

LAINGSBURG MUNICIPALITY



In-Year Report for the Municipality
Fourth Quarterly Budget
Statement
JUNE 2018

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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 Fourth 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 June 2017. The monthly and quarterly reports for June 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 Fourth quarter. Payment for debtors for the Fourth 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 96.51% of the projected year-to-date budget for the Fourth quarter. Operating expenditure incurred amounts to 83.24% of year-to-date budget. The depreciation and annual journals will be processed at the end of the fourth quarter when year end transactions are processed.

Operating Revenue

The Municipality have generated 87.21% or R72,073 million of the Budgeted Revenue to date which is lower than the budgeted amounts. During the financial year operating grants totalling R13,791 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 June 2017, the Municipality managed to spend within the budgeted norms. An amount of R R91,984 million or 82,62% have been spent to date. As mentioned above the depreciation and annual journals will be processed at the end of the financial year.

Capital Expenditure

The Municipality has incurred R4,792 million or 31.23% of the external funded Capital Budget to date. The MIG spending for the Fourth quarter totals to R4,792 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 R15,600 million. The closing balance for this quarter is R21,476 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. Unspent grants need to be isolated and the balance must be removed from the normal cash flow at year end.

Debtors

The Outstanding Debtors of the Municipality amounts to R R7,065 million for the quarter ending June 2017. The outstanding debt for more than 90 days amounts to 86.21%. The payment rate for 2016/2017 financial year was 65.96%. For the financial year to date the payment rate is 94% on services and rates. The increase in the collection rate is due to the write-off of outstanding accounts of indigent applicants. 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 R4 275 for the quarter ending June 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. Year end transactions will lead to the increase of the final sundry creditor balance.

5. In year Budget Statement Tables

Table C1: Summary

WC051 Laingsburg - Table C1 Monthly Budget Statement Summary - Q4 Fourth 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	4 005	(55)	3 788	3 775	13	0%	4 151
Service charges	16 908	18 608	17 652	2 791	15 767	15 682	85	1%	18 608
Investment revenue	818	818	797	283	850	818	32	4%	818
Transfers and subsidies	17 034	17 823	21 153	1	13 791	17 853	(4 062)	-23%	17 823
Other own revenue	27 943	34 699	35 874	8 762	35 118	33 946	1 172	3%	34 699
Total Revenue (excluding capital transfers and contributions)	66 273	76 100	79 482	11 781	69 314	72 073	(2 759)	-4%	76 100
Employee costs	19 124	22 885	22 633	4 766	19 543	22 165	(2 621)	-12%	22 885
Remuneration of Councillors	2 507	2 606	2 618	519	2 374	2 605	(231)	-9%	2 606
Depreciation & asset impairment	9 901	10 092	10 001	0	388	1 979	(1 590)	-80%	10 092
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	7 460	6 854	7 650	1 705	7 911	6 854	1 057	15%	6 854
Transfers and subsidies	3 941	2 485	2 119	172	848	2 485	(1 638)	-66%	2 485
Other expenditure	38 606	41 103	42 494	10 505	41 237	41 615	(378)	-1%	41 103
Total Expenditure	81 539	86 025	87 514	17 667	72 301	77 702	(5 401)	-7%	86 025
Surplus/(Deficit)	(15 266)	(9 925)	(8 033)	(5 885)	(2 987)	(5 629)	2 642	-47%	(9 925)
Transfers and subsidies - capital (monetary alloc	9 213	8 654	16 117	1 158	7 437	8 654	(1 218)	-14%	8 654
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(6 053)	(1 271)	8 084	(4 727)	4 449	3 025	1 424	47%	(1 271)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(6 053)	(1 271)	8 084	(4 727)	4 449	3 025	1 424	47%	(1 271)
Capital expenditure & funds sources									
Capital expenditure	11 413	9 115	16 118	2 963	7 813	-	7 813	#DIV/0!	9 115
Capital transfers recognised	10 977	8 321	15 342	2 886	7 678	-	7 678	#DIV/0!	8 321
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	436	794	775	77	135	-	135	#DIV/0!	794
Total sources of capital funds	11 413	9 115	16 118	2 963	7 813	-	7 813	#DIV/0!	9 115
Financial position									
Total current assets	14 599	8 561	8 561		18 199				8 561
Total non current assets	163 379	163 393	163 393		171 204				163 393
Total current liabilities	13 718	12 534	12 534		25 629				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		159 822				155 467
Cash flows									
Net cash from (used) operating	2 820	6 843	6 843	(7 470)	12 534	6 843	(5 691)	-83%	6 843
Net cash from (used) investing	(6 909)	(9 115)	(9 115)	(2 963)	(7 413)	(9 115)	(1 702)	19%	3 062
Net cash from (used) financing	-	24	24	11	58	24	(34)	-142%	24
Cash/cash equivalents at the month/year end	5 875	3 627	3 627	-	11 054	3 627	(7 427)	-205%	15 804
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	(423)	1 108	289	463	326	202	968	4 132	7 065
Creditors Age Analysis									
Total Creditors	4	-	-	-	-	-	-	-	4

Table C2: Financial Performance (Standard Classification)

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

W0051 Laingsburg - Table C4 Monthly Budget Statement - Financial Performance (Revenue and Expenditure) - Q4 Fourth 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	4 005	(55)	3 788	3 775	13	0%	4 151
Service charges - electricity revenue		11 852	13 369	13 548	1 623	11 098	10 695	403	4%	13 369
Service charges - water revenue		1 866	1 327	261	144	658	1 862	(1 204)	-65%	1 327
Service charges - sanitation revenue		1 660	2 485	2 471	639	2 574	2 071	502	24%	2 485
Service charges - refuse revenue		1 441	1 313	1 269	347	1 370	941	430	46%	1 313
Service charges - other		89	114	103	38	67	113	(46)	-40%	114
Rental of facilities and equipment		1 271	718	1 378	312	1 270	717	554	77%	718
Interest earned - external investments		818	818	797	283	850	818	32	4%	818
Interest earned - outstanding debtors		48	40	260	34	233	40	193	488%	40
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		22 198	32 532	32 532	7 956	31 809	31 783	26	0%	32 532
Licences and permits		1 134	1 082	1 181	411	1 343	1 082	261	24%	1 082
Agency services		127	123	118	49	144	123	21	18%	123
Transfers and subsidies		17 034	17 823	21 153	1	13 791	17 853	(4 062)	-23%	17 823
Other revenue		3 164	204	405	(0)	319	203	116	57%	204
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		66 273	76 100	79 482	11 781	69 314	72 073	(2 759)	-4%	76 100
Expenditure By Type										
Employee related costs		19 124	22 885	22 633	4 766	19 543	22 165	(2 621)	-12%	22 885
Remuneration of councillors		2 507	2 606	2 618	519	2 374	2 605	(231)	-9%	2 606
Debt impairment		21 335	26 359	26 359	6 433	26 151	25 730	421	2%	26 359
Depreciation & asset impairment		9 901	10 092	10 001	0	388	1 979	(1 590)	-80%	10 092
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		7 460	6 854	7 650	1 705	7 911	6 854	1 057	15%	6 854
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		3 084	3 064	1 960	733	2 223	3 813	(1 590)	-42%	3 064
Transfers and subsidies		3 941	2 485	2 119	172	848	2 485	(1 638)	-66%	2 485
Other expenditure		14 188	11 680	14 176	3 339	12 862	12 072	791	7%	11 680
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		81 539	86 025	87 514	17 667	72 301	77 702	(5 401)	-7%	86 025
Surplus/(Deficit)		(15 266)	(9 925)	(8 033)	(5 885)	(2 987)	(5 629)	2 642	(0)	(9 925)
Transfers and Subsidies - capital (monetary allocations)										
(National / Provincial and District)		9 213	8 654	16 117	1 158	7 437	8 654	(1 218)	(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)	8 084	(4 727)	4 449	3 025			(1 271)
Taxation								-		
Surplus/(Deficit) after taxation		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(1 271)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(1 271)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(1 271)

Table C3: Financial Performance (Revenue and Expenditure by Municipal Vote)

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

WC051 Laingsburg - Table C4 Monthly Budget Statement - Financial Performance (Revenue and Expenditure) - C4 1 Fourth 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	4 005	(55)	3 788	3 775	13	0%	4 151
Service charges - electricity revenue		11 852	13 369	13 548	1 623	11 098	10 695	403	4%	13 369
Service charges - water revenue		1 866	1 327	261	144	658	1 862	(1 204)	-65%	1 327
Service charges - sanitation revenue		1 660	2 485	2 471	639	2 574	2 071	502	24%	2 485
Service charges - refuse revenue		1 441	1 313	1 269	347	1 370	941	430	46%	1 313
Service charges - other		89	114	103	38	67	113	(46)	-40%	114
Rental of facilities and equipment		1 271	718	1 378	312	1 270	717	554	77%	718
Interest earned - external investments		818	818	797	283	850	818	32	4%	818
Interest earned - outstanding debtors		48	40	260	34	233	40	193	488%	40
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		22 198	32 532	32 532	7 956	31 809	31 783	26	0%	32 532
Licences and permits		1 134	1 082	1 181	411	1 343	1 082	261	24%	1 082
Agency services		127	123	118	49	144	123	21	18%	123
Transfers and subsidies		17 034	17 823	21 153	1	13 791	17 853	(4 062)	-23%	17 823
Other revenue		3 164	204	405	(0)	319	203	116	57%	204
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		66 273	76 100	79 482	11 781	69 314	72 073	(2 759)	-4%	76 100
Expenditure By Type										
Employee related costs		19 124	22 885	22 633	4 766	19 543	22 165	(2 621)	-12%	22 885
Remuneration of councillors		2 507	2 606	2 618	519	2 374	2 605	(231)	-9%	2 606
Debt impairment		21 335	26 359	26 359	6 433	26 151	25 730	421	2%	26 359
Depreciation & asset impairment		9 901	10 092	10 001	0	388	1 979	(1 590)	-80%	10 092
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		7 460	6 854	7 650	1 705	7 911	6 854	1 057	15%	6 854
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		3 084	3 064	1 960	733	2 223	3 813	(1 590)	-42%	3 064
Transfers and subsidies		3 941	2 485	2 119	172	848	2 485	(1 638)	-66%	2 485
Other expenditure		14 188	11 680	14 176	3 339	12 862	12 072	791	7%	11 680
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		81 539	86 025	87 514	17 667	72 301	77 702	(5 401)	-7%	86 025
Surplus/(Deficit)		(15 266)	(9 925)	(8 033)	(5 885)	(2 987)	(5 629)	2 642	(0)	(9 925)
Transfers and subsidies - capital (financial contributions)										
(National / Provincial and District)		9 213	8 654	16 117	1 158	7 437	8 654	(1 218)	(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)	8 084	(4 727)	4 449	3 025			(1 271)
Taxation								-		
Surplus/(Deficit) after taxation		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(1 271)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(1 271)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(1 271)

Table C4: Financial Performance (Revenue and Expenditure)

WC051 Laingsburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q4 Fourth 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	4 005	(55)	3 788	3 775	13	0%	4 151
Service charges - electricity revenue		11 852	13 369	13 548	1 623	11 098	10 695	403	4%	13 369
Service charges - water revenue		1 866	1 327	261	144	658	1 862	(1 204)	-65%	1 327
Service charges - sanitation revenue		1 660	2 485	2 471	639	2 574	2 071	502	24%	2 485
Service charges - refuse revenue		1 441	1 313	1 269	347	1 370	941	430	46%	1 313
Service charges - other		89	114	103	38	67	113	(46)	-40%	114
Rental of facilities and equipment		1 271	718	1 378	312	1 270	717	554	77%	718
Interest earned - external investments		818	818	797	283	850	818	32	4%	818
Interest earned - outstanding debtors		48	40	260	34	233	40	193	488%	40
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		22 198	32 532	32 532	7 956	31 809	31 783	26	0%	32 532
Licences and permits		1 134	1 082	1 181	411	1 343	1 082	261	24%	1 082
Agency services		127	123	118	49	144	123	21	18%	123
Transfers and subsidies		17 034	17 823	21 153	1	13 791	17 853	(4 062)	-23%	17 823
Other revenue		3 164	204	405	(0)	319	203	116	57%	204
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		66 273	76 100	79 482	11 781	69 314	72 073	(2 759)	-4%	76 100
Expenditure By Type										
Employee related costs		19 124	22 885	22 633	4 766	19 543	22 165	(2 621)	-12%	22 885
Remuneration of councillors		2 507	2 606	2 618	519	2 374	2 605	(231)	-9%	2 606
Debt impairment		21 335	26 359	26 359	6 433	26 151	25 730	421	2%	26 359
Depreciation & asset impairment		9 901	10 092	10 001	0	388	1 979	(1 590)	-80%	10 092
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		7 460	6 854	7 650	1 705	7 911	6 854	1 057	15%	6 854
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		3 084	3 064	1 960	733	2 223	3 813	(1 590)	-42%	3 064
Transfers and subsidies		3 941	2 485	2 119	172	848	2 485	(1 638)	-66%	2 485
Other expenditure		14 188	11 680	14 176	3 339	12 862	12 072	791	7%	11 680
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		81 539	86 025	87 514	17 667	72 301	77 702	(5 401)	-7%	86 025
Surplus/(Deficit)		(15 266)	(9 925)	(8 033)	(5 885)	(2 987)	(5 629)	2 642	(0)	(9 925)
Transfers and subsidies - capital (municipality allocations)										
(National / Provincial and District)		9 213	8 654	16 117	1 158	7 437	8 654	(1 218)	(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)	8 084	(4 727)	4 449	3 025			(1 271)
Taxation								-		
Surplus/(Deficit) after taxation		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(1 271)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(1 271)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(6 053)	(1 271)	8 084	(4 727)	4 449	3 025			(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) - Q4 Fourth 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	1									
Single Year expenditure appropriation	2									
Vote 1 - MAYORAL & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES	11	44	1	68	125	-	125	#DIV/0!		44
Vote 4 - BUDGET & TREASURY	-	30	-	-	-	-	-	-	-	30
Vote 5 - PLANNING AND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERV	1 276	280	174	(25)	(25)	-	(25)	#DIV/0!		280
Vote 7 - SPORTS AND RECREATION	318	140	774	-	-	-	-	-	-	140
Vote 8 - HOUSING	-	-	-	-	-	-	-	-	-	-
Vote 9 - PUBLIC SAFETY	-	50	-	6	6	-	6	#DIV/0!		50
Vote 10 - ROAD TRANSPORT	39	770	-	-	777	-	777	#DIV/0!		770
Vote 11 - WASTE MANAGEMENT	-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT	823	160	-	(19)	(19)	-	(19)	#DIV/0!		160
Vote 13 - WATER	1 853	5 641	13 174	3 169	4 971	-	4 971	#DIV/0!		5 641
Vote 14 - ELECTRICITY	7 094	2 000	1 995	(236)	1 978	-	1 978	#DIV/0!		2 000
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	11 413	9 115	16 118	2 963	7 813	-	7 813	#DIV/0!	9 115
Total Capital Expenditure		11 413	9 115	16 118	2 963	7 813	-	7 813	#DIV/0!	9 115
Capital Expenditure - Functional Classification										
Governance and administration		11	74	1	68	125	-	125	#DIV/0!	74
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	30	-	-	-	-	-	-	30
Internal audit	11	44	1	68	125	-	125	#DIV/0!		44
Community and public safety	1 593	470	948	(18)	(18)	-	(18)	#DIV/0!		470
Community and social services	1 276	-	174	(25)	(25)	-	(25)	#DIV/0!		-
Sport and recreation	318	140	774	-	-	-	-	-	-	140
Public safety	-	50	-	6	6	-	6	#DIV/0!		50
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	280	-	-	-	-	-	-	-	280
Economic and environmental services	39	770	-	-	777	-	777	#DIV/0!		770
Planning and development	-	-	-	-	-	-	-	-	-	-
Road transport	39	770	-	-	777	-	777	#DIV/0!		770
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	9 770	7 801	15 169	2 914	6 929	-	6 929	#DIV/0!		7 801
Energy sources	7 094	2 000	1 995	(236)	1 978	-	1 978	#DIV/0!		2 000
Water management	1 853	5 641	13 174	3 169	4 971	-	4 971	#DIV/0!		5 641
Waste water management	823	160	-	(19)	(19)	-	(19)	#DIV/0!		160
Waste management	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	11 413	9 115	16 118	2 963	7 813	-	7 813	#DIV/0!	9 115
Funded by:										
National Government		10 977	8 321	2 169	2 886	7 678	-	7 678	#DIV/0!	8 321
Provincial Government		-	-	13 174	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		10 977	8 321	15 342	2 886	7 678	-	7 678	#DIV/0!	8 321
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		436	794	775	77	135	-	135	#DIV/0!	794
Total Capital Funding		11 413	9 115	16 118	2 963	7 813	-	7 813	#DIV/0!	9 115

Table C6: Financial Position

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

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		5 875	5 875	5 875	13 654	5 875
Call investment deposits		–	–	–	–	–
Consumer debtors		3 499	20 291	20 291	(3 332)	20 291
Other debtors		3 846	(18 984)	(18 984)	6 499	(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	18 199	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	166 398	158 585
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		522	522	522	522	522
Other non-current assets		43	13	13	12	13
Total non current assets		163 379	163 393	163 393	171 204	163 393
TOTAL ASSETS		177 979	171 953	171 953	189 404	171 953
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		485	485	485	506	485
Trade and other payables		12 487	4 911	4 911	18 164	4 911
Provisions		745	7 138	7 138	6 959	7 138
Total current liabilities		13 718	12 534	12 534	25 629	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	29 581	16 487
NET ASSETS	2	155 467	155 467	155 467	159 822	155 467
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		155 467	119 021	119 021	123 377	119 021
Reserves		–	36 445	36 445	36 445	36 445
TOTAL COMMUNITY WEALTH/EQUITY	2	155 467	155 467	155 467	159 822	155 467

Table C7: Cash Flow

WC051 Laingsburg - Table C7 Monthly Budget Statement - Cash Flow - Q4 Fourth 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	573	3 057	4 151	(1 094)	-26%	4 151
Service charges		21 991	18 481	18 481	3 517	14 494	18 481	(3 987)	-22%	18 481
Other revenue		4 517	43 290	43 290	3 127	35 884	43 290	(7 405)	-17%	43 290
Government - operating		14 650	17 973	17 973	6	11 695	17 973	(6 278)	-35%	17 973
Government - capital		8 315	-	-	-	-	-	-	-	-
Interest		866	860	860	122	589	860	(271)	-32%	860
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(51 088)	(77 464)	(77 464)	(15 651)	(56 094)	(77 464)	(21 370)	28%	(77 464)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	(447)	(447)	836	2 908	(447)	(3 355)	751%	(447)
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 820	6 843	6 843	(7 470)	12 534	6 843	(5 691)	-83%	6 843
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(37)	-	-	-	-	-	-	-	3 044
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	3 044
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	3 044
Decrease (increase) in non-current investments		-	-	-	-	400	-	400	#DIV/0!	3 044
Payments										
Capital assets		(6 872)	(9 115)	(9 115)	(2 963)	(7 813)	(9 115)	(1 302)	14%	(9 115)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6 909)	(9 115)	(9 115)	(2 963)	(7 413)	(9 115)	(1 702)	19%	3 062
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	24	24	11	58	24	34	142%	24
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	24	24	11	58	24	(34)	-142%	24
NET INCREASE/ (DECREASE) IN CASH HELD		(4 089)	(2 248)	(2 248)	(10 421)	5 179	(2 248)			9 929
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		11 054	3 627			15 804

6. Supporting Documentation

Debtors Analysis

WC051 Laingsburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q4 Fourth 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	284	49	53	61	21	21	18	374	881	495	-	-		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	800	122	350	172	115	587	120	445	2 709	1 438	-	-		
Receivables from Non-exchange Transactions - Property Rates	1400	(404)	24	49	23	17	16	14	2 261	2 001	2 331	-	-		
Receivables from Exchange Transactions - Waste Water Management	1500	(22)	22	57	26	23	23	21	467	618	561	-	-		
Receivables from Exchange Transactions - Waste Management	1600	108	16	30	20	14	14	11	169	382	228	-	-		
Receivables from Exchange Transactions - Property Rental Debtors	1700	40	22	85	32	17	14	17	346	573	426	-	-		
Interest on Arrear Debtor Accounts	1810	-	1 156	-	-	-	-	-	-	1 156	-	-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-		
Other	1900	(1 228)	(304)	(335)	129	119	(473)	767	69	(1 255)	612	-	-		
Total By Income Source	2000	(423)	1 108	289	463	326	202	968	4 132	7 065	6 090	-	-		
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	-	-		
Debtors Age Analysis By Customer Group															
Organs of State	2200	23	38	52	36	41	18	319	992	1 521	1 407	-	-		
Commercial	2300	(860)	465	166	356	217	117	583	1 256	2 301	2 529	-	-		
Households	2400	414	604	70	72	68	66	65	1 884	3 243	2 154	-	-		
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-		
Total By Customer Group	2600	(423)	1 108	289	463	326	202	968	4 132	7 065	6 090	-	-		

Creditors Analysis

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

Wessex Langleybury - Supporting Table 364 Monthly Budget Statement - aged creditors - Q4 2017 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	4	-	-	-	-	-	-	-	4	
Auditor General	0800	-	-	-	-	-	-	-	-	-	
Other	0900	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	4	-	-	-	-	-	-	-	4	

Material variance explanations

WC051 Laingsburg - Supporting Table SC1 Material variance explanations - Q4 Fourth Quarter

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	Property rates	13	Property rates are levied during July for the financial year	0
	Service charges - electricity revenue	403	The curve of consumption during the colder period was large	0
	Service charges - water revenue	(1 204)	Consumption of water is still higher than what was planned	0
	0	-	0	0
2	Expenditure By Type			
	Employee related costs	(2 621)	Bonusses are paid during November but accounted for at 1/	0
	Depreciation & asset impairment	(1 590)	Depreciation charges will be accounted for at the end of the t	0
	0	-	0	0
	0	-	0	0
3	Capital Expenditure			
	All	7 813	Capital projects have started but will accelerate during Febru	0
	0	-	0	0
	0	-	0	0
	0	-	0	0
4	Financial Position			
5	Cash Flow			
6	Measureable performance			
7	Municipal Entities			

Performance Indicators

WC051 Laingsburg - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q4 Fourth 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%	11.4%	0.0%	3.0%
Borrowed funding of 'own 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%	11.4%	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%	71.0%	68.3%
Liquidity Ratio	Monetary Assets/Current Liabilities		42.8%	46.9%	46.9%	53.3%	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%	1.6%	4.6%	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%	28.5%	28.2%	30.1%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		3.0%	2.6%	2.4%	0.5%	1.5%
Interest & Depreciation	I&D/Total Revenue - capital revenue		14.9%	13.3%	12.6%	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 4th 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.