

**MKHAMBATHINI  
LOCAL  
MUNICIPALITY  
KZN226**



**QUARTERLY FINANCIAL REPORT  
MFMA SECTION 52(d)  
September  
2017/2018**

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## 1. PURPOSE

In terms of Section 52(d) the Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of the municipality.” The main purpose of this report therefore is to adhere to the legislation highlighted above and provide the feedback for the implementation of council approved budget relating to the first quarter to the Mayor and Council.

## 2. BACKGROUND

### Strategic Objective

“To ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.”

Section 52 of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Financial Management Act 2003, Municipal Budget and Reporting Regulations” necessitates that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance.

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, taking into account any guidelines issued by the Minister in terms of Section 168 (1) of the MFMA Act.

Further, Section 31(1) of the Government Gazette No. 32141 of 17 April 2009 prescribes that the Mayor’s quarterly report on the implementation of the budget and financial state of affairs of the municipality as required by Section 52(d) of the MFMA must be:-

- in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168(1) of the MFMA; and
- consistent with the monthly budget statement for September, December, March and June as applicable; and
- submitted to the National Treasury and the relevant Provincial Treasury **within five days of tabling of the report in the council.**

Therefore the quarterly report is table for your consideration.

### 3. In – year reporting schedules – C schedules

**3.1 Table C1 – Indicates the summary of all monthly budget statements at the end of the quarter.**

**KZN226 Mkhambathini - Table C1 Monthly Budget Statement Summary - Q1 First Quarter**

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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	12,663	13,435	–	1,053	2,124	3,359	(1,235)	-37%	13,435
Service charges	500	531	–	41	83	133	(50)	-38%	531
Investment revenue	2,467	2,618	–	311	367	654	(287)	-44%	2,618
Transfers and subsidies	66,111	63,487	–	25	21,328	21,328	–		63,487
Other own revenue	6,441	6,832	–	651	1,803	1,708	95	6%	6,832
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>88,182</b>	<b>86,903</b>	<b>–</b>	<b>2,081</b>	<b>25,704</b>	<b>27,182</b>	<b>(1,478)</b>	<b>-5%</b>	<b>86,903</b>
Employee costs	27,056	32,247	–	2,384	6,695	8,062	(1,367)	-17%	32,247
Remuneration of Councillors	5,088	5,398	–	379	1,184	1,350	(166)	-12%	5,398
Depreciation & asset impairment	6,000	6,100	–	508	1,525	1,525	–		6,100
Finance charges	184	196	–	–	–	–	–		196
Materials and bulk purchases	–	–	–	–	–	–	–		–
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	45,964	42,820	–	1,843	1,977	10,705	(8,728)	-82%	42,820
<b>Total Expenditure</b>	<b>84,292</b>	<b>86,761</b>	<b>–</b>	<b>5,114</b>	<b>11,381</b>	<b>21,641</b>	<b>(10,260)</b>	<b>-47%</b>	<b>86,761</b>
<b>Surplus/(Deficit)</b>	<b>3,890</b>	<b>142</b>	<b>–</b>	<b>(3,033)</b>	<b>14,323</b>	<b>5,541</b>	<b>8,783</b>	<b>159%</b>	<b>142</b>
Transfers and subsidies - capital (monetary alloc	15,626	16,285	–	790	2,061	4,071	(2,010)	-49%	16,285
Contributions & Contributed assets	–	–	–	–	–	–	–		–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>19,516</b>	<b>16,427</b>	<b>–</b>	<b>(2,243)</b>	<b>16,384</b>	<b>9,612</b>	<b>6,772</b>	<b>70%</b>	<b>16,427</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
<b>Surplus/ (Deficit) for the year</b>	<b>19,516</b>	<b>16,427</b>	<b>–</b>	<b>(2,243)</b>	<b>16,384</b>	<b>9,612</b>	<b>6,772</b>	<b>70%</b>	<b>16,427</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>20,397</b>	<b>22,985</b>	<b>–</b>	<b>790</b>	<b>2,851</b>	<b>5,746</b>	<b>(2,896)</b>	<b>-50%</b>	<b>22,985</b>
Capital transfers recognised	15,626	16,285	–	790	790	4,071	(3,282)	-81%	16,285
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	4,771	6,700	–	–	2,061	1,675	386	23%	6,700
<b>Total sources of capital funds</b>	<b>20,397</b>	<b>22,985</b>	<b>–</b>	<b>790</b>	<b>2,851</b>	<b>5,746</b>	<b>(2,896)</b>	<b>-50%</b>	<b>22,985</b>
<b>Financial position</b>									
Total current assets	20,410	35,673	–		100,934				35,673
Total non current assets	133,465	129,248	–		106,315				129,248
Total current liabilities	7,800	8,000	–		23,865				8,000
Total non current liabilities	2,600	2,800	–		–				2,800
<b>Community wealth/Equity</b>	<b>143,475</b>	<b>154,121</b>	<b>–</b>		<b>183,384</b>				<b>154,121</b>
<b>Cash flows</b>									
Net cash from (used) operating	24,722	22,609	–	(18,048)	3,266	13,277	10,011	75%	22,609
Net cash from (used) investing	(19,426)	(22,985)	–	(790)	(2,851)	(5,746)	(2,896)	50%	(22,985)
Net cash from (used) financing	–	–	–	–	–	–	–		–
<b>Cash/cash equivalents at the month/year end</b>	<b>42,556</b>	<b>36,885</b>	<b>–</b>	<b>–</b>	<b>53,231</b>	<b>44,791</b>	<b>(8,440)</b>	<b>-19%</b>	<b>52,440</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	944	814	1,936	452	569	522	15,161	–	20,399
<b>Creditors Age Analysis</b>									
Total Creditors	–	–	–	0	–	0	–	–	0

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3.2 Table C2 – is the monthly budget statement which indicates financial performance by standard classification as at the end of the quarter.

KZN226 Mkhambathini - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q1 First Quarter

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	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		84,393	87,087	–	2,337	23,063	27,228	(4,165)	-15%	87,087
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		84,393	87,087	–	2,337	23,063	27,228	(4,165)	-15%	87,087
Internal audit		–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		2,536	2,435	–	48	155	609	(454)	-75%	2,435
Community and social services		2,536	2,435	–	48	155	609	(454)	-75%	2,435
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		4,840	5,136	–	486	4,548	1,284	3,264	254%	5,136
Planning and development		449	476	–	20	1,602	119	1,483	1245%	476
Road transport		4,391	4,660	–	466	2,946	1,165	1,781	153%	4,660
Environmental protection		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		12,039	8,531	–	–	–	2,133	(2,133)	-100%	8,531
Energy sources		11,539	8,000	–	–	–	2,000	(2,000)	-100%	8,000
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		500	531	–	–	–	133	(133)	-100%	531
<b>Other</b>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	2	103,808	103,188	–	2,871	27,765	31,253	(3,488)	-11%	103,188
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		40,897	43,177	–	1,634	6,211	9,345	(3,135)	-34%	43,177
Executive and council		7,802	10,126	–	311	1,510	2,532	(1,022)	-40%	10,126
Finance and administration		33,095	33,050	–	1,323	4,701	6,814	(2,113)	-31%	33,050
Internal audit		–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		17,860	16,220	–	1,174	3,534	4,055	(521)	-13%	16,220
Community and social services		17,860	16,220	–	1,174	3,534	4,055	(521)	-13%	16,220
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		25,534	27,363	–	2,306	1,636	8,241	(6,604)	-80%	27,363
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		25,534	27,363	–	2,306	1,636	8,241	(6,604)	-80%	27,363
Environmental protection		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		–	–	–	–	–	–	–	–	–
Energy sources		–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
<b>Other</b>		–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Functional</b>	3	84,292	86,761	–	5,114	11,381	21,641	(10,260)	-47%	86,761
<b>Surplus/ (Deficit) for the year</b>		19,516	16,427	–	(2,243)	16,384	9,612	6,772	70%	16,427

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**3.3 TABLE C3 - is the budget statement which reflects financial performance– revenue and expenditure by municipal vote.**

**KZN226 Mkhambathini - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1 First Quarter**

Vote 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
<b>R thousands</b>										
<b>Revenue by Vote</b>	<b>1</b>									
Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–
Vote 2 - Municipal Manager		–	–	–	–	–	–	–	–	–
Vote 3 - Budget and Treasury Office		68,765	70,803	–	2,337	23,063	27,228	(4,165)	-15.3%	70,803
Vote 4 - Corporate Services		–	–	–	–	–	–	–	–	–
Vote 5 - Community Services		1,253	1,089	–	48	129	272	(143)	-52.6%	1,089
Vote 6 - Library		1,283	1,346	–	–	26	336	(311)	-92.3%	1,346
Vote 7 - Vehicle Registration and Testing		4,391	4,660	–	466	2,946	1,165	1,781	152.9%	4,660
Vote 8 - Solid Waste		500	531	–	–	–	133	(133)	-100.0%	531
Vote 9 - Technical Services		11,988	8,476	–	20	1,602	2,119	(517)	-24.4%	8,476
Vote 10 - Technical Services		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	<b>2</b>	<b>88,180</b>	<b>86,904</b>	<b>–</b>	<b>2,871</b>	<b>27,765</b>	<b>31,253</b>	<b>(3,488)</b>	<b>-11.2%</b>	<b>86,904</b>
<b>Expenditure by Vote</b>	<b>1</b>									
Vote 1 - Executive and Council		5,994	7,144	–	62	1,138	1,786	(648)	-36.3%	7,144
Vote 2 - Municipal Manager		1,808	2,982	–	249	372	746	(374)	-50.1%	2,982
Vote 3 - Budget and Treasury Office		21,561	21,401	–	503	2,417	3,901	(1,484)	-38.0%	21,401
Vote 4 - Corporate Services		11,433	11,649	–	820	2,283	2,912	(629)	-21.6%	11,649
Vote 5 - Community Services		15,486	13,697	–	964	3,424	3,424	–	–	13,697
Vote 6 - Library		2,374	2,524	–	210	110	631	(521)	-82.6%	2,524
Vote 7 - Vehicle Registration and Testing		4,468	4,805	–	48	667	1,201	(534)	-44.5%	4,805
Vote 8 - Solid Waste		–	–	–	–	–	–	–	–	–
Vote 9 - Technical Services		21,066	22,560	–	2,258	969	7,040	(6,070)	-86.2%	22,560
Vote 10 - Technical Services		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>84,191</b>	<b>86,762</b>	<b>–</b>	<b>5,114</b>	<b>11,381</b>	<b>21,641</b>	<b>(10,260)</b>	<b>-47.4%</b>	<b>86,762</b>
<b>Surplus/ (Deficit) for the year</b>	<b>2</b>	<b>3,989</b>	<b>142</b>	<b>–</b>	<b>(2,243)</b>	<b>16,384</b>	<b>9,612</b>	<b>6,772</b>	<b>70.5%</b>	<b>142</b>

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## 3.4 TABLE C4 Monthly Budget Statement – reflects financial performance by revenue source and expenditure types as at reporting date.

KZN226 Mkhambathini - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	2016/17	Budget Year 2017/18							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>									%	
<b>Revenue By Source</b>										
Property rates		12,663	13,435		1,053	2,124	3,359	(1,235)	-37%	13,435
Service charges - electricity revenue						-		-		
Service charges - water revenue						-		-		
Service charges - sanitation revenue						-		-		
Service charges - refuse revenue		500	531		41	83	133	(50)	-38%	531
Service charges - other						-		-		
Rental of facilities and equipment								-		
Interest earned - external investments		2,467	2,618		311	367	654	(287)	-44%	2,618
Interest earned - outstanding debtors		1,176	1,248		149	314	312	2	1%	1,248
Dividends received						-		-		
Fines, penalties and forfeits		70	74		3	8	19	(11)	-59%	74
Licences and permits		4,391	4,659		466	1,030	1,165	(135)	-12%	4,659
Agency services						-		-		
Transfers and subsidies		66,111	63,487		25	21,328	21,328	-		63,487
Other revenue		803	851		34	451	213	239	112%	851
Gains on disposal of PPE						-		-		
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>88,182</b>	<b>86,903</b>	<b>-</b>	<b>2,081</b>	<b>25,704</b>	<b>27,182</b>	<b>(1,478)</b>	<b>-5%</b>	<b>86,903</b>
<b>Expenditure By Type</b>										
Employee related costs		27,056	32,247		2,384	6,695	8,062	(1,367)	-17%	32,247
Remuneration of councillors		5,088	5,398		379	1,184	1,350	(166)	-12%	5,398
Debt impairment		700	700		58	175	175	-		700
Depreciation & asset impairment		6,000	6,100		508	1,525	1,525	-		6,100
Finance charges		184	196			-		-		196
Bulk purchases		-				-		-		
Other materials								-		
Contracted services		-						-		
Transfers and subsidies		-				-		-		
Other expenditure		45,264	42,120		1,784	1,802	10,530	(8,728)	-83%	42,120
Loss on disposal of PPE						-		-		
<b>Total Expenditure</b>		<b>84,292</b>	<b>86,761</b>	<b>-</b>	<b>5,114</b>	<b>11,381</b>	<b>21,641</b>	<b>(10,260)</b>	<b>-47%</b>	<b>86,761</b>
<b>Surplus/(Deficit)</b>		<b>3,890</b>	<b>142</b>	<b>-</b>	<b>(3,033)</b>	<b>14,323</b>	<b>5,541</b>	<b>8,783</b>	<b>0</b>	<b>142</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		15,626	16,285		790	2,061	4,071	(2,010)	(0)	16,285
allocations) (National / Provincial Departmental								-		
Transfers and subsidies - capital (in-kind - all)								-		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>19,516</b>	<b>16,427</b>	<b>-</b>	<b>(2,243)</b>	<b>16,384</b>	<b>9,612</b>			<b>16,427</b>
Taxation								-		
<b>Surplus/(Deficit) after taxation</b>		<b>19,516</b>	<b>16,427</b>	<b>-</b>	<b>(2,243)</b>	<b>16,384</b>	<b>9,612</b>			<b>16,427</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>19,516</b>	<b>16,427</b>	<b>-</b>	<b>(2,243)</b>	<b>16,384</b>	<b>9,612</b>			<b>16,427</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>19,516</b>	<b>16,427</b>	<b>-</b>	<b>(2,243)</b>	<b>16,384</b>	<b>9,612</b>			<b>16,427</b>

**Performance results:**

The operating results for the month ended 30 September 2017 indicate a deficit of R2.243 million while year to date accumulated surplus amounts to R16.384 million.

The deficit is attributable to the low levels of grant expenditure during the month hence little grant revenue was recognized. The municipality actually has earned an operating deficit of R3.033 million before recognition of capital transfers at month end while our accumulated operating results are a surplus of R14.323 million.

**Income:**

The total **operating income** for the period is R25.704 million compared to budgeted income of R27.182 million. .

The revenue from **property rates** is R2.124 million compared to the budget of R3.359 million.

**Operating Expenditure:**

Total **operating expenditure** for the period amounts to R11.381 million compared to budget of R20.241 million, reflecting an overall under-expenditure of 44 %.

The expenditure on **employee related costs** accumulatively amounts to R6.695 million whilst the budget is R8.062 million, resulting in underspending or budget savings of 17%.

The expenditure on **councillors' remuneration** to date is R1.184 million compared to budgeted amount of R1.350 reflecting a budget savings of 12%.

**Other expenditure** is sitting at R1.802 million compared to the budget of R10.530 million resulting in budget saving of 83%



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## 3.5 Table C5 monthly budget statement – reflects capital expenditure by municipal vote, standard classification and projects funding to date.

KZN226 Mkhambathini - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q1 First Quarter										
Vote 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
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Executive and Council		–	–	–	–	–	–	–		–
Vote 2 - Municipal Manager		–	–	–	–	–	–	–		–
Vote 3 - Budget and Treasury Office		–	–	–	–	–	–	–		–
Vote 4 - Corporate Services		–	–	–	–	–	–	–		–
Vote 5 - Community Services		–	–	–	–	–	–	–		–
Vote 6 - Library		–	–	–	–	–	–	–		–
Vote 7 - Vehicle Registration and Testing		–	–	–	–	–	–	–		–
Vote 8 - Solid Waste		–	–	–	–	–	–	–		–
Vote 9 - Technical Services		–	–	–	–	–	–	–		–
<b>Total Capital Multi-year expenditure</b>	4,7	–	–	–	–	–	–	–		–
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Executive and Council		500	500	–	–	–	125	(125)	-100%	500
Vote 2 - Municipal Manager		140	70	–	–	–	18	(18)	-100%	70
Vote 3 - Budget and Treasury Office		140	490	–	–	–	123	(123)	-100%	490
Vote 4 - Corporate Services		140	–	–	–	–	–	–		–
Vote 5 - Community Services		140	16,355	–	790	2,851	4,089	(1,238)	-30%	16,355
Vote 6 - Library		–	–	–	–	–	–	–		–
Vote 7 - Vehicle Registration and Testing		–	–	–	–	–	–	–		–
Vote 8 - Solid Waste		–	2,000	–	–	–	500	(500)	-100%	2,000
Vote 9 - Technical Services		19,337	3,570	–	–	–	893	(893)	-100%	3,570
Vote 10 - Technical Services		–	–	–	–	–	–	–		–
<b>Total Capital single-year expenditure</b>	4	20,397	22,985	–	790	2,851	5,746	(2,896)	-50%	22,985
<b>Total Capital Expenditure</b>		<b>20,397</b>	<b>22,985</b>	<b>–</b>	<b>790</b>	<b>2,851</b>	<b>5,746</b>	<b>(2,896)</b>	<b>-50%</b>	<b>22,985</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>780</b>	<b>1,060</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>265</b>	<b>(265)</b>	<b>-100%</b>	<b>1,060</b>
Executive and council		500	570	–	–	–	143	(143)	-100%	570
Finance and administration		280	490	–	–	–	123	(123)	-100%	490
Internal audit		–	–	–	–	–	–	–		–
<b>Community and public safety</b>		<b>140</b>	<b>16,355</b>	<b>–</b>	<b>790</b>	<b>2,851</b>	<b>4,089</b>	<b>(1,238)</b>	<b>-30%</b>	<b>16,355</b>
Community and social services		140	16,355	–	790	2,851	4,089	(1,238)	-30%	16,355
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
<b>Economic and environmental services</b>		<b>19,477</b>	<b>3,570</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>893</b>	<b>(893)</b>	<b>-100%</b>	<b>3,570</b>
Planning and development		–	–	–	–	–	–	–		–
Road transport		19,477	3,570	–	–	–	893	(893)	-100%	3,570
Environmental protection		–	–	–	–	–	–	–		–
<b>Trading services</b>		<b>–</b>	<b>2,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>500</b>	<b>(500)</b>	<b>-100%</b>	<b>2,000</b>
Energy sources		–	–	–	–	–	–	–		–
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	2,000	–	–	–	500	(500)	-100%	2,000
<b>Other</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>20,397</b>	<b>22,985</b>	<b>–</b>	<b>790</b>	<b>2,851</b>	<b>5,746</b>	<b>(2,896)</b>	<b>-50%</b>	<b>22,985</b>
<b>Funded by:</b>										
National Government		15,626	16,285	–	790	790	4,071	(3,282)	-81%	16,285
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Other transfers and grants		–	–	–	–	–	–	–		–
<b>Transfers recognised - capital</b>		<b>15,626</b>	<b>16,285</b>	<b>–</b>	<b>790</b>	<b>790</b>	<b>4,071</b>	<b>(3,282)</b>	<b>-81%</b>	<b>16,285</b>
<b>Public contributions &amp; donations</b>	5	–	–	–	–	–	–	–		–
<b>Borrowing</b>	6	–	–	–	–	–	–	–		–
<b>Internally generated funds</b>		<b>4,771</b>	<b>6,700</b>	<b>–</b>	<b>–</b>	<b>2,061</b>	<b>1,675</b>	<b>386</b>	<b>23%</b>	<b>6,700</b>
<b>Total Capital Funding</b>		<b>20,397</b>	<b>22,985</b>	<b>–</b>	<b>790</b>	<b>2,851</b>	<b>5,746</b>	<b>(2,896)</b>	<b>-50%</b>	<b>22,985</b>

**Capital expenditure results:**

The overall **capital expenditure** to date amounts to R2.851 million which reflecting 50% under-spending of the budgeted expenditure of R5.746 million.

The expenditure on **MIG projects** are progressing however not as planned. The capital expenditure on MIG projects to date is R2.061million. It should be noted that there a R1.440 million unspent grant for which the roll over application was made at end of August.

**Electrification projects** expenditure is not progressing well. The capital expenditure to date is R0 which indicates very slow pace in spending this particular grant. The transfer of the first tranche of current year's allocation has not yet been received. If expenditure levels do not improve, the grant may be withheld by National treasury in terms of DORA.

# MFMA S52 (d) financial report for the quarter ending 30 September 2017

## 3.6 Table C6 Monthly budget statement – reflects the financial position of the municipality for the quarter ending 30 September 2014

KZN226 Mkhambathini - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter						
Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		2,000	2,000		113	2,000
Call investment deposits		12,000	23,263		80,956	23,263
Consumer debtors		6,410	10,410		19,865	10,410
Other debtors						
Current portion of long-term receivables						
Inventory						
<b>Total current assets</b>		<b>20,410</b>	<b>35,673</b>	<b>–</b>	<b>100,934</b>	<b>35,673</b>
<b>Non current assets</b>						
Long-term receivables						
Investments						
Investment property		5,251	5,251		16,091	5,251
Investments in Associate						
Property, plant and equipment		128,214	123,997		90,224	123,997
Agricultural						
Biological assets						
Intangible assets						
Other non-current assets						
<b>Total non current assets</b>		<b>133,465</b>	<b>129,248</b>	<b>–</b>	<b>106,315</b>	<b>129,248</b>
<b>TOTAL ASSETS</b>		<b>153,875</b>	<b>164,921</b>	<b>–</b>	<b>207,249</b>	<b>164,921</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft						
Borrowing						
Consumer deposits						
Trade and other payables		6,000	6,000		23,865	6,000
Provisions		1,800	2,000			2,000
<b>Total current liabilities</b>		<b>7,800</b>	<b>8,000</b>	<b>–</b>	<b>23,865</b>	<b>8,000</b>
<b>Non current liabilities</b>						
Borrowing						
Provisions		2,600	2,800			2,800
<b>Total non current liabilities</b>		<b>2,600</b>	<b>2,800</b>	<b>–</b>	<b>–</b>	<b>2,800</b>
<b>TOTAL LIABILITIES</b>		<b>10,400</b>	<b>10,800</b>	<b>–</b>	<b>23,865</b>	<b>10,800</b>
<b>NET ASSETS</b>	2	<b>143,475</b>	<b>154,121</b>	<b>–</b>	<b>183,384</b>	<b>154,121</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		143,475	154,121		183,384	154,121
Reserves						
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>143,475</b>	<b>154,121</b>	<b>–</b>	<b>183,384</b>	<b>154,121</b>

**3.7 Table C7 Monthly Budget Statement – reflects the cash flow situation of the municipality for the quarter ending 30 September 2014.**

KZN226 Mkhambathini - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter										
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	1								%	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		12,454	12,764		1,455	2,744	3,191	(447)	-14%	12,764
Service charges		500	504		38	91	126	(35)	-27%	504
Other revenue		4,796	5,585		526	2,074	1,396	678	49%	5,585
Government - operating		64,525	63,487		–	23,496	23,496	–		63,487
Government - capital		15,626	16,427		–	5,000	4,107	893	22%	16,427
Interest		2,826	3,803		311	847	951	(104)	-11%	3,803
Dividends			–		–			–		–
<b>Payments</b>										
Suppliers and employees		(75,821)	(79,765)		(20,377)	(30,987)	(19,941)	11,046	-55%	(79,765)
Finance charges		(184)	(196)		–	–	(49)	(49)	100%	(196)
Transfers and Grants					–	–		–		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>24,722</b>	<b>22,609</b>	<b>–</b>	<b>(18,048)</b>	<b>3,266</b>	<b>13,277</b>	<b>10,011</b>	<b>75%</b>	<b>22,609</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE					–	–		–		
Decrease (Increase) in non-current debtors					–	–		–		
Decrease (increase) other non-current receivables					–	–		–		
Decrease (increase) in non-current investments								–		
<b>Payments</b>										
Capital assets		(19,426)	(22,985)		(790)	(2,851)	(5,746)	(2,896)	50%	(22,985)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(19,426)</b>	<b>(22,985)</b>	<b>–</b>	<b>(790)</b>	<b>(2,851)</b>	<b>(5,746)</b>	<b>(2,896)</b>	<b>50%</b>	<b>(22,985)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans						–		–		
Borrowing long term/refinancing								–		
Increase (decrease) in consumer deposits								–		
<b>Payments</b>										
Repayment of borrowing								–		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>5,296</b>	<b>(376)</b>	<b>–</b>	<b>(18,837)</b>	<b>415</b>	<b>7,530</b>			<b>(376)</b>
Cash/cash equivalents at beginning:		37,260	37,260			52,816	37,260			52,816
Cash/cash equivalents at month/year end:		42,556	36,885	–		53,231	44,791			52,440

**Note:** Mkhambathini Municipality is in good status of financial affairs. The cash balance as 30 September 2017 was R53.231 million.

**3.8 Table SC3 Monthly Budget Statement – indicates the age analysis of debtors in terms of their respective aging at end of the quarter.**

KZN226 Mkhambathini - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter										
Description		Budget Year 2017/18								
R thousands	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Total	Total over 90 days
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	1200								-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300								-	-
Receivables from Non-ex change Transactions - Property Rates	1400	902	790	1,917	436	556	511	15,087	20,199	16,589
Receivables from Exchange Transactions - Waste Water Management	1500								-	-
Receivables from Exchange Transactions - Waste Management	1600	42	24	19	16	13	11	74	201	115
Receivables from Exchange Transactions - Property Rental Debtors	1700								-	-
Interest on Arrear Debtor Accounts	1810								-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820								-	-
Other	1900								-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>944</b>	<b>814</b>	<b>1,936</b>	<b>452</b>	<b>569</b>	<b>522</b>	<b>15,161</b>	<b>20,399</b>	<b>16,705</b>
<b>2016/17 - totals only</b>									-	-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2200	122	107	101	28	32	22	676	1,088	757
Commercial	2300	305	194	366	93	116	98	2,415	3,586	2,721
Households	2400	243	130	275	84	94	85	1,890	2,800	2,153
Other	2500	274	384	1,194	248	327	318	10,181	12,926	11,074
<b>Total By Customer Group</b>	<b>2600</b>	<b>944</b>	<b>814</b>	<b>1,936</b>	<b>452</b>	<b>569</b>	<b>522</b>	<b>15,161</b>	<b>20,399</b>	<b>16,705</b>

**Notes:**

The total amount outstanding for debtors at the end of September 2017 is broken down as per above.

**Indigent households rebate:**

Community of Mkhambathini is getting support through our indigent Policy. We still continue to provide social relief packages and also provide free basic electricity through Eskom.

**Other strategies:**

- Statement of accounts are internally generated and distributed.

**3.9Table SC4 monthly budget statement – indicates the liability of the municipality towards its service providers and all other creditors.**

KZN226 Mkhambathini - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter										
Description	NT Code	Budget Year 2017/18								
		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	Total
R thousands										
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700				0		0			0
Auditor General	0800									-
Other	0900									-
<b>Total By Customer Type</b>	<b>1000</b>	-	-	-	0	-	0	-	-	0

**Notes:**

The total amount owed to creditors equals to R0

This means that all the invoices that were received and captured were fully paid furthermore is symbolises that we are in full compliance with Sec 65 (e) of the MFMA, which state that suppliers must be paid with 30 days

**3.11 Table SC6 Monthly budget statement – indicates all the transfers and grants receipts during year.**

KZN226 Mkhambathini - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q1 First Quarter										
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									%	
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		64,847	62,162	–	–	25,396	25,396	–		62,162
Local Government Equitable Share		50,183	51,173			23,223	23,223	–		51,173
Finance Management		1,825	1,900			1,900	1,900			1,900
Integrated National Electrification Programme		10,000	8,000			–	–			8,000
EPWP Incentive		1,253	1,089			273	273			1,089
Roll Overs		1,586						–		
<b>Provincial Government:</b>		1,264	1,325	–	–	–	–	–		1,325
Library Grant		1,264	1,325			–	–	–		1,325
<b>District Municipality:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
								–		
<b>Other grant providers:</b>		–	500	–	–	–	–	–		500
schemes support			500					–		500
<b>Total Operating Transfers and Grants</b>	5	66,111	63,987	–	–	25,396	25,396	–		63,987
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		15,626	16,285	–	–	5,000	5,000	–		16,285
Municipal Infrastructure Grant (MIG)		15,626	16,285			5,000	5,000	–		16,285
<b>Provincial Government:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>District Municipality:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>Other grant providers:</b>		–	–	–	–	–	–	–		–
[insert description]								–		
<b>Total Capital Transfers and Grants</b>	5	15,626	16,285	–	–	5,000	5,000	–		16,285
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	81,737	80,272	–	–	30,396	30,396	–		80,272

**Notes:**

The total **operational grant allocations** received to date is R25.396 million

The total **capital grants allocations** received to date is R 5 million

The council should also note that we haven't received the grant for electrification.

**3.12 Table SC7 (1) monthly budget statement – reflects transfers and grants expenditure (both conditional and unconditional grants) for the period being reported.**

KZN226 Mkhambathini - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter										
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									%	
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		63,261	62,162	–	4,344	12,963	15,541	(2,577)	-16.6%	–
Local Government Equitable Share		50,183	51,173		4,264	12,793	12,793	–		
Finance Management		1,825	1,900		43	129	475	(346)	-72.9%	
Integrated National Electrification Programme		10,000	8,000		–	–	2,000	(2,000)	-100.0%	
EPWP Incentive		1,253	1,089		36	41	272	(231)	-84.9%	
Provincial Government:		1,264	1,325	–	48	138	331	(193)	-58.3%	–
Library Grant		1,264	1,325		48	138	331	(193)	-58.3%	
District Municipality:		–	–	–	–	–	–	–		–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–		–
schemes support										
Total operating expenditure of Transfers and Grants:		64,525	63,487	–	4,392	13,101	15,872	(2,770)	-17.5%	–
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		15,626	16,285	–	790	2,061	4,071	(2,010)	-49.4%	–
Municipal Infrastructure Grant (MIG)		15,626	16,285		790	2,061	4,071	(2,010)	-49.4%	
Provincial Government:		–	–	–	–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
Total capital expenditure of Transfers and Grants		15,626	16,285	–	790	2,061	4,071	(2,010)	-49.4%	–
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>80,151</b>	<b>79,772</b>	<b>–</b>	<b>5,182</b>	<b>15,162</b>	<b>19,943</b>	<b>(4,781)</b>	<b>-24.0%</b>	<b>–</b>

**Notes:**

The overall expenditure on **transfers and grants** as it stands amounts to R15.162 million compared to budgeted expenditure of R19.943 million. The **operating grant expenditure** is R13.101million compared to budgeted grant expenditure of R15.872 million.

There is slow or underspending of conditional grants ,with this pace of spending this may result in withheld of other grants, therefore we need to speed up our processes so that we can spend our grants at the expected pace



**3.13 Table SC7 (2) monthly budget statement – reflects expenditure against approved rollovers for the period being reported.**

KZN226 Mkhambathini - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers -						
Description	Ref	Budget Year 2017/18				
		Approved Rollover 2016/17	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						%
<b>EXPENDITURE</b>						
<b>Operating expenditure of Approved Roll-overs</b>						
<b>National Government:</b>		1,455	21	21	1,433	98.5%
Integrated National Electrification Programme		1,433	–	–	1,433	100.0%
EPWP Incentive		21	21	21	–	
<b>Provincial Government:</b>		1,040	48	138	902	86.7%
Library Grant		1,040	48	138	902	86.7%
<b>Total operating expenditure of Approved Roll-overs</b>		<b>2,495</b>	<b>69</b>	<b>159</b>	<b>2,335</b>	<b>93.6%</b>
<b>Capital expenditure of Approved Roll-overs</b>						
<b>National Government:</b>		1,440	1,440	1,440	–	
Municipal Infrastructure Grant (MIG)		1,440	1,440	1,440	–	
<b>Total capital expenditure of Approved Roll-overs</b>		<b>1,440</b>	<b>1,440</b>	<b>1,440</b>	<b>–</b>	
<b>TOTAL EXPENDITURE OF APPROVED ROLL-OVERS</b>		<b>3,935</b>	<b>1,509</b>	<b>1,600</b>	<b>2,335</b>	<b>59.3%</b>

**Note:** Base on the application that was made on 31<sup>st</sup> August 2017 we are proud to report to council that EPWP and MIG are now Fully spent ,However Library grant is not yet fully spent we are hoping before adjustment budget time will be fully spent.

**AUTHENTICATION**

**PREPARED BY:** (CFO) \_\_\_\_\_

**SIGNATURE** \_\_\_\_\_

**DATE:** \_\_\_\_/10/2017

**APPROVED BY:** NAME (MM) \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_/10/2017

**RECEIVED BY:** NAME (MAYOR) \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_/10/2017