

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
ORDINARY COUNCIL MEETING**

2019.10.31

A-F (69-2019)

CITY OF EKURHULENI (CoE): UNAUDITED FINANCIAL AND PERFORMANCE RESULTS FOR THE FIRST QUARTER OF THE 2019/2020 FINANCIAL YEAR

1. PURPOSE

To report to Council the Unaudited Financial and Performance Results for the **First Quarter** of the 2019/2020 FY (financial year) as required in terms of Section 52(d) of the Municipal Finance Management Act and more detailed in the Budget and Reporting Regulations.

2. STRATEGIC OBJECTIVE

To promote good governance and report on the financial sustainability of the City.

3. BACKGROUND

In terms of Section 52 (d) read with Section 71 of the MFMA and Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003: Municipal Budget and Reporting Regulations”, specific financial particulars are required to reported on and in the format prescribed, hence this report to meet legislative compliance.

“The mayor of a municipality-

*52(d) 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;”*

Further, Section 31(1) of the Government Gazette No 32141 of 17 April 2009 prescribes the following:

“31.(1) 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 Act must be –

- (a) 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 [of Finance] in terms of section 168(1) of the Act; and*
- (b) consistent with the monthly budget statement for September, December, March and June as applicable; and*
- (c) Submitted to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council.”*

The following Annexures are provided:

- Annexure A:** Departmental Operating Budget Reports for 1st Quarter of 2019/20 Financial Year;
- Annexure B:** Detailed Capital Expenditure Reports for 1st Quarter of 2019/20 Financial Year; and
- Annexure C:** Detailed Performance Report (Pre-Determined Measurable Performance Targets for 1st Quarter of 2019/20).

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4. EXECUTIVE SUMMARY

Table 1: Consolidated monthly budget statement Summary – Month 03 (September 2019)

Description	2018/19	Budget Year 2019/20					Full Year Forecast
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands							
Financial Performance							
Property rates	5 395 431	6 140 478	1 259 130	1 535 119	(275 990)	-18%	6 140 478
Service charges	20 586 159	23 728 239	6 755 860	6 909 327	(153 467)	-2%	23 728 239
Investment revenue	397 694	438 015	86 526	108 754	(22 228)	-20%	438 015
Transfers recognised - operational	4 010 125	5 907 502	2 201 474	2 287 032	(85 558)	-4%	5 907 502
Other own revenue	4 243 643	2 593 281	623 211	637 451	(14 239)	-2%	2 593 281
Total Revenue (excluding capital transfers and contributions)	34 633 052	38 807 515	10 926 201	11 477 683	(551 482)	-5%	38 807 515
Employee costs	8 451 195	9 628 450	2 274 895	2 407 120	(132 224)	-5%	9 628 450
Remuneration of Councillors	137 936	139 695	33 935	34 924	(988)	-3%	139 695
Depreciation & asset impairment	2 570 430	2 202 789	553 037	550 697	2 340	0%	2 202 789
Finance charges	944 051	1 096 076	182 278	274 019	(91 741)	-33%	1 096 076
Materials and bulk purchases	15 269 080	17 862 556	4 978 629	5 269 370	(290 742)	-6%	17 862 556
Transfers and grants	1 038 317	675 033	60 218	148 858	(88 639)	-60%	675 033
Other expenditure	7 980 845	7 201 431	1 467 232	1 812 725	(345 493)	-19%	7 201 431
Total Expenditure	36 391 854	38 806 031	9 550 225	10 497 713	(947 488)	-9%	38 806 031
Surplus/(Deficit)	(1 758 802)	1 484	1 375 976	979 970	396 006	40%	1 484
Transfers recognised - capital	2 053 381	2 783 460	119 769	411 256	(291 488)	-71%	2 783 460
Surplus/(Deficit) after capital transfers & contributions	376 572	2 784 944	1 495 745	1 391 227	104 518	8%	2 784 944
Surplus/ (Deficit) for the year	376 572	2 784 944	1 495 745	1 391 227	104 518	8%	2 784 944
Capital expenditure & funds sources							
Capital expenditure	5 970 194	7 417 207	306 093	1 854 303	(1 548 210)	-83%	7 417 207
Capital transfers recognised	2 042 094	2 783 460	94 384	587 878	(493 493)	-84%	2 351 510
Borrowing	2 996 591	3 749 908	174 068	1 003 705	(829 637)	-83%	4 014 818
Internally generated funds	931 510	883 839	37 641	262 720	(225 079)	-86%	1 050 879
Total sources of capital funds	5 970 194	7 417 207	306 093	1 854 303	(1 548 210)	-83%	7 417 207
Financial position							
Total current assets	12 240 473	9 809 909	12 640 507				16 985 301
Total non current assets	61 247 904	64 072 654	58 422 605				64 581 856
Total current liabilities	13 166 540	14 775 924	8 248 942				14 935 932
Total non current liabilities	9 133 744	13 501 302	11 993 982				13 539 159
Community wealth/Equity	51 188 093	45 605 337	50 820 188				52 682 759
Net cash from (used) operating	–	4 725 613	(2 072 645)	–	2 072 645	–	–
Net cash from (used) investing	–	(6 219 561)	(389 984)	–	389 984	–	–
Net cash from (used) financing	–	2 569 317	502 418	–	(502 418)	–	–
Cash/cash equivalents at the month/year end	–	9 364 213	1 470 672	8 288 845	6 818 173	82%	3 430 882
Debtors & creditors analysis	0-30 Days	31-60 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Total Debtors	2 691 349	849 323	360 517	362 961	2 279 582	6 500 112	14 057 830
Creditors Age Analysis							
Total Creditors	1 149 281	–	–	–	–	–	1 149 281

4.1 Operating Budget Results

The **Operating Income** budgeted for the 1st Quarter ending 30 September 2019 was R11.477 billion. The actual income was R551 million (or 5%) less than budgeted.

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The budgeted **Operating Expenditure** for the 1st Quarter ended 30 September 2019 was R10.497 billion. The actual expenditure is R9.550 billion which is R947 million less than budgeted.

The deviation of the income and expenditure in the various categories is discussed in detail later in the report.

4.2 Capital Expenditure

The actual **Capital Expenditure** for the 1st Quarter of the 2019/20 financial year is **R758.1 million** compared to **R141 million** for the same quarter in the previous financial year.

The actual spending of **R758.1 million** represents **10.22%** of the total capital budget of **R7,417 billion** (this includes the capital budgets of the entities). The actual expenditure plus commitments for the first quarter amounts to **R922.1 million**, which represents **12.43%** of the Capital Budget.

The following table reflects the comparative spending for the 1st Quarter over the past four financial years:

FY	Budget	Actual Expenditure	% of Budget
16/17	5,130,781,437	368,806,711	7.19%
17/18	6,399,356,712	364,303,746	5.69%
18/19	6,768,708,721	140,960,980	2.08%
19/20	7,417,206,981	758,176,455	10.22%

The comparative results with the previous years as well as the capital spending per department is discussed later in the report.

4.3 Financial Position

Total current assets as at 1st Quarter ending 30 September 2019 amounted R12.6 billion, whilst the total current liabilities amounted to R8.2 billion. The current ratio is therefore 1.5:1 which indicates the City is efficiently managing its working capital.

Collection Rate

The Collection Rate for the 1rd quarter ended 30th September 2019 is **86.80%** which is less than the **target of 90%**. The Actual Collection Rates over the past 4 quarters of the 2018/19 financial year were as follows:

1.4 Cash Flows

With regard to the **Cash and Investment Position** a cash target of 30 days has been set in the SDBIP for the 2019/20 FY. The actual performance as at end of September 2019 is **13.47 days**. The detailed calculation of the number of operating cash on hand is reflected later in this report.

Full details are supplied later in the report.

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5. DISCUSSION

5.1 Financial Performance of Operating Budget

5.1.1 Revenue by Source

The revenue performance for the 1st Quarter ended 30 September 2019 is reflected in the table below.

Description	Budget Year 2019/20				
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands					
Revenue By Source					
Property rates	6 140 478	1 259 130	1 535 119	(275 990)	-18%
Service charges - electricity revenue	15 553 417	4 860 782	4 865 622	(4 839)	0%
Service charges - water revenue	4 870 108	1 129 759	1 217 527	(87 768)	-7%
Service charges - sanitation revenue	1 771 371	429 146	442 843	(13 697)	-3%
Service charges - refuse revenue	1 533 344	336 173	383 336	(47 163)	-12%
Rental of facilities and equipment	136 271	33 721	34 068	(346)	-1%
Interest earned - external investments	438 015	86 526	108 754	(22 228)	-20%
Interest earned - outstanding debtors	560 910	129 907	140 248	(10 341)	-7%
Dividends received	–	–	–	–	
Fines, penalties and forfeits	145 107	38 124	36 277	1 847	5%
Licences and permits	305 916	80 546	76 479	4 068	5%
Transfers and subsidies	5 907 502	2 201 474	2 287 032	(85 558)	-4%
Other revenue	1 445 077	340 913	350 379	(9 467)	-3%
Gains on disposal of PPE	–	–	–	–	
Total Revenue (excluding capital transfers and contributions)	38 807 515	10 926 201	11 477 683	(551 482)	-5%

Analysis of Performance

The **Operating Income** budgeted for the 1st Quarter ending 30 September 2019 was R11.477 billion. The actual income was R551 million (or 5%) less than budgeted.

Management has deemed any variances of 5% or less to be immaterial and as such no reasons will be provided. The discussions of the significant deviations of 5% and more are as follows.

- a. The actual revenue from **Property rates** for the quarter under review amounted to R1.259 billion, which is R275 million less than the budgeted revenue of R1.535 billion. The negative variance is as a result of Valuation Appeals Board outcome which impacted on the retrospective assessment rates adjustment on business properties.

- b. Service charges:

The requirement of mSCOA is that the cost of rendering free basic services be netted off against the services charges of the respective departments.

Service charges – water revenue

The actual income from water sales is R87 million less than the budget of R1.217 billion for the quarter under review, which represent a deviation of 7%. The main contributing factor to the negative deviation is water sales to industrial with deviation amounting to R75 million for the quarter under review.

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Service charges – refuse revenue

The actual income from waste management services is R47 million less than the budget of R383 million for the quarter under review, which represent a deviation 12%.

The projected budget included the implementation of the outcomes of service point audit in the Southern Region. The report is in the process of being submitted to Council prior to implementation. However, the Tariff policy states that during data clean-up exercises City of Ekurhuleni may adjust the account, backdated for the current year plus two preceding financial years if City of Ekurhuleni has provided a service, and the financial billing is different to the current service level. If Council approves the implementation of service point audit results can be backdated

The department is in process of implementing the following revenue management measures:

- All businesses not using CoEs waste removal services should provide the City with the names of companies removing their waste and proof that they are safely disposing at landfill sites and that environmental levy is being levied on their accounts
- Obtain list of all sectional title units in the City and check that they are being charged per unit
- Obtain a list of all vacant stands and check if they are paying an environmental levy
- Obtain billing data from SRAC and confirm that Cemetery tariffs are levied correctly.

c. Interest earned

This category of income refers mainly to the interest earned on the bank account and interest charged on debtor accounts. The 1st Quarter variance on interest earned amounted to R32 million, which is 13% less than budgeted.

Negative deviation is evident from reduction in cash held at the end of the quarter.

Negative deviation is a result of adjustments emanating from the Valuation Appeal Board Outcome.

5.1.2 Expenditure by type

The expenditure performance for the 1st Quarter ended 30 September 2019 is reflected in the table below.

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Description	Budget Year 2019/20				
	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands					
Expenditure By Type					
Employee related costs	9 628 450	2 274 895	2 407 120	(132 224)	-5%
Remuneration of councillors	139 695	33 935	34 924	(988)	-3%
Debt impairment	1 579 646	407 503	394 912	12 591	3%
Depreciation & asset impairment	2 202 789	553 037	550 697	2 340	0%
Finance charges	1 096 076	182 278	274 019	(91 741)	-33%
Bulk purchases	15 703 690	4 702 809	4 735 492	(32 683)	-1%
Other materials	2 158 867	275 820	533 878	(258 058)	-48%
Contracted services	4 347 517	780 020	1 080 363	(300 343)	-28%
Transfers and subsidies	675 033	60 218	148 858	(88 639)	-60%
Other expenditure	1 258 961	279 676	333 624	(53 947)	-16%
Loss on disposal of PPE	15 307	32	3 827	(3 795)	-99%
Total Expenditure	38 806 031	9 550 225	10 497 713	(947 488)	-9%

a. Employee related costs

The amount budgeted for the salaries and contributions towards senior management and other municipal staff amounted to R9.628 billion for the 2019/20 financial year.

The actual expenditure for Employee related costs is R132 million less than the budgeted expenditure for the 1st Quarter, which represents a deviation of 5%. This is largely as a result of the provision made for the filling of vacant positions which have not yet been filled.

The amount spent on Overtime is a major concern. The following table reflects the Overtime spent by major infrastructure department:

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Department	Budget Year 1920			Quarterly Variance	Reasons for over-spending
	Original Budget R	Budget Q1 R	Actual Q1 R		
DISASTER AND EMERGENCY MANAGEMENT SERVICES	64 589 335	16 147 392	26 450 860	64%	Unplanned events in the City of Ekurhuleni; high number of prolonged incidents which require emergency / disaster responses, awareness sessions conducted after hours, e.g. weekends; logistical support required after hours; and SASREA planned events during weekends.
EKURHULENI METRO POLICE DEPARTMENT	168 747 758	42 186 987	98 093 992	133%	The main reasons for the increase in the as-hoc overtime can be attributed to the fact that there was an increase in service delivery incidents / riots through Ekurhuleni, and there was also a 3 week period of National Xenophobic violence / incidents which necessitated that EMPD be deployed around the clock to assist in the protection of persons and property in affected areas and to provide escorts and protection to foreign nationals affected.
ENERGY	46 998 185	11 749 629	32 092 263	173%	Several austerity measures have been implemented by the department. However, these austerity measures cannot be rigidly upheld in all circumstances, given the vacancy rate that the department currently has. Moreover, consideration must also be given to the fact that the City is experiencing an increase in illegal connections which is contributing to the overloading of the electricity grid. The overload causes outages which in most cases occur at peak time which is in the evenings and maybe the mornings. The theft of and damage to electricity distribution equipment also contributes to increase in outages and corresponding increase in overtime. Most of these occur after hours. Furthermore, the ageing infrastructure requires more attention due to equipment failure which is unpredictable.
ENVIRONMENTAL RESOURCE & WASTE MANAGEMENT	46 917 368	11 729 421	28 944 773	147%	Parks & Cemeteries delivers community services after hours and on weekends at Cemeteries, Regional Parks, Events and decorations, attending to EMIS complaints. Employees work on weekends and Public holidays to accommodate the operational working hours at the land fill sites and to adhere to waste removal calendar. The non-availability of vehicles due to vehicle breakdowns and delay at the workshops contributed to overtime in the first quarter.
SPORTS, RECREATION, ARTS AND CULTURE	14 593 503	3 648 567	9 439 558	159%	Libraries open on Saturdays, Arts, Culture and Heritage programmes take place on weekends and overtime worked due to unfilled positions
WATER AND SANITATION	31 247 797	7 811 970	19 676 957	152%	The Department of Water and Sanitation attended to 47 593 customer complaints reported through the call centre excluding emails, sms complaints, what ups groups' complaints in the first quarter. The nature of these complaints are most emergency complaints to attend to burst pipes and reduce water losses and improve revenue enhancement and protection. In the process also prevent risk of damage to private and COE infrastructure. Attending to high volume of sewer complaints due to mainly foreign objects dump on the sewer lines.
Grand Total	373 093 946	93 273 966	214 698 403	130%	

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b. Finance charges

The deviation of R91 million on finance charges relates interest on loan to finance the capital projects. The City is intending to taken up the loan in the third quarter of the financial year.

c. Repairs and maintenance – inclusive of other materials

The mSCOA Framework does not accommodate the Repair and Maintenance as a type of expenditure and category. These expenditure is embedded in the various categories and form part of the other materials and contracted services.

Due to the relative importance to monitor expenditure, repairs and maintenance from major infrastructure departments is extracted from various categories and depicted in the table below:

Department	Budget Year 1920				Reasons for under-performance
	Original Budget R	Budget Q1 R	Actual Q1 R	Quarterly variance %	
CITY PLANNING	41 376 253	10 344 078	2 775 887	-73%	The Department does not have a specialist sinkhole rehabilitation contractor appointed as yet. The section is at an advanced stage of appointing.
DISASTER AND EMERGENCY MANAGEMENT SERVICES	38 682 429	9 670 722	3 153 185	-67%	The Department is in process of finalising the fire hydrants maintenance tender - funds to be spent during the third and fourth quarters. Maintenance of buildings and vehicle repairs are undertaken by the Real Estate and Fleet Management Departments. Equipment is repaired as and when the need arises.
ENERGY	860 427 593	215 740 268	153 650 258	-29%	The department is currently in the process of renewing the tenders and the back log in expenditure will then be recovered in quarters 2, 3 and 4. The department has also committed funding during the 1st quarter for the refurbishment of MV and HV underground cable networks and Power transformers of which the completion of the projects will take time and be completed during the remaining quarters
ENVIRONMENTAL RESOURCE & WASTE MANAGEMENT	218 265 137	45 386 484	18 733 914	-59%	The majority of vote numbers are associated with seasonal operational activities of which the first quarter is an off-peak period resulting in fewer needed maintenance activities. Various maintenance related tenders are currently in process of finalization. Requests were submitted to Real Estate for maintenance of buildings and maintenance will be done by Real Estate
INFORMATION COMMUNICATION TECHNOLOGY	185 810 998	46 452 756	21 020 675	-55%	Department is awaiting approval of the Real Estate tender for maintenance of buildings and facilities. Most of the licences and support of system Instruktion to Perform Work started around last month of the first quarter.
REAL ESTATE	155 290 405	38 842 787	4 945 855	-87%	RED are awaiting the appointment of the As and When contractor.
WATER AND SANITATION	413 702 833	103 200 221	19 584 744	-81%	
Grand Total	1 913 555 648	469 637 316	223 864 520	-52%	

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d. Contracted Services

Contracted Services relates to all expenditure incurred by Council which could/should have been rendered by Council itself. It therefore includes;

- Outsourced services;
- Consultants; and
- Other Contracts.

The budget for Contracted Services for the quarter under review is amounted to R1 billion whilst the actual expenditure amounted to R780 million, being a negative deviation of 28%.

Cognisance must be taken that the expenditure in this nature is not accrued and therefore it could reflect to a large extent only expenditure for 2 months (i.e. September 2019 invoices will only get paid in October 2019).

The following table reflects the detail expenditure per department:

Department	September	Budget Year 1920		
	Original Budget	Budget Quarter 1	Actual Quarter 1	Quarterly variance
BBC	1 951 826	487 962	5 430	-99%
CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION	1 064 225	266 112	76 896	-71%
CITY MANAGER	13 761 358	3 359 801	519 242	-85%
CITY PLANNING	92 982 214	23 195 366	3 436 950	-85%
COMMUNICATION & BRANDING	122 139	30 531	-	-100%
CORPORATE LEGAL	50 570 032	6 084 556	5 423 337	-11%
COUNCIL GENERAL	53 615 535	13 403 886	59 940	-100%
DISASTER AND EMERGENCY MANAGEMENT SERVICES	64 258 333	16 068 688	8 100 173	-50%
ECONOMIC DEVELOPMENT	18 661 226	4 665 327	156 325	-97%
EHC	14 820 022	3 705 063	4 212 950	14%
EKURHULENI METRO POLICE DEPARTMENT	331 691 212	82 896 507	70 811 663	-15%
ENERGY	486 194 629	126 656 552	94 247 554	-26%
ENVIRONMENTAL RESOURCE MANAGEMENT	630 494 829	131 894 887	63 784 482	-52%
ERWAT	66 476 366	16 619 205	7 975 872	-52%
EXECUTIVE OFFICE	360 098	241 475	181 416	-25%
FINANCE	207 044 068	49 569 803	8 584 011	-83%
HEALTH AND SOCIAL DEVELOPMENT	17 403 047	2 613 469	1 041 539	-60%
HUMAN RESOURCES	1 983 077	808 574	905 688	12%
HUMAN SETTLEMENTS	167 687 739	68 624 071	13 187 289	-81%
INFORMATION COMMUNICATION TECHNOLOGY	185 702 668	46 425 672	21 021 845	-55%
INTERNAL AUDIT	25 365 631	6 341 418	19 540	-100%
LEGISLATURE	4 598 932	1 149 789	773 180	-33%
REAL ESTATE	54 385 225	13 610 523	3 369 147	-75%
RISK MANAGEMENT	2 196 444	542 590	310 265	-43%
ROADS AND STORMWATER	722 479 808	180 599 006	232 811 266	29%
SPORTS, RECREATION, ARTS AND CULTURE	56 392 900	12 964 850	6 591 680	-49%
STRATEGY & CORPORATE PLANNING	530 794	132 708	-	-100%
TRANSPORT	116 113 480	29 001 240	19 409 674	-33%
WATER AND SANITATION	958 608 898	238 403 213	213 002 937	-11%
Grand Total	4 347 516 755	1 080 362 843	780 020 293	-28%

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e. Transfers and subsidies

The negative deviation of R88 million on operating transfers and subsidies is attributable to the following factors:

- HSDG – The roll-over was recently approved and the targets for the current quarter was proportionally set and the department is still required to set its own targets for the remaining period of the FY. Therefore the department is still in the process of appointing contractors hence there is no expenditure to date.
- ERWAT- The expenditure has not progressed as anticipated due to the delay in contracts appointment. The performance is expected to accelerate from the second quarter of the financial year.

f. Other expense

The category includes items such as travelling costs, printing and stationery, catering, special events, workshops, etc. The negative deviation of 16% is due to cost containment measures instituted by the City on items that are not directly related to service delivery.

5.2 Capital programme performance

The actual **Capital Expenditure** for the 1st Quarter of the 2019/20 financial year is **R758.1 million** compared to **R141 million** for the same quarter in the previous financial year.

The actual spending of **R758.1 million** represents **10.22%** of the total capital budget of **R7,417 billion** (this includes the capital budgets of the entities). The actual expenditure plus commitments for the first quarter amounts to **R922.1 million**, which represents **12.43%** of the Capital Budget.

The following table reflects the comparative spending for the 1st Quarter over the past four financial years:

FY	Budget	Actual Expenditure	% of Budget
16/17	5,130,781,437	368,806,711	7.19%
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18/19	6,768,708,721	140,960,980	2.08%
19/20	7,417,206,981	758,176,455	10.22%

The actual spending per department is indicated in the following table.

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	Budget 2019/20	Dept	Actual	Variance	% Spent of
	Original	Projection	Expenditure	Quarter 1	Total Budget
	R	Quarter 1	Quarter 1	Quarter 1	%
		R	R	%	
CAPITAL BUDGET					
Chief Operating Officer	44 500 000	5 681 818	3 421 003	↓ -39,79%	7,69%
City Manager	112 050 000	12 500	12 167 161	↑ 97237,28%	10,86%
City Planning	600 000	70 000	6 987	↓ -90,02%	1,16%
Communication and Brand Management	50 000	-	-	↑ 0,00%	0,00%
Corporate Legal Services	280 000	-	73 205	↑ 0,00%	26,14%
Council General	516 459 625	48 470 000	-	↓ -100,00%	0,00%
Disaster & Emergency Management Services	160 300 000	8 050 000	13 386 707	↑ 66,29%	8,35%
Economic Development	193 300 000	22 780 000	1 210 823	↓ -94,68%	0,63%
Ekurhuleni Metro Police Department	115 300 000	23 100 000	8 444 385	↓ -63,44%	7,32%
Energy	706 850 450	109 561 820	98 721 554	→ -9,89%	13,97%
Environmental Resources & Waste Management	432 600 000	74 080 000	41 043 658	↓ -44,60%	9,49%
Executive Office	1 000 000	-	-	↑ 0,00%	0,00%
Finance	270 000	-	58 850	↑ 0,00%	21,80%
Health and Social Development	13 950 000	700 000	258 237	↓ -63,11%	1,85%
Human Resources Management	150 000	25 000	-	↓ -100,00%	0,00%
Human Settlements	1 386 648 919	207 323 087	208 695 668	↑ 0,66%	15,05%
Information and Communication Technology	952 244 768	126 325 000	61 261 410	↓ -51,50%	6,43%
Internal Audit	30 000	-	25 780	↑ 0,00%	85,93%
Real Estate	179 253 335	7 895 000	3 456 841	↓ -56,21%	1,93%
Risk Management	10 000	-	-	↑ 0,00%	0,00%
Roads and Stormwater	656 650 000	96 300 000	82 854 522	↓ -13,96%	12,62%
Sport Recreation Arts and Culture	119 000 000	8 053 000	4 736 219	↓ -41,19%	3,98%
Strategy & Corporate Planning	120 000	-	95 391	↑ 0,00%	79,49%
Transport Planning & Provision	753 510 000	94 475 000	66 141 200	↓ -29,99%	8,78%
Water and Sanitation	894 800 000	114 000 000	139 322 847	↑ 22,21%	15,57%
Brakpan Bus Company (BBC)	15 871 913	-	218 813	↑ 0,00%	1,38%
Ekurhuleni Housing Company (EHC)	40 007 971	-	814 208	↑ 0,00%	2,04%
ERWAT	121 400 000	-	11 760 988	↑ 0,00%	9,69%
TOTAL CAPITAL EXPENDITURE	7 417 206 981	946 902 224	758 176 455	↓ -19,93%	10,22%

The table above shows, amongst others, that some of the departments' quarter one spending projections are lower than actual spending. This means that the planned expenditure is not been achieved.

The actual Capital Expenditure of R758.1 million as indicated above is funded as follows:

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	BUDGET 2019/20	TOTAL YEAR TO DATE INCL INVOICES ACCRUED	% spent of Budget
SOURCE OF FINANCE	R	R	
Energy Efficiency Demand Management Side (EEDMS)*	12,150,000	-	0.00%
External Loans	3,749,907,728	360,855,990	9.62%
Integrated City Development Grant (ICDG)*	54,295,000	392,708	0.72%
Neighbourhood Development Partnership Grants (NDPG)*	65,000,000	-	0.00%
Provincial Grant*	8,500,000	-	0.00%
Public transport Network Grants (PTNG)*	568,521,000	66,141,200	11.63%
Revenue	883,838,884	68,148,054	7.71%
Urban Settlement Development Grants (USDG)*	2,074,993,919	262,638,504	12.66%
Grand Total	7,417,206,981	758,176,455	10.22%

* The amount spent on **grant funded** projects amounts to R329.1m which represents 43.42% of the total 1st quarter spending of R758.1m. However, the R329.1m represents only **11.83%** spending from the total grant funded budget of **R2.78 billion**.

	BUDGET 2018/19	% of Total Budget	TOTAL YEAR TO DATE	% of Total Spending	% spent of Budget
SOURCE OF FINANCE	R		R		
Grants	2,783,460,369	37.53%	329,172,411	43.42%	11.83%
Borrowings	3,749,907,728	50.56%	360,855,990	47.60%	9.62%
Internally Generated Funding	883,838,884	11.92%	68,148,054	8.99%	7.71%
Grand Total	7,417,206,981		758,176,455		10.22%

5.3 Financial Position

5.3.1 Debtors Analysis

The Collection Rate for the **1st quarter** ended 30th September 2019 is **86.80%** which is less than the **target of 90%**. The table below depicts the debtors' age analysis at the end of the 1st quarter of the 2019/20 FY:

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Description	Budget Year 2019/20									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	476 953	261 015	147 122	167 842	136 137	134 249	936 554	2 589 269	4 849 141	3 964 051
Trade and Other Receivables from Exchange Transactions - Electricity	1 504 108	260 586	95 093	51 592	39 506	48 358	178 781	429 400	2 607 425	747 638
Receivables from Non-exchange Transactions - Property Rates	363 691	116 399	88 195	69 204	62 843	62 048	352 617	1 111 930	2 226 927	1 658 642
Receivables from Exchange Transactions - Waste Water Management	147 135	73 398	40 568	45 173	37 266	36 351	252 926	690 694	1 323 511	1 062 409
Receivables from Exchange Transactions - Waste Management	111 210	55 328	45 687	38 581	37 498	36 521	242 778	742 745	1 310 347	1 098 122
Receivables from Exchange Transactions - Property Rental Debtors	1 609	2 431	2 243	98 116					104 398	98 116
Interest on Arrear Debtor Accounts	47 957	58 249	55 792	39 355	37 488	35 351	250 701	675 435	1 200 327	1 038 329
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other	38 685	21 917	17 226	12 196	9 780	10 084	65 226	260 639	435 753	357 924
Total By Income Source	2 691 349	849 323	491 928	522 058	360 517	362 961	2 279 582	6 500 112	14 057 830	10 025 231
2018/19 - totals only									-	-
Debtors Age Analysis By Customer Group										
Organs of State	55 315	33 049	7 314	2 495	2 079	1 823	9 658	30 074	141 805	46 128
Commercial	1 615 567	274 410	121 927	87 550	64 332	77 654	317 978	862 532	3 421 949	1 410 046
Households	995 921	534 171	357 440	428 528	291 224	280 486	1 932 321	5 525 845	10 345 935	8 458 403
Other	24 546	7 693	5 247	3 485	2 883	2 998	19 626	81 661	148 140	110 654
Total By Customer Group	2 691 349	849 323	491 928	522 058	360 517	362 961	2 279 582	6 500 112	14 057 830	10 025 231

Outstanding debtors as at 30th September 2019 amounted to R14.0 billion. The debt payable between 0-30 days is regarded as current debt and amounts to R2.6 billion. The table below detail the challenges and corrective measures:

- PRE-PAID METERS BLOCKING - Blocking being done but customers continue to utilize electricity through theft.
- LEGAL DISPUTES - Group of Companies disputing electricity tariffs and credit control enforcement not done due to legal advice.
- Some companies with court orders not to be terminated electricity supply and making partial payments to what is billed.
- ESKOM AREAS - City unable to disconnect electricity supply as a credit control enforcement resulting to reliance on debt collectors which result to lengthy processes before responses by customers.
- WATER LEAKS - Water leaks in areas like Tsakane resulting to high billing and difficulties for affected customers to pay for such

Collection Rate per CCA for the 1st Quarter (July - September 2019)

The collection rate per CCA for the 1st quarter per CCA was as follows:

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Results for First Quarter (target=90%)				
Customer Care Area	Levied	Adjustments	Received	%
Alberton	740 023 211	(444 868)	690 455 989	93.36%
Benoni	652 075 952	(36 560 853)	566 121 848	91.98%
Boksburg	701 689 500	1 495 914	631 691 616	89.83%
Brakpan	529 849 127	(17 021 834)	470 732 909	91.79%
Daveyton	135 386 283	(29 179 647)	46 458 019	43.74%
Duduza	51 339 326	(17 808 333)	12 696 687	37.87%
Edenvale	665 966 830	(97 848 794)	570 217 006	100.37%
Etwatwa	106 567 230	(57 113 569)	5 167 228	10.45%
Germiston	1 226 882 825	(28 704 382)	1 117 594 134	93.27%
Katlehong 1	218 913 656	(41 616 758)	82 850 581	46.73%
Katlehong 2	196 560 393	(84 820 143)	14 545 493	13.02%
Kempton Park	1 464 900 598	(33 549 115)	1 414 934 349	98.85%
Kwa-Thema	45 894 212	(12 667 940)	8 970 160	27.00%
Nigel	227 827 699	(8 008 607)	187 922 172	85.49%
Springs	345 718 421	(20 750 848)	296 774 704	91.32%
Sundries and Other	13 289 858	481 212	5 674 840	41.21%
Tembisa 1	80 956 911	(25 045 194)	51 271 955	91.70%
Tembisa 2	451 543 207	(13 860 520)	405 518 599	92.65%
Tokoza	120 166 705	(41 154 585)	29 060 791	36.78%
Tsakane	156 334 452	(42 682 812)	23 480 972	20.66%
Vosloorus	325 808 337	(41 171 478)	146 916 745	51.62%
Grand Total	8 457 694 732	(648 033 153)	6 779 056 799	86.80%

The Revenue collection performance is 86.80% in comparison with quarterly target of 90%. The quarterly target was not achieved and reflects under performance of 3.2%. Under performance mainly due to decline in economic climate and ability to pay for services. The reasons for low collection is amongst others due to Eskom supplied areas that registered a collection rate of only 18.59% during the first quarter whilst City of Ekurhuleni (CoE) supplied areas registered 92.11% which is above the required target.

5.3.2 Creditors Analysis

The creditors' age analysis for creditors at the end of **September 2019** was as follows:

Item	Detail	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 -
0100	Bulk Electricity	821 334 398	-	-	-	-	-	-	-	821 334 398
0200	Bulk Water	327 920 659	-	-	-	-	-	-	-	327 920 659
0300	PAYE deductions	-	-	-	-	-	-	-	-	-
0400	VAT (output less input)	-	-	-	-	-	-	-	-	-
0500	Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-
0600	Loan repayments	-	-	-	-	-	-	-	-	-
0700	Trade Creditors	-	-	-	-	-	-	-	-	-
0800	Auditor General	25 630	-	-	-	-	-	-	-	25 630
0900	Other	-	-	-	-	-	-	-	-	-
1000	Total	1 149 280 687	-	-	-	-	-	-	-	1 149 280 687

The City endeavors at all times to settle creditors within 30 days.

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5.3.3 Investment Portfolio Analysis

The number of days for cash coverage for the quarter ended 30th September 2019 is 13 days. The contributory factors are low collections on billed amounts and challenges are stated in paragraph 2.3.1 above.

Opening cash on hand balance for the month of September 2019 was R382 million. Internally generated revenue was R3 470 billion. The total expenditure for the month was R2 975 billion, of which R197 million was for capex projects funded by external borrowings. The closing Treasury balance at 30 September 2019 was R887 million cash on hand. The total of unencumbered investments, as well as other bank balances, at end of the month was R457 million. The total balance of unencumbered cash including short term investments was R1 335 billion at end of September 2019.

Actual cash in each of the bank accounts is as follows:

DESCRIPTION	Bank	ACTUAL 2019/20	ACTUAL 2019/20	ACTUAL 2019/20
		Jul-19	Aug-19	Sep-19
		R	R	R
EMM Boksburg Income	ABSA	-	-	-
EMM Boksburg Direct Banking 1	ABSA	9 268 455.36	7 910 798.37	14 878 380.23
EMM Brakpan	ABSA	6 423 105.36	8 247 235.49	4 036 681.21
EMM Germiston Direct Banking	ABSA	27 625 403.43	24 922 246.63	20 245 333.60
EMM Kempton Park Direct Bankin	ABSA	16 543 242.71	14 857 332.15	16 274 240.33
EMM Springs Direct Banking	ABSA	24 795 316.51	26 989 938.64	42 110 250.62
Primary Bank Account	ABSA	50 772.28	-	206 380 809.15
EMM Benoni Income	ABSA	308 356.13	184 689.69	28 108.29
EMM Benoni Direct Banking	ABSA	18 106 320.53	23 394 255.81	17 583 905.42
EMM Edenvale Direct Banking	ABSA	4 678 650.43	4 065 768.29	5 491 383.08
Metro Expenditure/Stores Accou	ABSA	(106 852.18)	-	240.00
Metro Treasury Account	ABSA	31 174 335.09	28 236 764.88	56 220 303.45
EMM E-Siyakhokha Mask Account	ABSA	23 414.53	-25.00	-86.75
Standard Bank Mask Account	ABSA	43 684 885.28	63 397 317.93	71 562 013.45
FNB Mask account	ABSA	56 932 813.17	44 911 025.06	46 141 959.69
EMM IRPTN TRANSPORT- FUNDING	NEDBANK	1 282 170.23	1 288 916.57	1 184 443.75
EMM IRPTN TRANSPORT- COLLECTION	NEDBANK	5 985 338.22	6 747 943.55	7 654 430.73
EMM SALARY ACCOUNT	NEDBANK	53 719 645.27	288 671 465.47	50 102 657.45
EMM EXPENDITURE ACCOUNT	NEDBANK	186 515 410.65	68 709 333.24	894 921.74
EMM TREASURY ACCOUNT	NEDBANK	200 653 218.96	354 422 755.84	163 897 618.47
EMM-USDG ACCOUNT	NEDBANK	236 825 312.63	68 255 182.40	390 735 071.73
EMM HOUSING ACCOUNT	NEDBANK	515 557 147.75	514 627 762.02	517 281 157.98
EMM DEPRECIATION RESERVE ACCOUNT	NEDBANK	95 437 392.37	95 939 549.96	96 432 521.57
EMM EXTERNAL FUNDING FUND	NEDBANK	191 599 088.91	192 607 215.18	16 111 193.47
EMM PRIMARY BANK ACCOUNT	NEDBANK	1 833 058 266.90	938 947 539.16	71 045 363.07
EMM SPRINGS MARKET	NEDBANK	432 911.95	1 099 743.71	2 453 392.69
EMM NEDBANK MASK	NEDBANK	-6 745 801.00	-7 709 573.33	-13 294 964.88
Total		3 553 828 321.47	2 770 725 181.71	1 805 451 329.54

Cognisance must be taken of the fact that the cash target is based on the **operating cash** available (and not the total cash in the bank). The operating cash available is based on the actual cash less/plus cash flow movement in operating activities, investing activities and financing activities.

Investments balances as at 30th September 2019 are as follows:

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CAPITAL													
COMMEN-CING DATE	MATURITY DATE	INVESTMENT MADE /WITHDRAWAL DATE	TYPE OF INVESTMENT	ACCOUNT / CERT NUMBER	OPENING BALANCE 1.07.2015	INVESTMENT MADE	INVESTMENT WITHDRAWN	ACCRUED INTEREST/ EARNED	INTEREST RATE	REFEREN CE IN LEDGER	BALANCE 30.09.2019	ENCUMBERED	En/Unencumbered
INVESTEC BANK													
13-Nov-98		Call deposit	ENCUMBERED DEP.	138799500	82 194 933.49			453 423.28	6.85%	GROWTH	82 648 356.77		Unencumbered
			Accrued Inter. Aug 2019					445 735.04			445 735.04		
					82 194 933.49	-	-	1 549 179.59			83 744 113.08		
INVESTEC BANK STRUCTURED DEPOSITSINKING FUND R800M TO PROVIDE FOR A BOND CAPITAL EMM 02													
29-Feb-12	01-Mar-21		OPENING BALANCE	1400-138799	617 673 925.08			4 932 062.27	9.2278%	GROWTH	617 673 925.08	617 673 925.08	Encumbered
29-Feb-12	01-Mar-21	01-Jul-19	Inv & Acc Inter. Jul 2019			11 631 606.01		5 061 876.87	9.2278%		16 563 668.28	16 563 668.28	Encumbered
29-Feb-12	01-Mar-21	30-Aug-19	Inv & Acc Inter. Aug 2019			11 631 606.01		4 707 879.17			16 693 482.88	16 693 482.88	
29-Feb-12	01-Mar-21	30-Aug-19	Inv & Acc Inter. Sep 2019			11 631 606.01	42 880 000.00				-26 540 514.82	16 339 485.18	
					617 673 925.08	34 894 818.03	42 880 000.00	14 701 818.31			624 390 561.42	667 270 561.42	
STANLIB													
10-Apr-00	ON CALL	Call deposit	MONEY MARKET FUND	53967019	5 462 559.41		0.00	135 373.33	Variable	700369888	5 597 932.74		Unencumbered
					5 462 559.41	0.00	0.00	135 373.33			5 597 932.74		
RAND MERCHANT BANK													
02-Aug-00			GUARANTEED TRUST	RU 501811784	12 602 191.81				13.25%	GROWTH	12 602 191.81		Unencumbered
01-Oct-98	Unit Trusts		MONEY MARKET FUND	RU500456214	41 127 630.98			757 247.30	6.07%	GROWTH	41 884 878.28		Unencumbered
12-Nov-98			GUARANTEED TRUST	RU500433509	30 454 701.27			560 735.92	14.76%	GROWTH	31 015 437.19		Unencumbered
					84 184 524.06	0.00		1 317 983.22			85 502 507.28	0.00	
RAND MERCHANT BANK STRUCTURED DEPOSIT SINKING FUND R815M TO REPAY LOAN AND BOND CAPITAL EMM01													
01-Jul-16			OPENING BALANCE	50619016740	728 585 655.00				9.23%	GROWTH	728 585 655.00	728 585 655.00	Encumbered
28-Feb-11	28-Feb-20	29-Jul-19	STRUCTURED DEPOSIT	50619016740		11 507 731.00	42 877 642.00	5 696 942.32	9.23%		-25 672 968.68	-25 672 968.68	Encumbered
28-Feb-11	28-Feb-20	28-Aug-19	Inv & Acc Inter. Aug 2019	50619016740		11 507 731.00		5 520 155.8			17 027 886.84	17 027 886.84	
28-Feb-11	28-Feb-20	28-Aug-19	Inv & Acc Inter. Sep 2019	50619016740		11 507 731.00		5 462 183.5			16 969 914.48	16 969 914.48	
					728 585 655.00	34 523 193.00	42 877 642.00	16 679 281.64			736 910 487.64	736 910 487.64	
NEDBANK STRUCTURED DEPOSIT SINKING FUND R800M TO PROVIDE FOR A BOND CAPITAL EMM03													
01-Jul-16			OPENING BALANCE	18552276	553 217 497.38				8.24%	GROWTH	553 217 497.38	553 217 497.38	Encumbered
18-Dec-12	01-May-24	01-Aug-19	Investment July 2019	18552276		8 030 533.41		3 496 940.85	8.24%		11 527 474.26	11 527 474.26	Encumbered
		30-Aug-19	Accrued Inter. Aug 2019			8 030 533.41		3 952 286.46			11 982 819.87	11 982 819.87	Encumbered
						8 030 533.41		4 166 344.77			12 196 878.18	12 196 878.18	
					553 217 497.38	24 091 600.23	0.00	11 615 572.08			588 924 669.69	588 924 669.69	
NEDBANK SHORT TERM													
18-Aug-16	CALL		CALL	03/7288511162/000038	2 712 115.46			12 725.19	7.85%		2 724 840.65		Unencumbered
								4 708.90			4 708.90		
					2 712 115.46	0.00	0.00	12 725.19			2 729 549.55		
RAND AIRPORT													
			SHAREHOLDING		4 000 000.00						4 000 000.00		Entities
MUNICIPAL ENTITIES													
10-Mar-99			G.G. INNER CITY HSNB		106.00						106.00		Entities
					106.00			0.00			106.00		
			TOTAL INVESTMENTS		2 078 031 315.88	93 509 611.26	85 757 642.00	46 011 933.36			2 131 799 927.40	1 993 105 718.75	

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5.3.4 Grant Receipts and Expenditure

The status of grants as at the end of the period is reflected in the table below. The following comments are given:

- The term “unspent” used in the Annual Financial Statements should be interpreted as being grants received from National and Provincial government, but not yet spent (as at reporting date). It is not necessary for all grants to be spent in the same period, nor is it possible. In terms of accounting rules, grants are shown as a creditor (“unspent conditional grants”) from when received until when the conditions of the grant have been met, i.e. the grant has been spent on the purposes it was provided for.
- Grants that were unspent at the beginning of the financial year and remain unspent at the end of the year will in all probability have to be either surrendered to National Treasury (as per the Division of Revenue Act) or will have to be evaluated if the grant is not subject to surrender.
- There are exceptional cases where grants will remain unspent for long periods of time due to the nature of the project or litigation involved in the project

A risk rating has been attached to all unspent grants and is indicated as follows:

- No risk – indicated with a “1” and upward arrows – these grants have been received recently and have no risk of being surrendered as it is expected that the grant will be spent in full as per the conditions of the grant.
- Tolerable risk – indicated with a “2” and sideways arrow – the unspent portion of the grant is less than the total of the outstanding amount at the beginning of the year plus the amount received during the year. There is a risk of surrender insofar as the unspent portion of the previous year is concerned. An intervention is required to ensure the grant is spent as per the conditions of the grant.
- Significant risk – indicated with a “3” and downward arrow – the outstanding portion is more than the total of the outstanding amount at the beginning of the year plus the amount received during the year, in other words, the outstanding grant is getting bigger and new allocations are not spent (in addition to old unspent allocations). There is a great risk of the grant being surrendered and urgent attention is required.

The status of grants as at the end of the Q1 is reflected in the table below.

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Name of Grant	EMM Responsible Department	Unspent Funds - 18/19 Opening Balances 19/20	Surrenders to National / Provincial Treasury / Appropriation to revenue	Accumulated Receipts for the Financial year	Accumulated Expenditure for the Financial year	Balance Available	% Spent	Risk
NATIONAL / DORA GRANTS - OPERATING								
FMG	Finance	396,078.04	-	1,000,000.00	(117,365.36)	1,278,712.68	8.41%	↓ 3
TOTAL		396,078.04	-	1,000,000.00	(117,365.36)	1,278,712.68	8.41%	
Equitable Share - Electricity	Energy	-	-	245,730,011.00	(245,730,011.00)	-	100.00%	↑ 1
Equitable Share - Solid Waste	Waste Management	-	-	238,598,006.00	(238,598,006.00)	-	100.00%	↑ 1
Equitable Share -Water and Wastewater	Water & Sanitation	-	-	663,508,079.00	(663,508,079.00)	-	100.00%	↑ 1
Equitable Share - Finance	Finance	-	-	301,451,904.00	(301,451,904.00)	-	100.00%	↑ 1
Fuel Levy - Finance	Finance	-	-	570,430,000.00	(570,430,000.00)	-	100.00%	↑ 1
TOTAL		-	-	2,019,718,000.00	(2,019,718,000.00)	-	100.00%	
NATIONAL / DORA GRANTS - CAPITAL								
USDG	Human Settlements	290,862,218.75	-	418,503,000.00	(117,485,405.60)	591,879,813.15	16.56%	↓ 3
PTNG	Transport	143,893,542.69	-	101,873,000.00	(31,422,857.04)	214,343,685.65	12.79%	↓ 3
NDPG	Human Settlements	5,304,228.09	-	26,005,000.00	-	31,309,228.09	0.00%	↓ 3
Electricity Demand Side	Energy	9,704.82	-	-	-	9,704.82	0.00%	↓ 3
Expanded Public Works Programme	Economic Development	-	-	5,506,000.00	(2,762,202.95)	2,743,797.05	50.17%	↔ 2
Intergrated City Development	Human Settlements	-	-	27,148,000.00	-	27,148,000.00	0.00%	↓ 3
TOTAL		448,372,031.40	-	579,035,000.00	(151,670,465.59)	875,736,565.81	14.76%	
PROVINCIAL GRANTS - OPERATING								
SETA	Human Resources	4,729,237.15	-	-	-	4,729,237.15	0.00%	↓ 3
HIV/AIDS	Health & Social Development	760.55	-	-	(4,320,841.14)	-	568121%	↑ 1
Township Initiatives	SRAC - Libraries	614,421.22	-	15,000,000.00	(378,325.17)	15,236,096.05	2.42%	↓ 3
HSDG Accreditation	Human Settlements	505,841,651.03	-	-	-	505,841,651.03	0.00%	↓ 3
TOTAL		511,186,069.95	-	15,000,000.00	(4,699,166.31)	525,806,984.23	0.89%	
PROVINCIAL - SUBSIDIES								
Health Subsidies	Health & Social Development	-	-	58,359,200.00	(58,359,200.00)	-	100.00%	↑ 1
Emergency Subsidies	DEMS	-	-	70,813,200.00	(70,813,200.00)	-	100.00%	↑ 1
TOTAL		-	-	129,172,400.00	(129,172,400.00)	-	100.00%	
Total National / DORA Grants + Subsidies		448,768,109.44	-	2,599,753,000.00	(2,171,505,830.95)	877,015,278.49	71.23%	
Total Provincial Grants + Subsidies		511,186,069.95	-	144,172,400.00	(133,871,566.31)	525,806,984.23	20.43%	
GRAND TOTAL		959,954,179.39	-	2,743,925,400.00	(2,305,377,397.26)	1,402,822,262.72	62.24%	

The **unspent grants** at the beginning of the 2019/20 financial year amounted to R 959,9 million and roll-over applications were submitted to Provincial Treasury on the 31 July 2019 and to National Treasury on the 31 August 2019. Of the R959,9 million unspent in 2018/19 , R506,3 million has already been approved to be rolled-over with R8,9 million being rejected and R453,6 million is awaiting a response from National Treasury. The roll-over appeal on the R8,9 million being rejected was submitted to Provincial Treasury and awaiting a response.

The 2019/20 unspent grants are further illustrated below:

Name of Grant	EMM Responsible Department	Unspent Funds - 18/19 Opening Balances 19/20	Roll-over Approved	Roll-over Rejected	Funds Available for 2019/20	Comments
NATIONAL / DORA GRANTS						
FMG	Finance	396,078.04	-	-	-	Awaiting Response from National Treasury
USDG	Human Settlements	290,862,218.75	-	-	-	Awaiting Response from National Treasury
INEP	Energy	8,302,337.05	-	-	-	Awaiting Response from National Treasury
PTNG	Transport	143,893,542.69	-	-	-	Awaiting Response from National Treasury
NDPG	Human Settlements	5,304,228.09	-	-	-	Awaiting Response from National Treasury
Electricity Demand Side	Energy	9,704.82	-	-	-	Awaiting Response from National Treasury
TOTAL		448,768,109.44	-	-	-	
PROVINCIAL GRANTS						
SETA	Human Resources	4,729,237.15	4,729,237.15	-	4,729,237.15	This grant is unconditional and does not require an approval
HIV/AIDS	Health & Social Development	760.55	760.55	-	760.55	This amount is immaterial and was automatically rolled-over
Township Initiatives	SRAC - Libraries	614,421.22	90,728.00	523,693.22	90,728.00	Awaiting response on the appeal submitted to Provincial Treasury
HSDG Accreditation	Human Settlements	505,841,651.03	497,341,770.00	8,499,881.03	497,341,770.00	Awaiting response on the appeal submitted to Provincial Treasury
TOTAL		511,186,069.95	502,162,495.70	9,023,574.25	502,162,495.70	
GRAND TOTAL		959,954,179.39	502,162,495.70	9,023,574.25	502,162,495.70	

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6. IN-YEAR BUDGET TABLES

The **main tables** as required in terms of the Municipal Budget and Reporting Regulations are included in the report as follows:

Eku Ekurhuleni Metro - Table C1 Monthly Budget Statement Summary - M03 September							
Description	2018/19	Budget Year 2019/20					
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Financial Performance							
Property rates	5 395 431	6 140 478	1 259 130	1 535 119	(275 990)	-18%	6 140 478
Service charges	20 586 159	23 728 239	6 755 860	6 909 327	(153 467)	-2%	23 728 239
Investment revenue	397 694	438 015	86 526	108 754	(22 228)	-20%	438 015
Transfers recognised - operational	4 010 125	5 907 502	2 201 474	2 287 032	(85 558)	-4%	5 907 502
Other own revenue	4 243 643	2 593 281	623 211	637 451	(14 239)	-2%	2 593 281
Total Revenue (excluding capital transfers and contributions)	34 633 052	38 807 515	10 926 201	11 477 683	(551 482)	-5%	38 807 515
Employee costs	8 451 195	9 628 450	2 274 895	2 407 120	(132 224)	-5%	9 628 450
Remuneration of Councillors	137 936	139 695	33 935	34 924	(988)	-3%	139 695
Depreciation & asset impairment	2 570 430	2 202 789	553 037	550 697	2 340	0%	2 202 789
Finance charges	944 051	1 096 076	182 278	274 019	(91 741)	-33%	1 096 076
Materials and bulk purchases	15 269 080	17 862 556	4 978 629	5 269 370	(290 742)	-6%	17 862 556
Transfers and grants	1 038 317	675 033	60 218	148 858	(88 639)	-60%	675 033
Other expenditure	7 980 845	7 201 431	1 467 232	1 812 725	(345 493)	-19%	7 201 431
Total Expenditure	36 391 854	38 806 031	9 550 225	10 497 713	(947 488)	-9%	38 806 031
Surplus/(Deficit)	(1 758 802)	1 484	1 375 976	979 970	396 006	40%	1 484
Transfers recognised - capital	2 053 381	2 783 460	119 769	411 256	(291 488)	-71%	2 783 460
Surplus/(Deficit) after capital transfers & contributions	376 572	2 784 944	1 495 745	1 391 227	104 518	8%	2 784 944
Surplus/ (Deficit) for the year	376 572	2 784 944	1 495 745	1 391 227	104 518	8%	2 784 944
Capital expenditure & funds sources							
Capital expenditure	5 970 194	7 417 207	306 093	1 854 303	(1 548 210)	-83%	7 417 207
Capital transfers recognised	2 042 094	2 783 460	94 384	587 878	(493 493)	-84%	2 351 510
Borrowing	2 996 591	3 749 908	174 068	1 003 705	(829 637)	-83%	4 014 818
Internally generated funds	931 510	883 839	37 641	262 720	(225 079)	-86%	1 050 879
Total sources of capital funds	5 970 194	7 417 207	306 093	1 854 303	(1 548 210)	-83%	7 417 207
Financial position							
Total current assets	12 240 473	9 809 909	12 640 507				16 985 301
Total non current assets	61 247 904	64 072 654	58 422 605				64 581 856
Total current liabilities	13 166 540	14 775 924	8 248 942				14 935 932
Total non current liabilities	9 133 744	13 501 302	11 993 982				13 539 159
Community wealth/Equity	51 188 093	45 605 337	50 820 188				52 682 759
Net cash from (used) operating	-	4 725 613	(2 072 645)	-	2 072 645	-	-
Net cash from (used) investing	-	(6 219 561)	(389 984)	-	389 984	-	-
Net cash from (used) financing	-	2 569 317	502 418	-	(502 418)	-	-
Cash/cash equivalents at the month/year end	-	9 364 213	1 470 672	8 288 845	6 818 173	82%	3 430 882
Debtors & creditors analysis	0-30 Days	31-60 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Total Debtors	2 691 349	849 323	360 517	362 961	2 279 582	6 500 112	14 057 830
Creditors Age Analysis							
Total Creditors	1 149 281	-	-	-	-	-	1 149 281

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EKU Ekurhuleni Metro - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M03 September								
Description	Ref	2018/19	Budget Year 2019/20					Full Year Forecast
		Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1							
Revenue - Standard								
Governance and administration		8 739 952	9 527 961	2 256 483	2 583 974	(327 490)	-13%	9 527 961
Executive and council		–	–	–	–	–	–	–
Budget and treasury office		8 739 952	9 527 961	2 256 483	2 583 974	(327 490)	-13%	9 527 961
Corporate services		–	–	–	–	–	–	–
Community and public safety		1 961 805	2 167 229	295 266	487 280	(192 014)	-39%	2 167 229
Community and social services		203 988	232 886	79 270	82 476	(3 206)	-4%	232 886
Sport and recreation		14 217	15 891	1 328	1 988	(659)	-33%	15 891
Public safety		226 730	145 962	37 429	36 491	938	3%	145 962
Housing		1 356 190	1 599 133	111 520	301 116	(189 596)	-63%	1 599 133
Health		160 680	173 356	65 719	65 209	510	1%	173 356
Economic and environmental services		737 971	1 023 071	59 204	192 325	(133 122)	-69%	1 023 071
Planning and development		60 395	67 291	13 410	16 817	(3 408)	-20%	67 291
Road transport		677 575	955 635	45 794	175 472	(129 678)	-74%	955 635
Environmental protection		1	144	0	36	(36)	-100%	144
Trading services		25 000 266	28 540 978	8 348 728	8 542 427	(193 699)	-2%	28 540 978
Electricity		14 816 508	16 533 647	5 121 689	5 184 002	(62 313)	-1%	16 533 647
Water		5 723 153	6 954 240	1 912 233	2 000 213	(87 981)	-4%	6 954 240
Waste water management		2 489 138	2 892 460	720 699	723 115	(2 416)	0%	2 892 460
Waste management		1 971 466	2 160 631	594 108	635 097	(40 989)	-6%	2 160 631
Other	4	328 432	331 737	86 289	82 934	3 355	4%	331 737
Total Revenue - Standard	2	36 768 426	41 590 975	11 045 970	11 888 940	(842 970)	-7%	41 590 975
Expenditure - Standard								
Governance and administration		4 881 050	5 071 405	1 013 700	1 269 841	(256 140)	-20%	5 071 405
Executive and council		409 344	523 844	105 256	123 851	(18 595)	-15%	523 844
Budget and treasury office		4 400 052	4 468 159	895 835	1 126 139	(230 304)	-20%	4 468 159
Corporate services		71 654	79 402	12 610	19 851	(7 241)	-36%	79 402
Community and public safety		6 256 676	6 029 409	1 359 077	1 490 748	(131 671)	-9%	6 029 409
Community and social services		681 203	795 422	183 966	196 536	(12 570)	-6%	795 422
Sport and recreation		1 019 455	1 105 988	220 971	250 933	(29 962)	-12%	1 105 988
Public safety		1 907 548	1 976 588	479 384	494 148	(14 764)	-3%	1 976 588
Housing		1 158 538	525 812	85 774	144 912	(59 138)	-41%	525 812
Health		1 489 932	1 625 599	388 982	404 219	(15 237)	-4%	1 625 599
Economic and environmental services		3 278 322	3 232 714	688 589	808 280	(119 692)	-15%	3 232 714
Planning and development		679 519	775 479	107 132	193 865	(86 733)	-45%	775 479
Road transport		2 443 935	2 354 196	563 498	588 680	(25 182)	-4%	2 354 196
Environmental protection		154 868	103 039	17 958	25 735	(7 777)	-30%	103 039
Trading services		21 734 202	24 197 398	6 420 176	6 860 063	(439 887)	-6%	24 197 398
Electricity		13 083 962	15 012 524	4 508 405	4 568 540	(60 135)	-1%	15 012 524
Water		6 436 634	6 768 659	1 433 878	1 690 838	(256 960)	-15%	6 768 659
Waste water management		1 040 312	1 060 346	228 871	265 059	(36 188)	-14%	1 060 346
Waste management		1 173 294	1 355 869	249 022	335 626	(86 604)	-26%	1 355 869
Other		255 781	275 105	68 682	68 780	(98)	0%	275 105
Total Expenditure - Standard	3	36 406 032	38 806 031	9 550 225	10 497 713	(947 488)	-9%	38 806 031
Surplus/ (Deficit) for the year		362 394	2 784 944	1 495 745	1 391 227	104 518	8%	2 784 944

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EKU Ekurhuleni Metro - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September							
Vote Description	2018/19	budget year 2019/20					
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Revenue by Vote							
Vote 1 - Executive and Council	271 876	307 440	133	25 686	(25 553)	-99.5%	307 440
Vote 2 - Finance and Corporate Services	8 436 323	9 178 698	2 252 519	2 547 833	(295 314)	-11.6%	9 178 698
Vote 3 - Energy	14 816 508	16 533 647	5 121 689	5 184 002	(62 313)	-1.2%	16 533 647
Vote 4 - Water and Sanitation	8 212 291	9 846 700	2 632 932	2 723 328	(90 396)	-3.3%	9 846 700
Vote 5 - Waste Management	1 972 447	2 161 704	594 356	635 365	(41 009)	-6.5%	2 161 704
Vote 6 - Human Settlements	1 386 963	1 639 884	115 103	311 303	(196 200)	-63.0%	1 639 884
Vote 7 - City Planning	35 088	45 269	10 591	11 317	(727)	-6.4%	45 269
Vote 8 - Economic Development	48 495	47 675	8 540	11 913	(3 373)	-28.3%	47 675
Vote 9 - Disaster and Emergency Management Services	181 110	202 996	74 487	77 304	(2 817)	-3.6%	202 996
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	20 326	28 223	1 955	2 770	(815)	-29.4%	28 223
Vote 11 - Health and Social Development	156 623	164 774	64 178	63 064	1 114	1.8%	164 774
Vote 12 - Environmental Resource Management	23 171	35 554	6 227	8 888	(2 662)	-29.9%	35 554
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	224 385	136 693	36 899	34 173	2 726	8.0%	136 693
Vote 14 - Transport Planning & Provisioning	822 181	1 160 794	121 730	239 761	(118 032)	-49.2%	1 160 794
Vote 15 - Roads and Stormwater	160 639	100 925	4 632	12 231	(7 599)	-62.1%	100 925
Total Revenue by Vote	36 768 426	41 590 975	11 045 970	11 888 940	(842 970)	-7.1%	41 590 975
Expenditure by Vote							
Vote 1 - Executive and Council	1 277 797	1 438 993	279 758	333 592	(53 833)	-16.1%	1 438 993
Vote 2 - Finance and Corporate Services	3 014 288	3 013 719	645 978	781 587	(135 609)	-17.4%	3 013 719
Vote 3 - Energy	13 083 962	15 012 524	4 508 405	4 568 540	(60 135)	-1.3%	15 012 524
Vote 4 - Water and Sanitation	7 463 485	7 813 324	1 662 014	1 951 997	(289 984)	-14.9%	7 813 324
Vote 5 - Waste Management	1 173 334	1 355 965	249 037	335 642	(86 606)	-25.8%	1 355 965
Vote 6 - Human Settlements	1 553 201	1 056 613	156 182	277 609	(121 427)	-43.7%	1 056 613
Vote 7 - City Planning	333 666	325 799	51 319	81 451	(30 131)	-37.0%	325 799
Vote 8 - Economic Development	312 909	399 459	44 419	99 859	(55 440)	-55.5%	399 459
Vote 9 - Disaster and Emergency Management Services	870 100	943 624	227 532	235 907	(8 376)	-3.6%	943 624
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	708 940	762 636	184 273	188 362	(4 090)	-2.2%	762 636
Vote 11 - Health and Social Development	1 019 503	1 133 894	255 975	281 292	(25 317)	-9.0%	1 133 894
Vote 12 - Environmental Resource Management	804 508	863 282	156 957	190 208	(33 252)	-17.5%	863 282
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)	1 873 955	1 932 679	473 679	483 170	(9 491)	-2.0%	1 932 679
Vote 14 - Transport Planning & Provisioning	884 249	782 159	161 741	195 653	(33 912)	-17.3%	782 159
Vote 15 - Roads and Stormwater	2 032 135	1 971 362	492 955	492 841	114	0.0%	1 971 362
Total Expenditure by Vote	36 406 032	38 806 031	9 550 225	10 497 713	(947 488)	-9.0%	38 806 031
Surplus/ (Deficit) for the year	362 394	2 784 944	1 495 745	1 391 227	104 518	7.5%	2 784 944

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EKU Ekurhuleni Metro - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September							
Description	2018/19	budget year 2019/20					
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Revenue By Source							
Property rates	5 395 431	6 140 478	1 259 130	1 535 119	(275 990)	-18%	6 140 478
Property rates - penalties & collection charges							
Service charges - electricity revenue	13 915 463	15 553 417	4 860 782	4 865 622	(4 839)	0%	15 553 417
Service charges - water revenue	3 873 112	4 870 108	1 129 759	1 217 527	(87 768)	-7%	4 870 108
Service charges - sanitation revenue	1 477 906	1 771 371	429 146	442 843	(13 697)	-3%	1 771 371
Service charges - refuse revenue	1 319 678	1 533 344	336 173	383 336	(47 163)	-12%	1 533 344
Service charges - other							
Rental of facilities and equipment	116 471	136 271	33 721	34 068	(346)	-1%	136 271
Interest earned - external investments	397 694	438 015	86 526	108 754	(22 228)	-20%	438 015
Interest earned - outstanding debtors	484 884	560 910	129 907	140 248	(10 341)	-7%	560 910
Dividends received	182	-	-	-	-		-
Fines	177 896	145 107	38 124	36 277	1 847	5%	145 107
Licences and permits	305 138	305 916	80 546	76 479	4 068	5%	305 916
Agency services	-	-	-	-	-		-
Transfers recognised - operational	4 010 125	5 907 502	2 201 474	2 287 032	(85 558)	-4%	5 907 502
Other revenue	3 157 427	1 445 077	340 913	350 379	(9 467)	-3%	1 445 077
Gains on disposal of PPE	1 644	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)	34 633 052	38 807 515	10 926 201	11 477 683	(551 482)	-5%	38 807 515
Expenditure By Type							
Employee related costs	8 451 195	9 628 450	2 274 895	2 407 120	(132 224)	-5%	9 628 450
Remuneration of councillors	137 936	139 695	33 935	34 924	(988)	-3%	139 695
Debt impairment	2 535 326	1 579 646	407 503	394 912	12 591	3%	1 579 646
Depreciation & asset impairment	2 570 430	2 202 789	553 037	550 697	2 340	0%	2 202 789
Finance charges	944 051	1 096 076	182 278	274 019	(91 741)	-33%	1 096 076
Bulk purchases	13 359 107	15 703 690	4 702 809	4 735 492	(32 683)	-1%	15 703 690
Other materials	1 909 973	2 158 867	275 820	533 878	(258 058)	-48%	2 158 867
Contracted services	4 276 415	4 347 517	780 020	1 080 363	(300 343)	-28%	4 347 517
Transfers and grants	1 038 317	675 033	60 218	148 858	(88 639)	-60%	675 033
Other expenditure	1 154 688	1 258 961	279 676	333 624	(53 947)	-16%	1 258 961
Loss on disposal of PPE	14 417	15 307	32	3 827	(3 795)	-99%	15 307
Total Expenditure	36 391 854	38 806 031	9 550 225	10 497 713	(947 488)	-9%	38 806 031
Surplus/(Deficit)	(1 758 802)	1 484	1 375 976	979 970	396 006	0	1 484
Transfers recognised - capital	2 053 381	2 783 460	119 769	411 256	(291 488)	(0)	2 783 460
Contributions recognised - capital	81 993	-	-	-	-		-
Contributed assets	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & Taxation	376 572	2 784 944	1 495 745	1 391 227			2 784 944
Surplus/(Deficit) after taxation	362 394	2 784 944	1 495 745	1 391 227			2 784 944
Attributable to minorities							
Surplus/(Deficit) attributable to municipality	362 394	2 784 944	1 495 745	1 391 227			2 784 944
Share of surplus/ (deficit) of associate							
Surplus/ (Deficit) for the year	362 394	2 784 944	1 495 745	1 391 227			2 784 944

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EKU Ekurhuleni Metro - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M03 September

Vote Description	2018/19	budget year 2019/20					
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
Multi-Year expenditure appropriation							
Vote 1 - Executive and Council	593 269	631 740	307	157 935	(157 628)	-100%	631 740
Vote 2 - Finance and Corporate Services	458 570	995 305	10 418	248 826	(238 409)	-96%	995 305
Vote 3 - Energy	715 048	706 850	51 119	176 713	(125 594)	-71%	706 850
Vote 4 - Water and Sanitation	859 928	1 016 200	104 832	254 050	(149 218)	-59%	1 016 200
Vote 5 - Waste Management	187 330	128 000	2 163	32 000	(29 837)	-93%	128 000
Vote 6 - Human Settlements	1 333 378	1 605 910	77 260	401 478	(324 217)	-81%	1 605 910
Vote 7 - City Planning	1 197	600	-	150	(150)	-100%	600
Vote 8 - Economic Development	156 281	193 300	-	48 325	(48 325)	-100%	193 300
Vote 9 - Disaster and Emergency Management	128 835	160 300	7 123	40 075	(32 952)	-82%	160 300
Vote 10 - Sports, Recreation, Arts & Culture (SR)	100 330	119 120	248	29 780	(29 532)	-99%	119 120
Vote 11 - Health and Social Development	23 465	13 950	203	3 488	(3 285)	-94%	13 950
Vote 12 - Environmental Resource Management	312 760	304 600	3 963	76 150	(72 187)	-95%	304 600
Vote 13 - Ekurhuleni Metropolitan Police Depa	168 661	115 300	7 376	28 825	(21 449)	-74%	115 300
Vote 14 - Transport Planning & Provisioning	423 407	769 382	12 284	192 346	(180 061)	-94%	769 382
Vote 15 - Roads and Stormwater	507 735	656 650	28 797	164 163	(135 366)	-82%	656 650
Total Capital Multi-year expenditure	5 970 194	7 417 207	306 093	1 854 303	(1 548 210)	-83%	7 417 207
Total Capital Expenditure	5 970 194	7 417 207	306 093	1 854 303	(1 548 210)	-83%	7 417 207
Capital Expenditure - Standard Classification							
Governance and administration	1 186 110	1 817 737	13 932	454 434	(440 502)	-97%	1 817 733
Executive and council	100 418	115 000	233	28 750	(28 517)	-99%	115 000
Budget and treasury office	1 085 372	1 702 707	13 673	425 677	(412 003)	-97%	1 702 707
Corporate services	320	30	26	8	18	244%	26
Community and public safety	1 876 686	2 059 207	91 520	514 802	(423 282)	-82%	2 059 207
Community and social services	128 835	160 300	7 123	40 075	(32 952)	-82%	160 300
Sport and recreation	350 288	343 000	2 795	85 750	(82 955)	-97%	343 000
Public safety	168 661	115 300	7 376	28 825	(21 449)	-74%	115 300
Housing	1 205 437	1 426 657	74 022	356 664	(282 642)	-79%	1 426 657
Health	23 465	13 950	203	3 488	(3 285)	-94%	13 950
Economic and environmental services	1 145 093	1 689 213	42 527	422 304	(379 777)	-90%	1 689 213
Planning and development	158 007	194 070	70	48 518	(48 447)	-100%	194 070
Road transport	924 625	1 414 543	41 082	353 636	(312 554)	-88%	1 414 543
Environmental protection	62 461	80 600	1 375	20 150	(18 775)	-93%	80 600
Trading services	1 762 306	1 851 050	158 114	462 763	(304 649)	-66%	1 851 050
Electricity	715 048	706 850	51 119	176 713	(125 594)	-71%	706 850
Water	696 304	894 800	93 071	223 700	(130 629)	-58%	894 800
Waste water management	163 624	121 400	11 761	30 350	(18 589)	-61%	121 400
Waste management	187 330	128 000	2 163	32 000	(29 837)	-93%	128 000
Other					-		
Total Capital Expenditure - Standard Classification	5 970 194	7 417 207	306 093	1 854 303	(1 548 210)	-83%	7 417 203
Funded by:							
National Government	2 033 103	2 774 960	94 384	585 753	(491 368)	-84%	2 343 010
Provincial Government	8 990	8 500	-	2 125	(2 125)	-100%	8 500
District Municipality					-		
Other transfers and grants	-	-	-	-	-		-
Transfers recognised - capital	2 042 094	2 783 460	94 384	587 878	(493 493)	-84%	2 351 510
Public contributions & donations							
Borrowing	2 996 591	3 749 908	174 068	1 003 705	(829 637)	-83%	4 014 818
Internally generated funds	931 510	883 839	37 641	262 720	(225 079)	-86%	1 050 879
Total Capital Funding	5 970 194	7 417 207	306 093	1 854 303	(1 548 210)	-83%	7 417 207

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EKU Ekurhuleni Metro - Table C6 Monthly Budget Statement - Financial Position - M03 September

Description	2018/19	Budget year 2019/20		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands				
ASSETS				
Current assets				
Cash	3 507 477	5 986 426	1 470 672	5 986 426
Call investment deposits	21 579	14 630	174 554	21 914
Consumer debtors	5 809 986	3 494 108	8 754 829	7 307 530
Other debtors	1 473 458	96 855	815 453	2 139 562
Inventory	1 330 458	217 889	1 425 000	1 425 030
Total current assets	12 240 473	9 809 909	12 640 507	16 985 301
Non current assets				
Long-term receivables	2 108	32 593	3 333	32 593
Investments	2 093 878	2 869 625	2 011 758	2 869 625
Investment property	418 550	230 415	503 271	417 434
Property, plant and equipment	57 779 192	60 310 606	54 991 532	60 310 606
Intangible assets	881 142	593 221	843 678	878 565
Other non-current assets	69 034	36 194	69 034	69 034
Total non current assets	61 247 904	64 072 654	58 422 605	64 581 856
TOTAL ASSETS	73 488 377	73 882 563	71 063 112	81 567 157
LIABILITIES				
Current liabilities				
Borrowing	58 013	51 584	-	51 584
Consumer deposits	920 173	780 938	937 764	940 946
Trade and other payables	8 696 744	9 694 562	6 716 349	9 694 562
Provisions	3 491 610	4 248 841	594 829	4 248 841
Total current liabilities	13 166 540	14 775 924	8 248 942	14 935 932
Non current liabilities				
Borrowing	9 016 241	13 422 358	9 054 440	13 422 358
Provisions	117 503	78 944	2 939 542	116 800
Total non current liabilities	9 133 744	13 501 302	11 993 982	13 539 159
TOTAL LIABILITIES	22 300 284	28 277 226	20 242 924	28 475 091
NET ASSETS	51 188 093	45 605 337	50 820 188	53 092 066
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	50 659 147	45 605 337	50 820 188	52 154 892
Reserves	528 946	0	-	527 867
TOTAL COMMUNITY WEALTH/EQUITY	51 188 093	45 605 337	50 820 188	52 682 759

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EKU Ekurhuleni Metro - Table C7 Monthly Budget Statement - Cash Flow - M03 September			
Description	Budget year 2019/20		
	Original Budget	YearTD actual	YTD variance
R thousands			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates, penalties & collection charges	4 833 913	1 115 175	1 115 175
Service charges	18 823 618	6 492 312	6 492 312
Other revenue	961 196	(1 107 238)	(1 107 238)
Government - operating	5 406 054	2 082 799	2 082 799
Government - capital	2 303 664	109 992	109 992
Interest	862 113	216 432	216 432
Dividends	–	–	–
Payments			
Suppliers and employees	(25 693 764)	(10 739 622)	10 739 622
Finance charges	(753 661)	(182 278)	182 278
Transfers and Grants	(2 017 520)	(60 218)	60 218
NET CASH FROM/(USED) OPERATING ACTIVITIES	4 725 613	(2 072 645)	2 072 645
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	–	(32)	(32)
Decrease (Increase) in non-current debtors	–	–	–
Decrease (increase) other non-current receivables	–	(3)	(3)
Decrease (increase) in non-current investments	(242 297)	(96 649)	(96 649)
Payments			
Capital assets	(5 977 264)	(293 299)	293 299
NET CASH FROM/(USED) INVESTING ACTIVITIES	(6 219 561)	(389 984)	389 984
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Short term loans	–	–	–
Borrowing long term/refinancing	2 836 156	481 645	481 645
Increase (decrease) in consumer deposits	50 000	20 773	20 773
Payments			
Repayment of borrowing	(316 839)	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	2 569 317	502 418	(502 418)
NET INCREASE/ (DECREASE) IN CASH HELD	1 075 369	(1 960 210)	
Cash/cash equivalents at beginning:	8 288 845	3 430 882	
Cash/cash equivalents at month/year end:	9 364 213	1 470 672	

Key Financial Ratio's

As part of the requirements of the Municipal Budget and Reporting Regulations Council must complete schedule SC2 (Monthly Budget Statement Performance Indicators) and submit to National Treasury. The following is an extract from the mentioned schedule indicating all the financial ratios as required by National Treasury.

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EKU City of Ekurhuleni - Supporting Table SC2 Monthly Budget Statement - performance indicators - M03 September					
Description of financial indicator	Basis of calculation	2018/19	Budget Year 2019/20		
		Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
<u>Borrowing Management</u>					
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	2.6%	8.5%	1.9%	3.2%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	50.2%	50.6%	56.9%	54.1%
<u>Safety of Capital</u>					
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	34.7%	50.8%	31.0%	44.0%
Gearing	Long Term Borrowing/ Funds & Reserves	1704.6%	12662601937.7%	0.0%	2542.8%
<u>Liquidity</u>					
Current Ratio	Current assets/current liabilities	93.0%	66.4%	153.2%	113.7%
Liquidity Ratio	Monetary Assets/Current Liabilities	26.8%	40.6%	19.9%	40.2%
<u>Revenue Management</u>					
Annual Debtors Collection Rate (Revenue/Total Revenue)	Last 12 Mths Receipts/ Last 12 Mths Billing				
Outstanding Debtors	Total Outstanding Debtors to Annual	21.3%	9.3%	87.6%	24.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>					
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))				
<u>Funding of Provisions</u>					
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions				
<u>Other Indicators</u>					
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and				
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source				
Employee costs	Employee costs/Total Revenue - capital revenue	24.4%	24.8%	20.8%	24.8%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	7.1%	7.8%	4.7%	7.8%
Interest & Depreciation	I&D/Total Revenue - capital revenue	10.1%	8.5%	1.7%	3.2%
<u>IDP regulation financial viability indicators</u>					
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within				
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services				
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure				

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7. OTHER SUPPORTING DOCUMENTS

In terms of Council's Unauthorised, Fruitless, Wasteful and Irregular Expenditure policy, all known instances of Fruitless, Wasteful and Irregular Expenditure are reported to Council on a quarterly basis as part of the SDBIP report.

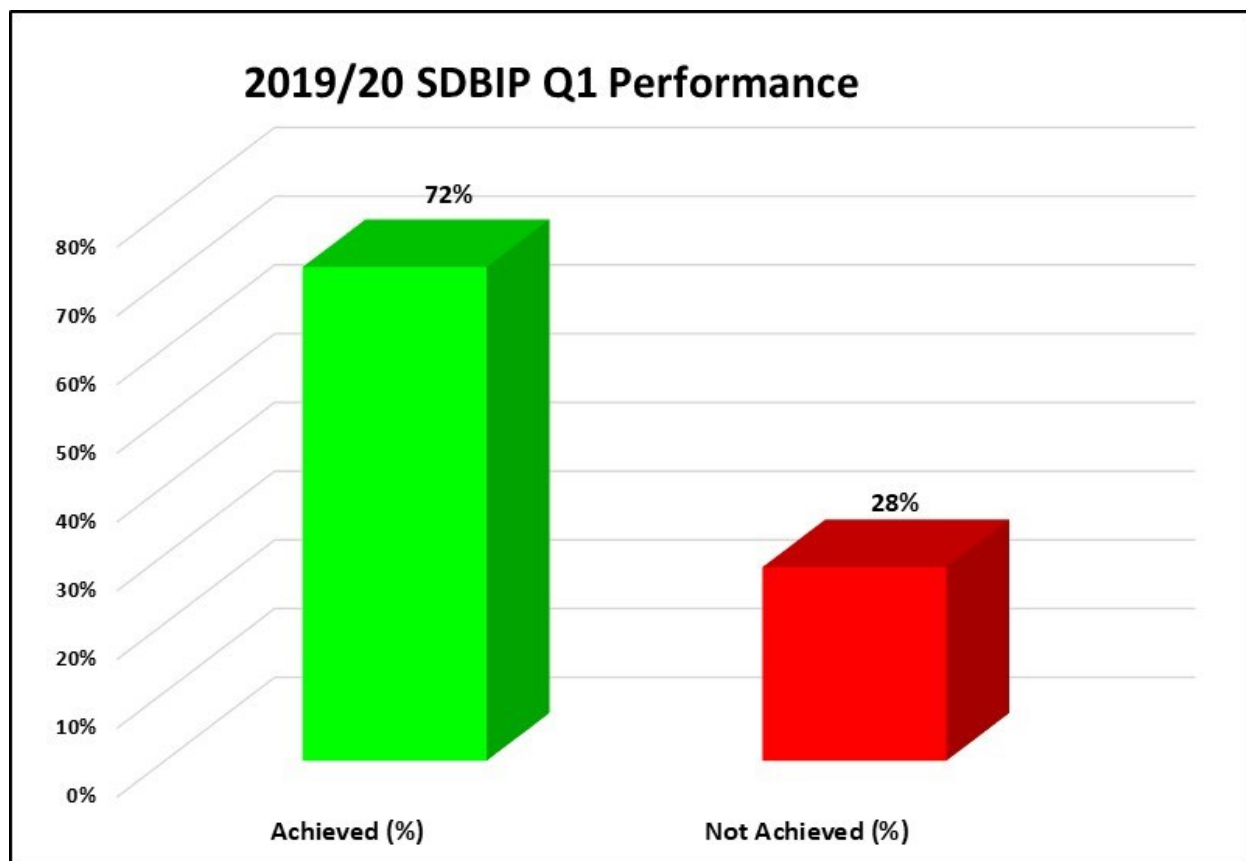
Internal Audit has reported that there were no Unauthorised, Fruitless, Wasteful and Irregular expenditure identified during the quarter 1 (from July 2019 to 30 September 2019) of the 2019/20 financial year.

8. SUMMARY OF THE UNAUDITED QUARTERLY SDBIP REPORT: QUARTER ONE OF THE 2019/20 FINANCIAL YEAR

SUMMARY OF THE FIRST QUARTER NON-FINANCIAL PERFORMANCE INFORMATION

CITY-WIDE PERFORMANCE

FIGURE 1: CITY-WIDE 2019/20 QUARTER 1 PERFORMANCE



The City committed to a total of 71 targets in the first quarter of the 2019/20 financial year. Against these commitments, 51 (72%) targets were achieved and 20 (28%) were not achieved. The committed targets were contributed by the twenty-five (25) departments and entities for the metro-wide SDBIP. Of the twenty-five (25) departments and entities that committed to the targets, thirteen (13) departments achieved hundred per cent (100%) and eight (08) achieved 50% and less. All of the three CoE entities

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that were due for reporting, achieved nil per cent (0%) of their targets. EPMO is the only department that achieved nil per cent (0%) of their targets during the reporting quarter.

FIGURE 2: CITY-WIDE 2019/20 QUARTER 1 PERFORMANCE PER CLUSTER

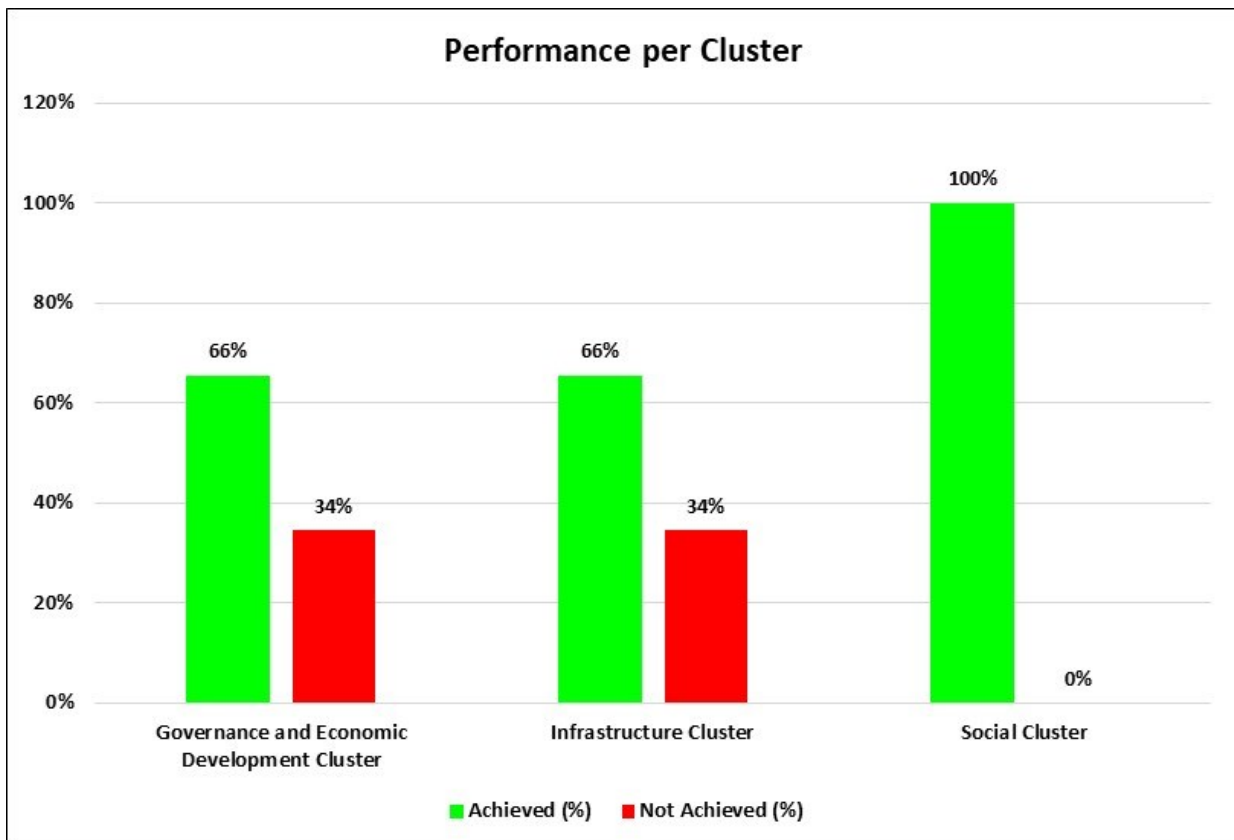


Figure 2. above presents the quarterly performance against the targets set for quarter 1 of the 2019/20 financial year per cluster. The figure shows that the Social Cluster recorded the highest performance of hundred per cent (100%) target achievement followed by the both Infrastructure Cluster and Governance and Economic Cluster at sixty-six per cent (66%) target achievement.

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FIGURE 3: CITY-WIDE QUARTER 1 PERFORMANCE BY GDS THEMATIC AREAS

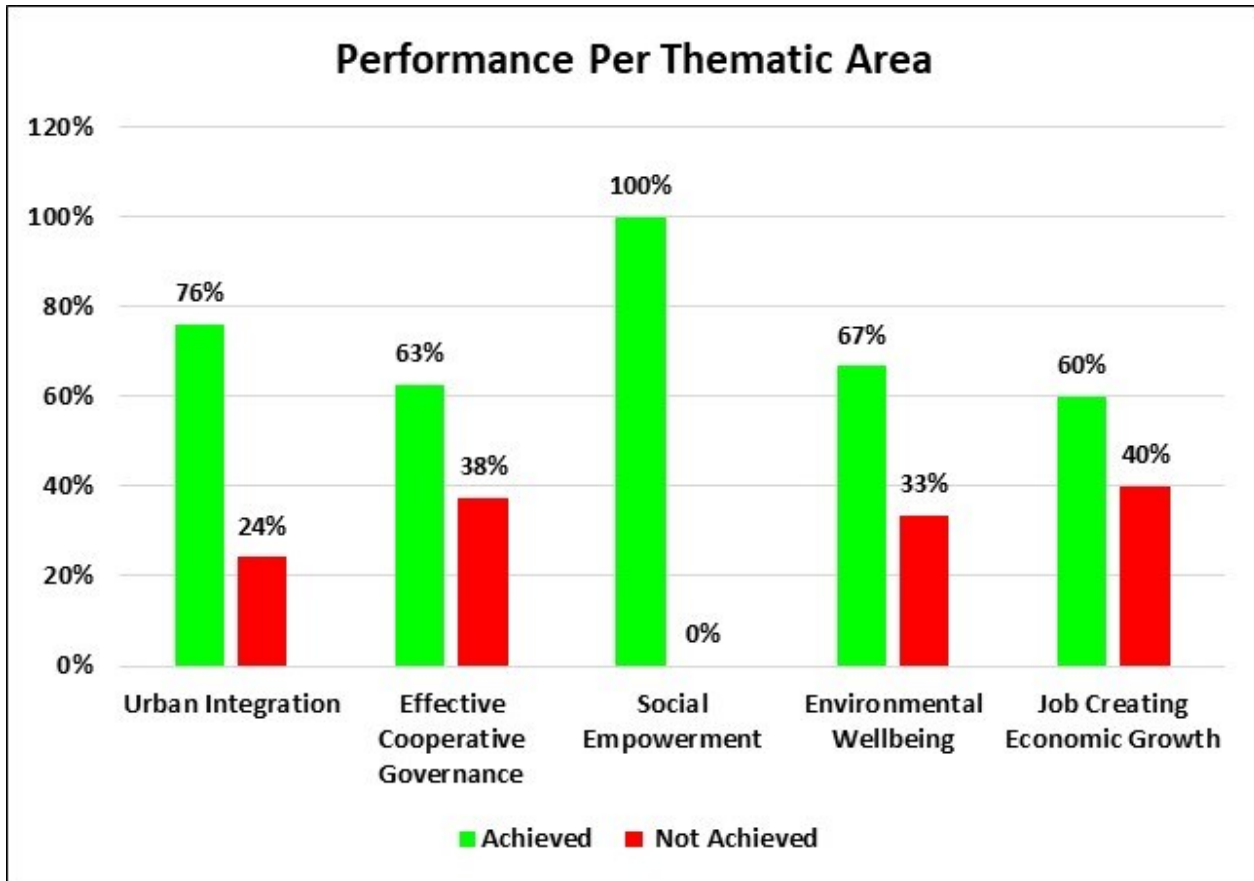


Figure 3. above presents the organisational performance against targets set within specific Thematic Areas of the Growth and Development Strategy (GDS) 2055. The performance on targets that were planned to be delivered over the period under review is summarised as follows:

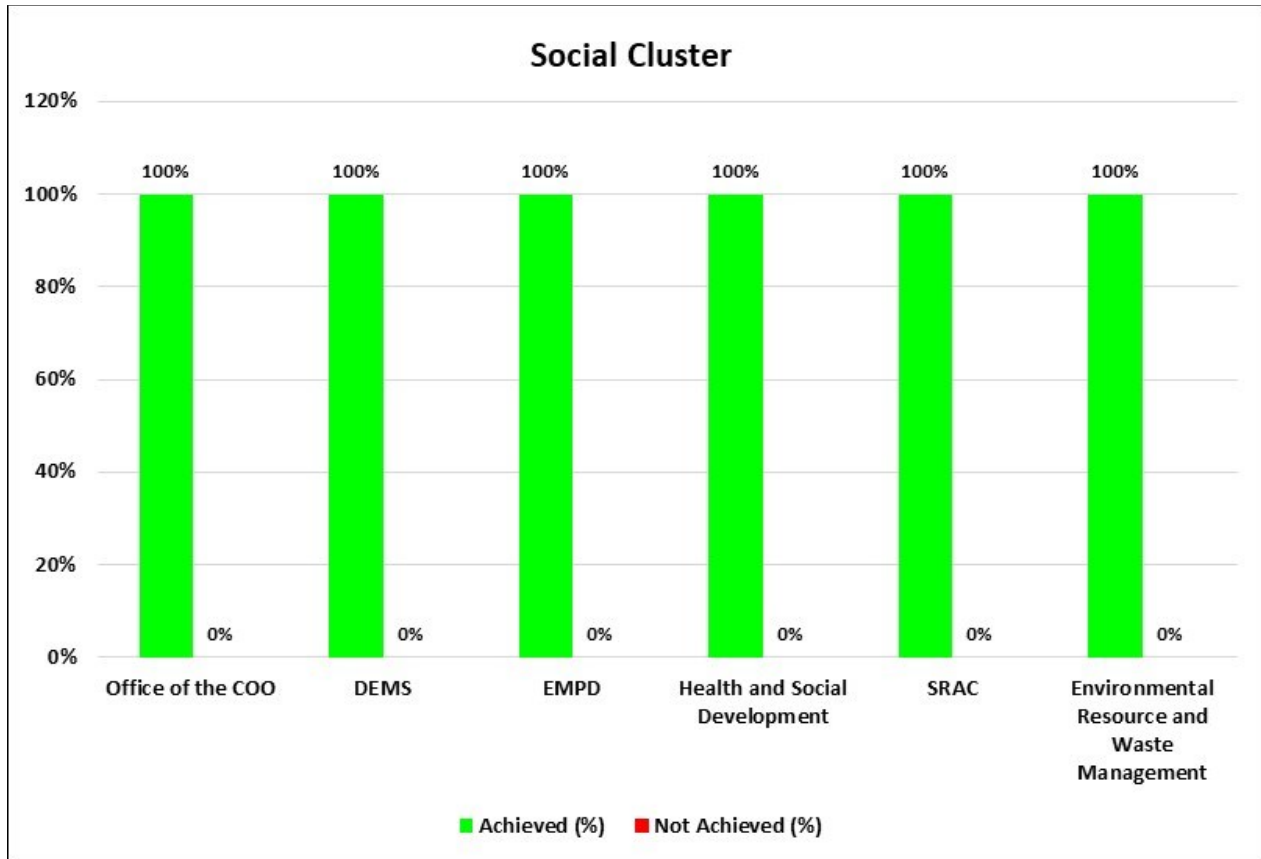
- The highest performance was recorded for the Social Empowerment GDS Thematic Area in which hundred per cent (100%) of their targets that were planned for the quarter were achieved.
- The second highest performance was recorded for targets that were planned for the Urban Integration GDS Thematic Area. Twenty-two (22) of the twenty-nine (29) targets that were planned for the quarter were achieved and this translates to seventy-six per cent (76%) target achievement.
- The third highest performance was recorded for Environmental Wellbeing GDS Thematic Areas in which sixty-seven (67%) of their planned targets were achieved.
- Effective Cooperative Governance and Job Creation Economic Growth GDS Thematic Area recorded 63% and 60% achievement of the planned targets, respectively.

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FIGURE 4: CITY-WIDE QUARTER 1 PERFORMANCE ACROSS SOCIAL CLUSTER



Social Cluster

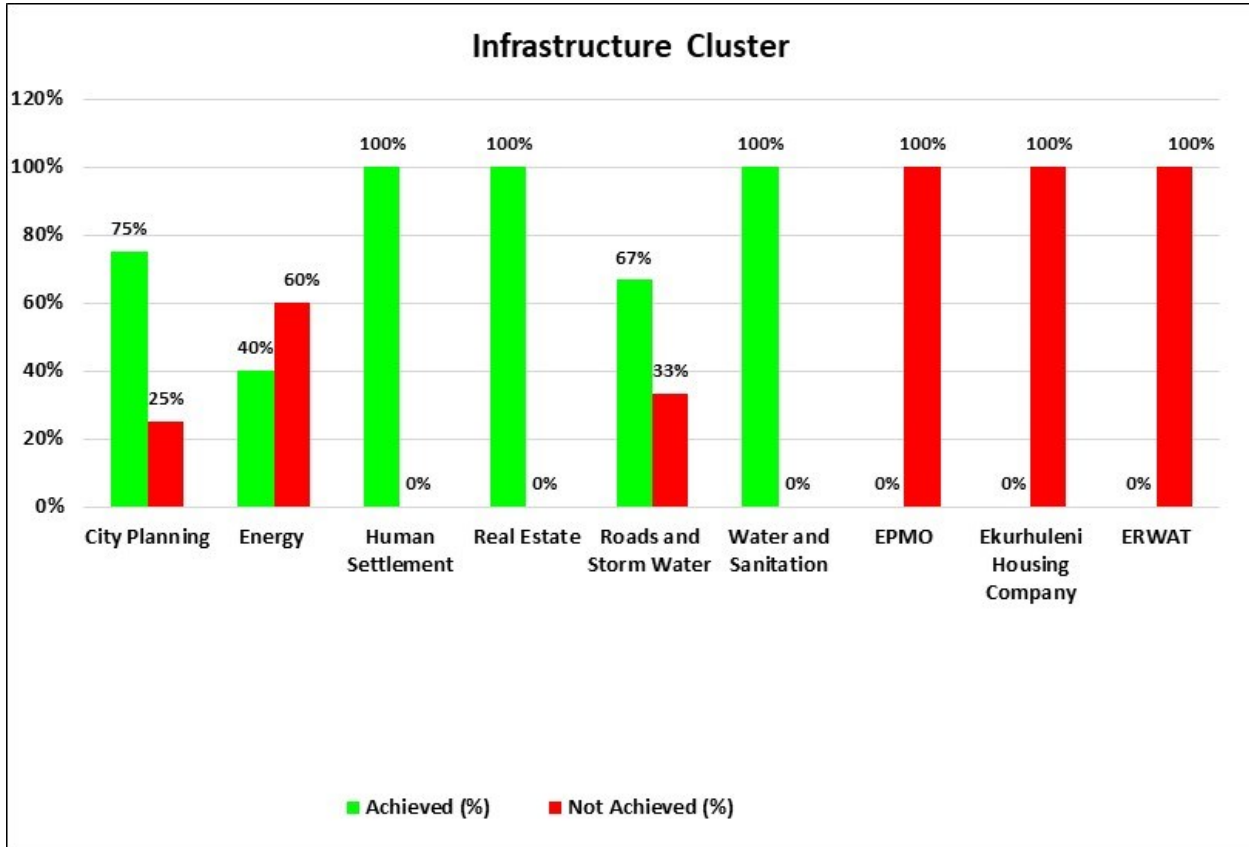
The Social Cluster committed to a total of thirteen (13) targets and all thirteen (13) (100%) targets were achieved as presented in Figures 2 and 4 above. All the six (6) departments in this cluster achieved 100% of their planned targets for the quarter under review. These departments are Office of the Chief Operations Officer, Disaster and Emergency Management Services, Health and Social Development, Ekurhuleni Metro Police Department, Sports, Recreation, Arts and Culture and Environmental Resource Management.

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FIGURE 5: CITY-WIDE QUARTER 1 PERFORMANCE ACROSS INFRASTRUCTURE CLUSTER



Infrastructure Cluster

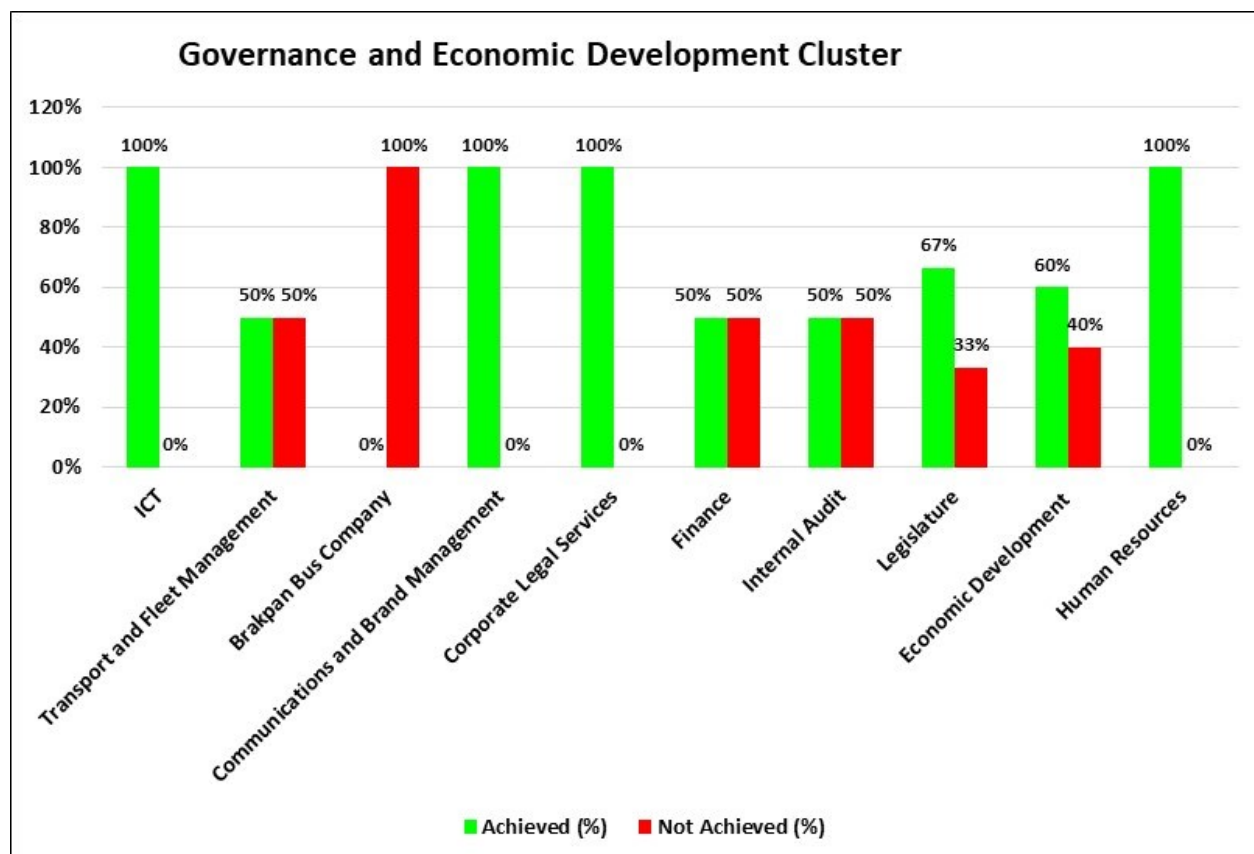
The cluster committed to a total of 29 targets and of those targets, 19 (66%) were achieved. Human Settlement, Real Estate, and Water and Sanitation departments achieved 100% of their planned targets. The second best performing department in this cluster is City Planning department which achieved seventy-five per cent (75%) of their planned targets followed by Roads and Storm Water department at sixty-seven (67%). The Energy department achieved 40% of its planned targets. Enterprise Programme Management Office (EPMO), Ekurhuleni Housing Company (EHC) and East Rand Water Care Company (ERWAT) achieved 0% of their planned targets.

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FIGURE 6: CITY-WIDE QUARTER 1 PERFORMANCE ACROSS GOVERNANCE AND ECONOMIC DEVELOPMENT CLUSTER



Governance and Economic Development Cluster

The performance of the cluster was measured against twenty-nine (29) targets that were planned to be met during the quarter under review. A total of 19 (66%) targets were achieved and 10 (34%) were not achieved. Four (4) departments [Information Communication and Technology (ICT), Communications and Brand Management, Corporate Legal Services and Human Resources] achieved 100% of their set targets. The second highest performing department in this cluster is Legislature which achieved sixty-seven per cent (67%) of its targets followed by Economic Development department with sixty per cent (60%). Transport and Fleet Management, Finance, and Internal Audit, each achieved 50% of their targets, while the Brakpan Bus Company (BBC) recorded nil per cent (0%) target achievement.

HIGHLIGHTS FOR 2019/20 SDBIP QUARTER ONE PERFORMANCE

The City continues to affirm the pro-poor agenda as the foremost developmental agenda of the City in its commitment to stimulate and improve economic growth for the benefit of poor by broadening its reach through service delivery to all informal settlements. Hence during this quarter (Q1) the key focus, consistent with the previous quarters, was on the improvement of the quality of targeted services to informal settlements. Electrification, gravelling and upgrading of roads in the informal settlements, promoting targeted service provision in informal settlements and maintenance of service levels in all areas of the City are some of the noteworthy key service delivery highlights.

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1. SOCIAL EMPOWERMENT

The Social Empowerment thematic area aims at building a socially cohesive, healthy, active and engaged citizenry capable of working in partnership. The City embarked on a number of initiatives that yielded some commendable results. These included:

- SRAC implemented four (4) school programmes which were presented to learners at Libraries across the City as part of increasing the participation of learners in SRAC school programmes outcome.
- Commendable strides were also made in the provision of health care services. Some of the notable achievements included the:
 - Reduction of HIV transmission from Mother-To-Child to a level of 0.7% which is well below the National Targets of 2%.
- In contributing towards the attainment of the City's pro-poor agenda, the Department of Health and Social Development continued the implementation of its Indigent Support Programme aimed at improving the lives of the indigent households. A total of 3826 new indigent households were approved as part of the process to get the finance final approval to receive the free basic services.

Safety and security across the City continues to be a high priority. The municipality focused on reducing accidents, fatalities and injuries and restore confidence and respect for road traffic management. This was done through heightened awareness of road traffic safety issues and by-law enforcement operations thereby inculcating good road user behaviour and voluntary compliance to by-laws and traffic laws. A total of 30 by-law enforcement policing operations were implemented out of the planned 15.

2. SUSTAINABLE URBAN INTEGRATION

In its efforts to re-urbanise, the City focused on improving service delivery across all areas of service delivery. The results of these efforts included:

- Significant strides in the connection of households to water and sewer services. In this regard, a total of 1.333 kilometres of water and sewer pipes were replaced, upgraded and extended.

The City focused on the construction, upgrade and maintenance of the road and storm water infrastructure network. In this regard, 2604 storm water systems were maintained.

3. JOB CREATION

The City recognises that, unemployment, poverty, homelessness as fundamental challenges human development, restoration of human dignity which will be addressed as part of the pro-poor agenda. Unemployment has continued to be a challenge and this undermines expectations for increased employment opportunities. In pursuit of addressing this challenge at a local level, the City has during the period under review, implemented programmes towards benefiting young people with the necessary skills and internships. A total of 365 young people benefited from work readiness programme.

ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS

None

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FINANCIAL IMPLICATIONS

The detailed financial implications have been addressed in the report.

LEGAL IMPLICATIONS

The report is compiled in accordance with the requirements of the MFMA and Municipal Budget and Reporting Regulations.

COMMUNICATION IMPLICATION

The contents of the report must be communicated to National and Provincial Treasury as well as the Auditor General. This will be done by the Finance Department.

The Marketing and Brand Management Department will ensure that the report is placed on the official website of Council.

OTHER DEPARTMENTS/ BODIES CONSULTED

- The Finance Management Team was consulted and the recommendations are supported.
- The Strategy and Corporate Planning Department was responsible for the compilation of the Performance Report.
- The Municipal Entities compiled their own Performance Reports.

RECOMMENDATION

1. **That** the report on the Unaudited Financial and Performance Results of the City of Ekurhuleni for the First Quarter of the 2019/20 financial year as required in terms of Section 52(d) of the Municipal Finance Management Act **BE NOTED**.
2. **That**, in compliance with Section 52(d) and Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations” the financial results regarding the operating and capital budgets for the 1st quarter of the 2019/20 financial year, and supporting documents as required by National Treasury (Schedule C) as at 30 September 2019, **IS SUBMITTED**.
3. **That** in order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009, this report **BE SUBMITTED** to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council, in both a Council approved document and in electronic format.