

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 November 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 R145 million out of the projected R93 million giving rise to favourable variance of 55%. Variance contributing factors are explained in the sub headings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R15.4 million from July 2015 to November 2015 out of the expected R10 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 November is R5.9 million against the expected R6.5 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 R481 thousand against the expected R407 thousand.

Total actual cash received on refuse removal from July to November is R183 thousand out of the expected collection of R169 thousand.

Investment Revenue

This relates to interests received on the call account deposits. Interest received to date amounts to R1.8 million.

Other Revenue

Rental of facilities and Equipment –R20 thousand has been received instead of the expected R18 thousand.

Fines- R19 thousand has been received so far against the expected R90 thousand.

Licenses and permits- R633 thousand has been received, however the municipality expected to receive R559 thousand.

Agency Fees- The amount collected so far amounts to R330 thousand, and the expected budget is R366 thousand.

Pound Sales made a collection of R136 thousand

Operating Expenditure

On operating expenditure, R72.5 million was spent against the expected budget of R85.3 million giving rise to a variance of more than R12.7 million. This is because on non-cash items like depreciation that have not been accounted for.

Employee Costs

R36 million has been spent to date on employee related costs against the expected R33 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 R6.5 million against the budgeted R8.1 million. Councillors increment has not been implemented, hence the variance.

Contracted Services

On contracted services, R5 million has been spent since July. The budgeted amount for this item is R9 million giving a variance of R4 million.

Other Expenditure

This line item's expenditure is R24.9 million against the expected budget of R28.5 million.

Capital Expenditure

On Capital Expenditure the municipality has spent a total of R16.7 million against the expected R13.7 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 R453.6 million

EC156 Mhlontlo - Table C1 Monthly Budget Statement Summary - M05
November

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	481	407	74	18%	976
Investment revenue	1 211	682	-	233	1 891	284	1 607	565%	682
Transfers recognised - operational	136 339	181 706	-	53 183	122 782	75 711	47 071	62%	181 706
Other own revenue	6 121	2 943	-	294	5 019	1 226	3 793	309%	2 943
Total Revenue (excluding capital transfers and contributions)	153 322	201 970	-	53 806	145 026	93 291	51 735	55%	201 970
Employee costs	68 105	79 999	-	6 108	36 041	33 333	2 708	8%	79 999
Remuneration of Councillors	15 065	19 533	-	1 297	6 590	8 139	(1 548)	-19%	19 533
Depreciation & asset impairment	15 229	9 787	-	-	-	4 078	(4 078)	-100%	9 787
Other expenditure	59 469	95 570	-	4 870	29 947	39 821	(9 874)	-25%	95 570
Total Expenditure	157 868	204 890	-	12 275	72 579	85 371	(12 792)	-15%	204 890
Surplus/(Deficit)	(4 546)	(2 920)	-	41 531	72 447	7 920	64 527	815%	(2 920)
Transfers recognised - capital	52 712	36 866	-	1 608	12 056	22 120	(10 063)	-45%	36 866
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	48 167	33 946	-	43 138	84 503	30 040	54 463	181%	33 946
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	48 167	33 946	-	43 138	84 503	30 040	54 463	181%	33 946
<u>Capital expenditure & funds sources</u>									
Capital expenditure	45 790	52 699	-	1 857	16 765	29 862	(13 098)	-44%	52 699
Capital transfers recognised	45 790	52 699	-	1 857	16 765	13 775	2 990	22%	52 699
Total sources of capital funds	45 790	52 699	-	1 857	16 765	13 775	2 990	22%	52 699
<u>Financial position</u>									
Total current assets	37 049	32 798	-	-	123 829	-	-	-	32 798
Total non current assets	184 324	222 207	-	-	202 323	-	-	-	222 207
Total current liabilities	20 211	28 237	-	-	48 543	-	-	-	28 237
Total non current liabilities	5 185	-	-	-	-	-	-	-	-
Community wealth/Equity	195 976	226 768	-	-	277 609	-	-	-	226 768
<u>Cash flows</u>									
Net cash from (used) operating	59 114	38 984	-	41 380	99 775	16 243	(83 532)	-514%	38 984
Net cash from (used) investing	(46 112)	(36 771)	-	8 246	(51 444)	4 143	55 587	1342%	(36 771)
Cash/cash equivalents at the month/year end	15 377	2 713	-	-	53 647	20 887	(32 761)	-157%	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	47	383	188	136	23 366	-	-	-	24 120
<u>Creditors Age Analysis</u>									
Total Creditors	2 244	(53)	34	1	-	-	-	(484)	1 742

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) - M05 November

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	–	32 041	91 974	47 703	44 271	93%	114 487
Executive and council		39 914	52 279	–	17 140	38 535	21 783	16 752	77%	52 279
Budget and treasury office		21 811	34 273	–	5 668	31 547	14 281	17 266	121%	34 273
Corporate services		22 704	27 934	–	9 233	21 892	11 639	10 253	88%	27 934
Community and public safety		19 190	15 147	–	4 212	10 563	6 311	4 252	67%	15 147
Public safety		19 190	15 147	–	4 212	10 563	6 311	4 252	67%	15 147
Economic and environmental services		87 919	91 171	–	13 458	41 332	37 988	3 344	9%	91 171
Planning and development		14 145	19 773	–	6 517	14 773	8 239	6 534	79%	19 773
Road transport		73 773	71 398	–	6 941	26 559	29 749	(3 190)	-11%	71 398
Trading services		14 497	18 032	–	5 703	13 212	7 513	5 699	76%	18 032
Waste management		14 497	18 032	–	5 703	13 212	7 513	5 699	76%	18 032
Total Revenue - Standard	2	206 035	238 836	–	55 414	157 082	99 515	57 567	58%	238 836
<u>Expenditure - Standard</u>	-									
Governance and administration		88 628	122 317	–	7 782	45 099	50 965	(5 866)	-12%	122 317
Executive and council		37 627	43 913	–	3 254	17 458	18 297	(839)	-5%	43 913
Budget and treasury office		29 362	47 910	–	2 187	17 185	19 963	(2 777)	-14%	47 910
Corporate services		21 639	30 494	–	2 340	10 456	12 706	(2 250)	-18%	30 494
Community and public safety		16 088	13 943	–	1 359	7 060	5 810	1 250	22%	13 943
Public safety		16 088	13 943	–	1 359	7 060	5 810	1 250	22%	13 943
Economic and environmental services		42 007	52 999	–	2 240	15 607	22 083	(6 476)	-29%	52 999
Planning and development		11 460	24 450	–	1 065	7 395	10 187	(2 792)	-27%	24 450
Road transport		30 547	28 549	–	1 174	8 212	11 895	(3 684)	-31%	28 549
Trading services		11 145	15 632	–	895	4 813	6 513	(1 700)	-26%	15 632
Waste management		11 145	15 632	–	895	4 813	6 513	(1 700)	-26%	15 632
Other		–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	157 868	204 890	–	12 275	72 579	85 371	(12 792)	-15%	204 890
Surplus/ (Deficit) for the year		48 167	33 946	–	43 138	84 503	14 144	70 359	497%	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) - M05 November

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	-	754	1 706	952	754	79.2%	2 285
Vote 2 - COUNCIL		25 294	33 941	-	11 088	24 843	14 142	10 701	75.7%	33 941
Vote 3 - MUNICIPAL MANAGER'S OFFICE		8 326	8 576	-	2 830	6 404	3 573	2 830	79.2%	8 576
Vote 4 - STRATEGIC SERVICES		4 616	7 477	-	2 468	5 583	3 116	2 468	79.2%	7 477
Vote 5 - BUDGET & TREASURY OFFICE		21 811	34 273	-	5 668	31 547	14 281	17 266	120.9%	34 273
Vote 6 - CORPORATE SERVICES		22 704	27 934	-	9 233	21 892	11 639	10 253	88.1%	27 934
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		10 778	19 773	-	6 517	14 773	8 239	6 534	79.3%	19 773
Vote 8 - COMMUNITY SERVICES		33 687	33 178	-	9 915	23 776	13 824	9 952	72.0%	33 178
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		77 141	71 398	-	6 941	26 559	29 749	(3 190)	-10.7%	71 398
Total Revenue by Vote	2	206 035	238 836	-	55 414	157 082	99 515	57 567	57.8%	238 836
<u>Expenditure by Vote</u>	1									
Vote 1 - MAYOR'S OFFICE		1 268	2 285	-	90	1 486	952	534	56.1%	2 285
Vote 2 - COUNCIL		22 588	33 141	-	2 048	9 761	13 809	(4 047)	-29.3%	33 141
Vote 3 - MUNICIPAL MANAGER'S OFFICE		13 771	8 487	-	1 116	6 210	3 536	2 674	75.6%	8 487
Vote 4 - STRATEGIC SERVICES		1 562	7 477	-	357	2 364	3 116	(752)	-24.1%	7 477
Vote 5 - BUDGET & TREASURY OFFICE		29 362	47 910	-	2 187	17 185	19 963	(2 777)	-13.9%	47 910
Vote 6 - CORPORATE SERVICES		21 639	30 494	-	2 340	10 456	12 706	(2 250)	-17.7%	30 494
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		6 594	16 973	-	708	5 031	7 072	(2 041)	-28.9%	16 973
Vote 8 - COMMUNITY SERVICES		27 233	29 574	-	2 254	11 873	12 323	(449)	-3.6%	29 574
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		33 850	28 549	-	1 174	8 212	11 895	(3 684)	-31.0%	28 549
Total Expenditure by Vote	2	157 868	204 890	-	12 275	72 579	85 371	(12 792)	-15.0%	204 890
Surplus/ (Deficit) for the year	2	48 167	33 946	-	43 138	84 503	14 144	70 359	497.4%	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) - M05 November

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	481	407	74	18%	976
Rental of facilities and equipment		44	43	-	3	20	18	2	14%	43
Interest earned - external investments		1 211	682	-	233	1 891	284	1 607	565%	682
Interest earned - outstanding debtors		661	111	-	69	538	46	492	1058%	111
Fines		144	216	-	7	19	90	(71)	-79%	216
Licences and permits		1 357	1 341	-	99	633	559	74	13%	1 341
Agency services		800	877	-	73	330	366	(35)	-10%	877
Transfers recognised - operational		136 339	181 706	-	53 183	122 782	75 711	47 071	62%	181 706
Other revenue		3 116	356	-	44	3 479	148	3 331	2249%	356
Gains on disposal of PPE		-	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		153 322	201 970	-	53 806	145 026	93 291	51 735	55%	201 970
<u>Expenditure By Type</u>										
Employee related costs		68 105	79 999	-	6 108	36 041	33 333	2 708	8%	79 999
Remuneration of councillors		15 065	19 533	-	1 297	6 590	8 139	(1 548)	-19%	19 533
Debt impairment		2 170	5 350	-	-	-	2 229	(2 229)	-100%	5 350
Depreciation & asset impairment		15 229	9 787	-	-	-	4 078	(4 078)	-100%	9 787
Contracted services		9 780	21 788	-	319	5 014	9 078	(4 064)	-45%	21 788
Other expenditure		47 375	68 432	-	4 551	24 933	28 514	(3 581)	-13%	68 432
Loss on disposal of PPE		145	-	-	-	-	-	-		-
Total Expenditure		157 868	204 890	-	12 275	72 579	85 371	(12 792)	-15%	204 890
Surplus/(Deficit)		(4 546)	(2 920)	-	41 531	72 447	7 920	64 527	0	(2 920)
Transfers recognised - capital		52 712	36 866	-	1 608	12 056	22 120	(10 063)	(0)	36 866
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		48 167	33 946	-	43 138	84 503	30 040			33 946
Taxation								-		
Surplus/(Deficit) after taxation		48 167	33 946	-	43 138	84 503	30 040			33 946
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		48 167	33 946	-	43 138	84 503	30 040			33 946
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		48 167	33 946	-	43 138	84 503	30 040			33 946

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

Capital Expenditure reflects an unfavourable deviation of 44%. Year to date budget is R29.8 million whilst expenditure is sitting at R16.7 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M05 November

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	800	18	2%	800
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	89	-	-	-	37	(37)	-100%	89
Vote 4 - STRATEGIC SERVICES		-	-	-	-	-	-	-		-
Vote 5 - BUDGET & TREASURY OFFICE		-	1 500	-	-	4	625	(621)	-99%	1 500
Vote 6 - CORPORATE SERVICES		34	1 150	-	-	97	479	(382)	-80%	1 150
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	2 800	-	-	-	1 167	(1 167)	-100%	2 800
Vote 8 - COMMUNITY SERVICES		9	3 510	-	-	2 240	1 463	778	53%	3 510
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		45 748	42 850	-	1 857	13 605	25 292	(11 687)	-46%	42 850
Total Capital single-year expenditure	4	45 790	52 699	-	1 857	16 765	29 862	(13 098)	-44%	52 699
Total Capital Expenditure		45 790	52 699	-	1 857	16 765	29 862	(13 098)	-44%	52 699
<u>Capital Expenditure - Standard Classification</u>										
Governance and administration		34	3 539	-	-	919	1 941	(1 022)	-53%	3 539
Executive and council		-	889	-	-	818	837	(19)	-2%	889
Budget and treasury office		-	1 500	-	-	4	625	(621)	-99%	1 500
Corporate services		34	1 150	-	-	97	479	(382)	-80%	1 150
Community and public safety		9	1 110	-	-	30	463	(433)	-94%	1 110
Public safety		9	1 110	-	-	30	463	(433)	-94%	1 110
Economic and environmental services		45 748	45 650	-	1 857	13 605	26 459	(12 853)	-49%	45 650
Planning and development		-	2 800	-	-	-	1 167	(1 167)	-100%	2 800
Road transport		45 748	42 850	-	1 857	13 605	25 292	(11 687)	-46%	42 850
Trading services		-	2 400	-	-	2 210	1 000	1 210	121%	2 400
Waste management		-	2 400	-	-	2 210	1 000	1 210	121%	2 400
Total Capital Expenditure - Standard Classification	3	45 790	52 699	-	1 857	16 765	29 862	(13 098)	-44%	52 699
<u>Funded by:</u>										
National Government		45 790	52 699	-	1 857	16 765	13 775	2 990	22%	52 699
Transfers recognised - capital		45 790	52 699	-	1 857	16 765	13 775	2 990	22%	52 699
Total Capital Funding		45 790	52 699	-	1 857	16 765	13 775	2 990	22%	52 699

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

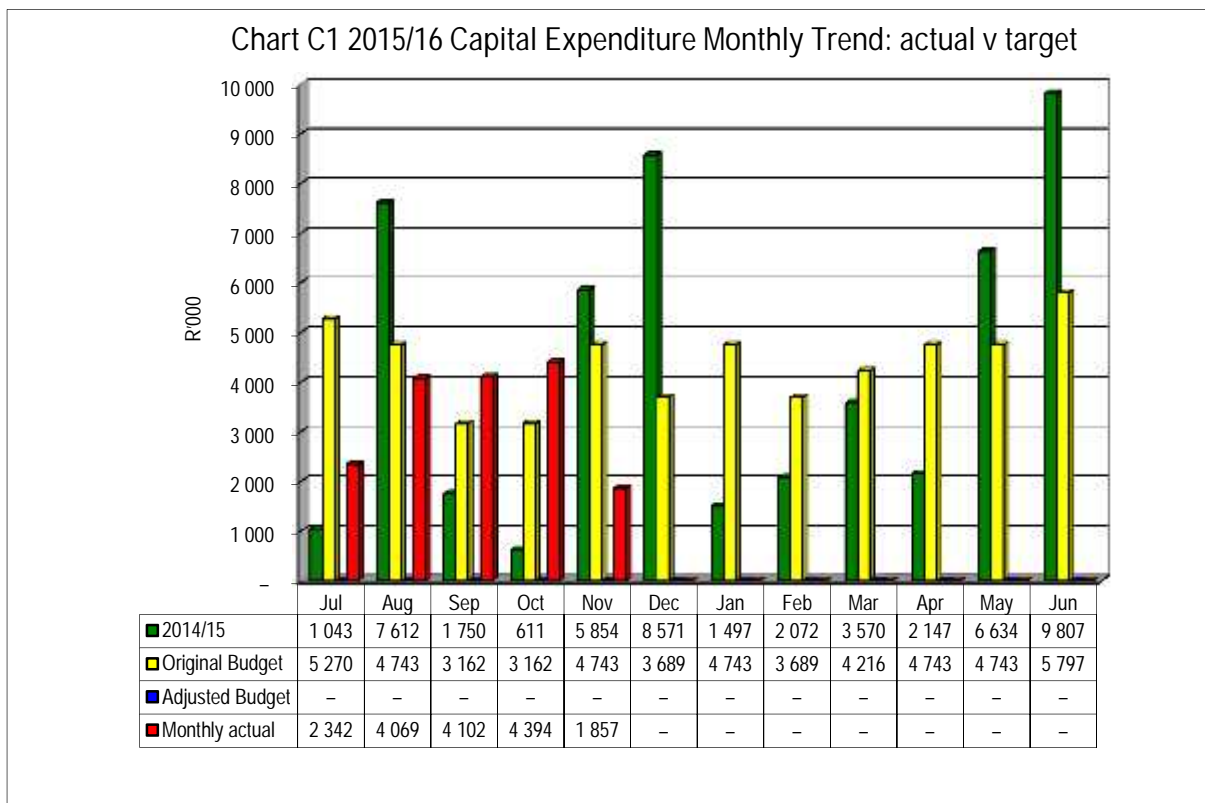


TABLE C6 Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M05 November

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	-	97 325	2 713
Call investment deposits		-	7 607	-	-	7 607
Consumer debtors		2 628	6 021	-	8 854	6 021
Other debtors		2 606	395	-	1 376	395
Current portion of long-term receivables		484	-	-	-	-
Inventory		15 954	16 062	-	16 274	16 062
Total current assets		37 049	32 798	-	123 829	32 798
Non current assets						
Investment property		27 112	27 442	-	27 112	27 442
Property, plant and equipment		156 278	193 900	-	174 391	193 900
Intangible assets		815	865	-	820	865
Other non-current assets		119	-	-	-	-
Total non current assets		184 324	222 207	-	202 323	222 207
TOTAL ASSETS		221 373	255 005	-	326 152	255 005
LIABILITIES						
Current liabilities	-					
Trade and other payables		8 183	8 826	-	27 924	8 826
Provisions		12 029	19 411	-	20 619	19 411
Total current liabilities		20 211	28 237	-	48 543	28 237
Non current liabilities						
Provisions		5 185	-	-	-	-
Total non current liabilities		5 185	-	-	-	-
TOTAL LIABILITIES		25 397	28 237	-	48 543	28 237
NET ASSETS	2	195 976	226 768	-	277 609	226 768
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		195 976	226 768	-	277 609	226 768
TOTAL COMMUNITY WEALTH/EQUITY	2	195 976	226 768	-	277 609	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 - M05 November

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		5 311	5 911	3 263	2 648	81%	7 831
Service charges		172	488		13	186	203	(17)	-9%	488
Other revenue		4 413	2 832		1 764	7 717	1 180	6 537	554%	2 832
Government - operating		133 736	181 706		52 604	135 313	75 711	59 602	79%	181 706
Government - capital		57 023	36 866		-	24 950	15 361	9 589	62%	36 866
Interest		1 211	682		473	2 005	284	1 720	605%	682
Payments										
Suppliers and employees		(142 561)	(191 422)		(18 785)	(76 306)	(79 759)	(3 453)	4%	(191 422)
NET CASH FROM/(USED) OPERATING ACTIVITIES		59 114	38 984	-	41 380	99 775	16 243	(83 532)	-514%	38 984
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Decrease (increase) other non-current receivables			6 944		-	-	2 893	(2 893)	-100%	6 944
Decrease (increase) in non-current investments	1		3 000		9 999	(33 916)	1 250	(35 166)	-2813%	3 000
Payments										
Capital assets		(46 113)	(46 715)		(1 753)	(17 528)	(19 465)	(1 937)	10%	(46 715)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(46 112)	(36 771)	-	8 246	(51 444)	(15 321)	36 122	-236%	(36 771)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		13 002	2 213	-	49 625	48 332	922			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	-		53 647	1 422			7 527

PART 2: SUPPORTING DOCUMENTATION

Table SC1: Material Variances and explanations

EC156 Mhlontlo - Supporting Table SC1 Material variance explanations - M05 November

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	<u>Revenue By Source</u>			
	Property rates	-5%		
	Service charges - refuse revenue	18%	Over-collection.	Correct it in the adjustment budget.
	Interest earned - external investments	565%	Over-collection. Actuals are currently exceeding the total annual budget.	Correct it in the adjustment budget.
	Transfers recognised - operational	62%	Equitable 2nd trench has been received in this month of November.	
	Interest earned - outstanding debtors	1058%	Over-collection. Actuals are currently exceeding the total annual budget.	Correct it in the adjustment budget.
	Fines	-79%	Low collection levels.	Correct it in the adjustment budget.
	Other revenue	2249%	Over- collection	Correct it in the adjustment budget.
2	<u>Expenditure By Type</u>			
	Contracted services	-45%	Project funded by INEP was moving slowly until the allocation was transferred in Sept 2015, work on site has commenced. Expenditure has been incurred in December 2015, to be reported in that month.	
	Depreciation & asset impairment	-100%	Depreciation not yet processed in the system.	
	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	-100%	LED not spending in its current project (CDC).	
	Vote 8 - COMMUNITY SERVICES	53%	The department has just bought the refuse truck. No spending in other items of the Capital Budget.	
	Vote 5 - BUDGET & TREASURY OFFICE	-99%	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 R24.1 million of which the biggest portion is on households with R14.5 million being owed by this group of debtors. Over R13.8 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 R330 thousand.

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									
Receivables from Non-exchange Transactions - Property Rates	1400	126	205	101	93	13 532	14 057	13 625	
Receivables from Exchange Transactions - Waste Management	1600	50	178	87	43	4 492	4 850	4 535	
Other	1900	(129)	-	-	-	5 342	5 213	5 342	
Total By Income Source	2000	47	383	188	136	23 366	24 120	23 501	
2014/15 - totals only							-	-	
Debtors Age Analysis By Customer Group									
Organs of State	2200	(878)	15	8	4	1 181	330	1 185	
Commercial	2300	599	168	82	64	8 299	9 211	8 362	
Households	2400	325	201	99	68	13 886	14 578	13 954	
Total By Customer Group	2600	47	383	188	136	23 366	24 120	23 501	

Graphical presentation of the debtors' age analysis

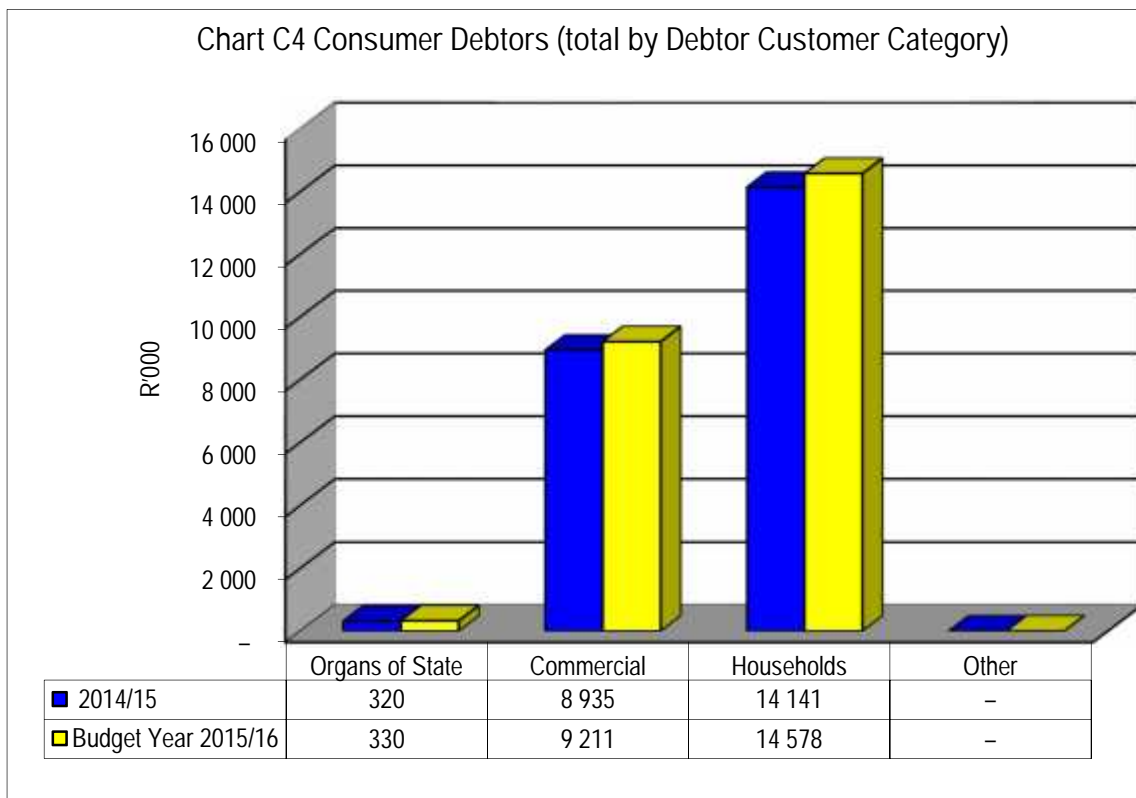


Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M05 November

Description R thousands	NT Code	Budget Year 2015/16								
		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
Creditors Age Analysis By Customer Type										
Trade Creditors	0700	2 244	(53)	34	1	-	-	-	(484)	1 742
Total By Customer Type	1000	2 244	(53)	34	1	-	-	-	(484)	1 742

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 November 2015. Total cash available was R53.4 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M05 November

Investments by maturity Name of institution & investment ID R thousands	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
		Yrs/Months							
<u>Municipality</u>									
(FMG) 62280641244 - FNB		Call	Call Deposit	Call Deposit	7	4.40	1 885	(349)	1 536
(MSIG) 62280642416 - FNB		Call	Call Deposit	Call Deposit	4	4.40	986	(0)	986
(Equitable Share) 62027945809 - FNB		Call	Call Deposit	Call Deposit	32	4.40	13 900	(8 923)	4 977
(MIG) 62170844221 - FNB		Call	Call Deposit	Call Deposit	51	4.25	16 219	(3 090)	13 128
(Gqunu Lots) 62020395390 - FNB		Call	Call Deposit	Call Deposit	3	4.25	700	6 300	7 000
(IDP) 62075570137 - FNB		Call	Call Deposit	Call Deposit	1	2.90	401	-	401
(INEP) 74231136926 - FNB		Call	Call Deposit	Call Deposit	46	5.90	11 010	(1 193)	9 817
(LED) 62075571713 - FNB		Call	Call Deposit	Call Deposit	1	2.90	396	1	396
(Revolving Fund) 61399068117 - FNB		Call	Call Deposit	Call Deposit	27	4.40	7 202	-	7 202
(Bulk Housing) 62280645345 - FNB		Call	Call Deposit	Call Deposit	3	4.40	736	(0)	736
(7 days Notice) 74366814934 - FNB		Call	Call Deposit	Call Deposit	-	4.40	10	-	10
TOTAL INVESTMENTS AND INTEREST	2				173		53 445	(7 255)	46 189

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 - M05 November

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	-	52 904	138 676	57 826	71 349	123.4%	180 766
Local Government Equitable Share		127 895	159 404		52 604	119 022	47 821	71 201	148.9%	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		300	700	300			1 000
Integrated National Electrification Programme		4 000	13 000		-	13 000	3 900			13 000
Municipal Infrastructure Grant (MIG)-operating		-	4 557		-	3 149	3 000	149	5.0%	4 557
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	-	52 904	138 676	57 996	71 179	122.7%	180 936
<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	-	52 904	160 477	69 287	81 690	117.9%	218 572

Table SC7: Grants expenditure

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

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

Finance management grant's expenditure amounts to R429 thousand. This amount was used on interns' salaries and financial management.

Library grant expenditure amounts to R57 thousand, and was used is paying the librarians' salary.

Municipal Infrastructure Grant's expenditure amounts to R438 on operations and R12.7 on capital expenditure.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M05 November

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	-	443	3 670	3 451	219	6.3%	180 766
Local Government Equitable Share		-	159 404		-	-	-	-		159 404
Municipal Systems Improvement		934	930		194	194	78	117	150.8%	930
Finance Management		1 800	1 875		75	429	156	272	174.3%	1 875
EPWP Incentive		1 214	1 000		173	528	83	445	534.0%	1 000
Integrated National Electrification Programme		4 311	13 000		-	2 519	1 083	1 435	132.5%	13 000
Municipal Infrastructure Grant (MIG)-operating		-	4 557		-	-	2 051	(2 051)	-100.0%	4 557
Provincial Government:		149	170	-	6	57	71	(14)	-19.6%	170
Library & Subsidies		149	170		6	57	71	(14)	-19.6%	170
Total operating expenditure of Transfers and Grants:		8 408	180 936	-	449	3 727	3 522	205	5.8%	180 936
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		53 201	37 636	-	1 918	12 702	16 936	(4 234)	-25.0%	37 636
Municipal Infrastructure Grant (MIG)		53 201	37 636		1 918	12 702	16 936	(4 234)	-25.0%	37 636
Total capital expenditure of Transfers and Grants		53 201	37 636	-	1 918	12 702	16 936	(4 234)	-25.0%	37 636
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		61 609	218 572	-	2 367	16 429	20 458	(4 029)	-19.7%	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 R42.6 million.

EC156 Mhlontlo - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M05 November

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		925	4 738	6 117	(1 380)	-23%	14 682
Pension and UIF Contributions		60	-		-	1	-	1		-
Medical Aid Contributions		68	-			2	-	2		-
Motor Vehicle Allowance		2 892	3 670		254	1 265	1 529	(264)	-17%	3 670
Cellphone Allowance		1 300	1 181		106	527	492	35	7%	1 181
Housing Allowances		-	-				-	-		-
Other benefits and allowances		139	-		11	58	-	58		-
Sub Total - Councillors		21 331	19 533	-	1 296	6 590	8 139	(1 548)	-19%	19 533
% increase	4		-8.4%							-8.4%
Senior Managers of the Municipality	3									
Basic Salaries and Wages			3 889				1 620	(1 620)	-100%	3 889
Pension and UIF Contributions			49				21	(21)	-100%	49
Motor Vehicle Allowance			1 507				628	(628)	-100%	1 507
Housing Allowances			773				322	(322)	-100%	773
Sub Total - Senior Managers of Municipality		-	6 218	-	-	-	2 591	(2 591)	-100%	6 218
Other Municipal Staff										
Basic Salaries and Wages		40 154	39 155		3 829	23 689	16 314	7 374	45%	39 155
Pension and UIF Contributions		5 311	7 000		473	2 370	2 917	(546)	-19%	7 000
Medical Aid Contributions		4 428	8 988		391	1 942	3 745	(1 803)	-48%	8 988
Overtime		2 276	-		175	880	-	880		-
Performance Bonus		-	-		-	-	-	-		-
Motor Vehicle Allowance		6 168	6 535		619	2 987	2 723	264	10%	6 535
Cellphone Allowance		662	869		63	303	362	(59)	-16%	869
Housing Allowances		2 247	2 328		187	930	970	(41)	-4%	2 328
Other benefits and allowances		3 631	5 197		364	2 358	2 165	193	9%	5 197
Payments in lieu of leave		531	3 710		8	582	1 546	(963)	-62%	3 710
Long service awards		318	-		-	-	-	-		-
Post-retirement benefit obligations			-		-	-	-	-		-
Sub Total - Other Municipal Staff		65 726	73 782	-	6 108	36 041	30 742	5 299	17%	73 782
% increase	4		12.3%							12.3%
Total Parent Municipality		87 058	99 533	-	7 405	42 632	41 472	1 160	3%	99 533
Unpaid salary, allowances & benefits in arrears:			14.3%							14.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		87 058	99 533	-	7 405	42 632	41 472	1 160	3%	99 533
% increase	4		14.3%							14.3%
TOTAL MANAGERS AND STAFF		65 726	79 999	-	6 108	36 041	33 333	2 708	8%	79 999

Additional Information

Reconciliation of cash available	
	30-11-2015
Cash and cash equivalents at month end	56 597 754.87
Call investment Deposits	46 189 410.01
	102 787 164.88
Less:	
<i>Unspent Conditional Grant</i>	-26 953 700.86
Municipal Infrastructure Grant	-12 146 255.00
INEP	-11 011 240.00
Financial Management Grant	-1 446 436.00
Municipal Systems Grant	-736 636.00
EPWP	-175 191.00
Library	0.00
Gqunu Lots	-701 882.86
Bulk Housing	-736 060.00
Net cash available for internal distribution	75 833 464.02
Less amounts allocated to:	
Expected future payments(operations)	-29 734 506.00
Employee Benefits Reserve(December-March) Salaries)	-42 631 000.00
Current Cash Resources available/shortfall	3 467 958.02

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 30 November 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.....