

Mhlontlo Local Municipality



In-Year Report of the Municipality

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

Monthly Budget Statement January 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 R174.7 million out of the projected R156.9 million giving rise to a variance of 12%. Variance contributing factors are explained in the sub headings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R17.1 million since July out of the expected R23.1 million. This is due to under budgeting on rates.

Property Rates

The amount accrued on rates amounts to R33 million, out of the expected R9.1 million. This budget estimate was based on the 2009 valuation roll in May 2016 whilst the supplementary valuation roll was still being performed. Budget will have to be adjusted as per the supplementary valuation roll.

Total actual cash collected on rates for July to January 2016 is R2.1 million against the expected R16.0 million.

Refuse Removal

Amount accrued on refuse removal is R745 thousand against the expected R712 thousand.

Total actual cash received on refuse removal from July to January is R307 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 R2.2 million out of the expected R2.0 million.

Other Revenue

Rental of facilities and Equipment –R21 thousand has been received instead of the expected R27 thousand.

Fines- R30 thousand has been received so far against the expected R39 thousand.

Licenses and permits- R832 thousand has been received, however the municipality expected to receive R884 thousand.

Agency Fees- The amount collected since July amounts to R604 thousand, and the expected budget is R482 thousand.

Pound sales amounted to R252 thousand since July.

Operating Expenditure

On operating expenditure, R101.9 million was spent against the expected budget of R136.7 million giving rise to a variance of more than R34.8 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

Employee Costs

R46 million has been spent to date on employee related costs against the expected R50 million.

Remuneration of Councillors

Amount spent since July totals to R8.9 million against the budgeted R10 million.

Contracted Services

On contracted services, R15.7 thousand has been spent since July. The budgeted amount for this item is R12.3 million giving a variance of R3.3 million.

Other Expenditure

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R31.1 million against the expected budget of R40.8 million.

Capital Expenditure

On Capital Expenditure the municipality has spent a total of R23.4 million against the expected R28.7 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 quarter with a positive cash and cash equivalents balance.

EC156 Mhlontlo - Table C1 Monthly Budget Statement Summary - M07
January

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	9,137	24,636	270%	15,663
Service charges	1,158	1,220	-	107	745	712	34	5%	1,220
Investment revenue	3,559	3,564	-	362	2,228	2,079	149	7%	3,564
Transfers recognised - operational	182,184	172,837	-	3,456	133,936	133,936	-		172,237
Other own revenue	4,983	17,705	-	508	4,089	10,328	(6,239)	-60%	17,705
Total Revenue (excluding capital transfers and contributions)	223,903	210,989	-	4,433	174,771	156,192	18,579	12%	210,389
Employee costs	76,444	87,165	-	6,472	46,063	50,846	(4,784)	-9%	87,165
Remuneration of Councillors	16,573	17,293	-	1,305	8,962	10,087	(1,125)	-11%	17,293
Depreciation & asset impairment	97,708	14,708	-	-	-	8,580	(8,580)	-100%	14,708
Transfers and grants	-	4,233	-	-	-	2,469	(2,469)	-100%	4,233
Other expenditure	94,294	111,015	-	8,533	46,884	64,759	(17,874)	-28%	111,015
Total Expenditure	285,019	234,414	-	16,310	101,910	136,742	(34,832)	-25%	234,414
Surplus/(Deficit)	(61,117)	(23,425)	-	(11,877)	72,861	19,450	53,411	275%	(24,025)
Transfers recognised - capital	(38,278)	40,828	-	970	20,572	23,816	(3,245)	-14%	40,828
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(99,395)	17,403	-	(10,907)	93,433	43,267	50,166	116%	16,803
Surplus/ (Deficit) for the year	(99,395)	17,403	-	(10,907)	93,433	43,267	50,166	116%	16,803
Capital expenditure & funds sources									
Capital expenditure	48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341
Capital transfers recognised	48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341
Total sources of capital funds	48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341
Financial position									
Total current assets	52,235	58,269	-		133,219				58,269
Total non current assets	657,292	275,041	-		708,929				275,041
Total current liabilities	20,949	20,764	-		7,248				20,764
Total non current liabilities	5,684	5,185	-		21,207				5,185
Community wealth/Equity	682,894	307,361	-		813,693				307,361
Cash flows									
Net cash from (used) operating	58,571	51,180	-	(17,061)	62,876	29,855	(33,021)	-111%	51,180
Net cash from (used) investing	(48,022)	(49,341)	-	12,786	(65,448)	(28,782)	36,666	-127%	(49,341)
Cash/cash equivalents at the month/year end	25,926	39,186	-	-	787	38,420	37,633	98%	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	821	24,016	1,283	3,408	21,005	-	-	-	50,533
Creditors Age Analysis									
Total Creditors	(35)	28	49	(17)	7	(5)	(200)	(350)	(522)

Table C2: Statement of Financial Performance by vote

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

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

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

EC156 Mhlontlo - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M07 January

Description	Ref	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										
Governance and administration		135,795	115,984	-	624	107,022	67,657	39,365	58%	115,393
Executive and council		52,279	54,124	-	-	40,435	31,572	8,863	28%	54,124
Budget and treasury office		54,401	31,597	-	548	43,330	18,432	24,898	135%	31,006
Corporate services		29,115	30,263	-	76	23,257	17,653	5,604	32%	30,263
Community and public safety		16,362	17,155	-	272	12,164	10,007	2,157	22%	17,155
Public safety		16,362	17,155	-	272	12,164	10,007	2,157	22%	17,155
Economic and environmental services		53,506	94,153	-	4,378	58,078	54,923	3,155	6%	94,144
Planning and development		19,839	22,022	-	17	16,508	12,846	3,662	29%	22,013
Road transport		33,668	72,131	-	4,362	41,570	42,077	(507)	-1%	72,131
Trading services		18,240	24,526	-	128	18,079	14,307	3,772	26%	24,526
Waste management		18,240	24,526	-	128	18,079	14,307	3,772	26%	24,526
Total Revenue - Standard	2	223,903	251,817	-	5,403	195,343	146,894	48,449	33%	251,218
Expenditure - Standard										
Governance and administration		115,892	137,118	-	8,650	50,273	79,986	(29,713)	-37%	137,118
Executive and council		46,459	54,692	-	3,580	25,198	31,903	(6,705)	-21%	54,692
Budget and treasury office		44,009	54,121	-	3,399	12,639	31,571	(18,932)	-60%	54,121
Corporate services		25,424	28,306	-	1,670	12,436	16,512	(4,076)	-25%	28,306
Community and public safety		18,284	17,019	-	1,549	11,693	9,928	1,765	18%	17,019
Public safety		18,284	17,019	-	1,549	11,693	9,928	1,765	18%	17,019
Economic and environmental services		136,186	58,014	-	4,996	30,725	33,842	(3,117)	-9%	58,014
Planning and development		15,663	18,326	-	1,189	8,865	10,690	(1,825)	-17%	18,326
Road transport		120,522	39,688	-	3,807	21,860	23,151	(1,291)	-6%	39,688
Trading services		14,657	22,263	-	1,115	9,219	12,987	(3,768)	-29%	22,263
Waste management		14,657	22,263	-	1,115	9,219	12,987	(3,768)	-29%	22,263
Total Expenditure - Standard	3	285,019	234,415	-	16,310	101,910	136,742	(34,832)	-25%	234,415
Surplus/ (Deficit) for the year		(61,117)	17,403	-	(10,907)	93,433	10,152	83,281	820%	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) - M07 January

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	-	-	2,305	1,799	505	28.1%	3,085
Vote 2 - COUNCIL		33,941	30,755	-	-	22,977	17,941	5,036	28.1%	30,755
Vote 3 - MUNICIPAL MANAGER'S OFFICE		8,576	12,287	-	-	9,180	7,168	2,012	28.1%	12,287
Vote 4 - STRATEGIC OFFICE		7,477	7,996	-	-	5,974	4,665	1,309	28.1%	7,996
Vote 5 - BUDGET & TREASURY OFFICE		54,401	31,597	-	548	43,330	18,432	24,898	135.1%	31,597
Vote 6 - CORPORATE SERVICES		29,115	30,263	-	76	23,257	17,653	5,604	31.7%	30,263
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		19,839	22,022	-	17	16,508	12,846	3,662	28.5%	22,022
Vote 8 - COMMUNITY SERVICES		34,601	41,681	-	400	30,243	24,314	5,929	24.4%	41,681
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		33,668	72,131	-	4,362	41,570	42,077	(507)	-1.2%	72,131
Total Revenue by Vote	2	223,903	251,817	-	5,403	195,343	146,894	48,449	33.0%	251,817
Expenditure by Vote	1									
Vote 1 - MAYORS OFFICE		1,707	3,085	-	224	1,454	1,799	(345)	-19.2%	3,085
Vote 2 - COUNCIL		27,223	30,755	-	1,493	13,031	17,941	(4,910)	-27.4%	30,755
Vote 3 - MUNICIPAL MANAGER'S OFFICE		11,465	12,737	-	678	6,393	7,430	(1,037)	-14.0%	12,737
Vote 4 - STRATEGIC OFFICE		6,064	8,115	-	1,186	4,320	4,734	(414)	-8.7%	8,115
Vote 5 - BUDGET & TREASURY OFFICE		44,009	54,121	-	3,399	12,639	31,571	(18,932)	-60.0%	54,121
Vote 6 - CORPORATE SERVICES		25,424	28,306	-	1,670	12,436	16,512	(4,076)	-24.7%	28,306
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		15,663	18,326	-	1,189	8,865	10,690	(1,825)	-17.1%	18,326
Vote 8 - COMMUNITY SERVICES		32,942	39,282	-	2,664	20,912	22,915	(2,003)	-8.7%	39,282
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		120,522	39,688	-	3,807	21,860	23,151	(1,291)	-5.6%	39,688
Total Expenditure by Vote	2	285,019	234,415	-	16,310	101,910	136,742	(34,832)	-25.5%	234,415
Surplus/ (Deficit) for the year	2	(61,117)	17,403	-	(10,907)	93,433	10,152	83,281	820.4%	17,403

Table C4- Statement of Financial Performance

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

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	9,137	24,636	270%	15,663
Service charges - refuse revenue		1,158	1,220		107	745	712	34	5%	1,220
Rental of facilities and equipment		45	46		1	21	27	(5)	-20%	46
Interest earned - external investments		3,559	3,564		362	2,228	2,079	149	7%	3,564
Interest earned - outstanding debtors		838	216		95	349	126	223	177%	216
Fines		477	67		6	30	39	(9)	-23%	67
Licences and permits		1,592	1,516		152	832	884	(52)	-6%	1,516
Agency services		854	826		95	604	482	123	25%	826
Transfers recognised - operational		182,184	172,837		3,456	133,936	133,936	–		172,237
Other revenue		1,177	15,035		160	2,251	8,770	(6,519)	-74%	15,035
Gains on disposal of PPE		–	–		–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		223,903	210,989		4,433	174,771	156,192	18,579	12%	210,389
Expenditure By Type										
Employee related costs		76,444	87,165		6,472	46,063	50,846	(4,784)	-9%	87,165
Remuneration of councillors		16,573	17,293		1,305	8,962	10,087	(1,125)	-11%	17,293
Debt impairment		12,393	19,876		–	–	11,594	(11,594)	-100%	19,876
Depreciation & asset impairment		97,708	14,708		–	–	8,580	(8,580)	-100%	14,708
Contracted services		21,610	21,189		3,101	15,741	12,360	3,381	27%	21,189
Transfers and grants		–	4,233		–	–	2,469	(2,469)	-100%	4,233
Other expenditure		59,895	69,950		5,432	31,144	40,804	(9,661)	-24%	69,950
Loss on disposal of PPE		396	–		–	–	–	–		–
Total Expenditure		285,019	234,414		16,310	101,910	136,742	(34,832)	-25%	234,414
Surplus/(Deficit)		(61,117)	(23,425)		(11,877)	72,861	19,450	53,411	0	(24,025)
Transfers recognised - capital		(38,278)	40,828		970	20,572	23,816	(3,245)	(0)	40,828
Contributions recognised - capital								–		
Contributed assets								–		
Surplus/(Deficit) after capital transfers & contributions		(99,395)	17,403		(10,907)	93,433	43,267			16,803
Taxation								–		
Surplus/(Deficit) after taxation		(99,395)	17,403		(10,907)	93,433	43,267			16,803
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(99,395)	17,403		(10,907)	93,433	43,267			16,803
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(99,395)	17,403		(10,907)	93,433	43,267			16,803

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

Capital Expenditure reflects a deviation of -19%. Year to date budget is R28.7 million whilst expenditure is sitting at R23.4 million.

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

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		-	-	-	-	-	-	-		-
Vote 2 - COUNCIL		1,924	-	-	-	46	-	46	#DIV/0!	-
Vote 3 - MUNICIPAL MANAGER'S OFFICE		36	50	-	-	-	29	(29)	-100%	50
Vote 5 - BUDGET & TREASURY OFFICE		1,774	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES		340	1,957	-	39	267	1,142	(875)	-77%	1,957
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		1,111	4,125	-	-	3,093	2,406	687	29%	4,125
Vote 8 - COMMUNITY SERVICES		3,083	2,380	-	-	73	1,388	(1,316)	-95%	2,380
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		40,644	40,828	-	1,542	19,976	23,816	(3,840)	-16%	40,828
Total Capital single-year expenditure	4	48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341
Total Capital Expenditure		48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341
Capital Expenditure - Standard Classification										
Governance and administration		4,073	2,008	-	39	313	1,171	(858)	-73%	2,008
Executive and council		1,960	50	-	-	46	29	16	56%	50
Budget and treasury office		1,774	-	-	-	-	-	-		-
Corporate services		340	1,957	-	39	267	1,142	(875)	-77%	1,957
Community and public safety		1,144	117	-	-	73	68	4	6%	117
Community and social services		1,144	117	-	-	73	68	4	6%	117
Economic and environmental services		41,754	44,953	-	1,542	23,070	26,223	(3,153)	-12%	44,953
Planning and development		1,111	4,125	-	-	3,093	2,406	687	29%	4,125
Road transport		40,644	40,828	-	1,542	19,976	23,816	(3,840)	-16%	40,828
Trading services		1,939	2,263	-	-	-	1,320	(1,320)	-100%	2,263
Waste management		1,939	2,263	-	-	-	1,320	(1,320)	-100%	2,263
Total Capital Expenditure - Standard Classification	3	48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341
Funded by:										
National Government		48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341
Transfers recognised - capital		48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341
Total Capital Funding		48,910	49,341	-	1,581	23,455	28,782	(5,327)	-19%	49,341

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

Chart C1 2016/17 Capital Expenditure Monthly Trend: actual v target

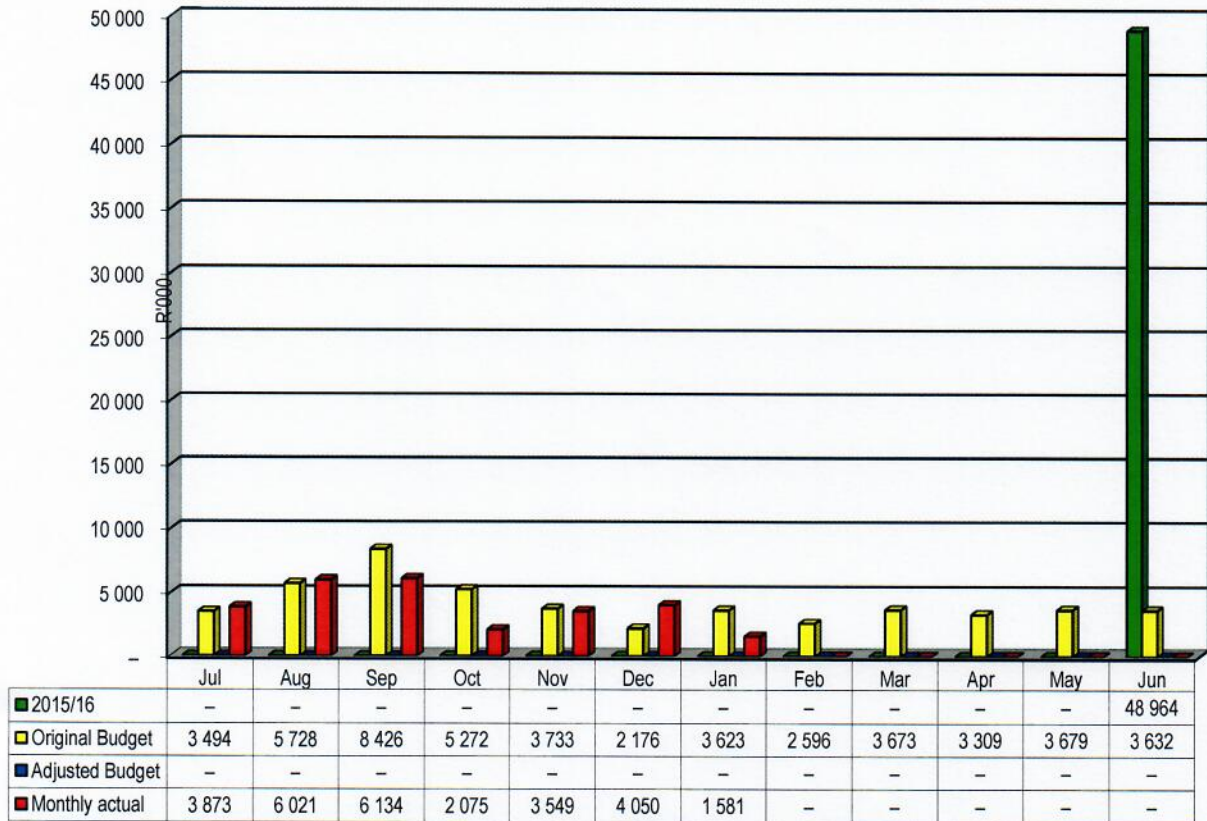


TABLE C6 Financial Position

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

Description	Ref	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	–	787	29,124
Call investment deposits		22,567	10,062	–	70,919	10,062
Consumer debtors		18,224	5,365	–	46,282	5,365
Other debtors		2,856	3,221	–	4,406	3,221
Inventory		5,229	10,497	–	10,824	10,497
Total current assets		52,235	58,269	–	133,219	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	27,112
Property, plant and equipment		637,504	250,939	–	689,186	250,939
Intangible assets		491	815	–	541	815
Other non-current assets		211	119	–		119
Total non current assets		657,292	275,041	–	708,929	275,041
TOTAL ASSETS		709,526	333,310	–	842,148	333,310
LIABILITIES						
Current liabilities						
Trade and other payables		9,556	9,109	–	7,248	9,109
Provisions		11,393	11,655	–		11,655
Total current liabilities		20,949	20,764	–	7,248	20,764
Non current liabilities						
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	–	28,455	25,949
NET ASSETS	2	682,894	307,361	–	813,693	307,361
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		682,894	307,361	–	813,693	307,361
TOTAL COMMUNITY WEALTH/EQUITY	2	682,894	307,361	–	813,693	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 - M07 January

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		98	2,113	4,477	(2,364)	-53%	7,675
Service charges			598		21	239	349	(110)	-32%	598
Other revenue		4,145	17,489		910	13,348	10,202	3,146	31%	17,489
Government - operating		177,973	172,237		61	126,980	100,471	26,508	26%	172,237
Government - capital		42,193	49,341		-	27,260	28,782	(1,522)	-5%	49,341
Interest		4,397	3,670		346	2,052	2,141	(89)	-4%	3,670
Dividends			-				-			-
Payments										
Suppliers and employees		(175,312)	(199,830)		(18,497)	(109,115)	(116,567)	(7,452)	6%	(199,830)
NET CASH FROM/(USED) OPERATING ACTIVITIES		58,571	51,180	-	(17,061)	62,876	29,855	(33,021)	-111%	51,180
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		28								
Decrease (Increase) in non-current debtors					14,258	(39,588)		(39,588)	#DIV/0!	
Payments										
Capital assets		(48,050)	(49,341)		(1,471)	(25,860)	(28,782)	(2,922)	10%	(49,341)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(48,022)	(49,341)	-	12,786	(65,448)	(28,782)	36,666	-127%	(49,341)
CASH FLOWS FROM FINANCING ACTIVITIES										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		10,549	1,839	-	(4,275)	(2,572)	1,073			1,839
Cash/cash equivalents at beginning:		15,377	37,347			3,358	37,347			3,358
Cash/cash equivalents at month/year end:		25,926	39,186			787	38,420			5,197

PART 2: SUPPORTING DOCUMENTATION

Table SC1: Material Variances and explanations

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

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source			
	Property rates	270%	The budget was based on the old valuation. There was a supplementary 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	-20%		To be corrected in the next adjustment Budget
	Interest earned - external investments	7%	over collection	To be corrected in the next adjustment Budget
	Fines	-23%	over collection	To be corrected in the next adjustment Budget
	Licences and permits	-6%	under collected	To be corrected in the next adjustment Budget
	Agency services	25%	under collected	To be corrected in the next adjustment Budget
	Transfers recognised - operational			To be corrected in the next adjustment Budget
	Interest earned - outstanding debtors	177%	over collection	To be corrected in the next adjustment Budget
	Other revenue	-74%	under collected	To be corrected in the next adjustment Budget
2	Expenditure By Type			
	Employee related costs	-9%	low spending	To be corrected in the next adjustment Budget
	Remuneration of councillors	-11%	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	27%		To be corrected in the next adjustment Budget
	Other expenditure	-24%	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	To be corrected in the next adjustment Budget
	6.1 - HR	0%	MM, LED, POUND, SOLID WASTE PROJECT HAVE NOT YET STARTED SPENDING.	To be corrected in the next adjustment Budget
	7.1 - LED	0%		To be corrected in the next adjustment Budget
	8.2 - Pound	6%		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)	10%		To be corrected in the next adjustment Budget

Table SC3: Aged Debtors

The municipality is being owed a total amount of R50.5 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 - M07 January

Description	NT Code	Budget Year 2016/17						
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	Total	Total over 90 days
R thousands								
Debtors Age Analysis By Income Source								
Receivables from Non-exchange Transactions - Property Rates	1400	625	23,896	1,165	3,298	15,490	44,475	18,788
Receivables from Exchange Transactions - Waste Management	1600	196	120	118	109	5,515	6,058	5,624
Total By Income Source	2000	821	24,016	1,283	3,408	21,005	50,533	24,413
2015/16 - totals only								
Debtors Age Analysis By Customer Group								
Organs of State	2200	(70)	21,946	748	2,086	12,003	36,713	14,089
Commercial	2300	258	1,256	193	494	2,521	4,723	3,016
Households	2400	633	815	342	827	6,481	9,097	7,308
Other	2500	-	-	-	-	-	-	-
Total By Customer Group	2600	821	24,016	1,283	3,408	21,005	50,533	24,413

Table SC4: Aged Creditors

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

Description	NT Code	Budget Year 2016/17								
		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
R thousands										
Creditors Age Analysis By Customer Type										
Trade Creditors	0700	(5)	5	0	-	(0)	-	(209)	(341)	(550)
Other	0900	(30)	22	49	(17)	7	(5)	9	(9)	28
Total By Customer Type	1000	(35)	28	49	(17)	7	(5)	(200)	(350)	(522)

Table SC5: Investment Portfolio Analysis

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

The table below reflects on account balances as at the end of January 2017. Total cash available was R67.2 million.

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
R thousands									
Municipality									
(FMG) 62280641244 - FNB		Call	Call Deposit	Call Deposit	9	0	1,752	(0)	1,752
(MSIG) 62280642416 - FNB		Call	Call Deposit	Call Deposit	0	0	10	(0)	10
(Equitable Share) 62027945809 - FNB		Call	Call Deposit	Call Deposit	165	0	43,186	(13,269)	29,918
(MIG) 62170844221 - FNB		Call	Call Deposit	Call Deposit	40	0	8,958	(1,543)	7,415
(Gqunu Lots) 62020395390 - FNB		Call	Call Deposit	Call Deposit	3	0	699	(0)	699
(IDP) 62075570137 - FNB		Call	Call Deposit	Call Deposit	2	0	309	554	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	88	0	19,169	-	19,169
(Bulk Housing) 62280645345 - FNB		Call	Call Deposit	Call Deposit	4	0	736	(0)	736
(7 days Notice) 74366814934- FNB		Call	Call Deposit	Call Deposit	-	-	10	-	10
					-	-	-	-	-
Municipality sub-total					346	0	81,468	(14,258)	67,210
Entities									
TOTAL INVESTMENTS AND INTEREST	2				346		81,468	(14,258)	67,210

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 - M07 January

Description	Ref	2015/16	Budget Year 2016/17				
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
R thousands							
RECEIPTS:	1,2						
-							
Operating Transfers and Grants							
National Government:		218,402	170,887	-	-	131,651	131,439
Local Government Equitable Share		159,404	154,313			115,734	115,734
Municipal Systems Improvement		930	-			-	-
Finance Management		1,875	2,010			2,010	2,010
EPWP Incentive		1,000	1,232			862	862
Integrated National Electrification Programme		13,000	12,500			12,500	12,500
Municipal Infrastructure Grant (MIG)- operating		42,193	832			545	333
Provincial Government:		170	1,350	-	-	1,350	1,350
Library & Subsidies		170	350			350	350
EPWP Incentive	4	-	1,000			1,000	1,000
District Municipality:		-	-	-	-	-	-
Total Operating Transfers and Grants	5	218,572	172,237	-	-	133,001	132,789
Capital Transfers and Grants							
National Government:		38,278	40,828	-	-	26,715	26,715
Municipal Infrastructure Grant (MIG)		38,278	40,828			26,715	26,715
Provincial Government:		-	-	-	-	-	-
Total Capital Transfers and Grants	5	38,278	40,828	-	-	26,715	26,715
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	256,850	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 R695 thousand. This amount was used on interns' salaries and training.

Library grant expenditure amounts to R276 thousand, and was used is paying the librarians' salary.

MIG operating expenditure amounts to R2.4 million.

MIG capital expenditure amounts to R23.9 million

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

Description	Ref	2015/16	Budget Year							
		Audited Outcome	2016/17 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	-	2,116	16,512	102,532	(86,020)	-83.9%	170,887
Local Government Equitable Share		159,404	154,313				92,588	(92,588)	-100.0%	154,313
Municipal Systems Improvement		930	-				-	-	-42.3%	-
Finance Management		1,875	2,010		64	695	1,206	(511)	19.4%	2,010
EPWP Incentive		1,000	1,232		200	882	739	143	66.7%	1,232
Integrated National Electrification Programme		13,531	12,500		1,526	12,500	7,500	5,000		12,500
Municipal Infrastructure Grant (MIG)-operating		42,193	832		325	2,434	499,067.12	1,935	387.8%	832
Provincial Government:		170	1,350	-	168	593	810	(217)	-26.8%	1,350
Library & Subsidies		170	350		11	276	210	66	31.4%	350
Gqunu Lots		-	-				-	-	-47.2%	-
EPWP Incentive		-	1,000		158	317	600	(283)		1,000
Total operating expenditure of Transfers and Grants:		219,103	172,237	-	2,284	17,105	103,342	(86,237)	-83.4%	172,237
Capital expenditure of Transfers and Grants										
National Government:		38,278	40,828	-	970	23,917	24,497	(580)	-2.4%	40,828
Municipal Infrastructure Grant (MIG)		38,278	40,828		970	23,917	24,497	(580)	-2.4%	40,828
Total capital expenditure of Transfers and Grants		38,278	40,828	-	970	23,917	24,497	(580)	-2.4%	40,828
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		257,381	213,065	-	3,254	41,021	127,839	(86,818)	-67.9%	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 R46 million.

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

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		A	B	C						D
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		11,184	11,826		908	6,652	6,898	(246)	-4%	11,826
Pension and UIF Contributions		-	1		0	2	1	1	141%	1
Medical Aid Contributions		-	-		-	16	-	16	#DIV/0!	-
Motor Vehicle Allowance		3,363	3,942		285	1,769	2,299	(530)	-23%	3,942
Cellphone Allowance		1,270	1,368		102	607	798	(191)	-24%	1,368
Housing Allowances		-	-		-	1	-	1	#DIV/0!	-
Other benefits and allowances		755	156		9	(85)	91	(176)	-193%	156
Sub Total - Councillors		16,573	17,293	-	1,305	8,962	10,087	(1,125)	-11%	17,293
% increase	4		4.3%							4.3%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4,464	3,789		391	2,476	2,210	266	12%	3,789
Pension and UIF Contributions		11	18		1	6	10	(5)	-46%	18
Motor Vehicle Allowance		1,374	1,507		135	787	879	(92)	-10%	1,507
Cellphone Allowance		30	-		17	63	-	63	#DIV/0!	-
Housing Allowances		285	773		22	120	451	(331)	-73%	773
Other benefits and allowances		797	130		5	32	76	(44)	-58%	130
Sub Total - Senior Managers of Municipality		6,960	6,217	-	572	3,484	3,627	(143)	-4%	6,217
% increase	4		-10.7%							-10.7%
Other Municipal Staff										
Basic Salaries and Wages		39,564	44,937		3,112	22,696	26,213	(3,517)	-13%	44,937
Pension and UIF Contributions		5,608	7,784		864	6,233	4,541	1,692	37%	7,784
Medical Aid Contributions		4,891	5,307		389	2,766	3,096	(330)	-11%	5,307
Overtime		2,084	-		295	1,604	-	1,604	#DIV/0!	-
Performance Bonus		-	-		-	-	-	-		-
Motor Vehicle Allowance		5,985	7,096		574	4,258	4,139	119	3%	7,096
Cellphone Allowance		715	951		59	430	555	(124)	-22%	951
Housing Allowances		2,156	2,732		199	1,405	1,594	(189)	-12%	2,732
Other benefits and allowances		8,481	7,861		408	2,351	4,585	(2,234)	-49%	7,861
Payments in lieu of leave		-	4,281		-	837	2,497	(1,660)	-66%	4,281
Sub Total - Other Municipal Staff		69,484	80,948	-	5,900	42,579	47,220	(4,641)	-10%	80,948
% increase	4		16.5%							16.5%
Total Parent Municipality		93,017	104,458	-	7,776	55,025	60,934	(5,909)	-10%	104,458
% increase	4		12.3%							12.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		93,017	104,458	-	7,776	55,025	60,934	(5,909)	-10%	104,458
% increase	4		12.3%							12.3%
TOTAL MANAGERS AND STAFF		76,444	87,165	-	6,472	46,063	50,846	(4,784)	-9%	87,165

Additional Information

Reconciliation of cash available	
	Jan-17
Cash and cash equivalents(excl. call accounts) at month end -30 October 2016	2,605,278.74
Call Accounts	67,210,061.88
Net cash available for internal distribution	69,815,340.62
Less: Conditional Grants	-18,113,002.23
FMG	-1,752,410.06
MIG	-7,414,614.51
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 Days' notice	-10,000.00
Less: Employee Benefit Reserve	-24,000,000.00
Less: Expected future payments (Operations)	-12,921,537.66
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 & Accommodation	-991,678.00
Security costs	-965,565.66
Fuel & Oil	-1,838,000.00
Legal Fees	-500,000.00
Audit Fees	-1,310,000.00
Current Cash Resources available/shortfall	14,780,800.73

Section 16 – Municipal Manager’s quality certification

QUALITY CERTIFICATE

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

The Monthly budget statement for the month ending 31 January 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.....08/02/2017.....