

**CITY OF EKURHULENI (CoE)
ORDINARY COUNCIL MEETING**

2017.10.26

A-F (53-2017)

CITY OF EKURHULENI: UNAUDITED QUARTERLY SDBIP REPORT: QUARTER ONE OF THE 2017/2018 FINANCIAL YEAR

PURPOSE

To report to Council the Unaudited Financial and Performance Results for the First Quarter of the 2017/2018 financial year as required in terms of Section 52(d) of the Municipal Finance Management Act, No. 56 of 2003 and more detailed in the Budget and Reporting Regulations.

STRATEGIC OBJECTIVE

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

BACKGROUND

In terms of Section 52 (d) read with Section 71 of the Municipal Finance Management Act 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 be 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;"*

In compliance with section 52(d) relating to the quarterly reporting period ended 30 September 2017, the 30 days' limit expires on **30 October 2017**.

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."*

In compliance with 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 statement reflecting the interim financial status for the first quarter ended 30 September 2017 will be submitted by the Accounting Officer to the Executive Mayor.

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The following Annexures are provided:

Annexure A: Departmental Operating Budget Reports for 1st Quarter of 2017/18 Financial Year;

Annexure B: Detailed Capital Expenditure Reports for 1st Quarter of 2017/18 Financial Year; and

Annexure C: Detailed Performance Report

EXECUTIVE SUMMARY

The **Operating Budget Results** can be summarised as follows:

Details	Annual 2017/18 Budget	Results for Quarter 1	
		Budget	Actuals
	R	R	R
Income	(33,919,443,736)	(9,642,304,387)	(9,490,439,749)
Expenditure	31,600,669,206	8,550,959,951	7,722,470,819
(Surplus) before Gains and Losses	(2,318,774,530)	(1,091,344,436)	(1,767,968,931)
Gains and Losses	15,000,000	3,750,000	147,129
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	(2,303,774,530)	(1,087,594,436)	(1,767,821,802)
Total charges / recoveries	-	(25,176,773)	210,281,560
DEFICIT / (SURPLUS) AFTER RECOVERIES & CHARGES	(2,303,774,530)	(1,112,771,210)	(1,557,540,241)
Less Grant Income recognised to fund Capital Expenditure	2,303,664,242	348,684,504	121,721,927
SURPLUS / (DEFICIT) AFTER CAPITAL GRANTS	(110,288)	(764,086,706)	(1,435,818,315)

The **Operating Income** budgeted for the 1st Quarter ended 30 September 2017 was R9.6 billion. The actual income was R152 million (or 1.6%) less than budgeted. The deviation of the income is discussed in detail later in the report.

The budgeted **Operating Expenditure** for the 1st Quarter ended 30 September 2017 was R8.5 billion. The actual expenditure is R7.7 billion which is R828 million less than budgeted. The deviations of the expenditure are discussed in detail later in the report.

In terms of mSCOA requirements the expenditure for Gains and Losses must be separated from the Operating Expenditure and an amount of R15 million was budgeted. The major portion of actual expenditure for gains and losses will only be reported and reflected at the end of the 2017/18 financial year.

The mSCOA Framework requires that interdepartmental recoveries and charges be classified separately. These secondary/indirect non-cash items include internal charges/recoveries of electricity, waste management, water & sanitation. It also includes the support services charged by Finance, Information and Communication Technology and Human Resources Management to the services departments. The purpose of these classification is to ensure the

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cost completeness of the services departments with particular focus on tariff determination. **The nett amount of the charges and recoveries should be NIL effect from the City's perspective as these are within the departments.** Finance is in the process correcting the charges and recoveries to ensure the City comply with the mSCOA requirements in this regard.

The deficit/(surplus) after recoveries & charges is budgeted at R1.1 billion and the actual surplus amounted to R1.5 billion for the 1st Quarter. These amounts include the capital grant income recognised to fund Capital Expenditure. The table above depicts the budgeted surplus after the capital grants as R764 million and the actual surplus as R1.4 billion for the 1st Quarter ended 30 September 2017.

Capital Expenditure

The actual **Capital Expenditure** for the 1st Quarter of the 2017/18 financial year is **R364 million** compared to R369 million for the same quarter in the previous financial year.

The spending of R364 million represents a spending of **5.69%** of the total capital budget of R6,399 billion. The actual expenditure plus commitments for the first quarter amounts to **R701 million**, which represents **10.96%** of the Capital Budget.

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

FY	Budget	Actual Expenditure	% of Budget
12/13	2,557,738,725	147,480,415	5.77%
13/14	2,987,419,379	287,522,406	9.62%
14/15	3,810,949,622	282,847,652	7.42%
15/16	4,676,512,484	299,927,334	6.41%
16/17	5,130,781,437	368,806,711	7.19%
17/18	6,399,356,712	364,303,746	5.69%

Collection Rate

The Collection Rate for the **1st quarter** ended 30th September 2017 is **90.85%** which is slightly more than the **target of 89.0%**. For the 2016/17 financial year the collection rate was 90.85%, which was less than budgeted target of 94.0%

The Actual Collection Rates over the past 4 quarters of the 2016/17 financial year were as follows:

Quarter 1 – 89.29%
Quarter 2 – 91.96%
Quarter 3 – 92.94%
Quarter 4 – 94.46%

Cash and Investment Position

With regard to the **Cash and Investment Position** a cash target of 55 days has been set in the SDBIP for the 2017/18FY. The actual performance as at 30th September 2017 is **77 days** compared to the 33 days, 53 days in July 2017 and August 2017, respectively). The detailed calculation of the number of operating cash on hand is reflected later in this report.

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Grant Expenditure

The **unspent grants** at the beginning of the 2017/18 financial year amounted to R113.4 million. The unspent grants at the beginning of the 2016/17 financial year (previous year) was R433m, of which R345.4 million was surrendered. Though a significant portion of the 2015/16 unspent funds was surrendered, the comparison of R433m unspent in 2015/16 and R113.4 million unspent in 2016/17 indicates a significant improvement of spending grants during 2016/17 financial year.

The receipts for the 1st quarter amounted to R2.737 billion (including fuel levy). The expenditure for the quarter was R2.052 billion which represents 72% spending. The total unspent funds (including 2016/17 unspent grants) at the end of September 2017 is **R798m**. The unspent grants at the end of September 2016 (previous year) was R795 million.

In line with the provisions of National Treasury MFMA Circular 75, 79, Annexure to MFMA Circular 86 and Provincial MFMA Circular 18, motivation letters to retain the unspent grants for the following grants were submitted to National and Provincial Treasuries

Name of Grant	CoE Responsible Department	2016/17 Unspent Amount	Amount approved for Roll-over	Amount NOT approved for Roll-over	Comments
Integrated City Development (ICDG)		572,427			Response is expected by the 15 th October 2017 from National Treasury
Urban Settlement Development Grant (USDG)	Human Settlements	21,713,359			
Energy Efficiency Demand Side Management (EEDSM)	Energy	107			
Public Transport Network Grant (PTNG)	Public Transport	29,884,181			
Neighborhood Development Partnership Grant (NDPG)	Human Settlements	1,679,705			
	City Planning	27,466,000			
Expanded Public Works Programme (EPWP)	Economic Development	2,076			
Township Initiatives	SRAC – Libraries	888,620	589,518	299,102	Appeal to be submitted to Provincial Treasury by 12 th October 2017
Human Settlements Development Grant (HSDG)****	Human Settlements	30,976,364	0	30,976,364	
Disaster Management Grant	Human Settlements	8,773	0	8,773	
Bontle Ke Botho	Environmental Resources Development	16,207	16,207		Unconditional grant, amount automatically rolled over
Wi-Fi Connectivity roll out	ICT	201,078	201,078		Unconditional grant, amount automatically rolled over
GRAND TOTAL		113,408,897	806,803	31,284,239	

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The response from the Provincial Treasury was received on the 3rd October 2017. The response from National Treasury is expected by the 15th October 2017. A formal appeal in respect of the Provincial grants not approved for roll overs will be submitted to Provincial Treasury within 7 working days period allowable for appeals. The details for not approving some of the roll-overs is discussed later in the report

DISCUSSION

Financial Performance of Operating Budget

Background information

The revenue performance for the 1st Quarter is reflected in the table below. The following information is provided:

- Total Budget (Income and Expenditure) for the year;
- Budget and Actual Results for the 1st Quarter ended 30 September 2017;
- Percentage variance between budget and actuals for the 1st Quarter;
- Budget and Actual Results for the Year to date (YTD) ended 30 September 2017; and
- Percentage variance between budget and actuals for the YTD.

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DESCRIPTION	TOTAL BUDGET 2017/18 R	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget R	Actual R	% of B %
		Budget R	Actual R	% of B %			
COE TOTAL							
INCOME							
NON - EXCHANGE REVENUE							
Property Rates	(5,066,264,153)	(1,266,566,038)	(1,424,919,046)	112.5%	(1,266,566,038)	(1,424,919,046)	112.5%
Fines, Penalties and Forfeits	(164,256,800)	(41,042,353)	(35,118,707)	85.6%	(41,042,353)	(35,118,707)	85.6%
Licenses and Permits	(319,873,318)	(79,968,125)	(76,829,363)	96.1%	(79,968,125)	(76,829,363)	96.1%
Transfers and Subsidies	(7,709,734,722)	(2,226,665,782)	(2,051,837,965)	92.1%	(2,226,665,782)	(2,051,837,965)	92.1%
- Operational: Monetary	(5,406,070,480)	(1,877,981,278)	(1,930,116,038)	102.8%	(1,877,981,278)	(1,930,116,038)	102.8%
- Capital: Monetary	(2,303,664,242)	(348,684,504)	(121,721,927)	34.9%	(348,684,504)	(121,721,927)	34.9%
SUB TOTAL: NON - EXCHANGE REVENUE	(13,260,128,993)	(3,614,242,297)	(3,588,705,081)	99.3%	(3,614,242,297)	(3,588,705,081)	99.3%
EXCHANGE REVENUE							
Service Charges	(19,324,685,928)	(5,693,787,293)	(5,723,176,843)	100.5%	(5,693,787,293)	(5,723,176,843)	100.5%
Interest, Dividends and Rent on Land	(965,222,077)	(248,074,793)	(116,820,895)	47.1%	(248,074,793)	(116,820,895)	47.1%
Operational Revenue	(22,875,070)	(5,718,768)	(5,051,963)	88.3%	(5,718,768)	(5,051,963)	88.3%
Rental from Fixed Assets	(80,108,131)	(19,602,428)	(14,371,670)	73.3%	(19,602,428)	(14,371,670)	73.3%
Sales of Goods and Rendering of Services	(266,423,537)	(60,878,808)	(42,313,298)	69.5%	(60,878,808)	(42,313,298)	69.5%
SUB TOTAL: EXCHANGE REVENUE	(20,659,314,743)	(6,028,062,090)	(5,901,734,669)	97.9%	(6,028,062,090)	(5,901,734,669)	97.9%
TOTAL INCOME	(33,919,443,736)	(9,642,304,387)	(9,490,439,749)	98.4%	(9,642,304,387)	(9,490,439,749)	98.4%

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DESCRIPTION	TOTAL BUDGET 2017/18	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
R	R	R	%	R	R	%	
EXPENDITURE							
Employee Related Costs	7,686,450,555	2,006,097,329	1,877,688,617	93.6%	2,006,097,329	1,877,688,617	93.6%
Remuneration of Councilors	130,315,880	34,876,893	30,426,068	87.2%	34,876,893	30,426,068	87.2%
Contracted Services	3,879,029,193	933,702,316	570,035,034	61.1%	933,702,316	570,035,034	61.1%
Operational Cost	1,015,592,313	257,663,345	189,016,595	73.4%	257,663,345	189,016,595	73.4%
Inventory	1,862,977,195	414,534,987	217,595,884	52.5%	414,534,987	217,595,884	52.5%
Bulk Purchases	12,221,455,721	3,708,111,815	3,699,922,532	99.8%	3,708,111,815	3,699,922,532	99.8%
Interest Dividends and Rent on Land	738,209,170	179,431,655	111,666,257	62.2%	179,431,655	111,666,257	62.2%
Operating Leases	39,926,842	9,863,521	8,504,444	86.2%	9,863,521	8,504,444	86.2%
Contribution for Bad Debt	1,540,949,282	385,237,320	385,237,323	100.0%	385,237,320	385,237,323	100.0%
Transfers and Subsidies	483,963,894	120,990,976	129,313,828	106.9%	120,990,976	129,313,828	106.9%
Depreciation and Amortisation	2,001,799,161	500,449,794	503,064,236	100.5%	500,449,794	503,064,236	100.5%
TOTAL EXPENDITURE	31,600,669,206	8,550,959,951	7,722,470,819	90.3%	8,550,959,951	7,722,470,819	90.3%
DEFICIT / (SURPLUS)	(2,318,774,530)	(1,091,344,436)	(1,767,968,931)	162.0%	(1,091,344,436)	(1,767,968,931)	162.0%
TOTAL GAINS AND LOSSES	15,000,000	3,750,000	147,129	3.9%	3,750,000	147,129	3.9%
DEFICIT / (SURPLUS) AFTER GAINS AND LOSSES	(2,303,774,530)	(1,087,594,436)	(1,767,821,802)	162.5%	(1,087,594,436)	(1,767,821,802)	162.5%
Total recoveries	(3,129,817,155)	(788,434,013)	(509,591,399)	64.6%	(788,434,013)	(509,591,399)	64.6%
Total charges	3,129,817,155	763,257,240	719,872,959	94.3%	763,257,240	719,872,959	94.3%
TOTAL CHARGES / RECOVERIES	-	(25,176,773)	210,281,560	-835.2%	(25,176,773)	210,281,560	-835.2%
DEFICIT / (SURPLUS) AFTER RECOV & CHARGES	(2,303,774,530)	(1,112,771,210)	(1,557,540,241)	140.0%	(1,112,771,210)	(1,557,540,241)	140.0%
Less Grant Income recognised to fund Capital Expenditure	2,303,664,242	348,684,504	121,721,927	34.9%	348,684,504	121,721,927	34.9%
SURPLUS / (DEFICIT) AFTER CAPITAL GRANTS	(110,288)	(764,086,706)	(1,435,818,315)	187.9%	(764,086,706)	(1,435,818,315)	187.9%

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Analysis of Performance

INCOME

The **Income** budgeted for the 1st quarter ending 30 September 2017 was R9.6 billion. The actual income was R152 million (or 1.6%) less than budgeted.

The discussions of the significant deviations (more than 5%) on the various revenue sources are as follows:

NON-EXCHANGE REVENUE

The total Non-Exchange Revenue for the 1st Quarter was budgeted at R3.6 billion and the actual revenue amounted to R3.5 billion – a deviation of 0.7% from the budget.

- a. The actual revenue from **assessment rates** for the 1st Quarter was R1.4 billion, which is 12.5% more than the budgeted revenue of R1.2 billion. The positive deviation is a result of the current implementation of the new general valuation roll. However, there might be correction in the forthcoming quarters on the raised revenue based on the objections currently being processed by Municipal Valuers.
- b. The actual revenue from **Fines, Penalties and Forfeits** amounted to R35.1 million compared to a budgeted income of R41 million, thus a deviation of 14.4% less than budgeted. This category includes Traffic Fines, which was budgeted at R38.5 million and the actual fines collected amounted to R31.9 million. It is 17% less than budgeted.
- c. The **Transfers and Subsidies** represents the income received from National and Provincial government on grant funding (both operational and capital).

The **Transfer and Subsidies: Capital Monetary** represents the grant income for the funding of the Capital Budget. This income reflected a negative deviation of 65% (R226 million) at the end of the 1st quarter.

Capital grant can only be recorded as income once the actual capital grant expenditure has been realised as per the conditions of the grant. It therefore relates directly to the capital expenditure funded by grants. The low spending on the capital budget resulted in the low capital grant recognised.

EXCHANGE REVENUE

Exchange Revenue relates to all income received in exchange for goods and services rendered. It mostly relates to the **Services Charges** generated from trading services. The requirement of mSCOA is that the cost of rendering free basic services be netted off against the services charges of the respective departments. Therefore, the services charges of R6.3 billion is the nett amount after taking into account the cost of free basic services, as reflected in the tables below:

It should be noted that the implementation of the mSCOA Framework did not affect the billing system of Council and residents still do receive the grants and concessions as per Council policies.

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Finance Income

This service charges relates to the income from the issuing of warning notices and the electricity disconnection.

The income from warning notices for the 1st Quarter was budgeted at R24.3 million. The actual income was R28.3 million, which is R3.9 million more than budgeted.

The income budgeted for disconnection fees for the 1st Quarter was R9.8 million whilst the actual income was R4.9 million. The reduction in disconnection income might have an indirect impact on the collection rate on outstanding debtors.

Electricity Income

DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
TOTAL SERVICES CHARGES	(13,197,470,326)	(4,114,749,263)	(4,305,657,032)	104.6%	(4,114,749,263)	(4,305,657,032)	104.6%
COST OF FREE BASIC SERVICES	358,699,243	89,674,811	88,180,943	98.3%	89,674,811	88,180,943	98.3%
ELEC SALES: DOM HIGH HOME POWER 3 (CST)	222,212,244	55,553,061	59,783,950	107.6%	55,553,061	59,783,950	107.6%
ESKOM SUPPLIED AREAS	136,486,999	34,121,750	28,396,993	83.2%	34,121,750	28,396,993	83.2%
NET SERVICES CHARGES	(12,838,771,083)	(4,025,074,452)	(4,217,476,089)	104.8%	(4,025,074,452)	(4,217,476,089)	104.8%

The Income for electricity services is reflecting a positive deviation of R192 million more than the budgeted income. This deviation occurred due to an over recovery on Tariff D income category. If this is taken into account it would imply that the actual income is 100% in line with the budgeted income.

It should be noted that the bulk purchases for the 1st Quarter was budgeted at R2.9 billion, which is in line with the actual bulk purchases.

Waste Management

The actual income from Waste Management is R57 million less than the budget of R366 million, which represent a deviation of 16.6%. The deviation of the detailed income is as follows:

DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
REFUSE REMOVAL: DISPOSAL SITES	(61,343,931)	(17,181,399)	-	0.0%	(17,181,399)	1,376,636	-8.0%
REFUSE REMOVAL: REHABILITATION LEVY	(15,978,032)	(3,083,697)	-	0.0%	(3,083,697)	(1,376,636)	44.6%
REFUSE REMOVAL: RESIDENTIAL	(937,463,356)	(280,365,840)	(229,625,237)	81.9%	(280,365,840)	(229,625,237)	81.9%
REFUSE REMOVAL: LITTER PICKING	(35,195,186)	(11,529,354)	(7,654,808)	66.4%	(11,529,354)	(7,654,808)	66.4%
REFUSE REMOVAL: INDUSTR/BUSINESS/MINING	(157,702,431)	(50,514,086)	(52,474,174)	103.9%	(50,514,086)	(52,474,174)	103.9%
REFUSE REMOVAL: CONTAINERS	(61,750,452)	(16,642,414)	(14,208,061)	85.4%	(16,642,414)	(14,208,061)	85.4%
REFUSE REMOVAL: SPECIAL	(305,851)	(68,981)	(55,116)	79.9%	(68,981)	(55,116)	79.9%
REFUSE REMOVAL: ENVIRONMENTAL LEVY	(23,370,245)	(5,534,394)	(5,543,066)	100.2%	(5,534,394)	(5,543,066)	100.2%
WASTE MANGEMENT: REFUSE REMOVAL (REB)	(127,369,120)	(31,842,279)	(34,165,441)	107.3%	(31,842,279)	(34,165,441)	107.3%
TOTAL SERVICES CHARGES	(1,420,478,604)	(416,762,444)	(343,725,901)	82.5%	(416,762,444)	(343,725,901)	82.5%
COST OF FREE BASIC SERVICES	142,369,120	50,000,943	34,256,328	68.5%	50,000,943	34,256,328	68.5%
WASTE MANGEMENT: REFUSE REMOVAL (CST)	127,369,120	48,500,943	34,256,328	70.6%	48,500,943	34,256,328	70.6%
WASTE MANGEMENT: REFUSE REMOVAL - INFORMAL SETTLEMENTS	15,000,000	1,500,000	-	0.0%	1,500,000	-	0.0%
NET SERVICES CHARGES	(1,278,109,484)	(366,761,501)	(309,469,573)	84.4%	(366,761,501)	(309,469,573)	84.4%

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The main contributing income source that reflects negative results are the income from disposal sites and residential refuse removal.

Water and Sanitation

The actual income from Water and Sanitation is R130 million less than the budget of R1.3 billion, which represent a deviation of 8.6%. The deviation of the detailed income is as follows:

DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
SANITATION INCOME							
SANITATION: INDUSTRIAL EFFLUENT	(161,935,848)	(40,483,962)	(38,626,367)	95.4%	(40,483,962)	(38,626,367)	95%
SANITATION: RESIDENT/IND/BUSINESS/MINING	(331,659,594)	(82,914,900)	(71,289,713)	86.0%	(82,914,900)	(71,289,713)	86%
SANITATION: GREASE TRAPS	(5,800,650)	(1,450,166)	(1,293,878)	89.2%	(1,450,166)	(1,293,878)	89%
SANITATION: VACUUM TANK	(99,688)	(24,921)	(154,858)	621.4%	(24,921)	(154,858)	621%
SANITATION: BASIC CHARGES	(963,375)	(240,843)	(191,379)	79.5%	(240,843)	(191,379)	79%
SANITATION: CONNECTIONS	(561,901)	(140,475)	(142,646)	101.5%	(140,475)	(142,646)	102%
SANITATION: SUNDRY CHARGES	(416,124)	(104,031)	(222,936)	214.3%	(104,031)	(222,936)	214%
SANITATION: INDUSTRIAL/BUSINESS/MINING	(743,763,572)	(185,940,894)	(170,999,341)	92.0%	(185,940,894)	(170,999,341)	92%
WASTE WATER MANG: AVAILABILITY CHARGES	(98,399,031)	(24,599,757)	(22,254,715)	90.5%	(24,599,757)	(22,254,715)	90%
SANITATION 3 KL (REB)	(36,259,991)	(9,064,998)	(8,810,823)	97.2%	(9,064,998)	(8,810,823)	97%
SANITATION 6 KL (REB)	(399,331,998)	(99,833,000)	(97,140,874)	97.3%	(134,312,090)	(138,830,609)	103%
TOTAL SERVICES CHARGES	(1,779,191,772)	(444,797,946)	(411,127,528)	92.4%	(479,277,037)	(452,817,263)	94.5%
COST OF FREE BASIC SERVICES	435,591,989	108,897,997	105,951,697	97.3%	143,377,088	147,641,432	103%
SANITATION 3 KL (CST)	36,259,991	9,064,998	8,810,823	97.2%	9,064,998	8,810,823	97%
SANITATION 6 KL (CST)	399,331,998	99,833,000	97,140,874	97.3%	134,312,090	138,830,609	103%
NET SANITATION INCOME	(1,343,599,783)	(335,899,949)	(305,175,831)	90.9%	(335,899,949)	(305,175,831)	90.9%
WATER: AVAILABILITY CHARGES	(150,150,609)	(37,537,653)	(34,564,602)	92.1%	(37,537,653)	(34,564,602)	92.1%
WATER: CONNECTIONS	(19,856,428)	(4,964,106)	(3,985,221)	80.3%	(4,964,106)	(3,985,221)	80.3%
WATER: SUNDRY CHARGES	(324,749)	(27,062)	(38,249)	141.3%	(27,062)	(38,249)	141.3%
WATER: RESIDENTIAL	(2,420,497,860)	(605,124,465)	(553,634,325)	91.5%	(605,124,465)	(553,634,325)	91.5%
WATER: INDUSTRIAL/BUSINESS/MINING	(1,465,474,001)	(366,368,499)	(321,034,318)	87.6%	(366,368,499)	(321,034,318)	87.6%
WATER: RESIDENTIAL 3 KL (REB)	(50,166,328)	(12,541,582)	(12,074,498)	96.3%	(12,541,582)	(12,074,498)	96.3%
WATER: RESIDENTIAL 6 KL (REB)	(537,248,362)	(134,312,090)	(138,830,609)	103.4%	(134,312,090)	(138,830,609)	103.4%
TOTAL SERVICES CHARGES	(4,643,718,337)	(1,160,875,457)	(1,064,161,822)	91.7%	(1,160,875,457)	(1,064,161,822)	91.7%
COST OF FREE BASIC SERVICES	608,287,132	152,071,783	155,122,009	102.0%	152,071,783	155,122,009	102.0%
WATER: RESIDENTIAL 6 KL (CST)	537,248,362	134,312,090	138,830,609	103.4%	134,312,090	138,830,609	103.4%
WATER: RESIDENTIAL 3 KL (CST)	50,166,328	12,541,582	12,074,498	96.3%	12,541,582	12,074,498	96.3%
WATER: TANKERS	20,872,442	5,218,110	4,216,902	80.8%	5,218,110	4,216,902	80.8%
NET WATER INCOME	(4,035,431,205)	(1,008,803,675)	(909,039,814)	90.1%	(1,008,803,675)	(909,039,814)	90.1%
TOTAL WATER AND SANITATION	(5,379,030,988)	(1,344,703,623)	(1,214,215,645)	90.3%	(1,344,703,623)	(1,214,215,645)	90.3%

Though the deviation is less than 10% it should be closely monitored by the department.

Other Exchange Revenue Income

This category of income contains mainly the interest charged on debtor accounts and the interest earned on the bank account. The Interest, Dividends and Rent on Land income for the 1st Quarter is 52.9% less than budgeted.

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The details of the various income sources are as follows:

DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
INTEREST EARNED: ASSESSMENT RATES AND OTHER DEBTORS	(131,347,106)	(32,836,776)	(22,553,634)	68.7%	(32,836,776)	(22,553,634)	68.7%
INTEREST EARNED: ELECTRICITY ARREARS	(80,000,000)	(20,000,001)	(9,696,923)	48.5%	(20,000,001)	(9,696,923)	48.5%
INTEREST EARNED: REFUSE REMOVAL ARREARS	(65,804,800)	(23,220,473)	(9,451,880)	40.7%	(23,220,473)	(9,451,880)	40.7%
INTEREST EARNED: SANITATION ARREARS	(65,142,000)	(16,285,500)	(8,468,427)	52.0%	(16,285,500)	(8,468,427)	52.0%
INTEREST EARNED: WATER ARREARS	(228,726,000)	(57,181,500)	(27,819,321)	48.7%	(57,181,500)	(27,819,321)	48.7%
INTEREST EARNED: CURRENT ACCOUNT	(394,202,171)	(98,550,543)	(38,830,710)	39.4%	(98,550,543)	(38,830,710)	39.4%
TOTAL	(965,222,077)	(248,074,793)	(116,820,895)	47.1%	(248,074,793)	(116,820,895)	47.1%

The interest earned on debtor accounts has a direct impact on outstanding debtor balances and subsequent potential bad debt.

The only interest earned in real cash is the interest on the current.

EXPENDITURE

The budgeted **Operating Expenditure** for the 1st quarter ended 30 September 2017 was R8.5 billion. The actual expenditure is R7.7 billion which is R828 million less than budgeted.

REPAIRS AND MAINTENANCE PER DEPARTMENT

The mSCOA Framework does not accommodate the Repair and Maintenance as a type of expenditure and category. This expenditure is embedded in the various categories of new SCOA and form part of the outsourced services, contracted services and inventory categories.

Due to the relative importance to monitor expenditure in this regard, repairs and maintenance extracted from the various categories is reflected in the following table:

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DEPARTMENT	AMENDED BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
ENERGY	792,752,018	175,625,485	81,154,284	46.2%	175,625,485	81,154,284	46.2%
ROADS AND STORMWATER	656,303,386	176,421,869	136,764,333	77.5%	176,421,869	136,764,333	77.5%
WATER AND SANITATION	347,396,456	104,517,773	49,280,762	47.2%	104,517,773	49,280,762	47.2%
HUMAN SETTLEMENTS	195,984,278	49,802,395	6,266,388	12.6%	49,802,395	6,266,388	12.6%
REAL ESTATE	117,553,368	42,127,584	5,194,107	12.3%	42,127,584	5,194,107	12.3%
INFORMATION COMMUNICATION TECHNOLOGY	142,510,507	35,627,627	7,457,498	20.9%	35,627,627	7,457,498	20.9%
WASTE MANAGEMENT	117,010,541	24,515,431	12,071,522	49.2%	24,515,431	12,071,522	49.2%
ENVIRONMENTAL RESOURCE MANAGEMENT	98,902,819	24,643,076	12,507,462	50.8%	24,643,076	12,507,462	50.8%
SPORTS, RECREATION, ARTS AND CULTURE	36,889,412	10,602,912	5,279,979	49.8%	10,602,912	5,279,979	49.8%
TRANSPORT	44,652,431	10,989,803	4,783,723	43.5%	10,989,803	4,783,723	43.5%
CITY PLANNING	37,305,145	9,327,309	6,517,441	69.9%	9,327,309	6,517,441	69.9%
DISASTER AND EMERGENCY MANAGEMENT SERVICES	40,721,258	10,007,135	2,817,317	28.2%	10,007,135	2,817,317	28.2%
EKURHULENI METRO POLICE DEPARTMENT	30,378,133	7,594,531	5,300,936	69.8%	7,594,531	5,300,936	69.8%
CUSTOMER RELATIONS MANAGEMENT	8,302,351	2,077,170	682,460	32.9%	2,077,170	682,460	32.9%
COUNCIL GENERAL	22,003,638	5,500,910	-	0.0%	5,500,910	-	0.0%
FINANCE	21,467,785	5,298,439	1,443,408	27.2%	5,298,439	1,443,408	27.2%
HEALTH AND SOCIAL DEVELOPMENT	12,155,210	1,882,177	1,311,367	69.7%	1,882,177	1,311,367	69.7%
LEGISLATURE	5,349,266	1,337,317	491,161	36.7%	1,337,317	491,161	36.7%
ECONOMIC DEVELOPMENT	4,970,424	1,242,606	709,320	57.1%	1,242,606	709,320	57.1%
FLEET MANAGEMENT	4,571,244	1,132,515	307,510	27.2%	1,132,515	307,510	27.2%
HUMAN RESOURCES	1,558,306	389,576	534,586	137.2%	389,576	534,586	137.2%
STRATEGY & CORPORATE PLANNING	572,381	165,237	15,171	9.2%	165,237	15,171	9.2%
CITY MANAGER	941,999	235,500	40,123	17.0%	235,500	40,123	17.0%
RISK MANAGEMENT	432,213	113,122	229,537	202.9%	113,122	229,537	202.9%
INTERNAL AUDIT	346,051	87,878	2,340	2.7%	87,878	2,340	2.7%
CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION	93,365	48,000	16,548	34.5%	48,000	16,548	34.5%
EXECUTIVE OFFICE	189,787	47,447	45,395	95.7%	47,447	45,395	95.7%
COMMUNICATION & BRANDING	112,131	28,033	5,712	20.4%	28,033	5,712	20.4%
CORPORATE LEGAL	39,053	9,763	-	0.0%	9,763	-	0.0%
TOTAL REPAIRS & MAINTENANCE	2,741,464,956	701,398,618	341,230,389	48.6%	701,398,618	341,230,389	48.6%

The Repairs and Maintenance budgeted for the 1st Quarter **R701 million**. The actual expenditure amounted to **R341 million**, resulting in an underspending of R360 million (i.e. 48.6% of the budget was spent).

Employee Related Costs

The amount budgeted for the salaries and contributions towards senior management and other municipal staff amounted to R7.6 billion. The actual expenditure for Employee Related Costs is R128 million less than the budgeted expenditure for the 1st Quarter, which represents a deviation of 6.4%. This is largely as a result of the provision made for the filling of vacant positions which have not yet been filled. However, there is anticipated overspending on the positions that were filled in the first quarter as the provision for vacancies was 50% of the annual cost. An adjustment will be made in the adjustment budget was the six months' results are available.

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

Department	2016/17 Quarter 1 Actual	2017/18 Quarter 1 Actual	Increase/ (decrease) in Actual
Environmental Resource Management	3,805,898	6,730,792.97	2,924,895.30
Ekurhuleni Metro Police Department (EMPD)	78,387,866	80,344,346.41	1,956,480.59
Disaster & Emergency Management Services	17,940,165	19,705,987.36	1,765,822.62
Transport	3,997,649	5,311,941.45	1,314,292.52
Sports, Recreation, Arts & Culture (SRAC)	4,971,101	5,949,076.14	977,975.26
Energy Department	19,415,367	20,312,663.66	897,296.95
Water & Sanitation	14,298,086	14,926,455.77	628,369.95
Legislature	180,707	614,133.64	433,426.30
Fleet Management	1,875,804	2,285,579.88	409,775.71
Economic Development	292,719	520,360.85	227,641.77
City Planning	42,455	242,791.00	200,335.79
Executive Office	40,891	235,906.46	195,015.17
Human Resources	73,938	253,885.16	179,946.82
Finance	3,559,564	3,659,361.94	99,798.20
Corporate Legal	58,704	135,187.79	76,484.28
EPMO	-	21,366.48	21,366.48
Internal Audit	26,344	41,728.84	15,385.10
City Manager	35,279	44,577.46	9,298.38
Strategy & Corporate Planning	25,333	29,592.55	4,259.56
Health & Social Development	1,305,486	1,294,069.74	(11,416.15)
Chief Operating Officer	20,756	-	(20,755.53)
Communication and Brand Management	152,251	112,345.97	(39,905.25)
Human Settlements	368,718	274,129.01	(94,589.23)
ICT	519,109	279,291.61	(239,817.01)
Customer Relations Management	562,291	82,126.39	(480,164.88)
Real Estate	1,261,741	585,558.42	(676,183.05)
Roads & Stormwater	4,457,555	2,484,911.74	(1,972,643.42)
Waste Management	29,651,183	14,623,411.17	(15,027,772.25)
TOTAL OVERTIME	187,326,960	181,101,579.86	(6,225,380.02)

The overall spending on overtime has reduced by R6.2 million when compared to the 1st Quarter of 2016/17. The table above depicts departments with increased spending on overtime at the top, which is a major concern.

Remuneration of Councillors

An amount of R130.3m was budgeted for Councillors' remuneration in the 2017/18 financial year. The quarterly budget was R34.8m whilst the actual expenditure amounts to R30.4m or 12.8% less than budgeted.

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Provision was made for an increase of 6% in the 2017/18 financial year, which have not yet been effected. The remuneration of councillors will therefore reflect a saving until the annual increase for allowances have been approved. This usually happens in January of the following year.

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 and Outsourced Services for the 1st Quarter amounted to R933 million whilst the actual expenditure amounted to R570 million (or 61.1% budget spent).

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 2017 invoices will only get paid in October 2017).

The following table reflects the detail expenditure per department:

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DEPARTMENT	DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
			QUARTER 1			Budget	Actual	% of B
			Budget	Actual	% of B			
METRO TOTAL	Contracted Services	3,879,029,193	933,702,316	570,035,034	61.1%	933,702,316	570,035,034	61.1%
METRO TOTAL	- Outsource Services	2,008,893,494	487,336,309	353,477,871	72.5%	487,336,309	353,477,871	72.5%
METRO TOTAL	- Consultants and Professional Services	454,773,839	96,041,597	45,014,347	46.9%	96,041,597	45,014,347	46.9%
METRO TOTAL	- Contractors	1,415,361,860	350,324,410	171,542,816	49.0%	350,324,410	171,542,816	49.0%
Executive Office	Contracted Services	754,307	182,058	176,616	97.0%	182,058	176,616	97.0%
Executive Office	- Outsource Services	606,403	145,082	141,750	97.7%	145,082	141,750	97.7%
Executive Office	- Contractors	147,904	36,976	34,866	94.3%	36,976	34,866	94.3%
Legislature	Contracted Services	9,178,746	2,273,340	1,902,402	83.7%	2,273,340	1,902,402	83.7%
Legislature	- Outsource Services	5,294,115	1,323,528	1,809,398	136.7%	1,323,528	1,809,398	136.7%
Legislature	- Consultants and Professional Services	3,776,523	922,786	93,004	10.1%	922,786	93,004	10.1%
Legislature	- Contractors	108,108	27,026	-	0.0%	27,026	-	0.0%
City Manager	Contracted Services	21,992,177	5,499,408	66,923	1.2%	5,499,408	66,923	1.2%
City Manager	- Outsource Services	404,257	101,064	38,562	38.2%	101,064	38,562	38.2%
City Manager	- Consultants and Professional Services	20,856,898	5,215,588	-	0.0%	5,215,588	-	0.0%
City Manager	- Contractors	731,022	182,755	28,361	15.5%	182,755	28,361	15.5%
Strategy & Corporate Planning	Contracted Services	5,934,818	1,624,327	277,763	17.1%	1,624,327	277,763	17.1%
Strategy & Corporate Planning	- Outsource Services	4,342,637	1,116,341	32,429	2.9%	1,116,341	32,429	2.9%
Strategy & Corporate Planning	- Consultants and Professional Services	1,591,305	507,767	245,334	48.3%	507,767	245,334	48.3%
Strategy & Corporate Planning	- Contractors	876	219	-	0.0%	219	-	0.0%
Risk Management	Contracted Services	931,542	257,544	145,191	56.4%	257,544	145,191	56.4%
Risk Management	- Outsource Services	90,675	36,675	20,907	57.0%	36,675	20,907	57.0%
Risk Management	- Consultants and Professional Services	836,898	216,900	124,284	57.3%	216,900	124,284	57.3%
Risk Management	- Contractors	3,969	3,969	-	0.0%	3,969	-	0.0%
Chief Operating Officer	Contracted Services	1,713,746	378,933	159,940	42.2%	378,933	159,940	42.2%
Chief Operating Officer	- Outsource Services	272,046	35,000	40,140	114.7%	35,000	40,140	114.7%
Chief Operating Officer	- Consultants and Professional Services	1,436,859	343,057	119,800	34.9%	343,057	119,800	34.9%
Chief Operating Officer	- Contractors	4,841	876	-	0.0%	876	-	0.0%
EPMO	Contracted Services	12,995,129	3,260,836	100,715	3.1%	3,260,836	100,715	3.1%
EPMO	- Outsource Services	200,408	59,960	99,865	166.6%	59,960	99,865	166.6%
EPMO	- Consultants and Professional Services	12,793,845	3,200,000	-	0.0%	3,200,000	-	0.0%
EPMO	- Contractors	876	876	850	97.0%	876	850	97.0%
Council General	Contracted Services	19,202,046	4,800,512	49,288	1.0%	4,800,512	49,288	1.0%
Council General	- Outsource Services	50,264	12,566	-	0.0%	12,566	-	0.0%
Council General	- Consultants and Professional Services	517,222	129,306	49,288	38.1%	129,306	49,288	38.1%
Council General	- Contractors	18,634,560	4,658,640	-	0.0%	4,658,640	-	0.0%
Customer Relations Management	Contracted Services	14,690,974	1,092,788	2,068,573	189.3%	1,092,788	2,068,573	189.3%
Customer Relations Management	- Outsource Services	3,683,618	920,934	661,304	71.8%	920,934	661,304	71.8%
Customer Relations Management	- Consultants and Professional Services	10,319,984	-	1,011,770	#DIV/0!	-	1,011,770	#DIV/0!
Customer Relations Management	- Contractors	687,372	171,854	395,499	230.1%	171,854	395,499	230.1%
Roads & Stormwater	Contracted Services	619,409,134	154,852,282	130,383,626	84.2%	154,852,282	130,383,626	84.2%
Roads & Stormwater	- Outsource Services	754,744	188,686	4,682	2.5%	188,686	4,682	2.5%
Roads & Stormwater	- Consultants and Professional Services	7,184,297	1,796,074	51,000	2.8%	1,796,074	51,000	2.8%
Roads & Stormwater	- Contractors	611,470,093	152,867,522	130,327,944	85.3%	152,867,522	130,327,944	85.3%
Transport	Contracted Services	144,047,505	32,236,309	3,909,401	12.1%	32,236,309	3,909,401	12.1%
Transport	- Outsource Services	25,100,735	6,301,902	3,437,373	54.5%	6,301,902	3,437,373	54.5%
Transport	- Consultants and Professional Services	11,000,361	1,163,604	-	0.0%	1,163,604	-	0.0%
Transport	- Contractors	107,946,409	24,770,803	472,029	1.9%	24,770,803	472,029	1.9%
Fleet Management	Contracted Services	2,143,287	535,821	69,242	12.9%	535,821	69,242	12.9%
Fleet Management	- Outsource Services	832,866	208,217	15,097	7.3%	208,217	15,097	7.3%
Fleet Management	- Contractors	1,310,421	327,605	54,144	16.5%	327,605	54,144	16.5%
Real Estate	Contracted Services	36,897,248	8,925,314	8,230,544	92.2%	8,925,314	8,230,544	92.2%
Real Estate	- Outsource Services	1,047,599	246,858	49,007	19.9%	246,858	49,007	19.9%
Real Estate	- Consultants and Professional Services	32,232,435	7,930,763	8,100,708	102.1%	7,930,763	8,100,708	102.1%
Real Estate	- Contractors	3,617,214	747,693	80,829	10.8%	747,693	80,829	10.8%

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DEPARTMENT	DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
			QUARTER 1			Budget	Actual	% of B
			Budget	Actual	% of B			
Health & Social Development	Contracted Services	13,232,777	1,863,926	1,340,626	71.9%	1,863,926	1,340,626	71.9%
Health & Social Development	- Outsource Services	5,009,360	1,043,884	664,966	63.7%	1,043,884	664,966	63.7%
Health & Social Development	- Consultants and Professional Services	1,297,776	1,427	733	51.4%	1,427	733	51.4%
Health & Social Development	- Contractors	6,925,641	818,615	674,926	82.4%	818,615	674,926	82.4%
Disaster & Emergency Management Services	Contracted Services	67,531,909	16,741,832	8,993,373	53.7%	16,741,832	8,993,373	53.7%
Disaster & Emergency Management Services	- Outsource Services	37,157,379	9,286,531	7,506,967	80.8%	9,286,531	7,506,967	80.8%
Disaster & Emergency Management Services	- Consultants and Professional Services	3,419,796	854,949	434,214	50.8%	854,949	434,214	50.8%
Disaster & Emergency Management Services	- Contractors	26,954,734	6,600,352	1,052,192	15.9%	6,600,352	1,052,192	15.9%
Ekurhuleni Metro Police Department (EMPD)	Contracted Services	273,640,331	68,232,414	47,195,697	69.2%	68,232,414	47,195,697	69.2%
Ekurhuleni Metro Police Department (EMPD)	- Outsource Services	233,598,021	58,221,843	43,921,794	75.4%	58,221,843	43,921,794	75.4%
Ekurhuleni Metro Police Department (EMPD)	- Consultants and Professional Services	36,278,712	9,069,672	2,876,486	31.7%	9,069,672	2,876,486	31.7%
Ekurhuleni Metro Police Department (EMPD)	- Contractors	3,763,598	940,899	397,417	42.2%	940,899	397,417	42.2%
Sports, Recreation, Arts & Culture (SRAC)	Contracted Services	22,705,952	6,117,503	3,862,787	63.1%	6,117,503	3,862,787	63.1%
Sports, Recreation, Arts & Culture (SRAC)	- Outsource Services	960,700	238,492	115,896	48.6%	238,492	115,896	48.6%
Sports, Recreation, Arts & Culture (SRAC)	- Consultants and Professional Services	5,239,376	1,010,900	1,364,450	135.0%	1,010,900	1,364,450	135.0%
Sports, Recreation, Arts & Culture (SRAC)	- Contractors	16,505,876	4,868,111	2,382,440	48.9%	4,868,111	2,382,440	48.9%
Human Settlements	Contracted Services	283,610,264	59,008,410	2,534,006	4.3%	59,008,410	2,534,006	4.3%
Human Settlements	- Outsource Services	75,321	18,830	18,560	98.6%	18,830	18,560	98.6%
Human Settlements	- Consultants and Professional Services	66,216,983	4,510,090	-	0.0%	4,510,090	-	0.0%
Human Settlements	- Contractors	217,317,960	54,479,489	2,515,446	4.6%	54,479,489	2,515,446	4.6%
Finance	Contracted Services	216,092,455	53,898,502	21,344,192	39.6%	53,898,502	21,344,192	39.6%
Finance	- Outsource Services	114,443,015	28,585,927	14,035,043	49.1%	28,585,927	14,035,043	49.1%
Finance	- Consultants and Professional Services	67,252,053	16,806,195	2,706,452	16.1%	16,806,195	2,706,452	16.1%
Finance	- Contractors	34,397,387	8,506,380	4,602,697	54.1%	8,506,380	4,602,697	54.1%
Human Resources	Contracted Services	6,454,508	1,613,627	781,305	48.4%	1,613,627	781,305	48.4%
Human Resources	- Outsource Services	3,673,129	918,282	257,700	28.1%	918,282	257,700	28.1%
Human Resources	- Consultants and Professional Services	1,587,690	396,923	-	0.0%	396,923	-	0.0%
Human Resources	- Contractors	1,193,689	298,422	523,605	175.5%	298,422	523,605	175.5%
ICT	Contracted Services	142,419,699	35,604,925	7,454,648	20.9%	35,604,925	7,454,648	20.9%
ICT	- Outsource Services	74,856	18,714	500	2.7%	18,714	500	2.7%
ICT	- Contractors	142,344,843	35,586,211	7,454,148	20.9%	35,586,211	7,454,148	20.9%
Corporate Legal	Contracted Services	49,266,949	12,316,737	13,661,255	110.9%	12,316,737	13,661,255	110.9%
Corporate Legal	- Outsource Services	208,406	52,101	37,192	71.4%	52,101	37,192	71.4%
Corporate Legal	- Consultants and Professional Services	49,025,082	12,256,271	13,624,063	111.2%	12,256,271	13,624,063	111.2%
Corporate Legal	- Contractors	33,461	8,365	-	0.0%	8,365	-	0.0%
Economic Development	Contracted Services	29,232,457	6,671,432	681,432	10.2%	6,671,432	681,432	10.2%
Economic Development	- Outsource Services	10,419,181	1,908,113	372,943	19.5%	1,908,113	372,943	19.5%
Economic Development	- Consultants and Professional Services	15,476,897	3,929,224	200,790	5.1%	3,929,224	200,790	5.1%
Economic Development	- Contractors	3,336,379	834,095	107,698	12.9%	834,095	107,698	12.9%

**CITY OF EKURHULENI (CoE)
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2017.10.26

ITEM A-F (53-2017)

DEPARTMENT	DESCRIPTION	TOTAL BUDGET	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
			QUARTER 1			Budget	Actual	% of B
			Budget	Actual	% of B			
City Planning	Contracted Services	93,474,475	23,372,368	19,735,639	84.4%	23,372,368	19,735,639	84.4%
City Planning	- Outsource Services	432,574	101,639	93,896	92.4%	101,639	93,896	92.4%
City Planning	- Consultants and Professional Services	55,451,142	13,873,040	13,160,776	94.9%	13,873,040	13,160,776	94.9%
City Planning	- Contractors	37,590,759	9,397,690	6,480,968	69.0%	9,397,690	6,480,968	69.0%
Environmental Resource Management	Contracted Services	127,307,390	31,778,323	5,766,246	18.1%	31,778,323	5,766,246	18.1%
Environmental Resource Management	- Outsource Services	81,032,528	20,315,404	2,551,490	12.6%	20,315,404	2,551,490	12.6%
Environmental Resource Management	- Consultants and Professional Services	5,839,027	1,459,757	100,394	6.9%	1,459,757	100,394	6.9%
Environmental Resource Management	- Contractors	40,435,835	10,003,162	3,114,362	31.1%	10,003,162	3,114,362	31.1%
Communication and Brand Management	Contracted Services	414,458	58,614	28,085	47.9%	58,614	28,085	47.9%
Communication and Brand Management	- Outsource Services	384,222	51,055	28,085	55.0%	51,055	28,085	55.0%
Communication and Brand Management	- Contractors	30,236	7,559	-	0.0%	7,559	-	0.0%
Internal Audit	Contracted Services	8,156,102	2,039,025	70,807	3.5%	2,039,025	70,807	3.5%
Internal Audit	- Outsource Services	4,127,890	1,031,972	63,437	6.1%	1,031,972	63,437	6.1%
Internal Audit	- Consultants and Professional Services	3,969,224	992,306	5,030	0.5%	992,306	5,030	0.5%
Internal Audit	- Contractors	58,988	14,747	2,340	15.9%	14,747	2,340	15.9%
Energy Department	Contracted Services	421,597,024	105,362,931	51,498,214	48.9%	105,362,931	51,498,214	48.9%
Energy Department	- Outsource Services	346,374,416	86,498,960	44,497,015	51.4%	86,498,960	44,497,015	51.4%
Energy Department	- Consultants and Professional Services	2,786,991	696,750	53,641	7.7%	696,750	53,641	7.7%
Energy Department	- Contractors	72,435,617	18,167,221	6,947,558	38.2%	18,167,221	6,947,558	38.2%
Waste Management	Contracted Services	429,931,018	92,109,082	59,552,145	64.7%	92,109,082	59,552,145	64.7%
Waste Management	- Outsource Services	406,830,422	87,992,316	58,644,324	66.6%	87,992,316	58,644,324	66.6%
Waste Management	- Consultants and Professional Services	16,819,467	3,366,503	468,699	13.9%	3,366,503	468,699	13.9%
Waste Management	- Contractors	6,281,129	750,262	439,121	58.5%	750,262	439,121	58.5%
Water & Sanitation	Contracted Services	804,070,766	200,993,193	177,994,355	88.6%	200,993,193	177,994,355	88.6%
Water & Sanitation	- Outsource Services	721,411,707	180,355,431	174,317,552	96.7%	180,355,431	174,317,552	96.7%
Water & Sanitation	- Consultants and Professional Services	21,566,996	5,391,747	223,430	4.1%	5,391,747	223,430	4.1%
Water & Sanitation	- Contractors	61,092,063	15,246,015	3,453,374	22.7%	15,246,015	3,453,374	22.7%

Operational Costs

Operational Costs refer to various types of expenditure which form part of the General Expenditure category in the previous reports. The following is merely a list of the detailed expenditure grouped in the category of Operational Costs.

It is necessary to analyse the Operational Costs of each department as reflected in the Departmental Operating Budget Reports.

**CITY OF EKURHULENI (CoE)
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ITEM A-F (53-2017)

DESCRIPTION	LINE ITEM	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
OC: ADV/PUB/MARK - AUCTIONS	2300100	9,696,808	1,182,962	12.2%	9,696,808	1,182,962	12.2%
OC: ADV/PUB/MARK - CORP & MUN ACTIVITIES PUBLICATIONS	2300120	1,902,316	584,361	30.7%	1,902,316	584,361	30.7%
OC: ADV/PUB/MARK - CUSTOMER/CLIENT INFO	2300121	535,845	274,729	51.3%	535,845	274,729	51.3%
OC: ADV/PUB/MARK - GIFTS & PROMO ITEMS	2300130	315,000	283,368	90.0%	315,000	283,368	90.0%
OC: ADV/PUB/MARK - CORPORATE IMAGE AND MARKETING	2300140	149,859	30,349	20.3%	149,859	30,349	20.3%
OC: ADV/PUB/MARK - MUNICIPAL NEWSLETTERS	2300143	1,389,228	29,578	2.1%	1,389,228	29,578	2.1%
OC: ADV/PUB/MARK - STAFF RECRUITMENT	2300150	3,413	11,977	350.9%	3,413	11,977	350.9%
OC: ASSETS LESS THAN CAPITAL THRESHOLD	2300170	794	-	0.0%	794	-	0.0%
OC: AUDIT COST: EXTERNAL	2300190	234,192	-	0.0%	234,192	-	0.0%
OC: BC/FAC/C FEES - BANK ACCOUNTS	2300200	4,792,838	978,381	20.4%	4,792,838	978,381	20.4%
ABSA: CASH DEPOSIT FEES	2300400	297,692	-	0.0%	297,692	-	0.0%
ABSA: CASH DEPOSIT I.D.	2300401	1,094,657	909,859	83.1%	1,094,657	909,859	83.1%
BANK SERVICE CHARGES	2300402	207,985	133,929	64.4%	207,985	133,929	64.4%
COUNTERFEIT NOTES	2300403	41,597	1,340,795	3223.3%	41,597	1,340,795	3223.3%
ABSA: TRANSACTIONAL FEES	2300404	1,886	-	0.0%	1,886	-	0.0%
ABSA: CASH IN TRANSIT	2300406	218,931	19,213	8.8%	218,931	19,213	8.8%
ABSA: DEPOSIT MACHINES	2300411	919,511	-	0.0%	919,511	-	0.0%
ABSA: DR & CR CARDS	2300412	1,007,084	136,374	13.5%	1,007,084	136,374	13.5%
ABSA: E-BANKING SYSTEM	2300413	2,189,313	2,481,117	113.3%	2,189,313	2,481,117	113.3%
ABSA: PAYMENT CHANNEL	2300414	1,423,053	413,002	29.0%	1,423,053	413,002	29.0%
POST OFFICE: PAYMENT CHANNEL	2300415	3,283,970	31,367	1.0%	3,283,970	31,367	1.0%
EASYPAY: PAYMENT CHANNEL	2300417	833,537	329,105	39.5%	833,537	329,105	39.5%
OC: BURSARIES (EMPLOYEES)	2300418	7,443,664	8,415,369	113.1%	7,443,664	8,415,369	113.1%
GRANTS: EDUCATION (EXTERNAL)	2300490	3,327,756	(38,617)	-1.2%	3,327,756	(38,617)	-1.2%
OC: CLEAN SERV - LAUNDRY SERVICES	2300491	21,893,130	13,293,912	60.7%	21,893,130	13,293,912	60.7%
OC: COMM - CELL CONTRACT (SUBS & CALLS)	2300700	74,367	72,615	97.6%	74,367	72,615	97.6%
TELEPHONE: GENERAL COMMUNICATION & FAX	2301100	916,284	66,989	7.3%	916,284	66,989	7.3%
TELEPHONE: CELLULAR PHONES	2301101	9,490,367	23,063,671	243.0%	9,490,367	23,063,671	243.0%
OC: COMM - LICENCES (RADIO & TELEVISION)	2301102	31,800	31,473	99.0%	31,800	31,473	99.0%
LICENSES: RADIO AND TELEVISION	2301110	28,750	-	0.0%	28,750	-	0.0%
OC: COMM - POSTAGE/STAMPS/FRANKING MACH	2301111	320,000	318,810	99.6%	320,000	318,810	99.6%
OC: COMM - RENT PRIVATE BAG & POSTAL BOX	2301120	4,988,404	5,314,819	106.5%	4,988,404	5,314,819	106.5%
OC: COMM - SATELLITE SIGNALS	2301140	197	-	0.0%	197	-	0.0%
OC: ENTERTAINMENT - SENIOR MANAGEMENT	2301150	25,818	8,171	31.6%	25,818	8,171	31.6%
OC: EXT COM SERV PROV - INFORMATION SERV	2301620	88,803	33,970	38.3%	88,803	33,970	38.3%
OC: EXT COM SERV PROV - S/WARE LICENCES	2301720	5,226,918	24,230	0.5%	5,226,918	24,230	0.5%
OC: EXT COM SERV PROV - SYS DEVELOPMENT	2301780	34,130,153	12,419,709	36.4%	34,130,153	12,419,709	36.4%
OC: INSUR UNDER - INSURANCE AGGREGATION	2301810	3,680,910	7,607	0.2%	3,680,910	7,607	0.2%
OC: INSUR UNDER - CLAIM PAID 3RD PARTIES	2302400	5,594,327	8,277,111	148.0%	5,594,327	8,277,111	148.0%
OC: INSUR UNDER - INSURANCE CLAIMS	2302410	3,065,038	1,009,851	32.9%	3,065,038	1,009,851	32.9%
OC: INSUR UNDER - EXCESS PAYMENTS	2302430	2,204,638	967,741	43.9%	2,204,638	967,741	43.9%
OC: INSUR UNDER - PREMIUMS	2302440	2,189,313	752,968	34.4%	2,189,313	752,968	34.4%
OC: LEARNERSHIPS & INTERNSHIPS	2302460	8,855,139	35,419,618	400.0%	8,855,139	35,419,618	400.0%
OC: LIC - VEHICLE LIC & REGISTRATIONS	2303300	167,849	-	0.0%	167,849	-	0.0%
OC: PRINTING & PUBLICATIONS	2303330	4,638,770	4,616,190	99.5%	4,638,770	4,616,190	99.5%
OC: PROFESSIONAL BODIES M/SHIP & SUBS	2304510	453,601	393,660	86.8%	453,601	393,660	86.8%
OC: PARKING FEES	2304520	3,020,863	62,386	2.1%	3,020,863	62,386	2.1%
	2304530	820	6	0.7%	820	6	0.7%

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DESCRIPTION	LINE ITEM	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
OC: REG FEESPROF & REGULATORY BODIES	2305100	10,143	-	0.0%	10,143	-	0.0%
OC: RESETTLEMENT COST	2305140	7,183,805	-	0.0%	7,183,805	-	0.0%
OC: SYSTEM ACCESS & INFORMATION FEES	2305400	2,381	-	0.0%	2,381	-	0.0%
OC: SKILLS DEVELOPMENT FUND LEVY	2305410	18,247,730	15,021,660	82.3%	18,247,730	15,021,660	82.3%
OC: SEARCH FEES	2305420	216,032	21,664	10.0%	216,032	21,664	10.0%
OC: SERVITUDES & LAND SURVEYS	2305430	25,671	1,983	7.7%	25,671	1,983	7.7%
OC: STORAGE OF FILES (ARCHIVING)	2305450	210,174	-	0.0%	210,174	-	0.0%
OC: TRANSPORT - EVENTS	2305730	97,500	97,500	100.0%	97,500	97,500	100.0%
OC: TRANSPORT - FUNERALS	2305740	218,931	45,000	20.6%	218,931	45,000	20.6%
OC: T&S DOM - ACCOMMODATION	2305760	1,789,428	223,649	12.5%	1,789,428	223,649	12.5%
OC: T&S FOREIGN - ACCOMMODATION	2305870	6,189,209	818,083	13.2%	6,189,209	818,083	13.2%
OC: TRANSPORT - MUNICIPAL ACTIVITIES	2305980	7,163	-	0.0%	7,163	-	0.0%
OC: UNIFORM & PROTECTIVE CLOTHING	2306100	15,325,049	3,332,916	21.7%	15,325,049	3,332,916	21.7%
OC: VEHICLE TRACKING	2306300	3,012,151	323,137	10.7%	3,012,151	323,137	10.7%
VEHICLE COST: ONBOARD COMPUTERS	2306301	840,820	31,319	3.7%	840,820	31,319	3.7%
OC: WET FUEL	2306610	1,226,212	1,041,135	84.9%	1,226,212	1,041,135	84.9%
VEHICLE COST: FUEL & LUBRICANTS	2306611	36,695,502	32,780,059	89.3%	36,695,502	32,780,059	89.3%
OC: WORKMEN'S COMPENSATION FUND	2306620	11,566,513	11,561,054	100.0%	11,566,513	11,561,054	100.0%
SUB TOTAL : OPERATIONAL COST	2309900	257,663,345	189,016,595	73.4%	257,663,345	189,016,595	73.4%

Inventory

In accordance with the terminology list supplied by National Treasury, this category is defined as follows:

Inventories are assets : (a) in the form of materials or supplies to be consumed in the production process; (b) in the form of materials or supplies to be consumed or distributed in the rendering of services; (c) held for sale or distribution in the ordinary course of operations; or (d) in the process of production for sale or distribution.

Plant materials and operating supplies: This account should record the cost of materials purchased primarily for use in the Utility business for construction, operation and maintenance purposes. This account should include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively. Materials and supplies issued should be credited to this account and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of weighted average and first-in-first-out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

Merchandise: This account should record the book cost of materials and supplies and appliances and equipment held primarily for retail sales. The principles prescribed in accounting for Utility materials and supplies shall be observed in respect to items carried in this account.

Other materials and supplies: This account should record the original cost of materials and supplies held primarily for non-utility purposes. The principles prescribed in accounting for Utility materials and supplies shall be observed in respect to items carried in this account.

Based on above the inventory include as items such as printing and stationery expenditure, materials and supplies mainly for the purpose of repairs and maintenance and other general expenditure as summarised below.

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DESCRIPTION	LINE ITEM	QUARTERLY RESULTS			YEAR-TO-DATE RESULTS		
		QUARTER 1			Budget	Actual	% of B
		Budget	Actual	% of B			
MATERIALS: HEATING MATERIALS	2320601	306,634	267,532	87%	306,634	267,532	87%
INVENTORY - MATERIALS & SUPPLIES	2323600	404,474,441	405,826,528	100%	404,474,441	405,826,528	100%
MATERIALS: CHEMICALS	2323602	673,432	224,370	33%	673,432	224,370	33%
MATERIALS: PRINTING & STATIONERY	232360C	9,080,480	9,973,783	110%	9,080,480	9,973,783	110%
SUB TOTAL : INVENTORY	2329900	414,534,987	217,595,884	52%	414,534,987	217,595,884	52%

Conclusion

The above does not give any details of the expenditure per department and should be analysed from the various individual reports of each department.

The analysis of mainly expenditure categories is an indication that details of expenditure should be analysed in a different format in future reports. Analysis cannot be made on the mere categories of expenditure, but should be made in the various segments of mSCOA, namely the funding, the project, the item and costing segments, to name a few.

Capital programme performance

The actual **Capital Expenditure** for the 1st Quarter of the 2017/18 financial year is R364 million compared to R369 million for the same quarter in the previous financial year. The spending of R364 million represents a spending of 5.69% of the total capital budget of R6,399 billion. The actual expenditure plus commitments for the first quarter amounts to **R701 million**, which represents **10.96%** of the Capital Budget.

The following table reflects the comparative spending for the 1st Quarter:

FY	Budget	Actual Expenditure	% of Budget
12/13	2,557,738,725	147,480,415	5.77%
13/14	2,987,419,379	287,522,406	9.62%
14/15	3,810,949,622	282,847,652	7.42%
15/16	4,676,512,484	299,927,334	6.41%
16/17	5,130,781,437	368,806,711	7.19%
17/18	6,399,356,712	364,303,746	5.69%

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

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	BUDGET 2017/18	DEPT.	ACTUAL	VAR	ACTUAL EXPENDITURE	% Spent of Total Budget
	Original	PROJECTION	Quarter 1	Quarter 1		
	R	R	R	%	R	%
CAPITAL BUDGET						
Chief Operating Officer	112,200,000	170,000	-	↓ -100.00%	-	0.00%
City Manager	2,380,000	50,000	-	↓ -100.00%	-	0.00%
City Planning	2,900,000	11,000	38,281	↑ 248.01%	38,281	1.32%
Communication and Brand Management	750,000	-	-	↑ 0.00%	-	0.00%
Corporate Legal Services	450,000	40,000	43,000	↑ 7.50%	43,000	9.56%
Council General	549,150,000	-	39,204,607	↑ 0.00%	39,204,607	7.14%
Customer Relations Management	35,000,000	2,500,000	417,020	↓ -83.32%	417,020	1.19%
Disaster & Emergency Management Services	211,770,000	15,453,025	9,325,225	↓ -39.65%	9,325,225	4.40%
Economic Development	145,100,000	36,024,999	3,526,126	↓ -90.21%	3,526,126	2.43%
EMPD	149,000,000	33,400,000	10,658,994	↓ -68.09%	10,658,994	7.15%
Energy	717,700,000	129,186,000	102,165,894	↓ -20.92%	102,165,894	14.24%
Environmental Resources Management	167,000,000	26,260,000	22,576,716	↓ -14.03%	22,576,716	13.52%
EPMO	1,150,000	170,000	269,640	↑ 58.61%	269,640	23.45%
Executive Office	7,550,000	-	-	↑ 0.00%	-	0.00%
Finance	2,087,400	-	79,900	↑ 0.00%	79,900	3.83%
Fleet Management	3,712,800	1,754,390	1,878,757	↑ 7.09%	1,878,757	50.60%
Health & Social Development	91,150,000	11,800,000	22,374,329	↑ 89.61%	22,374,329	24.55%
Human Resources Management & Development	1,500,000	625,000	30,719	↓ -95.08%	30,719	2.05%
Human Settlements	1,001,526,242	120,374,941	35,048,949	↓ -70.88%	35,048,949	3.50%
ICT	609,347,770	111,100,000	13,326,705	↓ -88.00%	13,326,705	2.19%
Internal Audit	440,000	-	-	↑ 0.00%	-	0.00%
Legislature	6,444,500	-	196,821	↑ 0.00%	196,821	3.05%
Real Estate	166,710,000	19,063,597	1,975,995	↓ -89.63%	1,975,995	1.19%
Risk Management	310,000	46,500	82,068	↑ 76.49%	82,068	26.47%
Roads and Stormwater	683,800,000	136,410,211	35,624,667	↓ -73.88%	35,624,667	5.21%
SRAC	132,900,000	17,000,000	10,858,473	↓ -36.13%	10,858,473	8.17%
Strategy & Corporate Planning	560,000	28,000	-	↓ -100.00%	-	0.00%
Transport	831,018,000	177,289,500	25,354,059	↓ -85.70%	25,354,059	3.05%
Waste Management	166,450,000	12,565,000	6,119,117	↓ -51.30%	6,119,117	3.68%
Water & Sanitation	599,300,000	120,300,000	23,127,683	↓ -80.77%	23,127,683	3.86%
TOTAL CAPITAL EXPENDITURE	6,399,356,712	971,622,163	364,303,746	↓ -62.51%	364,303,746	5.69%

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The actual Capital Expenditure of R364million as indicated above, is funded as follows:

	BUDGET 2017/18	TOTAL YEAR TO DATE	% of Budget
SOURCE OF FINANCE			
Energy Efficiency Demand Management Side (EEDMS)	2,000,000		0.00%
External Loans	,170	71	5.43%
Integrated City Development Grant (ICDG)	3,646,000		0.00%
Integrated National Electrification Programme (INEP)	0,000,000	8	80.78%
Neighbourhood Development Partnership Grants (NDPG)	2,000,000		0.00%
Provincial Grant	,000,000	-	0.00%
Public transport Network Grants (PTNG)	0,718,000	4	2.85%
Revenue	0,265,300	8	7.80%
Urban Settlement Development Grants (USDG)	,242	610,924	4.87%
Grand Total	,712	1,303,746	5.69%

The amount spent on **grant funded** projects amounts to R122m which represents 33% of the actual spending of R364m.

Debtors Analysis

The Collection Rate for the **1st quarter** ended 30th September 2017 is **92.05%** which is slightly more than the target of 89.0% for the first quarter. For the 2016/17 financial year the collection rate was 92.05%, which was less than budgeted target of 94.0%

The Actual Collection Rates over the past 4 quarters of the 2016/17 financial year were as follows:

- Quarter 1 – 89.29%
- Quarter 2 – 91.96%
- Quarter 3 – 92.94%
- Quarter 4 – 94.46%

The debtors' age analysis at the end of the 1stth quarter of the 2017/18FY was as follows:

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SUMMARY	NT Code	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	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	323,530	156,911	126,263	104,976	102,223	113,623	633,385	2,917,341	4,478,251	3,871,547	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,272,839	212,457	101,406	47,709	33,797	36,062	308,021	923,788	2,936,080	1,349,378	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	388,045	128,292	99,476	63,850	45,818	51,736	245,809	1,066,145	2,089,171	1,473,358	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	102,694	46,547	36,123	29,374	29,068	34,106	173,902	853,540	1,305,354	1,119,990	-	-
Receivables from Exchange Transactions - Waste Management	1600	93,876	48,381	41,424	33,139	31,049	40,928	185,235	881,070	1,355,103	1,171,421	-	-
Receivables from Exchange Transactions - Property Rental Debtors-BP966	1700	1,448	2,191	2,205	92,857	-	-	-	-	98,702	92,857	-	-
Interest on Arrear Debtor Accounts	1810	26,216	24,516	23,143	21,940	21,878	26,497	150,555	1,272,224	1,566,969	1,493,093	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	38,249	14,031	12,848	14,355	10,446	10,830	70,094	379,988	550,840	485,713	-	-
Total By Income Source	2000	2,246,897	633,327	442,888	408,200	274,279	312,782	1,768,000	8,294,097	14,380,470	11,057,358	-	-

The total outstanding debt as at 30th September 2017 amounts to R14.3 billion and R11.0 billion has been outstanding for a period of Over 90 days. Any debt that is over a period of 90 days is handed over to debt collectors where the debtor has not made an arrangement with the City.

One of the biggest challenges that Council is facing is the limited credit control measures in areas where Eskom is supplying electricity. Council cannot disconnect the electricity of defaulters and the following table reflects the impact on Council's collection rate.

Graph Data: EMM vs Eskom			
	Eskom Supply	EMM Supply	Total
July 2017	18.47%	92.75%	88.60%
August 2017	24.89%	96.74%	94.10%
September 2017	20.42%	92.63%	89.45%

It is evident from the table above that collection levels are low in areas that rely predominantly on Eskom for supply of electricity.

Collection Rate per CCA for the 1st Quarter (July – September 2017)

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

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Results for 1st Quarter (target = 89%)					
Customer Care Area	Levied	Adjustments	Received		%
Alberton	604,778,084.86	(2,075,237.05)	585,254,842.35	✓	97.11%
Benoni	554,309,229.47	(21,942,961.26)	502,951,283.63	✓	94.47%
Boksburg	767,834,104.23	10,609,824.77	733,728,363.43	✓	94.26%
Brakpan	278,493,041.84	(16,804,014.98)	243,739,711.22	✓	93.14%
Daveyton	108,101,075.92	(43,268,568.18)	27,439,353.18	✗	42.32%
Duduza	30,524,196.41	(44,859,986.23)	1,210,112.94	✗	-8.44%
Edenvale	737,930,730.92	(191,144,708.08)	529,116,436.76	✓	96.77%
Etwatwa	69,314,534.64	(21,604,317.29)	4,019,884.38	✗	8.43%
Germiston	1,109,580,280.82	(88,754,606.56)	989,333,219.19	✓	96.92%
Katlehong 1	179,599,753.14	(42,162,644.42)	73,071,321.14	✗	53.17%
Katlehong 2	116,638,724.72	(61,973,283.27)	11,432,927.95	✗	20.91%
Kempton Park	1,131,542,711.03	28,975,752.03	1,098,074,025.48	✓	94.62%
Kwa-Thema	43,867,997.82	(11,540,470.88)	22,921,026.67	✗	70.90%
Nigel	202,914,905.66	(20,083,135.83)	157,078,262.11	✗	85.91%
Springs	458,914,592.22	(46,195,751.23)	412,669,806.31	✓	99.99%
Sundries and Other	14,415,864.05	11,793,132.71	7,336,042.54	✗	27.99%
Tembisa 1	74,023,952.02	(19,089,974.54)	49,900,050.18	⚠	90.84%
Tembisa 2	350,139,115.94	(24,005,648.99)	304,127,871.10	✓	93.25%
Tokoza	89,537,285.64	(37,319,009.15)	18,011,915.09	✗	34.49%
Tsakane	119,469,154.82	(53,281,977.77)	25,389,091.50	✗	38.36%
Vosloorus	224,815,676.73	(54,013,920.38)	124,731,156.49	✗	73.03%
Grand Total	7,266,745,012.90	(748,741,506.58)	5,921,536,703.64	⚠	90.85%

The table above shows that collection levels during the 1st quarter are high in Springs at 99% and low in Duduza at -8.44% due to billing adjustments. The City should focus its indigent support programmes to these areas of low collection levels.

Creditors Analysis

The creditors' age analysis for creditors at the end of **the first quarter of 2017** was as follows:

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
Bulk Electricity	1,324,758,121	0	0	0	0	0	0	0	1,324,758,121
Bulk Water	284,954,945	0	0	0	0	0	0	0	284,954,945
PAYE deductions	0	0	0	0	0	0	0	0	0
VAT (output less input)	0	0	0	0	0	0	0	0	0
Pensions / Retirement deductions	0	0	0	0	0	0	0	0	0
Loan repayments	57,237,377	0	0	0	0	0	0	0	57,237,377
Trade Creditors	2,662,963,098	100,446,960	91,637,092	0	0	0	0	0	2,855,047,150
Auditor General	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Total	4,329,913,541	100,446,960	91,637,092	0	0	0	0	0	4,521,997,593

The table above shows that the total amount of creditors outstanding is R4.5 billion, of which an amount of R91.6 million has been outstanding for more than 90 days. This is primarily due to disputes that have not yet been resolved.

Investment Portfolio Analysis

With regard to the **Cash and Investment Position** a cash target of 55 days has been set in the SDBIP for the 2017/18FY. The actual performance as at 30th September 2017 is **77 days** (compared to the 33 days and 53 days in July and August 2017 respectively).

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The Operating Cash on Hand is calculated as follows:

	ACTUAL 2017/18 Jul-17 R	ACTUAL 2017/18 Aug-17 R	ACTUAL 2017/18 Sep-17 R
Unencumbered Investment	1,462,243,438	1,462,243,438	1,462,243,438
Encumbered Investment	1,339,187,026	1,372,240,602	1,362,414,178
Bank Balances	5,455,607,775	6,429,025,819	5,707,388,428
Petty Cash	-	-	-
TOTAL CASH AND INVESTMENTS	8,257,038,239.16	9,263,509,859.69	8,532,046,043.87
Less Encumbered Cash:			
1. Encumbered Investments and Investments in ME's (Sinking Fund)	1,339,187,026	1,372,240,602	1,362,414,178
2. Dedicated bank accounts (grants and capex and Capital Replacement Reserve)	2,912,421,883	2,384,200,920	1,465,896,183
a. External Funding	145,804,789	146,772,509	147,557,843
b. Capital Replacement Reserve	320,709,736	324,545,488	326,279,233
c. Primary Account	2,254,092,156	1,717,871,005	474,835,083
d. Housing Account	38,366,819	38,613,549	31,182,972
e. USDG Account	153,448,383	156,398,369	486,041,052
TOTAL UNENCUMBERED CASH	4,005,429,331	5,507,068,337	5,703,735,683
TOTAL CASH PAYMENTS	3,617,158,253	3,124,349,232	2,224,519,516
Number of day's total cash held (un-encumbered cash)	33	53	77

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

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	Bank	ACTUAL 2017/18	ACTUAL 2017/18	ACTUAL 2017/18
		Jul-17	Aug-17	Sep-17
		R	R	R
EMM Boksburg Income		-	-	
EMM Boksburg Direct Banking 1		89,342,941.90	229,484,408.43	356,507,493.23
EMM Boksburg Direct Banking 2		-	-	
EMM Brakpan		-	-	
EMM Pre-Paid Sales		-	-	
EMM Germiston Income	ABSA	-	-	
EMM Germiston Direct Banking	ABSA	133,447,732.11	397,366,121.81	643,431,634.26
EMM Kempton Park Income	ABSA	-	-	
EMM Kempton Park Direct Bankin	ABSA	94,487,362.83	405,309,409.58	632,440,654.24
EMM Nigel	ABSA	-	-	
EMM Springs Direct Banking	ABSA	40,996,690.78	132,929,450.76	211,389,424.54
EMM Springs Income	ABSA	-	-	
EMM Solid Waste	ABSA	-	-	
EMM Alberton Direct Banking	ABSA	-	-	
EMM Alberton Income	ABSA	-	-	
EMM Springs Market	ABSA	0.00	0.00	
External Funding Fund	ABSA	0.00	0.00	
Capital Replacement Reserve	ABSA	0.00	0.00	
Primary Bank Account	ABSA	49,684,745.67	0.00	137,629,535.96
EMM Benoni Income	ABSA	43,945,086.16	44,097,010.77	44,464,022.52
EMM Benoni Direct Banking	ABSA	49,466,129.88	142,213,115.51	231,809,174.24
EMM Edenvale Direct Banking	ABSA	24,550,606.17	67,775,488.74	108,572,397.32
Metro Treasury Account	ABSA	367,959,761.58	8,444,530.62	244,890,745.16
EMM E-Siyakhokha Mask Account	ABSA	18,398,898.00	-27,992.46	49,185,178.47
Standard Bank Mask Account	ABSA	224,025,410.40	236,592,596.88	242,100,499.16
FNB Mask account	ABSA	171,543,500.50	199,537,946.49	204,455,029.59
EMM SALARY ACCOUNT	NEDBANK	262,344,471.79	243,415,526.25	257,855,956.18
EMM EXPENDITURE ACCOUNT	NEDBANK	319,748,073.32	1,224,116,753.30	185,330,666.19
EMM TREASURY ACCOUNT	NEDBANK	588,809,319.42	398,204,140.02	488,592,114.57
EMM-USDG ACCOUNT	NEDBANK	156,084,916.07	156,084,916.07	486,041,050.86
EMM HOUSING ACCOUNT	NEDBANK	38,366,818.79	38,613,548.25	31,182,972.36
EMM DEPRECIATION RESERVE ACCOUNT	NEDBANK	320,709,734.97	324,023,066.16	326,279,232.08
EMM EXTERNAL FUNDING FUND	NEDBANK	145,804,788.15	146,772,508.74	147,557,841.74
EMM PRIMARY BANK ACCOUNT	NEDBANK	2,025,202,173.56	1,717,662,036.00	336,994,989.25
SAVINGS ACCOUNT STEP UP DEPOSIT	NEDBANK	-	-	-
EMM SPRINGS MARKET	NEDBANK	1,372,932.74	918,285.98	1,833,345.41
EMM NEDBANK MASK	NEDBANK	289,315,679.88	315,492,951.51	338,844,470.47
Total		5,455,607,774.67	6,429,025,819.41	5,707,388,427.80
Dedicated Bank Accounts		49,684,745.67	-	137,629,535.96
(Grants & Primary and Loans account)				
FLOATS AND PETTY CASH		-	-	-
		5,455,607,774.67	6,429,025,819.41	5,707,388,427.80

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 30 September 2017 were as indicated below:

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CAPITAL											
COMMEN-CING DATE	MATURITY DATE	TYPE OF INVESTMENT	OPENING BALANCE 1.07.2015	INVESTMENT MADE	INVESTMENT WITHDRAWN	INTE-REST RATE	BALANCE 30.09.2017	ENCUMBERED	En/Unencumbered	Description	Interest
INVESTEC BANK											
13-Nov-98		ENCUMBERED DEP.	45,129,818.67			6.85%	45,129,818.67		Unencumbered		Capitalised
			45,129,818.67				45,129,818.67				
INVESTEC BANK STRUCTURED DEPOSITSINKING FUND R800M TO PROVIDE FOR A BOND CAPITAL											
29-Feb-12	1-Mar-21	OPENING BALANCE	415,883,743.08			9.2278%	415,883,743.08	415,883,743.08	Encumbered	Structural Bond	Capitalised
29-Feb-12	1-Mar-21	STRUCTURED DEPOSIT		11,631,606.01		9.2278%	11,631,606.01	11,631,606.01	Encumbered	Structural Bond	Capitalised
29-Feb-12	1-Mar-21	STRUCTURED DEPOSIT		11,631,606.01		9.2278%	11,631,606.01	11,631,606.01	Encumbered	Structural Bond	Capitalised
29-Feb-12	1-Mar-21	STRUCTURED DEPOSIT		11,631,606.01	42,880,000.00	9.2278%	-31,248,393.99	-31,248,393.99	Encumbered	Structural Bond	Capitalised
			415,883,743.08	34,894,818.03	42,880,000.00		407,898,561.11	407,898,561.11			
STANLIB											
10-Apr-00	ON CALL	MONEY MARKET FUND	4,716,567.39		0.00	Variable	4,716,567.39		Unencumbered	Long term	Capitalised
			4,716,567.39	0.00			4,716,567.39				
SANLAM											
2-Jun-03	ON CALL	FUND MANAGING (CLF)	140,915.41			Variable	140,915.41		Unencumbered	Short Term	Capitalised
			140,915.41	0.00	0.00		140,915.41				
RAND MERCHANT BANK											
2-Aug-00		GUARANTEED TRUST	5,124,719.07			13.25%	5,124,719.07		Unencumbered	Long term/ Inco Gu	Capitalised
1-Oct-98	Unit Trusts	MONEY MARKET FUND	35,590,812.28			6.07%	35,590,812.28		Unencumbered	Long term/ Inco Gu	Capitalised
30-Oct-98	28-Oct-16	GUARANTEED TRUST	26,354,728.67			14.76%	26,354,728.67		Unencumbered	Long term/ Inco Gu	Capitalised
			67,070,260.02	0.00			67,070,260.02	0.00			
RAND MERCHANT BANK STRUCTURED DEPOSIT SINKING FUND R815M TO REPAY LOAN AND BOND CAPITAL											
1-Jul-16		OPENING BALANCE	513,883,863.00			9.23%	513,883,863.00	513,883,863.00	Encumbered	Long term/ Inco Gu	Capitalised
28-Feb-11	28-Feb-20	STRUCTURED DEPOSIT		11,507,731.00	42,877,642.00	9.23%	-31,369,911.00	-31,369,911.00	Encumbered	Long term/ Inco Gu	Capitalised
28-Feb-11	28-Feb-20	STRUCTURED DEPOSIT		11,507,731.00		9.23%	11,507,731.00	11,507,731.00	Encumbered	Long term/ Inco Gu	Capitalised
28-Feb-11	28-Feb-20	STRUCTURED DEPOSIT		11,507,731.00		9.23%	11,507,731.00	11,507,731.00	Encumbered	Long term/ Inco Gu	Capitalised
			513,883,863.00	34,523,193.00	42,877,642.00		505,529,414.00	505,529,414.00			
NEDBANK STRUCTURED DEPOSIT SINKING FUND R800M TO PROVIDE FOR A BOND CAPITALEM03											
1-Jul-16		OPENING BALANCE	419,243,486.26			8.24%	419,243,486.26	419,243,486.26	Encumbered	Structural Bond	Capitalised
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78		8.24%	9,914,238.78	9,914,238.78	Encumbered	Structural Bond	Capitalised
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78		8.24%	9,914,238.78	9,914,238.78	Encumbered	Structural Bond	Capitalised
18-Dec-12	1-May-24	STRUCTURED DEPOSIT		9,914,238.78		8.24%	9,914,238.78	9,914,238.78	Encumbered	Structural Bond	Capitalised
			419,243,486.26	29,742,716.34	0.00		448,986,202.60	448,986,202.60			
NEDBANK SHORT TERM											
18-Aug-16	CALL	CALL	1,025,120,843.95			7.85%	1,025,120,843.95				
							0.00				
			1,025,120,843.95	0.00	0.00		1,025,120,843.95				
LAND BANK											
26-Jul-17	26-Jul-18	Fixed (12 Months)	40,735,388.99			7.00%	40,735,388.99				
							0.00				
			40,735,388.99	0.00	0.00		40,735,388.99				
RAND AIRPORT											
		SHAREHOLDING	4,000,000.00				4,000,000.00		Entities		
MUNICIPAL ENTITIES											
10-Mar-99		G.G. INNER CITY HSNG	306.00				306.00		Entities		
							0.00				
			306.00				306.00				
		TOTAL INVESTMENTS	2,535,925,192.77	99,160,727.37	85,757,642.00		2,549,328,278.14	1,362,414,177.71			

The table above shows that, amongst others, the total value of investments as at 30th September 2017 amounted to R2.5 billion. A significant portion of that is short term investments in Nedbank amounting to R1.0 billion. Investments amounting to approximately R1.3 billion are encumbered in the form of obligations/ liabilities.

Allocation and 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:

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- 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 GREEN 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 an AMBER 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 a RED 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.

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ITEM A-F (53-2017)

STATUS OF SPENDING ON GRANTS AS AT 30 SEPTEMBER 2017

Name of Grant	EMM Responsible Department	Unspent Funds - 16/17 Opening Balances 17/18	Accumulated Receipts for the Financial year	Accumulated Expenditure for the Financial year	Balance Available	% Spent	Risk
NATIONAL / DORA GRANTS - OPERATING							
FMG	Finance	-	1,050,000.00	(109,080.00)	940,920.00	10.39%	3
TOTAL		-	1,050,000.00	(109,080.00)	940,920.00	10.39%	
Equitable Share - Electricity	Energy	-	192,684,119.00	(192,684,119.00)	-	100.00%	1
Equitable Share - Solid Waste	Waste Management	-	191,957,009.00	(191,957,009.00)	-	100.00%	1
Equitable Share -Water and Wastewater	Water & Sanitation	-	524,246,224.00	(524,246,224.00)	-	100.00%	1
Equitable Share - Finance	Finance	-	224,388,648.00	(224,388,648.00)	-	100.00%	1
Fuel Levy - Finance	Finance	-	564,752,000.00	(564,752,000.00)	-	100.00%	1
TOTAL		-	1,698,028,000.00	(1,698,028,000.00)	-	100.00%	
USDG	Human Settlements	21,713,359.03	645,802,000.00	(175,330,708.95)	492,184,650.08	26.27%	2
INEP	Energy	-	40,000,000.00	(32,310,098.09)	7,689,901.91	80.78%	1
PTNG	Public Transport	29,884,180.82	175,180,000.00	(19,088,554.14)	185,975,626.68	9.31%	3
NDPG	Human Settlements & City Planning	29,145,705.45	13,891,000.00	-	43,036,705.45	0.00%	3
Electricity Demand Side Management	Energy	107.24	4,000,000.00	-	4,000,107.24	0.00%	3
Expanded Public Works Programme	Economic Development	2,075.90	11,180,000.00	(6,563,263.67)	4,618,812.23	58.69%	1
Intergrated City Development	Human Settlements	572,426.86	24,323,000.00	-	24,895,426.86	0.00%	3
Wifi Connectivity roll out	ICT	201,078.31	-	-	201,078.31	0.00%	3
TOTAL		81,518,933.61	914,376,000.00	(233,292,624.85)	762,602,308.76	23.43%	
PROVINCIAL GRANTS - OPERATING							
BKB	Environmental Resources Management	16,206.67	-	-	16,206.67	0.00%	3
HIV/AIDS	Health & Social Development	-	7,698,000.00	(4,580,328.84)	3,117,671.16	59.50%	1
Township Initiatives	SRAC - Libraries	888,620.26	-	(429,931.29)	458,688.97	48.38%	2
HSDG Accreditation	Human Settlements	30,976,363.56	-	-	30,976,363.56	0.00%	3
Disaster Grant	Human Settlements	8,772.71	-	-	8,772.71	0.00%	3
TOTAL		31,889,963.20	7,698,000.00	(5,010,260.13)	34,577,703.07	12.66%	
PROVINCIAL - SUBSIDIES							
Health Subsidies	Health & Social Development	-	52,136,000.00	(52,136,000.00)	-	100.00%	1
Emergency Subsidies	DEMS	-	63,262,000.00	(63,262,000.00)	-	100.00%	1
TOTAL		-	115,398,000.00	(115,398,000.00)	-	100.00%	
TOTAL		-	-	-	-	-	
Total National / DORA Grants + Subsidies		81,518,933.61	2,613,454,000.00	(1,931,429,704.85)	763,543,228.76	71.67%	
Total Provincial Grants + Subsidies		31,889,963.20	123,096,000.00	(120,408,260.13)	34,577,703.07	77.69%	
Total Public Contributons + Foreign Grants		-	-	-	-	-	
GRAND TOTAL		113,408,896.81	2,736,550,000.00	(2,051,837,964.98)	798,120,931.83	72.00%	

The **unspent grants** at the beginning of the 2017/18 financial year amounted to **R113.4 million**. The unspent grants at the beginning of the 2016/17 financial year (previous year) was R433m, of which R345.4 million was surrendered. Though a significant portion of the 2015/16 unspent funds was surrendered, the comparison of R433m unspent in 2015/16 and R113.4 million unspent in 2016/17 indicates a significant improvement of spending grants during 2016/17 financial year.

The receipts for the 1st quarter amounted to R2.737 billion (including fuel levy). The expenditure for the quarter was R2.052 billion which represents 72% spending. The total unspent funds (including 2016/17 unspent grants) at the end of September 2017 is **R798m**. The unspent grants at the end of September 2016 (previous year) was R795 million. In line with the provisions of National Treasury MFMA Circular 75, 79, Annexure to MFMA Circular 86 and Provincial MFMA Circular 18, motivation letters to retain the unspent grants for the following grants were submitted to National and Provincial Treasuries.

Name of Grant	COE Responsible Department	2016/17 Unspent Amount	Amount approved for Roll-over	Amount NOT approved for Roll-over	Comments
Integrated City Development (ICDG)	Human Settlements	572,427			

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Name of Grant	COE Responsible Department	2016/17 Unspent Amount	Amount approved for Roll-over	Amount NOT approved for Roll-over	Comments
Urban Settlement Development Grant (USDG)	Human Settlements	21,713,359			Response is expected by the 15 th October 2017 from National Treasury
Energy Efficiency Demand Side Management (EEDSM)	Energy	107			
Public Transport Network Grant (PTNG)	Public Transport	29,884,181			
Neighborhood Development Programme Grant (NDPG)	Human Settlements	1,679,705			
	City Planning	27,466,000			
Expanded Public Works Programme (EPWP)	Economic Development	2,076			
Township Initiatives	SRAC Libraries	888,620	589,518	299,102	Appeal to be submitted to Provincial Treasury by 12 th October 2017
Human Settlements Development Grant (HSDG)****	Human Settlements	30,976,364	0	30,976,364	
Disaster Management Grant	Human Settlements	8,773	0	8,773	
Bontle Ke Botho	Environmental Resources Development	16,207	16,207		Unconditional grant, amount automatically rolled over
Wi-Fi Connectivity roll out	ICT	201,078	201,078		Unconditional grant, amount automatically rolled over
GRAND TOTAL		113,408,897	806,803	31,284,239	

The response from the Provincial Treasury was received on the 3rd October 2017. The response from National Treasury amounting to **R81,317,855** is expected by the 15th October 2017. A formal appeal in respect of the Provincial grants not approved for roll overs will be submitted to Provincial Treasury within 7 working days period allowable for appeals.

The following were stated as reasons for rejection:

- **HSDG** - "Gauteng Provincial Treasury does not approve any roll-overs pertaining to the previously approved roll-overs as per the provisions of Treasury Regulation 6.4.3 and MFMA Circular 75 "
- **Township Initiatives** – "Of the **R299,102** rejected, **R205,904** relates to the previously approved roll-over granted in the previous financial year in which Provincial Treasury did not support as a result of Treasury Regulation 6.4.3 and MFMA Circular 75, **R3,257** relates savings of work already completed and **R89,940** was rejected due to inadequate supporting documents provided to motivate the roll-over application."
- **Disaster Management Grant** – "Gauteng Provincial Treasury does not approve any roll-overs pertaining to the previously approved roll-overs as per the provisions of Treasury Regulation 6.4.3 and MFMA Circular 75".

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The amounts not approved for roll-over are expected to be paid back by latest 31st October 2017, however the deadline for returning the funds will be informed by the outcome of the appeal process.

In-year budget statement tables

The tables as required in terms of the Municipal Budget and Reporting Regulations are included in the report.

EKU Ekurhuleni Metro - Table C1 Monthly Budget Statement Summary - M03 September									
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
R thousands									
Financial Performance									
Property rates	4,614,379	5,088,330	–	456,001	1,328,415	1,266,964	61,451	5%	5,313,659
Service charges	20,450,220	19,807,888	–	1,926,161	5,652,492	5,815,177	(162,685)	-3%	22,609,969
Investment revenue	626,606	400,107	–	(16,446)	42,669	98,726	(56,057)	-57%	170,675
Transfers recognised - operational	3,373,329	5,406,054	–	58,613	1,930,116	1,877,981	52,135	3%	7,720,464
Other own revenue	2,738,001	1,592,519	–	78,146	262,413	359,251	(96,838)	-27%	1,049,653
Total Revenue (excluding capital transfers and contributions)	31,802,534	32,294,898	–	2,502,475	9,216,105	9,418,099	(201,994)	-2%	36,864,420
Employee costs	6,223,885	7,466,601	–	638,700	1,909,590	1,727,491	182,099	11%	7,638,359
Remuneration of Councillors	119,944	139,604	–	10,159	30,426	34,877	(4,451)	-13%	121,704
Depreciation & asset impairment	1,851,172	2,076,026	–	167,684	503,064	500,450	2,614	1%	2,012,257
Finance charges	579,851	801,361	–	51,391	111,666	179,432	(67,765)	-38%	446,665
Materials and bulk purchases	14,889,452	16,454,478	–	1,210,407	4,215,371	4,583,729	(368,358)	-8%	16,861,484
Transfers and grants	2,057,179	1,117,152	–	89,065	217,165	278,845	(61,680)	-22%	868,661
Other expenditure	5,707,567	4,717,873	–	308,122	793,004	1,349,189	(556,185)	-41%	3,172,016
Total Expenditure	31,429,050	32,773,095	–	2,475,528	7,780,287	8,654,012	(873,725)	-10%	31,121,147
Surplus/(Deficit)	373,484	(478,196)	–	26,947	1,435,818	764,087	671,732	88%	5,743,273
Transfers recognised - capital	1,661,862	2,303,664	–	97,986	121,722	348,685	(226,963)	-65%	486,888
Surplus/(Deficit) after capital transfers & contributions	2,035,346	1,825,468	–	124,932	1,557,540	1,112,771	444,769	40%	6,230,161
Surplus/ (Deficit) for the year	2,035,346	1,825,468	–	124,932	1,557,540	1,112,771	444,769	40%	6,230,161
Capital expenditure & funds sources									
Capital expenditure	5,229,747	6,399,357	–	258,155	364,304	1,599,839	(1,235,535)	-77%	6,399,357
Capital transfers recognised	1,847,686	2,303,664	–	97,986	121,722	575,916	(454,194)	-79%	2,303,664
Borrowing	1,765,376	3,245,427	–	110,482	176,232	811,357	(635,125)	-78%	3,245,427
Internally generated funds	1,616,684	850,265	–	49,687	66,350	212,566	(146,216)	-69%	850,265
Total sources of capital funds	5,229,747	6,399,357	–	258,155	364,304	1,599,839	(1,235,535)	-77%	6,399,357
Financial position									
Total current assets	14,956,537	14,525,152	13,531,111		16,688,010				12,181,645
Total non current assets	50,238,728	51,303,237	49,821,666		53,939,831				51,171,132
Total current liabilities	8,766,077	6,534,076	8,307,447		8,858,436				8,307,447
Total non current liabilities	9,111,658	9,227,161	8,800,593		9,573,605				8,800,593
Community wealth/Equity	47,317,530	50,067,151	46,244,736		52,195,800				46,244,736
Cash flows									
Net cash from (used) operating	4,895,926	4,702,372	4,639,302	157,432	174,766	492,457	317,691	65%	5,909,484
Net cash from (used) investing	(4,300,270)	(4,518,103)	(4,488,932)	(118,939)	(131,884)	(579,854)	(447,970)	77%	(6,958,253)
Net cash from (used) financing	(306,781)	1,427,285	1,437,098	1,292,848	1,292,932	238,977	(1,053,954)	-441%	2,867,728
Cash/cash equivalents at the month/year end	8,009,279	9,312,930	8,288,845	–	6,808,535	6,852,956	44,421	1%	7,291,680
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total Debtors	2,267,323	673,768	362,014	385,927	338,853	265,618	1,930,572	8,146,495	14,370,569
Creditors Age Analysis									
Total Creditors	4,076,222	302,965	107,596	567	347	224	232	2,968	4,491,121

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EKU Ekurhuleni Metro - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M03 September

Description	Re	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									
Revenue - Standard										
Governance and administration		7,783,961	8,244,484	-	442,921	2,201,057	2,214,659	(13,602)	-1%	8,804,228
Executive and council		1,475	-	-	43	591	-	591	#DIV/0!	2,362
Budget and treasury office		7,781,658	8,242,665	-	442,974	2,200,566	2,214,189	(13,624)	-1%	8,802,263
Corporate services		828	1,819	-	(96)	(99)	469	(569)	-121%	(397)
Community and public safety		1,004,899	1,326,274	-	12,966	(1,886)	193,812	(195,697)	-101%	(7,542)
Community and social services		33,170	35,736	-	944	4,636	6,115	(1,479)	-24%	18,543
Sport and recreation		20,402	308	-	(8,446)	(9,332)	(3,960)	(5,372)	136%	(37,328)
Public safety		1,700	(1,064)	-	(8,125)	(13,429)	(190)	(13,239)	6981%	(53,716)
Housing		750,751	1,159,477	-	35,195	(23,793)	135,948	(159,741)	-118%	(95,171)
Health		198,876	131,817	-	(6,603)	40,032	55,898	(15,866)	-28%	160,129
Economic and environmental services		786,339	1,227,874	-	42,658	93,500	228,559	(135,058)	-59%	374,001
Planning and development		53,974	86,777	-	5,441	14,685	22,567	(7,882)	-35%	58,742
Road transport		732,335	1,140,967	-	37,218	78,813	205,957	(127,144)	-62%	315,252
Environmental protection		30	131	-	-	2	34	(32)	-95%	7
Trading services		23,633,176	23,475,584	-	2,075,899	6,975,261	7,048,656	(73,396)	-1%	27,901,043
Electricity		14,218,872	14,132,644	-	1,462,573	4,573,676	4,367,672	206,004	5%	18,294,703
Water		5,744,938	6,031,619	-	430,851	1,612,403	1,766,823	(154,419)	-9%	6,449,613
Waste water management		1,620,862	1,454,512	-	62,108	262,468	297,534	(35,066)	-12%	1,049,872
Waste management		2,048,504	1,856,809	-	120,367	526,714	616,627	(89,913)	-15%	2,106,854
Other	4	256,021	324,346	-	26,016	69,895	81,098	(11,204)	-14%	279,578
Total Revenue - Standard	2	33,464,396	34,598,563	-	2,600,460	9,337,827	9,766,783	(428,956)	-4%	37,351,308
Expenditure - Standard										
Governance and administration		3,464,293	3,283,531	-	196,805	644,727	918,374	(273,647)	-30%	2,578,908
Executive and council		680,134	877,840	-	57,280	165,746	223,022	(57,277)	-26%	662,983
Budget and treasury office		2,393,943	2,007,756	-	114,219	412,333	595,824	(183,491)	-31%	1,649,333
Corporate services		390,217	397,935	-	25,306	66,648	99,528	(32,880)	-33%	266,593
Community and public safety		3,578,013	3,947,173	-	277,231	778,103	945,800	(167,697)	-18%	3,112,412
Community and social services		451,035	478,726	-	40,778	114,886	117,397	(2,511)	-2%	459,544
Sport and recreation		837,503	873,206	-	62,590	169,596	220,650	(51,054)	-23%	678,384
Public safety		374,758	407,104	-	31,170	87,430	97,566	(10,136)	-10%	349,719
Housing		629,163	755,628	-	27,533	68,490	166,976	(98,485)	-59%	273,961
Health		1,285,555	1,432,509	-	115,160	337,701	343,212	(5,511)	-2%	1,350,804
Economic and environmental services		3,726,892	4,271,926	-	356,228	953,806	1,030,153	(76,347)	-7%	3,815,223
Planning and development		511,057	549,924	-	50,974	126,826	144,347	(17,521)	-12%	507,304
Road transport		3,119,778	3,636,417	-	298,020	807,565	861,041	(53,475)	-6%	3,230,261
Environmental protection		96,057	85,585	-	7,233	19,415	24,765	(5,351)	-22%	77,659
Trading services		20,454,341	21,033,325	-	1,623,621	5,339,603	5,696,456	(356,852)	-6%	21,358,414
Electricity		12,942,887	13,236,024	-	1,010,535	3,731,471	3,914,749	(183,278)	-5%	14,925,885
Water		5,177,033	5,102,653	-	449,619	1,176,283	1,274,042	(97,759)	-8%	4,705,132
Waste water management		677,316	1,289,955	-	59,127	177,365	181,964	(4,599)	-3%	709,460
Waste management		1,657,105	1,404,693	-	104,340	254,484	325,701	(71,217)	-22%	1,017,938
Other		205,511	237,140	-	21,643	64,048	63,229	818	1%	256,190
Total Expenditure - Standard	3	31,429,050	32,773,095	-	2,475,528	7,780,287	8,654,012	(873,725)	-10%	31,121,147
Surplus/ (Deficit) for the year		2,035,346	1,825,468	-	124,932	1,557,540	1,112,771	444,769	40%	6,230,161

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EKU Ekurhuleni Metro - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September

Vote Description	Ref	budget year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Corporate Services		7,785,110	8,245,684	-	442,920	2,201,055	2,214,659	(13,603)	-0.6%	8,804,222
Vote 3 - Energy		14,049,528	13,967,455	-	1,462,054	4,508,696	4,302,652	206,045	4.8%	18,034,785
Vote 4 - Water and Sanitation		7,365,800	7,486,131	-	492,959	1,874,871	2,064,357	(189,486)	-9.2%	7,499,485
Vote 5 - Waste Management		2,048,504	1,856,809	-	120,367	526,714	616,627	(89,913)	-14.6%	2,106,854
Vote 6 - Human Settlements		750,751	1,159,477	-	35,195	(23,793)	135,948	(159,741)	-117.5%	(95,171)
Vote 7 - City Planning		31,776	42,059	-	2,835	8,121	10,517	(2,397)	-22.8%	32,483
Vote 8 - Economic Development		36,409	67,578	-	7,907	11,231	17,769	(6,538)	-36.8%	44,925
Vote 9 - Disaster and Emergency Management Services		175,813	161,319	-	(10,517)	41,093	64,905	(23,812)	-36.7%	164,374
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)		25,955	1,215	-	(3,949)	(4,450)	(1,542)	(2,908)	188.6%	(17,801)
Vote 11 - Health and Social Development		194,109	134,636	-	(3,691)	50,489	55,827	(5,337)	-9.6%	201,958
Vote 12 - Environmental Resource Management		26,497	33,760	-	(3,553)	(244)	3,732	(3,976)	-106.5%	(976)
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)		105,710	155,149	-	7,867	30,496	38,799	(8,302)	-21.4%	121,986
Vote 14 - Transport Planning & Provisioning		710,441	1,126,625	-	42,153	100,767	220,016	(119,249)	-54.2%	403,068
Vote 15 - Roads and Stormwater		157,995	160,666	-	7,915	12,779	22,519	(9,739)	-43.3%	51,117
Total Revenue by Vote	2	33,464,396	34,598,563	-	2,600,460	9,337,827	9,766,783	(428,956)	-4.4%	37,351,308
Expenditure by Vote	1									
Vote 1 - Executive and Council		348,274	525,111	-	31,741	89,342	133,453	(44,111)	-33.1%	357,368
Vote 2 - Finance and Corporate Services		3,134,691	2,780,469	-	155,829	527,618	817,221	(289,602)	-35.4%	2,110,473
Vote 3 - Energy		12,909,392	13,205,934	-	1,008,675	3,725,822	3,906,470	(180,648)	-4.6%	14,903,287
Vote 4 - Water and Sanitation		5,839,249	6,373,748	-	515,433	1,374,048	1,435,176	(61,128)	-4.3%	5,496,191
Vote 5 - Waste Management		1,657,105	1,404,693	-	104,340	254,484	325,701	(71,217)	-21.9%	1,017,938
Vote 6 - Human Settlements		629,171	755,638	-	27,533	68,490	166,978	(98,488)	-59.0%	273,961
Vote 7 - City Planning		242,865	307,143	-	22,467	68,577	77,844	(9,267)	-11.9%	274,309
Vote 8 - Economic Development		272,905	246,196	-	29,611	59,889	66,899	(7,010)	-10.5%	239,555
Vote 9 - Disaster and Emergency Management Services		850,905	860,368	-	69,722	199,427	198,914	513	0.3%	797,707
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)		657,686	657,375	-	55,224	151,106	172,878	(21,772)	-12.6%	604,424
Vote 11 - Health and Social Development		842,672	1,009,092	-	78,490	231,427	249,208	(17,781)	-7.1%	925,706
Vote 12 - Environmental Resource Management		726,478	779,452	-	55,377	152,791	189,934	(37,143)	-19.6%	611,163
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)		1,377,060	1,474,900	-	132,419	363,167	335,201	27,966	8.3%	1,452,668
Vote 14 - Transport Planning & Provisioning		394,808	608,606	-	30,457	90,477	137,560	(47,084)	-34.2%	361,906
Vote 15 - Roads and Stormwater		1,545,789	1,784,369	-	158,209	423,623	440,576	(16,953)	-3.8%	1,694,490
Total Expenditure by Vote	2	31,429,050	32,773,095	-	2,475,528	7,780,287	8,654,012	(873,725)	-10.1%	31,121,147
Surplus/ (Deficit) for the year	2	2,035,346	1,825,468	-	124,932	1,557,540	1,112,771	444,769	40.0%	6,230,161

**CITY OF EKURHULENI (CoE)
ORDINARY COUNCIL MEETING**

2017.10.26

ITEM A-F (53-2017)

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

Vote Description	Ref	Budget year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Corporate Services		792,849	1,393,917	-	34,899	52,838	348,479	(295,641)	-85%	1,393,917
Vote 3 - Energy		566,323	680,000	-	54,739	100,157	170,000	(69,843)	-41%	680,000
Vote 4 - Water and Sanitation		612,241	541,300	-	18,882	23,106	135,325	(112,219)	-83%	541,300
Vote 5 - Waste Management		78,575	120,950	-	1,459	1,459	30,238	(28,779)	-95%	120,950
Vote 6 - Human Settlements		673,530	991,156	-	33,332	33,332	247,789	(214,457)	-87%	991,156
Vote 7 - City Planning		-	-	-	-	-	-	-	-	-
Vote 8 - Economic Development		134,352	137,000	-	3,341	3,341	34,250	(30,909)	-90%	137,000
Vote 9 - Disaster and Emergency Management Services		104,387	101,400	-	6,551	6,551	25,350	(18,799)	-74%	101,400
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)		98,300	90,000	-	63	1,431	22,500	(21,069)	-94%	90,000
Vote 11 - Health and Social Development		56,012	58,500	-	10,944	19,379	14,625	4,754	33%	58,500
Vote 12 - Environmental Resource Management		52,732	29,500	-	41	41	7,375	(7,334)	-99%	29,500
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)		50,065	66,500	-	2,348	3,192	16,625	(13,433)	-81%	66,500
Vote 14 - Transport Planning & Provisioning		676,456	811,718	-	19,726	24,529	202,930	(178,400)	-88%	811,718
Vote 15 - Roads and Stormwater		587,991	667,600	-	29,685	34,295	166,900	(132,605)	-79%	667,600
Total Capital Multi-year expenditure	4,7	4,483,813	5,689,541	-	216,010	303,651	1,422,385	(1,118,734)	-79%	5,689,541
Single Year expenditure appropriation	2									
Vote 1 - Executive and Council		20,900	16,375	-	70	197	4,094	(3,897)	-95%	16,375
Vote 2 - Finance and Corporate Services		55,888	89,451	-	3,436	4,471	22,363	(17,892)	-80%	89,451
Vote 3 - Energy		50,065	37,700	-	1,879	2,009	9,425	(7,416)	-79%	37,700
Vote 4 - Water and Sanitation		160,599	58,000	-	14	21	14,500	(14,479)	-100%	58,000
Vote 5 - Waste Management		41,325	45,500	-	4,623	4,660	11,375	(6,715)	-59%	45,500
Vote 6 - Human Settlements		88,377	10,370	-	1,717	1,717	2,593	(875)	-34%	10,370
Vote 7 - City Planning		3,895	2,900	-	37	38	725	(687)	-95%	2,900
Vote 8 - Economic Development		31,398	8,100	-	116	185	2,025	(1,840)	-91%	8,100
Vote 9 - Disaster and Emergency Management Services		83,857	110,370	-	454	2,774	27,593	(24,818)	-90%	110,370
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)		20,615	42,900	-	253	9,427	10,725	(1,298)	-12%	42,900
Vote 11 - Health and Social Development		22,470	32,650	-	2,848	2,996	8,163	(5,167)	-63%	32,650
Vote 12 - Environmental Resource Management		82,376	137,500	-	17,665	22,535	34,375	(11,840)	-34%	137,500
Vote 13 - Ekurhuleni Metropolitan Police Department (EMPD)		52,725	82,500	-	7,369	7,467	20,625	(13,158)	-64%	82,500
Vote 14 - Transport Planning & Provisioning		6,080	19,300	-	771	825	4,825	(4,000)	-83%	19,300
Vote 15 - Roads and Stormwater		25,365	16,200	-	892	1,330	4,050	(2,720)	-67%	16,200
Total Capital single-year expenditure	4	745,933	709,816	-	42,145	60,652	177,454	(116,801)	-66%	709,816
Total Capital Expenditure		5,229,747	6,399,357	-	258,155	364,304	1,599,839	(1,235,535)	-77%	6,399,357

**CITY OF EKURHULENI (CoE)
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2017.10.26

ITEM A-F (53-2017)

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

Vote Description	Ref	Budget year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Standard Classification										
Governance and administration		1,030,234	1,499,742	-	38,405	57,505	374,936	(317,430)	-85%	1,499,742
Executive and council		423,907	679,595	-	21,762	39,753	169,899	(130,145)	-77%	679,595
Budget and treasury office		606,328	819,708	-	16,643	17,752	204,927	(187,175)	-91%	819,708
Corporate services		-	440	-	-	-	110	(110)	-100%	440
Community and public safety		1,374,094	1,742,146	-	83,516	110,773	435,537	(324,763)	-75%	1,742,146
Community and social services		179,236	207,700	-	17,637	27,604	51,925	(24,321)	-47%	207,700
Sport and recreation		63,435	81,000	-	316	5,762	20,250	(14,488)	-72%	81,000
Public safety		291,034	360,770	-	16,723	19,984	90,193	(70,208)	-78%	360,770
Housing		761,907	1,001,526	-	35,049	35,049	250,382	(215,333)	-86%	1,001,526
Health		78,483	91,150	-	13,791	22,374	22,788	(413)	-2%	91,150
Economic and environmental services		1,446,490	1,638,018	-	54,597	64,572	409,505	(344,932)	-84%	1,638,018
Planning and development		139,245	112,000	-	3,454	3,524	28,000	(24,476)	-87%	112,000
Road transport		1,295,892	1,514,818	-	51,074	60,979	378,705	(317,726)	-84%	1,514,818
Environmental protection		11,353	11,200	-	69	69	2,800	(2,731)	-98%	11,200
Trading services		1,348,528	1,483,450	-	81,597	131,413	370,863	(239,450)	-65%	1,483,450
Electricity		616,388	717,700	-	56,618	102,166	179,425	(77,259)	-43%	717,700
Water		205,348	356,400	-	16,440	19,236	89,100	(69,864)	-78%	356,400
Waste water management		406,893	242,900	-	2,456	3,891	60,725	(56,834)	-94%	242,900
Waste management		119,900	166,450	-	6,082	6,119	41,613	(35,493)	-85%	166,450
Other		30,400	36,000	-	40	40	9,000	(8,960)	-100%	36,000
Total Capital Expenditure - Standard Classification	3	5,229,747	6,399,357	-	258,155	364,304	1,599,839	(1,235,535)	-77%	6,399,357
Funded by:										
National Government		1,816,827	2,294,664	-	97,986	121,722	573,666	(451,944)	-79%	2,294,664
Provincial Government		30,859	9,000	-	-	-	2,250	(2,250)	-100%	9,000
District Municipality										
Other transfers and grants										
Transfers recognised - capital		1,847,686	2,303,664	-	97,986	121,722	575,916	(454,194)	-79%	2,303,664
Borrowing	6	1,765,376	3,245,427	-	110,482	176,232	811,357	(635,125)	-78%	3,245,427
Internally generated funds		1,616,684	850,265	-	49,687	66,350	212,566	(146,216)	-69%	850,265
Total Capital Funding		5,229,747	6,399,357	-	258,155	364,304	1,599,839	(1,235,535)	-77%	6,399,357

**CITY OF EKURHULENI (CoE)
ORDINARY COUNCIL MEETING**

2017.10.26

ITEM A-F (53-2017)

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

Description	Ref	2016/17	Budget year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		8,151,451	9,152,323	8,288,845	6,804,532	6,939,379
Call investment deposits		155,645	170,903	143,070	141,734	143,070
Consumer debtors		5,271,488	4,460,148	4,455,686	7,391,496	4,455,686
Other debtors		1,022,500	584,618	486,351	1,732,130	486,351
Inventory		355,033	157,160	157,160	617,698	157,160
Total current assets		14,956,537	14,525,152	13,531,111	16,688,010	12,181,645
Non current assets						
Long-term receivables		9,714	32,063	4,974	3,132	4,974
Investments		1,095,831	1,069,033	1,069,033	1,385,765	2,418,499
Investment property		743,914	226,153	174,321	794,698	174,321
Property, plant and equipment		48,039,286	49,789,088	48,406,883	51,279,895	48,406,883
Intangible assets		290,530	145,730	130,260	413,824	130,260
Other non-current assets		59,454	41,169	36,194	62,517	36,194
Total non current assets		50,238,728	51,303,237	49,821,666	53,939,831	51,171,132
TOTAL ASSETS		65,195,264	65,828,388	63,352,777	70,627,841	63,352,777
LIABILITIES						
Current liabilities						
Borrowing		441,162	454,148	381,507	455,262	381,507
Consumer deposits		755,106	665,761	661,051	815,901	661,051
Trade and other payables		7,114,855	4,959,367	6,853,108	7,036,950	6,853,108
Provisions		454,954	454,800	411,781	550,322	411,781
Total current liabilities		8,766,077	6,534,076	8,307,447	8,858,436	8,307,447
Non current liabilities						
Borrowing		5,595,624	6,149,850	5,770,257	6,521,210	5,770,257
Provisions		3,516,033	3,077,312	3,030,336	3,052,395	3,030,336
Total non current liabilities		9,111,658	9,227,161	8,800,593	9,573,605	8,800,593
TOTAL LIABILITIES		17,877,735	15,761,238	17,108,040	18,432,041	17,108,040
NET ASSETS	2	47,317,530	50,067,151	46,244,736	52,195,800	46,244,736
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		47,317,530	50,067,151	46,244,736	52,195,800	46,244,736
Reserves						
TOTAL COMMUNITY WEALTH/EQUITY	2	47,317,530	50,067,151	46,244,736	52,195,800	46,244,736

**CITY OF EKURHULENI (CoE)
ORDINARY COUNCIL MEETING**

2017.10.26

ITEM A-F (53-2017)

EKU Ekurhuleni Metro - Table C7 Monthly Budget Statement - Cash Flow - M03 September

Description	Ref	Budget year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		3,920,336	4,459,590	4,459,590	332,027	708,150	402,826	305,324	76%	4,833,913
Service charges		15,102,231	19,529,590	19,529,590	1,021,941	2,875,105	1,416,094	1,459,011	103%	16,993,125
Other revenue		663,119	2,425,384	2,410,504	(32,470)	56,908	330,710	(273,802)	-83%	3,968,520
Government - operating		4,372,142	3,502,418	3,513,278	570,640	1,771,422	450,505	1,320,918	293%	5,406,054
Interest		970,107	666,643	666,643	45,836	100,525	72,389	28,136	39%	868,670
Dividends							8	(8)	-100%	90
Payments										
Suppliers and employees		(20,581,385)	(25,154,308)	(24,948,921)	(2,618,292)	(6,121,853)	(2,212,170)	3,909,683	-177%	(26,546,041)
Finance charges		(600,935)	(662,383)	(663,333)	(17,243)	(60,275)	(66,780)	(6,505)	10%	(801,361)
Transfers and Grants		(1,096,477)	(1,941,318)	(2,125,735)	(117,892)	(128,101)	(93,096)	35,005	-38%	(1,117,152)
NET CASH FROM/(USED) OPERATING ACTIVITIES		4,895,926	4,702,372	4,639,302	157,432	174,766	492,457	317,691	65%	5,909,484
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE					(1,531)	(32)	-	(32)		-
Decrease (Increase) in non-current debtors		(1,914)					-	-		-
Decrease (increase) other non-current receivables		3,797			12	12	-	12		-
Decrease (increase) in non-current investments		(245,277)	287,437	287,437	(23,494)	(23,494)	(20,191)	(3,303)	16%	(242,297)
Payments										
Capital assets		(4,056,876)	(4,805,541)	(4,776,369)	(93,926)	(108,370)	(559,663)	(451,293)	81%	(6,715,956)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4,300,270)	(4,518,103)	(4,488,932)	(118,939)	(131,884)	(579,854)	(447,970)	77%	(6,958,253)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans							-	-		-
Borrowing long term/refinancing			1,790,950	1,800,763	1,288,572	1,288,572	270,452	1,018,119	376%	3,245,427
Increase (decrease) in consumer deposits		37,966	17,842	17,842	4,272	4,360	4,192	168	4%	50,304
Payments										
Repayment of borrowing		(344,746)	(381,507)	(381,507)	5	-	(35,667)	(35,667)	100%	(428,003)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(306,781)	1,427,285	1,437,098	1,292,848	1,292,932	238,977	(1,053,954)	-441%	2,867,728
NET INCREASE/ (DECREASE) IN CASH HELD		288,876	1,611,554	1,587,469	1,331,342	1,335,814	151,580			1,818,959
Cash/cash equivalents at beginning:		7,720,403	7,701,376	6,701,376		5,472,721	6,701,376			5,472,721
Cash/cash equivalents at month/year end:		8,009,279	9,312,930	8,288,845		6,808,535	6,852,956			7,291,680

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.

The report from Internal Audit Department will be forwarded once it is available.

**CITY OF EKURHULENI (CoE)
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ITEM A-F (53-2017)

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.

EKU Ekurhuleni Metro - Supporting Table SC2 Monthly Budget Statement - performance indicators - M03 September							
Description of financial indicator	Basis of calculation	Ref	2015/16	Budget year 2017/18			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0.7%	8.8%	0.0%	1.4%	1.8%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		33.8%	50.7%	0.0%	48.4%	50.7%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		27.8%	23.1%	28.1%	26.8%	28.1%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	170.6%	222.3%	162.9%	188.4%	146.6%
Liquidity Ratio	Monetary Assets/Current Liabilities		94.8%	142.7%	101.5%	78.4%	85.3%
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		19.8%	15.7%	0.0%	99.0%	13.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Employee costs	Employee costs/Total Revenue - capital revenue		19.6%	23.1%	0.0%	20.7%	20.7%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		7.6%	8.9%	0.0%	1.2%	1.5%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
EKU Ekurhuleni Metro - Supporting Table SC2 Monthly Budget Statement - performance indicators M07 January							
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

**CITY OF EKURHULENI (CoE)
ORDINARY COUNCIL MEETING**

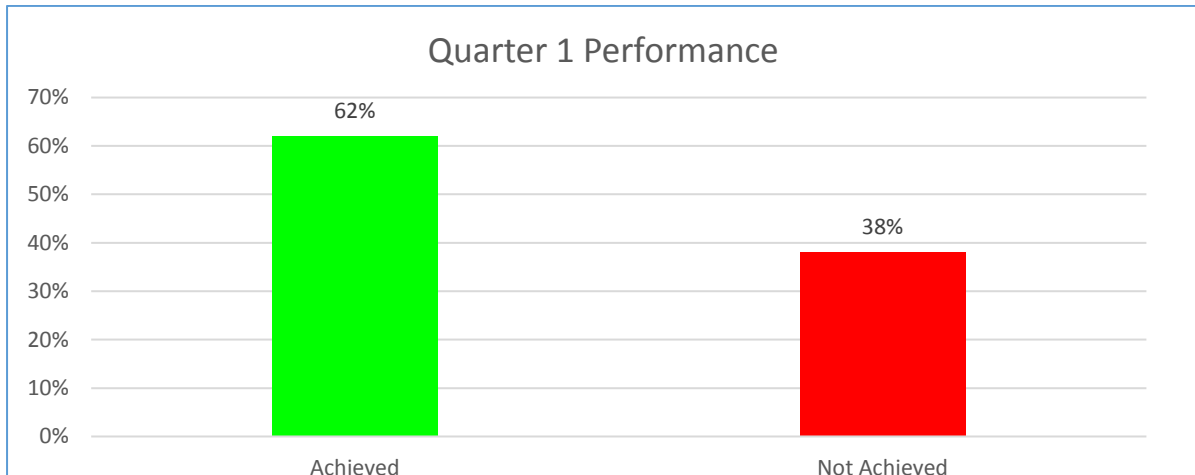
2017.10.26

ITEM A-F (53-2017)

SUMMARY OF THE UNAUDITED QUARTERLY SDBIP REPORT: QUARTER ONE OF THE 2017/2018 FINANCIAL YEAR

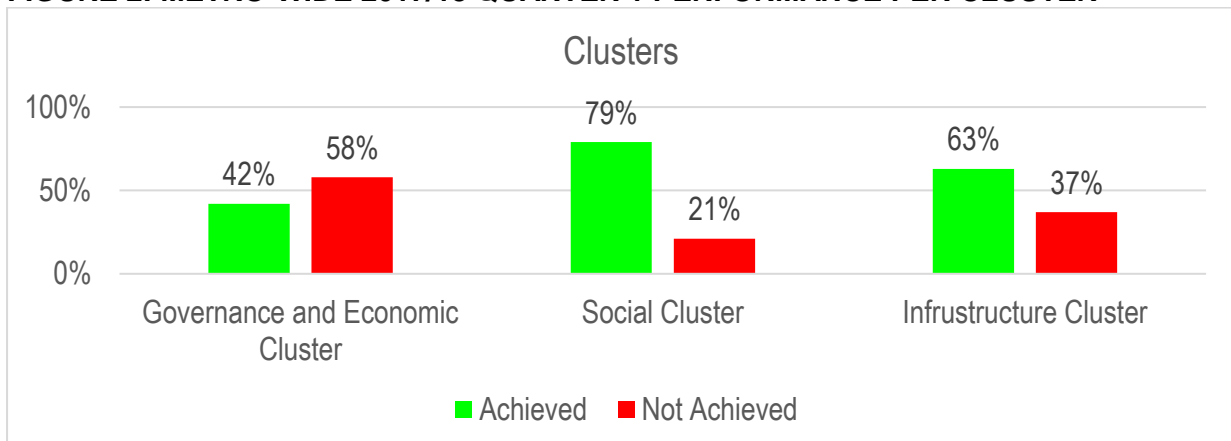
SUMMARY OF THE FIRST QUARTER NON-FINANCIAL PERFORMANCE INFORMATION (METRO WIDE)

FIGURE 1: METRO-WIDE 2017/2018 QUARTER 1 PERFORMANCE



The City committed to a total of 55 targets in the first quarter of the 2017/18 financial year. Against these commitments, 34 (62%) targets were achieved and 21 (38%) were not achieved. Of the 21 targets recorded as not achieved, 13 recorded partial achievement and 8 recorded no performance at all. The departments that recorded non-performance on some of their targets included Real Estate, ICT, Water and Sanitation, Corporate Legal Services, Internal Audit, Finance as well as Transport Planning and Provision.

FIGURE 2: METRO-WIDE 2017/18 QUARTER 1 PERFORMANCE PER CLUSTER



As indicated in Figure 1, the overall target achievement against the targets set for the first quarter of the 2017/18 financial year is 62%. The Social Cluster recorded the highest performance of 79% target achievement followed by the Infrastructure Cluster which recorded 63% target achievement.

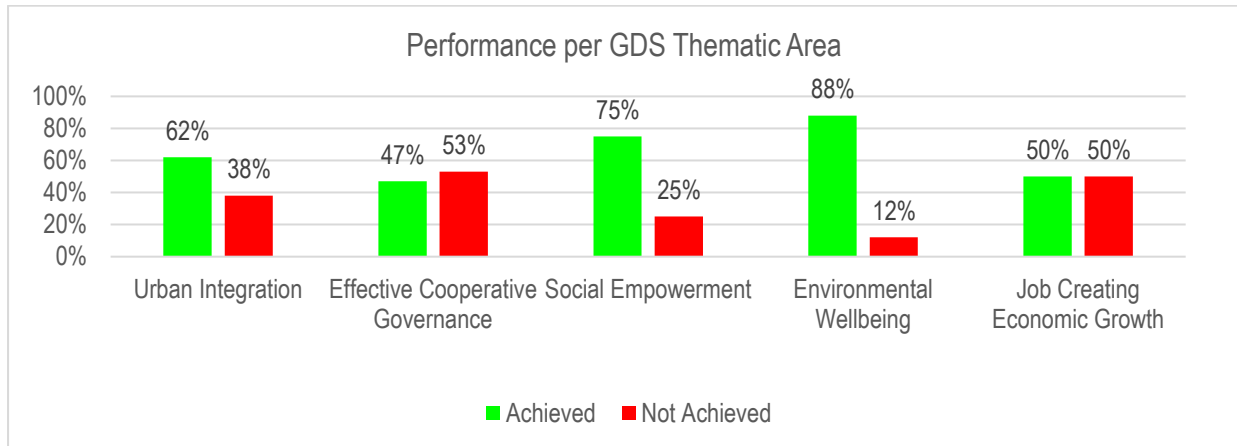
**CITY OF EKURHULENI (CoE)
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The Governance and Economic Cluster recorded the lowest performance of 42% target achievement.

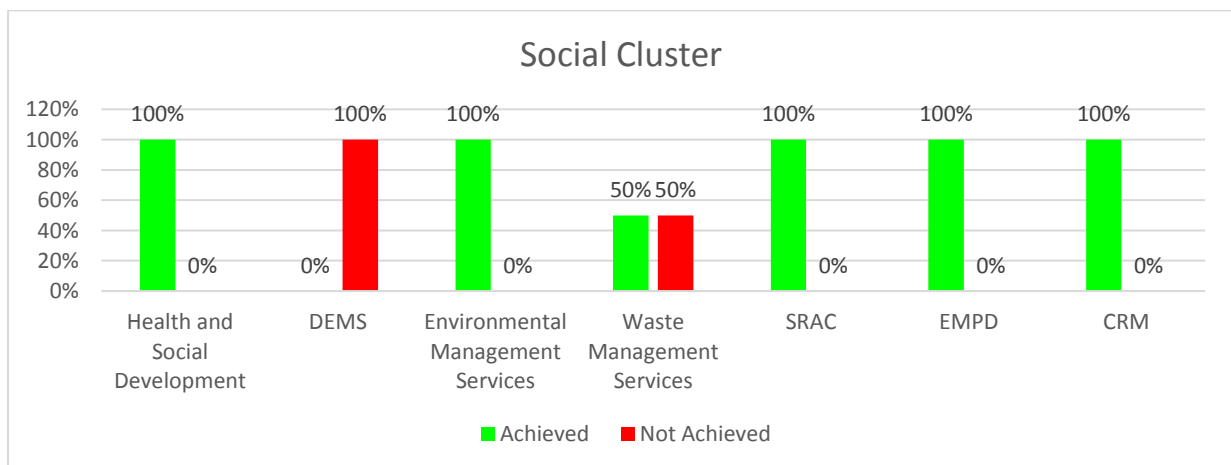
FIGURE 3: METRO-WIDE QUARTER 1 PERFORMANCE BY GDS THEMATIC AREAS



Performance against the Thematic Areas of the Growth and Development Strategy (GDS) is summarised as follows:

- Aligned to the Sustainable Urban Integration GDS Thematic Area, a total of 21 targets were planned. Of the 21 targets, 13 (62%) were achieved and 8 (38%) were not achieved.
- Two targets were planned to be delivered over the period under review in the Job Creation Economic Growth GDS Thematic Area and 1 (50%) target was achieved.
- Seven targets were planned for the Environmental Wellbeing GDS Thematic Area. A total of 6 (88%) were achieved and 1 (12%) was not achieved.
- A total of 8 targets were planned for the Social Empowerment GDS Thematic Area, of which 6 (75%) were achieved and 2 (25%) were not achieved
- A total of 17 targets were planned for the Effective Cooperative Governance GDS Thematic Area. Of these 17 targets, 8 (47%) were achieved and 9 (53%) were not achieved.

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



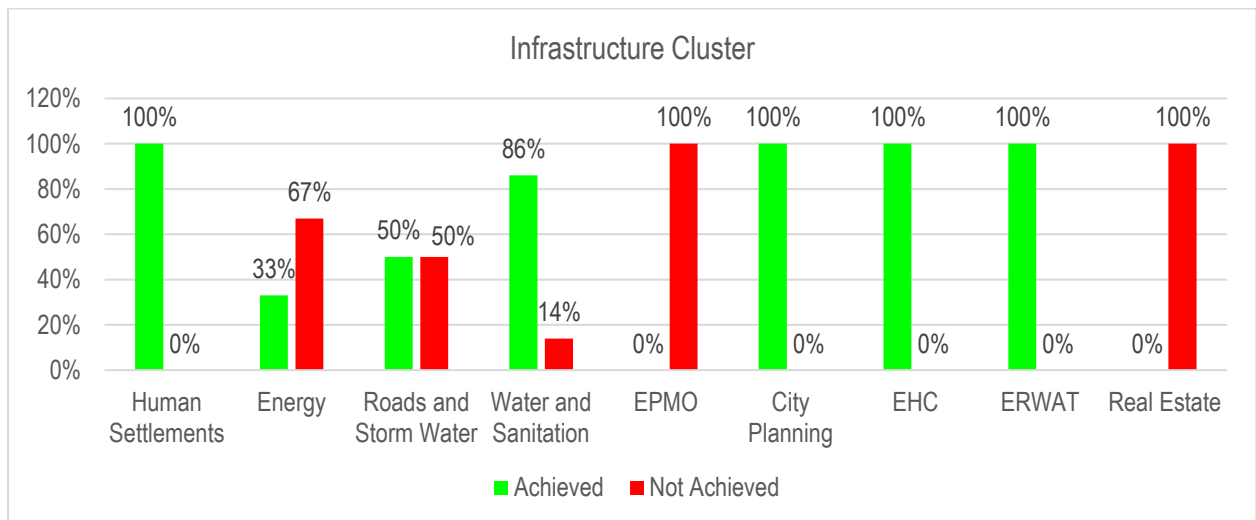
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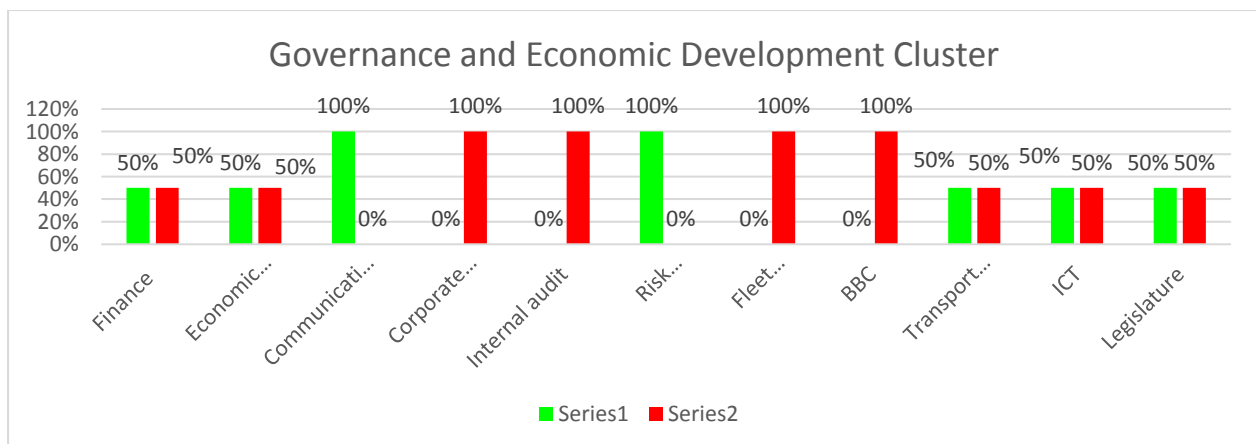
Social Cluster – the cluster committed to a total of 15 targets and of the 15 targets, 12 (80%) targets were achieved and 3 (20%) targets were not achieved. A total of five departments (Health and Social Development, Environmental Management Services, SRAC, EMPD and CRM) in this cluster achieved 100% of their planned targets for the quarter under review, followed by department of Waste Management Services which achieved 50% of its targets, while Disaster Emergency Management Services Department (DEMS) did not achieve its planned target.

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



Infrastructure Cluster – the cluster committed to a total of 21 targets and of the 21 targets committed to, 14 (67%) were achieved and 7 (33%) were not achieved. A total of four departments (Human Settlement, City Planning, EHC and ERWAT) achieved 100% of their planned targets. This is followed by Water and Sanitation at 86%, Roads and Stormwater at 50%, Energy at 33%, while EPMO and Real Estate did not achieve their set targets.

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



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Governance and Economic Development Cluster – In the quarter under review, the cluster's performance was measured against 19 targets planned for delivery. A total of 8 (42%) targets were achieved and 11 (58%) were not achieved. A total of two departments (Communications and Brand Management and Risk Management) achieved 100% of their set targets. This is followed by five departments (Finance, Economic Development, Transport, ICT and Legislature) achieved 50% of their set targets, while Fleet Management, Internal Audit, BBC and Corporate Legal Services did not achieve their set targets.

HIGHLIGHTS FOR QUARTER ONE

The City continued to express its commitment to the pro-poor agenda by broadening its reach through its service delivery to all informal settlements. The focus was on the improvement of quality, predictability and constancy of services. The gravelling and upgrading of roads in the informal settlements, promoting predictability of service provision in informal settlements and maintenance of service levels in the affluent areas as well as increase in approval of indigent households are some of the key service delivery highlights that the City prides itself for.

1. SUSTAINABLE URBAN INTEGRATION

In its efforts to re-urbanise the City, the City of Ekurhuleni (CoE) focused on improvising 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 610 additional households were provided with water and sewer connections against a planned target of 100.
- The City continue maintained the Blue Drop status above 95% for the quarter under review. This is indicative of City's positive efforts in promoting the quality of drinking water within the region.
- The City focused on the upgrade and maintenance of the road and Stormwater infrastructure network. In this regard, a total of 907.207 km of the road network and 2 949 stormwater systems were maintained.
- In its effort to improve spatial justice and sustainable development, CoE finalised 100% development planning applications in accordance with the Approved Municipal Spatial Development Framework, the City also finalised 80% of the building plans within prescribed period.
- In its promotion of social and economic inclusion, the City continued to install a total of 66 kilometres of (fibre) broadband within the region.

2. SOCIAL EMPOWERMENT

This 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 4 school programmes (basketball development tournament, ladies football, art development and art as healing) engaging children on leading active and positive lives for their own development.
- Commendable strides were made in the provision of health care services, notable achievements include Reduction of HIV transmission from Mother-To-Child to a level below 0.8 %.

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- In contributing towards the attainment of the national outcome of a long and healthy life for all South Africans, the Department of Health and Social Development continues its vector control programme aimed at the eradication of rodents.

Safety and security across the City continues to be a high priority. The municipality focused on reducing accidents, fatalities and injuries, restore confidence, and respect for road traffic management. This was done through intensified 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.

3. ENVIRONMENTAL WELLBEING

In this thematic area, the municipality focused on promoting a clean and healthy environment for the residents of the City. In this regard, the following were achieved:

- In its effort to keep a clean, green, healthy and safe environment throughout the city, CoE implemented a total of 14 multidisciplinary campaigns.
- The City recorded level 2 achievement on the cleanliness of Ekurhuleni Metro Central Business District (CBD) areas as determined by GDARD Waste Standards.

4. EFFECTIVE CORPORATE GOVERNANCE

- The CoE through its Risk Management Department continued to conduct insurance audits to improve effectiveness of risk financing and transfer.
- In its efforts to improve performance and accountability, the City continued to ensure the functionality of Section 79 Committee system.

ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS

None

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.

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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 2017/2018 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 2017/18 financial year, and supporting documents as required by National Treasury (Schedule C) as at 30 September 2017, **BE NOTED**.
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.