

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 October 2016

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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 R104.4 million out of the projected R80.7 million giving rise to a variance of 29%. 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 October 2016 out of the expected R23.1 million. This is due to under budgeting on rates.

Property Rates

The amount accrued on rates amounts to R32 million, out of the expected R15.6 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 October is R510 thousand against the expected R10.6 million.

Refuse Removal

Amount accrued on refuse removal is R426 thousand against the expected R407 thousand.

Total actual cash received on refuse removal from July to October 2016 is R236 thousand out of the expected collection of R407 thousand.

Investment Revenue

This relates to interests received on the call account deposits. Interest received since July amounts to R1.2 million out of the expected R1.1 million.

Other Revenue

Rental of facilities and Equipment –R15 thousand has been received instead of the expected R15 thousand.

Fines- R14 thousand has been received so far against the expected R22 thousand.

Licenses and permits- R544 thousand has been received, however the municipality expected to receive R505 thousand.

Agency Fees- The amount collected since July amounts to R338 thousand, and the expected budget is R275 thousand.

There has been no pound sales

Operating Expenditure

On operating expenditure, R57.9 million was spent against the expected budget of R78.1 million giving rise to a variance of more than R20.1 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

Employee Costs

R25.8 million has been spent to date on employee related costs against the expected R29.0 million.

Remuneration of Councillors

Amount spent since July totals to R4.9 million against the budgeted R5.7 million.

Contracted Services

On contracted services, R9 thousand has been spent since July. The budgeted amount for this item is R7 million giving a variance of R2 million.

Other Expenditure

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R18.1 million against the expected budget of R23.3 million.

Capital Expenditure

On Capital Expenditure the municipality has spent a total of R16 million against the expected R11.9 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 - M04
October

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	-	-	32,019	15,663	16,356	104%	15,663
Service charges	1,158	1,220	-	107	426	407	19	5%	1,220
Investment revenue	3,559	3,564	-	223	1,277	1,188	89	8%	3,564
Transfers recognised - operational	181,888	172,837	-	64	69,134	57,612	11,522	20%	172,237
Other own revenue	4,983	17,705	-	488	1,548	5,902	(4,354)	-74%	17,705
Total Revenue (excluding capital transfers and contributions)	223,606	210,989	-	882	104,404	80,772	23,632	29%	210,389
Employee costs	76,014	87,165	-	6,925	25,810	29,055	(3,245)	-11%	87,165
Remuneration of Councillors	16,670	17,293	-	1,294	4,943	5,764	(821)	-14%	17,293
Depreciation & asset impairment	97,691	14,708	-	-	-	4,903	(4,903)	-100%	14,708
Transfers and grants	-	4,233	-	-	-	1,411	(1,411)	-100%	4,233
Other expenditure	94,351	111,015	-	8,203	27,214	37,005	(9,791)	-26%	111,015
Total Expenditure	284,726	234,414	-	16,422	57,967	78,138	(20,171)	-26%	234,414
Surplus/(Deficit)	(61,120)	(23,425)	-	(15,540)	46,437	2,633	43,803	1663%	(24,025)
Transfers recognised - capital	38,278	40,828	-	-	14,486	13,609	876	6%	40,828
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(22,841)	17,403	-	(15,540)	60,923	16,243	44,680	275%	16,803
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(22,841)	17,403	-	(15,540)	60,923	16,243	44,680	275%	16,803
Capital expenditure & funds sources									
Capital expenditure	48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341
Capital transfers recognised	48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341
Public contributions & donations	-	-	-	-	-	-	-	-	-
Total sources of capital funds	48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341
Financial position									
Total current assets	57,489	58,269	-	-	64,118	-	-	-	58,269
Total non current assets	685,523	275,041	-	-	749,731	-	-	-	275,041
Total current liabilities	20,832	20,764	-	-	32,666	-	-	-	20,764
Total non current liabilities	5,684	5,185	-	-	-	-	-	-	5,185
Community wealth/Equity	716,495	307,361	-	-	781,183	-	-	-	307,361
Cash flows									
Net cash from (used) operating	58,571	51,180	-	(13,975)	28,543	17,060	(11,483)	-67%	51,180
Net cash from (used) investing	(48,078)	(49,341)	-	12,886	(32,928)	(16,447)	16,481	-100%	(49,341)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	25,870	39,186	-	-	(1,026)	37,960	38,987	103%	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	24,619	3,485	100	93	24,409	-	-	-	52,706
Creditors Age Analysis									
Total Creditors	1,170	(960)	(1,416)	(1,037)	(915)	(1,635)	(1,386)	(18,053)	(24,233)

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) - M04 October

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		135,498	115,984	-	504	72,240	38,661	33,578	87%	115,393
Executive and council		52,279	54,124	-	-	22,464	18,041	4,423	25%	54,124
Budget and treasury office		54,401	31,597	-	352	36,996	10,532	26,463	251%	31,006
Corporate services		28,819	30,263	-	152	12,780	10,088	2,692	27%	30,263
Community and public safety		16,362	17,155	-	231	6,857	5,718	1,139	20%	17,155
Public safety		16,362	17,155	-	231	6,857	5,718	1,139	20%	17,155
Economic and environmental services		53,506	94,153	-	17	29,762	31,384	(1,622)	-5%	94,144
Planning and development		19,839	22,022	-	17	9,177	7,341	1,836	25%	22,013
Road transport		33,668	72,131	-	-	20,585	24,044	(3,458)	-14%	72,131
Trading services		18,240	24,526	-	129	10,031	8,175	1,855	23%	24,526
Waste management		18,240	24,526	-	129	10,031	8,175	1,855	23%	24,526
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	223,606	251,817	-	882	118,890	83,939	34,951	42%	251,218
Expenditure - Standard										
Governance and administration		115,616	137,118	-	6,493	28,505	45,706	(17,201)	-38%	137,118
Executive and council		46,556	54,692	-	2,910	14,266	18,231	(3,964)	-22%	54,692
Budget and treasury office		43,932	54,121	-	2,120	6,823	18,040	(11,218)	-62%	54,121
Corporate services		25,128	28,306	-	1,463	7,416	9,435	(2,020)	-21%	28,306
Community and public safety		18,284	17,019	-	1,718	6,832	5,673	1,159	20%	17,019
Public safety		18,284	17,019	-	1,718	6,832	5,673	1,159	20%	17,019
Economic and environmental services		136,169	58,014	-	6,982	17,079	19,338	(2,259)	-12%	58,014
Planning and development		15,646	18,326	-	1,573	4,839	6,109	(1,270)	-21%	18,326
Road transport		120,522	39,688	-	5,409	12,240	13,229	(989)	-7%	39,688
Trading services		14,657	22,263	-	1,229	5,551	7,421	(1,870)	-25%	22,263
Waste management		14,657	22,263	-	1,229	5,551	7,421	(1,870)	-25%	22,263
Total Expenditure - Standard	3	284,726	234,415	-	16,422	57,967	78,138	(20,171)	-26%	234,415
Surplus/ (Deficit) for the year		(61,120)	17,403	-	(15,540)	60,923	5,801	55,122	950%	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) - M04 October

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	-	-	1,280	1,028	252	24.5%	3,085
Vote 2 - COUNCIL		33,941	30,755	-	-	12,765	10,252	2,513	24.5%	30,755
Vote 3 - MUNICIPAL MANAGER'S OFFICE		8,576	12,287	-	-	5,100	4,096	1,004	24.5%	12,287
Vote 4 - STRATEGIC OFFICE		7,477	7,996	-	-	3,319	2,665	653	24.5%	7,996
Vote 5 - BUDGET & TREASURY OFFICE		54,401	31,597	-	352	36,996	10,532	26,463	251.3%	31,597
Vote 6 - CORPORATE SERVICES		28,819	30,263	-	152	12,780	10,088	2,692	26.7%	30,263
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		19,839	22,022	-	17	9,177	7,341	1,836	25.0%	22,022
Vote 8 - COMMUNITY SERVICES		34,601	41,681	-	361	16,888	13,894	2,994	21.6%	41,681
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		33,668	72,131	-	-	20,585	24,044	(3,458)	-14.4%	72,131
Total Revenue by Vote	2	223,606	251,817	-	882	118,890	83,939	34,951	41.6%	251,817
Expenditure by Vote	1									
Vote 1 - MAYORS OFFICE		1,707	3,085	-	171	741	1,028	(287)	-27.9%	3,085
Vote 2 - COUNCIL		27,320	30,755	-	1,447	7,330	10,252	(2,921)	-28.5%	30,755
Vote 3 - MUNICIPAL MANAGER'S OFFICE		11,465	12,737	-	747	4,294	4,246	49	1.1%	12,737
Vote 4 - STRATEGIC OFFICE		6,064	8,115	-	544	1,901	2,705	(804)	-29.7%	8,115
Vote 5 - BUDGET & TREASURY OFFICE		43,932	54,121	-	2,120	6,823	18,040	(11,218)	-62.2%	54,121
Vote 6 - CORPORATE SERVICES		25,128	28,306	-	1,463	7,416	9,435	(2,020)	-21.4%	28,306
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		15,646	18,326	-	1,573	4,839	6,109	(1,270)	-20.8%	18,326
Vote 8 - COMMUNITY SERVICES		32,942	39,282	-	2,947	12,383	13,094	(711)	-5.4%	39,282
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		120,522	39,688	-	5,409	12,240	13,229	(989)	-7.5%	39,688
Total Expenditure by Vote	2	284,726	234,415	-	16,422	57,967	78,138	(20,171)	-25.8%	234,415
Surplus/ (Deficit) for the year	2	(61,120)	17,403	-	(15,540)	60,923	5,801	55,122	950.2%	17,403

Table C4- Statement of Financial Performance

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

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		–	32,019	15,663	16,356	104%	15,663
Service charges - refuse revenue		1,158	1,220		107	426	407	19	5%	1,220
Rental of facilities and equipment		45	46		3	15	15	(0)	-1%	46
Interest earned - external investments		3,559	3,564		223	1,277	1,188	89	8%	3,564
Interest earned - outstanding debtors		838	216		80	80	72	8	11%	216
Fines		477	67		1	14	22	(8)	-36%	67
Licences and permits		1,592	1,516		119	544	505	38	8%	1,516
Agency services		854	826		94	338	275	63	23%	826
Transfers recognised - operational		181,888	172,837		64	69,134	57,612	11,522	20%	172,237
Other revenue		1,177	15,035		191	556	5,012	(4,455)	-89%	15,035
Total Revenue (excluding capital transfers and contributions)		223,606	210,989		882	104,404	80,772	23,632	29%	210,389
Expenditure By Type										
Employee related costs		76,014	87,165		6,925	25,810	29,055	(3,245)	-11%	87,165
Remuneration of councillors		16,670	17,293		1,294	4,943	5,764	(821)	-14%	17,293
Debt impairment		12,393	19,876		–	–	6,625	(6,625)	-100%	19,876
Depreciation & asset impairment		97,691	14,708		–	–	4,903	(4,903)	-100%	14,708
Contracted services		21,610	21,189		4,430	9,093	7,063	2,030	29%	21,189
Transfers and grants		–	4,233		–	–	1,411	(1,411)	-100%	4,233
Other expenditure		59,952	69,950		3,773	18,121	23,317	(5,196)	-22%	69,950
Loss on disposal of PPE		396			–	–	–	–		
Total Expenditure		284,726	234,414		16,422	57,967	78,138	(20,171)	-26%	234,414
Surplus/(Deficit)		(61,120)	(23,425)		(15,540)	46,437	2,633	43,803	0	(24,025)
Transfers recognised - capital		38,278	40,828		–	14,486	13,609	876	0	40,828
Contributions recognised - capital								–		
Contributed assets								–		
Surplus/(Deficit) after capital transfers & contributions		(22,841)	17,403		(15,540)	60,923	16,243			16,803
Taxation								–		
Surplus/(Deficit) after taxation		(22,841)	17,403		(15,540)	60,923	16,243			16,803
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(22,841)	17,403		(15,540)	60,923	16,243			16,803
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(22,841)	17,403		(15,540)	60,923	16,243			16,803

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

Capital Expenditure reflects a deviation of 10%. Year to date budget is R16.4 million whilst expenditure is sitting at R18.1 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M04 October

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									
Multi-Year expenditure appropriation	2									
Single Year expenditure appropriation	2									
Vote 2 - COUNCIL		1,924	-	-	-	46	-	46	#DIV/0!	-
Vote 3 - MUNICIPAL MANAGER'S OFFICE		36	50	-	-	-	17	(17)	-100%	50
Vote 5 - BUDGET & TREASURY OFFICE		1,774	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES		340	1,957	-	52	126	652	(526)	-81%	1,957
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		1,111	4,125	-	351	351	1,375	(1,024)	-74%	4,125
Vote 8 - COMMUNITY SERVICES		3,083	2,380	-	73	73	793	(721)	-91%	2,380
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		40,697	40,828	-	1,599	17,507	13,609	3,898	29%	40,828
Total Capital single-year expenditure	4	48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341
Total Capital Expenditure		48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341
Capital Expenditure - Standard Classification										
Governance and administration		4,073	2,008	-	52	172	669	(497)	-74%	2,008
Executive and council		1,960	50	-	-	46	17	29	173%	50
Budget and treasury office		1,774	-	-	-	-	-	-		-
Corporate services		340	1,957	-	52	126	652	(526)	-81%	1,957
Community and public safety		1,144	117	-	73	73	39	33	86%	117
Community and social services		30	117	-	73	73	39	33	86%	117
Public safety		1,114	-	-	-	-	-	-		-
Economic and environmental services		41,808	44,953	-	1,950	17,858	14,984	2,874	19%	44,953
Planning and development		1,111	4,125	-	351	351	1,375	(1,024)	-74%	4,125
Road transport		40,697	40,828	-	1,599	17,507	13,609	3,898	29%	40,828
Environmental protection			-	-	-	-	-	-		-
Trading services		1,939	2,263	-	-	-	754	(754)	-100%	2,263
Waste management		1,939	2,263	-	-	-	754	(754)	-100%	2,263
Other			-	-	-	-	-	-		-
Total Capital Expenditure - Standard Classification	3	48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341
Funded by:										
National Government		48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341
Transfers recognised - capital		48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341
Total Capital Funding		48,964	49,341	-	2,075	18,103	16,447	1,656	10%	49,341

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

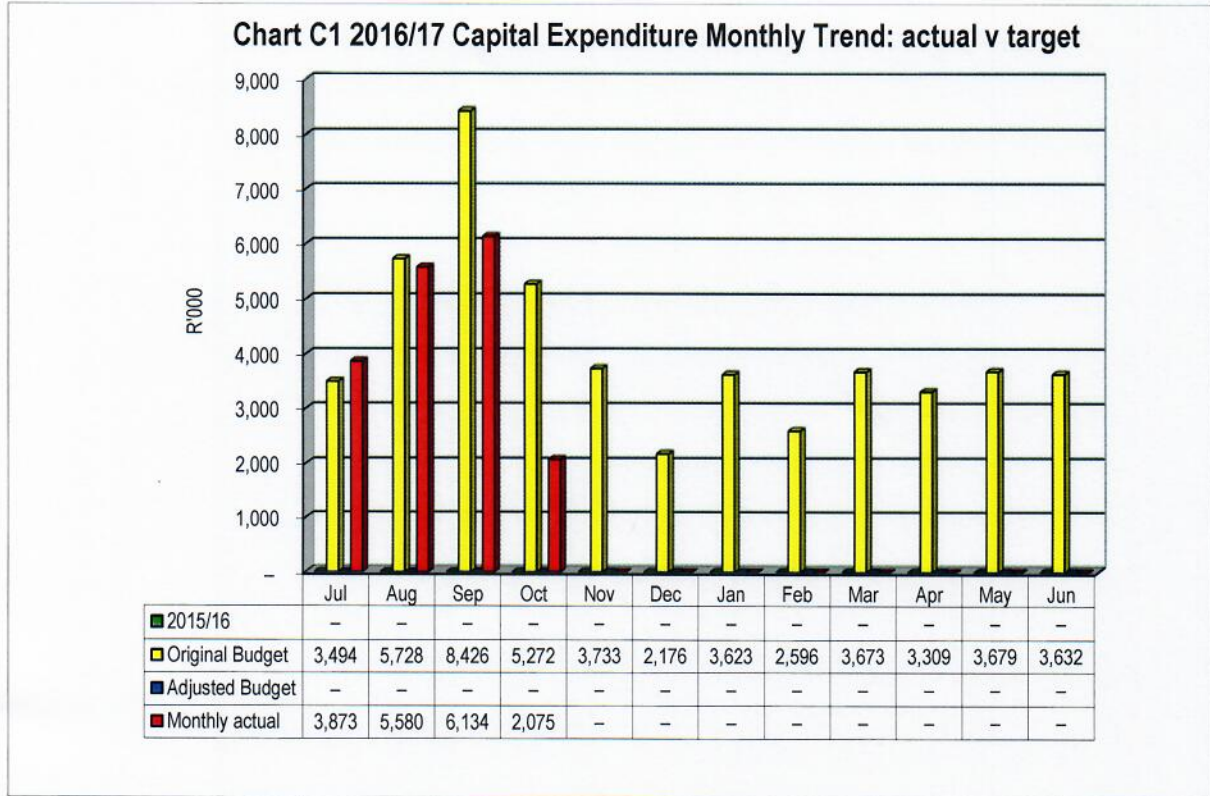


TABLE C6 Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M04 October

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	–	(1,026)	29,124
Call investment deposits		22,567	10,062	–		10,062
Consumer debtors		18,210	5,365	–	50,067	5,365
Other debtors		2,856	3,221	–	4,280	3,221
Inventory		10,497	10,497	–	10,796	10,497
Total current assets		57,489	58,269	–	64,118	58,269
Non current assets						
Long-term receivables		–	(6,944)	–	–	(6,944)
Investments		–	3,000	–	47,063	3,000
Investment property		19,202	27,112	–	19,202	27,112
Property, plant and equipment		665,619	250,939	–	682,925	250,939
Intangible assets		491	815	–	541	815
Other non-current assets		211	119	–	–	119
Total non current assets		685,523	275,041	–	749,731	275,041
TOTAL ASSETS		743,011	333,310	–	813,849	333,310
LIABILITIES						
Current liabilities						
Trade and other payables		9,439	9,109	–	11,459	9,109
Provisions		11,393	11,655	–	21,207	11,655
Total current liabilities		20,832	20,764	–	32,666	20,764
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		5,684	5,185	–	–	5,185
Total non current liabilities		5,684	5,185	–	–	5,185
TOTAL LIABILITIES		26,516	25,949	–	32,666	25,949
NET ASSETS	2	716,495	307,361	–	781,183	307,361
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		716,495	307,361	–	781,183	307,361
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	716,495	307,361	–	781,183	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 - M04 October

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	-	182	346	2,558	(2,212)	-86%	7,675
Service charges			598	-	56	146	199	(53)	-27%	598
Other revenue		4,145	17,489	-	1,991	6,671	5,830	841	14%	17,489
Government - operating		177,973	172,237	-	2,639	69,604	57,412	12,192	21%	172,237
Government - capital		42,193	49,341	-		15,200	16,447	(1,247)	-8%	49,341
Interest		4,397	3,670	-	217	1,218	1,223	(5)	0%	3,670
Dividends			-	-			-	-		-
Payments										
Suppliers and employees		(175,312)	(199,830)	-	(19,059)	(64,643)	(66,610)	(1,967)	3%	(199,830)
Finance charges			-	-			-	-		-
Transfers and Grants			-	-			-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		58,571	51,180	-	(13,975)	28,543	17,060	(11,483)	-67%	51,180
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(28)		-	-	-	-	-		
Decrease (increase) in non-current investments				-	14,775	(15,731)	-	(15,731)	#DIV/0!	
Payments										
Capital assets		(48,050)	(49,341)	-	(1,889)	(17,197)	(16,447)	750	-5%	(49,341)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(48,078)	(49,341)	-	12,886	(32,928)	(16,447)	16,481	-100%	(49,341)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Payments										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		10,493	1,839	-	(1,089)	(4,385)	613			1,839
Cash/cash equivalents at beginning:		15,377	37,347	-		3,358	37,347			3,358
Cash/cash equivalents at month/year end:		25,870	39,186	-		(1,026)	37,960			5,197

PART 2: SUPPORTING DOCUMENTATION

Table SC1: Material Variances and explanations

EC156 Mhlontlo - Supporting Table SC1 Material variance explanations - M04 October

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source			
	Property rates	104%	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	-1%		
	Interest earned - external investments	8%	over collection	
	Fines	-36%	over collection	
	Licences and permits	8%	under collected	
	Agency services	23%	under collected	
	Transfers recognised - operational	20%		
	Interest earned - outstanding debtors	11%	No interest charged yet.	
	Other revenue	-89%	under collected	
2	Expenditure By Type			
	Employee related costs	-11%	low spending	Increment not implemented
	Remuneration of councillors	-14%	Councillors paid pro-rata	Increment not implemented
	Debt impairment	-100%	Debt impairment provision to be reviewed at year end and the expenditure to be recorded at year end.	Accounted for at year end
	Depreciation & asset impairment	-100%	Depreciation not yet processed in the system. Some other items affect by INEP was not yet received from National treasury, and only Security paid for this month.	Accounted for at year end
	Contracted services	29%		
	Other expenditure	-22%	low spending	
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.	
	6.1 - HR	0%		
	7.1 - LED	0%		
	8.2 - Pound	86%		
	8.3 - Solid Waste	-100%		
	9.3 - Project Management Unit (PMU)	61%		

Table SC3: Aged Debtors

The municipality is being owed a total amount of R52.7 million of which the biggest portion is on government departments with R38.5 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 R3.1 thousand.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2016/17					Total
		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	24,536	3,370	5	-	19,024	46,935
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	83	115	95	93	5,385	5,771
Total By Income Source	2000	24,619	3,485	100	93	24,409	52,706
2015/16 - totals only							-
Debtors Age Analysis By Customer Group							
Organs of State	2200	22,317	2,092	15	9	14,075	38,509
Commercial	2300	1,412	521	26	26	3,107	5,092
Households	2400	889	871	59	58	7,227	9,105
Other	2500	-	-	-	-	-	-
Total By Customer Group	2600	24,619	3,485	100	93	24,409	52,706

Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

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	(1,170)	93	2	-	9	(209)	(356)	-	(1,631)
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	(1,170)	93	2	-	9	(209)	(356)	-	(1,631)

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 October 2016. Total cash available was R41.5 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M04 October

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	0.46%	2,010	(0)	2,010
(MSIG) 62280642416 - FNB		Call	Call Deposit	Call Deposit	0	0.30%	10	(0)	10
(Equitable Share) 62027945809 - FNB		Call	Call Deposit	Call Deposit	116	0.80%	31,238	(16,771)	14,466
(MIG) 62170844221 - FNB		Call	Call Deposit	Call Deposit	1	0.47%	243	(0)	243
(Gqunu Lots) 62020395390 - FNB		Call	Call Deposit	Call Deposit	3	0.47%	699	(0)	699
(IDP) 62075570137 - FNB		Call	Call Deposit	Call Deposit	1	0.33%	309	-	309
(INEP) 74231136926 - FNB		Call	Call Deposit	Call Deposit	-	0.00%	-	2,500	2,500
(LED) 62075571713 - FNB		Call	Call Deposit	Call Deposit	1	0.33%	396	-	396
(Revolving Fund) 61399068117 - FNB		Call	Call Deposit	Call Deposit	82	0.40%	17,423	2,748	20,171
(Bulk Housing) 62280645345 - FNB		Call	Call Deposit	Call Deposit	3	0.46%	736	(0)	736
(7 days Notice) 74366814934- FNB		Call	Call Deposit	Call Deposit	-	0.00%	10	-	10
						0.00%			
Municipality sub-total					217	0	53,073	(11,524)	41,550
TOTAL INVESTMENTS AND INTEREST	2				217		53,073	(11,524)	41,550

Table SC6: Grants Receipts

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

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M04 October

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:		-	170,887	-	2,500	74,115	69,561	2,239	3.2%	170,887
Local Government Equitable Share			154,313		-	64,297	61,725	2,572	4.2%	154,313
Municipal Systems Improvement			-		-	-	-			-
Finance Management			2,010		-	2,010	2,010			2,010
EPWP Incentive			1,232		-	308	493			1,232
Integrated National Electrification Programme			12,500		2,500	7,500	5,000			12,500
Municipal Infrastructure Grant (MIG)-operating			832		-		333	(333)	-100.0%	832
Provincial Government:		-	1,350	-	-	1,350	1,350	-		1,350
Library & Subsidies			350		-	350	350	-		350
EPWP Incentive	4		1,000		-	1,000	1,000	-		1,000
District Municipality:		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	-	172,237	-	2,500	75,465	70,911	2,239	3.2%	172,237
Capital Transfers and Grants										
National Government:		-	40,828	-	-	14,897	16,331	(1,435)	-8.8%	40,828
Municipal Infrastructure Grant (MIG)			40,828		-	14,897	16,331	(1,435)	-8.8%	40,828
Provincial Government:		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	-	40,828	-	-	14,897	16,331	(1,435)	-8.8%	40,828
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	213,065	-	2,500	90,362	87,242	804	0.9%	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 amounts to R502 thousand. This amount was used on interns' salaries and training.

Library grant expenditure amounts to R87 thousand, and was used is paying the librarians' salary.

MIG operating expenditure amounts to R1.5 million.

MIG capital expenditure amounts to R15.0 million

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M04 October

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										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		-	170,887	-	5,177	9,945	68,355	(58,410)	-85.5%	170,887
Local Government Equitable Share			154,313		-	-	61,725	(61,725)	-100.0%	154,313
Municipal Systems Improvement			-		-	-	-	-	-37.5%	-
Finance Management			2,010		64	502	804	(302)	-100.0%	2,010
EPWP Incentive			1,232		-	-	493	(493)	-100.0%	1,232
Integrated National Electrification Programme			12,500		4,660	7,912	5,000	2,912	58.2%	12,500
Municipal Infrastructure Grant (MIG)- operating			832		452	1,531	333	1,198	360.1%	832
Provincial Government:		-	1,350	-	34	87	540	(453)	-84.0%	1,350
Library & Subsidies			350		34	87	140	(53)	-38.1%	350
EPWP Incentive			1,000		-	-	400	(400)	-100.0%	1,000
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total operating expenditure of Transfers and Grants:		-	172,237	-	5,211	10,031	68,895	(58,863)	-85.4%	172,237
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		-	40,828	-	591	15,090	16,331	(1,242)	-7.6%	40,828
Municipal Infrastructure Grant (MIG)			40,828		591	15,090	16,331	(1,242)	-7.6%	40,828
Provincial Government:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	40,828	-	591	15,090	16,331	(1,242)	-7.6%	40,828
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	213,065	-	5,802	25,121	85,226	(60,105)	-70.5%	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 R30.7 million.

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		913	3,864	3,942	(78)	-2%	11,826
Pension and UIF Contributions			1		0	1	0	0	62%	1
Medical Aid Contributions		55	-		-	16	-	16	#DIV/0!	-
Motor Vehicle Allowance		3,363	3,942		268	876	1,314	(438)	-33%	3,942
Cellphone Allowance		1,312	1,368		102	301	456	(155)	-34%	1,368
Housing Allowances			-				-	-		-
Other benefits and allowances		707	156		10	(116)	52	(168)	-322%	156
Sub Total - Councillors		16,622	17,293	-	1,294	4,943	5,764	(821)	-14%	17,293
% increase	4		4.0%							4.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		4,464	3,789		376	1,504	1,263	241	19%	3,789
Pension and UIF Contributions		11	18		1	3	6	(2)	-42%	18
Motor Vehicle Allowance		1,374	1,507		120	469	502	(33)	-7%	1,507
Cellphone Allowance		77	-		7	29	-	29	#DIV/0!	-
Housing Allowances		238	773		20	80	258	(178)	-69%	773
Other benefits and allowances		686	130		5	20	43	(24)	-54%	130
Payments in lieu of leave		112	-				-	-		
Sub Total - Senior Managers of Municipality		6,960	6,217	-	529	2,105	2,072	33	2%	6,217
% increase	4		-10.7%							-10.7%
Other Municipal Staff										
Basic Salaries and Wages		71,550	44,937		3,703	13,640	14,979	(1,339)	-9%	44,937
Pension and UIF Contributions			7,784		486	1,979	2,595	(616)	-24%	7,784
Medical Aid Contributions			5,307		391	1,606	1,769	(163)	-9%	5,307
Overtime			-		240	964	-	964	#DIV/0!	-
Performance Bonus			-		-	-	-	-		-
Motor Vehicle Allowance			7,096		573	2,312	2,365	(53)	-2%	7,096
Cellphone Allowance			951		58	236	317	(81)	-26%	951
Housing Allowances			2,732		193	784	911	(127)	-14%	2,732
Other benefits and allowances			7,861		320	1,752	2,620	(868)	-33%	7,861
Payments in lieu of leave			4,281		432	432	1,427	(995)	-70%	4,281
Sub Total - Other Municipal Staff		71,550	80,948	-	6,396	23,704	26,983	(3,278)	-12%	80,948
% increase	4		13.1%							13.1%
Total Parent Municipality		95,132	104,458	-	8,219	30,753	34,819	(4,066)	-12%	104,458
Unpaid salary, allowances & benefits in arrears:			9.8%							9.8%
TOTAL SALARY, ALLOWANCES & BENEFITS		95,132	104,458	-	8,219	30,753	34,819	(4,066)	-12%	104,458
% increase	4		9.8%							9.8%
TOTAL MANAGERS AND STAFF		78,510	87,165	-	6,925	25,810	29,055	(3,245)	-11%	87,165

Additional Information

Reconciliation of cash available	
	Oct-16
Cash and cash equivalents(excl. call accounts) at month end -30 October 2016	417,792.93
Call Accounts	41,549,519.23
Net cash available for internal distribution	41,967,312.16
Less: Conditional Grants	-6,902,556.71
FMG	-2,009,926.00
MIG	-242,665.55
Gqunu Lots	-698,828.26
Municipal IDP	-309,000.04
Electrification programme	-2,500,000.00
LED	-396,303.88
Bulk housing	-735,832.98
7 Days' notice	-10,000.00
Less: Employee Benefit Reserve	-8,000,000.00
Less: Expected future payments (Operations)	-10,353,439.66
Electricity	-1,000,000.00
Telephone	-1,100,000.00
Vodacom (Laptops & 3G)	-736,196.00
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	16,711,315.79

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 quarter ending 31 October 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..... 11/11/2016