



MTHONJANENI LOCAL MUNICIPALITY KZN285

Mid – Year Budget and Performance Assessment 2017/18

1. BACKGROUND:

Section 71 of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) outlines the manner in which the financial reports of the municipality must be submitted.

It prescribes that the Accounting Officer of the Municipality must submit reports, by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury, a statement in the prescribed format on the state of the municipality's budget.

As stated above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. National Treasury has issued MFMA Circular No 51, in which this prescribed format has been set out. Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare their Budgets as well as the in-year reporting effective from July 2010.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

Section 72 of the Municipal Finance Management Act further requires that;

72. (1) The accounting officer of a municipality must by 25 January of each year –
(a) assess the performance of the municipality during the first half of the financial year, taking into account –

(i) the monthly statements referred to in section 71 for the first half of the financial year;

(ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

(iii) the past year's annual report, and progress on resolving problems identified in the annual report; and

(iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

(b) submit a report on such assessment to –

(i) the mayor of the municipality;

(ii) the National Treasury; and

(iii) the relevant provincial treasury.

(2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

(3) The accounting officer must, as part of the review –

(a) make recommendations as to whether an adjustments budget is necessary; and

(b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 66 of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported in a format and for the prescribed period. This report is submitted to the Mayor on a quarterly basis together with the other reports as per section 71.

2. DISCUSSION

The details of the report and the supporting C - Schedules is captured into National Treasury templates will be forwarded to National and Provincial Treasury as required in terms of Sections 71 and 72 of the MFMA in both printed and electronic formats.

TABLE OF CONTENTS

PART 1 - IN-YEAR REPORT	
1.	Mayor's Report
2.	Resolutions
3.	Executive Summary
4.	In-year budget statement tables (Attached)
PART 2 - SUPPORTING DOCUMENTATION	
2.1	Debtors' Analysis
2.2	Creditors' Analysis
2.3	Investment portfolio analysis
2.4	Allocation and grant receipts and expenditure
2.5	Councillor allowances and employee benefits
2.6	Material variances to the service delivery and budget implementation plan
2.7	Parent municipality financial performance
2.8	Capital programme performance
2.9	Other supporting performance
2.10	Municipal Manager's quality certification

PART 1 – IN – YEAR REPORT

1. MAYOR’S REPORT

It is with great pleasure that I present the Mid-year budget and Performance Assessment for the Municipality for the 2017/18 financial year. This gives us the opportunity to reflect back on the first six months of the financial year and take corrective measures to rectify shortfalls identified.

The Municipality’s budget is being implemented in accordance with the service delivery and budget implementation though there are some variances noted due to slow revenue and high expenditure in some instances.

The revenue sources of the Municipality remain limited due to the lack of economic activity within Mthonjaneni’s boundaries. Consequently the Municipality is heavily dependent on Government grants. In terms of own revenue the main contributor is ward three in the form of Property rates. Nevertheless, the municipality will continuously look at possibilities of revenue enhancement possibilities in pursuit of improving service delivery.

An action plan was developed to address audit findings raised in the Auditor General’s management letter and audit report. The Internal audit will play a significant role in ensuring that the issues identified by Auditor General are corrected and they do not re occur in the current financial year.

This Mid-year Budget and Performance Assessment Report is indicative of the need for an adjustment budget, and herein recommended that a municipal adjustment budget be prepared in terms of section 72(3) read together with other sections of the MFMA .

2. RESOLUTIONS

- a) That the midyear budget and performance report for 2017/18 financial year be considered and approved;
- b) That in terms of section 72(3)(a) of the Municipal Finance Management Act, No.5 of 2000 , an adjustment budget be prepared.

3. EXECUTIVE SUMMARY

Table 1 represents an executive summary for the financial period ended 31 December 2017

Table 1 – Summary for Financial Period ended December 2016				
Description	Original BUDGET 2017/18	Year TD BUDGET 2017/18	Actual figures to 31 December 2017	Target Achieved % (Actual vs. Pro- rata)
	R '000	R '000	R '000	%
Revenue	170 791	85 395	110 631	129%
Expenditure – Operational	121 935	60 967	58 334	96%
Expenditure – Capital	39 683	19 842	26 818	135%
Surplus/(Deficit)	9 173	4 586	25 479	
Source: Budget Table C1				

The year to date actual surplus for the month ended 31 December 2017 is R25 479 000 as per the monthly budget statement summary (Table C1). After taking the Capital year to date expenditure of R 26 820 000 as outlined in the *table C1* above. The municipality has recognized more revenue than targeted mainly due to early transfers of grants receipts however the municipality will continue to monitor the billed revenue versus the actual receipts in order to make sure that the revenue that is anticipated is received.

3.1 REVENUE

The revenue that has been recognized by the municipality to date is seating at R 110 631 000 that translate to **29%** more than the targeted revenue as at December 31. The results seems to be a good achievement for the municipality however the municipality will look closer to the issue of the revenue recognized from Property Rates and Fines against the actual receipts in order to be in the position to decide whether the anticipated revenue from these revenue sources as shown in Financial Performance would be received, if not so the municipality will need to consider the review the budget of these items during the adjustments budget.

3.2 EXPENDITURE - OPERATIONAL

The operational expenditure is seating at R 54 940 000 as at December 31this translate to 9.8% below the targeted expenditure

3.3 EXPENDITURE - CAPITAL

Capital expenditure of Mthonjaneni Local Municipality is currently seating at R 26 820 000 which translate to **35%** above the December proportional budget, this shows that the municipality is doing very well in terms of implementing its capital budget as per the Integrated Development Plan. The municipality will continue with this culture of making sure that the service is delivered to the people of Mthonjaneni Municipality.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
Table C1	Monthly Budget Statement Summary	
Table C2	Monthly Budget Financial Performance (Standard Classification)	
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	
Table C3C	Monthly Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	
Table C4	Monthly Budget Financial Performance (Revenue by source and Expenditure by Item)	
Table C5	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	
Table C5C	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	
Table C6	Monthly Budgeted Financial Position	
Table C7	Monthly Budgeted Cash Flows	
Table SC3	Aged Debtors	
Table SC4	Aged Creditors	
Table SC5	Investment Portfolio	
Table SC6	Transfers and grant receipts	
Table SC7	Transfers and grant expenditure	
Table SC8	Councillor and Staff Benefits	
Table SC9	Monthly actual and revised targets for cash receipts (cash flow)	
Table SC12	Monthly capital expenditure trend	
Table SC13a	Monthly capital expenditure on new assets by asset class	

PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

Debtors Age Analysis							
Description	Budget Year 2017/18						
	0-30 Days R'000	31-60 Days R'000	61-90 Days R'000	91-120 Days R'000	121-150 Days R'000	151-180 R'000	Total R'000
R thousands							
Debtors Age Analysis By Income Source							
Property Rates	896	462	411	392	1 138	4 005	7 304
Electricity	11 281	337	361	195	147	202	12 523
Waste Management	207	91	53	44	42	389	827
Interest on Arrear Debtor Accounts	126	-	-	544	-	-	670
Total By Income Source	12 510	890	825	1 176	1 327	4 596	21 324
Debtors Age Analysis By Customer Group							
Organs of State	198	129	121	295	761	1 275	2 778
Commercial	2 253	159	125	158	77	464	3 235
Households	9 745	450	493	544	362	2 365	13 958
Other	314	153	86	180	128	492	1 352
Total By Customer Group	12 510	890	825	1 176	1 327	4 596	21 324
<i>Source: Venus Debtors Age Analysis</i>							

The municipality has a high amount of outstanding debtors as at December 31, this shows that the municipality is not fully implementing its Credit Control and Debt Collection policy. The municipality had to change the accounting system from 1 July 2017 due to the old system not complying with MSCOA requirements. Municipality has been experiencing some teething challenges with the new system and which led to delays in migrating debtors statements into the new system and therefore causing delays in implementing credit control and debt collection policy.

2.2 Creditors Analysis

Creditors Age Analysis						
Description	Budget Year 2017/18					
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	Total
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Creditors Age Analysis By Customer Type						
Bulk Electricity	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-
Trade Creditors		-	-	(130)	-	-
Auditor General		-	-	-	-	-
Other	-	-	-	-	-	-
Total By Customer Type December 2017		-	-	(130)	-	-
<i>Source: Budget Table SC4</i>						

There were no material/ significant creditors as at 31 December 2017. The long outstanding creditors mainly relate to invoices from BP Driving School for the youth drivers licence project. This invoice was held back until all learners were enrolled and has been subsequently paid in January 2018.

2.3 Investment Portfolio Analysis

Investment by maturity - Name of institution								
	Period of investment	Type of investment	Expiry date of investment	Accrual interest for the month	Yield for the month (%)	Market value at the beginning	Change in market value	Market value at end of the month
R thousand	Yrs./Months			R' 000	R' 000	R' 000	R' 000	R' 000
Investec		Call Deposit		22	6.9%	4 046		4 020
FNB		Call Deposit		18	5.8%	3 475		3 494
FNB		Call Deposit		1	2.9%	499		499
FNB		Fixed Deposit			6.5%	1 540		1 540
Total investment and interest		-	-	42	-	9 561		9 553
<i>Source: Budget Table SC5</i>								

2.4 Allocation and grant receipts and expenditure

2.4.1 Grants – Receipts

DESCRIPTION	Original BUDGET 2017/18	Year TD BUDGET 2017/18	ACTUAL YTD DECEMBER 2017	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
Receipts:					
Operating Transfers and Grants					
National Government:					
Equitable Share	67 317	50 488	50 488	-	-
Finance Management	2 850	2 850	2 850	-	-
EPWP Incentive	2 222	1 555	1 555	-	-
Municipal Demarcation	3 424	2 283	2 283	-	-
Provincial Government:					
Provincialisation of Libraries	583	583	583	-	-
Community Library Services	188	188	188	-	-
TOTAL OPERATING TRANSFERS	76 584	57 947	57 947	-	-
Capital Transfers and Grants					
National Government:					
Municipal Infrastructure	18 278	14 000	14 000	-	-
Integrated National Electrification	8 000	8 000	8 000	-	-
TOTAL CAPITAL TRANSFERS	26 278	22 000	22 000	-	-
TOTAL RECEIPTS OF TRANSFERS	102 862	79 947	79 947	-	-
<i>Source: Budget Table SC6</i>					

Receipts of transfers and grants show no variances to each grant as at 31 December 2017. The reason for this is because the National and Provincial Treasury have been consistent in transferring the grants due to Mthonjaneni Municipality on time as per the payment schedule for 2017/18. The municipality hope that the transferring authorities will not deviate from this practice throughout the financial year.

2.4.2 Grants – Expenditure

DESCRIPTION	Original BUDGET 2017/18	Year TD BUDGET 2017/18	ACTUAL YTD DECEMBER 2017	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
Expenditure:					
Operating Expenditure Transfers and Grants					
National Government:					
Equitable Share	67 317	33 659	50 488	16 830	50.0%
Finance Management	2 850	1 425	2 641	1 216	85.3%
EPWP Incentive	2 222	1 111	2 212	1 101	99.1%
Municipal Demarcation	3 424	1 712	2 946	1 234	72.1%
Provincial Government:					
Provincialisation of Libraries	583	296	416	120	40.5%
Community Library Services	188	94	115	21	22.3%
TOTAL EXPENDITURE OPERATING TRANSFERS	76 584	38 292	58 817	20 525	53.6%
Capital Expenditure of Transfers and Grants					
National Government:					
Municipal Infrastructure	18 278	9 139	12 794	3 655	40.0%
Integrated National Electrification	8 000	4 000	8 000	4 000	100.0%
TOTAL CAPITAL EXPENDITURE TRANSFERS	26 278	13 139	20 794	7 655	58.3%
TOTAL EXPENDITURE OF TRANSFERS	102 862	51 431	79 611	28 180	54.8%
<i>Source: Budget Table SC7</i>					

2.5 Councillor and board member allowances and employee benefits

Summary of Employees and Councillor remuneration	Original BUDGET 2017/18	Year TD BUDGET 2017/18	ACTUAL YTD DECEMBER 2017	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
<u>Councillors (Political Office Bearers)</u>					
Basic Salaries and Wages	5 603	2 802	1 704	(1 097)	-39%
Pension and UIF Contributions	-	-	266	-	-
Medical Aid Contributions	-	-	21	-	-
Motor Vehicle Allowance	1 868	934	654	(280)	-30%
Cellphone Allowance	570	285	229	(56)	-19%
Other benefits and allowances	90	45	61	16	36%
Sub Total - Councillors	8 131	4 066	2 937	(1 129)	-28%
<u>Senior Managers of the Municipality</u>					
Basic Salaries and Wages	3 621	1 810	1 032	(778)	-43%
Pension and UIF Contributions	9	4	3	-31%	
Performance Bonus	507	-	-	-	-
Motor Vehicle Allowance	881	441	307	(134)	-30%
Other benefits and allowances	-	-	66	-	-
Payments in lieu of leave	116	58	32	(26)	-46%
Sub Total - Senior Managers	5 134	2 313	1 439	(874)	-38%
<u>Other Municipal Staff</u>					
Basic Salaries and Wages	27 419	13 709	10 540	(3 169)	-23%
Pension and UIF Contributions	3 739	1 869	1 381	(489)	-26%
Medical Aid Contributions	1 853	927	672	(254)	-27%
Overtime	1 490	745	694	(50)	-7%
Bonus	2 085	1 043	1 394	352	34%
Motor Vehicle Allowance	2 676	1 338	805	(533)	-40%
Housing Allowance	29	14	10	(4)	-28%
Other benefits and allowances	1 600	800	655	(145)	-18%
Payments in lieu of leave	795	397	340	(58)	-15%
Long service awards	-	-	90	-	-
Sub Total - Other Municipal Staff	41 685	20 842	16 811	(4 031)	-19%
TOTAL PARENT MUNICIPALITY	54 949	27 221	21 188	(6 033)	-22%

2.6 Material Variances to the Service Delivery and Budget Implementation Plan

Description	Variance R'000	Reason for material deviations	Remedial or corrective steps/remarks
<u>Revenue By Source</u> Property Rates	(893)	Property rates are seating at 893 000 below the YTD budget. The process of reviewing monthly billing on property rates is on going after the introduction of the new billing system from 1 July 2017.	Monthly billing on property rates is being reviewed from July to December 2017.
Service charges – electricity revenue	6 806	Electricity revenue is seating at R 6 806m above the YTD budget. There was a high demand for electricity especially in the winter months (July to September billing)	Not applicable
Service charges – refuse revenue	119	Refuse revenue is seating at R 119 000 above the YTD budget. Refuse revenue billing is on track compared to budgeted amount.	Not applicable
Interest earned – external investments	(1 463)	External investments are seating at R 1 463m below the YTD budget and has to be adjusted downward mainly due to the fact that most capital projects are ahead of schedule and monies invested have been paid out.	Interest on investment to be adjusted.

Rental of facilities and equipment	(51)	Rental of facilities and equipment are seating at R 51 000 below the YTD budget due to low demand and will be adjusted downwards.	will be adjusted downwards.
Fines	(7 005)	Fines are seating at R 7 005m below the YTD budget. The contract with TMT company which assisted with speed cameras fines has been stopped. We are in process of reconciling all traffic issued to date	We are in process of reconciling all traffic issued to date
Licenses and permits	(605)	Licenses and permits are seating at R 605 000 below the YTD budget. There was less demand than anticipated.	Will be adjusted downward
Transfers recognised - Operational	20 525	Transfers recognised operational are seating at R 20 525m above the YTD budget. All grants have been paid up to more than 80 %	Not applicable
<u>Expenditure By Type</u> Employee related cost	(4 904)	Employee related cost are seating at R 4 904m below the YTD budget. and this is mainly attributable to some vacancies that are currently in the process of being filled	Will review vacancies that are currently in the process of being filled and then make adjustments where necessary
Remuneration of Councillors	(1 129)	Remuneration of councillors are seating at R 1 129m below the YTD budget. The budgeted increase in remuneration of councillors was approved in January	Councillors increases will be back paid from 1 July 2017

		2018 and will paid retrospective from 1 July 2017. This will bring up the actual costs.	
Debt Impairment	-	Debt impairment will be calculated towards the end of the financial year.	Debt impairment will be calculated towards the end of the financial year.
Depreciation and asset impairment	(2 035)	Depreciation and asset impairment is seating at R 2 035m below the YTD budget. There was a delay in calculating and reconciling the depreciation and asset impairment due to changes in accounting system.	Depreciation calculations will be performed monthly on the system.
Other materials	988	Other materials are seating at R 988 000m above the YTD budget. Other materials include Repairs and maintenance and fuel. The municipality is little bit ahead in implementing the repairs and maintenance plan.	Review of the Repairs and maintenance plan will be conducted I n order to ensure implementation.
Contracted services	1 414	Contracted services are seating at R 1 414m above the YTD budget. Contracted services consist of Security, Leased vehicles and Internal. We have under budgeted the cost for security.	This will be adjusted.
Transfers and subsidies	88	Transfers and subsidies are seating at R 88 000 above the YTD budget. This is for indigent burials. There were	This will be adjusted .

		more applicants for indigent burials than anticipated.	
--	--	--	--

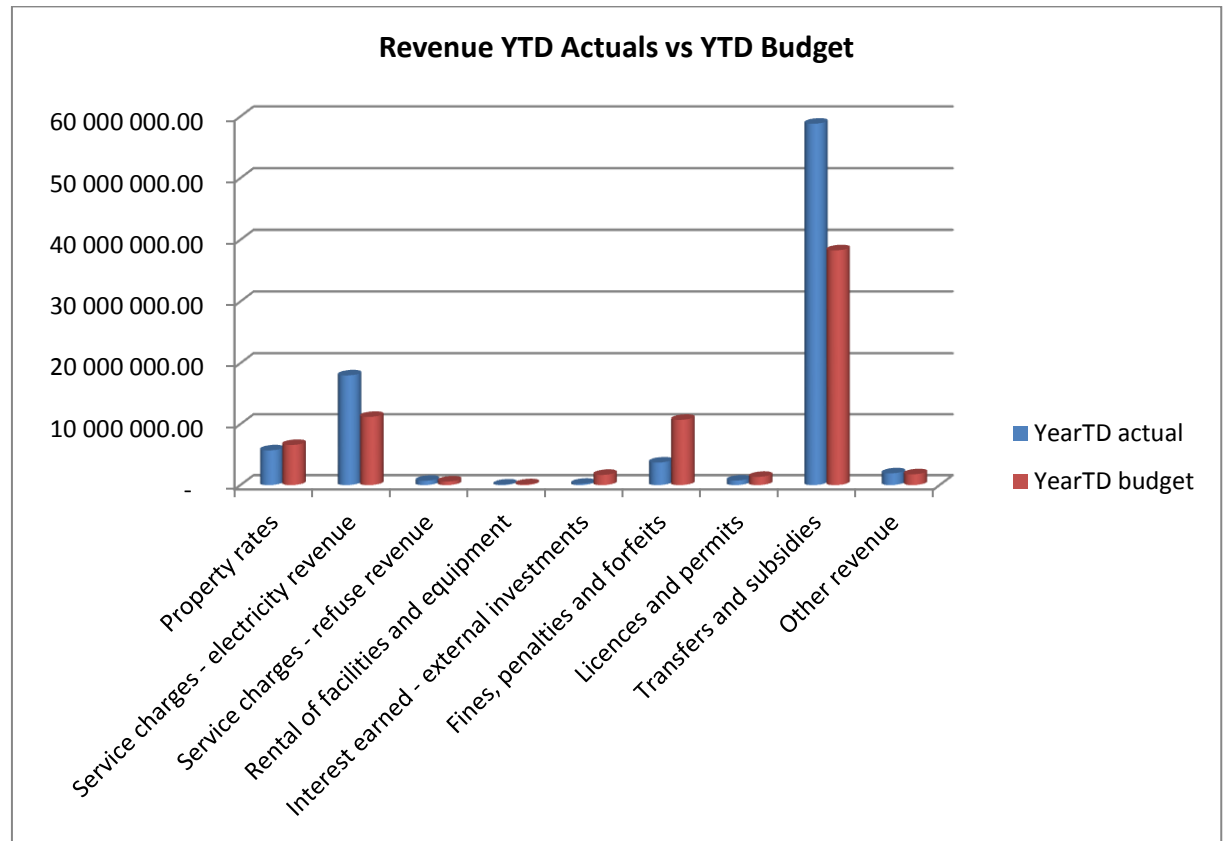
2.7 Parent Municipality Financial Performance

2.7.1 Revenue By Source

Table 2 demonstrates the source of funding per revenue categories.

Table 2 – Revenue by Source					
REVENUE BY SOURCE	Original BUDGET 2017/18	Year TD BUDGET 2017/18	ACTUAL YTD DECEMBER 2017	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
Property Rates	13 165	6 583	5 689	(893)	-14%
Property rates-penalties	-	-	-	-	-
Service charges – electricity revenue	22 375	11 188	17 994	6 806	61%
Service charges – refuse revenue	1 164	582	700	119	20%
Interest earned – external investments	3 335	1 667	204	(1 463)	-88%
Rental of facilities and equipment	252	126	75	(51)	-41%
Fines	21 400	10 700	3 695	(7 005)	-65%
Licences and permits	2 693	1 346	741	(605)	-45%
Transfers recognized – Operational	76 584	55 301	58 817	20 525	54%
Transfers recognized – Capital	26 278	13 139	20 794	7 655	0
Other revenue	3 545	1 773	1 922	149	8%
Gains on disposal of PPE	-	-	-	-	-
Total Revenue	170 791	102 405	89 837	17 581	24%
<i>Source: Budget Table C4</i>					

The diagram below shows revenue YTD actual vs. YTD budget in a form of a chart.



2.7.2 Operational Expenditure Trends Inclusive of Operational Projects

Table 4 – Expenditure per Category					
EXPENDITURE BY TYPE	Original BUDGET 2017/18	Year TD BUDGET 2017/2018	ACTUAL YTD DECEMBER 2017	YTD variance	YTD variance (Actual vs. Year TD)
	R'000	R'000	R'000	R'000	%
Employee Related Cost	46 818	23 155	18 251	(4 904)	-21%
Remuneration of Councillors	8 131	4 066	2 937	(1 129)	-28%
Debt impairment	2 000	-	-	-	-
Depreciation & asset impairment	5 809	2 904	4 940	2 035	70%
Finance charges	-	-	-	-	-
Bulk purchases	23 800	11 900	11 237	(663)	-6%
Other materials	5 837	2 918	3 907	988	34%
Contracted services	4 684	2 342	3 755	1 414	60%
Transfers and grants	580	290	378	88	30%
Other expenditure	24 276	12 138	12 930	792	7%
Total Expenditure	121 935	59 713	58 335	(1 378)	-2%
<i>Source: Budget Table C4</i>					

(a) Employee related costs

Although employee related expenditure is within budgetary limits, Salaries are below the proportional budget and this is mainly attributable to some vacancies that are currently in the process of being filled. It should be noted that the Corporate department has made a notable progress in the filling of all the vacant positions, and it is expected that this variance should improve towards the end of the second half of the 2017/18 financial year. It is recommended that the salary budget be revised during the adjustment budget and any savings be reallocated to items with anticipated shortfalls.

(b) Bulk Purchases

Bulk purchases are within the budgetary limits therefore no adjustments or review needed for the 2017/18 financial year.

(c) Debt Impairment

Mthonjaneni Local Municipality accounts for debt impairment at the end of the financial year however it is recommended to account for impairments on a monthly basis for accurate reporting purposes.

(d) Depreciation and Asset Impairment

Mthonjaneni Local Municipality accounts for depreciation and asset impairment at the end of the financial year however it is recommended to account for impairments on a monthly basis for accurate reporting purposes.

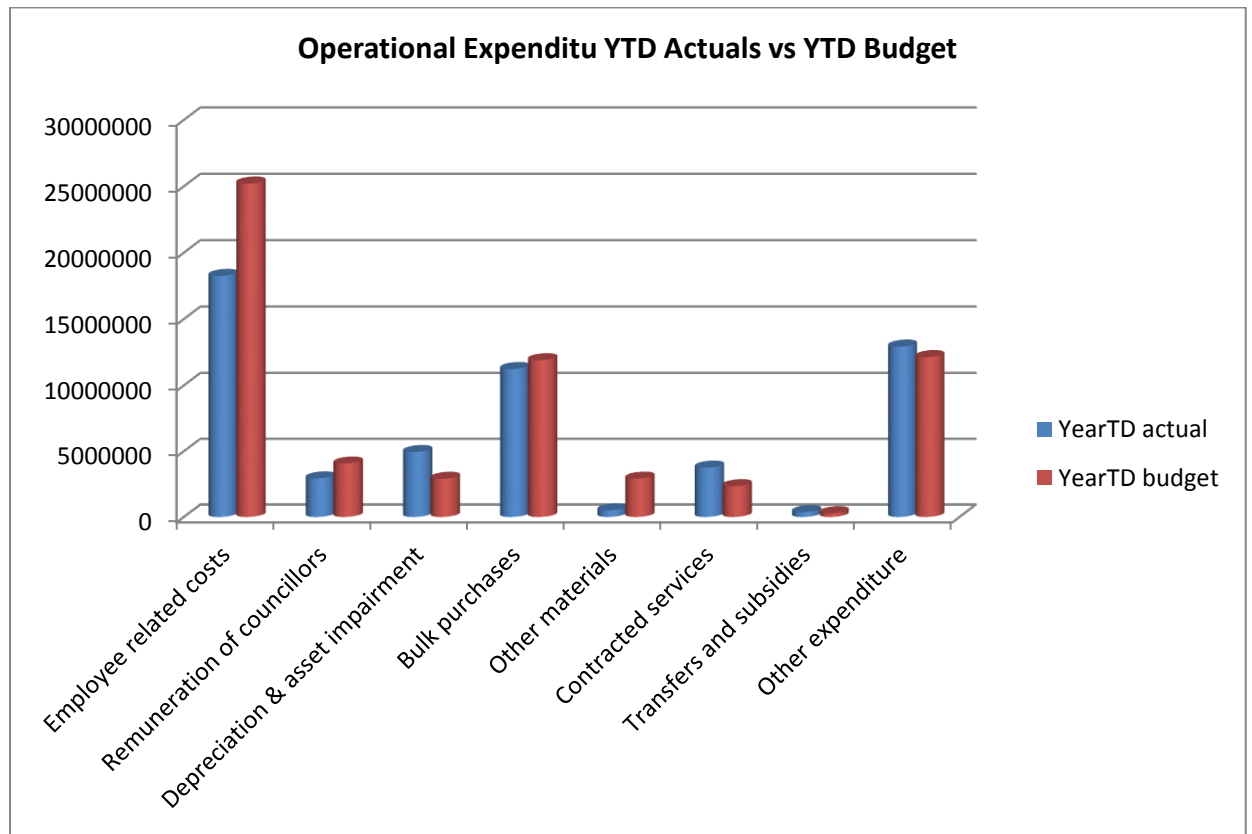
(e) Transfers and Grants

Mthonjaneni Local Municipality's transfers and grants consist of two items which Indigent burials and Indigents support. The municipality seems to be under spending on these items since the expenditure is currently seating at 30% below December proportional budget. However there is an additional amount totaling R 360 000 that was committed by December 2017. Therefore the municipality should consider increasing the Indigent burial vote during the February 2018 adjustments budget

(f) Contract Services

There is an impending shortfall in the Contract Services as it is currently 60% overspent against the December proportional budget, it is recommended that this item be topped up in the January 2018 adjustment budget, to be funded from savings from other expenditure items as well as any additional revenue that may be realized.

The diagram below shows operational expenditure YTD actual vs. YTD budget in a form of a chart.



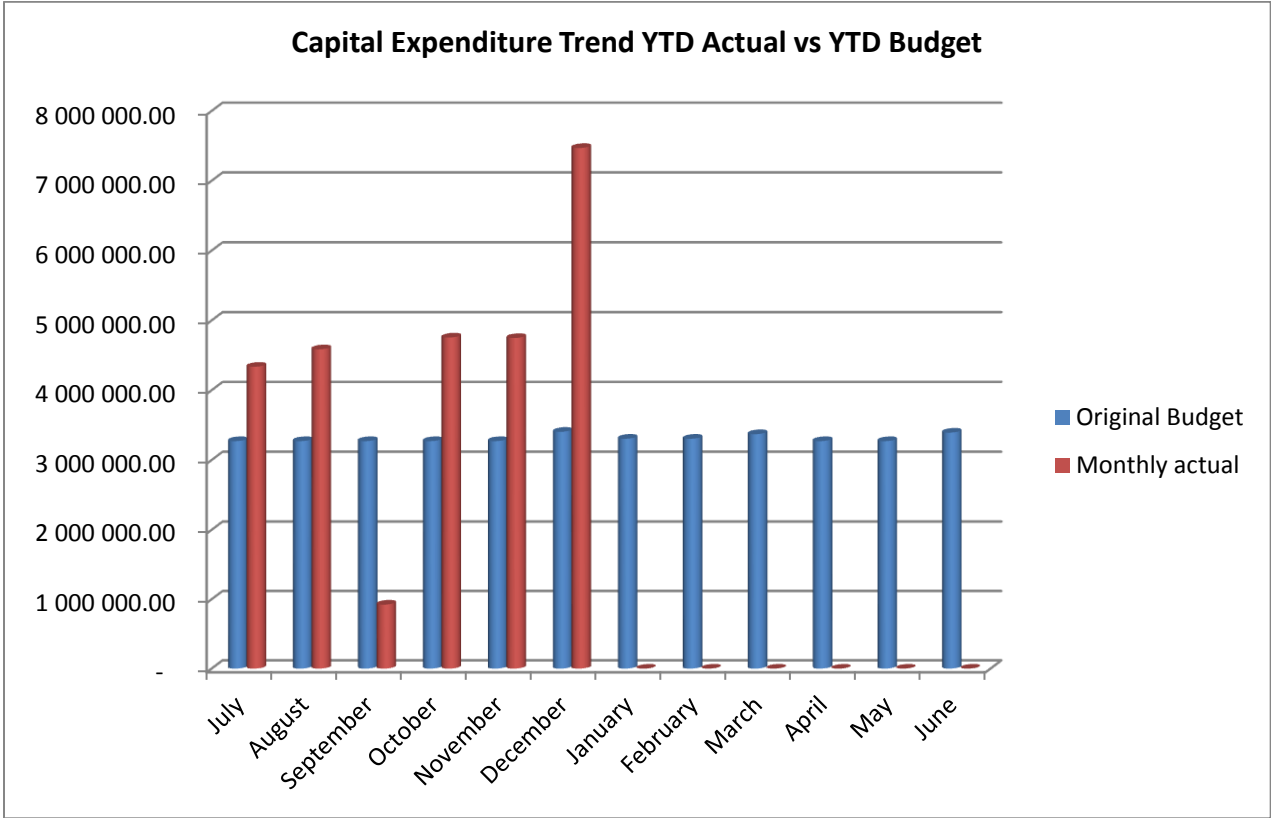
2.8 Capital Programme Performance

Table 6 illustrates the capital expenditure as at 31 December 2017 by Vote.

Expenditure by Months	Original Budget 2017/18	Year to Date Budget 2017/18	Actual Year to Date Budget 31 Dec 2017	Year to Date Variance	Year to Date Variance %
	R'000	R'000	R'000	R'000	
July	3 272	3 272	4 336	1 064	32.5%
August	3 272	6 544	4 587	1 315	40.2%
September	3 272	9 816	923	2 349	71.8%
October	3 272	13 088	4 756	1 484	45.4%
November	3 272	16 360	4 748	1 476	45.1%
December	3 405	19 764	7 470	4 065	119.4%
TOTAL	19 765	19 765	26 820	11 753	

Source: Budget Table C5

The diagram below shows capital expenditure YTD actual vs. YTD budget in a form of a chart.



2.9 Other Supporting Documents

KZN285 Mthonjaneni - Table C1 Monthly Budget Statement Summary - M06 December

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	10 835	13 165	–	859	5 689	6 583	(893)	-14%	13 165
Service charges	19 890	23 539	–	9 645	18 694	11 770	6 924	59%	23 539
Investment revenue	2 176	3 335	–	–	204	1 667	(1 463)	-88%	3 335
Transfers and subsidies	71 384	76 584	–	24 668	58 817	38 292	20 525	54%	76 584
Other own revenue	37 751	27 890	–	428	6 432	13 945	(7 512)	-54%	27 890
Total Revenue (excluding capital transfers and contributions)	142 036	144 513	–	35 601	89 837	72 256	17 581	24%	144 513
Employee costs	33 195	46 818	–	5 429	18 251	23 156	(4 905)	-21%	46 818
Remuneration of Councillors	6 441	8 131	–	578	2 937	4 066	(1 129)	-28%	8 131
Depreciation & asset impairment	14 437	5 809	–	–	4 940	2 904	2 035	70%	5 809
Finance charges	–	–	–	–	–	–	–	–	–
Materials and bulk purchases	28 717	29 637	–	2 566	15 143	14 818	325	2%	29 637
Transfers and subsidies	–	580	–	97	378	290	88	30%	580
Other expenditure	72 180	30 960	–	5 400	16 685	14 480	2 206	15%	30 960
Total Expenditure	154 969	121 935	–	14 070	58 334	59 714	(1 379)	-2%	121 935
Surplus/(Deficit)	(12 934)	22 578	–	21 531	31 503	12 542	18 960	151%	22 578
Transfers and subsidies - capital (monetary allocation)	37 399	26 278	–	8 376	20 794	13 139	7 655	58%	26 278
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	24 465	48 856	–	29 906	52 297	25 681	26 615	104%	48 856
Share of surplus/ (deficit) of associate	54 721	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	79 186	48 856	–	29 906	52 297	25 681	26 615	104%	48 856
Capital expenditure & funds sources									
Capital expenditure	–	39 683	–	7 470	26 818	19 765	7 053	36%	–
Capital transfers recognised	–	26 278	–	6 262	21 755	17 109	4 646	27%	26 278
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	13 405	–	1 209	5 064	–	5 064	#DIV/0!	13 405
Total sources of capital funds	–	39 683	–	7 470	26 818	17 109	9 709	57%	39 683
Financial position									
Total current assets	57 293	57 638	–	–	57 717	–	–	–	57 717
Total non current assets	286 456	192 735	–	–	286 456	–	–	–	286 456
Total current liabilities	14 553	10 203	–	–	15 167	–	–	–	15 167
Total non current liabilities	7 379	7 212	–	–	7 379	–	–	–	7 379
Community wealth/Equity	321 817	232 958	–	–	321 626	–	–	–	321 626
Cash flows									
Net cash from (used) operating	43 418	31 696	–	16 426	30 874	36 517	5 643	15%	31 696
Net cash from (used) investing	(59 891)	(26 278)	–	–	(34 812)	(19 842)	14 970	-75%	13 405
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the month/year end	25 997	25 484	–	–	21 546	36 741	15 195	41%	70 585
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	12 510	890	825	1 176	1 327	4 596	–	–	21 324
Creditors Age Analysis									
Total Creditors	–	–	–	(130)	–	–	–	–	(130)

KZN285 Mthonjaneni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

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>		-	90 706	-	24 421	63 670	45 350	18 320	40%	90 706
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	90 706	-	24 421	63 670	45 350	18 320	40%	90 706
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	810	-	145	541	270	271	100%	810
Community and social services		-	810	-	145	541	270	271	100%	810
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	47 260	-	8 389	12 930	23 630	(10 700)	-45%	47 260
Planning and development		-	4 889	-	14	136	2 445	(2 309)	-94%	4 889
Road transport		-	42 371	-	8 376	12 794	21 185	(8 391)	-40%	42 371
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	32 015	-	-	-	16 008	(16 008)	-100%	30 851
Energy sources		-	30 851	-	-	-	15 426	(15 426)	-100%	30 851
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	1 164	-	-	-	582	(582)	-100%	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	170 791	-	32 954	77 141	85 258	(8 117)	-10%	169 627
Expenditure - Functional										
<i>Governance and administration</i>		-	51 377	-	2 918	27 079	25 688	1 391	5%	34 664
Executive and council		-	16 713	-	-	10 691	8 356	2 335	28%	-
Finance and administration		-	34 664	-	2 918	16 388	17 332	(944)	-5%	34 664
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	14 064	-	1 257	4 000	6 452	(2 452)	-38%	10 651
Community and social services		-	10 651	-	1 257	4 000	5 325	(1 325)	-25%	10 651
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	3 413	-	-	-	1 127	(1 127)	-100%	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	28 667	-	-	5 159	12 374	(7 215)	-58%	-
Planning and development		-	17 791	-	-	-	6 936	(6 936)	-100%	-
Road transport		-	10 876	-	-	5 159	5 438	(279)	-5%	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	27 827	-	-	11 734	13 914	(2 180)	-16%	-
Energy sources		-	25 946	-	-	10 606	12 973	(2 367)	-18%	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	1 882	-	-	1 128	941	187	20%	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	121 935	-	4 175	47 973	58 428	(10 456)	-18%	45 314
Surplus/ (Deficit) for the year		-	48 856	-	28 779	29 168	26 830	2 338	9%	124 312

KZN285 Mthonjaneni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

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		10 835	13 165	–	859	5 689	6 583	(893)	-14%	13 165
Service charges - electricity revenue		18 472	22 375	–	9 527	17 994	11 188	6 806	61%	22 375
Service charges - water revenue		–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		1 418	1 164	–	118	700	582	119	20%	1 164
Service charges - other		–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		229	252	–	12	75	126	(51)	-41%	252
Interest earned - external investments		2 176	3 335	–	–	204	1 667	(1 463)	-88%	3 335
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		31 618	21 400	–	–	3 695	10 700	(7 005)	-65%	21 400
Licences and permits		1 923	2 693	–	106	741	1 346	(605)	-45%	2 693
Agency services		–	–	–	–	–	–	–	–	–
Transfers and subsidies		71 384	76 584	–	24 668	58 817	38 292	20 525	54%	76 584
Other revenue		3 982	3 545	–	310	1 922	1 773	149	8%	3 545
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		142 036	144 513	–	35 601	89 837	72 256	17 581	24%	144 513
Expenditure By Type										
Employee related costs		33 195	46 818	–	5 429	18 251	23 156	(4 905)	-21%	46 818
Remuneration of councillors		6 441	8 131	–	578	2 937	4 066	(1 129)	-28%	8 131
Debt impairment		–	2 000	–	–	–	–	–	–	2 000
Depreciation & asset impairment		14 437	5 809	–	–	4 940	2 904	2 035	70%	5 809
Finance charges		–	–	–	–	–	–	–	–	–
Bulk purchases		20 223	23 800	–	1 520	11 237	11 900	(663)	-6%	23 800
Other materials		8 494	5 837	–	1 045	3 907	2 918	988	34%	5 837
Contracted services		3 231	4 684	–	1 307	3 755	2 342	1 414	60%	4 684
Transfers and subsidies		–	580	–	97	378	290	88	30%	580
Other expenditure		68 950	24 276	–	4 094	12 930	12 138	792	7%	24 276
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Expenditure		154 969	121 935	–	14 070	58 334	59 714	(1 379)	-2%	121 935
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(12 934)	22 578	–	21 531	31 503	12 542	18 960	0	22 578
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		37 399	26 278	–	8 376	20 794	13 139	7 655	0	26 278
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		24 465	48 856	–	29 906	52 297	25 681			48 856
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		24 465	48 856	–	29 906	52 297	25 681			48 856
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		24 465	48 856	–	29 906	52 297	25 681			48 856
Share of surplus/ (deficit) of associate		54 721	–	–	–	–	–			–
Surplus/ (Deficit) for the year		79 186	48 856	–	29 906	52 297	25 681			48 856

KZN285 Mthonjaneni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06

December

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		-	5 344	-	20	4 824	100	4 724	4724%	5 344
Executive and council			5 045		20	4 797	-	4 797	#DIV/0!	5 045
Finance and administration			299		-	27	100	(73)	-73%	299
Internal audit			-		-	-	-	-		-
Community and public safety		-	121	-	-	-	-	-		121
Community and social services			11		-	-	-	-		11
Sport and recreation			-		-	-	-	-		-
Public safety			110		-	-	-	-		110
Housing			-		-	-	-	-		-
Health			-		-	-	-	-		-
Economic and environmental services		-	18 728	-	7 451	21 994	17 109	4 885	29%	18 728
Planning and development			450		209	239	-	239	#DIV/0!	450
Road transport			18 278		7 241	21 755	17 109	4 646	27%	18 278
Environmental protection			-		-	-	-	-		-
Trading services		-	15 490	-	-	-	-	-		15 490
Energy sources			14 240		-	-	-	-		14 240
Water management			-		-	-	-	-		-
Waste water management			-		-	-	-	-		-
Waste management			1 250		-	-	-	-		1 250
Other			-		-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	-	39 683	-	7 470	26 818	17 209	9 609	56%	39 683
Funded by:										
National Government			26 278		6 262	21 755	17 109	4 646	27%	26 278
Provincial Government			-		-	-	-	-		-
District Municipality			-		-	-	-	-		-
Other transfers and grants			-		-	-	-	-		-
Transfers recognised - capital		-	26 278	-	6 262	21 755	17 109	4 646	27%	26 278
Public contributions & donations	5		-		-	-	-	-		-
Borrowing	6		-		-	-	-	-		-
Internally generated funds			13 405		1 209	5 064	-	5 064	#DIV/0!	13 405
Total Capital Funding		-	39 683	-	7 470	26 818	17 109	9 709	57%	39 683

KZN285 Mthonjaneni - Table C7 Monthly Budget Statement - Cash Flow - M06 December

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		8 472	7 125	–	355	2 714	3 107	(393)	-13%	7 125
Service charges		19 890	21 957	–	1 059	8 801	10 857	(2 056)	-19%	21 957
Other revenue		44 540	10 543	–	616	4 290	4 863	(573)	-12%	10 543
Government - operating		71 384	76 584	–	22 439	55 143	55 301	(158)	0%	76 584
Government - capital		37 399	26 278	–	6 000	22 000	20 852	1 148	6%	26 278
Interest		2 176	3 335	–	–	229	401	(172)	-43%	3 335
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(140 442)	(113 546)	–	(14 042)	(62 304)	(58 864)	3 440	-6%	(113 546)
Finance charges		–	–	–	–	–	–	–		–
Transfers and Grants		–	(580)	–	–	–	–	–		(580)
NET CASH FROM/(USED) OPERATING ACTIVITIES		43 418	31 696	–	16 426	30 874	36 517	5 643	15%	31 696
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		762	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	13 405	–	–	–	–	–		13 405
Payments										
Capital assets		(60 653)	(39 683)	–	–	(34 812)	(19 842)	14 970	-75%	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		(59 891)	(26 278)	–	–	(34 812)	(19 842)	14 970	-75%	13 405
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		(16 473)	5 418	–	16 426	(3 938)	16 675			45 101
Cash/cash equivalents at beginning:		42 470	20 066			25 484	20 066			25 484
Cash/cash equivalents at month/year end:		25 997	25 484	–		21 546	36 741			70 585

Quality Certificate

I,, the municipal manager of **Mthonjaneni Local Municipality**, hereby certify that –

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state affairs of the municipality
- mid – year budget and performance assessment

for the month of December of 2017 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name

Municipal manager of Mthonjaneni Local Municipality KZN285

Signature

Date _____