

# 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 September 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 September 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 September 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 September 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, R41.4 million was spent against the expected budget of R51.2 million giving rise to a variance of more than R9.7 million. This is because on non-cash items like depreciation that have not been accounted for.

#### *Employee Costs*

R19.6 million has been spent to date on employee related costs against the expected R20 thousand.

#### *Remuneration of Councillors*

Amount spent since July totals to R4.0 million against the budgeted R4.8 million.

#### *Contracted Services*

On contracted services, R2.9 million has been spent since July. The budgeted amount for this item is R5.4 giving a variance of R2.5 million.

#### *Other Expenditure*

This line item's expenditure is R14.8 million against the expected budget of R17.1 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 R10.5 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 R13.7.

EC156 Mhlontlo - Table C1 Monthly Budget Statement Summary - Q1 First Quarter

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	288	244	44	18%	976
Investment revenue	1 211	682	-	287	1 401	171	1 231	722%	682
Transfers recognised - operational	136 339	181 706	-	897	68 313	45 426	22 887	50%	181 706
Other own revenue	6 121	2 943	-	1 284	2 240	736	1 504	204%	2 943
Total Revenue (excluding capital transfers and contributions)	153 322	201 970	-	2 565	87 096	62 239	24 856	40%	201 970
Employee costs	68 105	79 999	-	6 730	19 685	20 000	(315)	-2%	79 999
Remuneration of Councillors	15 065	19 533	-	1 226	4 066	4 883	(817)	-17%	19 533
Depreciation & asset impairment	15 229	9 787	-	-	-	2 447	(2 447)	-100%	9 787
Other expenditure	59 469	95 570	-	3 802	17 731	23 893	(6 161)	-26%	95 570
Total Expenditure	157 868	204 890	-	11 758	41 483	51 222	(9 740)	-19%	204 890
Surplus/(Deficit)	(4 546)	(2 920)	-	(9 193)	45 613	11 017	34 596	314%	(2 920)
Transfers recognised - capital	52 712	36 866	-	1 833	7 726	9 217	(1 491)	-16%	36 866
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	48 167	33 946	-	(7 360)	53 339	20 233	33 105	164%	33 946
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	48 167	33 946	-	(7 360)	53 339	20 233	33 105	164%	33 946
<u>Capital expenditure &amp; funds sources</u>									
Capital expenditure	45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	52 699
Capital transfers recognised	45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	52 699
Total sources of capital funds	45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	52 699
<u>Financial position</u>									
Total current assets	37 049	32 798	-	-	105 306	-	-	-	32 798
Total non current assets	184 324	222 207	-	-	196 017	-	-	-	222 207
Total current liabilities	20 211	28 237	-	-	54 877	-	-	-	28 237
Total non current liabilities	5 185	-	-	-	-	-	-	-	-
Community wealth/Equity	195 976	226 768	-	-	246 445	-	-	-	226 768
<u>Cash flows</u>									
Net cash from (used) operating	59 114	38 984	-	2 013	69 836	9 746	(60 090)	-617%	38 984
Net cash from (used) investing	(46 112)	(36 771)	-	12 936	(61 374)	(9 193)	52 181	-568%	(36 771)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	15 377	2 713	-	-	13 777	1 053	(12 724)	-1208%	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	7 704	185	136	135	21 189	-	-	-	29 349
<u>Creditors Age Analysis</u>									
Total Creditors	324	(448)	1 082	-	-	-	101	(585)	474

## 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) - Q1 First Quarter

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		84 429	114 487	–	1 404	57 642	28 622	29 020	101%	114 487
Executive and council		39 914	52 279	–	–	21 395	13 070	8 326	64%	52 279
Budget and treasury office		21 811	34 273	–	510	23 601	8 568	15 033	175%	34 273
Corporate services		22 704	27 934	–	894	12 645	6 984	5 662	81%	27 934
Community and public safety		19 190	15 147	–	232	5 842	3 787	2 055	54%	15 147
Public safety		19 190	15 147	–	232	5 842	3 787	2 055	54%	15 147
Economic and environmental services		87 919	91 171	–	2 632	23 943	22 793	1 151	5%	91 171
Planning and development		14 145	19 773	–	3	8 241	4 943	3 298	67%	19 773
Road transport		73 773	71 398	–	2 630	15 702	17 850	(2 147)	-12%	71 398
Trading services		14 497	18 032	–	130	7 395	4 508	2 887	64%	18 032
Waste management		14 497	18 032	–	130	7 395	4 508	2 887	64%	18 032
Other	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Standard</b>	2	206 035	238 836	–	4 398	94 822	59 709	35 113	59%	238 836
<b>Expenditure - Standard</b>	-									
Governance and administration		88 628	122 317	–	6 302	25 652	30 579	(4 927)	-16%	122 317
Executive and council		37 627	43 913	–	2 328	10 147	10 978	(831)	-8%	43 913
Budget and treasury office		29 362	47 910	–	1 766	8 725	11 978	(3 252)	-27%	47 910
Corporate services		21 639	30 494	–	2 207	6 779	7 623	(844)	-11%	30 494
Community and public safety		16 088	13 943	–	1 384	4 272	3 486	786	23%	13 943
Public safety		16 088	13 943	–	1 384	4 272	3 486	786	23%	13 943
Economic and environmental services		42 007	52 999	–	3 063	8 869	13 250	(4 381)	-33%	52 999
Planning and development		11 460	24 450	–	1 267	4 332	6 112	(1 781)	-29%	24 450
Road transport		30 547	28 549	–	1 796	4 537	7 137	(2 600)	-36%	28 549
Trading services		11 145	15 632	–	1 009	2 690	3 908	(1 218)	-31%	15 632
Waste management		11 145	15 632	–	1 009	2 690	3 908	(1 218)	-31%	15 632
Other		–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Standard</b>	3	157 868	204 890	–	11 758	41 483	51 222	(9 740)	-19%	204 890
<b>Surplus/ (Deficit) for the year</b>		48 167	33 946	–	(7 360)	53 339	8 486	44 852	529%	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 exceed.

EC156 Mhlontlo - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1 First Quarter

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	571	381	66.7%	2 285
Vote 2 - COUNCIL		25 294	33 941	-	-	13 755	8 485	5 269	62.1%	33 941
Vote 3 - MUNICIPAL MANAGER'S OFFICE		8 326	8 576	-	-	3 573	2 144	1 429	66.7%	8 576
Vote 4 - STRATEGIC SERVICES		4 616	7 477	-	-	3 116	1 869	1 246	66.7%	7 477
Vote 5 - BUDGET & TREASURY OFFICE		21 811	34 273	-	510	23 601	8 568	15 033	175.4%	34 273
Vote 6 - CORPORATE SERVICES		22 704	27 934	-	894	12 645	6 984	5 662	81.1%	27 934
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		10 778	19 773	-	3	8 241	4 943	3 298	66.7%	19 773
Vote 8 - COMMUNITY SERVICES		33 687	33 178	-	362	13 237	8 295	4 942	59.6%	33 178
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		77 141	71 398	-	2 630	15 702	17 850	(2 147)	-12.0%	71 398
<b>Total Revenue by Vote</b>	2	206 035	238 836	-	4 398	94 822	59 709	35 113	58.8%	238 836
<u>Expenditure by Vote</u>	1									
Vote 1 - MAYOR'S OFFICE		1 268	2 285	-	119	1 268	571	697	122.0%	2 285
Vote 2 - COUNCIL		22 588	33 141	-	1 887	5 831	8 285	(2 454)	-29.6%	33 141
Vote 3 - MUNICIPAL MANAGER'S OFFICE		13 771	8 487	-	322	3 048	2 122	927	43.7%	8 487
Vote 4 - STRATEGIC SERVICES		1 562	7 477	-	545	1 241	1 869	(628)	-33.6%	7 477
Vote 5 - BUDGET & TREASURY OFFICE		29 362	47 910	-	1 766	8 725	11 978	(3 252)	-27.2%	47 910
Vote 6 - CORPORATE SERVICES		21 639	30 494	-	2 207	6 779	7 623	(844)	-11.1%	30 494
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		6 594	16 973	-	722	3 091	4 243	(1 153)	-27.2%	16 973
Vote 8 - COMMUNITY SERVICES		27 233	29 574	-	2 393	6 962	7 394	(431)	-5.8%	29 574
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		33 850	28 549	-	1 796	4 537	7 137	(2 600)	-36.4%	28 549
<b>Total Expenditure by Vote</b>	2	157 868	204 890	-	11 758	41 483	51 222	(9 740)	-19.0%	204 890
<b>Surplus/ (Deficit) for the year</b>	2	48 167	33 946	-	(7 360)	53 339	8 486	44 852	528.5%	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) - Q1 First Quarter

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>Revenue By Source</b>										
Property rates		9 078	15 663		-	14 853	15 663	(809)	-5%	15 663
Service charges - refuse revenue		573	976		96	288	244	44	18%	976
Service charges - other			-		-	-	-	-		-
Rental of facilities and equipment		44	43		6	15	11	5	43%	43
Interest earned - external investments		1 211	682		287	1 401	171	1 231	722%	682
Interest earned - outstanding debtors		661	111		117	351	28	323	1159%	111
Dividends received		-	-		-	-	-	-		-
Fines		144	216		5	9	54	(45)	-84%	216
Licences and permits		1 357	1 341		125	399	335	64	19%	1 341
Agency services		800	877		79	191	219	(29)	-13%	877
Transfers recognised - operational		136 339	181 706		897	68 313	45 426	22 887	50%	181 706
Other revenue		3 116	356		953	1 275	89	1 186	1334%	356
Gains on disposal of PPE		-	-		-	-	-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>153 322</b>	<b>201 970</b>	<b>-</b>	<b>2 565</b>	<b>87 096</b>	<b>62 239</b>	<b>24 856</b>	<b>40%</b>	<b>201 970</b>
<b>Expenditure By Type</b>										
Employee related costs		68 105	79 999		6 730	19 685	20 000	(315)	-2%	79 999
Remuneration of councillors		15 065	19 533		1 226	4 066	4 883	(817)	-17%	19 533
Debt impairment		2 170	5 350		-	-	1 338	(1 338)	-100%	5 350
Depreciation & asset impairment		15 229	9 787		-	-	2 447	(2 447)	-100%	9 787
Contracted services		9 780	21 788		1 027	2 920	5 447	(2 527)	-46%	21 788
Transfers and grants		-	-		-	-	-	-		-
Other expenditure		47 375	68 432		2 775	14 811	17 108	(2 297)	-13%	68 432
Loss on disposal of PPE		145	-		-	-	-	-		-
<b>Total Expenditure</b>		<b>157 868</b>	<b>204 890</b>	<b>-</b>	<b>11 758</b>	<b>41 483</b>	<b>51 222</b>	<b>(9 740)</b>	<b>-19%</b>	<b>204 890</b>
<b>Surplus/(Deficit)</b>		<b>(4 546)</b>	<b>(2 920)</b>	<b>-</b>	<b>(9 193)</b>	<b>45 613</b>	<b>11 017</b>	<b>34 596</b>	<b>0</b>	<b>(2 920)</b>
Transfers recognised - capital		52 712	36 866		1 833	7 726	9 217	(1 491)	(0)	36 866
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>48 167</b>	<b>33 946</b>	<b>-</b>	<b>(7 360)</b>	<b>53 339</b>	<b>20 233</b>			<b>33 946</b>
Taxation								-		
<b>Surplus/(Deficit) after taxation</b>		<b>48 167</b>	<b>33 946</b>	<b>-</b>	<b>(7 360)</b>	<b>53 339</b>	<b>20 233</b>			<b>33 946</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>48 167</b>	<b>33 946</b>	<b>-</b>	<b>(7 360)</b>	<b>53 339</b>	<b>20 233</b>			<b>33 946</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>48 167</b>	<b>33 946</b>	<b>-</b>	<b>(7 360)</b>	<b>53 339</b>	<b>20 233</b>			<b>33 946</b>

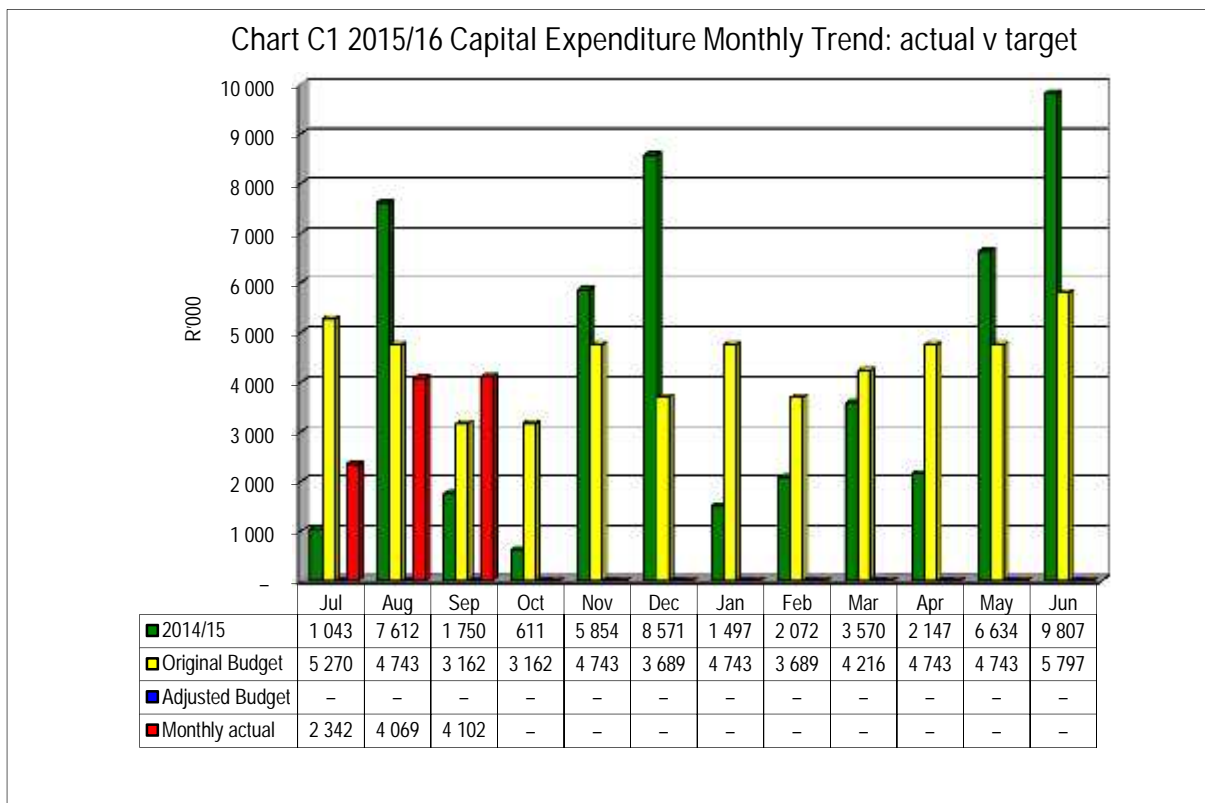
## Table C5: Capital Expenditure (Municipal Vote, standard classification, and funding)

Capital Expenditure reflects an unfavourable deviation of 24%. Year to date budget is R10.5 million whilst expenditure is sitting at R13.7 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q1 First Quarter

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 1 - MAYOR'S OFFICE		-	-	-	-	-	-	-	-	-
Vote 2 - COUNCIL		-	800	-	-	800	800	-		800
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	89	-	-	-	22	(22)	-100%	89
Vote 4 - STRATEGIC SERVICES		-	-	-	-	-	-	-		-
Vote 5 - BUDGET & TREASURY OFFICE		-	1 500	-	-	4	375	(371)	-99%	1 500
Vote 6 - CORPORATE SERVICES		34	1 150	-	25	78	288	(210)	-73%	1 150
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	2 800	-	-	-	700	(700)	-100%	2 800
Vote 8 - COMMUNITY SERVICES		9	3 510	-	-	-	878	(878)	-100%	3 510
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		45 748	42 850	-	4 077	9 631	10 712	(1 081)	-10%	42 850
Total Capital single-year expenditure	4	45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	52 699
Total Capital Expenditure		45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	52 699
<u>Capital Expenditure - Standard Classification</u>										
Governance and administration		34	3 539	-	25	882	1 485	(603)	-41%	3 539
Executive and council		-	889	-	-	800	822	(22)	-3%	889
Budget and treasury office		-	1 500	-	-	4	375	(371)	-99%	1 500
Corporate services		34	1 150	-	25	78	288	(210)	-73%	1 150
Community and public safety		9	1 110	-	-	-	278	(278)	-100%	1 110
Public safety		9	1 110	-	-	-	278	(278)	-100%	1 110
Economic and environmental services		45 748	45 650	-	4 077	9 631	11 412	(1 781)	-16%	45 650
Planning and development		-	2 800	-	-	-	700	(700)	-100%	2 800
Road transport		45 748	42 850	-	4 077	9 631	10 712	(1 081)	-10%	42 850
Environmental protection		-	-	-	-	-	-	-		-
Trading services		-	2 400	-	-	-	600	(600)	-100%	2 400
Waste management		-	2 400	-	-	-	600	(600)	-100%	2 400
Other										
Total Capital Expenditure - Standard Classification	3	45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	52 699
<u>Funded by:</u>										
National Government		45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	52 699
Transfers recognised - capital		45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	52 699
Public contributions & donations	5							-		
Borrowing	6							-		
Internally generated funds								-		
Total Capital Funding		45 790	52 699	-	4 102	10 513	13 775	(3 261)	-24%	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 - Q1 First Quarter

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		15 377	2 713		74 193	2 713
Call investment deposits		-	7 607			7 607
Consumer debtors		2 628	6 021		14 083	6 021
Other debtors		2 606	395		1 076	395
Current portion of long-term receivables		484				
Inventory		15 954	16 062		15 954	16 062
Total current assets		37 049	32 798	-	105 306	32 798
Non current assets						
Investment property		27 112	27 442		27 112	27 442
Property, plant and equipment		156 278	193 900		168 085	193 900
Intangible assets		815	865		820	865
Other non-current assets		119				
Total non current assets		184 324	222 207	-	196 017	222 207
<b>TOTAL ASSETS</b>		221 373	255 005	-	301 322	255 005
<b>LIABILITIES</b>						
Current liabilities	-					
Trade and other payables		8 183	8 826		34 259	8 826
Provisions		12 029	19 411		20 618	19 411
Total current liabilities		20 211	28 237	-	54 877	28 237
Non current liabilities						
Provisions		5 185				
Total non current liabilities		5 185	-	-	-	-
<b>TOTAL LIABILITIES</b>		25 397	28 237	-	54 877	28 237
<b>NET ASSETS</b>	2	195 976	226 768	-	246 445	226 768
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		195 976	226 768		246 445	226 768
Reserves					-	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	195 976	226 768	-	246 445	226 768

## 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 - Q1 First Quarter

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		5 119	7 831		94	482	1 958	(1 476)	-75%	7 831
Service charges		172	488		65	130	122	8	7%	488
Other revenue		4 413	2 832		2 132	5 240	708	4 532	640%	2 832
Government - operating		133 736	181 706		13 000	82 709	45 426	37 282	82%	181 706
Government - capital		57 023	36 866		-	24 950	9 217	15 733	171%	36 866
Interest		1 211	682		248	1 295	171	1 124	659%	682
Payments										
Suppliers and employees		(142 561)	(191 422)		(13 527)	(44 970)	(47 855)	(2 885)	6%	(191 422)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		59 114	38 984	-	2 013	69 836	9 746	(60 090)	-617%	38 984
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Decrease (increase) other non-current receivables			6 944		16 983	(50 352)	1 736	(52 088)	-3000%	6 944
Decrease (increase) in non-current investments	1		3 000				750	(750)	-100%	3 000
Payments										
Capital assets		(46 113)	(46 715)		(4 047)	(11 022)	(11 679)	(657)	6%	(46 715)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		(46 112)	(36 771)	-	12 936	(61 374)	(9 193)	52 181	-568%	(36 771)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-		-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		13 002	2 213	-	14 949	8 462	553			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	-		13 777	1 053			7 527

## PART 2: SUPPORTING DOCUMENTATION

### Table SC1: Material Variances and explanations

EC156 Mhlontlo - Supporting Table SC1 Material variance explanations - Q1 First Quarter

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%	Under etimated budget.	Adjust the budget
	Interest earned - external investments	722%	Over-collection.	Adjust the budget
	Transfers recognised - operational	50%	MSIG has not yet started on spending & Library Subsidy not yet transferred to the municipality.	
2	<u>Expenditure By Type</u>			
	Contracted services	-46%	Expenditure funded by INEP is moving slow because of the delayed allocation for 2015/16 FY. The 2015/16 allocation for INEP has been transferred in this month of September 2015.	
	Interest earned - outstanding debtors	1159%	Under etimated budget.	
	Fines	-84%	Under collection	
	Other revenue	1334%	Over collection	
3	<u>Capital Expenditure</u>			
	Vote 2 - COUNCIL			
	Vote 3 - MUNICIPAL MANAGER'S OFFICE	-100%	Expenditure to take place in the second quarter	
	Vote 5 - BUDGET & TREASURY OFFICE	-99%	Expenditure to take place in the second quarter	
	Vote 6 - CORPORATE SERVICES	-73%	Expenditure to take place in the second quarter	
	Vote 7 - LOCAL ECONOMIC DEVELOPMENT	-100%	Expenditure to take place in the second quarter	
	Vote 8 - COMMUNITY SERVICES	-100%	Expenditure to take place in the second quarter	
	Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING	143%		

### Table SC3: Aged Debtors

The municipality is being owed a total amount of R29.3 million of which the biggest portion is on households with R14.4 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 R9.2 million. Over R7.7 million is over 120 days.

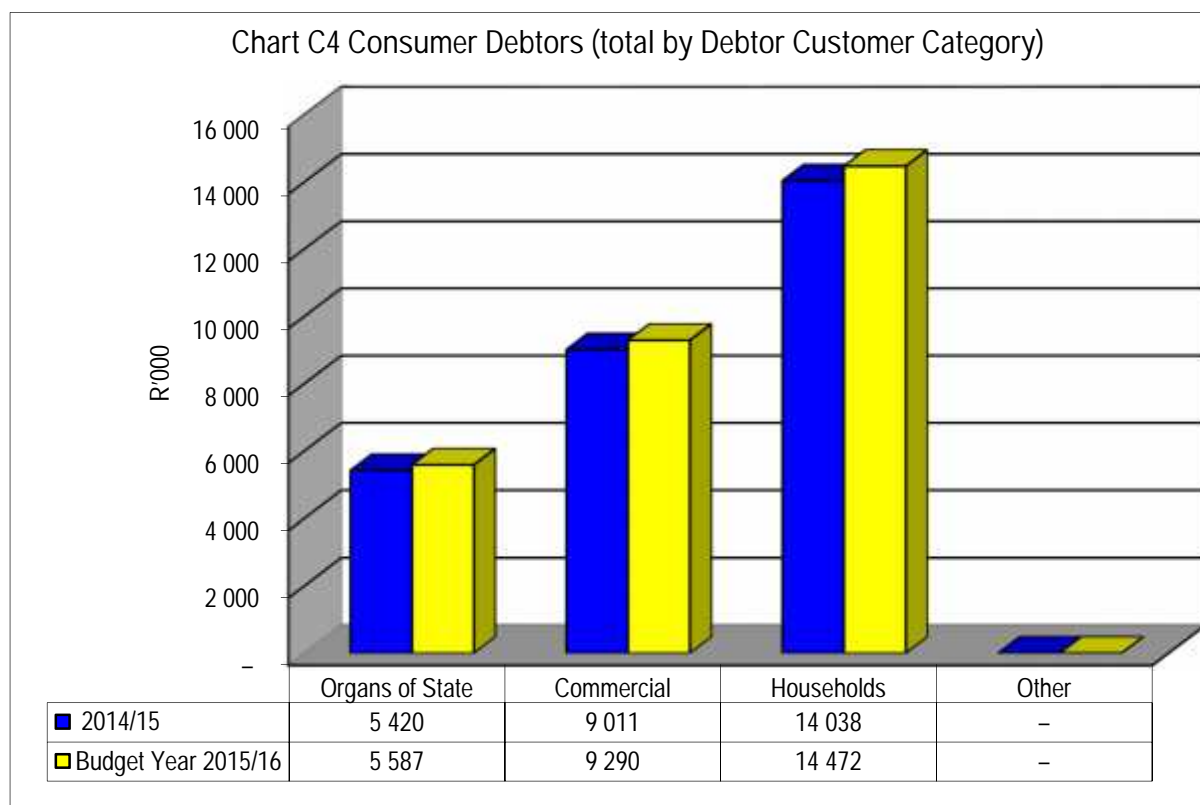
The last are the organs of state owing just over R5.5 million.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

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	6 537	101	93	92	12 597	19 420	12 689	
Receivables from Exchange Transactions - Waste Management	1600	569	83	43	43	3 944	4 683	3 987	
Other	1900	599	-	-	-	4 648	5 247	4 648	
<b>Total By Income Source</b>	<b>2000</b>	<b>7 704</b>	<b>185</b>	<b>136</b>	<b>135</b>	<b>21 189</b>	<b>29 349</b>	<b>21 324</b>	
2014/15 - totals only							-	-	
Debtors Age Analysis By Customer Group									
Organs of State	2200	4 373	7	4	4	1 200	5 587	1 204	
Commercial	2300	1 423	78	63	63	7 663	9 290	7 725	
Households	2400	1 908	100	69	69	12 326	14 472	12 395	
Other	2500	-	-	-	-	-	-	-	
<b>Total By Customer Group</b>	<b>2600</b>	<b>7 704</b>	<b>185</b>	<b>136</b>	<b>135</b>	<b>21 189</b>	<b>29 349</b>	<b>21 324</b>	



## Graphical presentation of the debtors' age analysis



## Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

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										
VAT (output less input)	0400	-	(481)	1 076	-	-	-	-	(585)	595
Trade Creditors	0700	324	33	6	-	-	-	101	(585)	(121)
Total By Customer Type	1000	324	(448)	1 082	-	-	-	101	(585)	474

## 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 September 2015. Total cash available was R59.8 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q1 First Quarter

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							
<b>Municipality</b>									
(FMG) 62280641244 - FNB		Call	Call Deposit	Call Deposit	7	0.4%	1 885	(0)	1 885
(MSIG) 62280642416 - FNB		Call	Call Deposit	Call Deposit	4	0.4%	986	(0)	986
(Equitable Share) 62027945809 - FNB		Call	Call Deposit	Call Deposit	132	0.5%	44 700	(15 406)	29 293
(MIG) 62170844221 - FNB		Call	Call Deposit	Call Deposit	72	0.4%	19 849	(1 577)	18 273
(Gqunu Lots) 62020395390 - FNB		Call	Call Deposit	Call Deposit	3	0.4%	700	(0)	700
(IDP) 62075570137 - FNB		Call	Call Deposit	Call Deposit	1	0.2%	401	-	401
(INEP) 74231136926 - FNB		Call	Call Deposit	Call Deposit	-	0.0%	-	-	-
(LED) 62075571713 - FNB		Call	Call Deposit	Call Deposit	1	0.2%	395	0	396
(Revolving Fund) 61399068117 - FNB		Call	Call Deposit	Call Deposit	26	0.4%	7 202	-	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
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>248</b>		<b>76 865</b>	<b>(16 983)</b>	<b>59 882</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 - Q1 First Quarter

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	-	-	85 772	57 826	18 745	32.4%	180 766
Local Government Equitable Share		127 895	159 404	-	-	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	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	-	-	85 772	57 996	18 575	32.0%	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
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	188 732	218 572	-	-	107 573	69 287	29 086	42.0%	218 572

## Table SC7: Grants expenditure

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

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

Finance management grant's expenditure amounts to R261 thousand. This amount was used on interns' salaries and financial management.

Library grant expenditure amounts to R44 thousand, and was used is paying the librarians' salary.

Municipal Infrastructure Grant's expenditure amounts to R438 on operations and R7.6 on capital expenditure.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter

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	-	897	2 028	1 780	247	13.9%	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		101	261	156	105	67.3%	1 875
EPWP Incentive		1 214	1 000		-	3	83	(80)	-96.2%	1 000
Integrated National Electrification Programme		4 311	13 000		796	1 325	1 083	242	22.3%	13 000
Municipal Infrastructure Grant (MIG)-operating		-	-		-	-	-	-		-
Provincial Government:		149	170	-	6	44	14	30	214.0%	170
Library & Subsidies		149	170		6	44	14	30	214.0%	170
Total operating expenditure of Transfers and Grants:		8 408	180 936	-	903	2 072	1 794	278	15.5%	180 936
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		53 201	37 636	-	1 833	7 625	3 136	4 488	143.1%	37 636
Municipal Infrastructure Grant (MIG)		53 201	37 636		1 833	7 625	3 136	4 488	143.1%	37 636
Total capital expenditure of Transfers and Grants		53 201	37 636	-	1 833	7 625	3 136	4 488	143.1%	37 636
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>61 609</b>	<b>218 572</b>	<b>-</b>	<b>2 737</b>	<b>9 697</b>	<b>4 931</b>	<b>4 766</b>	<b>96.7%</b>	<b>218 572</b>

## 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 R23.7 million.

EC156 Mhlontlo - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q1 First Quarter

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>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		13 111	14 682		855	2 956	3 670	(715)	-19%	14 682
Pension and UIF Contributions			-		-	1	-	1		-
Medical Aid Contributions			-		-	2	-	2		-
Motor Vehicle Allowance		1 976	3 670		254	757	918	(160)	-17%	3 670
Cellphone Allowance		59	1 181		106	315	295	20	7%	1 181
Other benefits and allowances			-		11	36	-	36		-
Sub Total - Councillors		15 145	19 533	-	1 226	4 066	4 883	(817)	-17%	19 533
% increase	4		29.0%							29.0%
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		3 910	3 889				324	(324)	-100%	3 889
Pension and UIF Contributions			49				4	(4)	-100%	49
Motor Vehicle Allowance		892	1 507				126	(126)	-100%	1 507
Cellphone Allowance			-				-	-		-
Housing Allowances		701	773				64	(64)	-100%	773
Sub Total - Senior Managers of Municipality		5 503	6 218	-	-	-	518	(518)	-100%	6 218
% increase	4		13.0%							13.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		39 950	39 155		4 209	11 770	9 789	1 981	20%	39 155
Pension and UIF Contributions		5 372	7 000		536	1 424	1 750	(326)	-19%	7 000
Medical Aid Contributions		4 430	8 988		390	1 153	2 247	(1 094)	-49%	8 988
Overtime		2 273	-		175	525	-	525		-
Performance Bonus		-	-		-	-	-	-		-
Motor Vehicle Allowance		6 523	6 535		656	1 775	1 634	142	9%	6 535
Cellphone Allowance		662	869		62	178	217	(39)	-18%	869
Housing Allowances		2 246	2 328		186	556	582	(26)	-4%	2 328
Other benefits and allowances		6 504	5 197		508	1 738	1 299	439	34%	5 197
Payments in lieu of leave		504	3 710		8	566	927	(361)	-39%	3 710
Long service awards			-		-	-	-	-		-
Post-retirement benefit obligations	2		-		-	-	-	-		-
Sub Total - Other Municipal Staff		68 464	73 782	-	6 730	19 685	18 445	1 240	7%	73 782
% increase	4		7.8%							7.8%
<b>Total Parent Municipality</b>		89 112	99 533	-	7 956	23 752	23 847	(95)	0%	99 533
			11.7%							11.7%
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		89 112	99 533	-	7 956	23 752	23 847	(95)	0%	99 533
% increase	4		11.7%							11.7%
<b>TOTAL MANAGERS AND STAFF</b>		73 967	79 999	-	6 730	19 685	18 964	722	4%	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 quarterly budget statement for the quarter ending 30 September 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.....