



Dipaleseng Local
Municipality
MP 306

2018/19

2018/19 ADJUSTMENT BUDGET REPORT

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

Table of Contents

1.1 PURPOSE OF THIS REPORT	3
1.2 Regulation	4
1.3 Chapter 2: Quality Certificate by the Accounting Officer	5
1.4 Chapter 3: Budget Performance Analysis	6

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 2018 to 31 December 2019 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 **Isaac Mutshinyali**, 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. IP Mutshinyali

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 2018:

MP306 Dipaleseng - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment							
Description	Budget Year 2018/19						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Financial Performance							
Property rates	18 321	1 098	11 203	9 160	2 042	22%	22 405
Service charges	94 840	8 284	50 181	47 420	2 761	6%	100 362
Investment revenue	700	7	26	350	(324)	-93%	51
Transfers and subsidies	69 695	24 986	58 166	34 848	23 318	67%	116 332
Other own revenue	27 132	8 640	16 318	13 566	2 753	20%	32 637
	210 687	43 015	135 894	105 344	30 550	29%	271 787
Total Revenue (excluding capital transfers and contributions)							
Employee costs	55 773	5 063	26 717	27 886	(1 169)	-4%	53 434
Remuneration of Councillors	5 356	489	2 892	2 678	214	8%	5 785
Depreciation & asset impairment	18 581	1 548	9 290	9 290	-		18 581
Finance charges	-	-	-	-	-		-
Materials and bulk purchases	62 487	5 233	33 010	31 244	1 766	6%	66 020
Transfers and subsidies	3 221	282	651	1 611	(959)	-60%	1 303
Other expenditure	66 614	6 239	40 468	33 307	7 161	22%	80 937
Total Expenditure	212 032	18 854	113 030	106 016	7 014	7%	226 059
Surplus/ (Deficit)	(1 344)	24 161	22 864	(672)	23 536	-3501%	45 728
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	44 884	-	-	-	-		-
Contributions & Contributed assets	-	-	-	-	-		-
	43 540	24 161	22 864	(672)	23 536	-3501%	45 728
Surplus/ (Deficit) after capital transfers & contributions							
Share of surplus/ (deficit) of associate	-	-	-	-	-		-
Surplus/ (Deficit) for the year	43 540	24 161	22 864	(672)	23 536	-3501%	45 728
Capital expenditure & funds sources							
Capital expenditure	44 884	2 978	22 016	22 442	(426)	-2%	-
Capital transfers recognised	44 884	2 978	22 016	22 442	(426)	-2%	44 884
Public contributions & donations	-	-	-	-	-		-
Borrowing	-	-	-	-	-		-
Internally generated funds	-	-	-	-	-		-
Total sources of capital funds	44 884	2 978	22 016	22 442	(426)	-2%	44 884
Financial position							
Total current assets	50 905		42 163				22 332
Total non current assets	441 155		566 822				441 155
Total current liabilities	51 632		80 541				51 632
Total non current liabilities	28 849		46 208				28 849
Community wealth/Equity	411 579		482 236				383 006
Cash flows							
Net cash from (used) operating	44 974	9 132	32 368	43 925	11 557	26%	(11 391)
Net cash from (used) investing	(44 191)	(5 745)	(28 369)	(22 096)	6 274	-28%	(44 191)
Net cash from (used) financing	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	1 015	-	21 663	22 062	399	2%	(37 919)
Debtors & creditors analysis	31-60 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis							
Total By Income Source	4 519	5 634	6 786	8 561	30 576	301 379	373 352
Creditors Age Analysis							
Total Creditors	4 290	5 606	27 211	-	-	-	52 521

COMMENTS ON THE BUDGET SUMMARY STATEMENT

Total Operating Revenue

In the first six months performance ending December showed an improvement in billing, revenue to the amount of R135,9 million realized. The year to date budgeted revenue amounts to R105,3 million which reflects a favourable variation of 29%. This has resulted in a positive realisation in revenue billing as the following service sat on above the budgeted target as mid-year electricity (3%), water (8%), sanitation (3%) and refuse (29%) and property rates at (22%) as government department are billed annually.

Total Operating Expenditure

Overall operating expenditure seems to be on par with the average budget expenditure performance the figures give the following reflection, expenditure incurred in the first six months is R 113, million against the year to date budgeted expenditure of R106 million. This reflects a deviation of (7%). 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), Contracted services 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 28,3 million which reflect good performance on grant spending. Although the capital expenditure is projected to amount to R22 million for 31 December 2018 as indicated by the various departments, from a financial point of view it is most likely that balance amount of R15,8 million will spent before end of Finance year, based on current performance trends by the department concern.

Total Cash flows

As at the 31 December 2018 the municipality had a positive bank balance of R 21, 6 million , R20,2 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 2018 amounted to R373,3 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 2018 creditors were sitting at R52,5 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) - Mid-Year Assessment

Description	Ref	Budget Year 2018/19						Full Year Forecast
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands								
Revenue By Source								
Property rates		18 321	1 098	11 203	9 160	2 042	22%	22 405
Service charges - electricity revenue		52 984	4 564	27 306	26 492	814	3%	54 611
Service charges - water revenue		17 810	1 609	9 578	8 905	673	8%	19 157
Service charges - sanitation revenue		17 406	1 542	9 002	8 703	299	3%	18 005
Service charges - refuse revenue		6 639	570	4 295	3 319	975	29%	8 589
Service charges - other					-	-		-
Rental of facilities and equipment		193	11	68	96	(28)	-29%	136
Interest earned - external investments		700	83	253	350	(324)	-93%	51
Interest earned - outstanding debtors		19 000	2 141	12 564	9 500	3 064	32%	25 127
Dividends received					-	-		-
Fines, penalties and forfeits		1 970	-	10	985	(975)	-99%	20
Licences and permits		12			6	(6)	-100%	-
Agency services		3 683	-	1 318	1 842	(524)	-28%	2 635
Transfers and subsidies		69 695	24 986	58 166	34 848	23 318	67%	116 332
Other revenue		2 274	6 487	2 359	1 137	1 222	108%	4 718
Gains on disposal of PPE					-	-		-
Total Revenue (excluding capital transfers and contributions)		210 687	43 015	135 894	105 344	30 550	29%	271 787
Expenditure By Type								
Employee related costs		55 773	5 063	26 717	27 886	(1 169)	-4%	53 434
Remuneration of councillors		5 356	489	2 892	2 678	214	8%	5 785
Debt impairment		36 089	3 096	20 257	18 045	2 212	12%	40 513
Depreciation & asset impairment		18 581	1 548	9 290	9 290	-		18 581
Finance charges					-	-		-
Bulk purchases		59 591	4 991	31 937	29 795	2 142	7%	63 874
Other materials		2 897	242	1 073	1 448	(375)	-26%	2 146
Contracted services		15 525		6 954	7 762	(7 762)	-12%	-
Transfers and subsidies		3 221	282	651	1 611	(959)	-60%	1 303
Other expenditure		15 000	3 143	13 258	7 500	5 758	77%	26 516
Loss on disposal of PPE					-	-		-
Total Expenditure		212 032	18 854	106 076	106 016	60	0%	212 152
Surplus/(Deficit)		(1 344)	24 161	29 818	(672)	30 490	(0)	59 636

Property Rates

The actual revenue for property rates against the budget has exceeded the target by 22% based on the year to date budget which is deemed reasonable;

Service charges – electricity

The actual revenue to date has exceeded the target by 3% based on the year to date budget which is deemed reasonable;

Service charges – Water

The actual revenue to date has exceeded the target by 3% based on the year to date budget.

Service charges – Sanitation

The actual revenue to date has exceeded the target by 8% based on the year to date budget.

Service charges-Refuse

The actual revenue to date has exceeded the target by 29% based on the year to date budget.

Rental of facilities

The actual revenue to date is below target by 28%. 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 below target by 93%.

Fines

The actual revenue for the period ended 31 December 2018 is at 99% as we do not have system to monitor traffic fine issued;

Agency fees

The actual revenue to date is below target by -28%.

In conclusion, although some of the revenue streams need to be reviewed, the total revenue shows a deviation of 0% 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 exceeded target by 4% of the year to date budget, which is deemed unfavorable as it is not 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 Councilors remuneration is below the target by 8% 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 is below the target by 12% the year to date budget, as the incentive for indigent has not been taken into account because the write –off has not yet been effected awaiting Council Approved

Depreciation

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

Bulk purchase

The expenditure on bulk purchases has been below target by 7% of the year to date budget, although faced with high illegal connection, meter not replaced on time in other arrears

Contracted services

The expenditure on contracted services is at 8% of the year to date budget, which is deemed reasonable as various commitment mSCOA, legal fees, Security service etc.

Finance charges

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

3.2.3 Finance Performance (by Standard Classification)

classification) - Mid-Year Assessment								
Description	Ref	Budget Year 2018/19						
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1							
Revenue - Functional								
Governance and administration		84 459	16 449	54 960	42 230	12 730	30%	109 920
Executive and council		43 257	15 405	42 047	21 629	20 419	94%	84 094
Finance and administration		41 202	1 044	12 913	20 601	(7 688)	-37%	25 826
Internal audit		-	-	-	-	-		-
Community and public safety		17 712	18	1 651	8 856	(7 205)	-81%	3 302
Community and social services		164	18	334	82	251	306%	667
Sport and recreation		13 864	-	-	6 932	(6 932)	-100%	-
Public safety		3 684	-	1 318	1 842	(524)	-28%	2 635
Housing		-	-	-	-	-		-
Health		-	-	-	-	-		-
Economic and environmental services		3 304	16 044	16 067	1 652	14 415	873%	32 134
Planning and development		-	-	-	-	-		-
Road transport		3 304	16 044	16 067	1 652	14 415	873%	32 134
Environmental protection		-	-	-	-	-		-
Trading services		150 096	19 907	76 678	75 048	1 630	2%	153 356
Energy sources		83 145	16 187	53 803	41 572	12 230	29%	107 606
Water management		22 279	1 609	9 578	11 140	(1 561)	-14%	19 157
Waste water management		36 492	1 542	9 002	18 246	(9 244)	-51%	18 005
Waste management		8 180	570	4 295	4 090	205	5%	8 589
Other	4	-	-	-	-	-		-
Total Revenue - Functional	2	255 571	52 418	149 356	127 786	21 571	17%	298 713
Expenditure - Functional								
Governance and administration		74 744	5 070	25 816	37 372	(11 556)	-31%	51 633
Executive and council		14 688	1 058	7 041	7 344	(302)	-4%	14 083
Finance and administration		60 056	4 013	18 775	30 028	(11 253)	-37%	37 550
Internal audit		-	-	-	-	-		-
Community and public safety		14 051	1 941	6 743	7 026	(283)	-4%	13 486
Community and social services		13 341	1 700	6 105	6 671	(566)	-8%	12 210
Sport and recreation		176	44	279	88	191	217%	557
Public safety		534	196	359	267	92	35%	718
Housing		-	-	-	-	-		-
Health		-	-	-	-	-		-
Economic and environmental services		19 216	895	7 676	9 608	(1 932)	-20%	15 352
Planning and development		4 824	499	2 944	2 412	533	22%	5 889
Road transport		14 392	396	4 732	7 196	(2 464)	-34%	9 463
Environmental protection		-	-	-	-	-		-
Trading services		104 020	5 814	36 293	52 010	(15 717)	-30%	72 587
Energy sources		76 370	4 598	28 833	38 185	(9 351)	-24%	57 667
Water management		16 204	392	3 104	8 102	(4 998)	-62%	6 207
Waste water management		6 655	128	996	3 328	(2 332)	-70%	1 991
Waste management		4 791	695	3 361	2 396	965	40%	6 721
Other		-	-	-	-	-		-
Total Expenditure - Functional	3	212 032	13 720	76 529	106 016	(29 487)	-28%	153 057
Surplus/ (Deficit) for the year		43 540	38 698	72 828	21 770	51 058	235%	145 655

3.2.4 Financial Performance (Revenue and expenditure by Municipal Vote)

Year Assessment								
Vote Description	Ref	Budget Year 2018/19						
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue by Vote	1							
Vote 1 - EXECUTIVE AND COUNCIL		43 257	15 405	42 047	21 629	20 419	94.4%	84 094
Vote 2 - FINANCIAL AND ADMINISTRATION		41 202	1 044	12 913	20 601	(7 688)	-37.3%	25 826
Vote 3 - COMMUNITY SERVICES		179	18	334	90	244	272.1%	667
Vote 4 - DEVELOPMENT AND PLANNING		-	-	-	-	-		-
Vote 5 - SPORTS AND RECREATION		13 864	-	-	6 932	(6 932)	-100.0%	-
Vote 6 - ROADS		5 360	16 044	17 385	2 680	14 704	548.6%	34 769
Vote 7 - PUBLIC SAFETY		1 612	-	-	806	(806)	-100.0%	-
Vote 8 - WASTE MANAGEMENT		8 180	570	4 295	4 090	205	5.0%	8 589
Vote 9 - WATER WASTE MANAGEMENT		36 492	1 542	9 002	18 246	(9 244)	-50.7%	18 005
Vote 10 - WATER		22 279	1 609	9 578	11 140	(1 561)	-14.0%	19 157
Vote 11 - ELECTRICITY		83 145	16 187	53 803	41 572	12 230	29.4%	107 606
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	255 571	52 418	149 356	127 786	21 571	16.9%	298 713
Expenditure by Vote	1							
Vote 1 - EXECUTIVE AND COUNCIL		14 688	1 058	7 041	7 344	(302)	-4.1%	14 083
Vote 2 - FINANCIAL AND ADMINISTRATION		60 056	4 013	18 775	30 028	(11 253)	-37.5%	37 550
Vote 3 - COMMUNITY SERVICES		13 341	1 700	6 105	6 671	(566)	-8.5%	12 210
Vote 4 - DEVELOPMENT AND PLANNING		2 986	308	2 058	1 493	565	37.9%	4 116
Vote 5 - SPORTS AND RECREATION		176	44	279	88	191	216.8%	557
Vote 6 - ROADS		14 393	587	4 834	7 196	(2 362)	-32.8%	9 668
Vote 7 - PUBLIC SAFETY		2 372	196	1 143	1 186	(43)	-3.6%	2 287
Vote 8 - WASTE MANAGEMENT		4 791	695	3 361	2 396	965	40.3%	6 721
Vote 9 - WATER WASTE MANAGEMENT		6 655	128	996	3 328	(2 332)	-70.1%	1 991
Vote 10 - WATER		16 204	392	3 104	8 102	(4 998)	-61.7%	6 207
Vote 11 - ELECTRICITY		76 370	4 598	28 833	38 185	(9 351)	-24.5%	57 667
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	212 032	13 720	76 529	106 016	(29 487)	-27.8%	153 057
Surplus/ (Deficit) for the year	2	43 540	38 698	72 828	21 770	51 058	234.5%	145 655

3.4 Capital Expenditure

classification and funding) - Mid-Year Assessment								
Vote Description	Ref	Budget Year 2018/19						
		Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
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		13 864	2 110	5 856	6 932	(1 076)	-16%	-
Vote 6 - ROADS		9 000	-	5 849	4 500	1 349	30%	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	-	-	-
Vote 9 - WATER WASTE MANAGEMENT		8 590	868	9 121	4 295	4 826	112%	-
Vote 10 - WATER		-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		13 430	-	1 190	6 715	(5 525)	-82%	-
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	44 884	2 978	22 016	22 442	(426)	-2%	-
Total Capital Expenditure		44 884	2 978	22 016	22 442	(426)	-2%	-
Capital Expenditure - Functional Classification								
Governance and administration		-	-	-	-	-	-	-
Executive and council								
Finance and administration								
Internal audit								
Community and public safety		13 864	2 110	5 856	6 932	(1 076)	-16%	13 864
Community and social services								
Sport and recreation		13 864	2 110	5 856	6 932	(1 076)	-16%	13 864
Public safety								
Housing								
Health								
Economic and environmental services		9 000	-	5 849	4 500	1 349	30%	9 000
Planning and development								
Road transport		9 000		5 849	4 500	1 349	30%	9 000
Environmental protection								
Trading services		22 020	868	10 311	11 010	(699)	-6%	22 020
Energy sources		13 430		1 190	6 715	(5 525)	-82%	13 430
Water management								
Waste water management		8 590	868	9 121	4 295	4 826	112%	8 590
Waste management								
Other								
Total Capital Expenditure - Functional Classification	3	44 884	2 978	22 016	22 442	(426)	-2%	44 884
Funded by:								
National Government		44 884	2 978	22 016	22 442	(426)	-2%	44 884
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital		44 884	2 978	22 016	22 442	(426)	-2%	44 884
Public contributions & donations	5							
Borrowing	6							
Internally generated funds								
Total Capital Funding		44 884	2 978	22 016	22 442	(426)	-2%	44 884

The expenditure is sitting below the target by 8% 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.

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 - Mid-Year Assessment					
Description	Ref	Budget Year 2018/19			
		Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1				
ASSETS					
Current assets					
Cash		-	-	1 490	1 490
Call investment deposits		-	-	20 173	-
Consumer debtors		50 479	-	20 416	20 416
Other debtors		-	-	-	-
Current portion of long-term receivables		-	-	-	-
Inventory		426	-	84	426
Total current assets		50 905	-	42 163	22 332
Non current assets					
Long-term receivables		-	-	-	-
Investments		-	-	-	-
Investment property		53 184	-	38 786	53 184
Investments in Associate		-	-	-	-
Property, plant and equipment		387 349	-	527 439	387 349
Agricultural		-	-	-	-
Biological		-	-	-	-
Intangible		405	-	380	405
Other non-current assets		217	-	217	217
Total non current assets		441 155	-	566 822	441 155
TOTAL ASSETS		492 060	-	608 985	463 487
LIABILITIES					
Current liabilities					
Bank overdraft		-	-	-	-
Borrowing		-	-	-	-
Consumer deposits		1 740	-	1 424	1 740
Trade and other payables		29 366	-	58 989	29 366
Provisions		20 526	-	20 128	20 526
Total current liabilities		51 632	-	80 541	51 632
Non current liabilities					
Borrowing		-	-	-	-
Provisions		28 849	-	46 208	28 849
Total non current liabilities		28 849	-	46 208	28 849
TOTAL LIABILITIES		80 481	-	126 749	80 481
NET ASSETS	2	411 579	-	482 236	383 006
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		411 579	-	482 236	383 006
Reserves		-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	411 579	-	482 236	383 006

5.2 Cash Flow Statement

MP306 Dipaleseng - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment							
Description	Budget Year 2018/19						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates	12 275	607	6 807	6 137	670	11%	13 614
Service charges	63 543	3 142	21 572	31 771	(10 200)	-32%	43 143
Other revenue	8 132	–	2 415	4 066	(1 650)	-41%	4 831
Government - operating	69 695	691	51 473	34 848	16 626	48%	69 695
Government - capital	44 191	25 474	43 534	43 534	–		44 191
Interest	4 500	83	12	2 250	(2 238)	-99%	24
Dividends	–	–	–	–	–		–
Payments							
Suppliers and employees	(154 141)	(20 689)	(93 445)	(77 070)	16 374	-21%	(186 889)
Finance charges	–	–	–	–	–		–
Transfers and Grants	(3 221)	(175)	–	(1 611)	(1 611)	100%	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	44 974	9 132	32 368	43 925	11 557	26%	(11 391)
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	(44 191)	(5 745)	(28 369)	(22 096)	6 274	-28%	(44 191)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(44 191)	(5 745)	(28 369)	(22 096)	6 274	-28%	(44 191)
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	783	3 387	3 999	21 830			(55 582)
Cash/cash equivalents at beginning:	232		17 663	232			17 663
Cash/cash equivalents at month/year end:	1 015		21 663	22 062			(37 919)

5.3 Cash Management

As at the 31 December 2018 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 - Mid-Year Assessment

Description	NT Code	Budget Year 2018/19										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.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	1 574	904	780	851	875	817	4 794	50 740	61 336	58 077		58 077
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3 303	566	479	542	567	730	2 340	19 826	28 353	24 005		24 005
Receivables from Non-exchange Transactions - Property Rates	1400	875	693	663	654	637	3 188	3 414	29 536	39 661	37 430		37 430
Receivables from Exchange Transactions - Waste Water Management	1500	1 511	941	279	907	1 656	890	4 892	57 807	68 883	66 152		66 152
Receivables from Exchange Transactions - Waste Management	1600	559	524	514	510	505	501	2 760	31 964	37 637	36 240		36 240
Receivables from Exchange Transactions - Property Rental Debtors	1700	12	11	11	11	11	10	55	622	744	709		709
Interest on Arrear Debtor Accounts	1810	2 146	2 117	2 101	2 079	2 061	2 006	10 214	61 892	84 616	78 252		78 252
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		-
Other	1900	905	(1 238)	184	78	476	419	2 105	48 992	51 922	52 070		52 070
Total By Income Source	2000	10 885	4 519	5 012	5 634	6 786	8 561	30 576	301 379	373 352	352 936	-	352 936
2017/18 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	108	(927)	68	(95)	206	2 207	220	3 445	5 231	5 982		5 982
Commercial	2300	6 274	1 542	826	1 520	2 457	1 648	8 312	71 984	94 562	85 921		85 921
Households	2400	4 081	3 954	3 733	4 026	3 754	4 320	20 042	210 198	254 108	242 340		242 340
Other	2500	421	(49)	386	183	370	386	2 002	15 752	19 451	18 693		18 693
Total By Customer Group	2600	10 885	4 519	5 012	5 634	6 786	8 561	30 576	301 379	373 352	352 936	-	352 936

5.5 Creditors age analysis

MP306 Dipaleseng - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description	NT Code	Budget Year 2018/19									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	5 204	1 151	4 654	5 373	17 943	-	-	-	-	34 324
Bulk Water	0200	167	502	167	-	2 763	-	-	-	-	3 599
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	3 848	2 638	1 374	233	6 505	-	-	-	-	14 598
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	9 219	4 290	6 195	5 606	27 211	-	-	-	-	52 521

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 2018/19

“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 2019.

Chapter 7: Annual Report

The annual report of the 17/18 financial year is covered in a separate report to Council and will be tabled before the 31 January 2019.

The auditor general issued a qualified audit opinion for the 2017/18 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 2018/19 financial year is required and it be submitted to the Council during February 2019. 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 2018/19 Annual Budget be adjusted during February 2019.
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 2019.
4. **THAT** recommendation on adjustment budget in terms sec 72 (3) (a) & (b) be **NOTED**