

LAINGSBURG MUNICIPALITY



**In-Year Report for the Municipality
First Quarterly Budget
Statement
SEPTEMBER 2017**

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1. Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

IHHS – Informal Housing and Human Settlements, provincial grant.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MIG – Municipal Infrastructure Grant.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, is spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments of the budget. In Laingsburg Municipality this means at department level.

2. Legislative framework

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium term planning and policy choices on services delivery.

This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Sections 71 & 52,
- And the Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.

“28. The monthly budget statement of a Municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.”

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of Municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

3. Mayors Report

In accordance with Section 52(d) of the Act, I submit a report to the Council within 30 days after the end of each quarter on the implementation of the budget and the financial state of affairs of the Laingsburg Municipality.

The submission of this report forms part of the general responsibilities of the Mayor of a Municipality, and is intended to inform and enable the Council to fulfil its oversight responsibility.

The section 52 report on the implementation of the budget and the financial affairs of the Municipality is prepared as required by the MFMA.

The quarterly financial information has already been presented in the section 71, monthly budget statement for September 2017. The monthly and quarterly reports for September 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 operating grants that were received during the first quarter. Payment for debtors for the first 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 77.26% of the projected year-to-date budget for the first quarter. Operating expenditure incurred amounts to 37.56% 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 September 2017.

Operating Revenue

The Municipality have generated 18.75% or R14,266 million of the Budgeted Revenue to date which is lower than the budgeted amounts. During the financial year operating grants totalling R5,665 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 September 2017, the Municipality managed to spend within the budgeted norms. An amount of R 8,092 million or 37,56% 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 R672 000 or 7.38% of the external funded Capital Budget to date. The MIG spending for the first quarter totals to R672 000 to date.

Cash Flow

The Municipality started off with a cash flow balance of R2,299 million at the beginning of the year and increased it with R5,373 million. The closing balance for this quarter is R7,672 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 9,501 million for the quarter ending September 2017. The outstanding debt for more than 90 days amounts to 42.35%. The payment rate for 2016/2017 financial year was 63.47%. This calculation includes cash collections and excludes the accounts written off during the financial year. For the financial year to date the payment rate is 30.07% 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. During the end of May two external collectors were appointed on a

commission basis to make payment agreement with debtors that are outstanding for 90 days or more. This process has had little success so far. For the period from June 2017 a total outstanding amount of R1,978 million was handed over to the collectors for succession and an amount of R11 940 was paid by the contacted debtors to date.

Creditors

Total outstanding creditors amount to R89,455 for the quarter ending September 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 - Q1 First 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	-	3 797	3 797	1 494	2 302	154%	4 151
Service charges	16 908	18 608	-	3 931	3 931	3 822	109	3%	18 608
Investment revenue	818	818	-	34	34	204	(170)	-83%	818
Transfers and subsidies	17 034	17 823	-	5 665	5 665	4 462	1 203	27%	17 823
Other own revenue	25 201	34 699	-	839	839	8 483	(7 644)	-90%	34 699
Total Revenue (excluding capital transfers and contributions)	63 532	76 100	-	14 266	14 266	18 466	(4 200)	-23%	76 100
Employee costs	19 038	22 885	-	2 699	2 699	5 255	(2 556)	-49%	22 885
Remuneration of Councillors	2 507	2 606	-	414	414	638	(225)	-35%	2 606
Depreciation & asset impairment	9 696	10 092	-	388	388	494	(106)	-21%	10 092
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	8 155	6 854	-	1 897	1 897	2 270	(373)	-16%	6 854
Transfers and subsidies	4 083	2 485	-	1 223	1 223	2 485	(1 262)	-51%	2 485
Other expenditure	37 244	41 103	-	1 470	1 471	10 404	(8 933)	-86%	41 103
Total Expenditure	80 722	86 025	-	8 091	8 092	21 547	(13 455)	-62%	86 025
Surplus/(Deficit)	(17 190)	(9 925)	-	6 175	6 173	(3 081)	9 255	-300%	(9 925)
Transfers and subsidies - capital (monetary alloc	12 343	8 654	-	(1 995)	(1 995)	2 163	(4 158)	-192%	8 654
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(4 848)	(1 271)	-	4 180	4 178	(918)	5 097	-555%	(1 271)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(4 848)	(1 271)	-	4 180	4 178	(918)	5 097	-555%	(1 271)
Capital expenditure & funds sources									
Capital expenditure	23 672	9 115	-	672	672	-	672	#DIV/0!	9 115
Capital transfers recognised	22 057	14 642	-	-	-	-	-	-	14 642
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	425	794	-	672	672	-	672	#DIV/0!	794
Total sources of capital funds	22 482	15 436	-	672	672	-	672	#DIV/0!	15 436
Financial position									
Total current assets	10 052	5 403	5 403	-	13 626	-	-	-	5 403
Total non current assets	164 608	164 622	164 622	-	165 294	-	-	-	164 622
Total current liabilities	9 024	9 231	9 231	-	13 948	-	-	-	9 231
Total non current liabilities	8 850	4 008	4 008	-	4 008	-	-	-	4 008
Community wealth/Equity	156 786	156 786	156 786	-	160 964	-	-	-	156 786
Cash flows									
Net cash from (used) operating	(1 143)	6 843	6 843	5 623	5 623	(621)	(6 245)	1005%	6 843
Net cash from (used) investing	(9 676)	(9 115)	(9 115)	(272)	(272)	(3 224)	(2 952)	92%	(6 071)
Net cash from (used) financing	94	24	24	22	22	6	(16)	-273%	16 603
Cash/cash equivalents at the month/year end	(8 425)	51	51	-	7 672	(1 540)	(9 213)	598%	19 674
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	3 929	1 440	108	96	166	97	154	3 511	9 501
Creditors Age Analysis									
Total Creditors	12	77	-	-	-	-	-	-	89

Table C2: Financial Performance (Standard Classification)

WC051 Laingsburg - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q1 First 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>		30 949	27 303	-	7 991	7 991	7 280	711	10%	27 303
Executive and council		21 375	3 636	-	3 673	3 673	909	2 765	304%	3 636
Finance and administration		9 575	23 667	-	4 318	4 318	6 371	(2 053)	-32%	23 667
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		24 343	34 720	-	351	350	8 488	(8 137)	-96%	34 720
Community and social services		995	1 077	-	2	2	269	(267)	-99%	1 077
Sport and recreation		16	24	-	-	0	6	(6)	-99%	24
Public safety		23 323	33 606	-	347	347	8 211	(7 863)	-96%	33 606
Housing		10	11	-	2	1	2	(1)	-37%	11
Health		0	0	-	0	0	-	0	#DIV/0!	0
<i>Economic and environmental services</i>		1 066	1 097	-	5	5	275	(269)	-98%	1 097
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 066	1 097	-	5	5	275	(269)	-98%	1 097
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		19 515	21 634	-	3 923	3 923	4 586	(663)	-14%	21 634
Energy sources		12 190	13 678	-	2 720	2 720	2 666	54	2%	13 678
Water management		2 691	3 389	-	394	394	967	(573)	-59%	3 389
Waste water management		2 538	2 502	-	437	437	522	(85)	-16%	2 502
Waste management		2 097	2 066	-	372	372	431	(59)	-14%	2 066
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	75 874	84 754	-	12 270	12 269	20 628	(8 358)	-41%	84 754
Expenditure - Functional										
<i>Governance and administration</i>		31 231	25 703	-	5 115	5 117	7 598	(2 482)	-33%	25 703
Executive and council		9 531	8 704	-	2 136	2 136	2 282	(146)	-6%	8 704
Finance and administration		21 700	17 000	-	2 979	2 981	5 316	(2 335)	-44%	17 000
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		23 316	34 634	-	950	950	8 586	(7 635)	-89%	34 634
Community and social services		2 116	1 738	-	158	158	249	(91)	-36%	1 738
Sport and recreation		30	26	-	7	7	7	0	3%	26
Public safety		20 995	32 683	-	786	786	8 324	(7 538)	-91%	32 683
Housing		171	183	-	(1)	(1)	5	(6)	-122%	183
Health		3	4	-	(0)	(0)	1	(1)	-101%	4
<i>Economic and environmental services</i>		2 945	3 368	-	446	446	741	(295)	-40%	3 368
Planning and development		1 079	1 241	-	148	148	299	(150)	-50%	1 241
Road transport		1 866	2 127	-	297	297	442	(145)	-33%	2 127
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		23 211	22 312	-	1 579	1 579	4 620	(3 041)	-66%	22 312
Energy sources		9 045	7 503	-	548	548	2 383	(1 834)	-77%	7 503
Water management		2 107	2 628	-	25	25	482	(457)	-95%	2 628
Waste water management		10 349	10 828	-	946	946	1 472	(526)	-36%	10 828
Waste management		1 709	1 354	-	61	61	285	(224)	-79%	1 354
<i>Other</i>		19	8	-	-	-	2	(2)	-100%	8
Total Expenditure - Functional	3	80 722	86 025	-	8 091	8 092	21 547	(13 455)	-62%	86 025
Surplus/ (Deficit) for the year		(4 848)	(1 271)	-	4 180	4 177	(919)	5 096	-554%	(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) - Q1 First 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		21 375	3 636	-	3 673	3 673	909	2 765	304.2%	3 636
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		3 095	1 741	-	495	495	434	61	14.1%	1 741
Vote 4 - BUDGET & TREASURY		6 472	21 925	-	3 822	3 822	5 937	(2 115)	-35.6%	21 925
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERV		995	1 078	-	2	2	269	(267)	-99.4%	1 078
Vote 7 - SPORTS AND RECREATION		16	24	-	0	0	6	(6)	-98.5%	24
Vote 8 - HOUSING		10	11	-	2	2	3	(0)	-15.8%	11
Vote 9 - PUBLIC SAFETY		23 323	33 606	-	347	347	8 211	(7 863)	-95.8%	33 606
Vote 10 - ROAD TRANSPORT		1 113	1 115	-	6	6	279	(272)	-97.7%	1 115
Vote 11 - WASTE MANAGEMENT		1 903	2 066	-	372	372	431	(59)	-13.6%	2 066
Vote 12 - WASTE WATER MANAGEMENT		2 490	2 485	-	436	436	518	(82)	-15.9%	2 485
Vote 13 - WATER		2 691	3 389	-	394	394	967	(573)	-59.3%	3 389
Vote 14 - ELECTRICITY		12 190	13 678	-	2 720	2 720	2 666	54	2.0%	13 678
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	75 672	84 754	-	12 270	12 270	20 629	(8 358)	-40.5%	84 754
Expenditure by Vote	1									
Vote 1 - MAYORAL & COUNCIL		6 540	5 127	-	1 734	1 734	1 531	203	13.3%	5 127
Vote 2 - MUNICIPAL MANAGER		2 991	3 577	-	402	402	751	(350)	-46.5%	3 577
Vote 3 - CORPORATE SERVICES		5 987	6 099	-	1 545	1 545	1 409	137	9.7%	6 099
Vote 4 - BUDGET & TREASURY		15 705	10 900	-	1 434	1 436	3 908	(2 472)	-63.3%	10 900
Vote 5 - PLANNING AND DEVELOPMENT		1 079	1 241	-	148	148	299	(150)	-50.3%	1 241
Vote 6 - COMMUNITY AND SOCIAL SERV		1 287	1 247	-	135	135	215	(80)	-37.2%	1 247
Vote 7 - SPORTS AND RECREATION		881	529	-	30	30	43	(13)	-30.4%	529
Vote 8 - HOUSING		171	183	-	(1)	(1)	5	(6)	-122.3%	183
Vote 9 - PUBLIC SAFETY		20 995	32 683	-	786	786	8 324	(7 538)	-90.6%	32 683
Vote 10 - ROAD TRANSPORT		10 208	10 724	-	1 276	1 276	1 577	(302)	-19.1%	10 724
Vote 11 - WASTE MANAGEMENT		1 515	1 354	-	61	61	285	(224)	-78.6%	1 354
Vote 12 - WASTE WATER MANAGEMENT		2 007	2 231	-	(32)	(32)	336	(368)	-109.7%	2 231
Vote 13 - WATER		2 107	2 628	-	25	25	482	(457)	-94.9%	2 628
Vote 14 - ELECTRICITY		9 045	7 503	-	548	548	2 383	(1 834)	-77.0%	7 503
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	80 519	86 025	-	8 091	8 092	21 547	(13 455)	-62.4%	86 025
Surplus/ (Deficit) for the year	2	(4 848)	(1 271)	-	4 180	4 178	(918)	5 097	-555.0%	(1 271)

Table C4: Financial Performance (Revenue and Expenditure)

WC051 Laingsburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First 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	-	3 797	3 797	1 494	2 302	154%	4 151
Service charges - electricity revenue		11 852	13 369	-	2 720	2 720	2 589	131	5%	13 369
Service charges - water revenue		1 866	1 327	-	394	394	451	(58)	-13%	1 327
Service charges - sanitation revenue		1 660	2 485	-	436	436	518	(82)	-16%	2 485
Service charges - refuse revenue		1 441	1 313	-	372	372	235	137	58%	1 313
Service charges - other		89	114	-	9	9	28	(19)	-67%	114
Rental of facilities and equipment		1 271	718	-	391	391	179	212	118%	718
Interest earned - external investments		818	818	-	34	34	204	(170)	-83%	818
Interest earned - outstanding debtors		48	40	-	50	50	10	40	403%	40
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		22 198	32 532	-	1	1	7 943	(7 942)	-100%	32 532
Licences and permits		1 134	1 082	-	347	347	270	77	28%	1 082
Agency services		127	123	-	27	27	31	(3)	-11%	123
Transfers and subsidies		17 034	17 823	-	5 665	5 665	4 462	1 203	27%	17 823
Other revenue		422	204	-	23	23	51	(28)	-54%	204
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		63 532	76 100	-	14 266	14 266	18 466	(4 200)	-23%	76 100
Expenditure By Type										
Employee related costs		19 038	22 885	-	2 699	2 699	5 255	(2 556)	-49%	22 885
Remuneration of councillors		2 507	2 606	-	414	414	638	(225)	-35%	2 606
Debt impairment		21 335	26 359	-	(1 543)	(1 543)	6 430	(7 972)	-124%	26 359
Depreciation & asset impairment		9 696	10 092	-	388	388	494	(106)	-21%	10 092
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		8 155	6 854	-	1 897	1 897	2 270	(373)	-16%	6 854
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		3 084	3 064	-	28	28	953	(925)	-97%	3 064
Transfers and subsidies		4 083	2 485	-	1 223	1 223	2 485	(1 262)	-51%	2 485
Other expenditure		12 825	11 680	-	2 985	2 986	3 022	(35)	-1%	11 680
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		80 722	86 025	-	8 091	8 092	21 547	(13 455)	-62%	86 025
Surplus/(Deficit)		(17 190)	(9 925)	-	6 175	6 173	(3 081)	9 255	(0)	(9 925)
Transfers and subsidies - capital (ministerial allocations) (National / Provincial and District)		12 343	8 654	-	(1 995)	(1 995)	2 163	(4 158)	(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		(4 848)	(1 271)	-	4 180	4 178	(918)			(1 271)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(4 848)	(1 271)	-	4 180	4 178	(918)			(1 271)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(4 848)	(1 271)	-	4 180	4 178	(918)			(1 271)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(4 848)	(1 271)	-	4 180	4 178	(918)			(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) - Q1 First 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	-	672	672	-	672	#DIV/0!	44
Vote 4 - BUDGET & TREASURY		-	30	-	-	-	-	-	-	30
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERV		1 276	280	-	-	-	-	-	-	280
Vote 7 - SPORTS AND RECREATION		1 360	140	-	-	-	-	-	-	140
Vote 8 - HOUSING		1 216	-	-	-	-	-	-	-	-
Vote 9 - PUBLIC SAFETY		-	50	-	-	-	-	-	-	50
Vote 10 - ROAD TRANSPORT		2 574	770	-	-	-	-	-	-	770
Vote 11 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE WATER MANAGEMENT		1 989	160	-	-	-	-	-	-	160
Vote 13 - WATER		5 557	5 641	-	-	-	-	-	-	5 641
Vote 14 - ELECTRICITY		9 690	2 000	-	-	-	-	-	-	2 000
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	23 672	9 115	-	672	672	-	672	#DIV/0!	9 115
Total Capital Expenditure		23 672	9 115	-	672	672	-	672	#DIV/0!	9 115
Capital Expenditure - Functional Classification										
Governance and administration		11	74	-	672	672	-	672	#DIV/0!	74
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	30	-	-	-	-	-	-	30
Internal audit		11	44	-	672	672	-	672	#DIV/0!	44
Community and public safety		3 851	470	-	-	-	-	-	-	470
Community and social services		1 276	-	-	-	-	-	-	-	-
Sport and recreation		1 360	140	-	-	-	-	-	-	140
Public safety		-	50	-	-	-	-	-	-	50
Housing		1 216	-	-	-	-	-	-	-	-
Health		-	280	-	-	-	-	-	-	280
Economic and environmental services		2 574	770	-	-	-	-	-	-	770
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		2 574	770	-	-	-	-	-	-	770
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		17 237	7 801	-	-	-	-	-	-	7 801
Energy sources		9 690	2 000	-	-	-	-	-	-	2 000
Water management		5 557	5 641	-	-	-	-	-	-	5 641
Waste water management		1 989	160	-	-	-	-	-	-	160
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	23 672	9 115	-	672	672	-	672	#DIV/0!	9 115
Funded by:										
National Government		22 057	8 321	-	-	-	-	-	-	8 321
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		22 057	8 321	-	-	-	-	-	-	8 321
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		425	794	-	672	672	-	672	#DIV/0!	794
Total Capital Funding		22 482	9 115	-	672	672	-	672	#DIV/0!	9 115

Table C6: Financial Position**WC051 Laingsburg - Table C6 Monthly Budget Statement - Financial Position - Q1 First 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		2 299	2 299	2 299	7 321	2 299
Call investment deposits		-	-	-	-	-
Consumer debtors		1 897	20 291	20 291	24 833	20 291
Other debtors		4 477	(18 565)	(18 565)	(19 905)	(18 565)
Current portion of long-term receivables		1	-	-	-	-
Inventory		1 378	1 378	1 378	1 378	1 378
Total current assets		10 052	5 403	5 403	13 626	5 403
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		159 771	159 814	159 814	160 487	159 814
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		522	522	522	522	522
Other non-current assets		43	13	13	13	13
Total non current assets		164 608	164 622	164 622	165 294	164 622
TOTAL ASSETS		174 660	170 024	170 024	178 920	170 024
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		485	485	485	503	485
Trade and other payables		7 794	1 608	1 608	6 315	1 608
Provisions		745	7 138	7 138	7 130	7 138
Total current liabilities		9 024	9 231	9 231	13 948	9 231
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		8 850	4 008	4 008	4 008	4 008
Total non current liabilities		8 850	4 008	4 008	4 008	4 008
TOTAL LIABILITIES		17 874	13 239	13 239	17 956	13 239
NET ASSETS	2	156 786	156 786	156 786	160 964	156 786
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		120 340	120 340	120 340	124 519	120 340
Reserves		36 445	36 445	36 445	36 445	36 445
TOTAL COMMUNITY WEALTH/EQUITY	2	156 786	156 786	156 786	160 964	156 786

Table C7: Cash Flow

WC051 Laingsburg - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

Description	Ref	Budget Year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		3 044	4 151	4 151	64	64	1 494	(1 430)	-96%	4 151
Service charges		16 380	18 481	18 481	3 489	3 489	3 778	(289)	-8%	18 481
Other revenue		21 499	43 290	43 290	8 524	8 524	10 817	(2 293)	-21%	43 290
Government - operating		12 941	17 973	17 973	8 082	8 082	4 492	3 589	80%	17 973
Government - capital		-	-	-	-	-	-	-	-	-
Interest		371	860	860	84	84	215	(131)	-61%	860
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(55 115)	(77 464)	(77 464)	(14 103)	(14 103)	(20 989)	(6 886)	33%	(77 464)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(263)	(447)	(447)	(517)	(517)	(428)	88	-21%	(447)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(1 143)	6 843	6 843	5 623	5 623	(621)	(6 245)	1005%	6 843
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	400	400	-	400	#DIV/0!	3 044
Payments										
Capital assets		(9 676)	(9 115)	(9 115)	(672)	(672)	(3 224)	(2 552)	79%	(9 115)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 676)	(9 115)	(9 115)	(272)	(272)	(3 224)	(2 952)	92%	(6 071)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	4 151
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	4 151
Increase (decrease) in consumer deposits		94	24	24	22	22	6	16	273%	4 151
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	4 151
NET CASH FROM/(USED) FINANCING ACTIVITIES		94	24	24	22	22	6	(16)	-273%	16 603
NET INCREASE/ (DECREASE) IN CASH HELD		(10 724)	(2 248)	(2 248)	5 373	5 373	(3 839)			17 375
Cash/cash equivalents at beginning:		2 299	2 299	2 299		2 299	2 299			2 299
Cash/cash equivalents at month/year end:		(8 425)	51	51		7 672	(1 540)			19 674

6. Supporting Documentation

Debtors Analysis

WC051 Laingsburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

Description	NT Code	Budget Year 2017/18									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	162	28	61	18	23	18	19	311	640	390	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	778	602	26	11	71	17	14	242	1 762	356	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2 684	36	68	13	13	12	10	1 709	4 545	1 757	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	(19)	26	62	22	24	22	19	389	545	477	-	-
Receivables from Exchange Transactions - Waste Management	1600	134	17	36	12	16	13	14	126	369	181	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	179	18	84	19	18	13	7	351	689	408	-	-
Interest on Arrear Debtor Accounts	1810	-	867	-	-	-	-	-	-	867	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	12	(154)	(230)	0	0	0	71	384	83	456	-	-
Total By Income Source	2000	3 929	1 440	108	96	166	97	154	3 511	9 501	4 024	-	-
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	271	23	11	13	34	10	59	1 020	1 441	1 136	-	-
Commercial	2300	901	55	15	13	48	13	32	47	1 125	153	-	-
Households	2400	2 327	754	76	66	72	64	59	2 278	5 695	2 538	-	-
Other	2500	429	609	6	4	12	9	4	166	1 239	195	-	-
Total By Customer Group	2600	3 929	1 440	108	96	166	97	154	3 511	9 501	4 024	-	-

Creditors Analysis

WC051 Laingsburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

Description	NT Code	Budget Year 2017/18									Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year			
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	12	77	-	-	-	-	-	-	-	89	64
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	12	77	-	-	-	-	-	-	-	89	64

Material variance explanations

WC051 Laingsburg - Supporting Table SC1 Material variance explanations - Q1 First Quarter

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands				
1	Revenue By Source			
	Property rates	2 302	Property rates are billed on an annual basis	0
		0		0
		0		0
		0		0
2	Expenditure By Type			
	Debt impairment	(7 972)	Calculation to be performed	Next accounting period calculation will be performed
	Employee related cost	(2 556)	Due to mSCOA conversion salaries only reflect in August.	Next reporting period will show figures.
	Remuneration of councillors	(225)	Due to mSCOA conversion salaries only reflect in August.	Next reporting period will show figures.
		0		0
3	Capital Expenditure			
	All	-	No capital expenditure has been incurred currently.	0
		0		0
		0		0
		0		0
4	Financial Position			
		0		0
		0		0
		0		0
		0		0
5	Cash Flow			
	Suppliers and employees	(6 886)	Due to mSCOA conversion salaries only reflect in August.	Next reporting period will show figures.
		0		0
		0		0
		0		0
6	Measureable performance			
		0		0
		0		0
		0		0
		0		0
7	Municipal Entities			
		0		0
		0		0
		0		0
		0		0
		0		0

Performance Indicators

WC051 Laingsburg - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q1 First 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 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		5.0%	1.0%	1.0%	3.9%	1.0%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	1	111.4%	58.5%	58.5%	97.7%	58.5%
Liquidity Ratio	Monetary Assets/Current Liabilities		25.5%	24.9%	24.9%	52.5%	24.9%
<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		10.0%	2.3%	0.0%	34.5%	2.3%
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		30.0%	30.1%	0.0%	18.9%	30.1%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		3.2%	2.6%	0.0%	0.2%	0.1%
Interest & Depreciation	I&D/Total Revenue - capital revenue		15.3%	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 1st 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.