

# **LAINGSBURG MUNICIPALITY**



**In-Year Report for the Municipality  
Second Quarterly Budget  
Statement  
DECEMBER 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 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 2018. The monthly and quarterly reports for December 2018 should be read in conjunction with one another.

## 4. Executive Summary

### 4.1.1 Financial problems or risks facing the Municipality

The Municipality is still facing financial and cashflow problems. As mentioned in the report for the second quarter there was no dramatic change in the situation that was experienced during the second quarter of 2017/2018 and the rest of the 2017/2018 financial period. Discussions were held

on various occasions for the preparation of a financial regression plan. Attention has been given to smaller expense items but without focusing on actual problem areas. At the end of this quarter the total amount of budgeted items that exceeds the year-to-date budget amounts to more than R1,2 million. The status of subsistence and traveling for the second quarter is more than R160 000 in excess of the year to date spending budget. The expenditure to date exceeds the budget year-to-date amount with R2,701 million if year-to-date portions of provisions are taken into account. This means that the Municipality has spent 52.83% to date and is in fact 2.83% over the budget. The majority of the operating grants were received during the second and second quarter of the financial year. Payment for debtors for the second quarter was low and an increase in service charges is a reality irrespective of the efforts being made to encourage recovery of the debt. Annual rates are levied during July for the financial year and is payable in monthly instalments.

The table below shows items that were placed on the original curtailment list and which should be within the budget:

ITEMS	OPER BUDGET ORIGINAL	BUDGET T YTD %	BUDGET YTD	YTD SPENT	% YTD SPENT	% OF FULL BUDGET	OVERSPENT
<b>SUBSISTANCE &amp; TRAVEL</b>							
MAYORAL & COUNCIL	179 040.00	50.00	89 520.00	176 954.82	197.67	98.84	87 434.82
MUNICIPAL MANAGER	58 200.00	50.00	29 100.00	83 888.77	288.28	144.14	54 788.77
BUDGET & TREASURY	68 880.00	50.00	34 440.00	35 433.91	102.89	51.44	993.91
ROAD TRANSPORT	136 920.00	50.00	68 460.00	88 909.99	129.87	64.94	20 449.99
<b>PROPERTY RENTAL</b>	-		-	56 521.00	#DIV/0!	#DIV/0!	56 521.00
<b>PUBLIC ENTERTAINMENT</b>	10 560.00	50.00	5 280.00	36 336.45	688.19	344.10	31 056.45
<b>EXECUTIVE PACKAGES</b>	1 539 960.00	50.00	769 980.00	866 700.58	112.56	56.28	96 720.58
<b>FUEL &amp; OIL</b>	548 280.00	50.00	274 140.00	323 609.86	118.05	59.02	49 469.86
<b>LEGAL FEES</b>	128 520.00	50.00	64 260.00	212 376.30	330.50	165.25	148 116.30
<b>WYKSKOMITEE 2</b>	80 280.00	50.00	40 140.00	43 631.26	108.70	54.35	3 491.26
<b>WYKSKOMITEE 3</b>	80 280.00	50.00	40 140.00	49 573.21	123.50	61.75	9 433.21
<b>WYKSKOMITEE 4</b>	80 280.00	50.00	40 140.00	56 618.98	141.05	70.53	16 478.98
<b>OVERTIME</b>	511 440.00	50.00	255 720.00	312 846.14	122.34	61.17	57 126.14
<b>EPWP</b>	1 092 960.00	50.00	546 480.00	1 112 246.66	203.53	101.76	565 766.66
							<b>R 1 197 847.93</b>

#### 4.1.2 Other relevant information

Year-to-date revenue raised is 108.27% of the projected year-to-date budget for the second quarter. Operating expenditure incurred amounts to 105.67% of year-to-date budget. The depreciation and annual journals will be processed after the finalization of the audit.

The Table below illustrates an overview of the Budget implementation of Laingsburg Municipality for the quarter ended December 2018.

#### Operating Revenue

The Municipality have generated 54.14% or R52,187 million of the Budgeted Revenue to date which is in line with the budgeted amounts. During the second quarter operating grants totalling R6,111 million were received. The largest share of the grants received forms part of the Equitable share allocation for the financial year.

### Operating Expenditure

For the quarter ending December 2018, the Municipality did not manage to spend within the budgeted norms. An amount of R R44,614 million or 52,83% have been spent to date. This amounts to 105,67% of the budgeted quarterly expenditure. As mentioned above the depreciation and annual journals will be processed at the end of the financial year.

### Capital Expenditure

The Municipality has incurred R5,364 million or 51,74% of the external funded Capital Budget to date. The MIG spending for the second quarter totals to R2,006 to date.

### Cash Flow

The Municipality started off with a cash flow balance of R10,078 million at the beginning of the year and increased it with R4,256 million. The closing balance for this quarter is R14,334 million. The increase in cash flow is due to the receipt of the operational grants and unspent capital grants. The Municipal cash flow is mainly from Operating Activities as no Borrowing or Investments are budgeted for the 2018/2019 financial year.

### Debtors

The Outstanding Debtors of the Municipality amounts to R R10,356 million for the quarter ending December 2018. The outstanding debt for more than 90 days amounts to 45,59% at the end of the second quarter for 2018. That means that the debtors book over 90 days has grown with 4.25% over the past financial year. We must keep in mind that the average consumer account increase for the 2018/2019 financial year was less than 6%. The likelihood of recovering amounts over 90 days is getting worse. The payment rate for 2017/2018 financial year was 84.47%. This includes the transfers to indigent accounts. The current payment rate is 77,64%. The total cash trapped in outstanding debtors older than 90 Days amounts to R4,881 million.

### Creditors

Total outstanding creditors amount to R0 for the quarter ending December 2018. 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	2017/18	Budget Year 2018/19							
	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	3 788	4 373	4 373	32	3 929	2 187	1 742	80%	4 373
Service charges	15 767	18 727	18 727	3 216	8 489	9 363	(874)	-9%	18 727
Investment revenue	447	845	845	396	624	422	202	48%	845
Transfers and subsidies	17 800	19 893	19 893	6 111	12 409	9 946	2 463	25%	19 893
Other own revenue	36 060	37 983	37 983	17 944	18 698	18 992	(293)	-2%	37 983
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>73 862</b>	<b>81 821</b>	<b>81 821</b>	<b>27 701</b>	<b>44 149</b>	<b>40 910</b>	<b>3 239</b>	<b>8%</b>	<b>81 821</b>
Employee costs	20 268	24 468	24 468	9 161	11 075	12 163	(1 087)	-9%	24 468
Remuneration of Councillors	2 512	2 803	2 803	925	1 367	1 402	(34)	-2%	2 803
Depreciation & asset impairment	1 705	10 544	10 544	4 358	4 358	5 272	(914)	-17%	10 544
Finance charges	—	—	—	—	—	—	—	—	—
Materials and bulk purchases	7 911	8 109	8 109	1 881	3 686	4 055	(369)	-9%	8 109
Transfers and subsidies	891	2 235	2 235	(1 147)	(99)	1 117	(1 217)	-109%	2 235
Other expenditure	40 709	42 929	42 929	18 249	22 301	21 464	836	4%	42 929
<b>Total Expenditure</b>	<b>73 996</b>	<b>91 087</b>	<b>91 087</b>	<b>33 426</b>	<b>42 688</b>	<b>45 472</b>	<b>(2 785)</b>	<b>-6%</b>	<b>91 087</b>
<b>Surplus/(Deficit)</b>	<b>(134)</b>	<b>(9 267)</b>	<b>(9 267)</b>	<b>(5 725)</b>	<b>1 461</b>	<b>(4 562)</b>	<b>6 023</b>	<b>-132%</b>	<b>(9 267)</b>
Transfers and subsidies - capital (monetary alloc	7 545	10 367	10 367	2 754	6 112	5 183	929	18%	10 367
Contributions & Contributed assets	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>7 411</b>	<b>1 100</b>	<b>1 100</b>	<b>(2 972)</b>	<b>7 573</b>	<b>621</b>	<b>6 952</b>	<b>1119%</b>	<b>1 100</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
<b>Surplus/ (Deficit) for the year</b>	<b>7 411</b>	<b>1 100</b>	<b>1 100</b>	<b>(2 972)</b>	<b>7 573</b>	<b>621</b>	<b>6 952</b>	<b>1119%</b>	<b>1 100</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>20 526</b>	<b>10 367</b>	<b>10 367</b>	<b>2 006</b>	<b>5 364</b>	<b>—</b>	<b>5 364</b>	<b>#DIV/0!</b>	<b>10 367</b>
Capital transfers recognised	18 939	10 367	10 367	2 006	5 364	—	5 364	#DIV/0!	10 367
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	571	—	—	—	—	—	—	—	—
<b>Total sources of capital funds</b>	<b>19 510</b>	<b>10 367</b>	<b>10 367</b>	<b>2 006</b>	<b>5 364</b>	<b>—</b>	<b>5 364</b>	<b>#DIV/0!</b>	<b>10 367</b>
<b>Financial position</b>									
Total current assets	14 599	15 229	15 229		23 087				15 229
Total non current assets	163 379	172 504	172 504		173 509				172 504
Total current liabilities	13 718	21 033	21 033		22 493				21 033
Total non current liabilities	8 795	3 953	3 953		3 953				3 953
Community wealth/Equity	155 467	162 748	162 748		170 150				162 748
<b>Cash flows</b>									
Net cash from (used) operating	12 534	6 711	6 711	(5 350)	1 559	(1 473)	(3 032)	206%	6 711
Net cash from (used) investing	(7 413)	(10 367)	(10 367)	(6)	2 636	(10 367)	(13 003)	125%	(10 367)
Net cash from (used) financing	58	33	33	47	61	17	(45)	-270%	33
<b>Cash/cash equivalents at the month/year end</b>	<b>11 054</b>	<b>6 455</b>	<b>6 455</b>	<b>—</b>	<b>14 334</b>	<b>(1 745)</b>	<b>(16 079)</b>	<b>921%</b>	<b>6 455</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	2 141	1 409	1 124	184	170	171	3 803	554	9 555
<b>Creditors Age Analysis</b>									
Total Creditors	—	—	—	—	—	—	—	—	—



Table C2: Financial Performance (Standard Classification)

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

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>25 416</b>	<b>29 067</b>	<b>29 067</b>	<b>4 646</b>	<b>18 838</b>	<b>14 534</b>	<b>4 304</b>	<b>30%</b>	<b>29 067</b>
Executive and council		7 738	1 561	1 561	(1 266)	(1 279)	780	(2 060)	-264%	1 561
Finance and administration		17 679	27 506	27 506	5 912	20 117	13 753	6 364	46%	27 506
Internal audit		—	—	—	—	—	—	—	—	—
<i><b>Community and public safety</b></i>		<b>34 512</b>	<b>37 015</b>	<b>37 015</b>	<b>18 406</b>	<b>18 760</b>	<b>18 508</b>	<b>252</b>	<b>1%</b>	<b>37 015</b>
Community and social services		1 083	1 268	1 268	845	851	634	217	34%	1 268
Sport and recreation		2	2	2	1	1	1	0	30%	2
Public safety		33 424	35 733	35 733	17 553	17 898	17 866	32	0%	35 733
Housing		11	12	12	6	9	6	3	52%	12
Health		(8)	1	1	1	1	0	0	101%	0
<i><b>Economic and environmental services</b></i>		<b>1 089</b>	<b>1 067</b>	<b>1 067</b>	<b>253</b>	<b>256</b>	<b>534</b>	<b>(278)</b>	<b>-52%</b>	<b>1 067</b>
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		1 089	1 067	1 067	253	256	534	(278)	-52%	1 067
Environmental protection		—	—	—	—	—	—	—	—	—
<i><b>Trading services</b></i>		<b>20 390</b>	<b>25 038</b>	<b>25 038</b>	<b>7 149</b>	<b>12 408</b>	<b>12 519</b>	<b>(111)</b>	<b>-1%</b>	<b>25 038</b>
Energy sources		12 303	16 833	16 833	5 127	8 404	8 417	(12)	0%	16 833
Water management		2 652	3 216	3 216	781	1 495	1 608	(113)	-7%	3 216
Waste water management		3 219	2 613	2 613	689	1 383	1 307	76	6%	2 613
Waste management		2 215	2 375	2 375	553	1 125	1 187	(62)	-5%	2 375
<i><b>Other</b></i>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Revenue - Functional</b>	<b>2</b>	<b>81 407</b>	<b>92 188</b>	<b>92 188</b>	<b>30 455</b>	<b>50 261</b>	<b>46 094</b>	<b>4 167</b>	<b>9%</b>	<b>92 187</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>21 205</b>	<b>29 886</b>	<b>29 886</b>	<b>8 324</b>	<b>13 138</b>	<b>14 872</b>	<b>(1 734)</b>	<b>-12%</b>	<b>29 886</b>
Executive and council		6 201	9 017	9 017	1 847	4 160	4 437	(277)	-6%	9 017
Finance and administration		15 004	20 869	20 869	6 477	8 978	10 434	(1 457)	-14%	20 869
Internal audit		—	—	—	—	—	—	—	—	—
<i><b>Community and public safety</b></i>		<b>33 770</b>	<b>33 508</b>	<b>33 508</b>	<b>15 441</b>	<b>16 883</b>	<b>16 705</b>	<b>177</b>	<b>1%</b>	<b>33 508</b>
Community and social services		1 322	2 169	2 169	841	1 036	1 084	(49)	-4%	2 169
Sport and recreation		37	28	28	14	21	14	7	50%	28
Public safety		32 397	31 114	31 114	14 495	15 737	15 557	180	1%	31 114
Housing		3	193	193	88	88	48	39	81%	193
Health		10	4	4	2	2	2	(0)	-17%	4
<i><b>Economic and environmental services</b></i>		<b>2 497</b>	<b>3 445</b>	<b>3 445</b>	<b>652</b>	<b>737</b>	<b>1 723</b>	<b>(986)</b>	<b>-57%</b>	<b>3 445</b>
Planning and development		937	1 319	1 319	135	135	659	(524)	-80%	1 319
Road transport		1 560	2 127	2 127	517	602	1 063	(462)	-43%	2 127
Environmental protection		—	—	—	—	—	—	—	—	—
<i><b>Trading services</b></i>		<b>16 513</b>	<b>24 241</b>	<b>24 241</b>	<b>9 005</b>	<b>11 927</b>	<b>12 121</b>	<b>(194)</b>	<b>-2%</b>	<b>24 241</b>
Energy sources		6 921	8 760	8 760	2 064	3 968	4 380	(412)	-9%	8 760
Water management		2 081	3 028	3 028	1 321	1 526	1 514	12	1%	3 028
Waste water management		6 420	10 872	10 872	5 087	5 698	5 436	262	5%	10 872
Waste management		1 091	1 581	1 581	533	735	791	(56)	-7%	1 581
<i><b>Other</b></i>		<b>13</b>	<b>8</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>8</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>73 998</b>	<b>91 087</b>	<b>91 087</b>	<b>33 426</b>	<b>42 688</b>	<b>45 424</b>	<b>(2 736)</b>	<b>-6%</b>	<b>91 087</b>
<b>Surplus/ (Deficit) for the year</b>		<b>7 409</b>	<b>1 100</b>	<b>1 100</b>	<b>(2 971)</b>	<b>7 573</b>	<b>670</b>	<b>6 904</b>	<b>1031%</b>	<b>1 100</b>

**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	2017/18	Budget Year 2018/19							
		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		7 738	1 561	1 561	(1 266)	(1 279)	780	(2 060)	-263.9%	1 561
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-		-
Vote 3 - CORPORATE SERVICES		2 200	2 771	2 771	765	1 383	1 385	(2)	-0.2%	2 771
Vote 4 - BUDGET & TREASURY		15 478	24 735	24 735	5 147	18 734	12 368	6 366	51.5%	24 735
Vote 5 - PLANNING AND DEVEOLPMENT		-	-	-	-	-	-	-		-
Vote 6 - COMMUNITY AND SOCIAL SERV		1 075	1 268	1 268	846	851	634	217	34.2%	1 268
Vote 7 - SPORTS AND RECREATION		2	2	2	1	1	1	0	30.2%	2
Vote 8 - HOUSING		11	12	12	6	9	6	3	51.9%	12
Vote 9 - PUBLIC SAFETY		33 424	35 733	35 733	17 553	17 898	17 866	32	0.2%	35 733
Vote 10 - ROAD TRANSPORT		1 735	1 085	1 085	253	256	543	(287)	-52.9%	1 085
Vote 11 - WASTE MANAGEMENT		2 215	2 375	2 375	553	1 125	1 187	(62)	-5.2%	2 375
Vote 12 - WASTE WATER MANAGEMENT		2 574	2 595	2 595	689	1 383	1 298	85	6.6%	2 595
Vote 13 - WATER		2 652	3 216	3 216	781	1 495	1 608	(113)	-7.0%	3 216
Vote 14 - ELECTRICITY		12 303	16 833	16 833	5 127	8 404	8 417	(12)	-0.1%	16 833
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-		-
Total Revenue by Vote	2	81 407	92 187	92 187	30 454	50 261	46 094	4 167	9.0%	92 187
Expenditure by Vote	1									
Vote 1 - MAYORAL & COUNCIL		3 678	5 254	5 254	611	2 338	2 556	(217)	-8.5%	5 254
Vote 2 - MUNICIPAL MANAGER		2 523	3 763	3 763	1 236	1 822	1 882	(60)	-3.2%	3 763
Vote 3 - CORPORATE SERVICES		6 488	6 872	6 872	2 715	4 362	3 436	926	27.0%	6 872
Vote 4 - BUDGET & TREASURY		8 516	13 997	13 997	3 762	4 615	6 999	(2 383)	-34.1%	13 997
Vote 5 - PLANNING AND DEVEOLPMENT		937	1 319	1 319	135	135	659	(524)	-79.5%	1 319
Vote 6 - COMMUNITY AND SOCIAL SERV		897	1 334	1 334	584	769	667	102	15.3%	1 334
Vote 7 - SPORTS AND RECREATION		485	874	874	278	293	437	(145)	-33.1%	874
Vote 8 - HOUSING		6	193	193	88	88	97	(9)	-9.3%	193
Vote 9 - PUBLIC SAFETY		32 397	31 114	31 114	14 495	15 737	15 557	180	1.2%	31 114
Vote 10 - ROAD TRANSPORT		5 142	10 609	10 609	4 695	5 342	5 304	37	0.7%	10 609
Vote 11 - WASTE MANAGEMENT		1 091	1 581	1 581	533	735	791	(56)	-7.0%	1 581
Vote 12 - WASTE WATER MANAGEMENT		2 838	2 390	2 390	908	958	1 195	(237)	-19.8%	2 390
Vote 13 - WATER		2 081	3 028	3 028	1 321	1 526	1 514	12	0.8%	3 028
Vote 14 - ELECTRICITY		6 921	8 760	8 760	2 064	3 968	4 380	(412)	-9.4%	8 760
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	74 000	91 087	91 087	33 426	42 688	45 472	(2 785)	-6.1%	91 087
Surplus/ (Deficit) for the year	2	7 407	1 100	1 100	(2 972)	7 573	621	6 952	1119.3%	1 100

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

Description	Ref	2017/18	Budget Year 2018/19							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue By Source										
Property rates		3 788	4 373	4 373	32	3 929	2 187	1 742	80%	4 373
Service charges - electricity revenue		11 098	14 398	14 398	2 521	5 799	7 199	(1 400)	-19%	14 398
Service charges - water revenue		658	302	302	(163)	558	151	407	269%	302
Service charges - sanitation revenue		2 574	2 595	2 595	689	1 383	1 298	85	7%	2 595
Service charges - refuse revenue		1 370	1 323	1 323	155	727	661	66	10%	1 323
Service charges - other		67	109	109	14	23	54	(32)	-59%	109
Rental of facilities and equipment		1 978	1 461	1 461	304	632	730	(98)	-13%	1 461
Interest earned - external investments		447	845	845	396	624	422	202	48%	845
Interest earned - outstanding debtors		233	276	276	43	104	138	(33)	-24%	276
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		31 809	34 488	34 488	17 274	17 276	17 244	32	0%	34 488
Licences and permits		1 343	1 250	1 250	280	623	625	(2)	0%	1 250
Agency services		144	125	125	32	64	63	2	3%	125
Transfers and subsidies		17 800	19 893	19 893	6 111	12 409	9 946	2 463	25%	19 893
Other revenue		553	384	384	12	(2)	192	(194)	-101%	384
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		73 862	81 821	81 821	27 701	44 149	40 910	3 239	8%	81 821
Expenditure By Type										
Employee related costs		20 268	24 468	24 468	9 161	11 075	12 163	(1 087)	-9%	24 468
Remuneration of councillors		2 512	2 803	2 803	925	1 367	1 402	(34)	-2%	2 803
Debt impairment		26 151	25 908	25 908	12 620	12 620	12 954	(334)	-3%	25 908
Depreciation & asset impairment		1 705	10 544	10 544	4 358	4 358	5 272	(914)	-17%	10 544
Finance charges		—	—	—	—	—	—	—	—	—
Bulk purchases		7 911	8 109	8 109	1 881	3 686	4 055	(369)	-9%	8 109
Other materials		—	—	—	—	—	—	—	—	—
Contracted services		2 732	2 077	2 077	553	1 102	1 038	64	6%	2 077
Transfers and subsidies		891	2 235	2 235	(1 147)	(99)	1 117	(1 217)	-109%	2 235
Other expenditure		11 827	14 944	14 944	5 075	8 578	7 472	1 106	15%	14 944
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Expenditure		73 996	91 087	91 087	33 426	42 688	45 472	(2 785)	-6%	91 087
Surplus/(Deficit)		(134)	(9 267)	(9 267)	(5 725)	1 461	(4 562)	6 023	(0)	(9 267)
Transfers and subsidies - capital (monetary allocations)		—	—	—	—	—	—	—	—	—
(National / Provincial and District)		7 545	10 367	10 367	2 754	6 112	5 183	929	0	10 367
(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		7 411	1 100	1 100	(2 972)	7 573	621			1 100
Taxation		—	—	—	—	—	—	—		—
Surplus/(Deficit) after taxation		7 411	1 100	1 100	(2 972)	7 573	621			1 100
Attributable to minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		7 411	1 100	1 100	(2 972)	7 573	621			1 100
Share of surplus/ (deficit) of associate		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		7 411	1 100	1 100	(2 972)	7 573	621			1 100

**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	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast

R thousands

<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		136	-	-	-	-	-	-		-
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		-	-	-	-	-	-	-		-
Internal audit		136	-	-	-	-	-	-		-
<b>Community and public safety</b>		1 577	-	-	-	-	-	-		-
Community and social services		1 253	-	-	-	-	-	-		-
Sport and recreation		318	-	-	-	-	-	-		-
Public safety		6	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<b>Economic and environmental services</b>		976	-	-	-	-	-	-		-
Planning and development		-	-	-	-	-	-	-		-
Road transport		976	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
<b>Trading services</b>		17 837	10 367	10 367	2 006	5 364	-	5 364	#DIV/0!	10 367
Energy sources		9 354	2 000	2 000	-	-	-	-		2 000
Water management		7 680	8 367	8 367	2 006	5 364	-	5 364	#DIV/0!	8 367
Waste water management		804	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
<b>Other</b>		-	-	-	-	-	-	-		-
<b>Total Capital Expenditure - Functional Classification</b>	3	20 526	10 367	10 367	2 006	5 364	-	5 364	#DIV/0!	10 367
<b>Funded by:</b>										
National Government		15 344	10 367	10 367	2 006	5 364	-	5 364	#DIV/0!	10 367
Provincial Government		3 595	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
<b>Transfers recognised - capital</b>		18 939	10 367	10 367	2 006	5 364	-	5 364	#DIV/0!	10 367
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-		-
<b>Borrowing</b>	6	-	-	-	-	-	-	-		-
<b>Internally generated funds</b>		571	-	-	-	-	-	-		-
<b>Total Capital Funding</b>		19 510	10 367	10 367	2 006	5 364	-	5 364	#DIV/0!	10 367

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

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b><u>ASSETS</u></b>						
<b>Current assets</b>						
Cash		5 875	10 078	10 078	14 334	10 078
Call investment deposits		–	–	–	–	–
Consumer debtors		3 499	(3 332)	(3 332)	(13 458)	(3 332)
Other debtors		3 846	7 105	7 105	20 834	7 105
Current portion of long-term receivables		1	–	–	–	–
Inventory		1 378	1 378	1 378	1 378	1 378
<b>Total current assets</b>		<b>14 599</b>	<b>15 229</b>	<b>15 229</b>	<b>23 087</b>	<b>15 229</b>
<b>Non current assets</b>						
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	167 698	167 698	168 704	167 698
Agricultural		–	–	–	–	–
Biological		–	–	–	–	–
Intangible		522	522	522	522	522
Other non-current assets		43	12	12	11	12
<b>Total non current assets</b>		<b>163 379</b>	<b>172 504</b>	<b>172 504</b>	<b>173 509</b>	<b>172 504</b>
<b>TOTAL ASSETS</b>		<b>177 979</b>	<b>187 733</b>	<b>187 733</b>	<b>196 596</b>	<b>187 733</b>
<b><u>LIABILITIES</u></b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		485	506	506	545	506
Trade and other payables		12 487	13 576	13 576	15 004	13 576
Provisions		745	6 951	6 951	6 945	6 951
<b>Total current liabilities</b>		<b>13 718</b>	<b>21 033</b>	<b>21 033</b>	<b>22 493</b>	<b>21 033</b>
<b>Non current liabilities</b>						
Borrowing		–	–	–	–	–
Provisions		8 795	3 953	3 953	3 953	3 953
<b>Total non current liabilities</b>		<b>8 795</b>	<b>3 953</b>	<b>3 953</b>	<b>3 953</b>	<b>3 953</b>
<b>TOTAL LIABILITIES</b>		<b>22 512</b>	<b>24 986</b>	<b>24 986</b>	<b>26 446</b>	<b>24 986</b>
<b>NET ASSETS</b>	2	<b>155 467</b>	<b>162 748</b>	<b>162 748</b>	<b>170 150</b>	<b>162 748</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>						
Accumulated Surplus/(Deficit)		155 467	126 228	126 228	133 631	126 228
Reserves		–	36 520	36 520	36 520	36 520
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>155 467</b>	<b>162 748</b>	<b>162 748</b>	<b>170 150</b>	<b>162 748</b>

Table C7: Cash Flow

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

Description	Ref	2017/18	Budget Year 2018/19							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		3 057	3 785	3 785	918	2 352	1 893	459	24%	3 785
Service charges		14 494	16 362	16 362	4 161	7 634	8 181	(547)	-7%	16 362
Other revenue		31 891	9 776	9 776	3 746	16 808	4 873	11 935	245%	9 776
Government - operating		11 695	20 222	20 222	3 021	11 789	10 132	1 657	16%	20 222
Government - capital		3 993	10 367	10 367	-	-	624	(624)	-100%	10 367
Interest		589	1 324	1 324	228	518	657	(139)	-21%	1 324
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(56 094)	(55 117)	(55 117)	(19 282)	(39 341)	(27 828)	11 513	-41%	(55 117)
Finance charges		-	(7)	(7)	-	-	(4)	(4)	100%	(7)
Transfers and Grants		2 908	-	-	1 858	1 800	-	(1 800)	#DIV/0!	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>12 534</b>	<b>6 711</b>	<b>6 711</b>	<b>(5 350)</b>	<b>1 559</b>	<b>(1 473)</b>	<b>(3 032)</b>	<b>206%</b>	<b>6 711</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		400	-	-	2 000	8 000	-	8 000	#DIV/0!	-
<b>Payments</b>										
Capital assets		(7 813)	(10 367)	(10 367)	(2 006)	(5 364)	(10 367)	(5 003)	48%	(10 367)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(7 413)</b>	<b>(10 367)</b>	<b>(10 367)</b>	<b>(6)</b>	<b>2 636</b>	<b>(10 367)</b>	<b>(13 003)</b>	<b>125%</b>	<b>(10 367)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		58	33	33	47	61	17	45	270%	33
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>58</b>	<b>33</b>	<b>33</b>	<b>47</b>	<b>61</b>	<b>17</b>	<b>(45)</b>	<b>-270%</b>	<b>33</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>5 179</b>	<b>(3 622)</b>	<b>(3 622)</b>	<b>(5 308)</b>	<b>4 256</b>	<b>(11 823)</b>			<b>(3 622)</b>
Cash/cash equivalents at beginning:		5 875	10 078	10 078		10 078	10 078			10 078
Cash/cash equivalents at month/year end:		11 054	6 455	6 455		14 334	(1 745)			6 455

## 6. Supporting Documentation

### Debtors Analysis

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

Description		NT Code	Budget Year 2018/19										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water		1200	264	44	47	36	22	28	349	157	947	592		
Trade and Other Receivables from Exchange Transactions - Electricity		1300	839	95	75	36	65	66	488	22	1 686	677		
Receivables from Non-exchange Transactions - Property Rates		1400	557	22	868	29	11	1	1 887	49	3 424	1 976		
Receivables from Exchange Transactions - Waste Water Management		1500	235	42	41	41	31	24	429	152	995	676		
Receivables from Exchange Transactions - Waste Management		1600	197	34	27	23	20	14	159	112	587	329		
Receivables from Exchange Transactions - Property Rental Debtors		1700	38	30	19	18	19	24	448	61	658	570		
Interest on Arrear Debtor Accounts		1810	-	1 140	-	-	-	-	-	1 140	-			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure		1820	-	-	-	-	-	-	-	-	-			
Other		1900	12	0	46	1	1	14	43	1	119	60		
Total By Income Source		2000	2 141	1 409	1 124	184	170	171	3 803	554	9 555	4 881	-	-
2017/18 - totals only			-422794	1107962	288985	463281	326242	201562	967628	4131704	7 065	6 090		
Debtors Age Analysis By Customer Group														
Organs of State		2200	124	361	446	34	86	42	1 243	(0)	2 337	1 406		
Commercial		2300	850	397	495	42	18	68	951	70	2 892	1 149		
Households		2400	1 167	650	183	108	66	60	1 608	484	4 326	2 326		
Other		2500	-	-	-	-	-	-	-	-	-	-		
Total By Customer Group		2600	2 141	1 409	1 124	184	170	171	3 803	554	9 555	4 881	-	-

### Creditors Analysis

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

Woods Llangurig - Supporting Table 004 Monthly Budget Statement - aged creditors - Q2 Second Quarter										
Description	NT Code	Budget Year 2018/19								
		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	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	-	-	-	-	-	-	-	-	-

## Performance Indicators

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

W0037 Laingsburg - Supporting Table 02 Monthly Budget Statement - performance indicators - Q2 Second Quarter							
Description of financial indicator	Basis of calculation	Ref	2017/18	Budget Year 2018/19			
			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%	11.6%	11.6%	0.0%	3.1%
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		8.0%	8.3%	8.3%	8.8%	8.3%
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	106.4%	72.4%	72.4%	102.6%	72.4%
Liquidity Ratio	Monetary Assets/Current Liabilities		42.8%	47.9%	47.9%	63.7%	47.9%
<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		9.9%	4.6%	4.6%	16.7%	4.6%
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))						
<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					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		27.4%	29.9%	29.9%	25.1%	29.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		2.3%	12.9%	12.9%	0.0%	3.4%
<b><u>IDP regulation financial viability indicators</u></b>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		9.7%	9.1%		0.0%	9.1%



## **7. Recommendation**

- (a) That Council notes the contents of this report and supporting documentations for the 2nd quarter of 2018/2019 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.