

# Mhlontlo Local Municipality



## In-Year Report of the Municipality

Prepared in terms of the Local Government Municipal Finance Management Act (56/2003):  
Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 June 2009

# Monthly Budget Statement August 2015

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## Glossary

**Accrual Accounting** – An accounting method that measures the performance and position of the municipality by recognising events regardless of when cash transactions occur.

**Adjustment Budget** – Prescribed in section 28 of the MFMA

**Allocations** – Money received from other Municipalities, Provincial or National Government.

**Budget** – Financial Plan of the Municipality.

**Budget Related Policy** – Policy of a municipality affecting or affected by the budget, examples include credit control policy, rates policy, tariff policy and funding and reserves policy.

**Capital Expenditure** – Expenditure on items such as machinery, buildings, land, infrastructure (roads).

**Cash Flow Statement** – Provides aggregate data regarding all cash inflows the municipality receives from both its ongoing operations and external investment sources, as well as all cash outflows that pay for municipality's activities and investments during a particular month.

**DORA** – Division of Revenue Act. Annual legislation reflecting total allocations per municipality made by provincial and national governments.

**Equitable Share** – A general grant paid to municipalities predominantly targeted to help with free basic services.

**Fruitless and Wasteful Expenditure** – Expenditure made in vain, that would have been avoided had reasonable care been exercised.

**MBRR** – Local Government Municipal Budget and Reporting Regulations.

**MIG** – Municipal Infrastructure Grant

**MTREF** – Medium Term Revenue and Expenditure Framework.

**Operating Expenditure** – Day to day expenses of the Municipality such as salaries, repairs and maintenance and general expenses.

**Strategic Objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards achieving those objectives.

**Unauthorised Expenditure** – Spending without budget or in excess of the approved budget

**Vote** – A department

## **SECTION 1 – EXECUTIVE SUMMARY**

### **1.1 Introduction**

The municipality is required to prepare a monthly financial report (monthly budget statement) in accordance with Schedule C of the Municipal Budget and Reporting Regulations.

MFMA Section 71 states that the accounting officer must not later than 10 working days after the end of each month submit to the Mayor and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month:-

- Actual Revenue per revenue source;
- Actual expenditure per vote;
- Actual Capital Expenditure per vote;
- The amount of any allocations received,
- Actual Expenditure on allocations received,
- Actual Expenditure on those allocations,
- Where necessary, explanations on:
  - Any material variances from the municipality's projected revenue per source, and from the municipality's expenditure projections per vote.
  - Any material variances from the SDBIP, and
  - Remedial or corrective steps taken or to be taken by the municipality

2. The statement must include:-

- Projections of municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections;

3. The amounts reflected in the statement must in each case be compared with corresponding amounts budgeted for in the municipality's approved budget.

This report has been prepared using the accrual method of accounting. The general idea is that economic events are recognised by matching revenues to expenses (the matching principle) at the time in which the transaction occurs rather than when payment is received or made.

This method allows the current cash inflows/outflows to be combined with future expected cash inflows/outflows to give a more accurate picture of the municipality's current financial position.

## **Table C1- Monthly Budget Statement Summary**

The table below reflects on the summary of the total municipality's budget against year to date collections or expenditures.

### **Operating Revenue**

In the statement of financial performance, revenue accrued is R84.5 million out of the projected R89.1 million giving rise to a variance of 5%.

Total cash receipts on operating revenue excluding grants totals to R1.9 from July 2015 to August 2015.

#### *Property Rates*

The amount accrued on rates amounts to R14.8 million, out of the expected R15.6 million. Total actual cash collected on rates from July to August is R389 thousand.

#### *Refuse Removal*

Amount accrued on refuse removal is R192 thousand against the expected R163 thousand. Total actual cash received on refuse removal from July to August is R62.5 thousand.

#### *Investment Revenue*

This relates to interests received on the call account deposits. Interest received to date amounts to R1.1 million.

#### *Other Revenue*

Rental of facilities and Equipment –R9 thousand has been received instead of the expected R7 thousand.

Fines- R4 thousand has been received so far against the expected R36 thousand.

Licenses and permits- R274 thousand has been received, however the municipality expected to receive more than R223 thousand.

Agency Fees- The amount collected so far amounts to R112 thousand, and the expected budget is R146 thousand.

Pound Sales made a collection of R136 thousand.

### **Operating Expenditure**

On operating expenditure, R29.1 million was spent against the expected budget of R34.1 million giving rise to a variance of more than R5 million. This is because on non-cash items like depreciation that have not been accounted for.

#### *Employee Costs*

R12.4 million has been spent to date on employee related costs against the expected R13.3 thousand.

#### *Remuneration of Councillors*

Amount spent since July totals to R2.8 million against the budgeted R3.2 million.

#### *Contracted Services*

On contracted services, R1.8 million has been spent since July. The budgeted amount for this item is R3.6 giving a variance of R1.7 million.

#### *Other Expenditure*

This line item's expenditure is R12.0 million against the expected budget of R11.4 million. Accounts like depreciation and provisions have not been accounted for as yet.

### **Capital Expenditure**

On Capital Expenditure the municipality has spent a total of R5.8 million against the expected R14.7 million budget to date. This will be explained more on table C5 where departmental expenditures are reflected.

### **Financial Position**

The municipality's current assets exceed the current liabilities. The municipality's ability to pay its short term liabilities is tested by taking the total current assets and dividing them by current liabilities. This test is mainly used to give an idea of the municipality's ability to pay back its short term liabilities using the current assets.

### **Cash Flows**

The municipality ended the month with a positive cash and cash equivalents balance of R1172.

EC156 Mhlontlo - Table C1 Monthly Budget Statement Summary - M02  
August

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<u>Financial Performance</u>									
Property rates	8 754	15 663	-	-	14 853	15 663	(809)	-5%	15 663
Service charges	573	976	-	96	192	163	30	18%	976
Investment revenue	1 211	682	-	325	1 114	114	1 000	879%	682
Transfers recognised - operational	136 263	181 706	-	790	67 416	72 682	(5 266)	-7%	181 706
Other own revenue	6 347	2 943	-	303	948	491	457	93%	2 943
Total Revenue (excluding capital transfers and contributions)	153 149	201 970	-	1 514	84 523	89 112	(4 589)	-5%	201 970
Employee costs	65 726	79 999	-	6 028	12 403	13 333	(930)	-7%	79 999
Remuneration of Councillors	21 331	19 533	-	1 230	2 810	3 256	(446)	-14%	19 533
Depreciation & asset impairment	3 949	9 787	-	-	-	1 631	(1 631)	-100%	9 787
Other expenditure	45 974	95 570	-	4 710	13 929	15 928	(1 999)	-13%	95 570
Total Expenditure	136 981	204 890	-	11 968	29 142	34 148	(5 006)	-15%	204 890
Surplus/(Deficit)	16 168	(2 920)	-	(10 454)	55 381	54 964	418	1%	(2 920)
Transfers recognised - capital	52 712	36 866	-	2 465	5 893	14 746	(8 854)	-60%	36 866
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	68 880	33 946	-	(7 989)	61 274	69 710	(8 436)	-12%	33 946
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	68 880	33 946	-	(7 989)	61 274	69 710	(8 436)	-12%	33 946
<u>Capital expenditure &amp; funds sources</u>									
Capital expenditure	51 169	52 699	-	4 069	6 412	8 783	(2 372)	-27%	52 699
Capital transfers recognised	51 169	52 699	-	4 069	6 412	8 783	(2 372)	-27%	52 699
Total sources of capital funds	51 169	52 699	-	4 069	6 412	8 783	(2 372)	-27%	52 699
<u>Financial position</u>									
Total current assets	34 231	32 798	-	-	107 739	-	-	-	32 798
Total non current assets	194 594	222 207	-	-	191 970	-	-	-	222 207
Total current liabilities	18 867	28 237	-	-	45 329	-	-	-	28 237
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	209 957	226 768	-	-	254 380	-	-	-	226 768
<u>Cash flows</u>									
Net cash from (used) operating	37 540	38 984	-	(9 898)	67 823	6 497	(61 326)	-944%	38 984
Net cash from (used) investing	(31 864)	(36 771)	-	7 776	(74 310)	(6 128)	68 182	-1113%	(36 771)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	5 324	2 713	-	-	(1 172)	869	2 041	235%	7 527
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
<u>Debtors Age Analysis</u>									
Total By Income Source	5 369	2 264	140	137	150	21 204	-	-	29 263
<u>Creditors Age Analysis</u>									
Total Creditors	(128)	(446)	(828)	(1 487)	(1 148)	(410)	(309)	(6 684)	(11 441)

## Table C2: Statement of Financial Performance by vote

This table reflects the operating budget in the standard classification which are the Government Finance Statistics Functions and Sub-Functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of organisational structures used by different institutions.

The main functions are Governance and administration, Community and public safety, Economic and environmental services, and Trading Services.

It is for this reason that the financial performance is reported in standard classification, Table C2 and by municipal vote, Table C3.

EC156 Mhlontlo - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M02 August

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								%	
<b>Revenue - Standard</b>										
Governance and administration		84 186	114 487	-	488	56 231	19 081	37 150	195%	114 487
Executive and council		39 868	52 279	-	-	21 395	8 713	12 682	146%	52 279
Budget and treasury office		21 615	34 273	-	475	23 084	5 712	17 371	304%	34 273
Corporate services		22 704	27 934	-	14	11 752	4 656	7 096	152%	27 934
Community and public safety		19 244	15 147	-	204	5 609	2 524	3 085	122%	15 147
Public safety		19 244	15 147	-	204	5 609	2 524	3 085	122%	15 147
Economic and environmental services		84 476	91 171	-	3 173	21 311	15 195	6 116	40%	91 171
Planning and development		10 725	19 773	-	1	8 238	3 295	4 943	150%	19 773
Road transport		73 752	71 398	-	3 171	13 073	11 900	1 173	10%	71 398
Trading services		14 588	18 032	-	114	7 265	3 005	4 260	142%	18 032
Waste management		14 588	18 032	-	114	7 265	3 005	4 260	142%	18 032
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	202 494	238 836	-	3 979	90 416	39 806	50 610	127%	238 836
<b>Expenditure - Standard</b>	-									
Governance and administration		80 142	122 317	-	7 082	18 814	20 386	(1 572)	-8%	122 317
Executive and council		36 369	43 913	-	3 259	7 317	7 319	(2)	0%	43 913
Budget and treasury office		24 756	47 910	-	1 671	6 949	7 985	(1 036)	-13%	47 910
Corporate services		19 016	30 494	-	2 153	4 548	5 082	(534)	-11%	30 494
Community and public safety		16 084	13 943	-	1 375	2 881	2 324	557	24%	13 943
Public safety		16 084	13 943	-	1 375	2 881	2 324	557	24%	13 943
Economic and environmental services		26 503	52 999	-	2 596	5 791	8 833	(3 042)	-34%	52 999
Planning and development		7 060	24 450	-	1 418	3 065	4 075	(1 010)	-25%	24 450
Road transport		19 443	28 549	-	1 178	2 727	4 758	(2 031)	-43%	28 549
Trading services		10 949	15 632	-	914	1 656	2 605	(950)	-36%	15 632
Waste management		10 949	15 632	-	914	1 656	2 605	(950)	-36%	15 632
Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	133 677	204 890	-	11 968	29 142	34 148	(5 006)	-15%	204 890
<b>Surplus/ (Deficit) for the year</b>		68 817	33 946	-	(7 989)	61 274	5 658	55 616	983%	33 946



### Table C3: Monthly Financial Performance (Revenue and Expenditure by vote)

Operating budget of the institution is approved by council on municipal vote level. The municipal votes are Mayor's Office, Council, Municipal Manager, Budget and Treasury Office, Corporate Services, Local Economic Development, Community Services, and Infrastructure and Development.

Unauthorised expenditure would occur at year end only if the adjusted budget for the total expenditure by vote or line item were overspent.

The table below reflects unauthorised expenditures on the following departments:

- Mayor's Office
- Corporate Services

However, the total budget for the entire financial year has not been exceeded.

EC156 Mhlontlo - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

Vote Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>Revenue by Vote</u>	1									
Vote 1 - MAYOR'S OFFICE		1 677	2 285	-	-	952	381	571	150.0%	2 285
Vote 2 - COUNCIL		25 248	33 941	-	-	13 755	5 657	8 098	143.1%	33 941
Vote 3 - MUNICIPAL MANAGER'S OFFICE		8 326	8 576	-	-	3 573	1 429	2 144	150.0%	8 576
Vote 4 - STRATEGIC SERVICES		4 616	7 477	-	-	3 116	1 246	1 869	150.0%	7 477
Vote 5 - BUDGET & TREASURY OFFICE		21 615	34 273	-	475	23 084	5 712	17 371	304.1%	34 273
Vote 6 - CORPORATE SERVICES		22 704	27 934	-	14	11 752	4 656	7 096	152.4%	27 934
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		10 725	19 773	-	1	8 238	3 295	4 943	150.0%	19 773
Vote 8 - COMMUNITY SERVICES		33 832	33 178	-	318	12 874	5 530	7 345	132.8%	33 178
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		77 119	71 398	-	3 171	13 073	11 900	1 173	9.9%	71 398
<b>Total Revenue by Vote</b>	2	205 861	238 836	-	3 979	90 416	39 806	50 610	127.1%	238 836
<u>Expenditure by Vote</u>	1									
Vote 1 - MAYOR'S OFFICE		7 015	2 285	-	119	686	381	305	80.2%	2 285
Vote 2 - COUNCIL		16 790	33 141	-	1 570	3 914	5 524	(1 610)	-29.1%	33 141
Vote 3 - MUNICIPAL MANAGER'S OFFICE		12 564	8 487	-	1 569	2 717	1 415	1 303	92.1%	8 487
Vote 4 - STRATEGIC SERVICES		1 575	7 477	-	264	696	1 246	(550)	-44.2%	7 477
Vote 5 - BUDGET & TREASURY OFFICE		24 756	47 910	-	1 671	6 949	7 985	(1 036)	-13.0%	47 910
Vote 6 - CORPORATE SERVICES		19 016	30 494	-	2 153	4 548	5 082	(534)	-10.5%	30 494
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		5 485	16 973	-	1 154	2 369	2 829	(460)	-16.3%	16 973
Vote 8 - COMMUNITY SERVICES		27 032	29 574	-	2 290	4 536	4 929	(393)	-8.0%	29 574
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		22 747	28 549	-	1 178	2 727	4 758	(2 031)	-42.7%	28 549
<b>Total Expenditure by Vote</b>	2	136 981	204 890	-	11 968	29 142	34 148	(5 006)	-14.7%	204 890
<b>Surplus/ (Deficit) for the year</b>	2	68 880	33 946	-	(7 989)	61 274	5 658	55 616	983.0%	33 946

## Table C4- Statement of Financial Performance

Property rates and Service Charges on annual and monthly billed revenue is on target with deviations of just about 5% on rates and 18% on service charges.

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>Revenue By Source</u>										
Property rates		8 754	15 663		-	14 853	15 663	(809)	-5%	15 663
Service charges - refuse revenue		573	976		96	192	163	30	18%	976
Service charges - other		-	-		-	-	-	-		-
Rental of facilities and equipment		44	43		5	9	7	2	31%	43
Interest earned - external investments		1 211	682		325	1 114	114	1 000	879%	682
Interest earned - outstanding debtors		661	111		68	251	19	232	1249%	111
Dividends received		-	-		-	-	-	-		-
Fines		197	216		2	4	36	(32)	-88%	216
Licences and permits		1 304	1 341		134	274	223	50	23%	1 341
Agency services		800	877		53	112	146	(35)	-24%	877
Transfers recognised - operational		136 263	181 706		790	67 416	72 682	(5 266)	-7%	181 706
Other revenue		3 342	356		41	298	59	239	403%	356
Gains on disposal of PPE		-	-		-	-	-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>153 149</b>	<b>201 970</b>		<b>1 514</b>	<b>84 523</b>	<b>89 112</b>	<b>(4 589)</b>	<b>-5%</b>	<b>201 970</b>
<u>Expenditure By Type</u>										
Employee related costs		65 726	79 999		6 028	12 403	13 333	(930)	-7%	79 999
Remuneration of councillors		21 331	19 533		1 230	2 810	3 256	(446)	-14%	19 533
Debt impairment		-	5 350		-	-	892	(892)	-100%	5 350
Depreciation & asset impairment		3 949	9 787		-	-	1 631	(1 631)	-100%	9 787
Contracted services		9 065	21 788		638	1 893	3 631	(1 739)	-48%	21 788
Transfers and grants		-	-		-	-	-	-		-
Other expenditure		36 908	68 432		4 072	12 036	11 405	631	6%	68 432
Loss on disposal of PPE		-	-		-	-	-	-		-
<b>Total Expenditure</b>		<b>136 981</b>	<b>204 890</b>		<b>11 968</b>	<b>29 142</b>	<b>34 148</b>	<b>(5 006)</b>	<b>-15%</b>	<b>204 890</b>
Surplus/(Deficit)		16 168	(2 920)		(10 454)	55 381	54 964	418	0	(2 920)
Transfers recognised - capital		52 712	36 866		2 465	5 893	14 746	(8 854)	(0)	36 866
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		68 880	33 946		(7 989)	61 274	69 710			33 946
Taxation								-		
Surplus/(Deficit) after taxation		68 880	33 946		(7 989)	61 274	69 710			33 946
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		68 880	33 946		(7 989)	61 274	69 710			33 946
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>68 880</b>	<b>33 946</b>		<b>(7 989)</b>	<b>61 274</b>	<b>69 710</b>			<b>33 946</b>

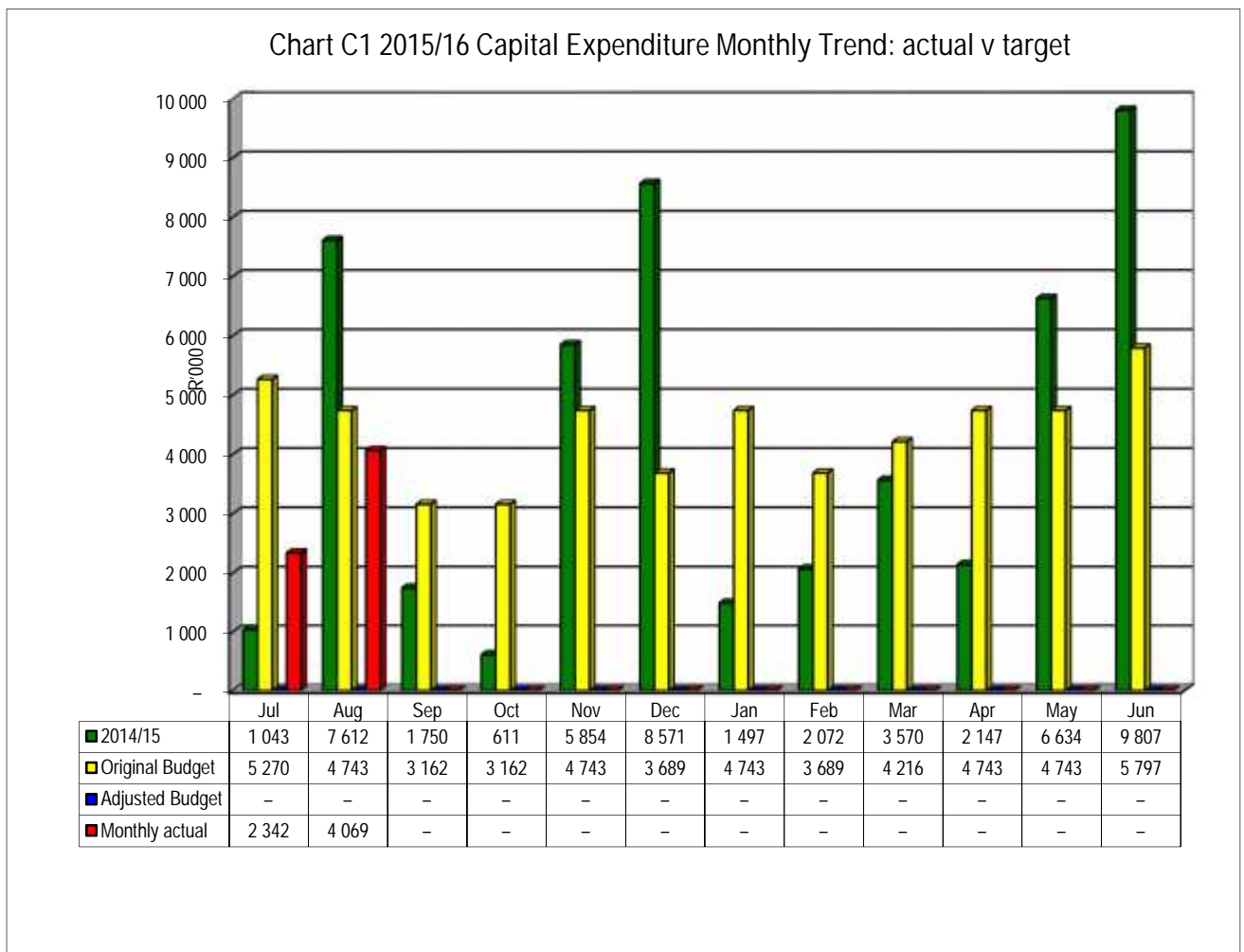
## Table C5: Capital Expenditure (Municipal Vote, standard classification, and funding)

Capital Expenditure reflects an unfavourable deviation of 27%. Year to date budget is R8.7 million whilst expenditure is sitting at R6.4 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - A - M02 August

Vote Description R thousand	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<u>Capital expenditure - Municipal Vote</u> <u>Expenditure of multi-year capital appropriation</u>	1									
<u>Capital expenditure - Municipal Vote</u> <u>Expenditure of single-year capital appropriation</u>	1									
Vote 1 - MAYOR'S OFFICE		-	-	-	-	-	-	-	-	-
Vote 2 - COUNCIL		-	800	-	800	800	133	667	500%	800
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	89	-	-	-	15	(15)	-100%	89
Vote 4 - STRATEGIC SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - BUDGET & TREASURY OFFICE		-	1 500	-	4	4	250	(246)	-98%	1 500
Vote 6 - CORPORATE SERVICES		67	1 150	-	53	53	192	(139)	-72%	1 150
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		716	2 800	-	-	-	467	(467)	-100%	2 800
Vote 8 - COMMUNITY SERVICES		-	3 510	-	-	-	585	(585)	-100%	3 510
8.1 - Traffic		-	1 110	-	-	-	185	(185)	-100%	1 110
8.3 - Solid Waste		-	2 400	-	-	-	400	(400)	-100%	2 400
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		50 386	42 850	-	3 212	5 554	7 142	(1 587)	-22%	42 850
9.1 - Infrastructure		1 360	5 984	-	1 003	1 112	997	114	11%	5 984
9.3 - Project Management Unit (PMU)		49 025	36 866	-	2 210	4 443	6 144	(1 702)	-28%	36 866
Total single-year capital expenditure		51 169	52 699	-	4 069	6 412	8 783	(2 372)	(27%)	52 699
Total Capital Expenditure		51 169	52 699	-	4 069	6 412	8 783	(2 372)	(-27)	52 699

Below is the graphic presentation of the summary on capital expenditure:



## TABLE C6 Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<b>ASSETS</b>						
Current assets						
Cash		5 316	2 713		76 225	2 713
Call investment deposits		10 062	7 607			7 607
Consumer debtors		5 295	6 021		14 003	6 021
Other debtors		(2 391)	395		1 558	395
Inventory		15 949	16 062		15 954	16 062
Total current assets		34 231	32 798	-	107 739	32 798
Non current assets						
Investment property		27 112	27 442		27 112	27 442
Property, plant and equipment		166 631	193 900		164 038	193 900
Intangible assets		851	865		820	865
Other non-current assets						
Total non current assets		194 594	222 207	-	191 970	222 207
<b>TOTAL ASSETS</b>		<b>228 825</b>	<b>255 005</b>	<b>-</b>	<b>299 709</b>	<b>255 005</b>
<b>LIABILITIES</b>						
Current liabilities	-					
Trade and other payables		4 566	8 826		24 711	8 826
Provisions		14 301	19 411		20 618	19 411
Total current liabilities		18 867	28 237	-	45 329	28 237
Non current liabilities						
Total non current liabilities		-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>18 867</b>	<b>28 237</b>	<b>-</b>	<b>45 329</b>	<b>28 237</b>
<b>NET ASSETS</b>	2	<b>209 957</b>	<b>226 768</b>	<b>-</b>	<b>254 380</b>	<b>226 768</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		209 957	226 768		254 380	226 768
Reserves					-	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>209 957</b>	<b>226 768</b>	<b>-</b>	<b>254 380</b>	<b>226 768</b>

## Table C7: Cash flow

The table below reflects problems in the cash flows of the institution.

EC156 Mhlontlo - Table C7 Monthly Budget Statement - Cash Flow - M02 August

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts										
Property rates, penalties & collection charges		18 830	7 831		325	389	1 305	(917)	-70%	7 831
Service charges		-	488		44	65	81	(17)	-20%	488
Other revenue		-	2 832		1 652	3 108	472	2 636	558%	2 832
Government - operating		102 983	181 706		400	69 709	30 284	39 424	130%	181 706
Government - capital		33 175	36 866		-	24 950	6 144	18 806	306%	36 866
Interest		990	682		318	1 047	114	933	821%	682
Dividends		-	-				-	-		-
Payments										
Suppliers and employees		(118 439)	(191 422)		(12 636)	(31 443)	(31 904)	(460)	1%	(191 422)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>37 540</b>	<b>38 984</b>	<b>-</b>	<b>(9 898)</b>	<b>67 823</b>	<b>6 497</b>	<b>(61 326)</b>	<b>-944%</b>	<b>38 984</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Decrease (increase) other non-current receivables			6 944				1 157	(1 157)	-100%	6 944
Decrease (increase) in non-current investments		16 299	3 000		11 722	(67 335)	500	(67 835)	-13567%	3 000
Payments										
Capital assets		(48 163)	(46 715)		(3 946)	(6 975)	(7 786)	(811)	10%	(46 715)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(31 864)</b>	<b>(36 771)</b>	<b>-</b>	<b>7 776</b>	<b>(74 310)</b>	<b>(6 128)</b>	<b>68 182</b>	<b>-1113%</b>	<b>(36 771)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>5 676</b>	<b>2 213</b>	<b>-</b>	<b>(2 122)</b>	<b>(6 487)</b>	<b>369</b>			<b>2 213</b>
Cash/cash equivalents at beginning:		(352)	500			5 315	500			5 315
Cash/cash equivalents at month/year end:		5 324	2 713			(1 172)	869			7 527

## PART 2: SUPPORTING DOCUMENTATION

### Table SC1: Material Variances and explanations

EC156 Mhlontlo - Supporting Table SC1 Material variance explanations - M02 August

Ref	Description R thousands	Variance	Reasons for material deviations
1	<u>Revenue By Source</u>		
	Property rates	-5%	Variance not material
	Service charges	18%	
	Investment revenue	879%	Over-collection.
	Transfers recognised - operational	-7%	Variance not material
2	<u>Expenditure By Type</u>		
	Employee costs	-7%	Increment not yet effected
	Remuneration of Councillors	-14%	Increment not yet effected
	Depreciation & asset impairment	-100%	Depreciation not yet accounted for
	Finance charges		
	Materials and bulk purchases		
	Transfers and grants		
	Other expenditure	-13%	
3	<u>Capital Expenditure</u>		
	Vote 2 - COUNCIL	500%	Once off payment made to council vehicle
	Vote 3 - MUNICIPAL MANAGER'S OFFICE	-100%	Procurement not yet started
	Vote 4 - STRATEGIC SERVICES		
	Vote 5 - BUDGET & TREASURY OFFICE	-98%	Projects in progress
	Vote 6 - CORPORATE SERVICES	-72%	Projects in progress
	Vote 7 - LOCAL ECONOMIC DEVELOPMENT	-100%	Procurement not yet started
	Vote 8 - COMMUNITY SERVICES	-100%	Procurement not yet started
	Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING	-22%	Projects in progress

### Table SC3: Aged Debtors

The municipality is being owed a total amount of R29.2 million of which the biggest portion is on households with R12.4 million being owed by this group of debtors. Over R12.3 million of the outstanding amount is older than 120 days.

The second biggest is commercial debtors that are sitting at R9.3 million. Over R7.7 million is over 120 days.

The last are the organs of state owing just over R5.5 million.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2015/16						Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys		
R thousands									
Debtors Age Analysis By Customer Group									
Organs of State	2200	4 347	23	4	4	4	1 198	5 579	1 205
Commercial	2300	691	762	65	63	63	7 700	9 345	7 826
Households	2400	331	1 478	70	70	83	12 306	14 338	12 459
Other	2500							-	-
Total By Customer Group	2600	5 369	2 264	140	137	150	21 204	29 263	21 490

### Graphical presentation of the debtors' age analysis

### Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	NT Code	Budget Year 2015/16								Total	Prior year totals for chart (same period)
		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		
R thousands											
Creditors Age Analysis By Customer Type											
Trade Creditors	0700	(1)	-	-	-	-	-	101	(585)	(484)	
Total By Customer Type	1000	(1)	-	-	-	-	-	101	(585)	(484)	-



## Table SC5: Investment Portfolio Analysis

All the call deposits are highly liquid short term investments and are held for the purpose of meeting short-term commitments rather than the purpose of earning a return (interest).

The table below reflects on account balances as at the end of August 2015. Total cash available was R76.8 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
<u>Municipality</u>									
(FMG) 62280641244 - FNB		Call	Call Deposit	Call Deposit	0	0.0%	10	1 875	1 885
(MSIG) 62280642416 - FNB		Call	Call Deposit	Call Deposit	0	0.0%	56	930	986
(Equitable Share) 62027945809 - FNB		Call	Call Deposit	Call Deposit	198	0.4%	56 159	(11 459)	44 700
(MIG) 62170844221 - FNB		Call	Call Deposit	Call Deposit	85	0.4%	23 317	(3 468)	19 849
(Gqunu Lots) 62020395390 - FNB		Call	Call Deposit	Call Deposit	3	0.0%	700	(0)	700
(IDP) 62075570137 - FNB		Call	Call Deposit	Call Deposit	0	0.0%	1	400	401
(INEP) 74231136926 - FNB		Call	Call Deposit	Call Deposit	-	0.0%	0	(0)	-
(LED) 62075571713 - FNB		Call	Call Deposit	Call Deposit	1	0.2%	395	-	395
(Revolving Fund) 61399068117 - FNB		Call	Call Deposit	Call Deposit	27	0.4%	7 202	(0)	7 202
(Bulk Housing) 62280645345 - FNB		Call	Call Deposit	Call Deposit	3	0.4%	736	(0)	736
(7 days Notice) 74366814934 - FNB		Call	Call Deposit	Call Deposit	-	0.0%	10	-	10
Municipality sub-total					318		88 587	(11 722)	76 865
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>318</b>		<b>88 587</b>	<b>(11 722)</b>	<b>76 865</b>

## Table SC6: Grants Receipts

All grants receipts expected were received. The table below reflects on individual grants received.

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>RECEIPTS:</b>	1,2									
-										
<u>Operating Transfers and Grants</u>										
National Government:		135 850	180 766	-	66 818	72 772	57 826	18 745	32.4%	176 209
Local Government Equitable Share		127 895	159 404		66 418	66 418	47 821	18 597	38.9%	159 404
Municipal Systems Improvement		934	930		-	930	930			930
Finance Management		1 800	1 875		-	1 875	1 875			1 875
EPWP Incentive		1 221	1 000		400	400	300			1 000
Integrated National Electrification Programme		4 000	13 000		-	-	3 900			13 000
Municipal Infrastructure Grant (MIG)- operating		-	4 557		-	3 149	3 000	149	5.0%	
Provincial Government:		170	170	-	-	-	170	(170)	-100.0%	170
Library & Subsidies		170	170		-	-	170	(170)	-100.0%	170
Total Operating Transfers and Grants	5	136 020	180 936	-	66 818	72 772	57 996	18 575	32.0%	176 379
<u>Capital Transfers and Grants</u>										
National Government:		52 712	37 636	-	-	21 801	11 291	10 510	93.1%	37 636
Municipal Infrastructure Grant (MIG)		52 712	37 636		-	21 801	11 291	10 510	93.1%	37 636
Total Capital Transfers and Grants	5	52 712	37 636	-	-	21 801	11 291	10 510	93.1%	37 636
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	188 732	218 572	-	66 818	94 573	69 287	29 086	42.0%	214 015

## Table SC7: Grants expenditure

The table below reflects on grants' expenditure from July to August. These amounts are exclusive of VAT.

Municipal Systems Improvement Grant is used to finance ward committee trainings.

Finance management grant's expenditure amounts to R161 thousand. This amount was used on interns' salaries and financial management.

Library grant expenditure amounts to R38 thousand, and was used is paying the librarians' salary.

Municipal Infrastructure Grant's expenditure amounts to R438 thousand on operations and R5.8 on capital expenditure.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		8 259	180 766	-	392	1 130	1 780	(650)	-36.5%	180 766
Local Government Equitable Share			159 404		-	-	-	-		159 404
Municipal Systems Improvement		934	930		-	-	78	(78)	-100.0%	930
Finance Management		1 800	1 875		84	161	156	4	2.7%	1 875
EPWP Incentive		1 214	1 000		2	3	83	(80)	-96.2%	1 000
Integrated National Electrification Programme		4 311	13 000		-	529	1 083	(554)	-51.2%	13 000
Municipal Infrastructure Grant (MIG)-operating		-	-				-	-		
		-	4 557		307	438	380	58	15.3%	4 557
Provincial Government:		149	170	-	-	38	14	24	169.9%	170
Library & Subsidies		149	170		-	38	14	24	169.9%	170
Total operating expenditure of Transfers and Grants:		8 408	180 936	-	392	1 169	1 794	(626)	-34.9%	180 936
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		53 201	37 636	-	2 465	5 893	3 136	2 756	87.9%	37 636
Municipal Infrastructure Grant (MIG)		53 201	37 636		2 465	5 893	3 136	2 756	87.9%	37 636
Total capital expenditure of Transfers and Grants		53 201	37 636	-	2 465	5 893	3 136	2 756	87.9%	37 636
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		61 609	218 572	-	2 857	7 061	4 931	2 131	43.2%	218 572

## Table SC8: Councillor and Staff benefits

The table below reflects on councillor's benefits that amount to R15.2 million since August against the budget of R16.5 million. No increments have been effected.

EC156 Mhlontlo - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August

Summary of Employee and Councillor remuneration	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		16 872	14 682		859	2 070	2 447	(377)	-15%	14 682
Pension and UIF Contributions		60	-		-	0		0		-
Medical Aid Contributions		68	-		-	2		2		-
Motor Vehicle Allowance		2 892	3 670		254	503	612	(108)	-18%	3 670
Cellphone Allowance		1 300	1 181		106	209	197	13	6%	1 181
Housing Allowances		-	-		-	-	-	-		-
Other benefits and allowances		139	-		11	24		24		-
Sub Total - Councillors		21 331	19 533	-	1 230	2 810	3 256	(446)	-14%	19 533
% increase	4		-8.4%							-8.4%
<b><u>Senior Managers of the Municipality</u></b>										
Basic Salaries and Wages			3 889				648	(648)	-100%	3 889
Pension and UIF Contributions			49				8	(8)	-100%	49
Motor Vehicle Allowance			1 507				251	(251)	-100%	1 507
Housing Allowances			773				129	(129)	-100%	773
Sub Total - Senior Managers of Municipality		-	6 218	-	-	-	1 036	(1 036)	-100%	6 218
% increase	4									
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		40 154	39 155		3 137	7 014	6 526	488	7%	39 155
Pension and UIF Contributions		5 311	7 000		443	883	1 167	(284)	-24%	7 000
Medical Aid Contributions		4 428	8 988		385	763	1 498	(735)	-49%	8 988
Overtime		2 276	-		175	350		350		-
Motor Vehicle Allowance		6 168	6 535		536	1 120	1 089	31	3%	6 535
Cellphone Allowance		662	869		57	116	145	(29)	-20%	869
Housing Allowances		2 247	2 328		185	370	388	(18)	-5%	2 328
Other benefits and allowances		3 631	5 197		990	1 230	866	364	42%	5 197
Payments in lieu of leave		531	3 710		120	558	618	(60)	-10%	3 710
Long service awards		318	-		-	-	-	-		-
Sub Total - Other Municipal Staff		65 726	73 782	-	6 028	12 403	12 297	106	1%	73 782
% increase	4		12.3%							12.3%
<b>Total Parent Municipality</b>		87 058	99 533	-	7 258	15 213	16 589	(1 376)	-8%	99 533
Unpaid salary, allowances & benefits in arrears:			14.3%							14.3%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		87 058	99 533	-	7 258	15 213	16 589	(1 376)	-8%	99 533
% increase	4		14.3%							14.3%
<b>TOTAL MANAGERS AND STAFF</b>		65 726	79 999	-	6 028	12 403	13 333	(930)	-7%	79 999

**Section 16 – Municipal Manager’s quality certification**

**QUALITY CERTIFICATE**

I, S.G. Sotshongaye, the Municipal Manager of Mhlontlo Local Municipality hereby certify that:-

The Monthly budget statement for the Month ending 31 August 2015/2016 financial year has been prepared in accordance the Municipal Finance Management Act and the regulations made under the Act.

Name: S.G. Sotshongaye

Municipal Manager of Mhlontlo Local Municipality

Signature .....

Date.....