

LAINGSBURG MUNICIPALITY



**In-Year Report for the Municipality
Forth Quarterly Budget
Statement
JUNE 2021**

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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 forth 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

The quarterly financial information has already been presented in the section 71, monthly budget statement for June 2021. The monthly and quarterly reports for June 2021 should be read in conjunction with one another.

4. Executive Summary

This report presents the current state of the budget implementation and reasons for variances and possible action to be taken. Section 54 of the MFMA states that the Mayor of the Municipality must consider and check whether the approved budget is implemented in accordance with the Service Delivery and Budget Implementation Plan (SDBIP), and consider revisions.

The Table below illustrates an overview of the Budget implementation of Laingsburg Municipality for the quarter ended June 2021.

Operating Budget				
R thousands	Original Budget	Adjusted Budget	YTD Actual	YTD %
Total Revenue (Incl. Capital transfers and contributions)	121 283 308	111 870 616	113 727 680	101.66
Total Expenditure	129 593 208	97 462 484	107 241 111	110.03
Surplus (Deficit) (Incl Capital transfers)	-8 309 900	14 408 132	6 486 569	45.02
Capital Budget				
R thousands	Original Budget	Adjusted Budget	YTD Actual	YTD %
Total Capital expenditure	10 005 550	25 421 515	16 225 047	63.82
Sources of Finance				
<i>National Government - MIG</i>	6 278 550	6 198 550	11 442 898	184.61
<i>National Government - WSIG</i>	-	7 496 000	516 154	6.89
<i>Provincial Government - SMME Booster Funds</i>	1 110 000	1 288 730	1 897 950	147.27
<i>Provincial Government - Cultural Affairs and Sport</i>	717 000	717 000	434 001	60.53
<i>Provincial Government - Municipal Drought Relief</i>	1 900 000	9 721 235	1 934 044	19.90
Total Funding Sources of Capital	10 005 550	25 421 515	16 225 047	63.82

4.1.1 Financial problems or risks facing the Municipality

At the end of the forth quarter the Municipality have generated only 94.13% of the annual budgeted revenue. This amount includes the operational grants to date.

Payment for debtors for the forth quarter was 99.67% and includes the write-off of outstanding amounts. The nett movement excluding the write-off brings the payment ratio to 96.21% that is just above the budgeted target of 95,0%. Annual rates are levied during July for the financial year and is payable in monthly instalments over 11 months. The collection of service charges were as follow: 100.85% for electricity (101.05% after write-off), 91.67% for water (101.37% after write-off), 96.66% for refuse (102.09% after write-off), 98.42% for sewerage (103.36% after write-off) and 96.21% for other debtors (99.67% after write-off). The Council has decided to apply the normal processes again. During this quarter there was a decrease of R0,844 million in outstanding debtors . The current credit control process is a lengthy process and gives the consumer too much space not to pay promptly. Very drastic and effective action will have to be taken to encourage the group of defaulters to pay for the services they receive.

The poor payment rate of debtors in the first three quarters causes the cash flow of the Municipality to decrease further. The debtors grew from 1 July 2020 to 30 June 2021 with R1,033 million.

4.1.2 Other relevant information

Year-to-date revenue raised is 94,13% of the projected year-to-date budget for the forth quarter. Operating expenditure incurred amounts to 88.02% of year-to-date budget. The depreciation and annual journals will be processed after the finalization of the audit.

Operating Revenue

The Municipality have generated 94.13% or R98,498 million of the Budgeted Revenue to date which is higher than the budgeted amounts. This amount includes the operational grants to date.

Operating Expenditure

Operating expenditure of R92,011 million for the forth quarter does not include part of the depreciation costs, annual bonuses and exclude the annual calculation for provisions. The total amount for the year-to-date portion of provisions is R5,917 million. That will bring the total expenditure effectively at R97,928 million to date. The expenditure to date is higher than the budget year-to-date amount. This means that the Municipality has spent 0.05% more than the year-to-date budget.

Capital Expenditure

The Municipality has incurred R20,239 million of the external funded Capital Budget to date. The MIG spending for the forth quarter totals to R2,293.

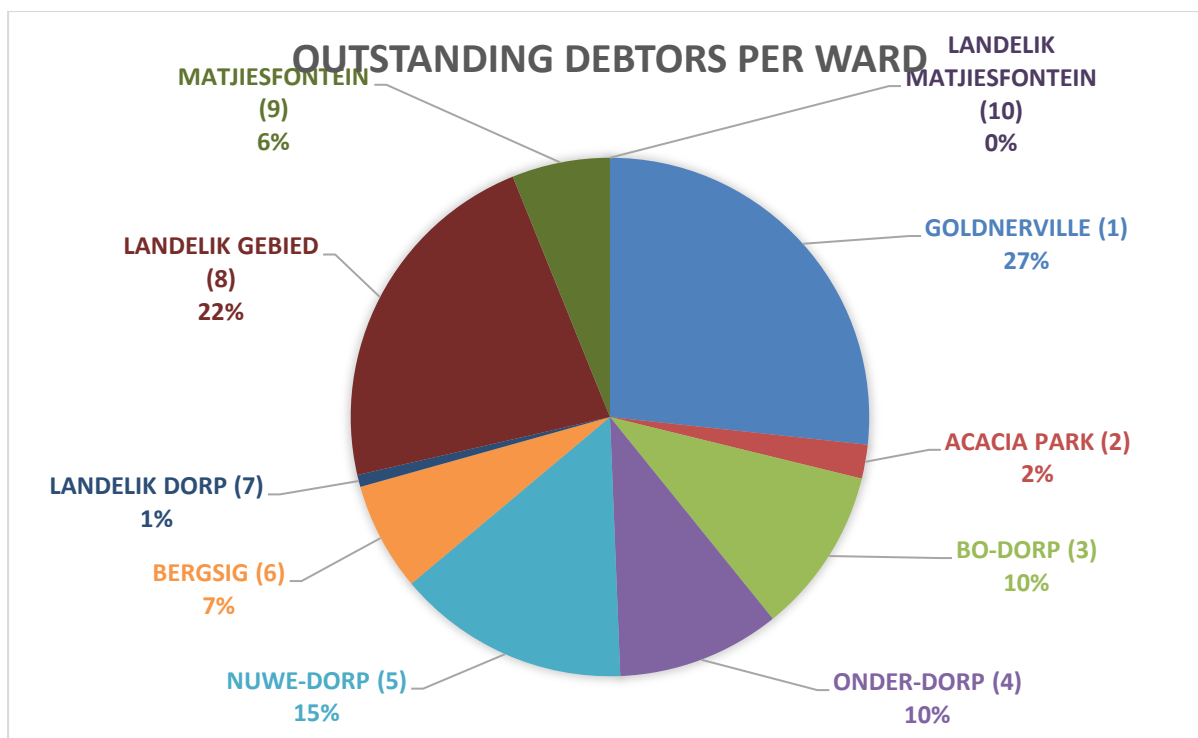
Cash Flow

The Municipality started off with a cash flow balance of R12,306 million at the beginning of the quarter and increased it with R2,842 million. The closing balance for the quarter is R9,464 million. The Municipal Cash flow is mainly from Operating Activities and Grants as no Borrowing or Investments are budgeted for the 2020/2021 financial year. The last transfers of equitable share grant and other capital grants were received during the quarter.

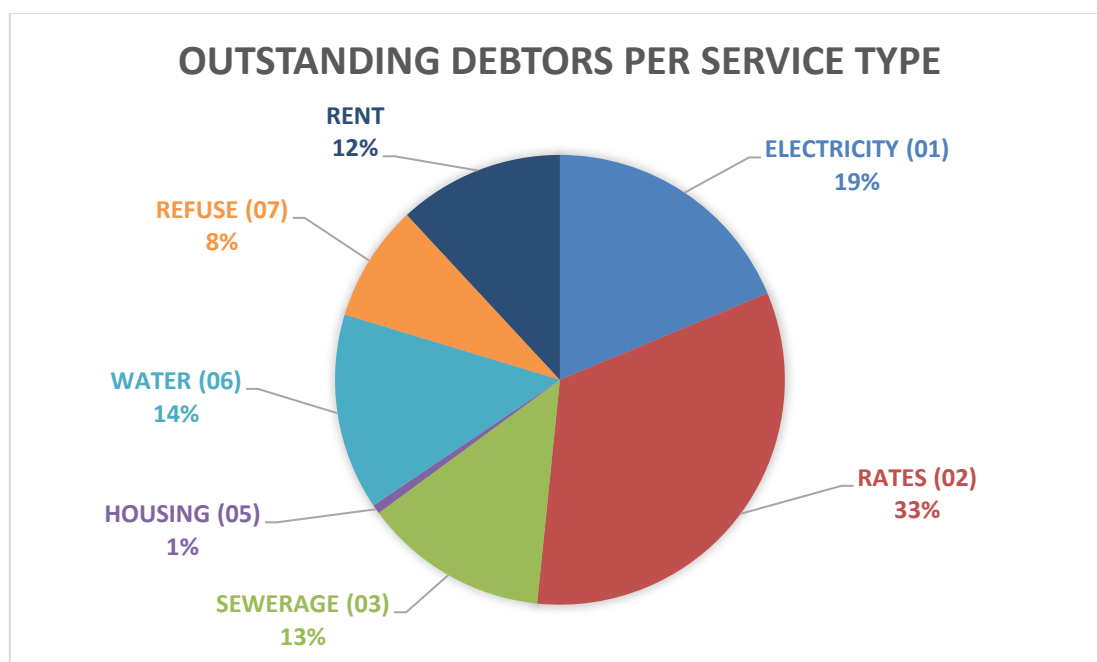
Debtors

The Outstanding Debtors of the Municipality amounts to R9,225million at the end of the forth quarter.

The following graph shows the outstanding debtors per ward as at the end of June 2021:



The following graph shows the outstanding debtors per service type as at the end of June 2021:



Creditors

Total outstanding creditors amount to R0 for the forth quarter. All the outstanding amounts are within the 30 days outstanding categories which is compliant with Section 65 of the MFMA. One case occurred where a supplier issued 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.

Cost Containment Measures

The Local Government: Municipal Cost Containment Regulations (MCCR), were promulgated on 7 June 2019, and came into effect on 1 June 2021.

Sections 62(1)(a) and 95(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality or municipal entity is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of MFMA Circular 97 issued on 30 June 2021 municipalities are required to utilise existing reporting requirements, to report internally and externally on cost saving measures.

The following table summarizes the main items as prescribed in the circular and MCCR.

Cost Containment In-Year Reoprt							
Cost containment Measures	ANNUAL BUDGET	MONTHLY BUDGET	BUDGET YTD	EXPENCE THIS PERIOD	EXPENCE YTD	OVER OR (SAVINGS) THIS PERIOD	OVER OR (SAVINGS) YTD
	R'	R'	R'	R'	R'	R'	R'
Use of consultants	13 159 393	1 096 616	13 159 393	793 661	7 719 527	(302 955)	(5 439 866)
Vehicles used for political office bearers	-	-	-	-	-	-	-
Travel and subsistence	791 424	65 952	791 424	42 426	464 817	(23 526)	(326 607)
Domestic accommodation	531 432	44 286	531 432	5 070	82 690	(39 216)	(448 742)
Sponsorships, events and catering	120 000	10 000	120 000	2 422	42 882	(7 578)	(77 118)
Communication	570 072	47 506	570 072	41 340	887 272	(6 166)	317 200
Overtime	697 296	58 108	697 296	73 956	1 172 765	15 848	475 469
Total	R 15 869 617	R 1 322 468	R 15 869 617	R 958 875	R 10 369 953	(363 593)	(5 499 664)

5. In year Budget Statement Tables

If a municipality does not have any municipal entities, the in-year budget statement tables must consist of the tables in First Attachment to this Schedule, namely-

- Table C1 Monthly Budget Statement Summary
- Table C2 Monthly Budget Statement -Financial Performance (standard classification)
- Table C3 Monthly Budget Statement- Financial Performance (revenue and expenditure by municipal vote)
- Table C4 Monthly Budget Statement-Financial Performance (revenue and expenditure)
- Table C5 Monthly Budget Statement- Capital Expenditure (municipal vote, standard classification and funding)

Table C1: Summary

WC051 Laingsburg - Table C1 Monthly Budget Statement Summary - Q4 Fourth Quarter

Description	Budget Year 2020/21								
	2019/20 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	3 990	4 933	5 004	78	4 505	5 004	(499)	-10%	5 004
Service charges	17 291	25 063	21 006	6 400	25 490	21 006	4 484	21%	21 006
Investment revenue	146	673	485	116	498	485	13	3%	485
Transfers and subsidies	21 464	27 228	26 610	3 011	25 094	26 610	(1 516)	-6%	26 610
Other own revenue	35 451	35 664	29 754	2 744	29 516	29 754	(238)	-1%	29 754
Total Revenue (excluding capital transfers and contributions)	78 342	93 561	82 859	12 348	85 103	82 859	2 244	3%	82 859
Employee costs	20 912	27 474	28 544	8 485	28 635	28 544	91	0%	28 544
Remuneration of Councillors	2 770	2 973	2 973	1 011	2 874	2 973	(99)	-3%	2 973
Depreciation & asset impairment	8 667	7 930	7 829	951	5 709	7 829	(2 120)	-27%	7 829
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	7 899	9 150	8 735	2 120	8 494	8 735	(241)	-3%	8 735
Transfers and subsidies	4 113	2 051	1 395	1 898	5 537	1 395	4 142	297%	1 395
Other expenditure	43 900	49 330	47 986	4 165	39 926	47 986	(8 060)	-17%	47 986
Total Expenditure	88 261	98 908	97 462	18 630	91 176	97 462	(6 287)	-6%	97 462
Surplus/(Deficit)	(9 919)	(5 347)	(14 603)	(6 282)	(6 073)	(14 603)	8 530	-58%	(14 603)
Transfers and subsidies - capital (monetary alloc	19 268	10 006	29 012	4 772	17 639	29 012	(11 373)	-39%	29 012
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	9 349	4 659	14 408	(1 509)	11 566	14 408	(2 842)	-20%	14 408
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	9 349	4 659	14 408	(1 509)	11 566	14 408	(2 842)	-20%	14 408
Capital expenditure & funds sources									
Capital expenditure	28 105	10 006	25 422	4 781	20 239	25 422	(5 183)	-20%	25 422
Capital transfers recognised	28 052	10 006	25 422	4 781	20 239	25 422	(5 183)	-20%	8 064
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	52	-	-	-	-	-	-	-	-
Total sources of capital funds	28 105	10 006	25 422	4 781	20 239	25 422	(5 183)	-20%	8 064
Financial position									
Total current assets	27 008	27 008	13 968		29 272				-
Total non current assets	186 958	186 958	205 755		201 488				-
Total current liabilities	43 195	43 195	34 956		51 436				-
Total non current liabilities	4 354	4 354	5 950		5 349				-
Community wealth/Equity	166 417	166 417	178 816		177 543				-
Cash flows									
Net cash from (used) operating	11 012	11 537	11 537	8 710	13 891	11 537	(2 354)	-20%	11 537
Net cash from (used) investing	(5 469)	(9 754)	(9 754)	(2 866)	(16 639)	(9 754)	6 884	-71%	(11 976)
Net cash from (used) financing	60	43	43	28	120	43	(76)	-177%	34
Cash/cash equivalents at the month/year end	17 695	13 918	13 918	-	9 464	13 918	4 454	32%	11 687
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	1 382	235	187	203	133	133	6 953	-	9 225
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

Table C2: Financial Performance (Standard Classification)

This table reflects the operating budget (Financial Performance) in the standard classifications which are the Government Financed 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 the unique organisational structure used by the different institutions.

The main functions are Government and Administration, Community and Public Safety, Economic and Environmental Services, Trading Services and Other Services.

It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3.

WC051 Laingsburg - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q4 Fourth Quarter

Description	Ref	Budget Year 2020/21								
		2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		39 203	37 868	54 465	2 824	40 983	54 465	(13 483)	-25%	34 585
Executive and council		905	-	-	-	-	-	-	-	2 521
Finance and administration		38 298	37 868	54 465	2 824	40 983	54 465	(13 483)	-25%	32 065
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		34 965	34 764	28 648	3 558	29 326	28 648	678	2%	34 140
Community and social services		1 274	1 412	1 415	1 255	1 849	1 415	435	31%	1 265
Sport and recreation		4	4	1	(138)	0	1	(0)	-38%	24
Public safety		33 670	33 335	27 213	2 436	27 455	27 213	242	1%	32 839
Housing		16	12	17	5	18	17	0	2%	11
Health		2	0	2	1	4	2	1	48%	1
<i>Economic and environmental services</i>		1 013	1 337	1 470	871	1 415	1 470	(55)	-4%	1 304
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 013	1 337	1 470	871	1 415	1 470	(55)	-4%	1 304
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		22 429	29 598	27 288	9 867	31 019	27 288	3 731	14%	24 600
Energy sources		14 443	16 847	14 934	7 522	19 439	14 934	4 505	30%	15 414
Water management		2 922	7 033	7 538	958	5 711	7 538	(1 827)	-24%	4 009
Waste water management		2 818	2 873	3 089	701	3 107	3 089	18	1%	2 793
Waste management		2 247	2 845	1 726	687	2 763	1 726	1 036	60%	2 385
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	97 610	103 567	111 871	17 121	102 742	111 871	(9 129)	-8%	94 630
Expenditure - Functional										
<i>Governance and administration</i>		28 723	33 711	35 803	8 094	32 405	35 803	(3 398)	-9%	28 259
Executive and council		8 078	8 903	8 356	3 502	12 748	8 356	4 392	53%	9 682
Finance and administration		20 645	24 808	27 447	4 592	19 657	27 447	(7 790)	-28%	18 577
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		32 769	34 547	29 792	3 430	29 348	29 792	(444)	-1%	36 208
Community and social services		1 340	1 934	1 766	445	1 789	1 766	23	1%	2 188
Sport and recreation		9	53	60	8	49	60	(11)	-19%	26
Public safety		31 207	32 046	27 375	2 932	27 185	27 375	(190)	-1%	33 784
Housing		209	500	490	44	266	490	(224)	-46%	207
Health		4	14	101	0	59	101	(42)	-42%	4
<i>Economic and environmental services</i>		1 583	12 343	13 652	10 258	12 467	13 652	(1 185)	-9%	3 556
Planning and development		329	1 394	3 255	147	583	3 255	(2 672)	-82%	1 324
Road transport		1 254	10 949	10 397	10 111	11 885	10 397	1 487	14%	2 231
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		25 187	18 295	18 185	(3 154)	16 943	18 185	(1 242)	-7%	26 022
Energy sources		8 511	10 388	10 273	2 480	9 878	10 273	(395)	-4%	9 270
Water management		4 535	3 910	3 839	992	3 727	3 839	(112)	-3%	2 933
Waste water management		10 453	1 962	1 921	(6 983)	1 583	1 921	(338)	-18%	12 195
Waste management		1 688	2 034	2 152	357	1 755	2 152	(397)	-18%	1 625
<i>Other</i>		-	12	30	2	12	30	(18)	-60%	7
Total Expenditure - Functional	3	88 261	98 908	97 462	18 630	91 176	97 462	(6 287)	-6%	94 052
Surplus/ (Deficit) for the year		9 349	4 659	14 408	(1 509)	11 566	14 408	(2 842)	-20%	578

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) - Q4 Fourth Quarter

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - MAYORAL & COUNCIL	1	905	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		1 770	2 528	2 350	615	2 160	2 304	(144)	-6.2%	2 350
Vote 4 - BUDGET & TREASURY		36 529	35 340	52 115	7 171	39 988	38 437	1 551	4.0%	52 115
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERV		1 276	1 413	1 417	11	606	1 412	(806)	-57.1%	1 417
Vote 7 - SPORTS AND RECREATION		4	4	1	528	403	3	399	12099.3%	1
Vote 8 - HOUSING		16	12	17	5	16	11	5	47.1%	17
Vote 9 - PUBLIC SAFETY		33 670	33 335	27 213	209	25 149	30 559	(5 410)	-17.7%	27 213
Vote 10 - ROAD TRANSPORT		1 100	1 337	1 470	112	684	1 021	(337)	-33.0%	1 470
Vote 11 - WASTE MANAGEMENT		2 247	2 845	1 726	685	2 532	2 608	(77)	-2.9%	1 726
Vote 12 - WASTE WATER MANAGEMENT		2 731	2 873	3 089	790	2 849	2 635	215	8.2%	3 089
Vote 13 - WATER		2 922	7 033	7 538	982	5 408	6 395	(987)	-15.4%	7 538
Vote 14 - ELECTRICITY		14 443	16 847	14 934	3 944	14 517	15 862	(1 346)	-8.5%	14 934
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	97 610	103 567	111 871	15 052	94 311	101 247	(6 936)	-6.9%	111 871
Expenditure by Vote										
Vote 1 - MAYORAL & COUNCIL	1	5 043	5 206	4 949	2 098	8 007	4 770	3 238	67.9%	4 949
Vote 2 - MUNICIPAL MANAGER		3 035	3 697	3 407	758	3 119	3 390	(271)	-8.0%	3 407
Vote 3 - CORPORATE SERVICES		7 705	7 572	8 633	1 395	6 939	6 945	(6)	-0.1%	8 633
Vote 4 - BUDGET & TREASURY		12 940	17 236	18 814	3 124	11 112	15 803	(4 691)	-29.7%	18 814
Vote 5 - PLANNING AND DEVELOPMENT		329	1 394	3 255	144	533	1 279	(747)	-58.4%	3 255
Vote 6 - COMMUNITY AND SOCIAL SERV		1 184	1 745	1 655	331	1 463	1 599	(137)	-8.6%	1 655
Vote 7 - SPORTS AND RECREATION		169	268	302	49	239	243	(4)	-1.8%	302
Vote 8 - HOUSING		209	500	490	44	244	458	(214)	-46.7%	490
Vote 9 - PUBLIC SAFETY		31 207	32 046	27 375	994	24 921	29 378	(4 456)	-15.2%	27 375
Vote 10 - ROAD TRANSPORT		9 673	11 049	10 543	2 731	10 910	10 129	781	7.7%	10 543
Vote 11 - WASTE MANAGEMENT		1 688	2 034	2 152	308	1 585	1 863	(278)	-14.9%	2 152
Vote 12 - WASTE WATER MANAGEMENT		2 034	1 962	1 921	347	1 458	1 796	(338)	-18.8%	1 921
Vote 13 - WATER		4 535	3 910	3 839	955	3 331	3 585	(254)	-7.1%	3 839
Vote 14 - ELECTRICITY		8 511	10 388	10 273	2 430	8 969	9 524	(555)	-5.8%	10 273
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	88 261	99 008	97 609	15 708	82 829	90 762	(7 933)	-8.7%	97 609
Surplus/ (Deficit) for the year	2	9 349	4 559	14 262	(656)	11 482	10 484	997	9.5%	14 262

Table C4: Financial Performance (Revenue and Expenditure)

WC051 Laingsburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q4 Fourth Quarter

Description	Ref	2019/20	Budget Year 2020/21							
		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		3 990	4 933	5 004	78	4 505	5 004	(499)	-10%	5 004
Service charges - electricity revenue		11 975	15 788	14 934	3 922	15 839	14 934	905	6%	14 934
Service charges - water revenue		1 096	4 576	1 305	959	3 777	1 305	2 472	190%	1 305
Service charges - sanitation revenue		2 731	2 873	3 089	789	3 113	3 089	24	1%	3 089
Service charges - refuse revenue		1 490	1 826	1 658	745	2 761	1 658	1 103	66%	1 658
Service charges - other		-	-	20	(14)	-	20	(20)	-100%	20
Rental of facilities and equipment		1 354	1 139	1 670	375	1 620	1 670	(49)	-3%	1 670
Interest earned - external investments		146	673	485	116	498	485	13	3%	485
Interest earned - outstanding debtors		282	544	-	68	53	-	53	#DIV/0!	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		33 342	32 410	26 936	2 304	27 092	26 936	156	1%	26 936
Licences and permits		228	935	288	124	363	288	76	26%	288
Agency services		151	166	212	21	176	212	(36)	-17%	212
Transfers and subsidies		21 464	27 228	26 610	3 011	25 094	26 610	(1 516)	-6%	26 610
Other revenue		94	470	649	(148)	211	649	(438)	-68%	649
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		78 342	93 561	82 859	12 348	85 103	82 859	2 244	3%	82 859
Expenditure By Type										
Employee related costs		20 912	27 474	28 544	8 485	28 635	28 544	91	0%	28 544
Remuneration of councillors		2 770	2 973	2 973	1 011	2 874	2 973	(99)	-3%	2 973
Debt impairment		25 618	27 277	24 246	1 908	22 895	24 246	(1 351)	-6%	24 246
Depreciation & asset impairment		8 667	7 930	7 829	951	5 709	7 829	(2 120)	-27%	7 829
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		7 899	9 150	8 735	2 120	8 494	8 735	(241)	-3%	8 735
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		2 445	2 215	902	6 105	6 766	902	5 864	650%	902
Transfers and subsidies		4 113	2 051	1 395	1 898	5 537	1 395	4 142	297%	1 395
Other expenditure		15 837	19 838	22 838	(3 848)	10 265	22 838	(12 573)	-55%	22 838
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		88 261	98 908	97 462	18 630	91 176	97 462	(6 287)	-6%	97 462
Surplus/(Deficit)										
Transfers and subsidies - Capital (monetary allocations)		(9 919)	(5 347)	(14 603)	(6 282)	(6 073)	(14 603)	8 530	(0)	(14 603)
(National / Provincial and District)		19 268	10 006	29 012	4 772	17 639	29 012	(11 373)	(0)	29 012
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		9 349	4 659	14 408	(1 509)	11 566	14 408			14 408
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		9 349	4 659	14 408	(1 509)	11 566	14 408			14 408
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		9 349	4 659	14 408	(1 509)	11 566	14 408			14 408
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		9 349	4 659	14 408	(1 509)	11 566	14 408			14 408

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

WC051 Laingsburg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q4 Fourth Quarter

Vote Description	Ref	2019/20	Budget Year 2020/21						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %

R thousands

Capital Expenditure - Functional Classification										
Governance and administration		35	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		35	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	717	717	296	434	717	(283)	-39%	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	717	717	296	434	717	(283)	-39%	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		19 383	8 179	23 416	4 478	17 907	23 416	(5 509)	-24%	8 064
Energy sources		-	400	-	3 600	3 600	-	3 600	#DIV/0!	-
Water management		19 383	7 779	18 420	870	14 299	18 420	(4 121)	-22%	6 064
Waste water management		-	-	4 996	8	8	4 996	(4 988)	-100%	2 000
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	19 417	8 896	24 133	4 773	18 341	24 133	(5 792)	-24%	8 064
Funded by:										
National Government		10 584	6 279	20 482	2 703	14 395	20 482	(6 087)	-30%	8 064
Provincial Government		17 468	3 727	4 939	2 078	5 844	4 939	904	18%	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		28 052	10 006	25 422	4 781	20 239	25 422	(5 183)	-20%	8 064
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		52	-	-	-	-	-	-	-	-
Total Capital Funding		28 105	10 006	25 422	4 781	20 239	25 422	(5 183)	-20%	8 064

Table C6: Financial Position**WC051 Laingsburg - Table C6 Monthly Budget Statement - Financial Position - Q4 Fourth Quarter**

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		12 092	12 092	-	9 464	-
Call investment deposits		-	-	-	-	-
Consumer debtors		11 785	11 785	8 135	11 924	-
Other debtors		2 489	2 489	5 153	7 463	-
Current portion of long-term receivables		1	1	-	-	-
Inventory		641	641	679	421	-
Total current assets		27 008	27 008	13 968	29 272	-
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		23 544	23 544	22 704	23 544	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		163 084	163 084	182 763	177 614	-
Agricultural		-	-	-	-	-
Biological		-	-	-	-	-
Intangible		286	286	245	286	-
Other non-current assets		43	43	43	43	-
Total non current assets		186 958	186 958	205 755	201 488	-
TOTAL ASSETS		213 966	213 966	219 723	230 760	-
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	1 740	-	-
Borrowing		6	6	6	6	-
Consumer deposits		715	715	715	796	-
Trade and other payables		18 631	18 631	8 561	28 015	-
Provisions		23 843	23 843	23 934	22 617	-
Total current liabilities		43 195	43 195	34 956	51 436	-
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		4 354	4 354	5 950	5 349	-
Total non current liabilities		4 354	4 354	5 950	5 349	-
TOTAL LIABILITIES		47 549	47 549	40 907	56 784	-
NET ASSETS	2	166 417	166 417	178 816	173 975	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		166 417	166 417	178 816	177 543	-
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	166 417	166 417	178 816	177 543	-

Table C7: Cash Flow

WC051 Laingsburg - Table C7 Monthly Budget Statement - Cash Flow - Q4 Fourth Quarter

Description	Ref	2019/20		Budget Year 2020/21						
		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		3 456	4 480	4 480	366	3 706	4 480	(774)	-17%	4 480
Service charges		18 023	24 030	24 030	6 437	25 893	24 030	1 863	8%	24 030
Other revenue		27 260	8 809	8 809	15 292	22 823	8 809	14 014	159%	8 809
Government - operating		17 756	27 558	27 558	5 726	27 000	27 558	(559)	-2%	27 558
Government - capital		3 725	10 006	10 006	-	2 799	10 006	(7 207)	-72%	10 006
Interest		748	1 314	1 314	34	218	1 314	(1 097)	-83%	1 314
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(59 599)	(63 261)	(63 261)	(18 737)	(67 975)	(63 261)	4 715	-7%	(63 261)
Finance charges		-	(795)	(795)	-	-	(795)	(795)	100%	(795)
Transfers and Grants		(356)	(605)	(605)	(408)	(571)	(605)	(34)	6%	(605)
NET CASH FROM/(USED) OPERATING ACTIVITIES		11 012	11 537	11 537	8 710	13 891	11 537	(2 354)	-20%	11 537
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		(5 469)	(9 754)	(9 754)	(2 866)	(16 639)	(9 754)	6 884	-71%	(11 976)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(5 469)	(9 754)	(9 754)	(2 866)	(16 639)	(9 754)	6 884	-71%	(11 976)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		60	43	43	28	120	43	76	177%	34
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		60	43	43	28	120	43	(76)	-177%	34
NET INCREASE/ (DECREASE) IN CASH HELD		5 603	1 826	1 826	5 871	(2 628)	1 826			(405)
Cash/cash equivalents at beginning:		12 092	12 092	12 092		12 092	12 092			12 092
Cash/cash equivalents at month/year end:		17 695	13 918	13 918		9 464	13 918			11 687

6. Supporting Documentation

Debtors Analysis

WC051 Laingsburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q4 Fourth Quarter

Description	NT Code	Budget Year 2020/21									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.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			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	147	43	34	31	19	35	885	–	1 195	971	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	831	68	32	71	49	43	618	–	1 711	781	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	27	37	53	25	14	13	2 937	–	3 106	2 989	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	134	39	30	26	18	19	958	–	1 225	1 022	–	–
Receivables from Exchange Transactions - Waste Management	1600	143	34	23	18	13	15	510	–	756	556	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	85	12	15	32	18	8	952	–	1 122	1 010	–	–
Interest on Arrear Debtor Accounts	1810	–	–	–	–	–	–	–	–	–	–	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	15	1	0	0	0	0	92	–	110	93	–	–
Total By Income Source	2000	1 382	235	187	203	133	133	6 953	–	9 225	7 421	–	–
2019/20 - totals only		934762	399801	445737	396926	321119	268103	6366770	0	9 133	7 353	–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	59	46	24	24	20	5	952	–	1 130	1 001	–	–
Commercial	2300	782	52	59	84	45	46	2 377	–	3 444	2 552	–	–
Households	2400	541	137	104	94	68	81	3 624	–	4 650	3 868	–	–
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	2600	1 382	235	187	203	133	133	6 953	–	9 225	7 421	–	–

Creditors Analysis

WC051 Laingsburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q4 Fourth Quarter

Description	NT Code	Budget Year 2020/21									Total	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			
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 repayments	0600	–	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	–	–	–	–	–	–	–	–	–	–	–
Auditor General	0800	–	–	–	–	–	–	–	–	–	–	–
Other	0900	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Type	1000	–	–	–	–	–	–	–	–	–	–	–

Performance Indicators

WC051 Laingsburg - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q4 Fourth Quarter

Description of financial indicator	Basis of calculation	Ref	2019/20	Budget Year 2020/21			
			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%	8.0%	8.0%	0.0%	3.0%
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		11.2%	11.2%	5.8%	15.8%	0.0%
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	62.5%	62.5%	40.0%	56.9%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities		28.0%	28.0%	0.0%	18.4%	0.0%
<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		18.2%	15.3%	16.0%	22.8%	0.0%
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))		100.0%	100.0%	100.0%	100.0%	100.0%
<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	11.2%	7.0%	7.0%	7.0%	7.0%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2	64.3%	55.0%	55.0%	40.0%	30.0%
Employee costs	Employee costs/Total Revenue - capital revenue		26.7%	29.4%	34.4%	33.6%	34.4%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		2.9%	2.4%	2.6%	2.0%	2.6%
Interest & Depreciation	I&D/Total Revenue - capital revenue		11.1%	8.5%	9.4%	0.0%	3.6%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		398.5%	464.7%	423.3%	0.0%	0.0%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		55.4%	39.3%	31.3%	39.8%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		9.7%	9.1%	0.0%	0.0%	9.1%

7. Other Information or Documentation

Municipal Manager's Quality Certificate

The in-year report must be covered by a quality certificate in the format described below:

Munisipaliteit • LAINGSBURG • Municipality

Munisipale-geboue, Van Riebeeckstraat

PRIVAATSAK X4
LAINGSBURG
6900



Municipal Buildings, Van Riebeck Street

PRIVATE BAG X4
LAINGSBURG
6900

OFFICE OF THE MUNICIPAL MANAGER

VERWYSINGSNOMMER:

Tel. (023) 551 1019

REFERENCE NUMBER:

NAVRAE:

ENQUIRIES:

Faks/Fax (023) 5511019

QUALITY CERTIFICATE

I, Jafta Booysen, Municipal Manager of Laingsburg Municipality, hereby certify that –

- The monthly budget statement
- Quarterly report on the implementation of the budget and financial state affairs of the municipality**
- Mid-year budget and performance assessment

For the forth quarter of 2020/2021 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: Mr. Jafta Booysen

Municipal Manager of Laingsburg Municipality (WC051)

Signature 

Date 19/7/2021

8. Recommendation

- (a) That Council notes the contents of this report and supporting documentations for the forth quarter of 2020/2021 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.