

LAINGSBURG MUNICIPALITY



**In-Year Report for the Municipality
First Quarterly Budget
Statement
SEPTEMBER 2016**

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1. Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

IHHS – Informal Housing and Human Settlements, provincial grant.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MIG – Municipal Infrastructure Grant.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, is spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments of the budget. In Laingsburg Municipality this means at department level.

2. Legislative framework

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium term planning and policy choices on services delivery.

This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Sections 71 & 52,
- And The Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.

“28. The monthly budget statement of a Municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.”

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of Municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

3. Mayors Report

In accordance with Section 52(d) of the Act, I submit a report to the Council within 30 days after the end of each quarter on the implementation of the budget and the financial state of affairs of the Laingsburg Municipality.

The submission of this report forms part of the general responsibilities of the Mayor of a Municipality, and is intended to inform and enable the Council to fulfil its oversight responsibility.

The section 52 report on the implementation of the budget and the financial affairs of the Municipality is prepared as required by the MFMA.

The quarterly financial information has already been presented in the section 71, monthly budget statement for September 2016. The monthly and quarterly reports for September 2016 should be read in conjunction with one another.

4. Executive Summary

4.1.1 Financial problems or risks facing the Municipality

There are no financial problems facing the Municipality. Operating revenues and expenditures to date remain in line with the projected year to date budgets taking accruals and prior year trends into account.

The new financial year started on 1 July 2016, and no major spending has occurred during the financial year.

4.1.2 Other relevant information

Year-to-date revenue raised is 136.0% of the projected year-to-date budget for the first quarter. Operating expenditure incurred amounts to 83.37% of year-to-date budget.

The Table below illustrates an overview of the Budget implementation of Laingsburg Municipality for the quarter ended September 2016.

Operating Revenue

The Municipality have generated 33.79% or R26,594 million of the Budgeted Revenue to date which exceeds the budgeted amounts. During the financial year operating grants totalling R5,544 million were received. The largest part of the grants received forms part of the Equitable share allocation for the financial year.

Operating Expenditure

For the quarter ending September 2016, the Municipality managed to spend within the budgeted norms. An amount of R R19,293 million or 20,2% have been spent to date.

Capital Expenditure

The Municipality has incurred R29 000 or 1.8% of the internal funded Capital Budget to date. The MIG spending for the first quarter totals to R1,834 million to date.

Cash Flow

The Municipality started off with a cash flow balance of R9,964 million at the beginning of the year and increased it with R4,826 million. The closing balance for this quarter is R14,790 million. The increase in cash flow is due to the receipt of the operational grants. The Municipal Cash flow is mainly from Operating Activities as no Borrowing or Investments are budgeted for the 2015/2016 financial year.

Debtors

The Outstanding Debtors of the Municipality amounts to R R7,823 million for the quarter ending September 2016. The outstanding debt for more than 90 days amounts to 47.0%. The payment rate for 2015/2016 financial year was 105%. For the financial year to date the payment rate is 52.26%. This is a decrease since the previous financial year. The Municipality is fully implementing the Debt Collection and Credit Control Policy. It should be noted that the Municipal debt collection and credit control policy was revised during August 2013.

Creditors

Total outstanding creditors amount to R19 000.00 for the quarter ending September 2016. All the outstanding amounts are within the 30 days outstanding categories which is compliant with Section 65 of the MFMA. Cases occur where suppliers issue their invoices more than 30 days after the date of the invoice, for payment, but in most cases the payments are made at presentation of the invoices.

5. In year Budget Statement Tables

Table C1: Summary

WC051 Laingsburg - Table C1 Monthly Budget Statement Summary - Q1 First Quarter

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	3 129	4 004	4 004	3 589	3 589	1 442	2 148	149%	4 004
Service charges	15 324	16 567	16 567	4 380	4 380	3 973	407	10%	16 567
Investment revenue	1 429	1 119	1 119	168	168	280	(112)	-40%	1 119
Transfers recognised - operational	18 084	18 429	18 429	5 544	5 544	4 244	1 300	31%	18 429
Other own revenue	23 063	38 575	38 575	12 913	12 913	9 614	3 299	34%	38 575
Total Revenue (excluding capital transfers and contributions)	61 030	78 695	78 695	26 594	26 594	19 552	7 042	36%	78 695
Employee costs	15 100	20 664	20 664	4 781	4 781	4 700	81	2%	20 664
Remuneration of Councillors	2 408	2 619	2 619	647	647	641	5	1%	2 619
Depreciation & asset impairment	9 709	12 303	12 303	0	(0)	849	(849)	-100%	12 303
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	7 487	8 713	8 713	1 882	1 882	2 886	(1 004)	-35%	8 713
Transfers and grants	35 738	4 559	4 559	647	647	2 440	(1 794)	-	4 559
Other expenditure	31 747	46 740	46 740	11 349	11 337	11 626	(289)	-2%	46 740
Total Expenditure	102 189	95 598	95 598	19 306	19 293	23 142	(3 848)	-17%	95 598
Surplus/(Deficit)	(41 159)	(16 903)	(16 903)	7 288	7 301	(3 590)	10 891	-303%	(16 903)
Transfers recognised - capital	29 323	8 159	8 159	-	-	2 039	(2 039)	-100%	8 159
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(11 836)	(8 744)	(8 744)	7 288	7 301	(1 551)	8 852	-571%	(8 744)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(11 836)	(8 744)	(8 744)	7 288	7 301	(1 551)	8 852	-571%	(8 744)
Capital expenditure & funds sources									
Capital expenditure	23 968	14 703	14 703	1 862	1 862	3 023	(1 161)	-38%	14 703
Capital transfers recognised	23 799	13 160	13 160	1 834	1 834	3 000	(1 166)	-39%	13 160
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	168	1 543	1 543	29	29	23	6	25%	1 543
Total sources of capital funds	23 968	14 703	14 703	1 862	1 862	3 023	(1 161)	-38%	14 703
Financial position									
Total current assets	18 711	19 651	19 651		28 538				19 651
Total non current assets	152 413	159 082	159 082		160 945				159 082
Total current liabilities	7 003	13 852	13 852		17 349				13 852
Total non current liabilities	6 872	3 429	3 429		3 421				3 429
Community wealth/Equity	157 249	161 452	161 452		168 712				161 452
Cash flows									
Net cash from (used) operating	25 325	3 247	3 247	(1 203)	6 680	393	6 287	1601%	3 247
Net cash from (used) investing	(30 689)	(12 484)	(12 484)	(1 836)	(1 862)	(58)	(1 805)	3139%	(12 484)
Net cash from (used) financing	99	24	24	5	8	6	2	36%	24
Cash/cash equivalents at the month/year end	4 699	751	751	-	14 790	10 305	4 484	44%	751
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	3 168	916	64	56	81	82	74	3 381	7 823
Creditors Age Analysis									
Total Creditors	5	15	-	-	-	-	-	-	19

Table C2: Financial Performance (Standard Classification)

WC051 Laingsburg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q1 First Quarter

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		49 665	29 464	29 464	8 662	8 662	7 775	887	11%	21 766
Executive and council		20 302	14 647	14 647	4 612	4 612	3 662	950	26%	14 647
Budget and treasury office		5 267	12 272	12 272	3 618	3 618	3 508	111	3%	4 574
Corporate services		24 097	2 545	2 545	432	432	606	(174)	-29%	2 545
<i>Community and public safety</i>		22 187	38 153	38 153	12 857	12 857	9 534	3 323	35%	38 153
Community and social services		971	993	993	330	330	248	82	33%	993
Sport and recreation		4	3	3	0	0	1	(0)	-51%	3
Public safety		21 201	37 145	37 145	12 524	12 524	9 282	3 242	35%	37 145
Housing		11	12	12	3	3	3	(0)	-10%	12
Health		-	0	0	0	-	-	-		0
<i>Economic and environmental services</i>		1 341	1 059	1 059	12	12	265	(253)	-96%	1 059
Planning and development		-	-	-	-	-	-	-		-
Road transport		1 341	1 059	1 059	12	12	265	(253)	-96%	1 059
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		17 158	18 178	18 178	5 063	5 063	4 017	1 046	26%	18 178
Electricity		11 108	11 367	11 367	3 314	3 314	2 634	680	26%	11 367
Water		2 316	2 746	2 746	610	610	403	207	51%	2 746
Waste water management		1 998	2 117	2 117	623	623	518	105	20%	2 117
Waste management		1 736	1 948	1 948	517	517	463	54	12%	1 948
<i>Other</i>	4	-	-	-	-	-	-	-		-
Total Revenue - Standard	2	90 352	86 854	86 854	26 594	26 594	21 591	5 003	23%	79 156
Expenditure - Standard										
<i>Governance and administration</i>		59 433	30 650	30 650	5 123	5 125	8 128	(3 002)	-37%	30 650
Executive and council		38 688	11 773	11 773	2 192	2 192	2 551	(359)	-14%	11 773
Budget and treasury office		13 671	9 971	9 971	1 773	1 775	3 721	(1 946)	-52%	9 971
Corporate services		7 074	8 907	8 907	1 159	1 159	1 856	(697)	-38%	8 907
<i>Community and public safety</i>		20 509	37 945	37 945	9 954	9 943	9 150	793	9%	37 945
Community and social services		2 040	2 041	2 041	310	310	357	(47)	-13%	2 041
Sport and recreation		45	481	481	6	6	26	(19)	-75%	481
Public safety		18 218	35 148	35 148	9 633	9 622	8 736	886	10%	35 148
Housing		187	190	190	5	5	11	(6)	-55%	190
Health		19	85	85	-	-	21	(21)	-100%	85
<i>Economic and environmental services</i>		10 560	11 778	11 778	1 536	1 532	1 855	(322)	-17%	11 778
Planning and development		1 062	1 043	1 043	217	217	240	(23)	-10%	1 043
Road transport		9 498	10 734	10 734	1 319	1 316	1 615	(299)	-19%	10 734
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		11 681	15 212	15 212	2 689	2 689	4 007	(1 318)	-33%	15 212
Electricity		7 812	9 292	9 292	1 929	1 929	2 970	(1 040)	-35%	9 292
Water		1 262	2 454	2 454	235	235	439	(204)	-46%	2 454
Waste water management		1 877	2 013	2 013	222	222	309	(87)	-28%	2 013
Waste management		730	1 454	1 454	303	303	290	14	5%	1 454
<i>Other</i>	6	13	13	13	4	4	3	1	24%	13
Total Expenditure - Standard	3	102 189	95 598	95 598	19 306	19 293	23 142	(3 848)	-17%	95 598
Surplus/ (Deficit) for the year		(11 837)	(8 744)	(8 744)	7 288	7 301	(1 551)	8 852	-571%	(16 442)

Table C3: Financial Performance (Revenue and Expenditure by Municipal Vote)**WC051 Laingsburg - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1 First Quarter**

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 - MAYORAL & COUNCIL			20 302	14 647	14 647	4 612	4 612	3 662	950	26.0%	14 647
Vote 2 - MUNICIPAL MANAGER			—	—	—	—	—	—	—	—	—
Vote 3 - CORPORATE SERVICES			24 096	2 545	2 545	432	432	606	(174)	-28.8%	2 545
Vote 4 - BUDGET & TREASURY			5 267	12 272	12 272	3 618	3 618	3 508	111	3.2%	12 272
Vote 5 - PLANNING AND DEVEOLPMENT			—	—	—	—	—	—	—	—	—
Vote 6 - COMMUNITY AND SOCIAL SERV			972	994	994	330	330	248	82	33.2%	994
Vote 7 - SPORTS AND RECREATION			4	3	3	0	0	1	(0)	-51.3%	3
Vote 8 - HOUSING			11	12	12	3	3	3	(0)	-9.7%	12
Vote 9 - PUBLIC SAFETY			21 201	37 145	37 145	12 524	12 524	9 282	3 242	34.9%	37 145
Vote 10 - ROAD TRANSPORT			1 341	1 059	1 059	12	12	265	(253)	-95.5%	1 059
Vote 11 - WASTE MANAGEMENT			1 581	1 948	1 948	517	517	463	54	11.6%	1 948
Vote 12 - WASTE WATER MANAGEMENT			1 998	2 117	2 117	623	623	518	105	20.3%	2 117
Vote 13 - WATER			2 316	2 746	2 746	610	610	403	207	51.4%	2 746
Vote 14 - ELECTRICITY			11 108	11 367	11 367	3 314	3 314	2 634	680	25.8%	11 367
Vote 15 -			—	—	—	—	—	—	—	—	—
Total Revenue by Vote		2	90 197	86 854	86 854	26 594	26 594	21 591	5 003	23.2%	86 854
Expenditure by Vote		1									
Vote 1 - MAYORAL & COUNCIL			35 455	7 713	7 713	1 466	1 466	1 643	(176)	-10.7%	7 713
Vote 2 - MUNICIPAL MANAGER			3 232	4 060	4 060	725	725	908	(183)	-20.2%	4 060
Vote 3 - CORPORATE SERVICES			7 073	8 907	8 907	1 159	1 159	1 856	(697)	-37.6%	8 907
Vote 4 - BUDGET & TREASURY			13 671	9 971	9 971	1 773	1 775	3 721	(1 946)	-52.3%	9 971
Vote 5 - PLANNING AND DEVEOLPMENT			1 062	1 043	1 043	217	217	240	(23)	-9.6%	1 043
Vote 6 - COMMUNITY AND SOCIAL SERV			1 242	1 389	1 389	184	184	252	(68)	-27.2%	1 389
Vote 7 - SPORTS AND RECREATION			869	1 230	1 230	137	137	155	(18)	-11.5%	1 230
Vote 8 - HOUSING			187	190	190	5	5	11	(6)	-54.5%	190
Vote 9 - PUBLIC SAFETY			18 218	35 148	35 148	9 633	9 622	8 736	886	10.1%	35 148
Vote 10 - ROAD TRANSPORT			9 498	10 734	10 734	1 319	1 316	1 615	(299)	-18.5%	10 734
Vote 11 - WASTE MANAGEMENT			576	1 454	1 454	303	303	290	14	4.7%	1 454
Vote 12 - WASTE WATER MANAGEMENT			1 877	2 013	2 013	222	222	309	(87)	-28.2%	2 013
Vote 13 - WATER			1 262	2 454	2 454	235	235	439	(204)	-46.4%	2 454
Vote 14 - ELECTRICITY			7 812	9 292	9 292	1 929	1 929	2 970	(1 040)	-35.0%	9 292
Vote 15 -			—	—	—	—	—	—	—	—	—
Total Expenditure by Vote		2	102 034	95 598	95 598	19 306	19 293	23 142	(3 848)	-16.6%	95 598
Surplus/ (Deficit) for the year		2	(11 836)	(8 744)	(8 744)	7 288	7 301	(1 551)	8 852	-570.8%	(8 744)

Table C4: Financial Performance (Revenue and Expenditure)

WC051 Laingsburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

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		2 934	3 870	3 870	3 516	3 516	1 393	2 123	152%	3 870
Property rates - penalties & collection charges		195	134	134	73	73	48	25	52%	134
Service charges - electricity revenue		10 901	11 163	11 163	3 232	3 232	2 634	598	23%	11 163
Service charges - water revenue		1 061	1 499	1 499	166	166	403	(236)	-59%	1 499
Service charges - sanitation revenue		1 998	2 117	2 117	623	623	518	105	20%	2 117
Service charges - refuse revenue		1 249	1 446	1 446	344	344	338	7	2%	1 446
Service charges - other		115	341	341	15	15	81	(66)	-81%	341
Rental of facilities and equipment		1 108	812	812	257	257	177	80	45%	812
Interest earned - external investments		1 270	906	906	245	245	227	19	8%	906
Interest earned - outstanding debtors		159	213	213	(77)	(77)	53	(131)	-245%	213
Dividends received		-	-	-	-	-	-	-	-	-
Fines		19 962	36 737	36 737	12 244	12 244	9 180	3 064	33%	36 737
Licences and permits		1 145	273	273	283	283	68	215	315%	273
Agency services		142	107	107	27	27	27	1	2%	107
Transfers recognised - operational		18 084	18 429	18 429	5 544	5 544	4 244	1 300	31%	18 429
Other revenue		706	647	647	102	102	161	(59)	-37%	647
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		61 030	78 695	78 695	26 594	26 594	19 552	7 042	36%	78 695
Expenditure By Type										
Employee related costs		15 100	20 664	20 664	4 781	4 781	4 700	81	2%	20 664
Remuneration of councillors		2 408	2 619	2 619	647	647	641	5	1%	2 619
Debt impairment		14 311	25 424	25 424	8 400	8 400	6 298	2 102	33%	25 424
Depreciation & asset impairment		9 709	12 303	12 303	0	(0)	849	(849)	-100%	12 303
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		7 487	8 713	8 713	1 882	1 882	2 886	(1 004)	-35%	8 713
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		3 267	7 765	7 765	504	504	1 941	(1 436)	-74%	7 765
Transfers and grants		35 738	4 559	4 559	647	647	2 440	(1 794)	-73%	4 559
Other expenditure		14 169	13 551	13 551	2 445	2 433	3 387	(955)	-28%	13 551
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		102 189	95 598	95 598	19 306	19 293	23 142	(3 848)	-17%	95 598
Surplus/(Deficit)		(41 159)	(16 903)	(16 903)	7 288	7 301	(3 590)	10 891	(0)	(16 903)
Transfers recognised - capital		29 323	8 159	8 159	-	-	2 039	(2 039)	(0)	8 159
Contributions recognised - capital								-		
Contributed assets								-		
Surplus/(Deficit) after capital transfers & contributions		(11 836)	(8 744)	(8 744)	7 288	7 301	(1 551)			(8 744)
Taxation								-		
Surplus/(Deficit) after taxation		(11 836)	(8 744)	(8 744)	7 288	7 301	(1 551)			(8 744)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(11 836)	(8 744)	(8 744)	7 288	7 301	(1 551)			(8 744)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(11 836)	(8 744)	(8 744)	7 288	7 301	(1 551)			(8 744)

Table C5: Capital Expenditure (Municipal Vote, Standard Classification and Funding)

WC051 Laingsburg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Q1 First Quarter

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									
Capital Expenditure - Standard Classification										
Governance and administration		–	583	583	6	6	23	(17)	-74%	583
Executive and council		–	–	–	4	4	–	4	#DIV/0!	–
Budget and treasury office		–	40	40	–	–	–	–	–	40
Corporate services		–	543	543	2	2	23	(21)	-93%	543
Community and public safety		1 949	2 169	2 169	121	121	–	121	#DIV/0!	2 169
Community and social services		361	1 300	1 300	26	26	–	26	#DIV/0!	1 300
Sport and recreation		1 072	429	429	95	95	–	95	#DIV/0!	429
Public safety		–	–	–	–	–	–	–	–	–
Housing		516	160	160	–	–	–	–	–	160
Health		–	280	280	–	–	–	–	–	280
Economic and environmental services		12 148	430	430	351	351	–	351	#DIV/0!	430
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		12 148	430	430	351	351	–	351	#DIV/0!	430
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		9 871	11 521	11 521	1 384	1 384	3 000	(1 616)	-54%	11 521
Electricity		5 774	2 000	2 000	1 382	1 382	2 000	(618)	-31%	2 000
Water		2 140	6 371	6 371	2	2	–	2	#DIV/0!	6 371
Waste water management		1 956	3 150	3 150	1	1	1 000	(999)	-100%	3 150
Waste management		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard Classification	3	23 968	14 703	14 703	1 862	1 862	3 023	(1 161)	-38%	14 703
Funded by:										
National Government		23 799	13 160	13 160	1 834	1 834	3 000	(1 166)	-39%	13 160
Provincial Government		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		23 799	13 160	13 160	1 834	1 834	3 000	(1 166)	-39%	13 160
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		168	1 543	1 543	29	29	23	6	25%	1 543
Total Capital Funding		23 968	14 703	14 703	1 862	1 862	3 023	(1 161)	-38%	14 703

Table C6: Financial Position**WC051 Laingsburg - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter**

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		8 317	9 964	9 964	14 790	9 964
Call investment deposits		–	–	–	–	–
Consumer debtors		4 336	6 053	6 053	(533)	6 053
Other debtors		360	2 037	2 037	12 685	2 037
Current portion of long-term receivables		–	–	–	–	–
Inventory		5 698	1 597	1 597	1 597	1 597
Total current assets		18 711	19 651	19 651	28 538	19 651
Non current assets						
Long-term receivables		9	3	3	3	3
Investments		–	–	–	–	–
Investment property		4 440	4 392	4 392	4 392	4 392
Investments in Associate		–	–	–	–	–
Property, plant and equipment		147 576	154 035	154 035	155 898	154 035
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		343	640	640	640	640
Other non-current assets		43	12	12	12	12
Total non current assets		152 413	159 082	159 082	160 945	159 082
TOTAL ASSETS		171 124	178 733	178 733	189 483	178 733
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		396	437	437	434	437
Trade and other payables		6 322	8 523	8 523	12 035	8 523
Provisions		286	4 891	4 891	4 881	4 891
Total current liabilities		7 003	13 852	13 852	17 349	13 852
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		6 872	3 429	3 429	3 421	3 429
Total non current liabilities		6 872	3 429	3 429	3 421	3 429
TOTAL LIABILITIES		13 875	17 281	17 281	20 771	17 281
NET ASSETS	2	157 249	161 452	161 452	168 712	161 452
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		120 313	125 007	125 007	132 267	125 007
Reserves		36 937	36 445	36 445	36 445	36 445
TOTAL COMMUNITY WEALTH/EQUITY	2	157 249	161 452	161 452	168 712	161 452

Table C7: Cash Flow

WC051 Laingsburg - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

Description	Ref	2015/16	Budget Year 2016/17							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		2 528	3 604	3 604	653	1 557	1 442	115	8%	3 604
Service charges		14 606	17 002	17 002	1 259	3 997	4 098	(101)	-2%	17 002
Other revenue		47 562	13 055	13 055	938	3 504	3 237	267	8%	13 055
Government - operating		19 559	16 793	16 793	—	7 521	4 198	3 323	79%	16 793
Government - capital		—	8 159	8 159	—	3 141	2 039	1 102	54%	8 159
Interest		1 041	1 120	1 120	64	44	280	(236)	-84%	1 120
Dividends		—	—	—	—	—	—	—		—
Payments										
Suppliers and employees		(58 195)	(55 858)	(55 858)	(4 001)	(13 062)	(14 272)	(1 210)	8%	(55 858)
Finance charges		—	—	—	—	—	—	—		—
Transfers and Grants		(1 777)	(628)	(628)	(114)	(22)	(628)	(607)	97%	(628)
NET CASH FROM/(USED) OPERATING ACTIVITIES		25 325	3 247	3 247	(1 203)	6 680	393	6 287	1601%	3 247
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		—	—	—	—	—	—	—		—
Decrease (Increase) in non-current debtors		—	—	—	—	—	—	—		—
Decrease (increase) other non-current receivables		—	—	—	—	—	—	—		—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—		—
Payments										
Capital assets		(30 689)	(12 484)	(12 484)	(1 836)	(1 862)	(58)	(1 805)	3139%	(12 484)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(30 689)	(12 484)	(12 484)	(1 836)	(1 862)	(58)	1 805	-3139%	(12 484)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		—	—	—	—	—	—	—		—
Borrowing long term/refinancing		—	—	—	—	—	—	—		—
Increase (decrease) in consumer deposits		99	24	24	5	8	6	2	36%	24
Payments										
Repayment of borrowing		—	—	—	—	—	—	—		—
NET CASH FROM/(USED) FINANCING ACTIVITIES		99	24	24	5	8	6	(2)	-36%	24
NET INCREASE/ (DECREASE) IN CASH HELD		(5 265)	(9 213)	(9 213)	(3 034)	4 825	341			(9 213)
Cash/cash equivalents at beginning:		9 964	9 964	9 964		9 964	9 964			9 964
Cash/cash equivalents at month/year end:		4 699	751	751		14 790	10 305			751

6. Supporting Documentation

Debtors Analysis

WC051 Laingsburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

WC051 Laingsburg - Supporting table SC3 monthly Budget Statement - aged debtors - Q1 First Quarter														
Description		NT Code	Budget Year 2016/17										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
			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	Total over 90 days		
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water		1200	125	30	15	10	17	20	18	219	454	284	-	-
Trade and Other Receivables from Exchange Transactions - Electricity		1300	803	38	11	5	7	5	6	136	1 011	159	-	-
Receivables from Non-exchange Transactions - Property Rates		1400	1 975	18	-	13	13	12	13	2 280	4 323	2 330	-	-
Receivables from Exchange Transactions - Waste Water Management		1500	174	27	16	10	17	15	16	271	546	329	-	-
Receivables from Exchange Transactions - Waste Management		1600	74	20	10	6	13	12	10	87	232	127	-	-
Receivables from Exchange Transactions - Property Rental Debtors		1700	29	25	9	13	14	18	11	347	466	403	-	-
Interest on Arrear Debtor Accounts		1810	-	757	-	-	-	-	-	757	-	-	-	-
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure		1820	-	-	-	-	-	-	-	-	-	-	-	-
Other		1900	(11)	1	2	0	0	(0)	0	42	34	43	-	-
Total By Income Source		2000	3 168	916	64	56	81	82	74	3 381	7 823	3 675	-	-
2015/16 - totals only			702 023	782 644	114 632	86 396	97 643	97 937	89 788	3 573 353	5 544	3 945	-	0
Debtors Age Analysis By Customer Group														
Organs of State		2200	456	183	7	9	12	15	8	918	1 608	962	-	-
Commercial		2300	694	11	3	1	3	1	1	18	733	24	-	-
Households		2400	1 871	670	53	45	65	64	63	2 344	5 174	2 581	-	-
Other		2500	147	51	1	2	1	2	1	102	308	109	-	-
Total By Customer Group		2600	3 168	916	64	56	81	82	74	3 381	7 823	3 675	-	-

Creditors Analysis

WC051 Laingsburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

WC051 Langsburg - Supporting Table 3C4 monthly Budget Statement - aged creditors - Q1 First Quarter											
Description	NT Code	Budget Year 2016/17									Prior year totals for chart (same period)
		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											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repay ments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	5	15	-	-	-	-	-	-	19	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	2600	5	15	-	-	-	-	-	-	19	-

Material variance explanations

WC051 Laingsburg - Supporting Table SC1 Material variance explanations - Q1 First Quarter

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	Property rates	1 754	Property rates levied in July for FY not on a monthly basis	None
	Property rates - penalties & collection charges	71	Interest are now levied on all outstanding rates 30+	None
	Transfers recognised - operational	5 691	More grants were received during quarter	None
2	Expenditure By Type			
	Employee related costs	486	Bonusses are now accrued on a monthly basis, but were paid in cash at the end of November	
	Depreciation & asset impairment	(1 733)	Depreciation for new acquisitions during fin year will only be accounted for during end of fy	
	Remuneration of councillors	(214)	Increase in Councillors salaries normally during March	
	Other expenditure	39	Few items under this vote exceeds ytd budget for instance	None but will monitor
3	Capital Expenditure			
	Road transport	1 471	Construction work on the project accelerated and will be finished	none - MIG grant
	Housing	(163)	project is in process - payment was made during November	
4	Financial Position			
5	Cash Flow			
	Ratepayers and other	16 965	Inflow of debtors paying rates higher and rise in traffic fines	None
	Transfers and Grants	397	Indigent subsidies transferred to qualifying accounts	None
	Suppliers and employees	(8 742)	Some expenditure items are before the ytd budget but will stabilize during the fin year	
	Government - capital	(7 051)	Not all capitals grants budgeted for were received till this month - housing still to be claimed	
6	Measurable performance			
7	Municipal Entities			

Performance Indicators

WC051 Laingsburg - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q1 First Quarter

Description of financial indicator	Basis of calculation	Ref	2015/16	Budget Year 2016/17			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<u>Borrowing Management</u>							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0.0%	12.9%	12.9%	0.0%	2.7%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		4.0%	5.3%	5.3%	7.1%	5.3%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	1	267.2%	141.9%	141.9%	164.5%	141.9%
Liquidity Ratio	Monetary Assets/Current Liabilities		118.8%	71.9%	71.9%	85.2%	71.9%
<u>Revenue Management</u>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		7.7%	10.3%	10.3%	45.7%	10.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))		90.0%	90.0%	90.0%	92.0%	90.0%
<u>Funding of Provisions</u>							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
<u>Other Indicators</u>							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2	9.1%	9.0%	9.0%	10.2%	9.0%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2	29.8%	25.0%	25.0%	32.7%	25.0%
Employee costs	Employee costs/Total Revenue - capital revenue		24.7%	26.3%	26.3%	18.0%	26.3%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		3.4%	4.3%	4.3%	1.0%	4.3%
Interest & Depreciation	I&D/Total Revenue - capital revenue		15.9%	15.6%	15.6%	0.0%	3.3%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		14.1%	13.0%	13.0%	-598.9%	13.0%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		28.3%	36.5%	36.5%	-1.0%	34.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		3.8%	0.2%	0.2%	2.0%	0.2%

7. Recommendation

- (a) That Council notes the contents of this report and supporting documentations for the 1st quarter of 2016/2017 financial year.
- (b) That the Managers ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan projections and spending of funds, and that revenue collection proceeds in accordance with the budget.