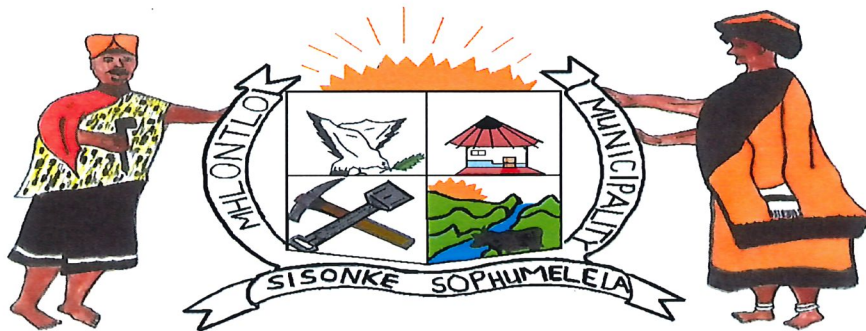


Mhlontlo Local Municipality



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 June 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 52 states that the accounting officer must not later than 30 working days after the end of each Monthly 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 R216 million out of the projected R173 million giving rise to a variance of 25%. Variance contributing factors are explained in the sub headings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R12.1 million for the month of July to June 2017 out of the expected R23.1 million. This is due to under collection on rates.

Property Rates

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

Total actual cash collected on rates for July to June 2017 is R2.1 thousand against the expected R24.7 million.

Refuse Removal

Amount accrued on refuse removal is R1 172 thousand against the expected R1 275 thousand.

Total actual cash received on refuse removal from July to June 2017 is R307 thousand out of the expected collection of R914 thousand.

Investment Revenue

This relates to interests received on the call account deposits. Interest received since July amounts to R3.9 million out of the expected R3.8 million.

Other Revenue

Rental of facilities and Equipment –R56 thousand has been received instead of the expected R41 thousand.

Fines- R38 thousand has been received so far against the expected R29 thousand.

Licenses and permits- R1.1 million has been received, however the municipality expected to receive R1 million.

Agency Fees- The amount collected since July amounts to R738 thousand, and the expected budget is R777 thousand.

Pound sales amounted to R252 thousand since July.

Operating Expenditure

On operating expenditure, R128.8 million was spent against the expected budget of R169.4 million giving rise to a variance of more than R40.6 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

Employee Costs

R59.6 million has been spent to date on employee related costs against the expected R66.7 million.

Remuneration of Councillors

Amount spent since July totals to R11.8 million against the budgeted R12.3 million.

Contracted Services

On contracted services, R16.6 thousand has been spent since July. The budgeted amount for this item is R14.8 million giving a variance of R1.7 million.

Other Expenditure

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R40.6 million against the expected budget of R49.7 million.

Capital Expenditure

On Capital Expenditure the municipality has spent a total of R40.2 million against the expected R40.6 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 Monthly with a positive cash and cash equivalents balance.

EC156 Mhlontlo - Table C1 Monthly Budget Statement Summary - Q4 Fourth Monthly

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	-	1 172	1 275	(103)	-8%	1 275
Investment revenue	3 559	3 564	3 820	233	3 918	3 820	98	3%	3 820
Transfers recognised - operational	182 184	172 837	174 536	862	173 693	174 536	(843)	-0%	174 536
Other own revenue	4 983	17 705	17 751	823	7 487	17 751	(10 265)	-58%	17 751
Total Revenue (excluding capital transfers and contributions)	223 903	210 989	231 155	1 918	220 041	231 155	(11 113)	-5%	231 155
Employee costs	76 444	87 165	89 036	6 406	79 445	89 036	(9 592)	-11%	89 036
Remuneration of Councillors	16 573	17 293	16 517	1 269	15 577	16 517	(939)	-6%	16 517
Depreciation & asset impairment	97 708	14 708	14 369	-	-	14 369	(14 369)	-100%	14 369
Transfers and grants	-	4 233	-	-	-	-	-		-
Other expenditure	94 294	111 015	105 961	6 307	75 051	105 961	(30 910)	-29%	105 961
Total Expenditure	285 019	234 414	225 882	13 982	170 073	225 882	(55 810)	-25%	225 882
Surplus/(Deficit)	(61 117)	(23 425)	5 272	(12 064)	49 969	5 272	44 697	848%	5 272
Transfers recognised - capital	(38 278)	40 828	39 577	7 848	53 620	39 577	14 043	35%	39 577
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(99 395)	17 403	44 849	(4 216)	103 589	44 849	58 740	131%	44 849
Surplus/ (Deficit) for the year	(99 395)	17 403	44 849	(4 216)	103 589	44 849	58 740	131%	44 849
Capital expenditure & funds sources									
Capital expenditure	48 910	49 341	54 241	9 501	64 890	54 241	10 648	20%	54 241
Capital transfers recognised	48 910	49 341	54 241	9 501	64 800	54 241	10 559	19%	54 241
Total sources of capital funds	48 910	49 341	54 241	9 501	64 800	54 241	10 559	19%	54 241
Financial position									
Total current assets	52 235	58 269	48 009		98 970				58 269
Total non current assets	657 292	275 041	733 341		713 587				275 041
Total current liabilities	20 949	20 764	34 877		22 717				20 764
Total non current liabilities	5 684	5 185	-		-				5 185
Community wealth/Equity	682 894	307 361	746 473		789 841				307 361
Cash flows									
Net cash from (used) operating	58 571	51 180	57 956	(14 679)	65 296	57 956	(7 340)	-13%	57 956
Net cash from (used) investing	(48 022)	(49 341)	(54 241)	19 510	(63 229)	(54 241)	8 988	-17%	(54 241)
Net cash from (used) financing	-	-	-	-	-	-	-		-

Cash/cash equivalents at the month/year end	25 926	39 186	7 073	-	5 426	7 073	1 648	23%	7 073
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	717	1 308	1 298	1 320	46 033	-	-	-	50 677
Creditors Age Analysis									
Total Creditors	(102)	13	119	-	32	3	35	(556)	(457)

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) - Q4 Fourth Monthly

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	135 143	1 023	134 032	135 143	(1 111)	-1%	115 393
Executive and council		52 279	54 124	53 608	-	53 914	53 608	305	1%	54 124
Budget and treasury office		54 401	31 597	49 603	1 006	48 942	49 603	(662)	-1%	31 006
Corporate services		29 115	30 263	31 931	17	31 176	31 931	(755)	-2%	30 263
Community and public safety		16 362	17 155	20 439	533	17 281	20 439	(3 158)	-15%	17 155
Public safety		16 362	17 155	20 439	533	17 281	20 439	(3 158)	-15%	17 155
Economic and environmental services		53 506	94 153	95 334	8 064	97 754	95 334	2 421	3%	94 144
Planning and development		19 839	22 022	21 588	128	22 241	21 588	654	3%	22 013
Road transport		33 668	72 131	73 746	7 936	75 513	73 746	1 767	2%	72 131
Trading services		18 240	24 526	19 816	146	24 594	19 816	4 778	24%	24 526
Waste management		18 240	24 526	19 816	146	24 594	19 816	4 778	24%	24 526
Other	4	-	-	-	-	-	-	-		-
Total Revenue - Standard	2	223 903	251 817	270 732	9 766	273 661	270 732	2 930	1%	251 218
Expenditure - Standard										
Governance and administration		115 892	137 118	130 009	-	-	130 009	(130 009)	-100%	137 118
Executive and council		46 459	54 692	52 163	-	-	52 163	(52 163)	-100%	54 692
Budget and treasury office		44 009	54 121	47 872	-	-	47 872	(47 872)	-100%	54 121
Corporate services		25 424	28 306	29 974	-	-	29 974	(29 974)	-100%	28 306
Community and public safety		18 284	17 019	20 369	-	-	20 369	(20 369)	-100%	17 019
Public safety		18 284	17 019	20 369	-	-	20 369	(20 369)	-100%	17 019

<i>Economic and environmental services</i>		136 186	58 014	56 299	-	-	56 299	(56 299)	-100%	58 014
Planning and development		15 663	18 326	17 301	-	-	17 301	(17 301)	-100%	18 326
Road transport		120 522	39 688	38 998	-	-	38 998	(38 998)	-100%	39 688
<i>Trading services</i>		14 657	22 263	19 205	-	-	19 205	(19 205)	-100%	22 263
Waste management		14 657	22 263	19 205	-	-	19 205	(19 205)	-100%	22 263
Total Expenditure - Standard	3	285 019	234 415	225 882	-	-	225 882	(225 882)	-100%	234 415
Surplus/ (Deficit) for the year		(61 117)	17 403	44 849	9 766	273 661	44 849	228 812	510%	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.

Table C4- Statement of Financial Performance

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q4 Fourth Monthly

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	–	1 172	1 275	(103)	-8%	1 275
Rental of facilities and equipment		45	46	39	4	49	39	10	26%	39
Interest earned - external investments		3 559	3 564	3 820	233	3 918	3 820	98	3%	3 820
Interest earned - outstanding debtors		838	216	599	114	776	599	177	30%	599
Fines		477	67	55	3	71	55	16	29%	55
Licences and permits		1 592	1 516	1 427	23	1 428	1 427	1	0%	1 427
Agency services		854	826	1 036	220	1 158	1 036	122	12%	1 036
Transfers recognised - operational		182 184	172 837	174 536	862	173 693	536	(843)	0%	174 536
Other revenue		1 177	15 035	14 596	460	4 005	14 596	(10 592)	-73%	14 596
Gains on disposal of PPE		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		223 903	210 989	231 155	1 918	220 041	231 155	(11 113)	-5%	231 155
Expenditure By Type										
Employee related costs		76 444	87 165	89 036	6 406	79 445	89 036	(9 592)	-11%	89 036
Remuneration of councillors		16 573	17 293	16 517	1 269	15 577	16 517	(939)	-6%	16 517
Debt impairment		12 393	19 876	19 876	–	–	19 876	(19 876)	-100%	19 876
Depreciation & asset impairment		97 708	14 708	14 369	–	–	14 369	(14 369)	-100%	14 369
Contracted services		21 610	21 189	19 792	531	20 601	19 792	809	4%	19 792
Transfers and grants		–	4 233	–	–	–	–	–		–
Other expenditure		59 895	69 950	66 293	5 776	54 450	66 293	(11 843)	-18%	66 293
Loss on disposal of PPE		396	–	–	–	–	–	–		–
Total Expenditure		285 019	234 414	225 882	13 982	170 073	225 882	(55 810)	-25%	225 882
Surplus/(Deficit)		(61 117)	(23 425)	5 272	(12 064)	49 969	5 272	44 697	0	5 272
Transfers recognised - capital		(38 278)	40 828	39 577	7 848	53 620	39 577	14 043	0	39 577
Contributions recognised - capital		–	–	–	–	–	–	–		–
Contributed assets		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		(99 395)	17 403	44 849	(4 216)	103 589	44 849			44 849
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		(99 395)	17 403	44 849	(4 216)	103 589	44 849			44 849

Attributable to minorities										
Surplus/(Deficit) attributable to municipality	(99 395)	17 403	44 849	(4 216)	103 589	44 849				44 849
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year	(99 395)	17 403	44 849	(4 216)	103 589	44 849				44 849

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

Capital Expenditure reflects a deviation of only 20%. Year to date budget is R45.7 million whilst expenditure is sitting at R58.3 million. The extra R15 million received as an additional MIG allocation will be updated in due course.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q4 Fourth Monthly

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									
Vote 1 - MAYORS OFFICE		-	-	833	-	833	833	-		833
Vote 2 - COUNCIL		1 924	-	650	-	1 054	650	404	62%	650
Vote 3 - MUNICIPAL MANAGER'S OFFICE		36	50	60	-	-	60	(60)	-100%	60
Vote 5 - BUDGET & TREASURY OFFICE		1 774	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES		340	1 957	1 957	490	1 283	1 957	(675)	-34%	1 957
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		1 111	4 125	4 286	-	3 093	4 286	(1 193)	-28%	4 286
Vote 8 - COMMUNITY SERVICES		3 083	2 380	733	90	252	733	(481)	-66%	733
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		40 644	40 828	45 721	8 921	58 374	45 721	12 654	28%	45 721
Total Capital single-year expenditure	4	48 910	49 341	54 241	9 501	64 890	54 241	10 648	20%	54 241
Total Capital Expenditure		48 910	49 341	54 241	9 501	64 890	54 241	10 648	20%	54 241
Capital Expenditure - Standard Classification										
Governance and administration		4 073	2 008	3 500	490	3 170	3 500	(331)	-9%	3 500
Executive and council		1 960	50	1 543	-	1 887	1 543	344	22%	1 543
Budget and treasury office		1 774	-	-	-	-	-	-		-
Corporate services		340	1 957	1 957	490	1 283	1 957	(675)	-34%	1 957
Community and public safety		1 144	117	122	-	162	122	40	33%	122
Community and social services		1 144	117	122	-	73	73	-		122
Public safety		-	-	-	-	90	49	40	82%	-
Economic and environmental services		41 754	44 953	50 007	8 921	61 468	50 007	11 460	23%	50 007
Planning and development		1 111	4 125	4 286	-	3 093	4 286	(1 193)	-28%	4 286
Road transport		40 644	40 828	45 721	8 921	58 374	45 721	12 654	28%	45 721
Environmental protection			-	-	-	-	-	-		-
Trading services		1 939	2 263	612	90	90	612	(522)	-85%	612
Waste management		1 939	2 263	612	90	90	612	(522)	-85%	612

<i>Other</i>											
Total Capital Expenditure - Standard Classification	3	48 910	49 341	54 241	9 501	64 890	54 241	10 648	20%	54 241	
Funded by:											
National Government		48 910	49 341	54 241	9 501	64 800	54 241	10 559	19%	54 241	
Transfers recognised - capital		48 910	49 341	54 241	9 501	64 800	54 241	10 559	19%	54 241	
Total Capital Funding		48 910	49 341	54 241	9 501	64 800	54 241	10 559	19%	54 241	

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

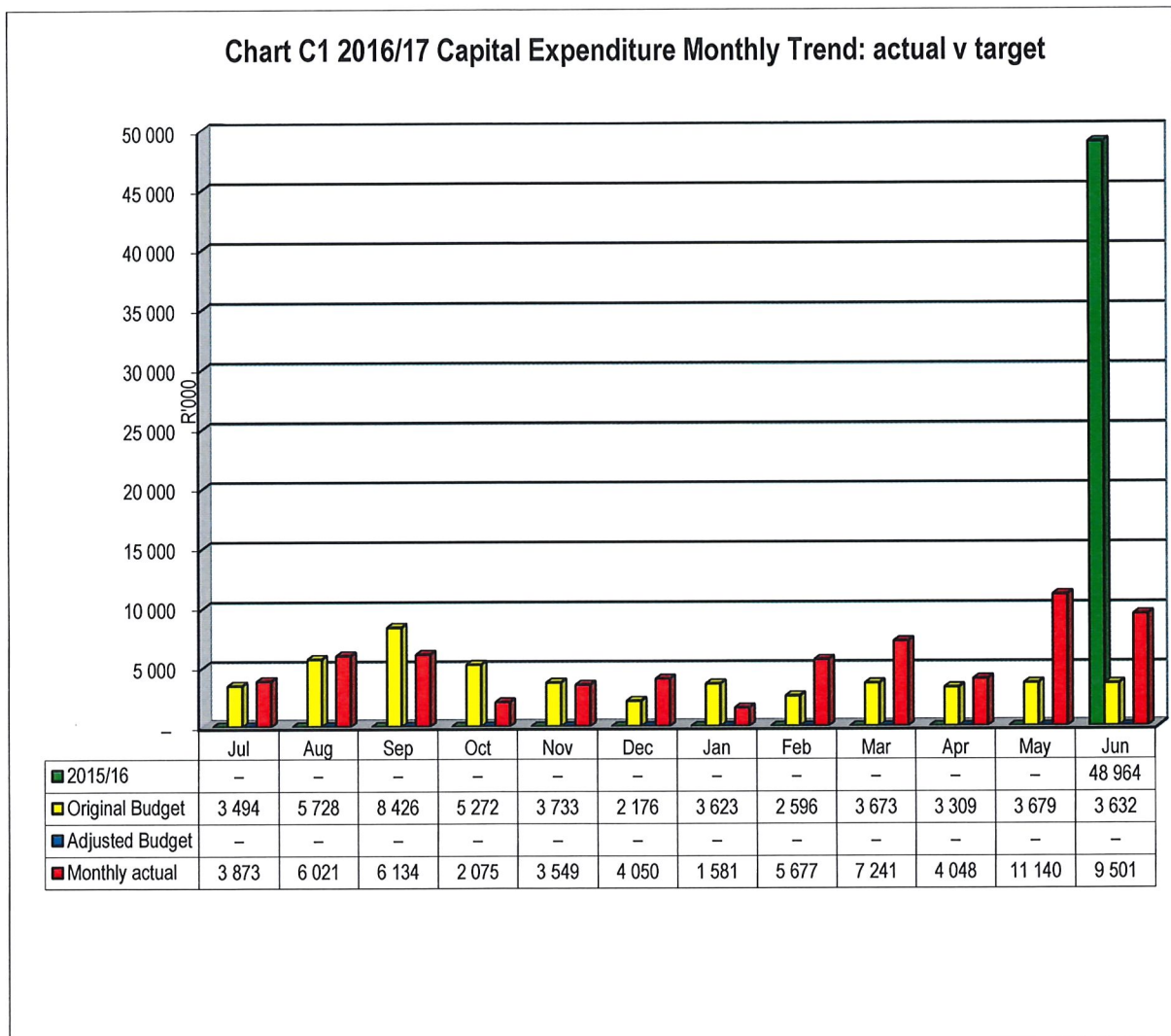


TABLE C6 Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - Q4 Fourth Monthly

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	19 299	40 762	29 124
Call investment deposits		22 567	10 062		–	10 062
Consumer debtors		18 224	5 365	14 625	46 375	5 365
Other debtors		2 856	3 221	3 587	6 264	3 221
Inventory		5 229	10 497	10 497	5 570	10 497
Total current assets		52 235	58 269	48 009	98 970	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	19 086	27 112
Investments in Associate			–	–	–	–
Property, plant and equipment		637 504	250 939	713 006	693 746	250 939
Intangible assets		491	815	1 133	756	815
Other non-current assets		211	119	–	–	119
Total non current assets		657 292	275 041	733 341	713 587	275 041
TOTAL ASSETS		709 526	333 310	781 350	812 558	333 310
LIABILITIES						
Current liabilities						
Trade and other payables		9 556	9 109	13 503	1 587	9 109
Provisions		11 393	11 655	21 374	21 129	11 655
Total current liabilities		20 949	20 764	34 877	22 717	20 764
Non current liabilities						
Provisions		5 684	5 185	–	–	5 185
Total non current liabilities		5 684	5 185	–	–	5 185
TOTAL LIABILITIES		26 633	25 949	34 877	22 717	25 949
NET ASSETS	2	682 894	307 361	746 473	789 841	307 361
COMMUNITY WEALTH/EQUITY						

Accumulated Surplus/(Deficit)		682 894	307 361	746 473	789 841	307 361
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	682 894	307 361	746 473	789 841	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 - Q4 Fourth Monthly

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	89	2 664	13 988	(11 324)	-81%	13 988
Service charges			598	1 020	52	416	1 020	(604)	-59%	1 020
Other revenue		4 145	17 489	17 153	1 525	19 295	17 153	2 142	12%	17 153
Government - operating		177 973	172 237	171 953	-	165 859	171 953	(6 094)	-4%	171 953
Government - capital		42 193	49 341	41 660	-	56 660	41 660	15 000	36%	41 660
Interest		4 397	3 670	3 820	207	3 604	3 820	(216)	-6%	3 820
Dividends			-	-			-	-		-
Payments										
Suppliers and employees		(175 312)	(199 830)	(191 637)	(16 552)	(183 201)	(191 637)	(8 437)	4%	(191 637)
NET CASH FROM/(USED) OPERATING ACTIVITIES		58 571	51 180	57 956	(14 679)	65 296	57 956	(7 340)	-13%	57 956
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		28	-	-			-	-		
Decrease (increase) in non-current investments			-	-	28 060	(3 577)	-	(3 577)	#DIV/0!	-
Payments										
Capital assets		(48 050)	(49 341)	(54 241)	(8 550)	(59 652)	(54 241)	5 411	-10%	(54 241)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(48 022)	(49 341)	(54 241)	19 510	(63 229)	(54 241)	8 988	-17%	(54 241)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		10 549	1 839	3 715	4 831	2 067	3 715			3 715
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		5 426	7 073			7 073

PART 2: SUPPORTING DOCUMENTATION

Table SC1: Material Variances and explanations

Ref	Description R thousands	Variance	Reasons for material deviations
1	Revenue By Source		
	Rental of facilities and equipment	26%	
	Interest earned - external investments	3%	
	Fines	29%	over collection
	Licences and permits	0%	
	Agency services	12%	under collected
	Transfers recognised - operational	0%	
	Interest earned - outstanding debtors	30%	over collection
	Other revenue	-73%	under collected
2	Expenditure By Type		
	Employee related costs	-11%	Not all employees have medical aids
	Remuneration of councillors	-6%	
	Debt impairment	-100%	Debt impairment provision to be reviewed at year end and the expenditure to be recorded at year end.
	Depreciation & asset impairment	-100%	Depreciation not yet processed in the system.
	Contracted services	4%	
	Other expenditure	-18%	low spending
3	Capital Expenditure		
	8.2 - Pound		
	8.3 - Solid Waste	-85%	No expenditure incurred yet
	9.3 - Project Management Unit (PMU)	0%	

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 R36.9 million being owed by this group of debtors.

The second biggest is household debtors that are sitting at R9.1 million. The last are the businesses owing just over R4.6 thousand.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q4 Fourth Monthly

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	545	1 186	1 178	1 201	40 144		44 254	41 345	
Receivables from Exchange Transactions - Waste Management	1600	172	122	120	119	5 890		6 423	6 009	
Total By Income Source	2000	717	1 308	1 298	1 320	46 033		50 677	47 354	
2015/16 - totals only								-	-	
Debtors Age Analysis By Customer Group										
Organs of State	2200	(114)	764	761	791	34 726		36 929	35 517	
Commercial	2300	232	192	190	186	3 814		4 614	4 000	
Households	2400	599	352	347	343	7 494		9 134	7 836	
Other	2500	-	-	-	-	-		-	-	
Total By Customer Group	2600	717	1 308	1 298	1 320	46 033		50 677	47 354	

Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q4 Fourth Monthly

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	(102)	13	119	-	32	3	35	(556)	(457)
Total By Customer Type	1000	(102)	13	119	-	32	3	35	(556)	(457)

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 June 2017. Total cash available was R31.5 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q4 Fourth Monthly

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	74.6%	1 624	(1 614)	10
(MSIG) 62280642416 - FNB		Call	Call Deposit	Call Deposit	0	0.3%	10	(0)	10
(Equitable Share) 62027945809 - FNB		Call	Call Deposit	Call Deposit	118	1.8%	16 416	(9 743)	6 673
(MIG) 62170844221 - FNB		Call	Call Deposit	Call Deposit	86	64.0%	10 040	(9 905)	135
(Gqunu Lots) 62020395390 - FNB		Call	Call Deposit	Call Deposit	3	0.6%	698	(127)	571
(IDP) 62075570137 - FNB		Call	Call Deposit	Call Deposit	5	49.7%	1 233	(1 223)	10
(INEP) 74231136926 - FNB		Call	Call Deposit	Call Deposit	41	73.9%	6 242	(6 187)	55
(LED) 62075571713 - FNB		Call	Call Deposit	Call Deposit	1	0.3%	396	-	396
(Revolving Fund) 61399068117 - FNB		Call	Call Deposit	Call Deposit	97	0.4%	22 224	739	22 963
(Bulk Housing) 62280645345 - FNB		Call	Call Deposit	Call Deposit	3	0.5%	736	(0)	736
(7 days Notice) 74366814934 - FNB		Call	Call Deposit	Call Deposit	-	0.0%	10	-	10
Municipality sub-total					363	0	59 629	(28 060)	31 569
TOTAL INVESTMENTS AND INTEREST	2				363		59 629	(28 060)	31 569

Table SC6: Grants Receipts

The table below reflects on individual grants received. All grants were received.

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q4 Fourth Monthly

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										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		218 402	170 887	172 138	-	172 888	172 138	750	0.4%	172 138
Local Government Equitable Share		159 404	154 313	154 313		154 313	154 313	-		154 313
Municipal Systems Improvement		930	-	-		-	-			-
Finance Management		1 875	2 010	2 010	-	2 010	2 010			2 010
EPWP Incentive		1 000	1 232	1 232	-	1 232	1 232			1 232
Integrated National Electrification Programme		13 000	12 500	12 500	-	12 500	12 500			12 500
Municipal Infrastructure Grant (MIG)-operating		42 193	832	2 083	-	2 833	2 083	750	36.0%	2 083
Provincial Government:		170	1 350	1 350	-	1 350	1 350	-		1 350
Library & Subsidies		170	350	350	-	350	350	-		350
EPWP Incentive	4		1 000	1 000	-	1 000	1 000	-		1 000
Total Operating Transfers and Grants	5	218 572	172 237	173 488	-	174 238	173 488	750	0.4%	173 488
Capital Transfers and Grants										
National Government:		38 278	40 828	39 577	-	53 827	39 577	14 250	36.0%	39 577
Municipal Infrastructure Grant (MIG)		38 278	40 828	39 577	-	53 827	39 577	14 250	36.0%	39 577
EPWP Incentive								-		
Other capital transfers [insert description]								-		
Total Capital Transfers and Grants	5	38 278	40 828	39 577	-	53 827	39 577	14 250	36.0%	39 577
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	256 850	213 065	213 065	-	228 065	213 065	15 000	7.0%	213 065

Table SC7: Grants expenditure

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

Finance management grant's expenditure was at 100%. This amount was used on interns' salaries and training.

Library grant expenditure was at 100%, and was used is paying the librarians' salary.

MIG operating expenditure was at 100% .

MIG capital expenditure was at 100%

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q4 Fourth Monthly

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										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		218 402	170 887	172 138	-	172 138	172 138	0	0.0%	172 138
Local Government Equitable Share		159 404	154 313	154 313		154 313	154 313	-		154 313
Municipal Systems Improvement		930	-	-		-	-			-
Finance Management		1 875	2 010	2 010	-	2 010	2 010			2 010
EPWP Incentive		1 000	1 232	1 232	-	1 232	1 232			1 232
Integrated National Electrification Programme		13 000	12 500	12 500	-	12 500	12 500			12 500
Municipal Infrastructure Grant (MIG)- operating		42 193	832	2 083	-	2 083	2 083	0	0.0%	2 083
Provincial Government:		170	1 350	1 350	-	1 350	1 350	-		1 350
Library & Subsidies		170	350	350	-	350	350	-		350
Vuna Award										
Gqunu Lots										
EPWP Incentive	4		1 000	1 000	-	1 000	1 000	-		1 000
Total Operating Transfers and Grants	5	218 572	172 237	173 488	-	173 488	173 488	0	0.0%	173 488
Capital Transfers and Grants										
National Government:		38 278	40 828	39 577	-	53 827	53 827	-	0%	53 837
Municipal Infrastructure Grant (MIG)		38 278	40 828	39 577	-	53 827	53 827		0%	53 827
Total Capital Transfers and Grants	5	38 278	40 828	39 577	-	53 827	53 827		0%	53 827
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	256 850	213 065	213 065	-	227 315	227 315		0%	227 315

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 R71.5 million.

EC156 Mhlontlo - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q4 Fourth Monthly

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										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		11 184	11 826	15 170	889	11 049	15 170	(4 121)	-27%	11 826
Pension and UIF Contributions		-	1	-	0	2	-	2	#DIV/0!	1
Medical Aid Contributions		-	-	-	-	16	-	16	#DIV/0!	-
Motor Vehicle Allowance		3 363	3 942	-	264	3 119	-	3 119	#DIV/0!	3 942
Cellphone Allowance		1 270	1 368	1 346	108	1 152	1 346	(195)	-14%	1 368
Other benefits and allowances		755	156	-	9	239	-	239	#DIV/0!	156
Sub Total - Councillors		16 573	17 293	16 517	1 269	15 577	16 517	(939)	-6%	17 293
% increase	4		4.3%	-0.3%						4.3%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4 464	3 789	3 789	391	4 824	3 789	1 035	27%	3 789
Pension and UIF Contributions		11	18	18	1	11	18	(6)	-35%	18
Motor Vehicle Allowance		1 374	1 507	1 507	121	1 513	1 507	7	0%	1 507
Cellphone Allowance		30	-	-	17	165	-	165	#DIV/0!	-
Housing Allowances		285	773	773	22	252	773	(521)	-67%	773
Other benefits and allowances		797	130	130	5	192	130	62	48%	130
Sub Total - Senior Managers of Municipality		6 960	6 217	6 217	558	6 958	6 217	741	12%	6 217
% increase	4		-10.7%	-10.7%						-10.7%
Other Municipal Staff										
Basic Salaries and Wages		39 564	44 937	43 026	3 430	40 970	43 026	(2 056)	-5%	44 937
Pension and UIF Contributions		5 608	7 784	8 275	483	5 931	8 275	(2 344)	-28%	7 784
Medical Aid Contributions		4 891	5 307	4 737	412	4 917	4 737	180	4%	5 307
Overtime		2 084	-	2 483	19	2 394	2 483	(88)	-4%	-
Performance Bonus		-	-	3 336	-	-	3 336	(3 336)	-100%	-
Motor Vehicle Allowance		5 985	7 096	14 452	596	7 111	14 452	(7 342)	-51%	7 096
Cellphone Allowance		715	951	1 106	73	725	1 106	(381)	-34%	951
Housing Allowances		2 156	2 732	1 754	196	2 362	1 754	609	35%	2 732
Other benefits and allowances		8 481	7 861	2 771	639	7 117	2 771	4 347	157%	7 861
Payments in lieu of leave		-	4 281	880	-	959	880	80	9%	4 281
Sub Total - Other Municipal Staff		69 484	80 948	82 819	5 848	72 486	82 819	(10 333)	-12%	80 948
% increase	4		16.5%	19.2%						16.5%
Total Parent Municipality		93 017	104 458	105 553	7 675	95 022	105 553	(10 531)	-10%	104 458
Unpaid salary, allowances & benefits in arrears:			12.3%	13.5%						12.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		93 017	104 458	105 553	7 675	95 022	105 553	(10 531)	-10%	104 458
% increase	4		12.3%	13.5%						12.3%
TOTAL MANAGERS AND STAFF		76 444	87 165	89 036	6 406	79 445	89 036	(9 592)	-11%	87 165

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 30 June 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 