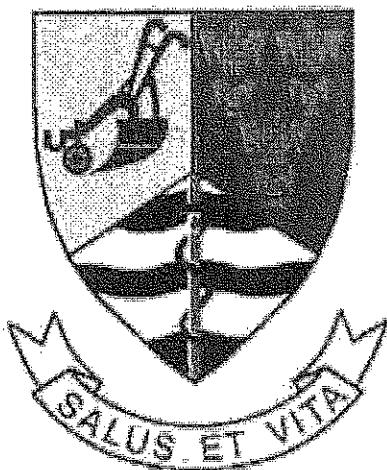


# **BELA-BELA LOCAL MUNICIPALITY**



## **MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 2017/18**

**Compiled in terms of Section 72 of the Local Government:  
Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)  
and Schedule C (In-Year Reports of Municipalities) of the Municipal  
Budget and Reporting Regulations**

## ACRONYMS AND TERMS

The report contains information which is at times presented in abbreviations and terms, therefore for the purpose of this report the terms and acronyms below bear the following meaning:

<b>IDP</b>	<b>Integrated Development Plan</b>
<b>SDBIP</b>	<b>Service Delivery and Budget Implementation Plan</b>
<b>MFMA</b>	<b>Municipal Finance Management Act</b>
<b>MSA</b>	<b>Municipal Systems Act</b>
<b>KPA</b>	<b>Key Performance Area</b>
<b>KPI</b>	<b>Key Performance Indicator</b>
<b>Annual Target</b>	<b>Planned level of performance for 2015/16 Financial Year</b>
<b>Actual Performance</b>	<b>The actual performance from 1 July 2015 to 31 December 2015</b>
<b>First quarter target</b>	<b>Planned level of performance from 1 July to 31 December 2015</b>
<b>Baseline</b>	<b>Status quo at the beginning of 2015/2016 financial year</b>
<b>Budget allocated</b>	<b>Budget approved in the annual budget for 2015/2016 Financial</b>
<b>Year</b>	
<b>Budget spent</b>	<b>Budget spent in the first half of 2015/2016 financial year</b>
<b>Corrective Measures</b>	<b>Steps to be taken to improve performance</b>
<b>LED</b>	<b>Local Economic Development</b>
<b>MWIG</b>	<b>Municipal Water Infrastructure Grant</b>
<b>MIG</b>	<b>Municipal Infrastructure Grant</b>
<b>EIA</b>	<b>Environmental Impact Assessment</b>
<b>SDF</b>	<b>Spatial Development Framework</b>
<b>LUMS</b>	<b>Land Use Management Scheme</b>
<b>GIS</b>	<b>Geographical Information System</b>
<b>GoHSTA</b>	<b>Co-operative Governance, Human Settlement &amp; Traditional</b>
<b>Affairs</b>	
<b>BBLM</b>	<b>Bela-Bela Local Municipality</b>
<b>RMC</b>	<b>Risk Management Committee</b>
<b>AC</b>	<b>Audit Committee</b>
<b>AG</b>	<b>Auditor General</b>
<b>AFS</b>	<b>Annual Financial Statements</b>
<b>PMS</b>	<b>Performance Management System</b>
<b>HR</b>	<b>Human Resources</b>
<b>LGSETA</b>	<b>Local Government Sector Education and Training Authority</b>
<b>OHS</b>	<b>Occupational Health and Safety</b>
<b>LLF</b>	<b>Local Labour Forum</b>
<b>IGR</b>	<b>Intergovernmental Relations</b>
<b>YTD</b>	<b>Year to date</b>
<b>CBD</b>	<b>Central Business District</b>
<b>DoE</b>	<b>Department of Energy</b>
<b>CSS</b>	<b>Community &amp; Social Services</b>
<b>TSS</b>	<b>Technical Services</b>
<b>PED</b>	<b>Planning &amp; Economic Development</b>
<b>BTO</b>	<b>Budget &amp; Treasury Office</b>
<b>CS</b>	<b>Corporate Services</b>

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## **PART 1: IN-YEAR REPORT**

### **1. Mayor's report**

Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), stipulate that 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.

In addition to section 72 stipulated above and as required by Section 34 of the Local Government Municipal Systems Act (MSA), the Municipality has reviewed and approved the 2017/2018 Integrated Development Plan (IDP), approved the 2017/2018 Annual Budget in terms of Section 24 of the Local Government: Municipal Finance Management Act and the Mayor approved the Service Delivery and Budget Implementation Plan (SDBIP) in terms of Section 53 of the Local Government: Municipal Finance Management Act (MFMA No 56 of 2003). The purpose of the aforementioned documents is to provide strategic guidance on the objectives to be implemented by the municipality during the financial year. The documents also present the budget available for the implementation of the said objectives, and set out the targets on when the implementation will take place. As part of regular reporting the Administration is expected to compile reports on the performance of the municipality.

Furthermore, Section 52 (d) of the MFMA requires the Mayor of the Municipality to submit a report to the Municipal Council on the implementation of the budget and the financial state of affairs of the municipality within 30 days of the end of the quarter. Section 72 of the MFMA further requires the Municipal Manager to assess the performance of the municipality during the first half of the financial year, by the 25<sup>th</sup> of January each year. This report therefore serves two primary purposes, namely;

1. To reflect on the performance of the municipality for the first half of the financial year. This exercise will enable the municipality to revise the current plans and budget going forward into the next six months, and also inform reprioritisation and funding thereof in the new financial year; and
2. Ensure compliance with the letter and spirit of the MFMA by comparing the actual performance of the municipality with the performance indicators and targets as set out in its 2017/18 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP) from the 1<sup>st</sup> of July 2017 to 31 December 2017 which makes the first half of the 2017/2018 Financial Year.

The performance reflected in the report is in terms of the five (6) National Government's Strategic key Performance Areas for local government, which are as follows:

- Basic Service Delivery;
- Local Economic Development;
- Municipal Institutional Transformation and Development;
- Municipal Financial Viability and Management,
- Good Governance and Public Participation, and
- Spatial Rationale

Even further, these Strategic Key Performance Areas are a component of the bigger national picture of eliminating poverty and reducing inequality as envisioned in the National Development Plan. The Service Delivery and Budget Implementation Plan contained in this report outlines the municipality's contribution to these national imperatives of broadening access to basic services, providing social security in the form of indigent support and increasing investments in infrastructure such as roads and storm water, to name a few.

## **2. Resolutions**

The recommendations dealing with section 72 report of local government as prescribed by Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and Schedule C (In-Year Reports of Municipalities) of the Municipal Budget and Reporting Regulations is hereby presented to council. It is recommended:

- a) The Council note the mid-year budget and performance assessment and other supporting documents included in the report in terms of section 72 of the Act.
- b) The Council note the state of affairs for the municipality referred to in section 52(d) of the Act;
- c) The adjustment budget be compiled in terms of section 28 of the MFMA,
- d) That the Municipal Manager submits the Mid-year budget and performance assessment report to the National Treasury and Provincial Treasury.

### 3. Executive summary

Despite the collective effort in driving municipality performance agreement by all departments, municipality had regressed in its 2016/2017 audit opinion after successfully obtaining un-qualified audit opinion in three consecutive financial years since 2013/14 to 2015/16 financial period.

Extra effort will be put in place through establishment of the AGSA action plan committee which will seek to address any issues raised. To ensure the committee is effectively discharge; the accounting officer will oversee the committee as the chairperson. Municipality plan to archive clean audit in the 2018/2019 financial year and will use the current financial year as the learning curve to any shortcoming experienced.

A Service Delivery and Budget Implementation Plan (SDBIP), and Departmental Service Delivery and Budget Implementation Plans for each of the departments of the municipality, in line with appropriate guidelines and legislation, are developed annually and continually reviewed. Section 56 Employees are required to sign a Performance Agreement, as prescribed in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to the Municipal Manager, in line with published regulations and/or amendments

Two review sessions are held annually as follows:

- a) A midyear review is conducted in January to assess the relevance of the objectives as well as the Employee's performance against the objectives. The mid-year performance score is used to determine the link to nonfinancial rewards.
- b) A compulsory formal final review is conducted at the end of the financial year i.e. in June (assessment to be conducted in July). The final performance score is used to determine the link to financial and non-financial rewards. A learning plan for the Employee must be developed at the end of the final review

***A fully functional Performance Management System (PMS) has been introduced in the Bela-Bela Local Municipality, consisting of the following elements (or sub systems):***

- (1) IDP goals and objectives represent the long-term (5 year) performance indicators and targets for the municipality over the term of the newly elected Council which started just after the beginning of 2017 financial period.
- (2) The IDP indicators and targets are annually aligned to the municipal budget on an activity level (programs and projects) as part of the IDP review process.
- (3) Funded IDP goals, objectives, strategies, programs and projects are annually cascaded down into the municipal Service Delivery and Budget Implementation Plan (SDBIP), where it is translated into annual municipal key performance indicators and targets.
- (4) IDP activities are also cascaded down to Departmental SDBIPs (one for each of the different Departments of the Municipality); a process whereby the responsibility for the implementation of the IDP is aligned with the --
- (5) Annual individual Performance Plans (which is part of the Performance Agreements of the respective section 56 managers), because the departmental SDBIPs are used as a reference source for the formulation of the key performance indicators and targets against which the different section 56 managers will be evaluated and performance assessed.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the approved 2017/20187 SDBIP are assessed and the feedback are reflected in the report in a form of a colour legend. Hence the table below exemplified the assessment methodology utilised.

Colour Legend	Category	Explanation
	KPI Not Applicable	KPIs with no Targets or Actual results for the selected period
	KPI Not Met	Actual vs Target Less than 75%
	KPI Almost Met	Actual vs Target between 75% and 100%
	KPI Met	Actual vs Target 100% Achieved
	KPI Met Well	Actual vs Target More Than 100% and Less Than 150% Achieved
	KPI Extremely Met Well	Actual vs Target More Than 150%



#### 4. In-year budget statements

Bela-Bela local municipality present the in-year budget statement tables bellow as prescribed by schedule C of the Municipality Budget and Reporting Regulations. The tables depict our midyear performance assessment as at 31 December 2017.

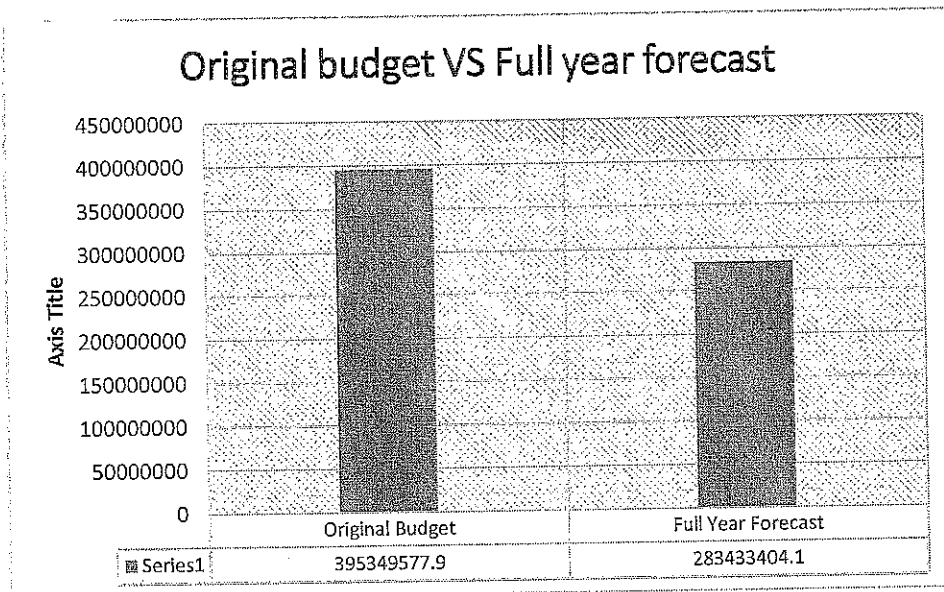
**Table 1: C1 - Monthly Budget Statement Summary**

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 variance (Spent to date)	Full Year Forecast
<b>R thousands</b>								%		
<b>Financial Performance</b>										
Property rates	62 468	80 199	-	6 225	35 396	40 099	(4 703)	-12%	44%	70 792
Service charges	147 304	178 780	-	12 571	74 607	89 390	(14 784)	-17%	42%	149 213
Investment revenue	2 583	1 510	-	20	69	755	(686)	-91%	5%	137
Transfers and subsidies	71 426	77 639	-	(1 971)	27 609	38 820	(11 211)	-29%	36%	55 218
Other own revenue	29 260	57 222	-	149	4 037	28 611	(24 574)	-86%	7%	8 074
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>313 042</b>	<b>395 350</b>	<b>-</b>	<b>16 994</b>	<b>141 717</b>	<b>197 675</b>	<b>(55 958)</b>	<b>-28%</b>	<b>36%</b>	<b>283 433</b>
Employee costs	109 989	119 752	-	4 764	54 374	59 876	(5 502)	-9%	45%	108 748
Remuneration of Councillors	6 618	6 947	-	27	1 702	3 474	(1 772)	-51%	24%	3 404
Depreciation & asset impairment	49 274	32 000	-	-	537	16 000	(15 463)	-97%	2%	1 074
Finance charges	10 317	4 000	-	-	-	2 000	(2 000)	-100%	-	-
Materials and bulk purchases	94 072	125 198	-	5 921	53 682	62 599	(8 916)	-14%	43%	107 365
Other expenditure	70 294	105 756	-	4 616	56 302	52 878	3 424	6%	53%	112 604
<b>Total Expenditure</b>	<b>340 565</b>	<b>393 653</b>	<b>-</b>	<b>15 328</b>	<b>166 597</b>	<b>196 827</b>	<b>(30 230)</b>	<b>-15%</b>	<b>42%</b>	<b>333 194</b>
<b>Surplus/(Deficit)</b>	<b>(27 523)</b>	<b>1 696</b>	<b>-</b>	<b>1 665</b>	<b>(24 880)</b>	<b>848</b>	<b>(25 728)</b>	<b>-3033%</b>	<b>-1467%</b>	<b>(49 760)</b>

#### Note: Performance review on the monthly budget summary

In the first half of the 2017/18 financial year, Bela-Bela local municipality performance result is reported a deficit of R24 million. Municipality anticipate archiving at least R1.6 million surpluses by the end of 2017/18 financial year based on original budget. The overall revenue budget is seating at R395 million as compared to annualised full year forecast of R283 million. This resulted in 28% year to date variance as depicted in the monthly budget summary table above. The full year forecast was determined by annualising actual results of the first six month of 2017/18 financial year. Comparison of six month actual against full year budget was also depicted on the table above which seek to measure the impact of spending against full year budget.

Notable material variances of 10% or more are discussed bellow



### Property rates

Property rates depict year to date variance of 12% less based on six month budget. The overall actual revenue collected against full year budget is depicted at 44%. This variance will be considered as part of the budget adjustment process to be conducted by the municipality. The adjustment process will ensure over or under budgeting is avoided by the end of the financial year period.

The reported variance on property rates was as result of the following:

- One major item resulted in variance was objection outcome that was implemented during 2016/17 financial year. Objection resulted in certain property rates revenue affected during 2017/2018 financial year.

### Services charges

Service charges depict variance of 17% less based on estimated six month budget. The resulted variance was impacted by services charge relating to electricity and refuse. Electricity is seating at 20% and refuse at 21% less when comparing six month actual against estimated six month budget.

### Investment revenue

The investment income is less by 91% in the first six month of the budget year. This variance will be considered as part of the budget adjustment process to be conducted by the municipality. The adjustment process will ensure over or under budgeting is avoided by the end of the financial year period.

### Other own revenue

Material variance is made up traffic fine fines, rental of facilities and licence & permit. The impact for traffic fine reduction is as result of increased compliance by motorist. These items are marked for review during the budget adjustment process.

### **Employee cost**

Employee cost's original budget was depicted at R119 million. The first half of the financial year reported total spending of R54 million. The first half result when annualised, amount to R108 million which is 9% less than the original budget. The reason for variance is due to certain vacancies which were freezed by the council during the first half of the financial year. This section will be part of the adjustment budget process.

### **Remuneration of councillor**

Remuneration of councillor is seating 24% spending when comparing actual against annual budget. The decrease is as result of timing difference in the implementation of upper limit as stipulated in Remuneration of Public Office Bearers Act, 1998 (Act No.20 of 1998). The implementation of upper limit take place just after mid-year assessment review. However, the full year budget is expected to be sufficient to meet the needs of the councillor and it is fully budgeted in accordance to the upper limit as stipulated in Remuneration of Public Office Bearers Act, 1998 (Act No.20 of 1998).

### **Depreciation and impairment**

Although this item is a non-cash item, it is vital for the municipality to budget accurately on the non-cash item as it will relate to future funding to renew assets infrastructure. Detail assessment will be made on the assets infrastructure during the adjustment process to ensure all assets are depreciated in accordance to GRAP standard and all mSCOA requirements are met.

### **Material bulk purchases**

Material and bulk purchases is seating at 43% spending in the first half of the year against annual budget. Monitoring will continue to take place during the remainder of the financial year to ensure there is no over spending which can result in unauthorised expenditure.

**Table 2: C2-Monthly Budget Statement - Financial Performance (Standard classification)**

Description	Ref	2016/17	Budget Year 2017/18						
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
<b>Revenue - Functional</b>									
<i>Governance and administration</i>		143 296	209 703	6 352	68 214	104 852	(36 638)	-35%	209 703
Executive and council		-	-	-	-	-	-	-	-
Finance and administration		143 296	209 703	6 352	68 214	104 852	(36 638)	-35%	209 703
Internal audit		-	-	-	-	-	-	-	-
<i>Community and public safety</i>		429	581	20	198	291	(92)	-32%	581
Community and social services		429	580	20	198	290	(92)	-32%	580
Sport and recreation		-	-	-	-	-	-	-	-
Public safety		-	1	-	0	0	(0)	-88%	1
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16 750	28 897	14	378	14 448	(14 071)	-97%	28 897
Planning and development		167	2 593	14	290	1 296	(1 009)	-78%	2 593
Road transport		16 582	26 304	-	88	13 152	(13 064)	-99%	26 304
Environmental protection		-	-	-	-	-	-	-	-
<i>Trading services</i>		272 886	242 472	10 608	72 926	121 236	(48 310)	-40%	242 472
Energy sources		122 671	151 749	6 556	47 953	75 874	(27 921)	-37%	151 749
Water management		-	80 676	2 168	12 761	40 338	(27 578)	-68%	80 676
Waste water management		141 535	(357)	1 262	8 082	(179)	8 261	-4624%	(357)
Waste management		8 679	10 405	621	4 131	5 202	(1 072)	-21%	10 405
<i>Other</i>	4	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	433 360	481 654	16 994	141 717	240 827	(99 110)	-41%	481 654
<b>Expenditure - Functional</b>									
<i>Governance and administration</i>		181 700	174 810	7 613	107 032	87 405	19 627	22%	174 810
Executive and council		13 230	11 361	27	2 671	5 680	(3 010)	-53%	11 361
Finance and administration		166 694	152 338	7 587	104 361	76 169	28 192	37%	152 338
Internal audit		1 776	11 111	-	-	5 555	(5 555)	-100%	11 111
<i>Community and public safety</i>		10 599	42 153	1 627	4 360	21 077	(16 717)	-79%	42 153
Community and social services		10 599	24 517	9	457	12 259	(11 802)	-96%	24 517
Sport and recreation		-	-	-	-	-	-	-	-
Public safety		-	17 636	1 618	3 903	8 818	(4 915)	-56%	17 636
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		31 351	33 845	29	5 497	16 923	(11 425)	-68%	33 845
Planning and development		11 218	11 190	29	1 005	5 595	(4 590)	-82%	11 190
Road transport		20 134	22 656	-	4 492	11 328	(6 835)	-60%	22 656
Environmental protection		-	-	-	-	-	-	-	-
<i>Trading services</i>		132 730	142 845	6 059	49 708	71 422	(21 714)	-30%	142 845
Energy sources		97 126	95 901	5 915	45 785	47 951	(2 166)	-5%	95 901
Water management		-	26 363	6	2 833	13 181	(10 348)	-79%	26 363
Waste water management		24 302	7 262	-	-	3 631	(3 631)	-100%	7 263
Waste management		11 302	13 318	138	1 090	6 659	(5 569)	-84%	13 318
<i>Other</i>		-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	356 381	393 653	15 328	166 597	196 827	(30 230)	-15%	393 653
<b>Surplus/ (Deficit) for the year</b>		76 979	88 000	1 665	(24 880)	44 000	(68 880)	-157%	88 000

The tables above depict year to date variance which is based on the full year budget versus full year forecast.

Based on the year to date variance of expenditure, it is depicted that, trading services actual spending on the six month budget is having a variance of -40% and with Governance and administration having 35% variance. The reported variance on the first half of the financial year depicts that, less spending was done by the Municipality. Lesser spending can be attributable to cash flow problem experienced in the first half of the financial year. Despite the cash flow issues experienced, management ensured service delivery areas are not affected by prioritising on the spending and implementing cost containment measure as stipulated on circular 82.

**Table 3: C3-Monthly Budget Statement - Financial Performance (Vote classification)**

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 - Chief Financial Officer		141 955	208 038	—	6 280	67 679	104 019	(36 340)	-34.9%	208 038
Vote 2 - Corporate Services		1 330	1 655	—	93	561	833	(271)	-32.6%	1 665
Vote 3 - Mayor		—	—	—	—	—	—	—	—	—
Vote 4 - Municipal Manager		—	—	—	—	—	—	—	—	—
Vote 5 - Internal Audit		—	—	—	—	—	—	—	—	—
Vote 6 - Planning and Economic Development		167	2 593	—	14	290	1 296	(1 006)	-77.6%	2 593
Vote 7 - Social and Community Services		25 682	10 966	—	641	4 351	5 493	(1 142)	-20.6%	10 966
Vote 8 - Speaker		—	—	—	—	—	—	—	—	—
Vote 9 - Technical Services		264 215	106 980	—	2 147	12 478	53 490	(41 012)	-76.7%	106 980
Vote 10 - Technical Services		—	151 391	—	7 819	56 358	75 696	(19 338)	-25.5%	151 391
Vote 11 - Balance Sheet		—	—	—	—	—	—	—	—	—
Vote 12 - Balance Sheet		—	—	—	—	—	—	—	—	—
Vote 13 -		—	—	—	—	—	—	—	—	—
Vote 14 -		—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	433 360	481 654	—	16 994	141 717	240 827	(99 110)	-41.2%	481 654
Expenditure by Vote	1									
Vote 1 - Chief Financial Officer		122 480	67 290	—	5 790	45 543	33 645	11 898	35.4%	67 290
Vote 2 - Corporate Services		44 215	85 049	—	1 339	36 741	42 624	(5 783)	-13.6%	85 049
Vote 3 - Mayor		695	1 472	—	—	277	736	(459)	-62.4%	1 472
Vote 4 - Municipal Manager		4 687	1 909	—	—	1 002	955	47	5.0%	1 909
Vote 5 - Internal Audit		1 776	11 111	—	—	1 129	5 555	(4 426)	-79.7%	11 111
Vote 6 - Planning and Economic Development		10 227	3 520	—	29	1 119	1 760	(641)	-36.4%	3 520
Vote 7 - Social and Community Services		34 989	55 471	—	1 686	13 367	27 736	(14 369)	-51.8%	55 471
Vote 8 - Speaker		7 848	7 979	—	27	2 179	3 980	(1 811)	-45.4%	7 979
Vote 9 - Technical Services		129 464	49 018	—	251	16 081	24 509	(8 428)	-34.4%	49 018
Vote 10 - Technical Services		—	110 834	—	6 197	49 354	66 417	(6 063)	-10.9%	110 834
Vote 11 - Balance Sheet		—	—	—	—	—	—	—	—	—
Vote 12 - Balance Sheet		—	—	—	—	—	—	—	—	—
Vote 13 -		—	—	—	—	—	—	—	—	—
Vote 14 -		—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	356 381	393 653	—	15 328	166 792	196 827	(30 035)	-15.3%	393 653
Surplus/ (Deficit) for the year	2	76 979	88 000	—	1 665	(25 075)	44 000	(69 075)	-157.0%	88 000

Planning department reported variance of 77% indicate lesser revenue collection during the first half of the financial year when compared to estimated six month budget. This is followed by Technical services department with a reported variance of 76%.

Expenditure by vote for certain vote structure depict lesser spending when annualised, however, certain votes expenditure will be reviewed during the adjustment budget.

**Table 4: C4-Monthly Budget Statement - Financial Performance (Revenue and Expenditure)**

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		62 468	80 199	—	6 225	35 396	40 099	(4 703)	-12%	80 199
Service charges - electricity revenue		102 848	124 567	—	8 544	49 904	62 283	(12 379)	-20%	124 567
Service charges - water revenue		23 259	26 979	—	2 130	12 540	13 490	(950)	-7%	26 979
Service charges - sanitation revenue		14 862	16 143	—	1 262	8 081	8 071	9	0%	16 143
Service charges - refuse revenue		6 074	9 969	—	619	3 949	4 984	(1 035)	-21%	9 969
Service charges - other		261	1 123	—	15	132	562	(429)	-76%	1 123
Rental of facilities and equipment		1 099	1 813	—	96	527	906	(379)	-42%	1 813
Interest earned - external investments		2 583	1 510	—	20	69	755	(586)	-91%	1 510
Interest earned - outstanding debtors		7 896	9 850	—	(22)	1 317	4 925	(3 608)	-73%	9 850
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		12 756	25 000	—	—	—	12 500	(12 500)	-100%	25 000
Licences and permits		3 256	16 500	—	—	974	8 250	(7 276)	-88%	16 500
Agency services		—	—	—	—	—	—	—	—	—
Transfers and subsidies		71 426	77 639	—	(1 971)	27 609	38 820	(11 211)	-29%	77 639
Other revenue		4 252	4 059	—	75	1 217	2 030	(812)	-40%	4 059
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		313 042	395 350	—	16 994	141 717	197 675	(55 958)	-28%	395 350
Expenditure By Type										
Employee related costs		109 989	119 752	—	4 764	54 374	59 876	(5 502)	-9%	119 752
Remuneration of councillors		6 618	6 947	—	27	1 702	3 474	(1 772)	-51%	6 947
Debt Impairment		32 309	15 000	—	768	13 831	7 500	6 331	84%	15 000
Depreciation & asset impairment		49 274	32 000	—	—	537	16 000	(15 463)	-97%	32 000
Finance charges		10 317	4 000	—	—	—	2 000	(2 000)	-100%	4 000
Bulk purchases		86 266	94 595	—	5 921	48 446	47 298	1 149	2%	94 595
Other materials		7 806	30 602	—	—	5 236	15 301	(10 065)	-66%	30 602
Contracted services		7 276	26 188	—	2 231	8 810	13 094	(4 284)	-33%	26 188
Transfers and subsidies		—	—	—	—	—	—	—	—	—
Other expenditure		27 194	64 468	—	1 617	33 661	32 234	1 427	4%	64 468
Loss on disposal of PPE		3 514	100	—	—	—	50	(50)	-100%	100
Total Expenditure		340 565	393 653	—	15 328	166 597	196 827	(30 230)	-15%	393 653
Surplus/(Deficit)		(27 523)	1 696	—	1 665	(24 880)	848	(25 728)	(0)	1 696
Transfers and subsidies - capital (monetary - discretionary)		—	—	—	—	—	43 152	(43 152)	(0)	86 304
(National / Provincial and District)		104 502	86 304	—	—	—	—	—	—	—
(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		76 979	88 000	—	1 665	(24 880)	44 000	—	—	88 000
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		76 979	88 000	—	1 665	(24 880)	44 000	—	—	88 000
Attributable to minorities		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		76 979	88 000	—	1 665	(24 880)	44 000	—	—	88 000
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year		76 979	88 000	—	1 665	(24 880)	44 000	—	—	88 000

Revenue on Interest earned, other income, property rates abnormal variance has been properly explain under monthly budget summary statement above. Other variances are discussed separately as follows:

## Table 5: C5-Monthly Budget Statement – Capital Expenditure

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
<b>R thousands</b>										
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	5 118	-	-	4 635	5 000	(365)	-7%	5 118
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	79 871	-	1 662	2 868	3 000	(132)	-4%	79 871
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	47	-	84 989	-	1 662	7 502	8 000	(498)	-6%	84 989
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	250	-	-	-	-	-	-	250
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	250
<b>Total Capital single-year expenditure</b>	4	-	250	-	-	-	-	-	-	250
<b>Total Capital Expenditure</b>		-	85 239	-	1 662	7 502	8 000	(498)	-6%	85 239
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	250	-	-	-	-	-	-	250
Executive and council		-	250	-	-	-	-	-	-	250
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	5 118	-	-	4 635	5 000	(365)	-7%	5 118
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	5 118	-	-	4 635	5 000	(365)	-7%	5 118
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	14 871	-	1 662	2 431	2 500	(69)	-3%	14 871
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	14 871	-	1 662	2 431	2 500	(69)	-3%	14 871
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	65 000	-	-	437	500	(63)	-13%	65 000
Energy sources		-	25 000	-	-	-	-	-	-	25 000
Water management		-	40 000	-	-	437	500	(63)	-13%	40 000
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	-	85 239	-	1 662	7 502	8 000	(498)	-6%	85 239
<b>Funded by:</b>										
National Government		-	84 989	-	1 662	7 502	8 000	(498)	-6%	84 989
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	84 989	-	1 662	7 502	8 000	(498)	-6%	84 989
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	250	-	-	-	-	-	-	250
<b>Total Capital Funding</b>		-	85 239	-	1 662	7 502	8 000	(498)	-6%	85 239



Municipality full year budget of R85 million on capital expenditure depicted is anticipated to be fully utilised by the end of the financial year. Full details on capital projects are explain under the additional supporting document below.

**Table 6: C6-Monthly Budget Statement – Financial Position**

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		1 301	33 943	45 158	55 236	33 943
Call investment deposits		-	-	-	-	-
Consumer debtors		24 657	24 128	98 425	143 870	24 128
Other debtors		25 343	11 632	(1 866)	-	11 632
Current portion of long-term receivables		-	-	-	-	-
Inventory		204	100	-	-	100
<b>Total current assets</b>		<b>51 505</b>	<b>69 803</b>	<b>141 717</b>	<b>199 107</b>	<b>69 803</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		353 361	178 000	-	-	178 000
Investments in Associate		-	-	-	-	-
Property, plant and equipment		659 365	635 454	849 009	660 285	635 454
Agricultural		-	-	-	-	-
Biological assets		539	-	-	-	-
Intangible assets		2 140	3 200	-	191 218	3 200
Other non-current assets		258	-	-	-	-
<b>Total non current assets</b>		<b>1 015 662</b>	<b>816 654</b>	<b>849 009</b>	<b>851 503</b>	<b>816 654</b>
<b>TOTAL ASSETS</b>		<b>1 067 167</b>	<b>886 457</b>	<b>990 726</b>	<b>1 050 610</b>	<b>886 457</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		10 861	-	-	18 530	-
Consumer deposits		10 365	5 250	19 769	5 497	5 250
Trade and other payables		132 746	38 434	82 691	153 307	38 434
Provisions		5 406	11 000	44 088	44 088	11 000
<b>Total current liabilities</b>		<b>159 377</b>	<b>54 684</b>	<b>146 549</b>	<b>221 423</b>	<b>54 684</b>
<b>Non current liabilities</b>						
Borrowing		7 669	7 017	18 530	-	7 017
Provisions		77 871	30 072	-	-	30 072
<b>Total non current liabilities</b>		<b>85 540</b>	<b>37 089</b>	<b>18 530</b>	<b>-</b>	<b>37 089</b>
<b>TOTAL LIABILITIES</b>		<b>244 917</b>	<b>91 773</b>	<b>165 079</b>	<b>221 423</b>	<b>91 773</b>
<b>NET ASSETS</b>	<b>2</b>	<b>822 249</b>	<b>794 683</b>	<b>825 647</b>	<b>829 187</b>	<b>794 683</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		822 249	794 683	825 647	829 187	794 683
Reserves		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>822 249</b>	<b>794 683</b>	<b>825 647</b>	<b>829 187</b>	<b>794 683</b>

**Table 7: C7-Monthly Budget Statement – Cash Flow**

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		63 080	107 392	--	4 029	(78 981)	53 696	(132 677)	-247%	135 791
Service charges		167 218	194 899	--	12 609	75 014	97 450	(22 436)	-23%	194 899
Other revenue		4 252	4 059	--	75	1 217	2 030	(812)	-40%	4 059
Government - operating		71 426	77 639	--	(1 971)	27 609	38 820	(11 211)	-29%	77 639
Government - capital		104 502	86 304	--	--	--	43 152	(43 152)	-100%	86 304
Interest		10 479	11 360	--	(3)	1 386	5 680	(4 294)	-76%	11 360
Dividends		--	--	--	--	--	--	--	--	--
Payments										
Suppliers and employees		(192 784)	(357 553)	--	(7 680)	(213 854)	(178 777)	35 077	-20%	(558 655)
Finance charges		(10 317)	(4 000)	--	--	--	(2 000)	(2 000)	100%	(4 000)
Transfers and Grants		--	--	--	--	--	--	--	--	--
NET CASH FROM/(USED) OPERATING ACTIVITIES		217 866	120 100	--	7 059	(187 609)	60 050	247 659	412%	(52 602)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		3 514	100	--	--	--	50	(50)	-100%	100
Decrease (increase) in non-current debtors		--	--	--	--	--	--	--	--	--
Decrease (increase) other non-current receivables		947	--	--	--	--	--	--	--	258
Decrease (increase) in non-current investments		--	--	--	--	--	--	--	--	--
Payments										
Capital assets		(94 974)	(250)	--	(98)	(191 572)	(191 572)	--	--	(250)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(90 513)	(150)	--	(98)	(191 572)	(191 522)	50	0%	108
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		--	--	--	--	--	--	--	--	--
Borrowing long term/refinancing		12 040	--	--	--	18 530	--	18 530	#DIV/0!	0
Increase (decrease) in consumer deposits		(23)	--	--	(2)	5 497	--	5 497	#DIV/0!	(5 441)
Payments										
Repayment of borrowing		(3 279)	--	--	--	--	--	--	--	(18 530)
NET CASH FROM/(USED) FINANCING ACTIVITIES		8 738	--	--	(2)	24 027	--	(24 027)	#DIV/0!	(23 972)
NET INCREASE/ (DECREASE) IN CASH HELD		136 091	119 950	--	6 959	(355 154)	(131 472)			(76 466)
Cash/cash equivalents at beginning:		12 656	--	--	--	--	--			--
Cash/cash equivalents at monthly year end:		148 748	119 950	--	--	(355 154)	(131 472)			(76 466)

The result depicts better negative balance toward year end. However, as this is based on annualised figures, we anticipate not having enormous bank overdraft. This can be made possible through implementation of cash flow plan. This tool is considered vital by municipality since it will eliminate possibility of having to incur unauthorised expenditure.

## PART 2: SUPPORTING DOCUMENTATION

### 5. Debtors' analysis

Section 78(1)(d) of the MFMA determines that each senior manager of a municipality and each official of a municipality exercising financial management responsibilities (cost centre managers) must take all reasonable steps within their respective areas of responsibility to ensure that all revenue due to the municipality is collected. It is therefore not only the responsibility of the Department: Budget and Treasury to ensure that all revenue gets billed and collected.

Tables 8 and 9 bellow depicts the debtors age analysis by revenue resource and customer group billed and collected in co-operation with the Department: Budget and Treasury. The overall collection rate for the first half of the 2017/2018 financial year is seating at average of 90%.

**Table 8: Debtors aging per services types**

Ageing Per Service Type									
TYPE OF SERVICE	201712 (Current)	201711 (30 Days)	201710 (60 Days)	201709 (90 Days)	201708 (120 Days)	201707 (150 Days)	201706 (180 Days)	201705-201712+ (210 Days to Over 1 Year)	Total
DEPOSITS	R -8 507.65	R -6 168.09	R -539.28	R -666.46	R -7 198.48	R -245.52	R 6 639.22	R -156 169.28	R -172 855.54
RECEIPTS	R -795 785.84	R -1 255 009.50	R -490 171.29	R -248 528.64	R -556 439.04	R -895 072.64	R -2 186 769.19	R -8 731 552.46	R -15 159 328.60
INTEREST	R 928 353.07	R 888 806.58	R 852 286.50	R 835 316.26	R 806 029.44	R 762 036.31	R 3 308 088.96	R 22 309 079.87	R 30 689 996.99
AGREEMENTS	R 3 486.39	R 4 435.48	R 4 296.29	R 4 462.90	R 5 333.29	R 7 421.07	R 29 194.09	R 116 399.20	R 175 028.71
SUSPENSE VOTE	R -	R -	R -	R -	R -	R -	R -	R -4 455.76	R -4 455.76
FEES	R 33 096.46	R 77 679.04	R 160 273.80	R 121 730.18	R 5 011.00	R -392.19	R 112 591.93	R 1 486 133.18	R 1 996 123.40
WATER	R 1 845 774.49	R 850 542.13	R 675 950.07	R 577 719.40	R 516 073.38	R 489 741.87	R 1 279 376.12	R 9 655 119.49	R 15 890 296.95
ELECTRICITY	R 2 941 908.98	R 292 788.02	R 230 225.46	R 69 454.69	R 47 985.47	R 44 526.50	R 198 445.66	R 1 977 424.18	R 5 802 758.96
KVA	R 860 965.31	R 287 455.86	R 87 235.11	R 80 559.34	R 54 245.35	R 53 738.38	R 117 882.71	R 570 041.24	R 2 112 123.30
BASIC ELECTRICITY	R 8 009.77	R 2 597.94	R -2 180.79	R 1 273.50	R 1 127.18	R 229.74	R 77 004.35	R 588 655.93	R 676 717.62
RE-IMBURSEMENT	R -	R -	R -	R -	R -	R -	R -	R -273.08	R -273.08
CASH POWER	R -	R -	R -	R 381.89	R -	R -	R 12 986.20	R 414 026.31	R 427 394.40
RENTAL CHARGES	R 62 130.63	R 27 481.48	R 18 089.56	R 13 339.08	R 11 383.85	R 6 732.94	R 25 576.29	R 534 132.67	R 698 866.50
SUNDRY SALE OF LAND	R -	R -	R -	R -	R -	R -	R -	R -238 613.37	R -238 613.37
WRITTING OF DEBT (RATES)	R 525.19	R -	R -	R -	R -	R -	R 56 729.72	R 52 599.74	R 109 854.65
INDIGENT WRITTE OFF RATES	R -	R -	R -	R -	R -	R -	R -13.06	R -3 559.27	R -3 572.33
INDIGENT WRITTE OF SERVIC	R -	R -	R -	R -	R -	R -	R -3 497.91	R -18 492.34	R -21 990.25
HOUSING	R -	R -	R -	R -	R -	R -	R -	R -17 363.56	R -17 363.56
RATES	R 5 325 168.98	R 2 456 540.81	R 1 914 588.46	R 1 728 983.37	R 1 736 151.24	R 1 502 119.51	R 8 046 176.82	R 43 197 409.91	R 65 907 139.10
REFUSE	R 532 919.19	R 246 706.65	R 191 877.53	R 154 086.96	R 137 096.70	R 114 827.70	R 216 313.70	R 2 296 789.80	R 3 890 618.23
SEWERAGE	R 1 118 752.57	R 567 576.61	R 475 797.01	R 427 810.82	R 390 599.29	R 328 271.98	R 1 060 856.13	R 3 964 326.01	R 8 333 990.42
MISCELLANEOUS VAT	R -	R -	R -	R -	R -	R -	R -	R 333 984.85	R 333 984.85
MISCELLANEOUS NO VAT	R -	R -	R -	R -	R -	R -	R -	R 1 474 266.28	R 1 474 266.28
VAT	R 1 051 493.48	R 362 028.98	R 282 292.92	R 253 920.86	R 191 213.18	R 176 873.30	R 550 814.55	R 5 008 441.54	R 7 877 078.81
WRITTING OFF DEBT	R 60 692.54	R -23 407.58	R -21 491.35	R -12 114.38	R -1 093 845.57	R -	R 71 008.27	R -78 625.84	R -1 097 783.91
TOTAL	R 13 968 983.56	R 4 780 054.41	R 4 378 530.00	R 4 007 729.77	R 2 244 766.28	R 2 590 808.95	R 12 979 404.56	R 84 729 725.24	R 129 680 002.77

During the first half of 2017/18 financial year, total debtors book is sitting at R129 million. Rates are the highest with R65 million out of total debtor's book followed by interest.

Municipality has taken several steps in trying to reduce the higher debtor's book. Municipality appointed service provider for debtor's collection and credit control services. Strict monitoring tool was created to measure the success of the service provider services. These measures are done to try ensure the services provider over perform by collecting old debts which Municipality is unable to collect.

**Table 9: Debtors aging per type**

Ageing Per Account Type									
ACCOUNT_TYPE	201801 (Current)	201712 (30 Days)	201711 (60 Days)	201710 (90 Days)	201709 (120 Days)	201708 (150 Days)	201707 (180 Days)	201706-201702 (210 Days to 1 Year)	Total
	R 84 530.49	R 61 228.92	R 38 222.30	R 35 259.31	R 33 075.41	R 31 753.59	R 88 350.59	R 891 054.58	R 1 263 515.19
None	R 38 438.95	R 31 498.12	R 17 262.43	R 19 894.95	R 4 730.54	R 10 272.77	R 57 145.08	R 1 769 251.23	R 1 948 494.07
Non Profit Comp	R 2 584.34	R 2 038.27	R 1 051.21	R 1 075.51	R 974.05	R 942.84	R 5 096.73	R 124 876.53	R 138 639.48
COMMERCIAL	R 5 561 865.04	R 614 631.13	R 663 096.00	R 489 634.05	R 396 151.64	R -311 766.18	R 1 455 592.34	R 15 414 408.78	R 24 283 612.80
LAND REFORMED	R 22 607.21	R 11 059.06	R 26 298.79	R 26 360.87	R 26 200.48	R 26 040.09	R 116 097.40	R 1 223 594.92	R 1 478 258.82
RURAL DEVELOPM	R 156 959.27	R 152 084.95	R 126 975.68	R 119 339.43	R 119 293.82	R 119 293.82	R 555 764.82	R 3 441 271.25	R 4 790 983.04
EDUCATION	R 117 265.05	R 99 672.51	R 171 430.36	R 180 985.81	R 160 848.80	R 205 328.78	R 189 917.97	R 475 286.70	R 1 600 735.98
AGRICULTURAL	R 1 602 180.17	R 1 054 143.70	R 999 837.02	R 1 007 562.18	R 877 082.49	R 751 627.36	R 3 619 126.74	R 16 363 519.07	R 26 275 078.73
STATE DEPARTMEN	R 53 262.43	R 47 474.60	R 45 934.45	R 43 965.69	R 43 524.88	R 43 000.52	R 184 947.88	R 268 703.16	R 730 813.61
HOUSING	R -	R -23 021.81	R 1 548.01	R -	R 317.98	R 561.20	R 1 349.82	R 17 443.14	R -1 801.66
PUBLIC INFRASTR	R 7 672.79	R 5 711.10	R 3 157.55	R 2 990.24	R 2 990.24	R 2 990.24	R 14 276.40	R 66 305.63	R 106 094.19
PLCS OF WORSHIP	R 36 185.51	R 12 661.17	R 11 005.17	R 9 352.84	R 7 831.45	R 8 534.98	R 24 694.86	R 301 281.05	R 411 547.03
MUNICIPAL PROP	R -96 586.47	R -275 911.51	R -81 725.41	R -40 427.97	R -347 227.79	R -31 566.05	R -1 127 865.76	R -4 569 837.86	R -6 571 148.82
P/WORKS PROVINC	R 94 819.68	R 96 793.49	R 67 523.08	R 63 442.15	R 57 920.53	R 51 328.75	R 165 664.03	R -269 505.57	R 327 986.14
RESIDENTIAL	R 4 381 558.06	R 2 359 837.23	R 1 886 737.79	R 1 704 538.18	R 1 072 371.03	R 1 476 863.86	R 7 462 756.02	R 46 130 209.13	R 66 474 871.30
AGRIC-RES	R 44 579.54	R 23 966.94	R 13 523.11	R 13 276.25	R 13 186.89	R 11 141.60	R 88 238.02	R 94 830.97	R 302 743.32
FARM-COMMERCIAL	R 847 669.03	R 5 303.20	R 5 189.24	R 5 164.59	R 4 982.68	R 4 936.55	R 22 764.15	R 60 375.30	R 956 384.74
FARM-NOT USED	R 7 172.24	R 6 894.08	R -	R -	R -	R -	R 381.14	R -	R 14 447.46
FARM-OTHER	R 4 766.36	R 4 098.12	R 1 358.26	R 1 356.12	R 1 347.30	R 1 335.45	R 11 251.09	R 6 797.76	R 32 250.46
DEPT OF HEALTH	R 274 397.17	R 25.68	R -	R -	R -	R -	R -	R -	R 274 422.85
P/WORKS NATIONA	R 113 865.79	R 14 576.27	R 6 801.62	R 7 375.04	R 6 563.36	R 6 563.36	R 30 967.94	R 136 940.02	R 323 653.40
PRIVATE EST-RES	R 7 890.88	R 3 574.97	R 2 850.27	R 2 072.53	R 1 705.56	R 2 036.08	R 9 047.80	R 18 049.38	R 47 227.47
RES-PENSIONER	R 327.13	R 0.50	R -	R -	R -	R -	R -	R -	R 327.63
DEPT OF ROADS	R -500.00	R -500.00	R -500.00	R -278.38	R -	R -	R -	R -	R -1 778.38
SASSA	R 7 242.56	R 0.01	R -	R -	R -	R -	R -	R -	R 7 242.57
AGRI-PENSIONER	R -7 972.70	R -	R -	R -	R -	R -	R -	R -	R -7 972.70
RES-INDIGENT	R 605 853.96	R 471 924.63	R 370 603.99	R 314 441.30	R -239 454.14	R 179 240.26	R 2 164.70	R 2 761 908.41	R 4 466 683.11
NATIONAL GVT	R 349.08	R 349.08	R 349.08	R 349.08	R 349.08	R 349.08	R 1 634.80	R 2 951.66	R 6 690.94
TOTAL	R 13 968 983.56	R 4 780 054.41	R 4 378 530.00	R 4 007 729.77	R 2 244 766.28	R 2 590 808.95	R 12 979 404.56	R 84 729 725.24	R 129 680 002.77

Based on the table above, it is depicted that, residential is seating at R66 million followed by commercial and agriculture at R26 million and R24 million respectively.

Municipality will continue to monitor the progress made by debt collectors and to implement mechanism to help reduce the debt. Policy on the write off of uncollectable debts was approved by the council during the previous financial years. This will help in writing off certain debts which is seating on our debtors book which have been considered to be non-collectable.

## 6. Creditor's analysis

**Table 10: Creditors ageing**

Creditor Code	Creditor Name	Current	30 Days	60 Days	90 Days	120 Days
5864	DIKALA PLANT HIRE					15 793 358
154	ESKOM (5740387734)	6 684 227	2 658 026			
3816	BALIMI BARUI TRADING					1 601 233
6217	BERTOBRITE - FLEET		1 068 723			
441	DEPT OF PUBLIC TRANSPORT	689 433				
6008	ALTIMAX		220 000			
203	MACHAUKE MULTI SERVICES PROVID	157 505				
2585	MUNSOFT MUNICIPAL FINANCIAL &	122 691				
2660	PAYDAY SOFTWARE SYSTEM (PTY)LT	112 215				
4147	ROAD TRAFFIC INFRINGEMENT	56 852				
Total		7 822 922	3 946 749	-	-	17 394 592

The total creditors amount of R17 million which is over 120 days have legal case pending.

## 7. Investment portfolio analysis

**Table 11: Investment account summary**

Particulars of investments as prescribed in Section 17 (1)(f) of the MFMA				
Bank	Name of Account	Account No.	Type Account	Dec-17
ABSA	Capital Reserve fund	9296620730	Depositor Plus	R 1 211 658
ABSA	MIG Funds	9295746149	Depositor Plus	R 425 921
ABSA	Savings Account	9295745884	Depositor Plus	R 110 671
ABSA	Savings Account	4073741532	Call account	R 4 094
ABSA	Cheque	4087938854	Call account	R 2 993 911
ABSA	Cheque	4087938456	Call account	R 502
FNB	Investment	62045841485	Call account	R 282 484
<b>TOTAL</b>				<b>R 5 029 241</b>

Bela-Bela Local municipality held various investments in accordance to Municipal Investment Regulation, 2005 issued by the National Treasury. Total investment as at 31 December 2017 was reported at R5 million.

## 8. Allocation and grant receipt and expenditure

**Table 12: Grant receipt and expenditure**

Project Name	Directorate	Funding	2017/2018 Capital Budget	December 2017 Expenditure	Expenditure as at 31 December 2017	(Unspent Budget)
Upgrade Sunfa Stadium	Social & Comm Services	MIG	7 219 767		5 725 449	1 494 318
Road Paving X 4,6,7 & 8	Technical Services	MIG	5 764 138	1 549 938	1 979 210	3 784 928
WWTW Pienaarsrivier	Social & Comm Services	MIG	436 848		436 848	-
Widening Mile Street Bridge	Technical Services	MIG	463 152		452 273	10 879
Paving Bust Route: Rapotokwane	Technical Services	MIG	6 588 862	111 814	4 656 332	1 932 530
Bela Bela Stormwater: Marikana Street	Technical Services	MIG	4 048 343		2 706 188	1 342 155
Bela Bela Water Treatment Masakhane	Technical Services	MIG	467 691			467 691
Water Infrastructure	Technical Services	MWIG	35 000 000			35 000 000
Integration Electrification Programme	Technical Services	INEP	25 000 000			25 000 000
Furniture and Equipment	Corporate Services	OWN	250 000			250 000
<b>Total</b>			<b>85 238 801</b>	<b>1 661 752</b>	<b>15 956 300</b>	<b>69 282 501</b>

Total spending on the MIG budget of R 26 million is seating at R16 million as at 31 December 2017 which represent 58% spending when expressed as percentage.

### Rollover Application outcome

Municipality had unspent grant (MIG and INEP) amounting to R24 million by the end of 2016/2017 financial year end. Rollover application was submitted in accordance to the DoRA requirement. The application for roll-over was disapproved during the October 2017. This resulted in the revise project plan by postponing certain project to the outer year.

The resulted changes to accommodate the projects affected as result of rollover will be discussed in details during the adjustment budget.

## 9. Councillor and board member allowances and employee benefits

**Table 13: Councillor Allowances**

DESCRIPTION	BUDGET	SPENT	VARIANCE
Councillor salaries	6 947 000	1 702 000	5 245 000

Lower spending on the councillor allowance as depicted on table above is as result of upper limit which only get implemented just after the mid-year review. The total budget of R6.9 million already considered the budgeted upper limit which is not yet implemented in the first half of the financial year.

**Table 14: Audit committee members**

COMMITTEE MEMBER	DESCRIPTION	AMOUNT
KGOMO LBM	Ordinary Member	4925.26
MAROBANE N	Chairperson: Audit Committee	2393.49
NGOBENI	Ordinary Member	8875.99
MASHEGO MA	Ordinary Member	9948.75
<b>TOTAL TO DATE</b>		<b>26143.49</b>

During the first half of the 2017/18 budget year, Municipality only had four audit committee members.

**Table 15: Employee benefits**

Descriptions	Budget	Actual	YTD Variances	YTD variance%
Employee benefits	15 076 572,85	12 489 234,25	2 587 338.6	17%

## 10. Material variances to the service delivery and budget implementation plan

Table 16: C1 – Monthly Budget Summary Statements

Description	Ref	Budget Year 2017/18					
		Monthly actual	Monthly actual	Monthly actual	Monthly actual	Monthly actual	Monthly actual
		July	August	September	October	November	December
<b>R thousands</b>							
<b>Revenue By Source</b>							
Property rates		5 076	11 455	17 161	22 974	29 171	35 396
Service charges - electricity revenue		8 231	16 486	24 552	32 678	41 360	49 904
Service charges - water revenue		2 152	4 112	6 418	8 359	10 410	12 540
Service charges - sanitation revenue		1 468	2 899	4 263	5 495	6 818	8 081
Service charges - refuse revenue		700	1 384	2 022	2 681	3 330	3 949
Service charges - other		19	83	99	110	118	132
Rental of facilities and equipment		111	146	242	343	431	527
Interest earned - external investments		6	21	28	40	49	69
Interest earned - outstanding debtors		349	694	1 046	1 003	1 340	1 317
Dividends received		-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-
Licences and permits		953	958	963	969	974	974
Agency services		-	-	-	-	-	-
Transfers and subsidies		31 226	30 824	30 876	30 876	29 580	27 609
Other revenue		82	161	554	853	1 143	1 217
Gains on disposal of PPE		-	-	-	-	-	-
Other revenue		-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>50 373</b>	<b>69 225</b>	<b>88 225</b>	<b>106 380</b>	<b>124 723</b>	<b>141 717</b>
<b>Expenditure By Type</b>							
Employee related costs		14 834	29 443	40 128	44 687	49 610	54 374
Remuneration of councillors		563	1 109	1 657	1 675	1 675	1 702
Debt impairment		9 232	9 429	10 510	11 868	13 062	13 831
Depreciation & asset impairment		-	-	-	-	537	537
Finance charges		-	-	-	-	-	-
Bulk purchases		8 945	8 976	20 324	29 618	42 525	48 446
Other materials		1 192	3 486	4 254	4 987	5 236	5 236
Contracted services		1 458	2 288	4 288	4 975	6 578	8 810
Transfers and subsidies		-	-	-	-	-	-
Other expenditure		9 461	13 042	19 237	24 521	32 044	33 661
Loss on disposal of PPE		-	-	-	-	-	-
<b>Total Expenditure</b>		<b>45 684</b>	<b>67 774</b>	<b>100 397</b>	<b>122 332</b>	<b>151 269</b>	<b>166 597</b>
<b>Surplus/(Deficit)</b>		<b>4 689</b>	<b>1 451</b>	<b>(12 172)</b>	<b>(15 951)</b>	<b>(26 545)</b>	<b>(24 880)</b>

## 11. Capital programme performance

MIG actually spent during the 1<sup>st</sup> six months of the financial year amounts to R 16 million or 58% of the current year budget totals. Based on current spending patterns as well as tenders already awarded, the projected capital expenditure for the 2017/2018 financial year are anticipated to be fully utilised.

The capital projects per directorate and per cost centre will not be discussed any further but more detail about each capital project's performance in the Capital Project Implementation Plan (CPIP) is available for councillors at PMU unit. The CPIP is submitted to Executive Management on a monthly basis where the Municipal Manager monitors progress. The CPIP clearly indicates the planned supply chain processes and the actual performance per capital project (included actual and committed spending).

**Table 17: Capital Expenditure**

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								%	
<b>Funded by:</b>										
National Government			84 989		1 662	15 956	16 000	(44)	0%	84 989
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
Transfers recognised - capital		-	84 989	-	1 662	15 956	16 000	(44)	0%	84 989
Public contributions & donations	5							-		
Borrowing	6							-		
Internally generated funds			250					-		250
<b>Total Capital Funding</b>		-	85 239	-	1 662	15 956	16 000	(44)	0%	85 239

## 12. Other supporting documents

### a) Progress made on the mSCOA implementation

In terms of m-SCOA regulation of 2014, all municipalities must implement the standard Charts of Accounts by 1 July 2017. In order to comply with regulation, there are various processes that need to be undertaken by municipality to ensure full compliance on 1st July 2017 which include amongst other things implementation plan indicating the project milestones.

Bela-Bela Local Municipality has adopted the implementation of the m-SCOA on 1<sup>st</sup> of July 2017.



m-SCOA project team was established to oversee the project together with all other relevant committee. Service provider has also been appointed to assist Municipality official in implementation of the m-SCOA projects.

#### **Progress made on the compliance with the minimum competency regulations**

All the municipal finance officials, those in the Budget and Treasury Office, are attending the accredited courses on the minimum competencies. Some of the affected officials have completed the course during the end of December 2017. New intake is expected to start during the beginning of the second half of the 2017/2018 financial year.

#### **b) The 2018/2019 budget schedule and progress made in achieving the milestone and timelines specified in the circular detailing the compilation of 2018/2019 MTREF**

In terms of subsection 16 (1) of the MFMA (Act no 56 of 2003), the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Based on the MFMA requirement above, Bela-Bela municipality has initiated the budget process plan in preparation of the 2018/2019 budget. The plan is scheduled to be table to council during February council seating.

Proper planning in drafting 2018/2019 budget will ensure accurate and compliance budget is achieved by the municipality.

### **13. Service delivery performance analysis (Overall SDBIP)**

For the variances on Service Delivery and Budget Implementation Plan please refer to organisational mid-year performance assessment report which is part B of this report.

### **14. Comments on the 2016/2017 annual report**

The municipality has been subjected to statutory audit from the beginning of August 2017 to the end of November 2017; The Office of the Auditor General is responsible for all the statutory audit function of the Municipality. Despite collective effort put by Municipality, the audit resulted in qualified audit opinion.

The qualification was impacted by finding relating to assets de-recognised by Municipality. The assets were de-recognised as part of replacement of infrastructure which was identified by council in the past financial years. The finding was as result of not providing evidence to certify auditors why such assets were identified by council for replacement in the past.

Municipality through its action plan to address previous year finding, was targeting to archive clean audit. Clean audit was not archived as result of such finding. Properly documented action plan with regard to 2016/2017 audit findings has been developed and AGSA action plan committee established which will deal with all audit findings raised.

## 15. Adjustment budget

Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia, for the following:

*"An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment report has been tabled in the Council, but not later than 28 February of each year. Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year."*

Accordingly, a report on adjustments to the budget will be submitted for consideration by Council before 28 February 2018.

## 16. Municipal manager's quality certification

I, NTEKELE F.R., the municipal manager of Bela-Bela Local Municipality, hereby certify that:-

❖ The mid-year budget and performance assessment

As at **31<sup>st</sup> December 2017** has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: **FR NTEKELE**

Acting Municipal Manager of Bela-Bela Local Municipality

Signature: 

Date: 29/01/2018

**MC118/01/2018**

**REPORT ON 2017/2018 MID-YEAR PERFORMANCE REPORT FOR BELA-BELA LOCAL MUNICIPALITY**

**RESOLVED**

**THAT** the 2017/2018 Mid-Year Performance Report be noted.

**THAT** the 2017/2018 Mid-Year Performance Report be approved by Council.

**THAT** after the approval of the 2017/2018 Mid-Year Performance Report by Council , the report made public in terms of Section 75 of the MFMA.

  
**GIH RZ MOELETSI**  
**SPEAKER**



**Bela-Bela Local Municipality**

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