

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 January 2016

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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 R152.9 million out of the projected R124.3 million giving rise to favourable variance of 23%. Variance contributing factors are explained in the sub headings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R18.6 million from July 2015 to January 2016 out of the expected R11.7 million.

Property Rates

The amount accrued on rates amounts to R14.8 million, out of the expected R15.6 million. This budget estimate was made in March 2015 with the assumption that the municipality will be using the 2013 valuation roll. Budget will have to be adjusted as per 2009 valuation roll.

Total actual cash collected on rates from July to January is R6 million against the expected R9.1 million. Government departments' payment of R5.3 million has been received. Residents are not servicing their accounts hence the under collection.

Refuse Removal

Amount accrued on refuse removal is R673 thousand against the expected R569 thousand.

Total actual cash received on refuse removal from July to January 2016 is R214 thousand out of the expected collection of R569 thousand.

Investment Revenue

This relates to interests received on the call account deposits. Interest received to date amounts to R2.0 million.

Other Revenue

Rental of facilities and Equipment –R25 thousand has been received instead of the expected R25 thousand.

Fines- R37 thousand has been received so far against the expected R126 thousand.

Licenses and permits- R843 thousand has been received, however the municipality expected to receive R782 thousand.

Agency Fees- The amount collected so far amounts to R455 thousand, and the expected budget is R512 thousand.

Pound Sales made a collection of R136 thousand

Operating Expenditure

On operating expenditure, R103.3 million was spent against the expected budget of R119.5 million giving rise to a variance of more than R16.2 million. This is because on non-cash items like depreciation that have not been accounted for.

Employee Costs

R48.4 million has been spent to date on employee related costs against the expected R46.6 million. The over expenditure on this line item is a result of the following

- Leave pay out to the Chief Accountant whose contract expired and to the Director Strategic Services who was appointed to a new position.
- Stand by allowance that was not budgeted for.
- Senior Managers' 2014-2015 increment that was paid in that financial year because of cash flow problems.
- Compensation commissioner payments for previous years.

Remuneration of Councillors

Amount spent since July totals to R9.5 million against the budgeted R11.3 million.

Contracted Services

On contracted services, R10.7 million has been spent since July. The budgeted amount for this item is R12.7 million giving a variance of R1.9 million.

Other Expenditure

This line item's expenditure is R32.5 million against the expected budget of R39.9 million.

Capital Expenditure

On Capital Expenditure the municipality has spent a total of R23.3 million against the expected R41.1 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 R4.9 million

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	9 078	15 663	-	-	14 853	15 663	(809)	-5%	15 663
Service charges	573	976	-	96	673	569	104	18%	976
Investment revenue	1 211	682	-	360	2 079	398	1 681	422%	682
Transfers recognised - operational	136 339	181 706	-	3 530	129 616	105 995	23 621	22%	181 706
Other own revenue	6 121	2 943	-	415	5 736	1 717	4 019	234%	2 943
Total Revenue (excluding capital transfers and contributions)	153 322	201 970	-	4 401	152 957	124 342	28 615	23%	201 970
Employee costs	68 105	79 999	-	6 367	48 409	46 666	1 742	4%	79 999
Remuneration of Councillors	15 065	19 533	-	1 693	9 530	11 394	(1 864)	-16%	19 533
Depreciation & asset impairment	15 229	9 787	-	-	2 061	5 709	(3 648)	-64%	9 787
Other expenditure	59 469	95 570	-	7 074	43 313	55 749	(12 436)	-22%	95 570
Total Expenditure	157 868	204 890	-	15 135	103 313	119 519	(16 206)	-14%	204 890
Surplus/(Deficit)	(4 546)	(2 920)	-	(10 734)	49 644	4 823	44 822	929%	(2 920)
Transfers recognised - capital	52 712	36 866	-	2 528	18 416	21 505	(3 089)	-14%	36 866
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	48 167	33 946	-	(8 206)	68 060	26 328	41 732	159%	33 946
Surplus/ (Deficit) for the year	48 167	33 946	-	(8 206)	68 060	26 328	41 732	159%	33 946
<u>Capital expenditure & funds sources</u>									
Capital expenditure	45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699
Capital transfers recognised	45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699
Total sources of capital funds	45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699
<u>Financial position</u>									
Total current assets	37 049	32 798	-	-	103 901	-	-	-	32 798
Total non current assets	184 324	222 207	-	-	206 315	-	-	-	222 207
Total current liabilities	20 211	28 237	-	-	49 049	-	-	-	28 237
Total non current liabilities	5 185	-	-	-	-	-	-	-	-
Community wealth/Equity	195 976	226 768	-	-	261 166	-	-	-	226 768
<u>Cash flows</u>									
Net cash from (used) operating	59 114	38 984	-	(3 686)	85 154	22 740	(62 413)	-274%	38 984
Net cash from (used) investing	(46 112)	(36 771)	-	(44 003)	(85 547)	(21 450)	64 097	-299%	(36 771)
Cash/cash equivalents at the month/year end	15 377	2 713	-	-	4 922	1 791	(3 131)	-175%	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	(1 037)	1 431	379	186	23 349	-	-	-	24 308
<u>Creditors Age Analysis</u>									
Total Creditors	(1 280)	(1 141)	(379)	(841)	(448)	(861)	(1 487)	(8 552)	(14 988)

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) - M07 January

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									
<u>Revenue - Standard</u>										
Governance and administration		84 429	114 487	-	546	92 538	66 784	25 754	39%	114 487
Executive and council		39 914	52 279	-	-	38 535	30 496	8 039	26%	52 279
Budget and treasury office		21 811	34 273	-	531	32 041	19 993	12 048	60%	34 273
Corporate services		22 704	27 934	-	15	21 961	16 295	5 667	35%	27 934
Community and public safety		19 190	15 147	-	267	10 982	8 836	2 147	24%	15 147
Public safety		19 190	15 147	-	267	10 982	8 836	2 147	24%	15 147
Economic and environmental services		87 919	91 171	-	6 002	54 411	53 183	1 227	2%	91 171
Planning and development		14 145	19 773	-	15	14 789	11 534	3 255	28%	19 773
Road transport		73 773	71 398	-	5 987	39 622	41 649	(2 027)	-5%	71 398
Trading services		14 497	18 032	-	115	13 443	10 518	2 924	28%	18 032
Waste management		14 497	18 032	-	115	13 443	10 518	2 924	28%	18 032
Total Revenue - Standard	2	206 035	238 836	-	6 929	171 373	139 321	32 052	23%	238 836
<u>Expenditure - Standard</u>	-									
Governance and administration		88 628	122 317	-	7 418	60 852	71 352	(10 499)	-15%	122 317
Executive and council		37 627	43 913	-	3 477	24 034	25 616	(1 582)	-6%	43 913
Budget and treasury office		29 362	47 910	-	2 453	23 564	27 948	(4 384)	-16%	47 910
Corporate services		21 639	30 494	-	1 487	13 254	17 788	(4 534)	-25%	30 494
Community and public safety		16 088	13 943	-	1 328	9 727	8 133	1 593	20%	13 943
Public safety		16 088	13 943	-	1 328	9 727	8 133	1 593	20%	13 943
Economic and environmental services		42 007	52 999	-	5 181	25 443	30 916	(5 473)	-18%	52 999
Planning and development		11 460	24 450	-	1 612	10 113	14 262	(4 149)	-29%	24 450
Road transport		30 547	28 549	-	3 568	15 330	16 653	(1 324)	-8%	28 549
Trading services		11 145	15 632	-	1 209	7 291	9 118	(1 827)	-20%	15 632
Waste management		11 145	15 632	-	1 209	7 291	9 118	(1 827)	-20%	15 632
Other		-	-	-	-	-	-	-		-
Total Expenditure - Standard	3	157 868	204 890	-	15 135	103 313	119 519	(16 206)	-14%	204 890
Surplus/ (Deficit) for the year		48 167	33 946	-	(8 206)	68 060	19 802	48 259	244%	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 potential unauthorised expenditures in all the departments except for LED. However, the total budget for the entire financial year has not been exceeded. Close monitoring of expenditures is vital.

EC156 Mhlontlo - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

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										
Revenue by Vote	1									
Vote 1 - MAYOR'S OFFICE		1 677	2 285	-	-	1 706	1 333	373	28.0%	2 285
Vote 2 - COUNCIL		25 294	33 941	-	-	24 843	19 799	5 044	25.5%	33 941
Vote 3 - MUNICIPAL MANAGER'S OFFICE		8 326	8 576	-	-	6 404	5 003	1 401	28.0%	8 576
Vote 4 - STRATEGIC SERVICES		4 616	7 477	-	-	5 583	4 362	1 221	28.0%	7 477
Vote 5 - BUDGET & TREASURY OFFICE		21 811	34 273	-	531	32 041	19 993	12 048	60.3%	34 273
Vote 6 - CORPORATE SERVICES		22 704	27 934	-	15	21 961	16 295	5 667	34.8%	27 934
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		10 778	19 773	-	15	14 789	11 534	3 255	28.2%	19 773
Vote 8 - COMMUNITY SERVICES		33 687	33 178	-	382	24 425	19 354	5 071	26.2%	33 178
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		77 141	71 398	-	5 987	39 622	41 649	(2 027)	-4.9%	71 398
Total Revenue by Vote	2	206 035	238 836	-	6 929	171 373	139 321	32 052	23.0%	238 836
Expenditure by Vote	1									
Vote 1 - MAYOR'S OFFICE		1 268	2 285	-	105	1 660	1 333	327	24.5%	2 285
Vote 2 - COUNCIL		22 588	33 141	-	2 446	14 049	19 332	(5 283)	-27.3%	33 141
Vote 3 - MUNICIPAL MANAGER'S OFFICE		13 771	8 487	-	927	8 325	4 951	3 375	68.2%	8 487
Vote 4 - STRATEGIC SERVICES		1 562	7 477	-	304	3 132	4 362	(1 230)	-28.2%	7 477
Vote 5 - BUDGET & TREASURY OFFICE		29 362	47 910	-	2 453	23 564	27 948	(4 384)	-15.7%	47 910
Vote 6 - CORPORATE SERVICES		21 639	30 494	-	1 487	13 254	17 788	(4 534)	-25.5%	30 494
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		6 594	16 973	-	1 308	6 981	9 901	(2 919)	-29.5%	16 973
Vote 8 - COMMUNITY SERVICES		27 233	29 574	-	2 537	17 018	17 252	(234)	-1.4%	29 574
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		33 850	28 549	-	3 568	15 330	16 653	(1 324)	-7.9%	28 549
Total Expenditure by Vote	2	157 868	204 890	-	15 135	103 313	119 519	(16 206)	-13.6%	204 890
Surplus/ (Deficit) for the year	2	48 167	33 946	-	(8 206)	68 060	19 802	48 259	243.7%	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. Over collections are reflecting in all the line items expect for fines.

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

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		9 078	15 663	-	-	14 853	15 663	(809)	-5%	15 663
Service charges - refuse revenue		573	976	-	96	673	569	104	18%	976
Rental of facilities and equipment		44	43	-	4	25	25	0	1%	43
Interest earned - external investments		1 211	682	-	360	2 079	398	1 681	422%	682
Interest earned - outstanding debtors		661	111	-	53	560	65	494	760%	111
Fines		144	216	-	7	37	126	(89)	-71%	216
Licences and permits		1 357	1 341	-	163	843	782	61	8%	1 341
Agency services		800	877	-	62	455	512	(57)	-11%	877
Transfers recognised - operational		136 339	181 706	-	3 530	129 616	105 995	23 621	22%	181 706
Other revenue		3 116	356	-	127	3 816	207	3 609	1740%	356
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		153 322	201 970	-	4 401	152 957	124 342	28 615	23%	201 970
<u>Expenditure By Type</u>										
Employee related costs		68 105	79 999	-	6 367	48 409	46 666	1 742	4%	79 999
Remuneration of councillors		15 065	19 533	-	1 693	9 530	11 394	(1 864)	-16%	19 533
Debt impairment		2 170	5 350	-	-	-	3 121	(3 121)	-100%	5 350
Depreciation & asset impairment		15 229	9 787	-	-	2 061	5 709	(3 648)	-64%	9 787
Contracted services		9 780	21 788	-	3 150	10 784	12 710	(1 926)	-15%	21 788
Other expenditure		47 375	68 432	-	3 924	32 529	39 919	(7 390)	-19%	68 432
Loss on disposal of PPE		145	-	-	-	-	-	-	-	-
Total Expenditure		157 868	204 890	-	15 135	103 313	119 519	(16 206)	-14%	204 890
Surplus/(Deficit)		(4 546)	(2 920)	-	(10 734)	49 644	4 823	44 822	0	(2 920)
Transfers recognised - capital		52 712	36 866	-	2 528	18 416	21 505	(3 089)	(0)	36 866
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		48 167	33 946	-	(8 206)	68 060	26 328			33 946
Taxation								-		
Surplus/(Deficit) after taxation		48 167	33 946	-	(8 206)	68 060	26 328			33 946
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		48 167	33 946	-	(8 206)	68 060	26 328			33 946
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		48 167	33 946	-	(8 206)	68 060	26 328			33 946

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

Capital Expenditure reflects an unfavourable deviation of 43%. Year to date budget is R41.1 million whilst expenditure is sitting at R23.3 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M07 January

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	1									
<u>Single Year expenditure appropriation</u>	2									
Vote 2 - COUNCIL		-	800	-	-	818	467	351	75%	800
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	89	-	-	-	52	(52)	-100%	89
Vote 4 - STRATEGIC SERVICES		-	-	-	-	-	-	-		-
Vote 5 - BUDGET & TREASURY OFFICE		-	1 500	-	-	4	875	(871)	-99%	1 500
Vote 6 - CORPORATE SERVICES		34	1 150	-	28	154	671	(517)	-77%	1 150
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	2 800	-	-	230	1 633	(1 404)	-86%	2 800
Vote 8 - COMMUNITY SERVICES		9	3 510	-	-	2 240	2 048	193	9%	3 510
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		45 748	42 850	-	2 218	19 884	35 409	(15 524)	-44%	42 850
Total Capital single-year expenditure	4	45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699
Total Capital Expenditure		45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699
<u>Capital Expenditure - Standard Classification</u>										
Governance and administration		34	3 539	-	28	976	2 064	(1 088)	-53%	3 539
Executive and council		-	889	-	-	818	519	299	58%	889
Budget and treasury office		-	1 500	-	-	4	875	(871)	-99%	1 500
Corporate services		34	1 150	-	28	154	671	(517)	-77%	1 150
Community and public safety		9	1 110	-	-	30	648	(618)	-95%	1 110
Public safety		9	1 110	-	-	30	648	(618)	-95%	1 110
Economic and environmental services		45 748	45 650	-	2 218	20 114	37 042	(16 928)	-46%	45 650
Planning and development		-	2 800	-	-	230	1 633	(1 404)	-86%	2 800
Road transport		45 748	42 850	-	2 218	19 884	35 409	(15 524)	-44%	42 850
Trading services		-	2 400	-	-	2 210	1 400	810	58%	2 400
Waste management		-	2 400	-	-	2 210	1 400	810	58%	2 400
Total Capital Expenditure - Standard Classification	3	45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699
<u>Funded by:</u>										
National Government		45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699
Transfers recognised - capital		45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699
Total Capital Funding		45 790	52 699	-	2 246	23 330	41 154	(17 824)	-43%	52 699

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

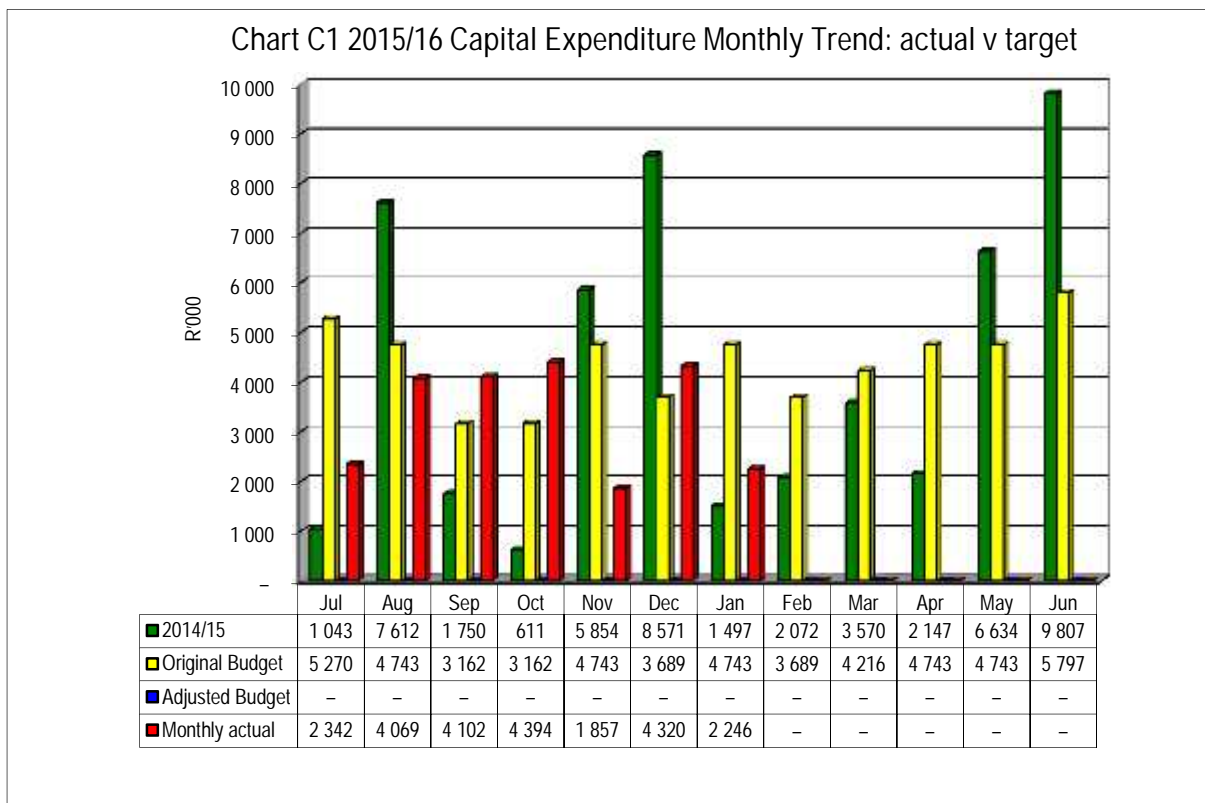


TABLE C6 Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		15 377	2 713	-	76 408	2 713
Call investment deposits		-	7 607	-		7 607
Consumer debtors		2 628	6 021	-	9 046	6 021
Other debtors		2 606	395	-	2 182	395
Current portion of long-term receivables		484		-		-
Inventory		15 954	16 062	-	16 265	16 062
Total current assets		37 049	32 798	-	103 901	32 798
Non current assets						
Investment property		27 112	27 442	-	27 112	27 442
Property, plant and equipment		156 278	193 900	-	178 570	193 900
Intangible assets		815	865	-	633	865
Other non-current assets		119				
Total non current assets		184 324	222 207	-	206 315	222 207
TOTAL ASSETS		221 373	255 005	-	310 215	255 005
LIABILITIES						
Current liabilities	-					
Trade and other payables		8 183	8 826	-	28 431	8 826
Provisions		12 029	19 411	-	20 618	19 411
Total current liabilities		20 211	28 237	-	49 049	28 237
Non current liabilities						
Provisions		5 185		-	-	
Total non current liabilities		5 185	-	-	-	-
TOTAL LIABILITIES		25 397	28 237	-	49 049	28 237
NET ASSETS	2	195 976	226 768	-	261 166	226 768
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		195 976	226 768	-	261 166	226 768
TOTAL COMMUNITY WEALTH/EQUITY	2	195 976	226 768	-	261 166	226 768

Table C7: Cash flow

The table below reflects no problems in the cash flows of the institution.

EC156 Mhlontlo - Table C7 Monthly Budget Statement - Cash Flow - M07 January

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								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		5 119	7 831		28	6 007	4 568	1 439	31%	7 831
Service charges		172	488		13	216	285	(68)	-24%	488
Other revenue		4 413	2 832		1 207	10 333	1 652	8 681	526%	2 832
Government - operating		133 736	181 706		-	135 353	105 995	29 358	28%	181 706
Government - capital		57 023	36 866		-	38 984	21 505	17 479	81%	36 866
Interest		1 211	682		288	2 419	398	2 021	508%	682
Payments										
Suppliers and employees		(142 561)	(191 422)		(5 221)	(108 159)	(111 663)	(3 504)	3%	(191 422)
NET CASH FROM/(USED) OPERATING ACTIVITIES		59 114	38 984	-	(3 686)	85 154	22 740	(62 413)	-274%	38 984
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Decrease (increase) other non-current receivables	-		6 944		-	-	4 051	(4 051)	-100%	6 944
Decrease (increase) in non-current investments	1		3 000		(41 758)	(61 956)	1 750	(63 706)	-3640%	3 000
Payments										
Capital assets		(46 113)	(46 715)		(2 246)	(23 591)	(27 251)	(3 659)	13%	(46 715)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(46 112)	(36 771)	-	(44 003)	(85 547)	(21 450)	64 097	-299%	(36 771)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		13 002	2 213	-	(47 689)	(393)	1 291			2 213
Cash/cash equivalents at beginning:		2 375	500			5 315	500			5 315
Cash/cash equivalents at month/year end:		15 377	2 713			4 922	1 791			7 527

PART 2: SUPPORTING DOCUMENTATION

Table SC1: Material Variances and explanations

EC156 Mhlontlo - Supporting Table SC1 Material variance explanations - M07 January

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	<u>Revenue By Source</u>			
	Property rates	-5%	Over-collection. Actuals are currently exceeding the total annual budget.	Correct it in the adjustment budget.
	Service charges - refuse revenue	18%	Over-collection.	Correct it in the adjustment budget.
	Interest earned - external investments	422%	Over-collection. Actuals are currently exceeding the total annual budget.	Correct it in the adjustment budget.
	Transfers recognised - operational	22%		
	Interest earned - outstanding debtors	760%	Over-collection. Actuals are currently exceeding the total annual budget.	Correct it in the adjustment budget.
	Fines	-71%	Low collection levels.	Correct it in the adjustment budget.
Other revenue	1740%	Over- collection	Correct it in the adjustment budget.	
2	<u>Expenditure By Type</u>			
	Contracted services	-15%	Project funded by INEP was moving slow until the allocation was transferred in Sept 2015, work on site has commenced.	
	Depreciation & asset impairment	-64%	Depreciation has been apportioned on a monthly basis.	
	Debt impairment	-100%	Debt impairment provision to be reviewed at year end and the expenditure to be recorded at year end.	
3	<u>Capital Expenditure</u>			
	Vote 7 - LOCAL ECONOMIC DEVELOPMENT	-86%	Under-spending.	
	Vote 8 - COMMUNITY SERVICES Vote 5 - BUDGET & TREASURY OFFICE	9% -99%	The department has just bought the refuse truck. No spending in other items of the Capital Budget. No spending yet. Budget is mainly for purchasing fleet of the municipality.	

Table SC3: Aged Debtors

The municipality is being owed a total amount of R24.3 million of which the biggest portion is on households with R14.7 million being owed by this group of debtors. Over R14 million of the outstanding amount is older than 120 days.

The second biggest is commercial debtors that are sitting at R9.2 million. Over R8.3 million is over 120 days. The last are the organs of state owing just over R345 thousand.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

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			
R thousands									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	1200						-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300						-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	(958)	1 253	203	101	13 428	14 028	13 529	
Receivables from Exchange Transactions - Waste Water Management	1500						-	-	
Receivables from Exchange Transactions - Waste Management	1600	49	178	176	86	4 553	5 042	4 639	
Receivables from Exchange Transactions - Property Rental Debtors	1700						-	-	
Interest on Arrear Debtor Accounts	1810						-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820						-	-	
Other	1900	(129)	-	-	-	5 368	5 239	5 368	
Total By Income Source	2000	(1 037)	1 431	379	186	23 349	24 308	23 536	
2014/15 - totals only							-	-	
Debtors Age Analysis By Customer Group									
Organs of State	2200	(1 155)	292	15	7	1 186	345	1 193	
Commercial	2300	100	630	166	81	8 258	9 236	8 339	
Households	2400	17	508	198	98	13 905	14 727	14 003	
Other	2500						-	-	
Total By Customer Group	2600	(1 037)	1 431	379	186	23 349	24 308	23 536	

Graphical presentation of the debtors' age analysis

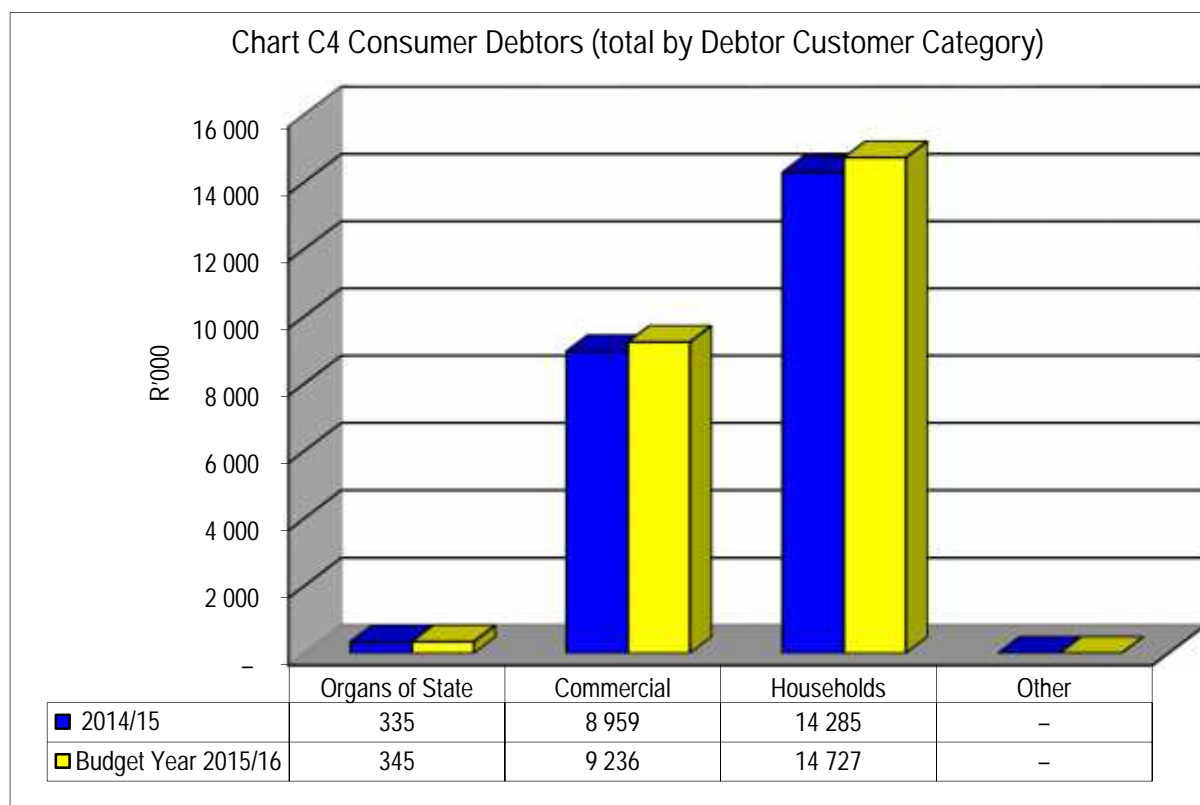


Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description	NT Code	Budget Year 2015/16								Total
		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										
Loan repayments	0600									-
Trade Creditors	0700	(1 280)	(1 141)	(379)	(841)	(448)	(861)	(1 487)	(8 552)	(14 988)
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	(1 280)	(1 141)	(379)	(841)	(448)	(861)	(1 487)	(8 552)	(14 988)

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 January 2016. Total cash available was R71.4 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

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	6	-	1 532	(0)	1 532
(MSIG) 62280642416 - FNB		Call	Deposit Call	Deposit Call	4	-	986	(0)	986
(Equitable Share) 62027945809 - FNB		Call	Deposit Call	Deposit Call	108	-	1 739	24 910	26 649
(MIG) 62170844221 - FNB		Call	Deposit Call	Deposit Call	77	-	9 177	11 505	20 681
(Gqunu Lots) 62020395390 - FNB		Call	Deposit Call	Deposit Call	3	-	700	-	700
(IDP) 62075570137 - FNB		Call	Deposit Call	Deposit Call	1	-	50	300	350
(INEP) 74231136926 - FNB		Call	Deposit Call	Deposit Call	46	-	7 201	-	7 201
(LED) 62075571713 - FNB		Call	Deposit Call	Deposit Call	1	-	396	0	396
(Revolving Fund) 61399068117 - FNB		Call	Deposit Call	Deposit Call	40	-	7 202	5 042	12 245
(Bulk Housing) 62280645345 - FNB		Call	Deposit Call	Deposit Call	3	-	736	(0)	736
(7 days Notice) 74366814934- FNB		Call	Deposit	Deposit	-	-	10	-	10
TOTAL INVESTMENTS AND INTEREST	2				288		29 728	41 758	71 486

Table SC6: Grants Receipts

All grants receipts expected were received except for the library grant. The table below reflects on individual grants received.

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

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										
RECEIPTS:	1,2									
- <u>Operating Transfers and Grants</u>										
National Government:		135 850	180 766	-	-	136 592	117 498	12 979	11.0%	180 766
Local Government Equitable Share		127 895	159 404		-	119 553	103 613	15 940	15.4%	159 404
Municipal Systems Improvement		934	930		-	930	605			930
Finance Management		1 800	1 875		-	1 875	1 219			1 875
EPWP Incentive		1 221	1 000		-	704	650			1 000
Integrated National Electrification Programme		4 000	13 000		-	13 531	8 450			13 000
Municipal Infrastructure Grant (MIG)- operating		-	4 557		-	-	2 962	(2 962)	-100.0%	4 557
Provincial Government:		170	170	-	-	170	111	60	53.8%	170
Library & Subsidies		170	170	-	-	170	111	60	53.8%	170
Total Operating Transfers and Grants	5	136 020	180 936	-	-	136 762	117 608	13 038	11.1%	180 936
<u>Capital Transfers and Grants</u>										
National Government:		52 712	37 636	-	-	38 984	24 464	14 520	59.4%	37 636
Municipal Infrastructure Grant (MIG)		52 712	37 636	-	-	38 984	24 464	14 520	59.4%	37 636
Total Capital Transfers and Grants	5	52 712	37 636	-	-	38 984	24 464	14 520	59.4%	37 636
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	188 732	218 572	-	-	175 746	142 072	27 558	19.4%	218 572

Table SC7: Grants expenditure

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

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

Finance management grant's expenditure amounts to R559 thousand. This amount was used on interns' salaries and financial management.

Library grant expenditure amounts to R63 thousand, and was used is paying the librarians' salary.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

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										
EXPENDITURE										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		8 259	180 766	-	2 806	9 328	117 498	(108 169)	-92.1%	180 766
Local Government Equitable Share		-	159 404		-	-	103 613	(103 613)	-100.0%	159 404
Municipal Systems Improvement		934	930		-	194	605	(410)	-67.8%	930
Finance Management		1 800	1 875		71	559	1 219	(659)	-54.1%	1 875
EPWP Incentive		1 214	1 000		178	884	650	234	36.0%	1 000
Integrated National Electrification Programme		4 311	13 000		2 556	7 691	8 450	(759)	-9.0%	13 000
Municipal Infrastructure Grant (MIG)-operating		-	-				-	-	-100.0%	
		-	4 557				2 962	(2 962)	-100.0%	4 557
Provincial Government:		149	170	-	-	63	111	(47)	-42.8%	170
Library & Subsidies		149	170	-	-	63	111	(47)	-42.8%	170
Total operating expenditure of Transfers and Grants:		8 408	180 936	-	2 806	9 392	117 608	(108 217)	-92.0%	180 936
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		53 201	37 636	-	2 901	19 764	24 464	(4 700)	-19.2%	37 636
Municipal Infrastructure Grant (MIG)		53 201	37 636		2 901	19 764	24 464	(4 700)	-19.2%	37 636
Total capital expenditure of Transfers and Grants		53 201	37 636	-	2 901	19 764	24 464	(4 700)	-19.2%	37 636
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		61 609	218 572	-	5 707	29 156	142 072	(112 916)	-79.5%	218 572

Table SC8: Councillor and Staff benefits

The table below reflects on councillor's benefits, Senior managers and other municipal staff. Total amount spent on salaries since July is R57.9 million.

EC156 Mhlontlo - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		16 872	14 682		1 296	6 909	8 564	(1 656)	-19%	14 682
Pension and UIF Contributions		60	-		-	1	-	1		-
Medical Aid Contributions		68	-		-	2	-	2		-
Motor Vehicle Allowance		2 892	3 670		277	1 796	2 141	(345)	-16%	3 670
Cellphone Allowance		1 300	1 181		106	738	689	49	7%	1 181
Housing Allowances		-	-				-	-		-
Other benefits and allowances		-	-		16	85	-	85		-
Sub Total - Councillors		21 193	19 533	-	1 693	9 530	11 394	(1 864)	-16%	19 533
% increase	4		-7.8%							-7.8%
Senior Managers of the Municipality	3									
Basic Salaries and Wages			3 889				2 268	(2 268)	-100%	3 889
Pension and UIF Contributions			49				29	(29)	-100%	49
Motor Vehicle Allowance			1 507				879	(879)	-100%	1 507
Housing Allowances			773				451	(451)	-100%	773
Sub Total - Senior Managers of Municipality		-	6 218	-	-	-	3 627	(3 627)	-100%	6 218
Other Municipal Staff										
Basic Salaries and Wages		40 154	39 155		3 943	31 355	22 840	8 515	37%	39 155
Pension and UIF Contributions		5 311	7 000		457	3 284	4 083	(799)	-20%	7 000
Medical Aid Contributions		4 428	8 988		407	2 736	5 243	(2 508)	-48%	8 988
Overtime		2 276	-		175	1 230	-	1 230		-
Performance Bonus		-	-		-	-	-	-		-
Motor Vehicle Allowance		6 168	6 535		673	4 287	3 812	475	12%	6 535
Cellphone Allowance		662	869		70	448	507	(59)	-12%	869
Housing Allowances		2 247	2 328		222	1 337	1 358	(22)	-2%	2 328
Other benefits and allowances		3 631	5 197		421	3 142	3 031	110	4%	5 197
Payments in lieu of leave		531	3 710		-	591	2 164	(1 573)	-73%	3 710
Long service awards		318	-		-	-	-	-		-
Post-retirement benefit obligations	2		-		-	-	-	-		-
Sub Total - Other Municipal Staff		65 726	73 782	-	6 367	48 409	43 039	5 369	12%	73 782
% increase	4		12.3%							12.3%
Total Parent Municipality		86 919	99 533	-	8 061	57 939	58 061	(122)	0%	99 533
Unpaid salary, allowances & benefits in arrears:			14.5%							14.5%
TOTAL SALARY, ALLOWANCES & BENEFITS		86 919	99 533	-	8 061	57 939	58 061	(122)	0%	99 533
% increase	4		14.5%							14.5%
TOTAL MANAGERS AND STAFF		65 726	79 999	-	6 367	48 409	46 666	1 742	4%	79 999

Additional Information

Reconciliation of cash available	
	Jan-16
Cash and cash equivalents(excl. call accounts) at month end -31 January 2016	4 921 868.28
Call Accounts	44 837 000.00
Equitable share- Call Account	26 649 000.00
Net cash available for internal distribution	76 407 868.28
Less: Conditional Grants	-14 574 733.96
FMG	-1 386 811.42
MSIG	-735 636.00
MIG	-2 212 144.00
Gqunu Lots	-701 546.26
Municipal idp	-1 000.00
Electrification programme	-8 396 132.26
LED	-395 403.04
Bulk housing	-736 060.98
7 Day's notice	-10 000.00
Less: February and March salaries	-16 200 000.00
Expected future payments (Operations)	-39 657 815.00
Current Cash Resources available/shortfall	5 975 319.32

Section 16 – Municipal Manager’s quality certification

QUALITY CERTIFICATE

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

The quarterly budget statement for the quarter ending 31 January 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.....