

# LAINGSBURG MUNICIPALITY



In-Year Report for the Municipality  
Second Quarterly Budget  
Statement  
DECEMBER 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 December 2016. The monthly and quarterly reports for December 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 serious 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.

The availability of grants funding is limited and a large portion of the MIG is still unspent due to various reasons.

The cash flow of the municipality is currently under extreme pressure. Reasons for this are the growth in debtors, the new housing project that was completed and most of the new consumers are on the indigent lists but the equitable share grant did not increase in the same proportion.

It will be necessary to monitor spending very closely and more attention to the collection of outstanding amounts must be given.

#### 4.1.2 Other relevant information

Year-to-date revenue raised is 104.8% of the projected year-to-date budget for the second quarter. Operating expenditure incurred amounts to 84.7% of year-to-date budget.

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

##### **Operating Revenue**

The Municipality have generated 51.5% or R40,548 million of the Budgeted Revenue to date which exceeds the budgeted amounts. During the financial year operating grants totalling R8,363 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 December 2016, the Municipality managed to spend within the budgeted norms. An amount of R R37,083 million or 38,8% have been spent to date.

##### **Capital Expenditure**

The Municipality has incurred R56 157 or 3.6% of the internal funded Capital Budget to date. The external spending for the second quarter totals to R4,889 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 R0,641 million. The closing balance for this quarter is R10,605 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 2016/2017 financial year.

##### **Debtors**

The Outstanding Debtors of the Municipality amounts to R R6,786 million for the quarter ending December 2016. The outstanding debt for more than 90 days amounts to 56.12%. The payment rate

for 2015/2016 financial year was 105%. For the financial year to date the payment rate is 92.97%. 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 last revised during August 2013.

### **Creditors**

Total outstanding creditors amount to R7 853 for the quarter ending December 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 - Q2 Second 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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	3 129	4 004	4 004	116	3 706	2 202	1 503	68%	4 004
Service charges	15 324	16 567	16 567	4 079	8 459	8 086	373	5%	16 567
Investment revenue	1 429	1 119	1 119	234	402	560	(158)	-28%	1 119
Transfers recognised - operational	18 084	18 429	18 429	2 819	8 363	8 488	(125)	-1%	18 429
Other own revenue	23 063	38 575	38 575	6 706	19 619	19 329	290	2%	38 575
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>61 030</b>	<b>78 695</b>	<b>78 695</b>	<b>13 954</b>	<b>40 548</b>	<b>38 665</b>	<b>1 883</b>	<b>5%</b>	<b>78 695</b>
Employee costs	15 198	20 664	20 664	4 546	9 327	10 430	(1 103)	-11%	20 664
Remuneration of Councillors	2 408	2 619	2 619	602	1 249	1 283	(34)	-3%	2 619
Depreciation & asset impairment	9 275	12 303	12 303	-	(0)	1 698	(1 698)	-100%	12 303
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	7 487	8 713	8 713	2 225	4 107	4 687	(580)	-12%	8 713
Transfers and grants	35 659	4 559	4 559	643	1 290	2 440	(1 150)	-	4 559
Other expenditure	32 010	46 740	46 740	9 773	21 110	23 244	(2 134)	-9%	46 740
<b>Total Expenditure</b>	<b>102 038</b>	<b>95 598</b>	<b>95 598</b>	<b>17 790</b>	<b>37 083</b>	<b>43 782</b>	<b>(6 698)</b>	<b>-15%</b>	<b>95 598</b>
<b>Surplus/(Deficit)</b>	<b>(41 008)</b>	<b>(16 903)</b>	<b>(16 903)</b>	<b>(3 836)</b>	<b>3 465</b>	<b>(5 117)</b>	<b>8 582</b>	<b>-168%</b>	<b>(16 903)</b>
Transfers recognised - capital	29 323	8 159	8 159	4 809	4 809	4 658	151	3%	8 159
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(11 685)</b>	<b>(8 744)</b>	<b>(8 744)</b>	<b>974</b>	<b>8 274</b>	<b>(459)</b>	<b>8 733</b>	<b>-1905%</b>	<b>(8 744)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(11 685)</b>	<b>(8 744)</b>	<b>(8 744)</b>	<b>974</b>	<b>8 274</b>	<b>(459)</b>	<b>8 733</b>	<b>-1905%</b>	<b>(8 744)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>25 889</b>	<b>14 703</b>	<b>14 703</b>	<b>3 027</b>	<b>4 889</b>	<b>6 353</b>	<b>(1 464)</b>	<b>-23%</b>	<b>14 703</b>
Capital transfers recognised	25 720	13 160	13 160	2 999	4 833	5 160	(327)	-6%	13 160
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	168	1 543	1 543	27	56	1 193	(1 137)	-95%	1 543
<b>Total sources of capital funds</b>	<b>25 889</b>	<b>14 703</b>	<b>14 703</b>	<b>3 027</b>	<b>4 889</b>	<b>6 353</b>	<b>(1 464)</b>	<b>-23%</b>	<b>14 703</b>
<b>Financial position</b>									
Total current assets	18 711	17 729	17 729		23 466				17 729
Total non current assets	152 413	161 963	161 963		166 853				161 963
Total current liabilities	7 003	14 140	14 140		16 535				14 140
Total non current liabilities	6 872	3 429	3 429		3 421				3 429
<b>Community wealth/Equity</b>	<b>157 249</b>	<b>162 123</b>	<b>162 123</b>		<b>170 362</b>				<b>162 123</b>
<b>Cash flows</b>									
Net cash from (used) operating	25 325	3 247	3 247	1 553	6 396	1 527	4 868	319%	3 247
Net cash from (used) investing	(30 689)	(12 484)	(12 484)	(1 021)	(4 889)	(899)	(3 990)	444%	(12 484)
Net cash from (used) financing	99	24	24	7	57	12	45	372%	24
<b>Cash/cash equivalents at the month/year end</b>	<b>4 699</b>	<b>751</b>	<b>751</b>	<b>-</b>	<b>11 528</b>	<b>10 605</b>	<b>923</b>	<b>9%</b>	<b>751</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	907	1 014	1 057	129	94	48	43	3 495	6 786
<b>Creditors Age Analysis</b>									
Total Creditors	8	-	-	-	-	-	-	-	8



### Table C2: Financial Performance (Standard Classification)

WC051 Laingsburg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Q2 Second 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
<b>R thousands</b>	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		49 665	29 464	29 464	5 082	13 744	15 552	(1 809)	-12%	21 766
Executive and council		20 302	14 647	14 647	3 797	8 409	7 823	586	7%	14 647
Budget and treasury office		5 267	12 272	12 272	95	3 713	6 335	(2 622)	-41%	4 574
Corporate services		24 097	2 545	2 545	1 190	1 622	1 395	227	16%	2 545
<i>Community and public safety</i>		22 187	38 153	38 153	6 694	19 552	19 068	484	3%	38 153
Community and social services		971	993	993	329	659	496	163	33%	993
Sport and recreation		4	3	3	14	14	1	13	1086%	3
Public safety		21 201	37 145	37 145	6 349	18 873	18 565	309	2%	37 145
Housing		11	12	12	3	5	6	(1)	-11%	12
Health		-	0	0	(1)	-	-	-	-	0
<i>Economic and environmental services</i>		1 341	1 059	1 059	2 218	2 229	530	1 700	321%	1 059
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 341	1 059	1 059	2 218	2 229	530	1 700	321%	1 059
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		17 158	18 178	18 178	4 770	9 833	8 173	1 660	20%	18 178
Electricity		11 108	11 367	11 367	2 881	6 195	5 300	895	17%	11 367
Water		2 316	2 746	2 746	703	1 313	923	390	42%	2 746
Waste water management		1 998	2 117	2 117	625	1 248	1 020	228	22%	2 117
Waste management		1 736	1 948	1 948	561	1 078	931	147	16%	1 948
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	90 352	86 854	86 854	18 763	45 358	43 323	2 035	5%	79 156
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		59 689	30 650	30 650	6 331	11 456	14 289	(2 833)	-20%	30 650
Executive and council		38 675	11 773	11 773	1 969	4 161	4 608	(446)	-10%	11 773
Budget and treasury office		13 864	9 971	9 971	2 771	4 546	5 850	(1 304)	-22%	9 971
Corporate services		7 151	8 907	8 907	1 590	2 749	3 831	(1 082)	-28%	8 907
<i>Community and public safety</i>		20 500	37 945	37 945	6 386	16 328	18 490	(2 162)	-12%	37 945
Community and social services		2 030	2 041	2 041	377	688	775	(88)	-11%	2 041
Sport and recreation		45	481	481	5	12	58	(46)	-80%	481
Public safety		18 220	35 148	35 148	5 994	15 616	17 593	(1 978)	-11%	35 148
Housing		187	190	190	8	13	21	(8)	-39%	190
Health		19	85	85	1	1	43	(42)	-98%	85
<i>Economic and environmental services</i>		10 230	11 778	11 778	1 611	3 143	3 997	(854)	-21%	11 778
Planning and development		1 063	1 043	1 043	240	457	521	(64)	-12%	1 043
Road transport		9 167	10 734	10 734	1 370	2 686	3 475	(790)	-23%	10 734
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		11 611	15 212	15 212	3 462	6 151	6 999	(848)	-12%	15 212
Electricity		7 812	9 292	9 292	2 342	4 271	4 854	(583)	-12%	9 292
Water		1 211	2 454	2 454	701	936	913	23	3%	2 454
Waste water management		1 858	2 013	2 013	189	410	626	(215)	-34%	2 013
Waste management		730	1 454	1 454	230	533	607	(74)	-12%	1 454
<i>Other</i>		6	13	13	1	5	6	(1)	-22%	13
<b>Total Expenditure - Standard</b>	3	102 038	95 598	95 598	17 790	37 083	43 782	(6 698)	-15%	95 598
<b>Surplus/ (Deficit) for the year</b>		(11 686)	(8 744)	(8 744)	974	8 275	(459)	8 734	-1905%	(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) - Q2 Second 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
<b>R thousands</b>										
<b>Revenue by Vote</b>										
Vote 1 - MAYORAL & COUNCIL	1	20 302	14 647	14 647	3 797	8 409	7 823	586	7.5%	14 647
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		24 096	2 545	2 545	1 190	1 622	1 395	227	16.3%	2 545
Vote 4 - BUDGET & TREASURY		5 267	12 272	12 272	95	3 713	6 335	(2 622)	-41.4%	12 272
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERV		972	994	994	328	658	496	162	32.7%	994
Vote 7 - SPORTS AND RECREATION		4	3	3	14	14	1	13	1086.5%	3
Vote 8 - HOUSING		11	12	12	3	5	6	(1)	-11.2%	12
Vote 9 - PUBLIC SAFETY		21 201	37 145	37 145	6 349	18 873	18 565	309	1.7%	37 145
Vote 10 - ROAD TRANSPORT		1 341	1 059	1 059	2 218	2 229	530	1 700	320.8%	1 059
Vote 11 - WASTE MANAGEMENT		1 581	1 948	1 948	561	1 078	931	147	15.8%	1 948
Vote 12 - WASTE WATER MANAGEMENT		1 998	2 117	2 117	625	1 248	1 020	228	22.4%	2 117
Vote 13 - WATER		2 316	2 746	2 746	703	1 313	923	390	42.3%	2 746
Vote 14 - ELECTRICITY		11 108	11 367	11 367	2 881	6 195	5 300	895	16.9%	11 367
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>90 197</b>	<b>86 854</b>	<b>86 854</b>	<b>18 763</b>	<b>45 358</b>	<b>43 323</b>	<b>2 034</b>	<b>4.7%</b>	<b>86 854</b>
<b>Expenditure by Vote</b>										
Vote 1 - MAYORAL & COUNCIL	1	35 464	7 713	7 713	1 211	2 677	2 678	(1)	0.0%	7 713
Vote 2 - MUNICIPAL MANAGER		3 210	4 060	4 060	759	1 484	1 930	(446)	-23.1%	4 060
Vote 3 - CORPORATE SERVICES		7 150	8 907	8 907	1 590	2 749	3 831	(1 082)	-28.3%	8 907
Vote 4 - BUDGET & TREASURY		13 864	9 971	9 971	2 771	4 546	5 850	(1 304)	-22.3%	9 971
Vote 5 - PLANNING AND DEVELOPMENT		1 063	1 043	1 043	240	457	521	(64)	-12.3%	1 043
Vote 6 - COMMUNITY AND SOCIAL SERV		1 231	1 389	1 389	248	432	555	(123)	-22.2%	1 389
Vote 7 - SPORTS AND RECREATION		868	1 230	1 230	137	273	327	(54)	-16.4%	1 230
Vote 8 - HOUSING		187	190	190	8	13	21	(8)	-39.3%	190
Vote 9 - PUBLIC SAFETY		18 220	35 148	35 148	5 994	15 616	17 593	(1 978)	-11.2%	35 148
Vote 10 - ROAD TRANSPORT		9 167	10 734	10 734	1 370	2 686	3 475	(790)	-22.7%	10 734
Vote 11 - WASTE MANAGEMENT		576	1 454	1 454	230	533	607	(74)	-12.1%	1 454
Vote 12 - WASTE WATER MANAGEMENT		1 858	2 013	2 013	189	410	626	(215)	-34.4%	2 013
Vote 13 - WATER		1 211	2 454	2 454	701	936	913	23	2.6%	2 454
Vote 14 - ELECTRICITY		7 812	9 292	9 292	2 342	4 271	4 854	(583)	-12.0%	9 292
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>101 882</b>	<b>95 598</b>	<b>95 598</b>	<b>17 790</b>	<b>37 083</b>	<b>43 782</b>	<b>(6 698)</b>	<b>-15.3%</b>	<b>95 598</b>
<b>Surplus/ (Deficit) for the year</b>	<b>2</b>	<b>(11 685)</b>	<b>(8 744)</b>	<b>(8 744)</b>	<b>974</b>	<b>8 274</b>	<b>(459)</b>	<b>8 733</b>	<b>-1904.7%</b>	<b>(8 744)</b>

**Table C4: Financial Performance (Revenue and Expenditure)**

WC051 Laingsburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

Description	Ref	Budget Year 2016/17								
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		2 934	3 870	3 870	14	3 530	2 129	1 401	66%	3 870
Property rates - penalties & collection charges		195	134	134	102	176	74	102	138%	134
Service charges - electricity revenue		10 901	11 163	11 163	2 787	6 019	5 300	719	14%	11 163
Service charges - water revenue		1 061	1 499	1 499	266	432	923	(491)	-53%	1 499
Service charges - sanitation revenue		1 998	2 117	2 117	625	1 248	1 020	228	22%	2 117
Service charges - refuse revenue		1 249	1 446	1 446	389	734	680	54	8%	1 446
Service charges - other		115	341	341	12	27	164	(137)	-84%	341
Rental of facilities and equipment		1 108	812	812	311	568	456	112	24%	812
Interest earned - external investments		1 270	906	906	167	412	453	(41)	-9%	906
Interest earned - outstanding debtors		159	213	213	67	(11)	107	(117)	-110%	213
Dividends received		-	-	-	-	-	-	-	-	-
Fines		19 962	36 737	36 737	6 123	18 367	18 361	6	0%	36 737
Licences and permits		1 145	273	273	229	511	136	375	275%	273
Agency services		142	107	107	27	55	53	1	2%	107
Transfers recognised - operational		18 084	18 429	18 429	2 819	8 363	8 488	(125)	-1%	18 429
Other revenue		706	647	647	17	119	322	(204)	-63%	647
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>61 030</b>	<b>78 695</b>	<b>78 695</b>	<b>13 954</b>	<b>40 548</b>	<b>38 665</b>	<b>1 883</b>	<b>5%</b>	<b>78 695</b>
<b>Expenditure By Type</b>										
Employee related costs		15 198	20 664	20 664	4 546	9 327	10 430	(1 103)	-11%	20 664
Remuneration of councillors		2 408	2 619	2 619	602	1 249	1 283	(34)	-3%	2 619
Debt impairment		14 311	25 424	25 424	4 200	12 600	12 595	5	0%	25 424
Depreciation & asset impairment		9 275	12 303	12 303	-	(0)	1 698	(1 698)	-100%	12 303
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		7 487	8 713	8 713	2 225	4 107	4 687	(580)	-12%	8 713
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		3 267	7 765	7 765	1 121	1 625	3 881	(2 256)	-58%	7 765
Transfers and grants		35 659	4 559	4 559	643	1 290	2 440	(1 150)	-47%	4 559
Other expenditure		14 432	13 551	13 551	4 453	6 885	6 767	118	2%	13 551
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>102 038</b>	<b>95 598</b>	<b>95 598</b>	<b>17 790</b>	<b>37 083</b>	<b>43 782</b>	<b>(6 698)</b>	<b>-15%</b>	<b>95 598</b>
<b>Surplus/(Deficit)</b>		<b>(41 008)</b>	<b>(16 903)</b>	<b>(16 903)</b>	<b>(3 836)</b>	<b>3 465</b>	<b>(5 117)</b>	<b>8 582</b>	<b>(0)</b>	<b>(16 903)</b>
Transfers recognised - capital		29 323	8 159	8 159	4 809	4 809	4 658	151	0	8 159
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(11 685)</b>	<b>(8 744)</b>	<b>(8 744)</b>	<b>974</b>	<b>8 274</b>	<b>(459)</b>			<b>(8 744)</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(11 685)</b>	<b>(8 744)</b>	<b>(8 744)</b>	<b>974</b>	<b>8 274</b>	<b>(459)</b>			<b>(8 744)</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(11 685)</b>	<b>(8 744)</b>	<b>(8 744)</b>	<b>974</b>	<b>8 274</b>	<b>(459)</b>			<b>(8 744)</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(11 685)</b>	<b>(8 744)</b>	<b>(8 744)</b>	<b>974</b>	<b>8 274</b>	<b>(459)</b>			<b>(8 744)</b>

### 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) - Q2 Second 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									

<b>Capital Expenditure - Standard Classification</b>										
<b>Governance and administration</b>		-	583	583	19	25	563	(538)	-96%	583
Executive and council		-	-	-	15	19	-	19	#DIV/0!	-
Budget and treasury office		-	40	40	4	4	40	(36)	-89%	40
Corporate services		-	543	543	-	2	523	(521)	-100%	543
<b>Community and public safety</b>		1 949	2 169	2 169	2 099	2 220	440	1 780	405%	2 169
Community and social services		361	1 300	1 300	833	859	-	859	#DIV/0!	1 300
Sport and recreation		1 072	429	429	-	95	-	95	#DIV/0!	429
Public safety		-	-	-	-	-	-	-	-	-
Housing		516	160	160	1 266	1 266	160	1 106	691%	160
Health		-	280	280	-	-	280	(280)	-100%	280
<b>Economic and environmental services</b>		12 148	430	430	451	802	350	452	129%	430
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		12 148	430	430	451	802	350	452	129%	430
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		11 792	11 521	11 521	458	1 842	5 000	(3 158)	-63%	11 521
Electricity		7 696	2 000	2 000	429	1 811	2 000	(189)	-9%	2 000
Water		2 140	6 371	6 371	3	4	-	4	#DIV/0!	6 371
Waste water management		1 956	3 150	3 150	26	27	3 000	(2 973)	-99%	3 150
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard Classification</b>	3	25 889	14 703	14 703	3 027	4 889	6 353	(1 464)	-23%	14 703
<b>Funded by:</b>										
National Government		25 720	13 160	13 160	2 999	4 833	5 160	(327)	-6%	13 160
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		25 720	13 160	13 160	2 999	4 833	5 160	(327)	-6%	13 160
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		168	1 543	1 543	27	56	1 193	(1 137)	-95%	1 543
<b>Total Capital Funding</b>		25 889	14 703	14 703	3 027	4 889	6 353	(1 464)	-23%	14 703

**Table C6: Financial Position****WC051 Laingsburg - Table C6 Monthly Budget Statement - Financial Position - Q2 Second Quarter**

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		8 317	9 964	9 964	11 528	9 964
Call investment deposits		-	-	-	-	-
Consumer debtors		4 336	6 053	6 053	(5 773)	6 053
Other debtors		360	116	116	16 115	116
Current portion of long-term receivables		-	-	-	-	-
Inventory		5 698	1 597	1 597	1 597	1 597
<b>Total current assets</b>		<b>18 711</b>	<b>17 729</b>	<b>17 729</b>	<b>23 466</b>	<b>17 729</b>
<b>Non current assets</b>						
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	156 917	156 917	161 805	156 917
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		343	640	640	640	640
Other non-current assets		43	12	12	13	12
<b>Total non current assets</b>		<b>152 413</b>	<b>161 963</b>	<b>161 963</b>	<b>166 853</b>	<b>161 963</b>
<b>TOTAL ASSETS</b>		<b>171 124</b>	<b>179 693</b>	<b>179 693</b>	<b>190 319</b>	<b>179 693</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		396	437	437	475	437
Trade and other payables		6 322	8 812	8 812	11 192	8 812
Provisions		286	4 891	4 891	4 868	4 891
<b>Total current liabilities</b>		<b>7 003</b>	<b>14 140</b>	<b>14 140</b>	<b>16 535</b>	<b>14 140</b>
<b>Non current liabilities</b>						
Borrowing		-	-	-	-	-
Provisions		6 872	3 429	3 429	3 421	3 429
<b>Total non current liabilities</b>		<b>6 872</b>	<b>3 429</b>	<b>3 429</b>	<b>3 421</b>	<b>3 429</b>
<b>TOTAL LIABILITIES</b>		<b>13 875</b>	<b>17 569</b>	<b>17 569</b>	<b>19 957</b>	<b>17 569</b>
<b>NET ASSETS</b>	2	<b>157 249</b>	<b>162 123</b>	<b>162 123</b>	<b>170 362</b>	<b>162 123</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		120 313	125 678	125 678	133 917	125 678
Reserves		36 937	36 445	36 445	36 445	36 445
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>157 249</b>	<b>162 123</b>	<b>162 123</b>	<b>170 362</b>	<b>162 123</b>

## Table C7: Cash Flow

WC051 Laingsburg - Table C7 Monthly Budget Statement - Cash Flow - Q2 Second Quarter

Description	Ref	Budget Year 2016/17								
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges		2 528	3 604	3 604	121	2 086	2 202	(117)	-5%	3 604
Service charges		14 606	17 002	17 002	1 083	8 645	8 337	308	4%	17 002
Other revenue		47 562	13 055	13 055	5 567	12 305	6 576	5 729	87%	13 055
Government - operating		19 559	16 793	16 793	252	8 100	8 395	(295)	-4%	16 793
Government - capital		-	8 159	8 159	-	3 141	4 658	(1 517)	-33%	8 159
Interest		1 041	1 120	1 120	46	215	560	(345)	-62%	1 120
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(58 195)	(55 858)	(55 858)	(5 643)	(28 140)	(28 572)	(432)	2%	(55 858)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(1 777)	(628)	(628)	127	44	(628)	(672)	107%	(628)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>25 325</b>	<b>3 247</b>	<b>3 247</b>	<b>1 553</b>	<b>6 396</b>	<b>1 527</b>	<b>4 868</b>	<b>319%</b>	<b>3 247</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		(30 689)	(12 484)	(12 484)	(1 021)	(4 889)	(899)	(3 990)	444%	(12 484)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(30 689)</b>	<b>(12 484)</b>	<b>(12 484)</b>	<b>(1 021)</b>	<b>(4 889)</b>	<b>(899)</b>	<b>3 990</b>	<b>-444%</b>	<b>(12 484)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		99	24	24	7	57	12	45	372%	24
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>99</b>	<b>24</b>	<b>24</b>	<b>7</b>	<b>57</b>	<b>12</b>	<b>(45)</b>	<b>-372%</b>	<b>24</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(5 265)</b>	<b>(9 213)</b>	<b>(9 213)</b>	<b>539</b>	<b>1 563</b>	<b>640</b>			<b>(9 213)</b>
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		11 528	10 605			751

## 6. Supporting Documentation

### Debtors Analysis

WC051 Laingsburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q2 Second Quarter

Description	NT Code	Budget Year 2016/17									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo 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													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	186	34	28	29	22	11	8	230	548	300	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	(213)	23	35	17	7	9	4	146	30	185	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	562	24	891	13	12	-	10	2 226	3 739	2 262	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	179	31	33	26	19	13	8	285	594	351	-	-
Receivables from Exchange Transactions - Waste Management	1600	124	20	24	22	12	8	4	92	305	137	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	74	20	45	20	20	6	9	279	474	334	-	-
Interest on Arrear Debtor Accounts	1810	-	859	-	-	-	-	-	-	859	-	-	-
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	1820	-	-	-	-	-	-	-	-	-	241	-	-
Other	1900	(6)	3	0	3	0	2	0	236	238	-	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>907</b>	<b>1 014</b>	<b>1 057</b>	<b>129</b>	<b>94</b>	<b>48</b>	<b>43</b>	<b>3 495</b>	<b>6 786</b>	<b>3 809</b>	<b>-</b>	<b>-</b>
<b>2015/16 - totals only</b>		<b>702 023</b>	<b>782 644</b>	<b>114 632</b>	<b>86 396</b>	<b>97 643</b>	<b>97 937</b>	<b>89 788</b>	<b>3 573 353</b>	<b>5 544</b>	<b>3 945</b>	<b>-</b>	<b>0</b>
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	(733)	226	351	32	14	7	9	951	856	1 013	-	-
Commercial	2300	549	20	8	6	1	3	1	19	607	31	-	-
Households	2400	965	741	648	88	73	37	32	2 451	5 034	2 681	-	-
Other	2500	127	28	51	3	5	1	2	73	289	84	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>907</b>	<b>1 014</b>	<b>1 057</b>	<b>129</b>	<b>94</b>	<b>48</b>	<b>43</b>	<b>3 495</b>	<b>6 786</b>	<b>3 809</b>	<b>-</b>	<b>-</b>

### Creditors Analysis

WC051 Laingsburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q2 Second Quarter

Description	NT Code	Budget Year 2016/17									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												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	8	-	-	-	-	-	-	-	-	-	8
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>2600</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>

## Material variance explanations

WC051 Laingsburg - Supporting Table SC1 Material variance explanations - Q2 Second Quarter

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	<b>R thousands</b>			
1	<b>Revenue By Source</b>			
	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	<b>Expenditure By Type</b>			
	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	<b>Capital Expenditure</b>			
	Road transport	1 471	Construction work on the project accelerated and will be finished during November	none - MIG grant
	Housing	(163)	project is in process - payment was made during November	
4	<b>Financial Position</b>			
5	<b>Cash Flow</b>			
	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	<b>Measureable performance</b>			
7	<b>Municipal Entities</b>			



## Performance Indicators

### WC051 Laingsburg - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q2 Second 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
<b><u>Borrowing Management</u></b>							
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%
<b><u>Safety of Capital</u></b>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		4.0%	5.4%	5.4%	6.6%	5.4%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>							
Current Ratio	Current assets/current liabilities	1	267.2%	125.4%	125.4%	141.9%	125.4%
Liquidity Ratio	Monetary Assets/Current Liabilities		118.8%	70.5%	70.5%	69.7%	70.5%
<b><u>Revenue Management</u></b>							
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%	7.8%	7.8%	25.5%	7.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Creditors Management</u></b>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))		90.0%	90.0%	90.0%	92.0%	90.0%
<b><u>Funding of Provisions</u></b>							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
<b><u>Other Indicators</u></b>							
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		24.9%	26.3%	26.3%	23.0%	26.3%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		3.5%	4.3%	4.3%	1.9%	4.3%
Interest & Depreciation	I&D/Total Revenue - capital revenue		15.2%	15.6%	15.6%	0.0%	3.3%
<b><u>IDP regulation financial viability indicators</u></b>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		14.1%	13.0%	13.0%	-29.0%	13.0%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		28.3%	36.5%	36.5%	-11.8%	17.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		3.8%	0.2%	0.2%	1.6%	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.
- (c) That Council must give its full support in the collection of outstanding amounts.