPOT	R	482 105.84	N
9005301	TWIN CITY TRADING (PTY) LTD	R	466 802.11	N
9900028	ELIAS MOTSOLEDI (OFFICE)	R	379 189.20	Y
9000000	REPUBLIEK VAN SUID-AFRIKA	R	371 355.02	Y
9001077	ROYAL SQUARE INV 361 CC	R	323 921.87	Y
9000804	NATIONAL GOVERNMENT REPUBLIC OF SO	R	276 242.02	Y
201885	SHOPRITE CHECKERS (PTY) LTD	R	269 256.19	N
9900067	WATER PURIFICATION PLANT (SDM)	R	257 901.07	Y
1200305	BUNGELA LAMOLA BOTTLE STORE	R	178 872.40	N
5001708	UNITRADE 518 (PTY) LTD	R	174 189.57	Y
9002958	PROVINCIAL GOVERNMENT OF LIMPO	R	170 989.06	N
136	LIZINEX (PTY) LTD	R	159 715.12	N
9000802		R	153 376.46	Y
2913	SHOPRITE/CHECKERS	R	150 288.64	Y
9002065	GOVERNMENT OF KWANDEBELE	R	149 653.80	N
9002067	NATIONAL GOVERNMENT OF THE REP	R	146 158.27	N
37850	WORLD WATCH TRADING 136 CC	R	144 859.73	Y
TOTAL		R	6 365 103.23	

Supporting Table: SC 4 - Creditors Age Analysis

Description	Budget Year 2017/18								Total	Prior year totals for chart
	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		
Creditors Age Analysis By Customer Type										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	-	-	-	-	-	-	-	-	-	-
Auditor General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	-	-	-	-	-	-	-	-	-	-

Supporting table SC4 provides creditors age analysis. In terms of section 65 of the MFMA all creditors must be paid within 30 days of receiving an invoice. All creditors for the quarter were paid within the stipulated period of thirty days and no creditors were outstanding for more than 30 days, hence the age analysis table is blank.

Supporting Table: SC 5 - Investment Portfolio

Investments by ID	Period	Type of Investment	Expiry date	Accrued interest	Percentage Interest	MV - Opening	Change in MV	MV - Closing
VBS	21-Jul-17	Short term	20-Oct-18	83	7.95%	20 318	(20 401)	-
NEDBANK	7-Sep-17	Short term	6-Nov-17	102	7.47%	10 049	(10 152)	-
VBS	18-Dec-17	Short term	18-Feb-18	94	7.47%		30 000	30 094
VBS	15-Dec-17	Short term	15-Jan-18	33	6.89%		10 000	10 033
TOTAL INVESTMENTS AND INTEREST				312		30 367	9 448	40 127

Supporting table SC5 presents all investments that indicate that the total amount of R40, 127 million had been invested as at end of second quarter. The opening balance for the quarter was R30, 367 million, and an amount of R30, 533 million was withdrawn in the reporting period whilst additional amount of R40 million was invested. Accrued interest for the quarter amounted to R312 thousand as per table C4.

Supporting Table: SC 6 - Transfers and Grant Receipts

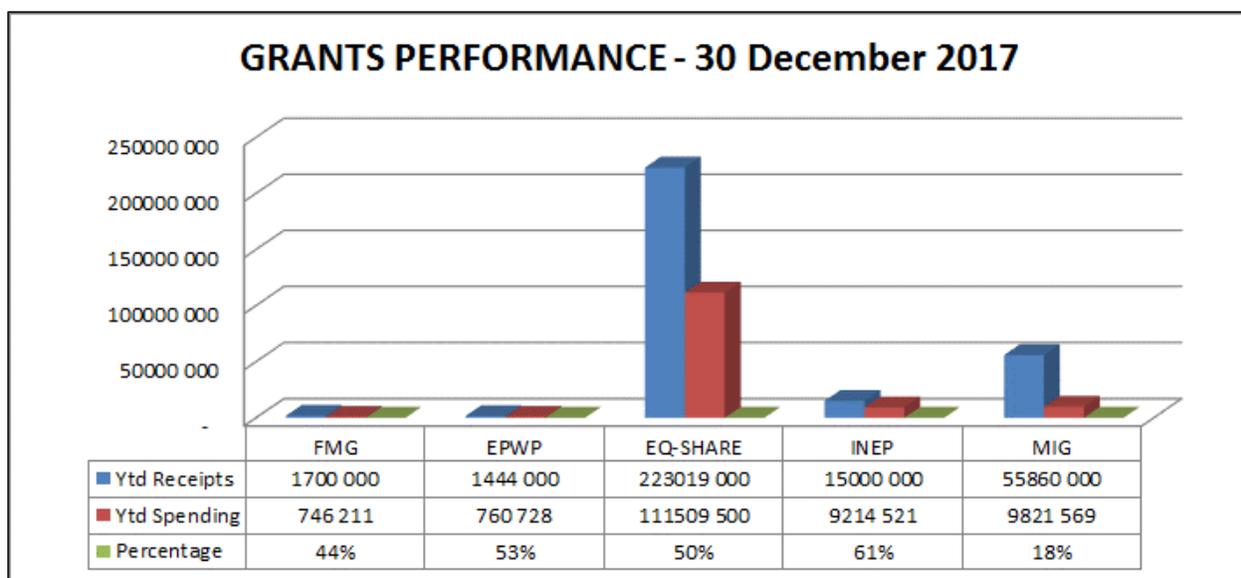
Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
RECEIPTS:									
Operating Transfers and Grants									
National Government:	213 105	226 163	-	74 988	169 975	95 636	74 339	78%	226 163
Local Government Equitable Share	210 385	223 019	-	74 339	167 265	92 926	74 339	80%	223 019
Finance Management	1 625	1 700	-	-	1 700	1 700			1 700
EPWP Incentive	1 095	1 444	-	649	1 010	1 010			1 444
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	213 105	226 163	-	74 988	169 975	95 636	74 339	78%	226 163
Capital Transfers and Grants									
National Government:	85 419	70 860	-	25 933	54 263	33 330	20 933	63%	70 860
Municipal Infrastructure Grant (MIG)	72 419	55 860	-	15 933	39 263	23 330	15 933	68%	55 860
Intergrated National Electrification Grant	13 000	15 000	-	10 000	15 000	10 000	5 000	50%	15 000
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	85 419	70 860	-	25 933	54 263	33 330	20 933	63%	70 860
TOTAL RECEIPTS OF TRANSFERS & GRANTS	298 524	297 023	-	100 921	224 238	128 966	95 272	74%	297 023

Supporting tables SC6 provides details of grants received. The year to date actual receipts amounts to R224, 238 million of which the major portion is attributed to equitable share. In the reporting period, all gazetted grants were received according to National Treasury's grants payment schedule.

Supporting Table: SC 7 Transfers and grants – Expenditure

Description	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
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	214 632	226 163	-	56 763	113 016	112 970	46	0%	226 163
Local Government Equitable Share	211 912	223 019		55 755	111 510	111 510	-		223 019
Finance Management	1 625	1 700		621	746	720	26	4%	1 700
EPWP Incentive	1 095	1 444		387	761	741	20	3%	1 444
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A	-	-		-	-	-	-		-
District Municipality:	-	-	-	-	-	-	-	-	-
N/A	-	-		-	-	-	-		-
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A	-	-		-	-	-	-		-
Total operating expenditure of Transfers and Grants:	214 632	226 163	-	56 763	113 016	112 970	46	0%	226 163
Capital expenditure of Transfers and Grants									
National Government:	68 874	70 860	-	26 369	50 275	33 694	16 581	49%	70 860
Municipal Infrastructure Grant (MIG)	56 064	55 860		22 052	41 061	26 992	14 068	52%	55 860
Intergrated National Electrification Grant	12 811	15 000		4 318	9 215	6 702	2 513	37%	15 000
Provincial Government:	-	-	-	-	-	-	-	-	-
N/A	-	-		-	-	-	-		-
District Municipality:	-	-	-	-	-	-	-	-	-
N/A	-	-		-	-	-	-		-
Other grant providers:	-	-	-	-	-	-	-	-	-
N/A	-	-		-	-	-	-		-
Total capital expenditure of Transfers and Grants	68 874	70 860	-	26 369	50 275	33 694	16 581	49%	70 860
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	283 507	297 023	-	83 133	163 292	146 664	16 628	11%	297 023

An amount of R83, 133 million has been spent on grants during the second quarter and the year to date budget amount to R146, 664 million and this resulted in over spending variance of R16, 628 million that translates to 11%. Of the total spending amounting to R83, 133 million, R56, 763 million is spent on operational grants whilst R26, 369 million is spent of capital grants.



The above graph depicts the gazetted and/or budgeted amounts for all the grants and the expenditure thereof as at end of second quarter. The grants expenditure is shown below in percentages:

- Financial Management Grant 44%
- Expanded Public Work Programme 53%
- Equitable Share 50%
- Municipal Infrastructure Grant 18%
- Integrated National Electrification Grant 61%

Supporting Table: SC8 - Councilor Allowances and Employee Related Costs

Summary of Employee and Councillor remuneration	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
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	12 363	14 748		3 005	6 015	7 374	(1 359)	-18%	14 748
Pension and UIF Contributions	1 691	1 670		431	863	835	28	3%	1 670
Medical Aid Contributions	250	285		73	139	143	(4)	-3%	285
Motor Vehicle Allowance	4 672	4 788		1 169	2 339	2 394	(55)	-2%	4 788
Cellphone Allowance	1 146	612		406	811	306	505	165%	612
Housing Allowances	-	-		-	-	-	-	-	-
Other benefits and allowances	-	9		-	-	5	(5)	-100%	9
Sub Total - Councillors	20 122	22 113	-	5 084	10 167	11 056	(890)	-8%	22 113
% increase		10%							10%
Senior Managers of the Municipality									
Basic Salaries and Wages	5 416	4 745		1 164	2 299	2 372	(74)	-3%	4 745
Pension and UIF Contributions	317	1 021		73	145	511	(365)	-72%	1 021
Medical Aid Contributions	6	228		21	45	114	(69)	-61%	228
Overtime	-	-		-	-	-	-	-	-
Performance Bonus	-	-		-	-	-	-	-	-
Motor Vehicle Allowance	457	840		187	386	420	(34)	-8%	840
Cellphone Allowance	5	14		13	23	7	16	222%	14
Housing Allowances	-	-		-	-	-	-	-	-
Other benefits and allowances	130	75		166	257	74	183	246%	75
Payments in lieu of leave	-	-		-	82	85	(3)	-3%	-
Long service awards	-	-		-	-	-	-	-	-
Post-retirement benefit obligations	-	-		-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	6 331	6 923	-	1 624	3 238	3 584	(346)	-10%	6 923
% increase		9%							9%
Other Municipal Staff									
Basic Salaries and Wages	68 064	78 939		30 517	42 729	39 470	3 259	8%	78 939
Pension and UIF Contributions	14 452	14 523		6 273	8 772	7 262	1 511	21%	14 523
Medical Aid Contributions	4 235	4 340		1 879	2 578	2 170	408	19%	4 340
Overtime	2 835	1 595		883	1 297	633	664	105%	1 595
Performance Bonus	-	-		-	-	-	-	-	-
Motor Vehicle Allowance	7 995	8 062		3 642	5 101	4 031	1 070	27%	8 062
Cellphone Allowance	116	636		194	265	318	(53)	-17%	636
Housing Allowances	152	145		68	94	72	22	30%	145
Other benefits and allowances	7 651	7 333		6 491	6 632	6 920	(288)	-4%	7 333
Payments in lieu of leave	54	802		142	358	322	36	11%	802
Long service awards	3 741	162		101	313	96	218	228%	162
Post-retirement benefit obligations	962	-		-	-	-	-	-	-
Sub Total - Other Municipal Staff	110 255	116 537	-	50 190	68 139	61 293	6 846	11%	116 537
% increase		6%							6%
Total Parent Municipality	136 708	145 573	-	56 898	81 543	75 933	5 610	7%	145 573
		6%							6%
TOTAL SALARY, ALLOWANCES & BENEFITS	136 708	145 573	-	56 898	81 543	75 933	5 610	7%	145 573
% increase		6%							6%
TOTAL MANAGERS AND STAFF	116 586	123 460	-	51 814	71 377	64 877	6 500	10%	123 460

Table SC8 provides details for Remuneration of Councilors and Employee related cost. The total salaries, allowances and benefits paid for second quarter amounts to R56, 898 million and the expenditure for remuneration of councilors for the quarter amounts to R5, 084 million, while the year to date actual expenditure on senior managers is R1, 624 million and that of other municipal staff is R50, 190 million. The year to date budget for both remuneration of councilors and employee related cost is R75, 933 million giving rise to over spending variance of R5, 610 million and that translates to 7%.

Description	Budget Year 2017/18				2017/18 Medium Term Revenue		
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Budget	Budget	Budget
	Outcome	Outcome	Budget	Budget	Year	Year +1	Year +2
Cash Receipts By Source							
Property rates	4 108	5 097	5 294	6 678	21 177	22 384	23 638
Service charges - electricity revenue	14 587	15 401	22 541	26 241	78 770	81 133	83 729
Service charges - water revenue	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–
Service charges - refuse	858	933	1 230	1 287	4 308	4 553	4 808
Service charges - other	–	–	–	–	–	–	–
Rental of facilities and equipment	74	67	460	1 334	1 935	2 046	2 160
Interest earned - external investments	289	190	858	2 364	3 701	3 912	4 132
Interest earned - outstanding debtors	218	269	393	998	1 878	1 985	2 096
Dividends received	–	–	–	–	–	–	–
Fines, penalties and forfeits	31	35	1 103	3 332	4 500	4 757	5 023
Licences and permits	805	821	1 293	2 181	5 100	5 391	5 693
Agency services	–	–	–	–	–	–	–
Transfer receipts - operating	94 987	74 988	56 189	(1)	226 163	238 214	247 841
Other revenue	3 505	12 285	495	(14 305)	1 981	2 094	2 211
Cash Receipts by Source	119 463	110 085	89 856	30 110	349 514	366 469	381 331
Other Cash Flows by Source							
Transfer receipts - capital	28 330	25 933	10 816	5 781	70 860	69 013	86 340
Contributions & Contributed assets	–	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–
Increase in consumer deposits	99	666	34	(688)	111	142	168
Receipt of non-current debtors	–	–	–	–	–	–	–
Receipt of non-current receivables	–	–	–	–	–	–	–
Change in non-current investments	–	–	–	–	–	–	–
Total Cash Receipts by Source	147 892	136 684	100 706	35 203	420 485	435 624	467 839
Cash Payments by Type							
Employee related costs	28 722	34 444	29 612	30 683	123 460	130 069	137 325
Remuneration of councillors	5 083	5 084	5 528	6 099	21 794	23 036	24 326
Interest paid	196	95	774	2 059	3 124	790	645
Bulk purchases - Electricity	14 269	16 217	17 662	21 017	69 165	69 937	73 853
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–
Other materials	2 800	3 802	2 892	4 003	13 497	14 795	15 623
Contracted services	18 426	13 215	5 859	(12 150)	25 350	23 279	23 118
Grants and subsidies paid - other municipalities	–	–	–	–	–	–	–
Grants and subsidies paid - other	3 194	2 617	931	(3 017)	3 724	3 936	4 156
General expenses	33 206	18 197	12 909	(15 610)	48 703	46 114	47 108
Cash Payments by Type	105 895	93 670	76 168	33 083	308 817	311 956	326 154
Other Cash Flows/Payments by Type							
Capital assets	19 514	33 619	21 632	2 538	77 302	84 306	91 111
Repayment of borrowing	1 659	628	2 118	4 203	8 608	6 000	6 000
Other Cash Flows/Payments	6 432	3 197	3 650	5 177	18 455	18 576	26 322
Total Cash Payments by Type	133 499	131 113	103 567	45 001	413 181	420 837	449 586
NET INCREASE/(DECREASE) IN CASH HELD	14 393	5 570	(2 861)	(9 798)	7 304	14 787	18 253
Cash/cash equivalents at the month/year beginning:	195 923	52 147	64 635	54 855	20 913	28 217	43 004
Cash/cash equivalents at the month/year end:	210 316	57 717	61 774	45 057	28 217	43 004	61 256

Supporting table SC9 provides detailed monthly cash flow statement that presents out the receipts by source and payments by type. The second quarter cash receipts reflect an amount of R136, 684 million and the total cash payment is R131, 113 million. This is a supporting table for table C7 – Cash Flow Statement.

Supporting Table: SC 12 Capital Expenditure Trend

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of OB
July	5 226	1 624		935	935	1 624	689	42%	1%
August	4 483	4 590		3 028	3 963	6 214	2 251	36%	5%
September	8 406	7 000		13 273	17 236	13 214	(4 021)	-30%	22%
Quarter 1	18 115	13 214		17 236	22 134	21 053	(1 081)	48%	29%
October	16 242	8 227		3 283	20 519	21 442	923	4%	27%
November	10 577	9 672		9 287	29 806	31 114	1 308	4%	39%
December	3 099	10 917		14 916	44 722	42 030	(2 691)	-6%	58%
Quarter 2	29 918	28 816		27 486	95 047	94 586	(461)	2%	123%
January	1 128	6 450				48 480	-		
February	2 237	8 552				57 032	-		
March	2 493	6 630				63 662	-		
Quarter 3	5 858	21 632				169 174	-		
April	3 626	4 221				67 883			
May	3 992	4 180				72 063			
June	19 290	5 239				77 302			
Quarter 4	26 908	13 640				217 248			-
Total Capital expenditure	80 799	77 302	-	44 722					

Supporting table SC12 provides information on the monthly trends for capital expenditure and this tables serves as a supporting table for table C5. In terms of this table the capital expenditure for second quarter amounts to R27, 486 million. The year to date capital budget is R94, 586 million that gives rise to over spending variance of R461 thousand or 2%.

Supporting Table: SC 13(a) Capital Expenditure on New Assets

Description	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
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	32 884	32 281	-	15 541	22 108	15 843	(6 266)	-40%	32 281
Roads Infrastructure	21 733	19 123	-	11 776	15 652	9 684	(5 968)	-62%	19 123
Roads	21 733	19 123		11 776	15 652	9 684	(5 968)	-62%	19 123
Road Structures		-					-		-
Electrical Infrastructure	11 151	13 158	-	3 765	6 456	6 159	(298)	-5%	13 158
HV Substations		-					-		-
HV Switching Station		-					-		-
HV Transmission Conductors	11 151	13 158		3 765	6 456	6 159	(298)	-5%	13 158
Community Assets	-	300	-	-	-	150	150	100%	300
Community Facilities	-	300	-	-	-	150	150	100%	300
Halls		-					-		-
Centres		-					-		-
Crèches		-					-		-
Clinics/Care Centres		-					-		-
Fire/Ambulance Stations		-					-		-
Testing Stations		-					-		-
Museums		-					-		-
Galleries		-					-		-
Theatres		-					-		-
Libraries		-					-		-
Cemeteries/Crematoria		-					-		-
Police		-					-		-
Purls		-					-		-
Public Open Space	-	300				150	150	100%	300
Nature Reserves		-					-		-
Public Ablution Facilities		-					-		-
Other assets	1 298	-	-	-	-	-	-		-
Operational Buildings	1 298	-	-	-	-	-	-		-
Municipal Offices	583	-					-		
Building Plan Offices		-					-		
Workshops	715	-					-		
Computer Equipment	1 168	300	-	-	218	150	(68)	-45%	300
Computer Equipment	1 168	300			218	150	(68)	-45%	300
Furniture and Office Equipment	340	200	-	-	160	100	(60)	-60%	200
Furniture and Office Equipment	340	200			160	100	(60)	-60%	200
Machinery and Equipment	2 100	600	-	26	142	550	408	74%	600
Machinery and Equipment	2 100	600		26	142	550	408	74%	600
Transport Assets	2 253	700	-	-	-	400	400	100%	700
Transport Assets	2 253	700				400	400	100%	700
Total Capital Expenditure on new assets	40 043	34 381	-	15 567	22 629	17 193	(5 436)	-32%	34 381

Supporting Table: SC 13(b) Capital Expenditure on Renewal of Existing Assets

Description	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
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	37 997	38 474	-	10 716	22 138	22 160	22	0%	38 474
Roads Infrastructure	37 997	38 474	-	10 716	22 138	22 160	22	0%	38 474
Roads	37 997	38 474		10 716	22 138	22 160	22	0%	38 474
Road Structures									
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Power Plants									
HV Substations									
HV Switching Station									
Community Assets	1 694	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Halls									
Centres									
Crèches									
Sport and Recreation Facilities	1 694	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities	1 694	-							
Capital Spares									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Other assets	932	500	-	-	-	250	250	100%	500
Operational Buildings	932	500	-	-	-	250	250	100%	500
Municipal Offices	-	500				250	250	100%	500
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres	932	-							
Manufacturing Plant									
Depots									
Capital Spares									
Housing									
Total Capital Expenditure on renewal of existing assets	40 622	38 974	-	10 716	22 138	22 410	272	1%	38 974

Supporting Table: SC 13(c) Repairs and Maintenance Expenditure

Description	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
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	4 633	6 700	-	2 880	5 044	4 170	(874)	-21%	6 700
Roads Infrastructure	946	2 500	-	1 699	2 955	1 790	(1 165)	-65%	2 500
Roads	946	2 500		1 699	2 955	1 790	(1 165)	-65%	2 500
Road Structures		-		-	-	-	-		-
Electrical Infrastructure	1 802	1 900	-	495	967	1 220	253	21%	1 900
MV Substations		-		-	-	-	-		-
MV Networks	1 802	1 800		495	967	1 170	203	17%	1 800
Capital Spares		100		-	-	50	50	100%	100
Solid Waste Infrastructure	1 885	2 300	-	686	1 123	1 160	37	3%	2 300
Landfill Sites	1 885	2 150		686	1 123	1 110	(13)	-1%	2 150
Waste Drop-off Points		-		-	-	-	-		-
Electricity Generation Facilities		-		-	-	-	-		-
Capital Spares		150		-	-	50	50	100%	150
Community Assets	-	-	-	-	-	-	-		-
Community Facilities	-	-	-	-	-	-	-		-
Halls		-		-	-	-	-		-
Centres		-		-	-	-	-		-
Crèches		-		-	-	-	-		-
Clinics/Care Centres		-		-	-	-	-		-
Fire/Ambulance Stations		-		-	-	-	-		-
Testing Stations		-		-	-	-	-		-
Museums		-		-	-	-	-		-
Galleries		-		-	-	-	-		-
Theatres		-		-	-	-	-		-
Libraries		-		-	-	-	-		-
Cemeteries/Crematoria		-		-	-	-	-		-
Police		-		-	-	-	-		-
Purls		-		-	-	-	-		-
Other assets	1 432	1 300	-	-	12	590	578	98%	1 300
Operational Buildings	1 432	1 300	-	-	12	590	578	98%	1 300
Municipal Offices	1 432	1 300		-	12	590	578	98%	1 300
Pay/Enquiry Points		-		-	-	-	-		-
Building Plan Offices		-		-	-	-	-		-
Workshops		-		-	-	-	-		-
Yards		-		-	-	-	-		-
Stores		-		-	-	-	-		-
Laboratories		-		-	-	-	-		-
Training Centres		-		-	-	-	-		-
Manufacturing Plant		-		-	-	-	-		-
Depots		-		-	-	-	-		-
Capital Spares		-		-	-	-	-		-
Intangible Assets	82	100	-	10	14	20	6	28%	100
Licences and Rights	82	100		10	14	20	6	28%	100
Computer Software and Applications	82	100		10	14	20	6	28%	100
Load Settlement Software Applications		-		-	-	-	-		-
Machinery and Equipment	2 405	1 711	-	-	3	943	940	100%	1 711
Machinery and Equipment	2 405	1 711		-	3	943	940	100%	1 711
Transport Assets	1 800	1 500	-	320	515	1 070	555	52%	1 500
Transport Assets	1 800	1 500		320	515	1 070	555	52%	1 500
Total Repairs and Maintenance Expenditure	10 353	11 311	-	3 210	5 588	6 793	1 205	18%	11 311

Supporting Table: SC 13(d) Depreciation and asset impairment

Description	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
Depreciation by Asset Class/Sub-class									
Infrastructure	34 968	45 835	-	-	-	22 917	22 917	100%	45 835
Roads Infrastructure	34 480	25 298	-	-	-	12 649	12 649	0	25 298
Roads	34 480	25 298				12 649	12 649	0	25 298
Road Structures		-				-	-		-
Road Furniture		-				-	-		-
Capital Spares		-				-	-		-
Storm water Infrastructure	-	5 746	-	-	-	2 873	2 873	0	5 746
Drainage Collection		-				-	-		-
Storm water Conveyance	-	5 746				2 873	2 873	0	5 746
Attenuation		-				-	-		-
Electrical Infrastructure	-	12 398	-	-	-	6 199	6 199	0	12 398
Power Plants		-				-	-		-
HV Substations		-				-	-		-
HV Switching Station		-				-	-		-
HV Transmission Conductors	-	12 398				6 199	6 199	0	12 398
MV Substations		-				-	-		-
MV Switching Stations		-				-	-		-
MV Networks		-				-	-		-
LV Networks		-				-	-		-
Capital Spares		-				-	-		-
Solid Waste Infrastructure	488	2 392	-	-	-	1 196	1 196	0	2 392
Landfill Sites	488	2 392				1 196	1 196	0	2 392
Community Assets	2 129	2 231	-	-	-	1 115	1 115	0	2 231
Community Facilities	2 129	2 231	-	-	-	1 115	1 115	0	2 231
Halls		-				-	-		-
Centres		-				-	-		-
Crèches		-				-	-		-
Clinics/Care Centres		-				-	-		-
Fire/Ambulance Stations		-				-	-		-
Testing Stations		-				-	-		-
Museums		-				-	-		-
Galleries		-				-	-		-
Theatres		-				-	-		-
Libraries		-				-	-		-
Cemeteries/Crematoria	2 129	2 231				1 115	1 115	0	2 231
Police		-				-	-		-
Purils		-				-	-		-
Public Open Space		-				-	-		-
Nature Reserves		-				-	-		-
Other assets	2 978	120	-	-	-	60	60	0	120
Operational Buildings	2 978	120	-	-	-	60	60	0	120
Municipal Offices	2 978	120				60	60	0	120
Computer Software and Applications	205	-				-	-		-
Computer Equipment	953	21	-	-	-	10	10	0	21
Computer Equipment	953	21				10	10	0	21
Furniture and Office Equipment	1 518	26	-	-	-	13	13	0	26
Furniture and Office Equipment	1 518	26				13	13	0	26
Machinery and Equipment	1 323	2 080	-	-	-	1 040	1 040	0	2 080
Machinery and Equipment	1 323	2 080				1 040	1 040	0	2 080
Transport Assets	3 924	888	-	-	-	444	444	0	888
Transport Assets	3 924	888				444	444	0	888
Total Depreciation	47 998	51 200	-	-	-	25 600	25 600	0	51 200

Supporting Table: SC 13(e) Capital Expenditure on upgrading of Existing Assets

Description	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
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	-	-	-
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-
Road Structures	-	-	-	-	-	-	-	-	-
Road Furniture	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Attenuation	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Power Plants	-	-	-	-	-	-	-	-	-
HV Substations	-	-	-	-	-	-	-	-	-
HV Switching Station	-	-	-	-	-	-	-	-	-
HV Transmission Conductors	-	-	-	-	-	-	-	-	-
MV Substations	-	-	-	-	-	-	-	-	-
MV Switching Stations	-	-	-	-	-	-	-	-	-
MV Networks	-	-	-	-	-	-	-	-	-
LV Networks	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Waste Processing Facilities	-	-	-	-	-	-	-	-	-
Waste Drop-off Points	-	-	-	-	-	-	-	-	-
Waste Separation Facilities	-	-	-	-	-	-	-	-	-
Electricity Generation Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	1 750	6 132	-	(6 132)	0%	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	1 750	6 132	-	(6 132)	0%	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	1 750	6 132	-	(6 132)	0%	-
Capital Spares	-	-	-	-	-	-	-	-	-
Other assets	-	3 947	-	-	115	2 427	2 312	95%	3 947
Operational Buildings	-	3 947	-	-	115	2 427	2 312	95%	3 947
Municipal Offices	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	3 947	-	-	115	2 427	2 312	95%	3 947
Yards	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	-	3 947	-	1 750	6 248	2 427	(3 820)	-157%	3 947

Supporting table SC13a, SC13b and SC13e provide details of capital expenditure in terms of asset classification based on new assets, renewal and upgrading of existing assets; while table

SC13c provide details of expenditure performance on repairs and maintenance by asset classification and Table SC13d presents expenditure on depreciation and asset impairment. These tables present the capital programme, and assets management and performance of the Municipality.

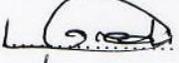
The total expenditure for new capital projects amounts to R22, 629 million and the year to date budget is R17, 193 million which reflects over spending variance of R5, 436 million that translates to 32% variance. The year to date actuals on renewal of existing assets amounts R22, 138 million and with the year to date budget of R22, 410 million and this reflects under spending variance of R 272 thousand that translates to 1% variance. The year to date actual expenditure on repairs and maintenance is R5, 588 million and the year to date budget is R6, 793 million, reflecting under spending variance of R1, 205 million that translates to 18%. The year to date actual expenditure on upgrading of existing assets is R6, 248 million and the year to date budget is R2, 427 million, reflecting over spending variance of R3, 820 million that translates to 157%.

The depreciation and asset impairment will only have actuals once the integration between Asset management system and core financial system is done and this is one of the requirements for implementation of mSCOA. This is basically mean that the municipality is not complying with some of mSCOA requirements.

Quality certificate

I, **RAMAKGAHLELA MINAH MAREDI**, the Municipal Manager of **ELIAS MOTSOLEDI LOCAL MUNICIPALITY**, hereby certify that the quarterly budget statement report and supporting documentation for quarter ending December 2017 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Municipal Manager of Elias Motsoaledi Local Municipality (LIM 472)

Signature 

Date 26/01/2018