

LAINGSBURG MUNICIPALITY



**In-Year Report for the Municipality
Second Quarterly Budget
Statement
DECEMBER 2017**

Table of Contents

1. Glossary.....	3
2. Legislative framework.....	5
3. Mayors Report	5
4. Executive Summary.....	5
5. In year Budget Statement Tables.....	8
6. Supporting Documentation	15
7. Recommendation.....	18

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 Second 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 2017. The monthly and quarterly reports for December 2017 should be read in conjunction with one another.

4. Executive Summary

4.1.1 Financial problems or risks facing the Municipality

The Municipality is currently experiencing financial difficulties in its cash flow. The operating revenue and expenditure to date are however within the budget limits. This is due to the equitable share grant that was received during the Second quarter. Payment for debtors for the Second

quarter was only 30% of the total amount billed for services and rates for this period. Annual rates are levied during July for the financial year.

4.1.2 Other relevant information

Year-to-date revenue raised is 117.53% of the projected year-to-date budget for the Second quarter. Operating expenditure incurred amounts to 92.92% of year-to-date budget. The depreciation and annual journals will be processed at the end of the second quarter after the finalization of the audit.

The Table below illustrates an overview of the Budget implementation of Laingsburg Municipality for the quarter ended December 2017.

Operating Revenue

The Municipality have generated 56.04% or R42,643 million of the Budgeted Revenue to date which is lower than the budgeted amounts. During the financial year operating grants totalling R10,285 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 2017, the Municipality managed to spend within the budgeted norms. An amount of R 37,994 million or 44,17% have been spent to date. As mentioned above the depreciation and annual journals will be processed at the end of the second quarter after the finalization of the audit.

Capital Expenditure

The Municipality has incurred R4,324 million or 47.44% of the external funded Capital Budget to date. The MIG spending for the Second quarter totals to R3,652 million to date.

Cash Flow

The Municipality started off with a cash flow balance of R5,875 million at the beginning of the year and increased it with R7,682 million. The closing balance for this quarter is R13,557 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 2017/2018 financial year.

Debtors

The Outstanding Debtors of the Municipality amounts to R 8,503 million for the quarter ending December 2017. The outstanding debt for more than 90 days amounts to 60.85%. The payment rate for 2016/2017 financial year was 63.47%. For the financial year to date the payment rate is 68.69% on services and rates. 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. Outstanding amounts in the areas where the Municipality is not the supplier of electricity are increasing rapidly.

Creditors

Total outstanding creditors amount to R85 923 for the quarter ending December 2017. 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	2016/17	Budget Year 2017/18							
	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	3 571	4 151	–	0	3 797	2 283	1 514	66%	4 151
Service charges	16 908	18 608	–	6 706	10 636	7 700	2 937	38%	18 608
Investment revenue	818	818	–	307	341	409	(67)	-16%	818
Transfers and subsidies	17 034	17 823	–	4 620	10 285	8 925	1 361	15%	17 823
Other own revenue	27 943	34 699	–	16 744	17 583	16 966	617	4%	34 699
Total Revenue (excluding capital transfers and contributions)	66 273	76 100	–	28 377	42 643	36 282	6 361	18%	76 100
Employee costs	19 124	22 885	–	7 099	9 798	11 647	(1 849)	-16%	22 885
Remuneration of Councillors	2 507	2 606	–	768	1 182	1 276	(95)	-7%	2 606
Depreciation & asset impairment	9 901	10 092	–	–	388	989	(600)	-61%	10 092
Finance charges	–	–	–	–	–	–	–	–	–
Materials and bulk purchases	7 460	6 854	–	2 547	4 443	3 687	757	21%	6 854
Transfers and subsidies	3 941	2 485	–	1 455	2 678	2 485	193	8%	2 485
Other expenditure	38 606	41 103	–	18 033	19 504	20 802	(1 298)	-6%	41 103
Total Expenditure	81 539	86 025	–	29 901	37 994	40 886	(2 893)	-7%	86 025
Surplus/(Deficit)	(15 266)	(9 925)	–	(1 524)	4 649	(4 604)	9 254	-201%	(9 925)
Transfers and subsidies - capital (monetary alloc	9 213	8 654	–	6 319	4 324	4 826	(502)	-10%	8 654
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(6 053)	(1 271)	–	4 795	8 973	222	8 752	3951%	(1 271)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	(6 053)	(1 271)	–	4 795	8 973	222	8 752	3951%	(1 271)
Capital expenditure & funds sources									
Capital expenditure	11 413	9 115	–	3 652	4 324	–	4 324	#DIV/0!	9 115
Capital transfers recognised	10 887	8 321	–	4 324	4 324	–	4 324	#DIV/0!	8 321
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	436	794	–	(672)	0	–	0	#DIV/0!	794
Total sources of capital funds	11 323	9 115	–	3 652	4 324	–	4 324	#DIV/0!	9 115
Financial position									
Total current assets	14 599	8 561	8 561		19 537				8 561
Total non current assets	163 379	163 393	163 393		167 715				163 393
Total current liabilities	13 718	12 534	12 534		18 860				12 534
Total non current liabilities	8 795	3 953	3 953		3 953				3 953
Community wealth/Equity	155 467	155 467	155 467		164 439				155 467
Cash flows									
Net cash from (used) operating	2 820	6 843	6 843	(3 974)	11 569	(621)	(12 190)	1962%	6 843
Net cash from (used) investing	(6 909)	(9 115)	(9 115)	(2 017)	(3 924)	(3 224)	700	-22%	(6 071)
Net cash from (used) financing	–	24	24	14	37	6	(31)	-514%	16 603
Cash/cash equivalents at the month/year end	5 875	3 627	3 627	–	13 557	2 036	(11 521)	-566%	23 251
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	2 097	1 058	1 320	166	190	87	106	3 479	8 503
Creditors Age Analysis									
Total Creditors	–	–	–	–	23	–	–	63	86

Table C2: Financial Performance (Standard Classification)

WC051 Laingsburg - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q2 Second Quarter

Description	Ref	2016/17	Budget Year 2017/18							
		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>		30 561	27 303	-	11 651	19 642	14 354	5 288	37%	27 303
Executive and council		20 986	3 636	-	4 128	7 801	2 318	5 483	237%	3 636
Finance and administration		9 575	23 667	-	7 524	11 841	12 036	(195)	-2%	23 667
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		24 343	34 720	-	16 343	16 694	16 977	(283)	-2%	34 720
Community and social services		995	1 077	-	1	3	538	(535)	-99%	1 077
Sport and recreation		16	24	-	1	1	12	(11)	-91%	24
Public safety		23 323	33 606	-	16 338	16 685	16 421	264	2%	33 606
Housing		10	11	-	3	6	5	0	5%	11
Health		0	0	-	(1)	(1)	-	(1)	#DIV/0!	0
<i>Economic and environmental services</i>		1 066	1 097	-	4	9	549	(540)	-98%	1 097
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 066	1 097	-	4	9	549	(540)	-98%	1 097
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		19 515	21 634	-	6 698	10 621	9 228	1 394	15%	21 634
Energy sources		12 190	13 678	-	4 172	6 892	5 341	1 551	29%	13 678
Water management		2 691	3 389	-	918	1 312	1 981	(669)	-34%	3 389
Waste water management		2 538	2 502	-	869	1 306	1 044	262	25%	2 502
Waste management		2 097	2 066	-	739	1 111	862	250	29%	2 066
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	75 486	84 754	-	34 696	46 967	41 108	5 859	14%	84 754
Expenditure - Functional										
<i>Governance and administration</i>		32 538	25 703	-	7 117	12 234	13 209	(975)	-7%	25 703
Executive and council		9 369	8 704	-	3 188	5 324	4 145	1 179	28%	8 704
Finance and administration		23 169	17 000	-	3 929	6 910	9 064	(2 154)	-24%	17 000
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		23 370	34 634	-	14 927	15 877	17 352	(1 475)	-8%	34 634
Community and social services		2 178	1 738	-	423	581	553	28	5%	1 738
Sport and recreation		30	26	-	9	16	13	3	23%	26
Public safety		20 988	32 683	-	14 484	15 270	16 774	(1 504)	-9%	32 683
Housing		171	183	-	2	1	10	(9)	-90%	183
Health		3	4	-	9	9	2	7	394%	4
<i>Economic and environmental services</i>		2 968	3 368	-	783	1 229	1 602	(373)	-23%	3 368
Planning and development		1 077	1 241	-	286	434	643	(208)	-32%	1 241
Road transport		1 891	2 127	-	497	795	959	(164)	-17%	2 127
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		22 644	22 312	-	7 070	8 649	8 721	(72)	-1%	22 312
Energy sources		8 446	7 503	-	2 683	3 231	3 912	(680)	-17%	7 503
Water management		2 128	2 628	-	682	707	1 036	(329)	-32%	2 628
Waste water management		10 399	10 828	-	3 314	4 259	3 174	1 086	34%	10 828
Waste management		1 671	1 354	-	391	452	599	(147)	-25%	1 354
<i>Other</i>		19	8	-	5	5	4	1	36%	8
Total Expenditure - Functional	3	81 539	86 025	-	29 901	37 994	40 886	(2 893)	-7%	86 025
Surplus/ (Deficit) for the year		(6 053)	(1 271)	-	4 795	8 973	222	8 752	3951%	(1 271)

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	2016/17	Budget Year 2017/18							
			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			20 986	3 636	—	4 128	7 801	2 318	5 483	236.6%	3 636
Vote 2 - MUNICIPAL MANAGER			—	—	—	—	—	—	—	—	—
Vote 3 - CORPORATE SERVICES			3 090	1 741	—	773	1 268	868	400	46.1%	1 741
Vote 4 - BUDGET & TREASURY			6 472	21 925	—	6 751	10 573	11 168	(595)	-5.3%	21 925
Vote 5 - PLANNING AND DEVEOLPMENT			—	—	—	—	—	—	—	—	—
Vote 6 - COMMUNITY AND SOCIAL SERV			995	1 078	—	0	2	538	(536)	-99.6%	1 078
Vote 7 - SPORTS AND RECREATION			16	24	—	1	1	12	(11)	-91.0%	24
Vote 8 - HOUSING			10	11	—	3	6	5	0	4.5%	11
Vote 9 - PUBLIC SAFETY			23 323	33 606	—	16 338	16 685	16 421	264	1.6%	33 606
Vote 10 - ROAD TRANSPORT			1 113	1 115	—	6	13	557	(545)	-97.7%	1 115
Vote 11 - WASTE MANAGEMENT			1 903	2 066	—	739	1 111	862	250	29.0%	2 066
Vote 12 - WASTE WATER MANAGEMENT			2 490	2 485	—	867	1 303	1 036	267	25.8%	2 485
Vote 13 - WATER			2 691	3 389	—	918	1 312	1 981	(669)	-33.8%	3 389
Vote 14 - ELECTRICITY			12 190	13 678	—	4 172	6 892	5 341	1 551	29.0%	13 678
Vote 15 - [NAME OF VOTE 15]			—	—	—	—	—	—	—	—	—
Total Revenue by Vote		2	75 278	84 754	—	34 696	46 967	41 108	5 859	14.3%	84 754
Expenditure by Vote		1									
Vote 1 - MAYORAL & COUNCIL			6 382	5 127	—	2 444	4 179	2 579	1 600	62.0%	5 127
Vote 2 - MUNICIPAL MANAGER			2 987	3 577	—	744	1 145	1 566	(421)	-26.9%	3 577
Vote 3 - CORPORATE SERVICES			5 983	6 099	—	1 370	2 915	2 921	(5)	-0.2%	6 099
Vote 4 - BUDGET & TREASURY			17 172	10 900	—	2 559	3 995	6 144	(2 149)	-35.0%	10 900
Vote 5 - PLANNING AND DEVEOLPMENT			1 077	1 241	—	286	434	643	(208)	-32.4%	1 241
Vote 6 - COMMUNITY AND SOCIAL SERV			1 286	1 247	—	268	403	478	(75)	-15.6%	1 247
Vote 7 - SPORTS AND RECREATION			944	529	—	178	208	94	114	121.2%	529
Vote 8 - HOUSING			171	183	—	2	1	10	(9)	-90.0%	183
Vote 9 - PUBLIC SAFETY			20 988	32 683	—	14 484	15 270	16 774	(1 504)	-9.0%	32 683
Vote 10 - ROAD TRANSPORT			10 284	10 724	—	1 542	2 817	3 419	(602)	-17.6%	10 724
Vote 11 - WASTE MANAGEMENT			1 476	1 354	—	391	452	599	(147)	-24.6%	1 354
Vote 12 - WASTE WATER MANAGEMENT			2 006	2 231	—	2 269	2 237	714	1 523	213.5%	2 231
Vote 13 - WATER			2 128	2 628	—	682	707	1 036	(329)	-31.8%	2 628
Vote 14 - ELECTRICITY			8 446	7 503	—	2 683	3 231	3 912	(680)	-17.4%	7 503
Vote 15 - [NAME OF VOTE 15]			—	—	—	—	—	—	—	—	—
Total Expenditure by Vote		2	81 331	86 025	—	29 901	37 994	40 886	(2 893)	-7.1%	86 025
Surplus/ (Deficit) for the year		2	(6 053)	(1 271)	—	4 795	8 973	222	8 752	3951.1%	(1 271)

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

Description	Ref	2016/17	Budget Year 2017/18							
		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		3 571	4 151	–	0	3 797	2 283	1 514	66%	4 151
Service charges - electricity revenue		11 852	13 369	–	4 172	6 892	5 187	1 705	33%	13 369
Service charges - water revenue		1 866	1 327	–	918	1 312	951	361	38%	1 327
Service charges - sanitation revenue		1 660	2 485	–	867	1 303	1 036	267	26%	2 485
Service charges - refuse revenue		1 441	1 313	–	739	1 111	470	641	136%	1 313
Service charges - other		89	114	–	9	19	56	(38)	-67%	114
Rental of facilities and equipment		1 271	718	–	290	680	358	322	90%	718
Interest earned - external investments		818	818	–	307	341	409	(67)	-16%	818
Interest earned - outstanding debtors		48	40	–	74	123	20	104	523%	40
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		22 198	32 532	–	15 900	15 901	15 885	16	0%	32 532
Licences and permits		1 134	1 082	–	272	620	541	79	15%	1 082
Agency services		127	123	–	30	58	61	(4)	-6%	123
Transfers and subsidies		17 034	17 823	–	4 620	10 285	8 925	1 361	15%	17 823
Other revenue		3 164	204	–	178	201	101	100	99%	204
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		66 273	76 100	–	28 377	42 643	36 282	6 361	18%	76 100
Expenditure By Type										
Employee related costs		19 124	22 885	–	7 099	9 798	11 647	(1 849)	-16%	22 885
Remuneration of councillors		2 507	2 606	–	768	1 182	1 276	(95)	-7%	2 606
Debt impairment		21 335	26 359	–	14 828	13 286	12 860	426	3%	26 359
Depreciation & asset impairment		9 901	10 092	–	–	388	989	(600)	-61%	10 092
Finance charges		–	–	–	–	–	–	–	–	–
Bulk purchases		7 460	6 854	–	2 547	4 443	3 687	757	21%	6 854
Other materials		–	–	–	–	–	–	–	–	–
Contracted services		3 084	3 064	–	584	611	1 906	(1 294)	-68%	3 064
Transfers and subsidies		3 941	2 485	–	1 455	2 678	2 485	193	8%	2 485
Other expenditure		14 188	11 680	–	2 621	5 607	6 037	(430)	-7%	11 680
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Expenditure		81 539	86 025	–	29 901	37 994	40 886	(2 893)	-7%	86 025
Surplus/(Deficit)		(15 266)	(9 925)	–	(1 524)	4 649	(4 604)	9 254	(0)	(9 925)
Transfers and subsidies - capital (municipality allocations)										
(National / Provincial and District)		9 213	8 654	–	6 319	4 324	4 826	(502)	(0)	8 654
(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		(6 053)	(1 271)	–	4 795	8 973	222			(1 271)
Taxation								–		
Surplus/(Deficit) after taxation		(6 053)	(1 271)	–	4 795	8 973	222			(1 271)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(6 053)	(1 271)	–	4 795	8 973	222			(1 271)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(6 053)	(1 271)	–	4 795	8 973	222			(1 271)

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) - Q2 Second Quarter

Vote Description	Ref	2016/17	Budget Year 2017/18							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									

Capital Expenditure - Functional Classification										
Governance and administration		11	74	-	(672)	-	-	-		74
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		-	30	-	-	-	-	-		30
Internal audit		11	44	-	(672)	-	-	-		44
Community and public safety		1 593	470	-	-	-	-	-		470
Community and social services		1 276	-	-	-	-	-	-		-
Sport and recreation		318	140	-	-	-	-	-		140
Public safety		-	50	-	-	-	-	-		50
Housing		-	-	-	-	-	-	-		-
Health		-	280	-	-	-	-	-		280
Economic and environmental services		39	770	-	532	532	-	532	#DIV/0!	770
Planning and development		-	-	-	-	-	-	-		-
Road transport		39	770	-	532	532	-	532	#DIV/0!	770
Environmental protection		-	-	-	-	-	-	-		-
Trading services		9 770	7 801	-	3 792	3 792	-	3 792	#DIV/0!	7 801
Energy sources		7 094	2 000	-	2 132	2 132	-	2 132	#DIV/0!	2 000
Water management		1 853	5 641	-	1 660	1 660	-	1 660	#DIV/0!	5 641
Waste water management		823	160	-	-	-	-	-		160
Waste management		-	-	-	-	-	-	-		-
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	11 413	9 115	-	3 652	4 324	-	4 324	#DIV/0!	9 115
Funded by:										
National Government		10 887	8 321	-	4 324	4 324	-	4 324	#DIV/0!	8 321
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
Transfers recognised - capital		10 887	8 321	-	4 324	4 324	-	4 324	#DIV/0!	8 321
Public contributions & donations	5	-	-	-	-	-	-	-		-
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		436	794	-	(672)	0	-	0	#DIV/0!	794
Total Capital Funding		11 323	9 115	-	3 652	4 324	-	4 324	#DIV/0!	9 115

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

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		5 875	5 875	5 875	13 157	5 875
Call investment deposits		–	–	–	–	–
Consumer debtors		3 499	20 291	20 291	10 953	20 291
Other debtors		3 846	(18 984)	(18 984)	(5 951)	(18 984)
Current portion of long-term receivables		1	–	–	–	–
Inventory		1 378	1 378	1 378	1 378	1 378
Total current assets		14 599	8 561	8 561	19 537	8 561
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		4 273	4 273	4 273	4 273	4 273
Investments in Associate		–	–	–	–	–
Property, plant and equipment		158 542	158 585	158 585	162 910	158 585
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		522	522	522	522	522
Other non-current assets		43	13	13	11	13
Total non current assets		163 379	163 393	163 393	167 715	163 393
TOTAL ASSETS		177 979	171 953	171 953	187 252	171 953
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		485	485	485	516	485
Trade and other payables		12 487	4 911	4 911	11 214	4 911
Provisions		745	7 138	7 138	7 130	7 138
Total current liabilities		13 718	12 534	12 534	18 860	12 534
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		8 795	3 953	3 953	3 953	3 953
Total non current liabilities		8 795	3 953	3 953	3 953	3 953
TOTAL LIABILITIES		22 512	16 487	16 487	22 813	16 487
NET ASSETS	2	155 467	155 467	155 467	164 439	155 467
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		155 467	119 021	119 021	127 994	119 021
Reserves		–	36 445	36 445	36 445	36 445
TOTAL COMMUNITY WEALTH/EQUITY	2	155 467	155 467	155 467	164 439	155 467

Table C7: Cash Flow

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

Description	Ref	2016/17	Budget Year 2017/18							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		3 571	4 151	4 151	—	1 631	1 494	136	9%	4 151
Service charges		21 991	18 481	18 481	3 928	7 234	3 778	3 456	91%	18 481
Other revenue		4 517	43 290	43 290	6 262	19 833	10 817	9 016	83%	43 290
Government - operating		14 650	17 973	17 973	31	8 183	4 492	3 691	82%	17 973
Government - capital		8 315	—	—	—	—	—	—		—
Interest		866	860	860	81	266	215	51	24%	860
Dividends		—	—	—	—	—	—	—		—
Payments										
Suppliers and employees		(51 088)	(77 464)	(77 464)	(14 062)	(24 622)	(20 989)	3 633	-17%	(77 464)
Finance charges		—	—	—	—	—	—	—		—
Transfers and Grants		—	(447)	(447)	(214)	(955)	(428)	527	-123%	(447)
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 820	6 843	6 843	(3 974)	11 569	(621)	(12 190)	1962%	6 843
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(37)	—	—	—	—	—	—		—
Decrease (Increase) in non-current debtors		—	—	—	—	—	—	—		—
Decrease (increase) other non-current receivables		—	—	—	—	—	—	—		—
Decrease (increase) in non-current investments		—	—	—	—	400	—	400	#DIV/0!	3 044
Payments										
Capital assets		(6 872)	(9 115)	(9 115)	(2 017)	(4 324)	(3 224)	1 100	-34%	(9 115)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6 909)	(9 115)	(9 115)	(2 017)	(3 924)	(3 224)	700	-22%	(6 071)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		—	—	—	—	—	—	—		4 151
Borrowing long term/refinancing		—	—	—	—	—	—	—		4 151
Increase (decrease) in consumer deposits		—	24	24	14	37	6	31	514%	4 151
Payments										
Repayment of borrowing		—	—	—	—	—	—	—		4 151
NET CASH FROM/(USED) FINANCING ACTIVITIES		—	24	24	14	37	6	(31)	-514%	16 603
NET INCREASE/ (DECREASE) IN CASH HELD		(4 089)	(2 248)	(2 248)	(5 976)	7 682	(3 839)			17 375
Cash/cash equivalents at beginning:		9 964	5 875	5 875		5 875	5 875			5 875
Cash/cash equivalents at month/year end:		5 875	3 627	3 627		13 557	2 036			23 251

6. Supporting Documentation

Debtors Analysis

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

Description		Budget Year 2017/18												Actual Bad Debts Written Off against Debtors		Impairment - Bad Debts i.t.o Council Policy	
		NT Code	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	164	27	79	31	23	17	16	341	699	428	-	-	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity		1300	1 239	147	110	53	88	12	11	293	1 953	458	-	-	-	-	
Receivables from Non-exchange Transactions - Property Rates		1400	510	24	1 139	20	27	16	12	1 583	3 330	1 658	-	-	-	-	
Receivables from Exchange Transactions - Waste Water Management		1500	(33)	32	58	27	23	20	20	424	571	514	-	-	-	-	
Receivables from Exchange Transactions - Waste Management		1600	126	25	35	17	14	11	11	144	383	196	-	-	-	-	
Receivables from Ex change Transactions - Property Rental Debtors		1700	82	18	92	14	13	11	16	280	527	335	-	-	-	-	
Interest on Arrear Debtor Accounts		1810	-	958	-	-	-	-	-	-	958	-	-	-	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure		1820	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other		1900	9	(173)	(192)	4	2	0	19	414	83	439	-	-	-	-	
Total By Income Source		2000	2 097	1 058	1 320	166	190	87	106	3 479	8 503	4 028	-	-	-	-	
2016/17 - totals only			35 981	1 031 845	135 650	141 386	107 720	107 420	418 783	2 991 957	4 971	3 767	0	-	0	-	
Debtors Age Analysis By Customer Group																	
Organs of State		2200	30	25	498	25	16	5	29	860	1 488	935	-	-	-	-	
Commercial		2300	543	114	100	35	30	11	13	139	985	228	-	-	-	-	
Households		2400	804	804	676	99	84	65	60	2 318	4 911	2 626	-	-	-	-	
Other		2500	720	115	46	7	61	5	4	162	1 120	239	-	-	-	-	
Total By Customer Group		2600	2 097	1 058	1 320	166	190	87	106	3 479	8 503	4 028	-	-	-	-	

Creditors Analysis

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

Wessex Langleybury - Supporting Table 004 Monthly Budget Statement - aged creditors - Q2 Second Quarter										
Description	NT Code	Budget Year 2017/18								
		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 repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	23	-	-	63	86
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	-	-	-	-	23	-	-	63	86

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
	R thousands			
1	Revenue By Source			
	Property rates	1 514	Property rates are levied during July for the financial year	0
	Service charges - electricity revenue	1 705	The curve of consumption during the colder period was large	0
	Service charges - water revenue	361	Consumption of water is still higher than what was planned	0
	0	-	0	0
2	Expenditure By Type			
	Employee related costs	(1 849)	Bonusses are paid during November but accounted for at 1/	0
	Depreciation & asset impairment	(600)	Depreciation charges will be accounted for at the end of the	0
	0	-	0	0
	0	-	0	0
3	Capital Expenditure			
	All	4 324	Capital projects have started but will accelerate during January	0
	0	-	0	0
	0	-	0	0
	0	-	0	0
4	Financial Position			
	0	-	0	0
	0	-	0	0
	0	-	0	0
	0	-	0	0
5	Cash Flow			
	0	-	0	0
	0	-	0	0
	0	-	0	0
	0	-	0	0
6	Measureable performance			
	0	-	0	0
	0	-	0	0
	0	-	0	0
	0	-	0	0
7	Municipal Entities			
	0	-	0	0
	0	-	0	0
	0	-	0	0
	0	-	0	0
	0	-	0	0
	0	-	0	0

Performance Indicators

WC051 Laingsburg - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q2 Second Quarter

Description of financial indicator	Basis of calculation	Ref	2016/17	Budget Year 2017/18			
			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%	11.7%	0.0%	0.0%	3.0%
Borrowed funding of 'ow n' 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		8.0%	3.2%	3.2%	6.8%	3.2%
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	106.4%	68.3%	68.3%	103.6%	68.3%
Liquidity Ratio	Monetary Assets/Current Liabilities		42.8%	46.9%	46.9%	69.8%	46.9%
<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		11.1%	1.7%	0.0%	11.7%	1.7%
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		28.9%	30.1%	0.0%	23.0%	30.1%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		3.0%	2.6%	0.0%	0.2%	0.5%
Interest & Depreciation	I&D/Total Revenue - capital revenue		14.9%	13.3%	0.0%	0.0%	3.4%
<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%	13.1%	-1.2%	13.1%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		28.3%	36.5%	37.4%	-98.2%	9.0%
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 2nd quarter of 2017/2018 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.