



MP 306

Dipaleseng Local Municipality

2016/17

2016/17 Mid year Budget and Performance Assessment Report

**“Provide Quality Affordable Services
and Good Governance”**

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1.1 PURPOSE OF THIS REPORT

This mid-year performance assessment is compiled as determined in the Section 72 of the Municipal Finance Management Act. The assessment is for the period 1 July 2016 to 31 December 2016 where actual financial performance of the municipality is monitored.

In terms of section 54 of the MFMA the Mayor must take certain actions on receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan

Where it is deemed necessary the accounting officer must, as part of the review make recommendations as to whether an adjustment budget is necessary and recommend revised projections for the revenue and expenditure to the extent that this may be necessary.

1.2 Regulation

In terms of Section 72 (1) of the MFMA, the accounting officer of the 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;
- 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;

b) submit a report on such assessment to

- i. the mayor
- ii. the National Treasury
- iii. the relevant Provincial Treasury

Thereafter, the mayor must, in terms of the Section 54 (1)

- a) consider the report
- b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan
- c) consider and, if necessary, make any revisions to the service delivery and budget to the implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of the adjustment budget;
- d) issue any appropriate instructions to the accounting officer to ensure-
 - a. that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - b. that spending of funds and revenue collection proceed in accordance with the budget;
- e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- f) Submit the report to the council by the 25 January of each year.

1.3 CHAPTER 2: QUALITY CERTIFICATE BY THE ACCOUNTING OFFICER

Quality Certificate

I **Sailor Netshivhale**, Acting Municipal Manager of **Dipaleseng Local Municipality**, hereby certify that

The mid-year assessment report

and supporting documentation for the half year has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Name: Mr. S Netshivhale

Municipality Name: Dipaleseng Local Municipality (MP306)

Signature: _____

Date: _____

1.4 CHAPTER 3: BUDGET PERFORMANCE ANALYSIS

3.1 Executive Summary

The following Table provides a summary of the Municipality's performance and on Capital Budget as at 31 December 2016:

MP306 Dipaleseng - Table C1 Monthly Budget Statement Summary - M06 December

Description	2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2016/17				
					YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	13,645	14,924	-	880	7,378	7,462	(84)	-1%	17,706
Service charges	76,685	83,539	-	8,069	37,806	41,770	(3,964)	-9%	90,733
Investment revenue	1,390	1,037	-	6	529	518	11	2%	1,270
Transfers recognised - operational	56,678	59,878	-	4,530	29,430	29,939	(509)	-2%	70,632
Other own revenue	26,919	22,906	-	1,744	10,404	11,453	(1,049)	-9%	24,969
Total Revenue (excluding capital transfers and contributions)	175,318	182,284	-	15,229	85,546	91,142	(5,596)	-6%	205,310
Employee costs	50,691	48,388	-	4,553	24,606	24,194	412	2%	49,212
Remuneration of Councillors	4,959	5,107	-	-	2,367	2,553	(186)	-7%	4,734
Depreciation & asset impairment	18,311	28,000	-	-	14,000	14,000	-	-	28,000
Finance charges	395	174	-	-	637	87	550	634%	1,274
Materials and bulk purchases	49,207	45,883	-	6,805	38,742	22,941	15,801	69%	77,484
Transfers and grants	3,163	7,006	-	363	1,559	3,503	(1,944)	-56%	3,117
Other expenditure	93,016	73,933	-	4,789	43,275	36,966	6,309	17%	86,551
Total Expenditure	219,744	208,490	-	16,511	125,186	104,245	20,941	20%	250,372
Surplus/(Deficit)	(44,426)	(26,206)	-	(1,281)	(39,640)	(13,103)	(26,537)	203%	(45,062)
Transfers recognised - capital	24,747	21,644	-	2,214	10,488	10,488	-	-	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(19,679)	(4,561)	-	932	(29,153)	(2,615)	(26,537)	1015%	(45,062)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(19,679)	(4,561)	-	932	(29,153)	(2,615)	(26,537)	1015%	(45,062)
Capital expenditure & funds sources									
Capital expenditure	-	21,644	-	1,431	14,780	10,822	3,958	37%	-
Capital transfers recognised	-	21,645	-	6,221	17,631	17,631	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	21,645	-	6,221	17,631	17,631	-	-	-
Financial position									
Total current assets	39,047	61,278	-	-	30,761	-	-	-	30,761
Total non current assets	411,371	327,981	-	-	410,702	-	-	-	410,702
Total current liabilities	121,508	67,531	-	-	58,768	-	-	-	70,830
Total non current liabilities	30,731	25,639	-	-	30,731	-	-	-	30,731
Community wealth/Equity	298,179	296,089	-	-	351,963	-	-	-	339,901
Cash flows									
Net cash from (used) operating	19,583	20,352	-	970	(47)	18,714	18,761	100%	20,352
Net cash from (used) investing	(20,810)	(17,062)	-	(1,431)	(14,780)	(8,531)	6,250	-73%	(17,062)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	23,625	37,459	-	-	8,798	44,352	35,554	80%	26,915
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	9,557	5,776	4,842	4,326	4,971	7,218	28,653	227,679	293,023
Creditors Age Analysis									
Total Creditors	6,797	1,099	7,449	6,248	4,806	-	-	10,104	36,503

COMMENTS ON THE BUDGET SUMMARY STATEMENT

Total Operating Revenue

For the first six months ending December, revenue to the amount of R84, 4 million realized. The year to date budgeted revenue amounts to R91, 1 million which reflects a unfavourable deviation of 7%. A total of 50,1% of the original budgeted revenue realized at the end of December 2016 mainly due to more property rates revenue and government transfers which realized to supplement the lessor amount of revenue received from electricity (-7%), water (-9%), sanitation (-14%) and refuse (15%).

Total Operating Expenditure

Operating expenditure to the amount of R125, 2-million was spend against the year to date budgeted expenditure of R104.2-million. This reflects a deviation of (20%). Although management is implementation cost curtailment measures there are other factors that contribute high expenditure incurred namely, overtime, continuous repairs on our fleet, infrastructure assets (electricity) and bulk purchases for electricity which is caused by illegal connection. In essence it is projected that the total operating expenditure targets will be not be achieved, hence adjustment is needed.

Total Capital Expenditure

Capital expenditure for the first six months amounts to R 14, 780 million which reflect good performance on grant spending. Although the capital expenditure is projected to amount to R20, 9 million for 30 June 2017 as indicated by the various departments, from a financial point of view it is unlikely that an amount of R21, 6 million will probably be rolled over to the next financial year, based on current performance trends by the department concern.

Total Cash flows

As at the 31 December 2016 the municipality had a positive bank balance of R8, 798 million, R7, 673 million relates to unspent MIG and INEP funds.

Debtors and Creditors

Supporting Table SC3 provides a breakdown of the consumer debtors. The outstanding debtors at the end of December 2016 amounted to R293, 023 million. The increase in debtors which realize in the first quarter is the culture of non-

payment by consumers; however it should be noted that the municipality is currently enforcing credit control policy by issuing demand letters and doing cut-offs. These initiatives will eventually yield results in the financial outlook of the municipality.

Supporting Table SC4 provides detail on aged creditors. In terms of the MFMA all creditors are paid within 30 days of receiving the invoice or statement. For the month of December 2016 creditors were sitting at R 36, 503 million the highest contributor being Eskom. As we are enforcing the credit control policy and in process with the procurement of meters, this will assist through the generation of revenue to curb the creditors from increasing

3.2 Operational Expenditure and Revenue Performance

3.2.1 Financial Performance (Revenue and Expenditure)

MP306 Dipaleseng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	Budget Year 2016/17								
		2015/16 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		13,645	14,924	-	880	7,378	7,462	(84)	-1%	17,706
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		41,471	46,179	-	4,201	21,405	23,089	(1,685)	-7%	51,371
Service charges - water revenue		15,731	16,484	-	2,061	7,465	8,242	(777)	-9%	17,916
Service charges - sanitation revenue		14,120	15,181	-	1,322	6,519	7,590	(1,071)	-14%	15,646
Service charges - refuse revenue		5,364	5,696	-	485	2,417	2,848	(431)	-15%	5,800
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		213	219	-	17	80	110	(30)	-27%	191
Interest earned - external investments		1,390	1,037	-	6	529	518	11	2%	1,270
Interest earned - outstanding debtors		20,901	16,475	-	1,513	7,405	8,238	(833)	-10%	17,772
Dividends received		-	-	-	-	-	-	-	-	-
Fines		1,521	1,607	-	1	643	804	(161)	-20%	1,543
Licences and permits		-	2	-	-	0	1	(1)	-82%	0
Agency services		3,494	3,471	-	161	1,760	1,736	24	1%	4,223
Transfers recognised - operational		56,678	59,878	-	4,530	29,430	29,939	(509)	-2%	70,632
Other revenue		791	1,131	-	52	516	565	(49)	-9%	1,239
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		175,318	182,284	-	15,229	85,546	91,142	(5,596)	-6%	205,310
Expenditure By Type										
Employee related costs		50,691	48,388	-	4,553	24,606	24,194	412	2%	49,212
Remuneration of councillors		4,959	5,107	-	-	2,367	2,553	(186)	-7%	4,734
Debt impairment		51,054	41,858	-	0	26,442	20,929	5,513	26%	52,883
Depreciation & asset impairment		18,311	28,000	-	-	14,000	14,000	-	-	28,000
Finance charges		395	174	-	-	637	87	550	634%	1,274
Bulk purchases		43,357	45,883	-	5,744	32,406	22,941	9,465	41%	64,813
Other materials		5,850	-	-	1,061	6,336	-	6,336	#DIV/0!	12,672
Contracted services		-	8,452	-	-	6,737	4,226	2,512	59%	13,475
Transfers and grants		3,163	7,006	-	363	1,559	3,503	(1,944)	-56%	3,117
Other expenditure		-	23,624	-	4,789	10,096	11,812	(1,715)	-15%	20,193
Loss on disposal of PPE		41,962	-	-	-	-	-	-	-	-
Total Expenditure		219,744	208,490	-	16,511	125,186	104,245	20,941	20%	250,372
Surplus/(Deficit)		(44,426)	(26,206)	-	(1,281)	(39,640)	(13,103)	(26,537)	0	(45,062)
Transfers recognised - capital		24,747	21,644	-	2,214	10,488	10,488	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(19,679)	(4,561)	-	932	(29,153)	(2,615)			(45,062)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(19,679)	(4,561)	-	932	(29,153)	(2,615)			(45,062)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(19,679)	(4,561)	-	932	(29,153)	(2,615)			(45,062)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(19,679)	(4,561)	-	932	(29,153)	(2,615)			(45,062)

Property Rates

The actual revenue for property rates against the budget is sitting at 99% based on the year to date budget which is deemed reasonable;

Service charges – electricity

The actual revenue to date is sitting at 93% based on the year to date budget which is deemed reasonable;

Service charges – Water

The actual revenue to date is sitting at 91% based on the year to date budget. Further analysis will be made and the budget will be adjusted accordingly.

Service charges – Sanitation

The actual revenue to date is sitting at 86% based on the year to date budget. Further analysis will be made and the budget will be adjusted accordingly.

Service charges-Refuse

The actual revenue to date is sitting at 85% based on the year to date budget. Further analysis will be made and the budget will be adjusted accordingly.

Rental of facilities

The actual revenue to date is below target by 27%. Further analysis should be made on the tariff applied; the budget must be adjusted accordingly.

Interest Earned on Investments

The actual revenue to date is above target by 2%.

Fines

The actual revenue for the period ended 31 December 2016 is at 43% which is deemed reasonable;

Agency fees

The actual revenue to date is above target by 1%, which is deemed reasonable.

In conclusion, although some of the revenue streams need to be reviewed, the total revenue shows a deviation of 6% when compared with the expected year to date and the budget should be adjusted accordingly

3.2.3 Detailed Analysis of Expenditure

Employee Related Costs

The expenditure on employee related costs is at 52% of the year to date budget, which is deemed reasonable and is within the budgetary limits. However it should be noted overtime should be reduced in order for the municipality not to overspend.

Remuneration of Councilors

The expenditure on employee related costs is at 43% of the year to date budget, which is deemed reasonable and is within the budgetary limits, as councilor's annual increment was not taken into account during the preparation of this report.

Debt impairment

The expenditure on debt impairment has been exceeded by 26% the year to date budget, this is due to the fact that the municipality extended the incentive until June 2017 and the community is responding to the call.

Depreciation

The expenditure on depreciation is at 50% of the budget which is deemed reasonable;

Bulk purchase

The expenditure on bulk purchases has been exceeded by 41% of the year to date budget. This expenditure need to be reviewed in the adjustment budget.

Contracted services

The expenditure on contracted services is at 59% of the year to date budget, which is deemed reasonable as various commitment mSCOA, legal fees etc.

Finance charges

This expenditure relates to interest and penalties for late payment of creditors.

3.2.3 Finance Performance (by Standard Classification)

MP306 Dipaleseng - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

Description	Ref	2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2016/17				Full Year Forecast
						YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Revenue - Standard										
Governance and administration		90,977	67,582	-	6,950	44,122	33,791	10,331	31%	67,582
Executive and council		52,693	31,449	-	4,538	27,248	15,724	11,523	73%	31,449
Budget and treasury office		38,099	35,944	-	2,412	16,795	17,972	(1,177)	-7%	35,944
Corporate services		185	189	-	-	80	95	(15)	-16%	189
Community and public safety		1,705	1,812	-	11	74	906	(832)	-92%	1,812
Community and social services		161	171	-	11	74	86	(12)	-14%	171
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1,544	1,641	-	-	-	820	(820)	-100%	1,641
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		3,497	4,371	-	161	1,760	2,186	(426)	-19%	4,371
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		3,497	4,371	-	161	1,760	2,186	(426)	-19%	4,371
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		78,974	108,518	-	8,093	38,465	54,259	(15,794)	-29%	108,518
Electricity		41,789	64,567	-	4,219	21,600	32,284	(10,684)	-33%	64,567
Water		16,259	21,560	-	2,067	7,497	10,780	(3,283)	-30%	21,560
Waste water management		14,120	15,181	-	1,322	6,519	7,590	(1,071)	-14%	15,181
Waste management		6,806	7,210	-	485	2,848	3,605	(756)	-21%	7,210
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	175,152	182,284	-	15,215	84,421	91,142	(6,721)	-7%	182,284
Expenditure - Standard										
Governance and administration		125,691	90,267	-	7,268	46,997	45,134	1,863	4%	90,267
Executive and council		49,830	14,274	-	2,299	32,519	7,137	25,382	356%	14,274
Budget and treasury office		59,616	63,152	-	3,100	8,826	31,576	(22,750)	-72%	63,152
Corporate services		16,244	12,842	-	1,869	5,652	6,421	(769)	-12%	12,842
Community and public safety		14,409	14,307	-	1,487	5,077	7,153	(2,076)	-29%	14,307
Community and social services		11,474	11,472	-	1,216	4,547	5,736	(1,189)	-21%	11,472
Sport and recreation		183	235	-	27	53	117	(65)	-55%	235
Public safety		2,752	2,600	-	244	477	1,300	(823)	-63%	2,600
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		8,755	12,698	-	453	2,952	6,349	(3,397)	-54%	12,698
Planning and development		2,823	3,090	-	352	831	1,545	(715)	-46%	3,090
Road transport		5,932	9,608	-	101	2,122	4,804	(2,682)	-56%	9,608
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		72,280	91,217	-	10,663	47,804	45,609	2,195	5%	91,217
Electricity		53,201	63,035	-	9,212	40,864	31,518	9,346	30%	63,035
Water		12,666	13,738	-	523	3,030	6,869	(3,839)	-56%	13,738
Waste water management		2,956	8,132	-	453	2,638	4,066	(1,428)	-35%	8,132
Waste management		3,457	6,312	-	475	1,272	3,156	(1,884)	-60%	6,312
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	221,135	208,490	-	19,871	102,830	104,245	(1,415)	-1%	208,490
Surplus/ (Deficit) for the year		(45,983)	(26,206)	-	(4,656)	(18,409)	(13,103)	(5,306)	40%	(26,206)

References

3.2.4 Financial Performance (Revenue and expenditure by Municipal Vote)

MP306 Dipaleseng - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL	1	52,693	31,449	-	4,538	27,248	15,724	11,523	73.3%	31,449
Vote 2 - FINANCIAL AND ADMINISTRATION		38,284	36,133	-	-	16,875	18,067	(1,192)	-6.6%	36,133
Vote 3 - COMMUNITY SERVICES		161	171	-	-	74	86	(12)	-13.8%	171
Vote 4 - DEVELOPMENT AND PLANNING		-	-	-	-	-	-	-	-	-
Vote 5 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 6 - ROADS		3,497	4,371	-	-	1,760	2,186	(426)	-19.5%	4,371
Vote 7 - PUBLIC SAFETY		1,544	1,641	-	-	-	820	(820)	-100.0%	1,641
Vote 8 - WASTE MANAGEMENT		6,806	7,210	-	-	2,848	3,605	(756)	-21.0%	7,210
Vote 9 - WATER WASTE MANAGEMENT		14,120	15,181	-	-	6,519	7,590	(1,071)	-14.1%	15,181
Vote 10 - WATER		16,259	21,560	-	-	7,497	10,780	(3,283)	-30.5%	21,560
Vote 11 - ELECTRICITY		41,789	64,567	-	-	21,600	32,284	(10,684)	-33.1%	64,567
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	175,152	182,284	-	4,538	84,421	91,142	(6,721)	-7.4%	182,284
Expenditure by Vote										
Vote 1 - EXECUTIVE AND COUNCIL	1	49,830	14,274	-	-	32,519	7,137	25,382	355.7%	14,274
Vote 2 - FINANCIAL AND ADMINISTRATION		75,861	75,994	-	-	14,478	37,997	(23,519)	-61.9%	75,994
Vote 3 - COMMUNITY SERVICES		11,474	11,472	-	-	4,547	5,736	(1,189)	-20.7%	11,472
Vote 4 - DEVELOPMENT AND PLANNING		2,823	3,090	-	-	831	1,545	(715)	-46.3%	3,090
Vote 5 - SPORTS AND RECREATION		183	235	-	-	53	117	(65)	-55.0%	235
Vote 6 - ROADS		5,932	9,608	-	-	2,122	4,804	(2,682)	-55.8%	9,608
Vote 7 - PUBLIC SAFETY		2,752	2,600	-	-	477	1,300	(823)	-63.3%	2,600
Vote 8 - WASTE MANAGEMENT		3,457	6,312	-	-	1,272	3,156	(1,884)	-59.7%	6,312
Vote 9 - WATER WASTE MANAGEMENT		2,956	8,132	-	-	2,638	4,066	(1,428)	-35.1%	8,132
Vote 10 - WATER		12,666	13,738	-	-	3,030	6,869	(3,839)	-55.9%	13,738
Vote 11 - ELECTRICITY		53,201	63,035	-	-	40,864	31,518	9,346	29.7%	63,035
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	221,135	208,490	-	-	102,830	104,245	(1,415)	-1.4%	208,490
Surplus/ (Deficit) for the year	2	(45,983)	(26,206)	-	4,538	(18,409)	(13,103)	(5,306)	40.5%	(26,206)

3.4 Capital Expenditure

The expenditure is sitting at 68% and the expenditure on capital should pick up in the next six months of the financial year which should be on par with the amount allocated for different projects.

MP306 Dipaleseng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December										
Vote Description	Ref	2015/16 Audited Outcome	Budget Year 2016/17							Full Year Forecast
			Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	
R thousands	1									%
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL AND ADMINISTRATION		-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - DEVELOPMENT AND PLANNING		-	-	-	-	-	-	-	-	-
Vote 5 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 6 - ROADS		-	1,025	-	-	2,723	513	2,210	431%	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	170	-	170	#DIV/0!	-
Vote 9 - WATER WASTE MANAGEMENT		-	16,035	-	1,431	7,031	8,018	(987)	-12%	-
Vote 10 - WATER		-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	4,584	-	-	4,856	2,292	2,564	112%	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	-	21,644	-	1,431	14,780	10,822	3,958	37%	-
Total Capital Expenditure		-	21,644	-	1,431	14,780	10,822	3,958	37%	-
Capital Expenditure - Standard Classification										
Governance and administration		-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	1,025	-	-	2,723	513	2,210	431%	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	1,025	-	-	2,723	513	2,210	431%	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	20,619	-	1,431	12,058	10,310	1,748	17%	-
Electricity		-	4,584	-	-	4,856	2,292	2,564	112%	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	16,035	-	1,431	7,031	8,018	(987)	-12%	-
Waste management		-	-	-	-	170	-	170	#DIV/0!	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3	-	21,644	-	1,431	14,780	10,822	3,958	37%	-
Funded by:										
National Government		-	21,645	-	6,221	17,631	17,631	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	21,645	-	6,221	17,631	17,631	-	-	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-
Total Capital Funding		-	21,645	-	6,221	17,631	17,631	-	-	-

CHAPTER 4 Service delivery performance analyses

4.1 Service Delivery performance management

4.1.1 Performance framework

Regulation 7 (1) of the Local Government: Municipal planning and Performance Regulations, 2001 states” A Municipality Performance Management system entails a framework that describes and presents how the municipality’s cycle and processes of performance planning, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players”

This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual service provider performance.

4.1.2 Monitoring Performance

Monitoring of performance takes place as follows:

- Monthly performance reports are submitted to the Municipal manager and Mayoral Committee.
- The quarterly performance reports are submitted to Council.

4.2 Overall Service delivery performance

A detailed report will be presented separately.

Chapter 5

5.1 Financial Position

MP306 Dipaleseng - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		1,095	37,459	–	1,125	1,125
Call investment deposits		22,558	–	–	7,673	7,673
Consumer debtors		15,118	23,346	–	21,687	21,687
Other debtors		–	–	–	–	–
Current portion of long-term receivables		–	–	–	–	–
Inventory		276	473	–	276	276
Total current assets		39,047	61,278	–	30,761	30,761
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		48,955	3,880	–	48,264	48,264
Investments in Associate		–	–	–	–	–
Property, plant and equipment		361,850	323,534	–	361,871	361,871
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		350	350	–	350	350
Other non-current assets		217	217	–	217	217
Total non current assets		411,371	327,981	–	410,702	410,702
TOTAL ASSETS		450,418	389,260	–	441,463	441,463
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		1,520	1,582	–	1,461	1,461
Trade and other payables		99,184	49,366	–	36,503	48,565
Provisions		20,804	16,583	–	20,804	20,804
Total current liabilities		121,508	67,531	–	58,768	70,830
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		30,731	25,639	–	30,731	30,731
Total non current liabilities		30,731	25,639	–	30,731	30,731
TOTAL LIABILITIES		152,239	93,170	–	89,499	101,562
NET ASSETS	2	298,179	296,089	–	351,963	339,901
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		298,179	296,089	–	351,963	339,901
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	298,179	296,089	–	351,963	339,901

5.2 Cash Flow Statement

MP306 Dipaleseng - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	Budget Year 2016/17								
		2015/16 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, penalties & collection charges		-	9,701	-	464	4,487	4,850	(363)	-7%	9,701
Service charges		62,034	58,800	-	5,593	28,594	29,400	(806)	-3%	58,800
Other revenue		4,553	6,169	-	1,711	12,135	3,084	9,050	293%	6,169
Government - operating		56,678	59,878	-	4,530	29,377	29,377	-		59,878
Government - capital		20,812	17,062	-	6,221	17,631	17,631	-		17,062
Interest		22,290	5,979	-	128	1,254	2,990	(1,735)	-58%	5,979
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(146,389)	(131,521)	-	(17,677)	(93,525)	(65,761)	27,764	-42%	(131,521)
Finance charges		(395)	(174)	-	-	-	(87)	(87)	100%	(174)
Transfers and Grants		-	(5,542)	-	-	-	(2,771)	(2,771)	100%	(5,542)
NET CASH FROM/(USED) OPERATING ACTIVITIES		19,583	20,352	-	970	(47)	18,714	18,761	100%	20,352
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(20,810)	(17,062)	-	(1,431)	(14,780)	(8,531)	6,250	-73%	(17,062)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(20,810)	(17,062)	-	(1,431)	(14,780)	(8,531)	6,250	-73%	(17,062)
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		(1,228)	3,290	-	(460)	(14,827)	10,183			3,290
Cash/cash equivalents at beginning:		24,852	34,169			23,625	34,169			23,625
Cash/cash equivalents at month/year end:		23,625	37,459			8,798	44,352			26,915

5.3 Cash Management

As at the 31 December 2016 the Municipality had a positive bank balance of R4.662million. The revenue enhancement strategy was approved by Council and will ensure the following:

- Revenue collection
- Cost curtailment

5.4 Debtors age analysis

MP306 Dipaleseng - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2016/17										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts L.O Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1,977	721	600	555	678	607	3,222	42,302	50,662	47,364	-	47,364
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3,112	907	696	428	924	1,300	2,300	16,060	25,726	21,011	-	21,011
Receivables from Non-exchange Transactions - Property Rates	1400	861	706	651	608	551	3,189	4,379	23,784	34,729	32,512	-	32,512
Receivables from Exchange Transactions - Waste Water Management	1500	1,242	1,132	703	662	741	639	3,425	46,632	55,175	52,099	-	52,099
Receivables from Exchange Transactions - Waste Management	1600	428	375	360	350	341	328	1,791	26,088	30,060	28,898	-	28,898
Receivables from Exchange Transactions - Property Rental Debtors	1700	15	9	8	8	8	8	48	430	534	502	-	502
Interest on Arrear Debtor Accounts	1810	1,513	1,505	1,517	1,476	1,465	1,400	7,506	26,232	42,614	38,079	-	38,079
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	409	421	309	240	264	(252)	5,981	46,152	53,524	52,385	-	52,385
Total By Income Source	2000	9,557	5,776	4,842	4,326	4,971	7,218	28,653	227,679	293,023	272,848	-	272,848
2015/16 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(326)	169	277	73	181	2,632	275	2,336	5,616	5,496	-	5,496
Commercial	2300	4,801	994	393	286	722	275	1,478	5,077	14,026	7,839	-	7,839
Households	2400	4,918	4,468	4,056	3,875	4,015	4,302	26,670	219,498	271,821	258,359	-	258,359
Other	2500	164	126	117	93	54	8	230	768	1,560	1,153	-	1,153
Total By Customer Group	2600	9,557	5,776	4,842	4,326	4,971	7,218	28,653	227,679	293,023	272,848	-	272,848

5.5 Creditors age analysis

MP306 Dipaleseng - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2016/17								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4,652	-	6,946	6,248	1,325	-	-	-	19,170
Bulk Water	0200	-	-	-	-	-	-	-	10,104	10,104
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	2,145	1,099	503	-	3,481	-	-	-	7,229
Auditr General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	6,797	1,099	7,449	6,248	4,806	-	-	10,104	36,503

Chapter 6: Budget Adjustment

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

Mid-year Budget and Performance Report 2016/17

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

Accordingly a report on adjustment budget will be submitted for consideration before the 28 February 2017.

Chapter 7: Annual Report

The annual report of the 15/16 financial year is covered in a separate report to Council and will be tabled before the 28 January 2017.

The auditor general issued an unqualified audit opinion for the 2015/16 financial year with finding on internal control deficiencies, non-compliance and supply chain management. An audit action has been developed to address issues raised by the Auditor General.

Conclusion

In light of the financial assessment and forecasting of figures on the annual budget based on the first six months of the financial year, it is recommended that an adjustment budget for the 2016/17 financial year is required and it be submitted to the Council during February 2017. It is further suggested that revenue and expenditure for the financial year be revised in an adjustment budget for the various votes to reflect the additional revenues and to utilize the projected savings on expenditure to prioritize service delivery votes in line with the SDBIP.

RESOLVED BY THE EXECUTIVE MAYOR

1. **THAT** the mid-year budget and performance assessment as tabled by the Chief financial Officer, be **NOTED**.
2. **THAT** the 2016/17 Annual Budget be adjusted during February 2017.
3. **THAT** permission be granted to the Chief financial Officer to submit the mid-year budget and performance assessment report **be submitted** to the Executive Mayor, the National and Provincial Treasury within five (5) working days after it was tabled to the Executive Mayor by 25 January 2017.
4. **THAT** recommendation on adjustment budget in terms sec 72 (3) (a) & (b) be **NOTED**