

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 February 2017

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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 R196.4 million out of the projected R203.5 million giving rise to a variance of 3%. Variance contributing factors are explained in the sub headings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R17.5 million since July out of the expected R23.5 million.

Property Rates

The amount accrued on rates amounts to R33.7 million, out of the expected R33.7 million.

Total actual cash collected on rates for July to February 2017 is R2.1 million against the expected R19.2 million.

Refuse Removal

Amount accrued on refuse removal is R852 thousand against the expected R850 thousand.

Total actual cash received on refuse removal from July to February is R277 thousand out of the expected collection of R610 thousand.

Investment Revenue

This relates to interests received on the call account deposits. Interest received since July amounts to R2.4 million out of the expected R2.5 million.

Other Revenue

Rental of facilities and Equipment –R27 thousand has been received instead of the expected R26 thousand.

Fines- R39 thousand has been received so far against the expected R37 thousand.

Licenses and permits- R983 thousand has been received, however the municipality expected to receive R951 thousand.

Agency Fees- The amount collected since July amounts to R936 thousand, and the expected budget is R690 thousand.

Pound sales amounted to R252 thousand since July.

Operating Expenditure

On operating expenditure, R115.1 million was spent against the expected budget of R150.6 million giving rise to a variance of more than R35.4 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

Employee Costs

R52.7 million has been spent to date on employee related costs against the expected R59.3 million.

Remuneration of Councillors

Amount spent since July totals to R10.6 million against the budgeted R11 million.

Contracted Services

On contracted services, R16.1 thousand has been spent since July. The budgeted amount for this item is R13.2 million giving a variance of R2.9 million.

Other Expenditure

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R35.6 million against the expected budget of R44.1 million.

Capital Expenditure

On Capital Expenditure the municipality has spent a total of R32.9 million against the expected R36.1 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 quarter with a positive cash and cash equivalents balance.

EC156 Mhlontlo - Table C1 Monthly Budget Statement Summary - M08
February

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	32 019	15 663	33 772	–	33 772	33 772	–		33 772
Service charges	1 158	1 220	1 275	107	852	850	2	0%	1 275
Investment revenue	3 559	3 564	3 820	261	2 489	2 546	(57)	-2%	3 820
Transfers recognised - operational	182 184	172 837	174 536	64	154 572	154 508	64	0%	174 536
Other own revenue	4 983	17 705	17 751	665	4 754	11 834	(7 080)	-60%	17 751
Total Revenue (excluding capital transfers and contributions)	223 903	210 989	231 155	1 097	196 440	203 511	(7 071)	-3%	231 155
Employee costs	76 444	87 165	89 036	6 170	52 731	59 357	(6 627)	-11%	89 036
Remuneration of Councillors	16 573	17 293	16 517	1 605	10 568	11 011	(443)	-4%	16 517
Depreciation & asset impairment	97 708	14 708	14 369	–	–	9 579	(9 579)	-100%	14 369
Other expenditure	94 294	111 015	105 961	3 534	51 837	70 641	(18 804)	-27%	105 961
Total Expenditure	285 019	234 414	225 882	11 310	115 135	150 588	(35 453)	-24%	225 882
Surplus/(Deficit)	(61 117)	(23 425)	5 272	(10 212)	81 305	52 923	28 382	54%	5 272
Transfers recognised - capital	(38 278)	40 828	39 577	–	–	26 385	(26 385)	-100%	39 577
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	(99 395)	17 403	44 849	(10 212)	81 305	79 307	1 997	3%	44 849
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	(99 395)	17 403	44 849	(10 212)	81 305	79 307	1 997	3%	44 849
Capital expenditure & funds sources									
Capital expenditure	48 910	49 341	54 241	5 677	32 959	36 161	(3 202)	-9%	54 241
Capital transfers recognised	48 910	49 341	54 181	5 677	32 959	36 128	(3 169)	-9%	54 181
Total sources of capital funds	48 910	49 341	54 181	5 677	32 959	36 128	(3 169)	-9%	54 181
Financial position									
Total current assets	52 235	58 269	48 009		122 618				58 269
Total non current assets	657 292	275 041	733 341		713 084				275 041
Total current liabilities	20 949	20 764	34 877		12 995				20 764
Total non current liabilities	5 684	5 185	–		21 207				5 185
Community wealth/Equity	682 894	307 361	746 473		801 501				307 361
Cash flows									
Net cash from (used) operating	58 571	51 180	57 956	(6 487)	56 356	29 855	(26 501)	-89%	51 180
Net cash from (used) investing	(48 022)	(49 341)	(54 241)	1 982	(54 813)	(28 782)	26 031	-90%	(49 341)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	25 926	39 186	7 073	–	4 901	4 431	(470)	-11%	5 197
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	828	1 304	24 001	1 277	23 219	–	–	–	50 628
Creditors Age Analysis									
Total Creditors	223	(2)	2	33	–	7	(204)	(355)	(298)

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) - M08 February

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		135 795	115 984	135 143	456	107 479	90 095	17 383	19%	115 393
Executive and council		52 279	54 124	53 608	-	40 435	35 739	4 696	13%	54 124
Budget and treasury office		54 401	31 597	49 603	456	43 786	33 069	10 717	32%	31 006
Corporate services		29 115	30 263	31 931	-	23 257	21 288	1 970	9%	30 263
<i>Community and public safety</i>		16 362	17 155	20 439	506	12 670	13 626	(956)	-7%	17 155
Public safety		16 362	17 155	20 439	506	12 670	13 626	(956)	-7%	17 155
<i>Economic and environmental services</i>		53 506	94 153	95 334	4	58 082	63 556	(5 474)	-9%	94 144
Planning and development		19 839	22 022	21 588	4	16 511	14 392	2 120	15%	22 013
Road transport		33 668	72 131	73 746	-	41 570	49 164	(7 594)	-15%	72 131
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		18 240	24 526	19 816	131	18 209	13 211	4 998	38%	24 526
Waste management		18 240	24 526	19 816	131	18 209	13 211	4 998	38%	24 526
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	223 903	251 817	270 732	1 097	196 440	180 488	15 952	9%	251 218
Expenditure - Standard	-									
<i>Governance and administration</i>		115 892	137 118	130 009	6 930	57 715	86 673	(28 957)	-33%	137 118
Executive and council		46 459	54 692	52 163	3 470	29 096	34 776	(5 680)	-16%	54 692
Budget and treasury office		44 009	54 121	47 872	1 209	13 877	31 915	(18 038)	-57%	54 121
Corporate services		25 424	28 306	29 974	2 251	14 743	19 983	(5 240)	-26%	28 306
<i>Community and public safety</i>		18 284	17 019	20 369	1 530	13 273	13 579	(307)	-2%	17 019
Public safety		18 284	17 019	20 369	1 530	13 273	13 579	(307)	-2%	17 019
<i>Economic and environmental services</i>		136 186	58 014	56 299	1 769	33 825	37 533	(3 708)	-10%	58 014
Planning and development		15 663	18 326	17 301	839	10 676	11 534	(858)	-7%	18 326
Road transport		120 522	39 688	38 998	930	23 149	25 999	(2 850)	-11%	39 688
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		14 657	22 263	19 205	1 080	10 322	12 803	(2 481)	-19%	22 263
Waste management		14 657	22 263	19 205	1 080	10 322	12 803	(2 481)	-19%	22 263
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	285 019	234 415	225 882	11 310	115 135	150 588	(35 453)	-24%	234 415
Surplus/ (Deficit) for the year		(61 117)	17 403	44 849	(10 212)	81 305	29 900	51 405	172%	16 803

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 occurs if the total budget in a vote is exceeded by expenditure.

The table below reflects on expenditures per vote. No unauthorised expenditures occurred in all the departments. Close monitoring of expenditures is vital. We might experience challenges on personnel costs with regard to contracted employees and stand by allowance.

EC156 Mhlontlo - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - MAYORS OFFICE		2 285	3 085	2 901	-	2 305	1 934	371	19.2%	2 901
Vote 2 - COUNCIL		33 941	30 755	29 265	-	22 977	19 510	3 467	17.8%	29 265
Vote 3 - MUNICIPAL MANAGER'S OFFICE		8 576	12 287	9 912	-	9 180	6 608	2 572	38.9%	9 912
Vote 4 - STRATEGIC OFFICE		7 477	7 996	11 531	-	5 974	7 688	(1 714)	-22.3%	11 531
Vote 5 - BUDGERT & TREASURY OFFICE		54 401	31 597	49 603	456	43 786	33 069	10 717	32.4%	49 603
Vote 6 - CORPORATE SERVICES		29 115	30 263	31 931	-	23 257	21 288	1 970	9.3%	31 931
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		19 839	22 022	21 588	4	16 511	14 392	2 120	14.7%	21 588
Vote 8 - COMMUNITY SERVICES		34 601	41 681	40 255	637	30 880	26 837	4 043	15.1%	40 255
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		33 668	72 131	73 746	-	41 570	49 164	(7 594)	-15.4%	73 746
Total Revenue by Vote	2	223 903	251 817	270 732	1 097	196 440	180 488	15 952	8.8%	270 732
Expenditure by Vote	1									
Vote 1 - MAYORS OFFICE		1 707	3 085	2 067	228	1 682	1 378	304	22.0%	2 067
Vote 2 - COUNCIL		27 223	30 755	28 615	2 350	15 910	19 076	(3 167)	-16.6%	28 615
Vote 3 - MUNICIPAL MANAGER'S OFFICE		11 465	12 737	10 352	410	6 803	6 901	(98)	-1.4%	10 352
Vote 4 - STRATEGIC OFFICE		6 064	8 115	11 129	482	4 701	7 420	(2 719)	-36.6%	11 129
Vote 5 - BUDGERT & TREASURY OFFICE		44 009	54 121	47 872	1 209	13 877	31 915	(18 038)	-56.5%	47 872
Vote 6 - CORPORATE SERVICES		25 424	28 306	29 974	2 251	14 743	19 983	(5 240)	-26.2%	29 974
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		15 663	18 326	17 301	839	10 676	11 534	(858)	-7.4%	17 301
Vote 8 - COMMUNITY SERVICES		32 942	39 282	39 574	2 611	23 594	26 382	(2 788)	-10.6%	39 574
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		120 522	39 688	38 998	930	23 149	25 999	(2 850)	-11.0%	38 998
Total Expenditure by Vote	2	285 019	234 415	225 882	11 310	115 135	150 588	(35 453)	-23.5%	225 882
Surplus/ (Deficit) for the year	2	(61 117)	17 403	44 849	(10 212)	81 305	29 900	51 405	171.9%	44 849

Table C4- Statement of Financial Performance

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		32 019	15 663	33 772	–	33 772	33 772	–		33 772
Service charges - refuse revenue		1 158	1 220	1 275	107	852	850	2	0%	1 275
Service charges - other		–	–	–	–	–	–	–		–
Rental of facilities and equipment		45	46	39	6	27	26	1	4%	39
Interest earned - external investments		3 559	3 564	3 820	261	2 489	2 546	(57)	-2%	3 820
Interest earned - outstanding debtors		838	216	599	99	449	399	50	12%	599
Dividends received		–	–	–	–	–	–	–		–
Fines		477	67	55	9	39	37	3	8%	55
Licences and permits		1 592	1 516	1 427	151	983	951	32	3%	1 427
Agency services		854	826	1 036	332	936	690	246	36%	1 036
Transfers recognised - operational		182 184	172 837	174 536	64	154 572	154 508	64	0%	174 536
Other revenue		1 177	15 035	14 596	68	2 320	9 731	(7 411)	-76%	14 596
Gains on disposal of PPE		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		223 903	210 989	231 155	1 097	196 440	203 511	(7 071)	-3%	231 155
Expenditure By Type										
Employee related costs		76 444	87 165	89 036	6 170	52 731	59 357	(6 627)	-11%	89 036
Remuneration of councillors		16 573	17 293	16 517	1 605	10 568	11 011	(443)	-4%	16 517
Debt impairment		12 393	19 876	19 876	–	–	13 251	(13 251)	-100%	19 876
Depreciation & asset impairment		97 708	14 708	14 369	–	–	9 579	(9 579)	-100%	14 369
Contracted services		21 610	21 189	19 792	422	16 181	13 194	2 986	23%	19 792
Transfers and grants		–	4 233	–	–	–	–	–		–
Other expenditure		59 895	69 950	66 293	3 112	35 656	44 195	(8 539)	-19%	66 293
Loss on disposal of PPE		396	–	–	–	–	–	–		–
Total Expenditure		285 019	234 414	225 882	11 310	115 135	150 588	(35 453)	-24%	225 882
Surplus/(Deficit)		(61 117)	(23 425)	5 272	(10 212)	81 305	52 923	28 382	0	5 272
Transfers recognised - capital		(38 278)	40 828	39 577	–	–	26 385	(26 385)	(0)	39 577
Contributions recognised - capital		–	–	–	–	–	–	–		–
Contributed assets		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		(99 395)	17 403	44 849	(10 212)	81 305	79 307			44 849
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		(99 395)	17 403	44 849	(10 212)	81 305	79 307			44 849
Attributable to minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		(99 395)	17 403	44 849	(10 212)	81 305	79 307			44 849
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		(99 395)	17 403	44 849	(10 212)	81 305	79 307			44 849

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

Capital Expenditure reflects a deviation of -9%. Year to date budget is R36.1 million whilst expenditure is sitting at R32.9 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M08 February

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Single Year expenditure appropriation	2									
Vote 1 - MAYORS OFFICE		-	-	833	833	833	555	278	50%	833
Vote 2 - COUNCIL		1 924	-	650	8	54	433	(379)	-88%	650
Vote 3 - MUNICIPAL MANAGER'S OFFICE		36	50	60	-	-	40	(40)	-100%	60
Vote 5 - BUDGERT & TREASURY OFFICE		1 774	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES		340	1 957	1 957	178	445	1 305	(859)	-66%	1 957
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		1 111	4 125	4 286	-	3 093	2 858	236	8%	4 286
Vote 8 - COMMUNITY SERVICES		3 083	2 380	733	-	73	489	(416)	-85%	733
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		40 644	40 828	45 721	4 657	28 461	30 480	(2 020)	-7%	45 721
Total Capital single-year expenditure	4	48 910	49 341	54 241	5 677	32 959	36 161	(3 202)	-9%	54 241
Total Capital Expenditure		48 910	49 341	54 241	5 677	32 959	36 161	(3 202)	-9%	54 241
Capital Expenditure - Standard Classification										
Governance and administration		4 073	2 008	3 500	1 020	1 333	2 334	(1 001)	-43%	3 500
Executive and council		1 960	50	1 543	841	887	1 029	(142)	-14%	1 543
Budget and treasury office		1 774	-	-	-	-	-	-		-
Corporate services		340	1 957	1 957	178	445	1 305	(859)	-66%	1 957
Community and public safety		1 144	117	122	-	73	48	24	50%	122
Community and social services		1 144	117	122	-	73	48	24	50%	122
Economic and environmental services		41 754	44 953	50 007	4 657	31 554	33 338	(1 784)	-5%	50 007
Planning and development		1 111	4 125	4 286	-	3 093	2 858	236	8%	4 286
Road transport		40 644	40 828	45 721	4 657	28 461	30 480	(2 020)	-7%	45 721
Environmental protection			-	-	-	-	-	-		-
Trading services		1 939	2 263	612	-	-	408	(408)	-100%	612
Waste management		1 939	2 263	612	-	-	408	(408)	-100%	612
Other			-	-	-	-	-	-		-
Total Capital Expenditure - Standard Classification	3	48 910	49 341	54 241	5 677	32 959	36 128	(3 169)	-9%	54 241
Funded by:										
National Government		48 910	49 341	54 181	5 677	32 959	36 128	(3 169)	-9%	54 181
Transfers recognised - capital		48 910	49 341	54 181	5 677	32 959	36 128	(3 169)	-9%	54 181
Total Capital Funding		48 910	49 341	54 181	5 677	32 959	36 128	(3 169)	-9%	54 181

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

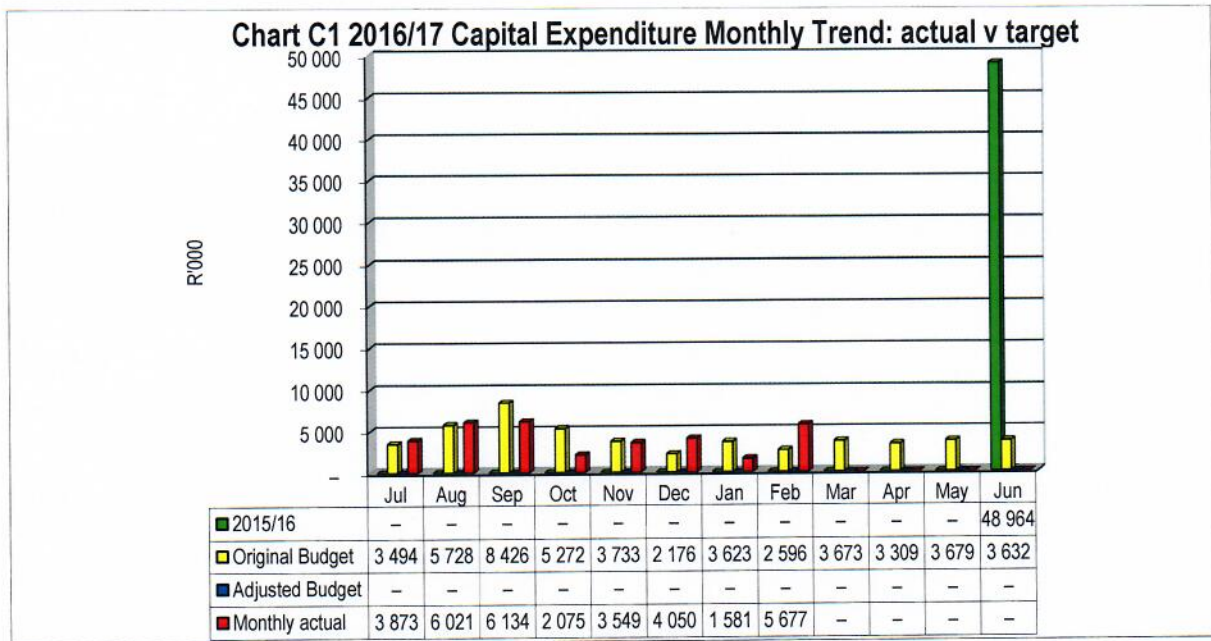


TABLE C6 Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Re f	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		3 359	29 124	19 299	4 901	29 124
Call investment deposits		22 567	10 062		55 165	10 062
Consumer debtors		18 224	5 365	14 625	46 376	5 365
Other debtors		2 856	3 221	3 587	5 156	3 221
Current portion of long-term receivables			-			-
Inventory		5 229	10 497	10 497	11 019	10 497
Total current assets		52 235	58 269	48 009	122 618	58 269
Non current assets						
Long-term receivables			(6 944)	-		(6 944)
Investments			3 000	-	-	3 000
Investment property		19 086	27 112	19 202	19 202	27 112
Investments in Associate			-	-		-
Property, plant and equipment		637 504	250 939	713 006	693 225	250 939
Agricultural			-	-		-
Biological assets			-	-		-
Intangible assets		491	815	1 133	656	815
Other non-current assets		211	119	-		119
Total non current assets		657 292	275 041	733 341	713 084	275 041
TOTAL ASSETS		709 526	333 310	781 350	835 702	333 310
LIABILITIES						
Current liabilities						
Bank overdraft			-	-		-
Borrowing			-	-		-
Consumer deposits			-	-		-
Trade and other payables		9 556	9 109	13 503	12 995	9 109
Provisions		11 393	11 655	21 374		11 655
Total current liabilities		20 949	20 764	34 877	12 995	20 764
Non current liabilities						
Borrowing			-	-	-	-
Provisions		5 684	5 185	-	21 207	5 185
Total non current liabilities		5 684	5 185	-	21 207	5 185
TOTAL LIABILITIES		26 633	25 949	34 877	34 202	25 949
NET ASSETS	2	682 894	307 361	746 473	801 501	307 361
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		682 894	307 361	746 473	801 501	307 361
Reserves			-	-		-
TOTAL COMMUNITY WEALTH/EQUITY	2	682 894	307 361	746 473	801 501	307 361

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 - M08 February

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		5 175	7 675	13 988	68	2 182	4 477	(2 295)	-51%	7 675
Service charges			598	1 020	39	278	349	(71)	-20%	598
Other revenue		4 145	17 489	17 153	536	13 884	10 202	3 682	36%	17 489
Government - operating		177 973	172 237	171 953	-	126 980	100 471	26 508	26%	172 237
Government - capital		42 193	49 341	41 660	-	27 260	28 782	(1 522)	-5%	49 341
Interest		4 397	3 670	3 820	255	2 307	2 141	166	8%	3 670
Dividends			-	-			-	-		-
Payments										
Suppliers and employees		(175 312)	(199 830)	(191 637)	(7 385)	(116 534)	(116 567)	(33)	0%	(199 830)
Finance charges			-	-			-	-		-
Transfers and Grants			-	-			-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		58 571	51 180	57 956	(6 487)	56 356	29 855	(26 501)	-89%	51 180
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		28		-			-	-		
Decrease (increase) in non-current investments				-	7 101	(23 833)	-	(23 833)	#DIV/0!	
Payments										
Capital assets		(48 050)	(49 341)	(54 241)	(5 119)	(30 979)	(28 782)	2 197	-8%	(49 341)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(48 022)	(49 341)	(54 241)	1 982	(54 813)	(28 782)	26 031	-90%	(49 341)
CASH FLOWS FROM FINANCING ACTIVITIES										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		10 549	1 839	3 715	(4 505)	1 543	1 073			1 839
Cash/cash equivalents at beginning:		15 377	37 347	3 358		3 358	3 358			3 358
Cash/cash equivalents at month/year end:		25 926	39 186	7 073		4 901	4 431			5 197

PART 2: SUPPORTING DOCUMENTATION

Table SC1: Material Variances and explanations

EC156 Mhlontlo - Supporting Table SC1 Material variance explanations - M08 February

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source			
	Property rates		The budget was based on the old valuation. There was a supplemental valuation roll which was completed in May 2016 after the budget had been approved.	To be corrected in the next adjustment Budget
	Rental of facilities and equipment	4%		To be corrected in the next adjustment Budget
	Interest earned - external investments	-2%	over collection	To be corrected in the next adjustment Budget
	Fines	8%	over collection	To be corrected in the next adjustment Budget
	Licences and permits	3%	under collected	To be corrected in the next adjustment Budget
	Agency services	36%	under collected	To be corrected in the next adjustment Budget
	Transfers recognised - operational	0%		To be corrected in the next adjustment Budget
	Interest earned - outstanding debtors	12%	over collection	To be corrected in the next adjustment Budget
	Other revenue	-76%	under collected	To be corrected in the next adjustment Budget
2	Expenditure By Type			
	Employee related costs	-11%	low spending	To be corrected in the next adjustment Budget
	Remuneration of councillors	-4%	Councillors paid pro-rata	To be corrected in the next adjustment Budget
	Debt impairment	-100%	Debt impairment provision to be reviewed at year end and the expenditure to be recorded at year end.	To be corrected in the next adjustment Budget
	Depreciation & asset impairment	-100%	Depreciation not yet processed in the system.	To be corrected in the next adjustment Budget
	Contracted services	23%		To be corrected in the next adjustment Budget
	Other expenditure	-19%	low spending	To be corrected in the next adjustment Budget
3	Capital Expenditure			
	Vote 3 - MUNICIPAL MANAGER'S OFFICE	0%	Only PMU Department spent on capital Assets MM,LED,POUND,SOLID WASTE PROJECT HAVE NOT YET STARTED SPENDING.	To be corrected in the next adjustment Budget
	6.1 - HR	0%		To be corrected in the next adjustment Budget
	7.1 - LED	0%		To be corrected in the next adjustment Budget
	8.2 - Pound	50%		To be corrected in the next adjustment Budget
	8.3 - Solid Waste	-100%	No expenditure incurred yet	To be corrected in the next adjustment Budget
	9.3 - Project Management Unit (PMU)	-12%		To be corrected in the next adjustment Budget

Table SC3: Aged Debtors

The municipality is being owed a total amount of R50.6 million of which the biggest portion is on government departments with R36.7 million being owed by this group of debtors.

The second biggest is household debtors that are sitting at R9.0 million. The last are the businesses owing just over R4.7 thousand.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

Description	NT Code	Budget Year 2016/17							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	632	1 183	23 882	1 160	17 624	44 482	18 784		
Receivables from Exchange Transactions - Waste Management	1600	196	121	119	117	5 594	6 147	5 711		
Total By Income Source	2000	828	1 304	24 001	1 277	23 219	50 628	24 496		
2015/16 - totals only							-	-		
Debtors Age Analysis By Customer Group										
Organs of State	2200	(64)	755	21 946	748	13 388	36 774	14 137		
Commercial	2300	264	201	1 255	193	2 844	4 756	3 037		
Households	2400	628	348	800	336	6 986	9 098	7 322		
Other	2500	-	-	-	-	-	-	-		
Total By Customer Group	2600	828	1 304	24 001	1 277	23 219	50 628	24 496		

Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

Description	NT Code	Budget Year 2016/17								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										
Trade Creditors	0700	191	-	-	-	-	-	(209)	(340)	(358)
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	32	(2)	2	33	-	7	5	(15)	60
Total By Customer Type	1000	223	(2)	2	33	-	7	(204)	(355)	(298)

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 February 2017. Total cash available was R48.3 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February

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
		Yrs/Months							
R thousands									
Municipality									
(FMG) 62280641244 - FNB		Call	Call Deposit	Call Deposit	7	0	1 752	(129)	1 624
(MSIG) 62280642416 - FNB		Call	Call Deposit	Call Deposit	0	0	10	-	10
(Equitable Share) 62027945809 - FNB		Call	Call Deposit	Call Deposit	107	0	29 918	(12 707)	17 211
(MIG) 62170844221 - FNB		Call	Call Deposit	Call Deposit	19	0	7 415	(6 030)	1 385
(Gqunu Lots) 62020395390 - FNB		Call	Call Deposit	Call Deposit	3	0	699	-	698
(IDP) 62075570137 - FNB		Call	Call Deposit	Call Deposit	3	0	863	-	863
(INEP) 74231136926 - FNB		Call	Call Deposit	Call Deposit	33	0	6 242	-	6 242
(LED) 62075571713 - FNB		Call	Call Deposit	Call Deposit	1	0	396	-	396
(Revolving Fund) 61399068117 - FNB		Call	Call Deposit	Call Deposit	79	0	19 169	-	19 169
(Bulk Housing) 62280645345 - FNB		Call	Call Deposit	Call Deposit	3	0	736	-	736
(7 days Notice) 74366814934- FNB		Call	Call Deposit	Call Deposit	-	-	10	-	10
Municipality sub-total					255	0	67 210	(18 865)	48 345
TOTAL INVESTMENTS AND INTEREST	2				255		67 210	(18 865)	48 345

Table SC6: Grants Receipts

The grants that were expected were received. The table below reflects on individual grants received.

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M08 February

Description	Ref	2015/16	Budget Year	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
		Audited Outcome	2016/17				
R thousands							
RECEIPTS:	1,2						
Operating Transfers and Grants							
National Government:		218 402	170 887	172 138	-	131 651	131 439
Local Government Equitable Share		159 404	154 313	154 313	-	115 734	115 734
Municipal Systems Improvement		930	-	-	-	-	-
Finance Management		1 875	2 010	2 010	-	2 010	2 010
EPWP Incentive		1 000	1 232	1 232	-	862	862
Integrated National Electrification Programme		13 000	12 500	12 500	-	12 500	12 500
Municipal Infrastructure Grant (MIG)- operating		42 193	832	2 083	-	545	333
Provincial Government:		170	1 350	1 350	-	1 350	1 350
Library & Subsidies		170	350	350	-	350	350
EPWP Incentive	4		1 000	1 000	-	1 000	1 000
District Municipality:		-	-	-	-	-	-
<i>[insert description]</i>							
Other grant providers:		-	-	-	-	-	-
Total Operating Transfers and Grants	5	218 572	172 237	173 488	-	133 001	132 789
Capital Transfers and Grants							
National Government:		38 278	40 828	39 577	-	26 715	26 715
Municipal Infrastructure Grant (MIG)		38 278	40 828	39 577	-	26 715	26 715
Total Capital Transfers and Grants	5	38 278	40 828	39 577	-	26 715	26 715
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	256 850	213 065	213 065	-	159 716	159 504

Table SC7: Grants expenditure

The table below reflects on grants' expenditures since July. These amounts are exclusive of VAT.

Finance management grant's expenditure amounts to R760 thousand. This amount was used on interns' salaries and training.

Library grant expenditure amounts to R287 thousand, and was used is paying the librarians' salary.

MIG operating expenditure amounts to R2.4 million.

MIG capital expenditure amounts to R25.2 million

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M08 February

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		218 933	170 887	172 138	250	18 303	102 733	(84 430)	-82.2%	170 887
Local Government Equitable Share		159 404	154 313	154 313	-	-	92 588	(92 588)	-100.0%	154 313
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-
Finance Management		1 875	2 010	2 010	64	760	1 407	(647)	-46.0%	2 010
EPWP Incentive		1 000	1 232	1 232	186	1 069	739	329	44.6%	1 232
Integrated National Electrification Programme		13 531	12 500	12 500	-	14 040	7 500	6 540	87.2%	12 500
Municipal Infrastructure Grant (MIG)-operating		42 193	832	2 083	-	2 434	499	067.12	1 935	387.8%
Provincial Government:		170	1 350	1 350	11	287	1 210	(923)	-76.3%	1 350
Library & Subsidies		170	350	350	11	287	210	77	36.6%	350
Gqunu Lots		-	-	-	-	-	-	-	-	-
EPWP Incentive		-	1 000	1 000	-	-	1 000	(1 000)	-100.0%	1 000
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		219 103	172 237	173 488	261	18 589	103 943	(85 354)	-82.1%	172 237
Capital expenditure of Transfers and Grants										
National Government:		38 278	40 828	39 577	4 635	25 207	24 497	710	2.9%	40 828
Municipal Infrastructure Grant (MIG)		38 278	40 828	39 577	4 635	25 207	24 497	710	2.9%	40 828
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		38 278	40 828	39 577	4 635	25 207	24 497	710	2.9%	40 828
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		257 381	213 065	213 065	4 896	43 796	128 440	(84 644)	-65.9%	213 065

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 R52.7 million.

EC156 Mhlontlo - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February

Summary of Employee and Councillor remuneration	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		11 184	11 826	15 170	919	7 571	6 898	673	10%	11 826
Pension and UIF Contributions		-	1	-	2	4	1	3	403%	1
Medical Aid Contributions		-	-	-	-	16	-	16		-
Motor Vehicle Allowance		3 363	3 942	-	274	2 043	2 299	(256)	-11%	3 942
Cellphone Allowance		1 270	1 368	1 346	110	717	798	(81)	-10%	1 368
Housing Allowances		-	-	-	-	1	-	1		-
Other benefits and allowances		755	156	-	300	215	91	124	136%	156
Sub Total - Councillors		16 573	17 293	16 517	1 605	10 568	10 087	480	5%	17 293
% increase	4		4.3%	-0.3%						4.3%
Senior Managers of the Municipality										
Basic Salaries and Wages		4 464	3 789	3 789	391	3 259	2 210	1 048	47%	3 789
Pension and UIF Contributions		11	18	18	1	7	10	(3)	-29%	18
Motor Vehicle Allowance		1 374	1 507	1 507	121	1 029	879	150	17%	1 507
Cellphone Allowance		30	-	-	17	97	-	97		-
Housing Allowances		285	773	773	22	164	451	(287)	-64%	773
Other benefits and allowances		797	130	130	5	42	76	(34)	-45%	130
Sub Total - Senior Managers of Municipality		6 960	6 217	6 217	557	4 598	3 627	971	27%	6 217
% increase	4		-10.7%	-10.7%						-10.7%
Other Municipal Staff										
Basic Salaries and Wages		39 564	44 937	43 026	3 341	28 563	26 213	2 350	9%	44 937
Pension and UIF Contributions		5 608	7 784	8 275	493	3 921	4 541	(620)	-14%	7 784
Medical Aid Contributions		4 891	5 307	4 737	463	3 229	3 096	133	4%	5 307
Overtime		2 084	-	2 483	283	2 289	-	2 289		-
Performance Bonus		-	-	3 336	-	-	-	-		-
Motor Vehicle Allowance		5 985	7 096	14 452	596	4 733	4 139	594	14%	7 096
Cellphone Allowance		715	951	1 106	59	473	555	(82)	-15%	951
Housing Allowances		2 156	2 732	1 754	198	1 581	1 594	(13)	-1%	2 732
Other benefits and allowances		8 481	7 861	2 771	179	2 508	4 585	(2 078)	-45%	7 861
Payments in lieu of leave		-	4 281	880	-	837	2 497	(1 660)	-66%	4 281
Sub Total - Other Municipal Staff		69 484	80 948	82 819	5 613	48 133	47 220	913	2%	80 948
% increase	4		16.5%	19.2%						16.5%
Total Parent Municipality		93 017	104 458	105 553	7 776	63 298	60 934	2 365	4%	104 458
			12.3%	13.5%						12.3%
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		93 017	104 458	105 553	7 776	63 298	60 934	2 365	4%	104 458
% increase	4		12.3%	13.5%						12.3%
TOTAL MANAGERS AND STAFF		76 444	87 165	89 036	6 170	52 731	50 846	1 884	4%	87 165

Additional Information

Reconciliation of cash available	
	Feb-17
Cash and cash equivalents(excl. call accounts) at month end -28 February 2017	4 505 042.29
Call Accounts	48 344 775.29
Net cash available for internal distribution	52 849 817.58
Less: Conditional Grants	-11 954 522.24
FMG	-1 623 658.30
MIG	-1 384 886.28
Gqunu Lots	-698 543.26
Municipal idp	-863 000.04
Electrification programme	-6 242 342.50
LED	-396 303.88
Bulk housing	-735 787.98
7 Day's notice	-10 000.00
Less: Employee Benefit Reserve	-16 000 000.00
Less: Expected future payments (Operations)	-14 421 537.66
Electricity	-3 200 000.00
Telephone	-1 100 000.00
Vodacom (Laptops & 3G)	-1 104 294.00
Cleaning Materials	-272 000.00
Printing & Stationery	-240 000.00
Vehicle Repairs	-1 400 000.00
Travelling & Accomodation	-991 678.00
Security costs	-965 565.66
Fuel & Oil	-1 838 000.00
Legal Fees	-2 000 000.00
Audit Fees	-1 310 000.00
Current Cash Resources available/shortfall	10 473 757.68

Section 16 – Municipal Manager’s quality certification

QUALITY CERTIFICATE

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

The Monthly budget statement for the month ending 28 February 2016/2017 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... 07/03/2017