

LAINGSBURG MUNICIPALITY



**In-Year Report for the Municipality
Third Quarterly Budget
Statement
MARCH 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 Third 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 March 2017. The monthly and quarterly reports for March 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 Third quarter. Payment for debtors for the Third 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 Third 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 72.38% or R57,533 million of the Budgeted Revenue to date which is lower than the budgeted amounts. During the financial year operating grants totalling R13,790 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 March 2017, the Municipality managed to spend within the budgeted norms. An amount of R R54,634 million or 62,43% 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 Third 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.

Debtors

The Outstanding Debtors of the Municipality amounts to R R8,492 million for the quarter ending March 2017. The outstanding debt for more than 90 days amounts to 60.85%. The payment rate for 2016/2017 financial year was 65.96%. For the financial year to date the payment rate is 68% on services and rates. The Municipality is fully implementing the Debt Collection and Credit Control Policy. It should be noted that the Municipal debt collection and credit control policy was revised during August 2013. Outstanding amounts in the areas where the Municipality is not the supplier of electricity are increasing rapidly.

Creditors

Total outstanding creditors amount to R290 580 for the quarter ending March 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 - Q3 Third 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	46	3 843	2 955	888	30%	4 151
Service charges	16 908	18 608	17 652	2 340	12 976	11 649	1 327	11%	18 608
Investment revenue	818	818	797	226	567	613	(46)	-7%	818
Transfers and subsidies	17 034	17 823	21 153	3 505	13 790	13 387	404	3%	17 823
Other own revenue	27 943	34 699	35 874	8 773	26 356	25 449	907	4%	34 699
Total Revenue (excluding capital transfers and contributions)	66 273	76 100	79 482	14 890	57 533	54 053	3 479	6%	76 100
Employee costs	19 124	22 885	22 633	4 980	14 778	16 902	(2 124)	-13%	22 885
Remuneration of Councillors	2 507	2 606	2 618	674	1 855	1 936	(80)	-4%	2 606
Depreciation & asset impairment	9 901	10 092	10 001	0	388	1 483	(1 095)	-74%	10 092
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	7 460	6 854	7 650	1 763	6 206	5 245	961	18%	6 854
Transfers and subsidies	3 941	2 485	2 119	(2 003)	675	2 485	(1 810)	-73%	2 485
Other expenditure	38 606	41 103	42 494	11 227	30 731	31 200	(468)	-2%	41 103
Total Expenditure	81 539	86 025	87 514	16 641	54 634	59 250	(4 616)	-8%	86 025
Surplus/(Deficit)	(15 266)	(9 925)	(8 033)	(1 751)	2 898	(5 197)	8 095	-156%	(9 925)
Transfers and subsidies - capital (monetary alloc	9 213	8 654	16 117	56	4 380	6 989	(2 608)	-37%	8 654
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(6 053)	(1 271)	8 084	(1 695)	7 279	1 792	5 487	306%	(1 271)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(6 053)	(1 271)	8 084	(1 695)	7 279	1 792	5 487	306%	(1 271)
Capital expenditure & funds sources									
Capital expenditure	11 413	9 115	16 118	525	4 849	-	4 849	#DIV/0!	9 115
Capital transfers recognised	10 977	8 321	15 342	468	4 792	-	4 792	#DIV/0!	8 321
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	436	794	775	57	58	-	58	#DIV/0!	794
Total sources of capital funds	11 413	9 115	16 118	525	4 849	-	4 849	#DIV/0!	9 115
Financial position									
Total current assets	14 599	8 561	8 561		27 269				8 561
Total non current assets	163 379	163 393	163 393		168 240				163 393
Total current liabilities	13 718	12 534	12 534		28 814				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		162 743				155 467
Cash flows									
Net cash from (used) operating	2 820	6 843	6 843	8 434	20 003	2 198	(17 805)	-810%	6 843
Net cash from (used) investing	(6 909)	(9 115)	(9 115)	(525)	(4 449)	(8 885)	(4 436)	50%	3 062
Net cash from (used) financing	-	24	24	10	47	18	(29)	-159%	24
Cash/cash equivalents at the month/year end	5 875	3 627	3 627	-	21 476	(793)	(22 269)	2808%	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	1 487	1 176	229	686	206	942	165	3 602	8 492
Creditors Age Analysis									
Total Creditors	291	-	-	-	-	-	-	-	291

Table C2: Financial Performance (Standard Classification)

WC051 Laingsburg - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q3 Third Quarter

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		30 561	27 303	38 141	1 041	20 683	20 811	(129)	-1%	27 303
Executive and council		20 986	3 636	3 502	(5)	7 797	3 227	4 570	142%	3 636
Finance and administration		9 575	23 667	34 639	1 045	12 886	17 585	(4 698)	-27%	23 667
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		24 343	34 720	34 792	8 266	24 960	25 466	(505)	-2%	34 720
Community and social services		995	1 077	1 070	2	5	807	(802)	-99%	1 077
Sport and recreation		16	24	2	0	2	18	(16)	-92%	24
Public safety		23 323	33 606	33 708	8 259	24 945	24 632	313	1%	33 606
Housing		10	11	12	3	9	8	1	10%	11
Health		0	0	0	1	0	-	0	#DIV/0!	0
<i>Economic and environmental services</i>		1 066	1 097	1 097	46	54	824	(769)	-93%	1 097
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 066	1 097	1 097	46	54	824	(769)	-93%	1 097
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		19 515	21 634	21 568	5 594	16 215	13 942	2 273	16%	21 634
Energy sources		12 190	13 678	13 944	3 490	10 382	8 122	2 260	28%	13 678
Water management		2 691	3 389	2 910	914	2 225	2 961	(736)	-25%	3 389
Waste water management		2 538	2 502	2 488	632	1 938	1 566	372	24%	2 502
Waste management		2 097	2 066	2 225	558	1 669	1 292	377	29%	2 066
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	75 486	84 754	95 598	14 946	61 913	61 042	871	1%	84 754
Expenditure - Functional										
<i>Governance and administration</i>		32 538	25 703	28 026	3 318	15 552	18 336	(2 785)	-15%	25 703
Executive and council		9 369	8 704	8 411	(348)	4 976	5 944	(968)	-16%	8 704
Finance and administration		23 169	17 000	19 615	3 666	10 576	12 393	(1 817)	-15%	17 000
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		23 370	34 634	33 469	8 488	24 366	25 938	(1 572)	-6%	34 634
Community and social services		2 178	1 738	2 030	271	852	802	50	6%	1 738
Sport and recreation		30	26	26	13	29	20	9	46%	26
Public safety		20 988	32 683	31 225	8 204	23 474	25 098	(1 624)	-6%	32 683
Housing		171	183	184	1	2	15	(13)	-85%	183
Health		3	4	4	0	9	3	6	230%	4
<i>Economic and environmental services</i>		2 968	3 368	3 211	639	1 868	2 342	(474)	-20%	3 368
Planning and development		1 077	1 241	1 227	232	666	941	(276)	-29%	1 241
Road transport		1 891	2 127	1 984	407	1 202	1 401	(199)	-14%	2 127
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		22 644	22 312	22 801	4 195	12 844	12 629	215	2%	22 312
Energy sources		8 446	7 503	8 269	1 844	5 076	5 582	(507)	-9%	7 503
Water management		2 128	2 628	2 842	608	1 315	1 518	(203)	-13%	2 628
Waste water management		10 399	10 828	10 210	1 457	5 716	4 645	1 071	23%	10 828
Waste management		1 671	1 354	1 481	285	737	884	(147)	-17%	1 354
<i>Other</i>		19	8	8	1	6	5	0	4%	8
Total Expenditure - Functional	3	81 539	86 025	87 514	16 641	54 634	59 250	(4 616)	-8%	86 025
Surplus/ (Deficit) for the year		(6 053)	(1 271)	8 084	(1 695)	7 279	1 792	5 487	306%	(75 942)

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) - Q3 Third 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										
Vote 1 - MAYORAL & COUNCIL	1	20 986	3 636	3 502	(5)	7 797	3 227	4 570	141.6%	3 636
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		3 090	1 741	2 620	602	1 870	1 302	568	43.6%	1 741
Vote 4 - BUDGET & TREASURY		6 472	21 925	32 019	443	11 016	16 282	(5 266)	-32.3%	21 925
Vote 5 - PLANNING AND DEVEOLPMENT		-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERV		995	1 078	1 071	3	5	807	(802)	-99.3%	1 078
Vote 7 - SPORTS AND RECREATION		16	24	2	0	2	18	(16)	-91.6%	24
Vote 8 - HOUSING		10	11	12	3	9	8	1	9.9%	11
Vote 9 - PUBLIC SAFETY		23 323	33 606	33 708	8 259	24 945	24 632	313	1.3%	33 606
Vote 10 - ROAD TRANSPORT		1 113	1 115	1 115	46	58	836	(778)	-93.0%	1 115
Vote 11 - WASTE MANAGEMENT		1 903	2 066	2 225	558	1 669	1 292	377	29.2%	2 066
Vote 12 - WASTE WATER MANAGEMENT		2 490	2 485	2 471	632	1 935	1 553	381	24.5%	2 485
Vote 13 - WATER		2 691	3 389	2 910	914	2 225	2 961	(736)	-24.8%	3 389
Vote 14 - ELECTRICITY		12 190	13 678	13 944	3 490	10 382	8 122	2 260	27.8%	13 678
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	75 278	84 754	95 598	14 946	61 913	61 042	871	1.4%	84 754
Expenditure by Vote										
Vote 1 - MAYORAL & COUNCIL	1	6 382	5 127	4 912	(1 013)	3 166	3 627	(460)	-12.7%	5 127
Vote 2 - MUNICIPAL MANAGER		2 987	3 577	3 499	665	1 810	2 317	(507)	-21.9%	3 577
Vote 3 - CORPORATE SERVICES		5 983	6 099	6 473	1 462	4 378	4 329	48	1.1%	6 099
Vote 4 - BUDGET & TREASURY		17 172	10 900	13 142	2 203	6 198	8 064	(1 865)	-23.1%	10 900
Vote 5 - PLANNING AND DEVEOLPMENT		1 077	1 241	1 227	232	666	941	(276)	-29.3%	1 241
Vote 6 - COMMUNITY AND SOCIAL SERV		1 286	1 247	1 247	216	619	693	(74)	-10.6%	1 247
Vote 7 - SPORTS AND RECREATION		944	529	820	68	276	137	139	101.1%	529
Vote 8 - HOUSING		171	183	184	1	2	15	(13)	-85.4%	183
Vote 9 - PUBLIC SAFETY		20 988	32 683	31 225	8 204	23 474	25 098	(1 624)	-6.5%	32 683
Vote 10 - ROAD TRANSPORT		10 284	10 724	9 944	1 609	4 427	4 997	(570)	-11.4%	10 724
Vote 11 - WASTE MANAGEMENT		1 476	1 354	1 481	285	737	884	(147)	-16.6%	1 354
Vote 12 - WASTE WATER MANAGEMENT		2 006	2 231	2 250	255	2 491	1 050	1 442	137.4%	2 231
Vote 13 - WATER		2 128	2 628	2 842	608	1 315	1 518	(203)	-13.4%	2 628
Vote 14 - ELECTRICITY		8 446	7 503	8 269	1 844	5 076	5 582	(507)	-9.1%	7 503
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	81 331	86 025	87 514	16 641	54 634	59 250	(4 616)	-7.8%	86 025
Surplus/ (Deficit) for the year	2	(6 053)	(1 271)	8 084	(1 695)	7 279	1 792	5 487	306.2%	(1 271)

Table C4: Financial Performance (Revenue and Expenditure)

WC051 Laingsburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third 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	46	3 843	2 955	888	30%	4 151
Service charges - electricity revenue		11 852	13 369	13 548	2 583	9 475	7 891	1 584	20%	13 369
Service charges - water revenue		1 866	1 327	261	(798)	514	1 415	(901)	-64%	1 327
Service charges - sanitation revenue		1 660	2 485	2 471	632	1 935	1 553	381	25%	2 485
Service charges - refuse revenue		1 441	1 313	1 269	(87)	1 024	706	318	45%	1 313
Service charges - other		89	114	103	10	29	85	(56)	-66%	114
Rental of facilities and equipment		1 271	718	1 378	278	958	537	421	78%	718
Interest earned - external investments		818	818	797	226	567	613	(46)	-7%	818
Interest earned - outstanding debtors		48	40	260	75	198	30	169	568%	40
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		22 198	32 532	32 532	7 952	23 853	23 828	25	0%	32 532
Licences and permits		1 134	1 082	1 181	312	932	811	121	15%	1 082
Agency services		127	123	118	37	95	92	3	4%	123
Transfers and subsidies		17 034	17 823	21 153	3 505	13 790	13 387	404	3%	17 823
Other revenue		3 164	204	405	118	320	152	168	110%	204
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		66 273	76 100	79 482	14 890	57 533	54 053	3 479	6%	76 100
Expenditure By Type										
Employee related costs		19 124	22 885	22 633	4 980	14 778	16 902	(2 124)	-13%	22 885
Remuneration of councillors		2 507	2 606	2 618	674	1 855	1 936	(80)	-4%	2 606
Debt impairment		21 335	26 359	26 359	6 433	19 718	19 290	428	2%	26 359
Depreciation & asset impairment		9 901	10 092	10 001	0	388	1 483	(1 095)	-74%	10 092
Finance charges		-	-	-	-	-	-	-	-	-
Bulk purchases		7 460	6 854	7 650	1 763	6 206	5 245	961	18%	6 854
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		3 084	3 064	1 960	879	1 490	2 858	(1 368)	-48%	3 064
Transfers and subsidies		3 941	2 485	2 119	(2 003)	675	2 485	(1 810)	-73%	2 485
Other expenditure		14 188	11 680	14 176	3 916	9 523	9 052	471	5%	11 680
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		81 539	86 025	87 514	16 641	54 634	59 250	(4 616)	-8%	86 025
Surplus/(Deficit)										
Transfers and subsidies - Capital (monetary allocations) (National / Provincial and District)		(15 266)	(9 925)	(8 033)	(1 751)	2 898	(5 197)	8 095	(0)	(9 925)
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		9 213	8 654	16 117	56	4 380	6 989	(2 608)	(0)	8 654
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(6 053)	(1 271)	8 084	(1 695)	7 279	1 792			(1 271)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(6 053)	(1 271)	8 084	(1 695)	7 279	1 792			(1 271)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(6 053)	(1 271)	8 084	(1 695)	7 279	1 792			(1 271)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(6 053)	(1 271)	8 084	(1 695)	7 279	1 792			(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) - Q3 Third 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									
Capital Expenditure - Functional Classification										
Governance and administration		11	74	1	57	57	-	57	#DIV/0!	74
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	30	-	-	-	-	-	-	30
Internal audit		11	44	1	57	57	-	57	#DIV/0!	44
Community and public safety		1 593	470	948	-	-	-	-	-	470
Community and social services		1 276	-	174	-	-	-	-	-	-
Sport and recreation		318	140	774	-	-	-	-	-	140
Public safety		-	50	-	-	-	-	-	-	50
Housing		-	-	-	-	-	-	-	-	-
Health		-	280	-	-	-	-	-	-	280
Economic and environmental services		39	770	-	245	777	-	777	#DIV/0!	770
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		39	770	-	245	777	-	777	#DIV/0!	770
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		9 770	7 801	15 169	223	4 015	-	4 015	#DIV/0!	7 801
Energy sources		7 094	2 000	1 995	82	2 214	-	2 214	#DIV/0!	2 000
Water management		1 853	5 641	13 174	141	1 802	-	1 802	#DIV/0!	5 641
Waste water management		823	160	-	-	-	-	-	-	160
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	11 413	9 115	16 118	525	4 849	-	4 849	#DIV/0!	9 115
Funded by:										
National Government		10 977	8 321	2 169	468	4 792	-	4 792	#DIV/0!	8 321
Provincial Government		-	-	13 174	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		10 977	8 321	15 342	468	4 792	-	4 792	#DIV/0!	8 321
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		436	794	775	57	58	-	58	#DIV/0!	794
Total Capital Funding		11 413	9 115	16 118	525	4 849	-	4 849	#DIV/0!	9 115

Table C6: Financial Position**WC051 Laingsburg - Table C6 Monthly Budget Statement - Financial Position - Q3 Third 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	21 076	5 875
Call investment deposits		-	-	-	-	-
Consumer debtors		3 499	20 291	20 291	4 509	20 291
Other debtors		3 846	(18 984)	(18 984)	306	(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	27 269	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	163 435	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	168 240	163 393
TOTAL ASSETS		177 979	171 953	171 953	195 510	171 953
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		485	485	485	494	485
Trade and other payables		12 487	4 911	4 911	21 288	4 911
Provisions		745	7 138	7 138	7 032	7 138
Total current liabilities		13 718	12 534	12 534	28 814	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	32 766	16 487
NET ASSETS	2	155 467	155 467	155 467	162 743	155 467
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		155 467	119 021	119 021	126 298	119 021
Reserves		-	36 445	36 445	36 445	36 445
TOTAL COMMUNITY WEALTH/EQUITY	2	155 467	155 467	155 467	162 743	155 467

Table C7: Cash Flow

WC051 Laingsburg - Table C7 Monthly Budget Statement - Cash Flow - Q3 Third 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		3 571	4 151	4 151	853	2 484	2 955	(471)	-16%	4 151
Service charges		21 991	18 481	18 481	3 743	10 977	11 517	(540)	-5%	18 481
Other revenue		4 517	43 290	43 290	12 924	32 758	32 952	(194)	-1%	43 290
Government - operating		14 650	17 973	17 973	3 506	11 689	13 477	(1 788)	-13%	17 973
Government - capital		8 315	-	-	-	-	-	-	-	-
Interest		866	860	860	201	467	644	(178)	-28%	860
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(51 088)	(77 464)	(77 464)	(15 821)	(40 443)	(58 906)	(18 463)	31%	(77 464)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	(447)	(447)	3 027	2 072	(441)	(2 513)	570%	(447)
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 820	6 843	6 843	8 434	20 003	2 198	(17 805)	-810%	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)	(525)	(4 849)	(8 885)	(4 036)	45%	(9 115)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6 909)	(9 115)	(9 115)	(525)	(4 449)	(8 885)	(4 436)	50%	3 062
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	24	24	10	47	18	29	159%	24
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	24	24	10	47	18	(29)	-159%	24
NET INCREASE/ (DECREASE) IN CASH HELD		(4 089)	(2 248)	(2 248)	7 919	15 600	(6 669)			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		21 476	(793)			15 804

6. Supporting Documentation

Debtors Analysis

WC051 Laingsburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q3 Third 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	179	64	52	22	19	32	28	358	754	459	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	979	142	132	589	120	94	50	339	2 447	1 193	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	141	27	52	17	15	766	14	1 568	2 598	2 379	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	(21)	27	52	24	22	21	24	454	603	545	-	-
Receivables from Exchange Transactions - Waste Management	1600	117	22	30	16	12	12	13	168	391	221	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	87	41	73	14	17	16	13	319	579	378	-	-
Interest on Arrear Debtor Accounts	1810	-	1 064	-	-	-	-	-	-	1 064	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	4	(212)	(163)	5	1	2	23	397	56	428	-	-
Total By Income Source	2000	1 487	1 176	229	686	206	942	165	3 602	8 492	5 602	-	-
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	9	53	21	25	12	283	44	933	1 380	1 297	-	-
Commercial	2300	551	41	48	43	60	65	29	123	961	321	-	-
Households	2400	545	838	86	75	71	549	84	2 324	4 572	3 103	-	-
Other	2500	381	243	74	543	63	45	7	223	1 580	881	-	-
Total By Customer Group	2600	1 487	1 176	229	686	206	942	165	3 602	8 492	5 602	-	-

Creditors Analysis

WC051 Laingsburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q3 Third 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	291	-	-	-	-	-	-	-	-	291	64
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	291	-	-	-	-	-	-	-	-	291	64

Material variance explanations

WC051 Laingsburg - Supporting Table SC1 Material variance explanations - Q3 Third Quarter

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands				
1	Revenue By Source			
	Property rates	888	Property rates are levied during July for the financial year	0
	Service charges - electricity revenue	1 584	The curve of consumption during the colder period was large	0
	Service charges - water revenue	(901)	Consumption of water is still higher than what was planned	0
	0	-	0	0
2	Expenditure By Type			
	Employee related costs	(2 124)	Bonusses are paid during November but accounted for at 1/	0
	Depreciation & asset impairment	(1 095)	Depreciation charges will be accounted for at the end of the	0
	0	-	0	0
	0	-	0	0
3	Capital Expenditure			
	All	4 849	Capital projects have started but will accelerate during February	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 - Q3 Third 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' 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%	13.1%	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%	94.6%	68.3%
Liquidity Ratio	Monetary Assets/Current Liabilities		42.8%	46.9%	46.9%	73.1%	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%	8.4%	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%	25.7%	30.1%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		3.0%	2.6%	2.4%	0.7%	1.1%
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 3rd 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.