

ELIAS MOTSOLEDI LOCAL MUNICIPALITY



MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

DECEMBER 2018

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A. Introduction

Elias Motsoaledi local municipality is hereby reporting on for the institutional performance relating to 2018/2019 financial year. This reporting is required through the Local Government: Municipal Systems Act, Act No. 32 of 2000 as amended (referred to herein as MSA) and Local Government: Municipal Financial Management Act, Act No 56 of 2003 (referred to herein as MFMA). In terms of section 72 of the MFMA ***the accounting officer of a municipality must by 25 January of every year assess the performance of the municipality during the first half of the financial year, where after, the Mayor must table the report before 30 January each year.***

B. Purpose

The purpose of the report is to account to the public on the 2018/2019 mid-year institutional performance of Elias Motsoaledi local municipality.

This report contains information which is based on the Service Delivery and Budget Implementation Plan (SDBIP) formulated for the financial year 2018/2019 and focuses on both the **financial** and service delivery performance (**non-financial**) assessment. The report was compiled using first and second quarter performance information.

C. Challenges and Progress

MFMA section 72(1)(a)(iii) require the accounting officer to assess the performance of a municipality during the first half of the financial year, taking into account the past year's annual report and progress on resolving problems identified in the annual report. Reflected here under, are the challenges identified on the 2014/2015 annual report (AR). The challenges will be tabled per department and also will include progress in resolving such challenges.

1. Performance Service delivery

The report is based on analyzed and evaluated information through a process whereby information of the KPA's, objectives, KPI's and programmes/ projects reflected in the IDP objectives of the municipality. The information is based on the institutional IDP scorecard.

KPA 1: BASIC SERVICE DELIVERY						
Key Performance Indicator (KPI)	Annual Target	Q1 Target	Q2 Target	Comments	Remedial Actions	
number of households connected to basic level of electricity by 30 June 2019 (GKPI)	586	n/a	n/a	n/a	n/a	n/a
% development of public lighting master plan	100%	40% inception, assessment and data collection	70% draft public lighting master plan developed	Not achieved	The service provider is conducting site visits and verifying the public lighting infrastructure	
kilometers of new paved roads to be built	7.3km	n/a	n/a	n/a	n/a	
kilometers of graveled roads regavelled and bladed	155km	40km	70 km	Achieved	None	
% installation of energy efficient management system	100%	25% advertisement and appointment of service provider	50% installation of energy efficient	Not achieved	the municipality to apply for section 32 of SCM regulation with one of the municipalities or municipal entity	

KPA 1: BASIC SERVICE DELIVERY						
Key Performance Indicator (KPI)	Annual Target	Q1 Target	Q2 Target	Comments	Remedial Actions	
% of households with access to a minimum level of basic waste removal by 30 June 2019 (once per week) (GKPI)	16.5%	16.5%	16.5%	Not Achieved	Lobby for funding	
Number of initiatives held to promote library facilities by 30 June 2019	4	1	2	Achieved	None	
Number of waste minimization projects initiated by 30 June 2019 (Environmental awareness programmes)	4	1	2	Achieved	None	
Number of disaster awareness campaigns conducted by 30 June 2019	4	1	2	Achieved	None	
% of (indigents) households with access to free basic electricity services by 30 Jun 2019 (GKPI)	2.5%	2.5% (1500)	2.5% (1500)	Achieved	None	
number of Transversal programmes implemented in terms of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights by the 30 Jun 2019	4	1	2	Achieved	None	

KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
number of policies reviewed	4	1	1	Target Not Achieved	Re-submission of the Substantive and Travelling Policy in the Municipal Council as it was previously deferred back by council to department	
number of policies developed	1	n/a	n/a	n/a	n/a	
establishment of employment equity forum by 1 February 2019	1	n/a	n/a	n/a	n/a	
Submission of employment equity report to DOL by 31st January 2019	1	n/a	n/a	n/a	n/a	
Number of employees approved for study financial assistance	5	2	2	Target Not Achieved	Adjustment of annual target due to discontinuation of studies by employees	
Approval of reviewed WSP (work skills plan) by 30 June 2019	1	n/a	n/a	n/a	n/a	
% of a municipality's budget actually spent on implementing its workplace skills plan	1%	n/a	n/a	n/a	n/a	

KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions
Number of LLF meetings held	6	6	6	Target Not Achieved	To refer the matter to MMC of corporate for intervention
Number of ICT steering committee meetings	5	2	2	Target Not Achieved	Meeting shall be held in the 3rd quarter
Number of ICT reports generated	8	4	4	Target Achieved	None
Number of customer care services reports generated	8	4	4	Target Achieved	None
number of staff turnover reports generated	8	4	4	Target Achieved	None
Number of occupational health and safety reports generated	8	4	4	Target Achieved	None
Number of Employee Assistance programme reports generated	8	4	4	Target Achieved	None
Number of disciplinary cases reports generated	8	4	4	Target Achieved	None
Number of training reports generated	8	4	4	Target Achieved	None
% of KPIs and projects attaining organisational targets (total organisation) by 30 June 2019	95%	25%	50%	Achieved	None
Final SDBIP approved by Mayor within 28 days after approval of Budget	1	n/a	n/a	n/a	n/a

KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
number of MIG reports submitted to Coghsta	12	6	6	Achieved	None	
number of reports submitted to department of energy	12	6	6	Achieved	None	

KPA 3: FINANCIAL MANAGEMENT AND VIABILITY						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
Cost coverage ratio by the 30 June 2019 (GKPI)	n/a	n/a	n/a	n/a	n/a	
% outstanding service debtors to revenue by the 30 June 2019 (GKPI)	n/a	n/a	n/a	n/a	n/a	
Submission of MTR Budget to Council 30 days before the start of the new financial year	n/a	n/a	n/a	n/a	n/a	
Audited Annual Financial Statements (AFS) and Audit report submitted to council by January 2019	n/a	n/a	n/a	n/a	n/a	
number of monthly SCM deviation reports submitted to municipal manager	12	3	6	Achieved	None	

KPA 3: FINANCIAL MANAGEMENT AND VIABILITY						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
% Payment of creditors within 30 days	100%	100%	100%	Achieved	None	
Number of assets verification reports submitted to municipal manager by 30 June 2019	1	n/a	1	n/a	n/a	
% spend of the Total Operational Budget excluding non-cash items by the 30 June 2019	95%	25%	50%	achieved	None	
Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure per quarter	<39%	<39%	<39%	achieved	None	
% spending on MIG funding by the 30 June 2019	100%	20%	60%	Achieved	None	
% spending on INEP funding by the 30 June 2019	100%	25%	50%	Achieved	None	

KPA 4: LOCAL ECONOMIC DEVELOPMENT							
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions		
Number of job opportunities provided through EPWP grant by 30 June 2019 (GKPI)	69	n/a	69	Achieved	None		
Number of networking events held by 30 June 2019	2	n/a	1	achieved	None		
Number of SMME's and Co-operatives capacity building workshops/ training held by 30 June 2019 (LED training)	8	2	4	not achieved	to reschedule the training in the 3rd quarter		
% Reviewal of LED Strategy	100%	15	20% inception report	not achieved	to procure service provider through sec. 32 of MFMA Regulations		
Grant agreement signed between EMLM and dept. of public works stipulating the EPWP targets	1	1	n/a	Achieved	None		
number of job opportunities created on capital projects through EPWP grant by 30 June 2019 (GKPI)	500	50	180	Achieved	None		

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
Submission of Final audited consolidated Annual Report to Council on or before end of January 2019	1	n/a	n/a	n/a	n/a	
submission of annual report oversight report to council by March 2019	1	n/a	n/a	n/a	n/a	
2019/20 IDP review process plan approved by 30th June 2019	1	n/a	n/a	n/a	n/a	
Final IDP tabled and approved by council by the 31 May 2019	1	n/a	n/a	n/a	n/a	
Obtain an Unqualified Auditor General opinion for the 2017/18 financial year	Unqualified opinion	n/a	unqualified opinion	achieved	None	
% of Auditor General matters resolved as per the approved audit action plan by 30 June 2019 (Total organisation)	100%	n/a	n/a	n/a	n/a	
% Internal Audit Findings resolved per quarter as per the Audit Plan (total organisation)	66%	25%	65%	achieved	None	
Number of Risk Management report submitted to the Risk Management Committee per quarter	4	1	2	achieved	None	
Number of quarterly Risk Management Committee meetings convened by June 2019	4	1	2	achieved	None	

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions
% execution of identified risk management plan within prescribed timeframes per quarter (OMM)	100%	50%	75%	achieved	None
number of public participation reports submitted to council	4	1	2	Not achieved	To be submitted in the next council sitting
number of MPAC quarterly reports submitted to council	4	1	2	Not achieved	A Special council to be convened specifically for the MPAC report
number of Mayoral outreach projects initiated by 30 Jun 2019	4	1	2	Not achieved	To be done in the 3rd quarter
number of ward committee reports submitted to council quarterly	4	1	2	Not achieved	To be submitted in the next council sitting
number of ward committee conference held	2	1	n/a	Achieved	None

KPA 6: SPATIALE RATIONALE

Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions
% site demarcation projects at Ga-Matsepe	100%	20% inception report	n/a	n/a	n/a
% site demarcation projects at Inkosi Mahlangu	100%	20% inception report	n/a	n/a	n/a
subdivision of Erven Roossenekaal	100%	25% inception report	80% subdivision application	not achieved	None
% Development of Land use scheme (LUS)	100%	25% inception report	50% status quo report	not achieved	speed up the appointment of service provider
% of land use applications received and processed within 90 days	100%	100%	100%	achieved	None
% of new building plans of less than 500 square metres assessed within 10 days of receipt of plans	100%	100%	100%	achieved	None
% of new building plans of more than 500 square metres assessed within 28 days of receipt of plans	100%	100%	100%	achieved	None
% of inspections conducted on building construction with an approved plan to ensure compliance with National Building Regulations and Building Standards	100%	100%	100%	achieved	None

CAPITAL PROJECTS						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
% electrification of households in makaepea	100%	30% construction	60% construction	Achieved	None	
% Electrification of new town village (Thambo)	100%	30% construction	60% construction	Achieved	None	
% electrification of households in Masakaneng	100%	30% construction	60% construction	Achieved	None	
% installation of bulk, prepaid meters and vending system	100%	25% Advertisement and appointment of service provider	40% instalation of bulk, pre-paid meters and vending system	Not achieved	Project to be re-advertised	
initiation of Groblersdal substation upgrade	100%	n/a	n/a	n/a	n/a	
% Construction of Monsterlos to makgopheng road, Kgoshi Mathebe and Kgoshi Matsepe	100%	25% advertisement and appointment of service provider	50% site handover and site establishment	Achieved	None	
% construction of kgaphamadi road	100%	25% Advertisement and appointment of service provider	50% progress (site establishment and subcase completed)	Achieved	None	

CAPITAL PROJECTS						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
% maintenance of Groblersdal roads and streets	100%	25% Advertisement and appointment of service provider	50% maintenance of Groblersdal roads and streets	Not achieved	project advertised and to be closed in January 2018	
% construction of Naganeng bus route	100%	50% progress (site establishment and subbase completed)	75% progress (base and surfacing completed)	Achieved	None	
% construction of nyakoroane road	100%	25% project assessment and preparation of TOR	50% advertisement and appointment of contractor	Not achieved	project advertised and to be closed in January 2018	
% construction of Mpheleng road	100%	25% Advertisement and appointment of service provider	50% progress (site establishment and subbase completed)	Achieved	None	
% upgrading of Motetema internal street	100%	25% Advertisement and appointment of service provider	50% progress (site establishment and subbase completed)	Not achieved	The Service provider to be appointed for designs only	
% construction of Ramogwerane to nkadimeng road and storm water	100%	25% Advertisement and appointment of service provider	50% progress (site establishment and subbase completed)	Not achieved	project advertised and to be closed in January 2018	

CAPITAL PROJECTS						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
% construction of Laersdrift road	100%	25% Advertisement and appointment of service provider	50% progress (site establishment and subcase completed)	Achieved	None	
% development of workshop	100%	25% Advertisement and appointment of service provider	50% site handover and site establishment	Achieved	None	
Furniture and equipment	100% processing of procurement request submitted	100% processing of procurement request submitted	100% processing of procurement request submitted	Target Not Achieved	* Re-advertisement of the tender *Change indicator to # of reports generated on furniture & equipment purchased	
Computer Equipment	100% processing of procurement request submitted	100% processing of procurement request submitted	100% processing of procurement request submitted	Target Achieved	None	
machinery and equipments	100% processing of procurement request submitted	100% processing of procurement request submitted	100% processing of procurement request submitted	Target Achieved	None	
air conditioners	100% processing of procurement request submitted	100% processing of procurement request submitted	100% processing of procurement request submitted	Target Achieved	None	

CAPITAL PROJECTS						
Key Performance Indicator (KPI)	Annual Target	Q1	Q2	Comments	Remedial Actions	
% Fencing of Elandsdoorn cemeteries	100%	25% development of terms of reference (TOR)	50% Advertisement	Achieved	None	
Groblersdal landfill site	100%	25% advertisement of the project	Appointment of the consultants for the designs	Achieved	None	
% Construction of mobile offices	100%	25% advertisement of project	50% Appointment of service provider	Not achieved	The project will be deferred with the aim of reducing cost	

The table below represents the institutional performance for the 2nd Quarter per Key Performance Area:

Key Performance Area Number	Key Performance Area	Total No. of Set Targets	Total No. of Achieved targets	No. of Targets NOT Achieved	Not applicable	% Achieved Targets
1	Spatial Rationale	8	4	2	2	67%
2	Institutional Development & Transformation	20	10	4	6	72%
3	Local Economic Development	6	3	2	1	60%
4	Basic Service Delivery	33	20	10	3	67%
5	Financial Management & Viability	11	4	2	5	67%
6	Good Governance & Public Participation	15	5	9	1	36%
	Total	93	46	29	18	61%


 M.M KGWALE
 ACTING MUNICIPAL MANAGER

2019/01/23
 DATE

2. Financial performance assessment

1. INTRODUCTION

1.1 In terms of section 72 of the MFMA Act no 56 of 2003 the Accounting Officer of the municipality must by the 25th January each year-

Assess the performance of the municipality during the first half of the financial year, taking into account-

- a) the monthly budget statement referred to as section 71 for the first half of the financial year
- b) 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,
- c) the past years annual report, and progress on resolving problems identified in the annual report.

The draft Annual Report 2017/2018 and the Mid-year performance/progress reports of 2018/2019 SDBIPs referred to as part b and c above are respectively submitted under a separate report elsewhere in the agenda.

Submit a report on such assessment to –

- a) the mayor of the municipality,
- b) the National and the relevant provincial treasury.

1.2 The Accounting Officer must, as part of the review-

- a) make recommendations as to whether an adjustment budget is necessary, and
- b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

CHAPTER 2: FINANCIAL HEALTH ASSESSMENT

2.1 REVENUE ASSESSMENT

a) Overall revenue inflow analysis

The municipality's performance for the first half of 2018/19 financial period has been fairly stable given the challenges in our cash flow activities

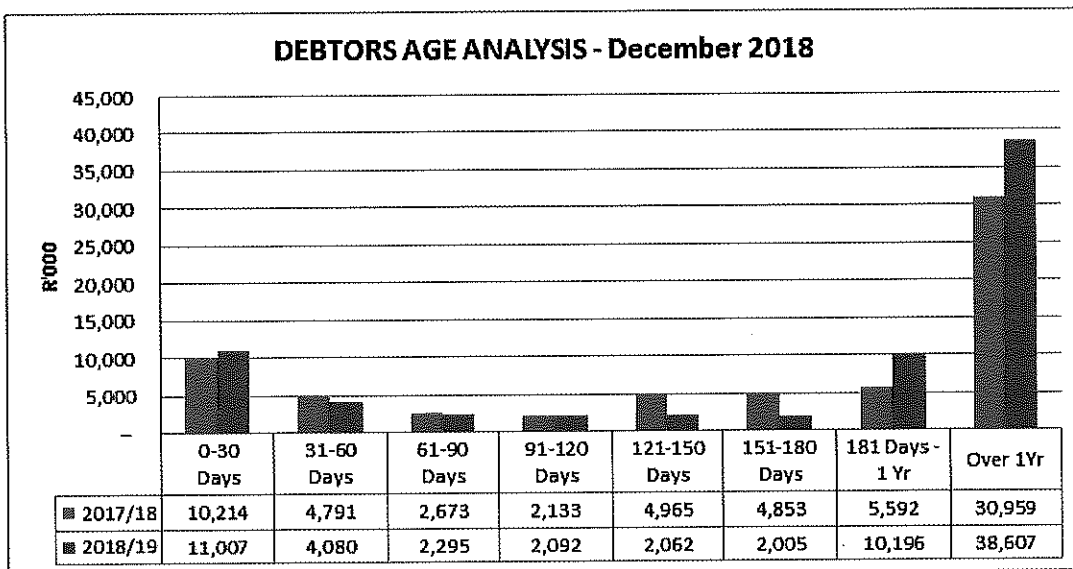
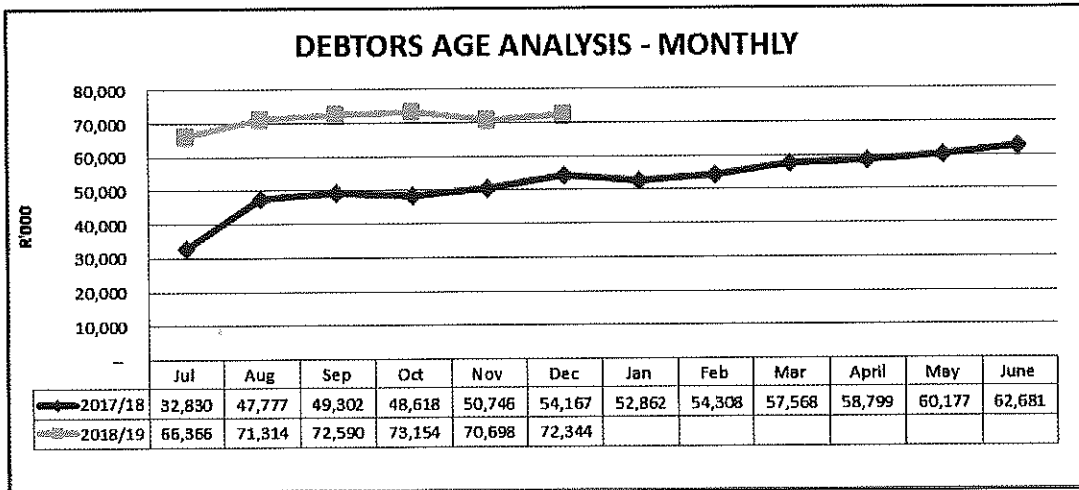
Description	2017/18	Budget Year 2018/19					
	Audited Outcome	Original Budget	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance	Full Year Forecast
Financial Performance							
Property rates	34,805	36,650	7,936	9,201	(1,266)	-14%	36,650
Service charges	92,822	101,546	24,020	23,798	222	1%	101,546
Investment revenue	2,500	3,000	727	680	47	7%	3,000
Transfers and subsidies	226,163	245,278	99,654	81,619	18,035	22%	245,278
Other own revenue	88,454	90,309	5,323	22,557	(17,234)	-76%	90,309
Total Revenue (excl capital transf')	444,744	476,783	137,659	137,854	(196)	0%	476,783

Actual income slightly lower than year to date budget income due to the following:

- The reported traffic fines revenue is from July until October 2018 as opposed to year to date revenue as at end of December 2018.

b) Overview of debtors as at 31 December 2018

Description	Budget Year 2018/19											Total over 90 days	Bad Debts Written Off	Impairment - Bad Debts		
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days -1 Yr	Over 1Yr	Total							
Debtors Age Analysis By Income Source																
Trade and Other Receivables from Exchange Transactions - Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	6,152	1,470	374	130	82	89	423	3,048	11,768	3,772	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	2,676	1,476	1,009	994	963	900	4,492	19,120	31,621	26,459	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	664	473	388	367	357	355	1,926	4,074	8,604	7,079	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	33	17	5	2	2	60	102	889	1,110	1,054	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	779	741	715	679	650	624	3,296	12,892	20,376	18,142	-	-	-	-	-	-
Interest on Arrear Debtor Accounts																
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	703	(97)	(196)	(80)	17	(23)	(43)	(1,415)	(1,135)	(1,544)	-	-	-	-	-	-
Other																
Total By Income Source	11,007	4,080	2,295	2,092	2,062	2,005	10,196	38,607	72,344	54,961	-	-	-	-	-	-
2017/18 - Totals Only	10,214	4,791	2,673	2,133	4,965	4,853	5,592	30,959	66,180	48,502	-	-	-	-	-	-
Debtors Age Analysis By Customer Group																
Organs of State	686	462	225	190	169	135	602	3,790	6,260	4,887	-	-	-	-	-	-
Commercial	6,176	1,314	623	614	611	567	2,987	10,459	23,349	15,237	-	-	-	-	-	-
Households	3,211	1,754	992	880	884	841	4,347	13,544	26,452	20,495	-	-	-	-	-	-
Other	936	550	455	407	399	462	2,260	10,814	16,282	14,342	-	-	-	-	-	-
Total By Customer Group	11,007	4,080	2,295	2,092	2,062	2,005	10,196	38,607	72,344	54,961	-	-	-	-	-	-



The above graph compares debtors' age analysis for 2018/19 financial year and 2018/19 (as at end of December 2018) whilst the latter compare the debtors ageing for the financial years. The debtors book has increased by R6,165 million when compared to the 2018/19 consumer debtors closing balance. This clearly shows that the municipality still need to intensify its credit control measures that would result in improved revenue collection rate.

c) Basis of budget assessment

Each category of revenue will be assessed using the actual financial performance for the first half of the financial year against the year to date budget and the over-collection and under-performance variance of above 10% will be considered material and will therefore need adjustment.

The table below depicts the mid-year financial performance of each category of the municipal revenue line items:

Budgeted Financial Performance (revenue and expenditure) for the period ending 31 December 2018

Description	2017/18	Budget Year 2018/19					Full Year Forecast
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance	
Revenue By Source							
Property rates	34,805	36,650	15,621	17,585	(1,964)	-11%	36,650
Service charges - electricity revenue	81,206	89,297	39,890	42,388	(2,497)	-6%	89,297
Service charges - water revenue	-	-	-	-	-	0%	-
Service charges - sanitation revenue	-	-	-	-	-	0%	-
Service charges - refuse revenue	11,616	12,249	3,983	5,997	(2,014)	-34%	12,249
Service charges - other	-	-	-	-	-	0%	-
Rental of facilities and equipment	1,000	1,220	459	610	(151)	-25%	1,220
Interest earned - external investments	2,500	3,000	952	1,480	(528)	-36%	3,000
Interest earned - outstanding debtors	14,260	8,161	4,493	4,036	456	11%	8,161
Dividends received	-	-	-	-	-	0%	-
Fines, penalties and forfeits	55,016	73,218	21,705	38,208	(16,503)	-43%	73,218
Licences and permits	4,500	4,950	2,567	2,475	92	4%	4,950
Agency services	-	-	-	-	-	-	-
Transfers and subsidies	226,163	245,278	179,662	147,062	32,600	22%	245,278
Other revenue	13,678	2,761	511	1,221	(710)	-58%	2,761
Gains on disposal of PPE	-	-	-	-	-	0%	-
Total Revenue (excluding capital transfers)	444,744	476,783	269,842	261,062	8,780	3%	476,783

➤ Property Rates and services charges – Penalties imposed and collection charges

The under-performance variance of 11% is due to overstatement of property rates revenue anticipated from the new mall.

The valuation roll still has unknown properties that the municipality cannot bill until the bona fide owners are identified.

Conclusion: Downwards adjustment will be made by assessing the individual category of debtors against the actual revenue recognised and the year to date budget in the first half of the financial year.

➤ Service charges

Service charges consists of sale of electricity and refuse removal. The service charges on sale of electricity and refuse removal performed fairly well with the negative variance of 9% and however, it should be noted that service charge refuse removal is not doing well. The additional revenue anticipated from the new mall is relatively low compared to the projections made and this negatively affected the property rates, service charge electricity and refuse removal revenue.

Challenges that have negative impact on sale of electricity revenue:

- 1) The municipality is experiencing challenges in Roosenekal where the community illegally connected electricity and this results in high distribution losses of approximately R8 million per annum on electricity without collecting revenue.
- 2) Difficulty in implementing Credit and Debt Collection Policy in Townships such as Motetema and Elandsdoorn.

Proposed solution to address challenges in sale of electricity

- 1) The municipality is currently in a process on suspending the supply of electricity in Roosenekal for a period of two months with the intention of bringing the community of this township on board in terms of paying for municipal services.

Conclusion: Downwards adjustments will be made on service charge electricity and service charge refuse removal to accommodate the perceived under performance of the line items in the second half of the financial year.

➤ Licences and Permits

The positive variance of 4% was as a result of slightly increased number of licences and permits issued during the period. Vehicle registration and licensing income is paid to the municipality and municipality subsequently pays 80% of the collected revenue to Department of Roads and transport. The municipality receives an agreed commission of 20% as per the SLA thereof.

Conclusion: Upward adjustment will be made on the budgeted licences and permits revenue for the year.

➤ Rental of facilities and equipment

The negative variance of 25% was as a result of decreased rental of the municipal facilities than anticipated on initial compilation of the budget. This category of revenue is difficult to predict as it is dependent on the external economic factors however, the municipality still has facilities that have rented out at below market related monthly rental.

Conclusion: Adjustments will be made by decreasing the budgeted revenue after expected rental of the municipal facilities in the second half of the financial year.

➤ Interest earned on external investments

The positive variance of 11% was as a result of prioritising investments as and when the municipality had surplus cash during the financial year. The efficiency in the Investment portfolio and implementation of the cash management policy will still be improved by investing in more fixed term portfolios to earn more interest on grants received but not utilised immediately.

Conclusion: The cash flow analysis will be performed for the whole financial year reflecting the expected revenue and expenditure commitments and that will be used to determine the need for adjustment. The plan is to ensure that available cash is invested to ensure that increased revenue from investments as required by the municipality's investment policy.

➤ *Interest earned on outstanding debtors*

The negative variance of 43% was as a result of interest charged on defaulting debtors.

Conclusion: Adjustment will be made to accommodate the reduced interest charged for non-payments as it was evidenced in the first half of the financial year, however revenue collection needs to be intensified so that we can constantly reduce the rate by improving the revenue collection

➤ *Fines, penalties and forfeits*

The negative variance of 43% is as a result of making use of traffic fines report of up until end of October 2018 as opposed to December 2018

The accrued revenue on fines was accounted for by processing a journal that is part of six months financial statements and the municipality is in a process of integrating traffic management fines with core financial system so the transactions thereof can be accounted for monthly.

Conclusion: No adjustment is proposed for this revenue source

➤ *Other revenue*

This category of revenue relates to revenue sources that are not explicitly disclosed on the statement of financial performance as per National Treasury reporting templates such as sale of tender documents and other sundry revenue. This category reflects under performance variance of 58 % and will be accordingly adjusted during the adjustment budget.

Conclusion: Each line item in this area will be analysed considering the performance of the first half of the financial year and necessary adjustment will be accordingly effected.

➤ *Transfers recognised*

Transfers recognised relates to the gazetted operational and capital grants the municipality receives from the National Government. There is no need for adjustment of this source of revenue as the budgeted revenue is as per DoRA allocations for the municipality issued by National Government. There is approved roll over that the municipality needs to appropriate in the adjustment budget relating to 2017/18 unspent conditional grants allocation.

Conclusion: The municipality received an approval from Treasury to roll-over the unspent conditional grants as at 30 June 2018 based on the application letter submitted in August 2018 and therefore adjustment must be made on the affected capital projects.

c. Level of reliance on Government Grants

Purpose: The purpose of this ratio is to determine what percentage of the municipality's revenue is made up of government grants, to determine level of reliance on government funding by the municipality.

Formula: Grants & Subsidies/Total Revenue

ACTUAL GOVT GRANTS & SUBSIDIES 2018/19	ACTUAL TOTAL REVENUE	PERCENTAGE
R220,741,054	R310,921,494	71%

Grants and subsidies cash flow as at 31 December 2018

Grant	Budget	Received to Date	Spent to Date	Still to be received
Equitable Share	237,506,000	178,130,000	118,753,000	59,376,000
FMG	1,770,000	1,770,000	748,892	-
EPWP	1,002,000	702,000	777,579	300,000
EEDSM	5,000,000	4,000,000	-	1,000,000
MIG	53,832,000	45,920,000	34,970,291	7,912,000
INEP	9,998,000	9,998,000	3,672,450	-
Monthly Total	309,108,000	240,520,000	158,922,212	68,588,000

The grants dependency ratio of 71% clearly shows that the municipality is grants dependent from revenue point of view and from funding of capital budget. The revenue still need to improve so that the dependency level can be reduced.

2.2 EXPENDITURE MANAGEMENT

a) Main ratio analysis

1. Personnel Cost to Total Expenditure

Purpose: The purpose of this ratio is to indicate what percentage of total expenditure is attributable to personnel costs.

Formula: Salaries, wages and allowances/Total Expenditure

2016/17 Audited			2018/19 Original Budget		
PERSONNEL COSTS	TOTAL OPERATING EXPENDITURE	%	PERSONNEL COSTS	TOTAL OPERATING EXPENDITURE	%
R149,535,519	R431,131,912	34,68%	R84,906,633	R242,077,438	35,00%

The best practice is that the ratio on personnel cost and remuneration of councillors relative to total operational expenditure must range between 25% and 40%. The municipality's percentage is slightly below the norm by 5% and as a result, the municipality needs to guard against this ratio so that the threshold is never exceeded.

2. Total Operating Actual Expenditure vs. Budgeted Expenditure

Purpose: The purpose of this ratio is to identify deviations between actual and budgeted expenditure and to ascertain reasons for the deviations.

Formula: $(\text{Actual expenditure less Budgeted expenditure}) / \text{Budgeted expenditure}$

Actual expenditure 2018/19	Ytd Budget	Variance in R	Variance in %
R242,077,438	R206,371,901	35,705,537	17%

When comparing the year to date actuals and year to date budget, the results reflect that the municipality had over spending variance of R35, 705 million that translates to 17% in the first half of the financial year. The variance is material, however adjustments will be made based on the inputs received from other departments within the municipality based on their forecasted operational activities for the remaining period of the financial year.

b) Basis of assessment

Each category of expenditure will be assessed using the actual financial performance for the first half of the financial year against the budget and the over-spending and under-spending of above 10% will be considered material and indicative of adjustment.

The table below depicts the mid-year financial performance of each category of the municipal expenditure line items:

Description	2017/18	Budget Year 2018/19					Full Year Forecast
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	YTD variance	
Expenditure By Type							
Employee related costs	126,105	134,149	73,657	66,884	6,773	10%	134,149
Remuneration of councillors	23,430	25,070	11,249	12,403	(1,154)	-9%	25,070
Debt impairment	26,372	53,421	31,176	-	31,176	0%	53,421
Depreciation & asset impairment	51,200	51,181	25,989	24,157	1,832	8%	51,181
Finance charges	2,124	2,500	(0)	1,248	(1,248)	-100%	2,500
Bulk purchases	70,165	80,000	33,830	37,153	(3,323)	-9%	80,000
Other materials	11,821	17,093	4,483	8,178	(3,696)	-45%	17,093
Contracted services	65,237	60,020	36,272	32,022	4,250	13%	60,020
Transfers and subsidies	3,724	4,404	1,280	2,198	(918)	-42%	4,404
Other expenditure	50,954	43,468	24,142	22,128	2,014	9%	43,468
Loss on disposal of PPE	-	-	-	-	-	0%	-
Total Expenditure	431,132	471,306	242,077	206,372	35,706	17%	471,306

Expenditure line items that need to be adjusted:

➤ *Employee related costs*

The performance of this line item of expenditure is slightly above the projected expenditure for the first half of the financial year and this resulted in over spending variance of 10%.

Conclusion: The upwards adjustment is imperative taking into account the actual expenditure for 2018/19 financial year that includes post-retirement benefit obligation and these items were not incorporated in the budget.

Initiatives to reduce the level of spending on overtime per department have been implemented with the intention of reducing overtime as encouraged in MFMA circular 82.

➤ *Remuneration of councillors*

The underspending of 9% was realised in the first half of the financial year and that is attributed to the provisions made for salary adjustments of the councillors in terms of determination of upper limits of salaries, allowances and benefits of different members.

Conclusion: No budget adjustment is proposed as after implementing the upper limits for Councillors the spending will be in line with the projected budgeted.

➤ *Debt impairment*

The debt impairment performance for the first six months of the current financial year reflects over-performance variance that is attributed to the fact that the projection was made for it to have movement at end of the financial year. The municipality is currently in process of preparing six months financial statements and hence the movement was computed.

Conclusion: Upward adjustment is expected on this line item since the actuals results for the first six months of the financial year is more than half of the total approved budget.

➤ *Depreciation and amortisation*

Conclusion: No adjustment is required on this line item due to the fact that the actual expenditures for the first six months is in line with the projected year to date budget.

➤ *Finance charges*

The municipality has leased vehicles for its daily operations in the form of operating and finance lease. There was no split between the principal amount and finance charges on the financial system and this will be corrected by journals.

Conclusion: No adjustment on this line item as the budget was informed by amortisation schedules.

➤ *Bulk purchases*

The expenditure performance on purchase of electricity has a negative variance of 9% which is below the norm of 10% and there is still Eskom connection fee that is payable for energizing the electrification of Masakaneng that is municipality licensed.

Conclusion: No adjustment will be made on this line item.

➤ *Other expenditure line items*

Overspending of 9% is noted in the first half of the financial year on other expenditure and as a result, there won't be an adjustment on this account. Below is performance of contracted services and other materials:

- Other materials 45% under-spending
- Contracted services 13% overspending

Conclusion:

- Adjustment must be made on other materials by reducing the budget and allocate to the overspend items.
- Contracted services budget must be revised based on the use of consultants needs analysis that must be contacted prior to finalisation of the adjustment budget in order to avoid unauthorised expenditure at the end of the financial year.

2.3 ASSET MANAGEMENT

a. Total Capital Expenditure

Summary of capital expenditure per department for the period ending 31 December 2018

Vote Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Multi-Year expenditure appropriation									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	1,300	1,400	-	14	424	735	(311)	-42%	1,400
Vote 5 - Community Services	500	3,000	-	-	-	2,100	(2,100)	-100%	3,000
Vote 6 - Technical Services	75,747	27,513	-	4,334	12,102	14,762	(2,660)	-18%	27,513
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	77,547	31,913	-	4,348	12,526	17,597	(5,071)	-29%	31,913
Single Year expenditure appropriation									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury	-	500	-	-	-	500	(500)	-100%	500
Vote 4 - Corporate Services	-	300	-	(459)	76	150	(74)	-49%	300
Vote 5 - Community Services	400	522	-	-	-	350	(350)	-100%	522
Vote 6 - Technical Services	25,176	42,634	-	6,098	25,918	35,413	(9,495)	-27%	42,634
Vote 7 - Developmental Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	25,576	43,956	-	5,639	25,993	36,413	(10,419)	-29%	43,956
Total Capital Expenditure	103,123	75,869	-	9,987	38,519	54,010	(15,491)	-29%	75,869

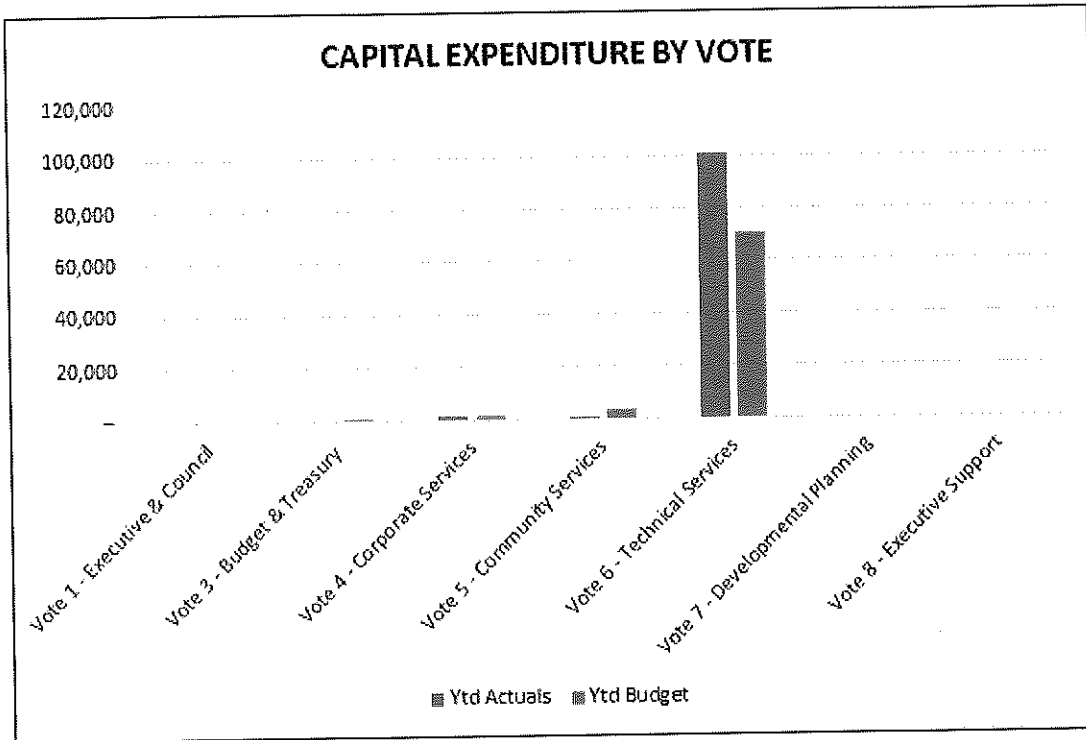
Analysis and interpretation

The year to date actual capital expenditure as at end of December 2018 amounts to R38, 519 million and the year to date budget amounts to R54, 010 million and this gives rise to R15, 491 million under-performance variance that is attributed to significant under-spending on internally funded capital projects.

Half yearly capital expenditure performance reflects the following per department:

- Budget and Treasury under-performed by 100%
- Community services under-performed by 100%
- Corporate services under-performed by 77 %
- Infrastructure under-performed by 32%

The chart below reflects the level of budget and spending on capital budget per department as at 31 December 2018

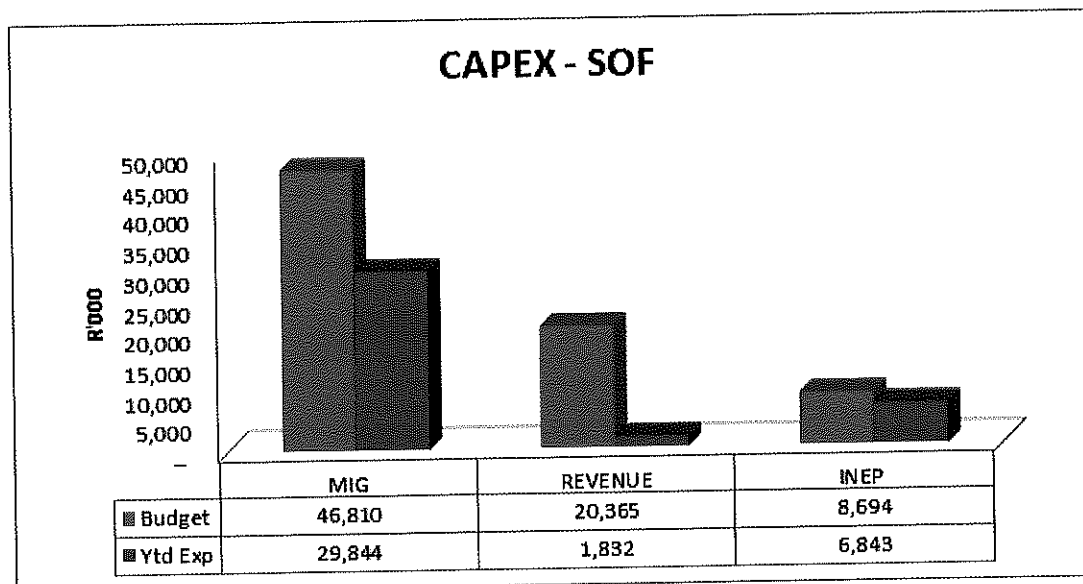


The municipality will strive to ensure that 100% of the allocated capital budget is spent by year end by accelerating supply chain management processes. The adjustments of the capital budget will mainly depend on the departmental inputs received, Service delivery budget implementation plans (SDBIP) and progress reports for the first half of the financial year taking into account, the funding capability of the municipality.

The capital expenditure report per project as at 31 December 2018

Department	Project	Source of Finance	Total Budget	Total Actual	%
Community Services	Fencing of Elandsdoorn Cemetery	Revenue	521,740	-	0%
Community Services	Landfill site Cells	Revenue	3,000,000	-	0%
Corporate Services	Computer Equipment	Revenue	500,000	394,892	79%
Corporate Services	Furniture and Office Equipment	Revenue	400,000	28,720	7%
Corporate Services	Air conditioners	Revenue	400,000	38,261	10%
Corporate Services	Machinery and Equipment	Revenue	400,000	37,500	9%
Finance	Mobile Offices	Revenue	500,000	-	0%
Infrastructure	Development of Workshop	Revenue	4,447,166	1,332,488	30%
Infrastructure	Molelema Internal Streets	Revenue	3,478,261	-	0%
Infrastructure	Groblersdal Roads and Streets	Revenue	1,739,131	-	0%
Infrastructure	Nyakoroano Road	Revenue	1,304,348	-	0%
Infrastructure	Ramogwerane to Nkadameng Road and Stormwater	Revenue	1,500,000	-	0%
Infrastructure	Installation of meters in Groblersdal	Revenue	1,304,348	-	0%
Infrastructure	Fencing main substation	Revenue	869,566	-	0%
Infrastructure	Monsterius to Makgopheng Road Kgoshi Mathebe and Kgoshi Mat	MIG	7,826,089	3,174,475	41%
Infrastructure	Mpheleng Road Construction	MIG	8,478,265	8,348,160	98%
Infrastructure	Naganeng Bus Route	MIG	8,817,394	5,500,446	62%
Infrastructure	Kgaphamadi Bus Road	MIG	15,601,744	8,095,923	52%
Infrastructure	Laersdrift Road	MIG	6,086,959	4,725,050	78%
Infrastructure	Electrification of Makaepa	INEP	2,869,566	2,837,109	99%
Infrastructure	Electrification of Tambo Village	INEP	2,477,393	1,593,134	64%
Infrastructure	Electrification of Masakaneng	INEP	2,477,392	2,413,235	97%
Infrastructure	Electrification Designs	INEP	869,566	-	0%
GRAND TOTAL			75,868,928	38,519,393	51%

The chart below reflects the level of spending of budget per funding source



Summary

The spending of grants allocations on capital projects has under-spending variance of 11% and is considered to be fairly reasonable.

The spending on internally generated on capital project has a variance of 86% in the first half of the financial year that is deemed to be material and this variance is attributed to delays in appointing the service providers for internal funded capital projects.

The total spending of capital budget in the first half of the financial year has a variance of 29% that warrants adjustment.

2.1.4 LIABILITY (DEBT) MANAGEMENT

Loans:

The municipality did not have any external loans obligations with any financial institution as at 31 December 2018 which is a positive position that reflects that the institution is able to sustain its day to day operational activities from its internally generated funds and government grants subsidies.

Other financial liabilities:

The municipality has entered into finance lease contract for fleet management for a period of three years and is servicing this agreement from the internally generated funds.

The lease is comprised of both operating lease and finance lease and it is expected to expire in March 2022.

CHAPTER 3: MID-YEAR BUDGET STATEMENT: 31 December 2018

3.1 SUMMARY

The municipality's approved revenue budget amounts to R540, 613 million and R471, 306 million operating budget, and capital budget of R75, 869 million and this resulted in a budgeted surplus of R69, 307 million.

The actual results for the first six months shows actual revenue amounting to R310, 921 million, operating expenditure of R242, 077 million and capital expenditure of R38, 519 million and this performance resulted in a surplus of R68, 844 million.

3.2 OPERATING EXPENDITURE

Total operating expenditure up to 31 December 2018 has over-performance variance amounting to R35, 705 million or 17% relative to year to date budget. This is mainly attributed to debt impairment that had budget projection only in June 2019 and the municipality managed to impair debtors for the first six months of the current financial year.

3.3 OPERATING REVENUE

The actual total revenue performance for the first six months has unfavourable variance amounting to R2, 657 million or 1 % when comparing the actual results with the projected revenue for the reporting period. This is mainly attributed to traffic fines revenue that the presented figure is for six months period but for four months.

The performance of service charges refuse removal is worrying as it is clearly evident that the function cannot fund its operations internally without the bail-out from equitable share.

Financial performance (revenue and expenditure) as at 31 December 2018

Description	2017/18		Budget Year 2018/19						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Revenue By Source									
Property rates	34,805	36,660		2,538	16,621	17,585	(1,964)	-11%	36,650
Service charges - electricity revenue	81,206	89,297		6,158	39,890	42,388	(2,497)	-6%	89,297
Service charges - water revenue									
Service charges - sanitation revenue									
Service charges - refuse revenue	11,616	12,249		655	3,983	5,997	(2,014)	-34%	12,249
Service charges - other									
Rental of facilities and equipment	1,000	1,220		231	459	610	(151)	-25%	1,220
Interest earned - external investments	2,500	3,000		135	952	1,480	(528)	-36%	3,000
Interest earned - outstanding debtors	14,260	8,161		1,108	4,493	4,036	456	11%	8,161
Dividends received									
Fines, penalties and forfeits	55,016	73,218		19,965	21,705	38,208	(16,503)	-43%	73,218
Licences and permits	4,500	4,950		309	2,567	2,475	92	4%	4,950
Agency services									
Transfers and subsidies	226,163	245,278		79,311	179,662	147,062	32,600	22%	245,278
Other revenue	13,678	2,761		89	511	1,221	(710)	-58%	2,761
Gains on disposal of PPE									
Total Revenue (excluding capital transfers)	444,744	476,783	-	110,498	269,842	261,062	8,780	3%	476,783
Expenditure By Type									
Employee related costs	126,105	134,149		20,768	73,657	66,884	6,773	10%	134,149
Remuneration of councillors	23,430	25,070		1,876	11,249	12,403	(1,154)	-9%	25,070
Debt impairment	26,372	53,421		31,176	31,176		31,176	0%	53,421
Depreciation & asset impairment	51,200	51,181		25,989	25,989	24,157	1,832	8%	51,181
Finance charges	2,124	2,500		(499)	(0)	1,248	(1,248)	-100%	2,500
Bulk purchases	70,165	80,000		16,313	33,830	37,153	(3,323)	-9%	80,000
Other materials	11,821	17,093		1,238	4,483	8,178	(3,696)	-45%	17,093
Contracted services	65,237	60,020		9,573	36,272	32,022	4,250	13%	60,020
Transfers and subsidies	3,724	4,404		1,063	1,280	2,198	(918)	-42%	4,404
Other expenditure	50,954	43,468		3,987	24,142	22,128	2,014	9%	43,468
Loss on disposal of PPE									
Total Expenditure	431,132	471,306	-	111,484	242,077	206,372	35,706	17%	471,306
Surplus/(Deficit)	13,612	5,477	-	(986)	27,765	54,690	(26,925)	-49%	5,477
Transfers and subsidies - capital (monetary alloc)	91,349	63,830		10,347	41,079	47,203	(6,123)	-13%	63,830
Transfers and subsidies - capital (monetary allocations)									
Transfers and subsidies - capital (in-kind - all)									
Surplus/(Deficit) after capital transfers	104,961	69,307	-	9,361	68,844	101,892			69,307
Taxation									
Surplus/(Deficit) after taxation	104,961	69,307	-	9,361	68,844	101,892			69,307
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	104,961	69,307	-	9,361	68,844	101,892			69,307
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	104,961	69,307	-	9,361	68,844	101,892			69,307

3.4 CASH FLOW ANALYSIS

The following table reflects that cash flow position of the municipality as at 31st December 2018

Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	15,677	28,587		1,592	10,582	13,716	(3,134)	-23%	28,587
Service charges	54,524	89,922		6,565	42,332	41,739	593	1%	89,922
Other revenue	31,449	18,225		2,775	23,508	8,927	14,582	163%	18,225
Government - operating	226,163	245,278		79,169	123,386	41,739	81,647	196%	245,278
Government - capital	81,860	63,830		24,808	55,918	54,778	1,140	2%	63,830
Interest	1,710	4,632		265	1,859	2,790	(930)	-33%	4,632
Dividends		-		-	-	-	-		-
Payments									
Suppliers and employees	(315,061)	(359,801)		(58,417)	(175,953)	(170,407)	2,991	-2%	(359,801)
Finance charges	(448)	(2,500)		499	(0)	(1,980)	(1,980)	100%	(2,500)
Transfers and Grants	(6,316)	(4,404)		(1,063)	(1,280)	(2,198)	(918)	42%	(4,404)
NET CASH FROM/(USED) OPERATING ACTIVITIES	89,558	83,769	-	56,194	80,353	(10,896)	(93,805)	861%	83,769
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		2,000		-	-	-	-		2,000
Decrease (increase) in non-current debtors		2,000		-	-	-	-		2,000
Decrease (increase) other non-current receivables	14,048	-		-	150	233	(83)	-36%	-
Decrease (increase) in non-current investments		-		-	-	-	-		-
Payments									
Capital assets	(77,564)	(75,869)		(9,987)	(38,218)	(42,915)	(4,697)	11%	(75,869)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(63,516)	(71,869)	-	(9,987)	(38,068)	(42,682)	(4,614)	11%	(71,869)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-		-	-	9,764	(9,764)	-100%	-
Borrowing long term/refinancing		-		-	-	-	-		-
Increase (decrease) in consumer deposits	(137)	171		(39)	39	57	(18)	-32%	171
Payments									
Repayment of borrowing	(5,733)	(10,000)		(3,026)	(6,285)	(9,764)	(3,479)	36%	(10,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(5,870)	(9,829)	-	(3,066)	(6,246)	57	6,303	11058%	(9,829)
NET INCREASE/ (DECREASE) IN CASH HELD	20,172	2,071	-	43,141	36,039	(53,521)			2,071
Cash/cash equivalents at beginning:	20,944	15,968			6,194	15,968			6,194
Cash/cash equivalents at month/year end:	41,116	18,039			42,233	(37,553)			8,265

The municipality has been fairly financially sustainable and able to discharge its financial commitment when they fall due and is also expected to be financially stable in future.

3.4.1 Cash balances and investments

The municipality had the following cash balances as at 31 December 2018

Name of institution & investment ID	Period of investment	Type of investment	Expiry date of investment	Accrued interest for the month	Yield for the month (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Nedbank - 03/7881068264/0037	2 Months	Short term	31-Dec-18	0	6.55%	55	-	55
Nedbank - 03/7881068264/0048	1 Month	Short term	20-Feb-19	77	7.83%	-	20,000	20,077
Nedbank - 03/7881068264/0049	2 Months	Short term	23-Jan-19	57	7.73%	-	15,000	15,057
TOTAL INVESTMENTS AND INTEREST				135		55	35,000	35,189

The municipality had R35, 189 million short term investment at end of December 2018 with opening balance of R55 thousand. An amount of R35, 000 million was invested in December 2018 and the accrued interest for the month amounted to R135 thousand.

Summary on financial sustainability

- The municipality is continuously experiencing tied cash flow positions as a result of committed contractual obligations resulting in accelerated operational expenditures and therefore there is a critical need to cut on operational expenditures in order to sustain the municipality financially.
- The Municipality is continually enforcing its credit control policy to avoid consumer debtors that are outstanding for longer period; currently the averaged collection rate is 76% and this still needs to be intensified.
- We received 75% of our share of the equitable share and 87% on conditional grants in the first six months of the current financial year and this will further be elaborated in the report.
- The only strategy in place to enhance the revenue collection is through implementation of electricity cut off on consumers that are arrears and the municipality currently faces difficulty in implementing this measure in Eskom licensed areas.
- A debt collection strategy will be put in place of which the primary focus will be to put strict credit control measures on debtors that can afford to pay but do not pay their outstanding debt.
- Revenue enhancement strategy has just got implemented and this strategy is targeting areas where the municipality is billing without actually collecting revenue billed.

CHAPTER 4: OUTCOME OF BUDGET ASSESSMENT

4.1 An adjustment budget must be performed for the following reasons in line with Section 28 of the Municipal Finance Management Act:

- Adjustment of operational income and expenditure reports as per the assessment performed in this report based on the first half of the financial year.
- Inputs received from the departments with regard to their day to day operations and changes for special programmes to be executed in the remaining six months of the financial year.
- Inputs received from the departments on changes on capital projects to be executed during the year based on the SDBIP progress reports.
- Reallocation of votes to ensure that each funding source is correctly aligned to the relevant expenditure line item especially on capital budget.

CHAPTER 5: RECOMMENDATIONS

1. That the mid-year budget and performance assessment as tabled be noted by Council.
2. That the 2018/19 annual budget be adjusted in February 2018 in terms of Section 28 of the MFMA.
3. That the mid-year budget and performance assessment report be submitted to CoGHSTA and both National and Provincial Treasuries as required by Section 72 of MFMA.
4. That the mid-year budget and performance report be placed on the municipal website within five working days after it is approved.
5. Departmental units be instructed to submit a report on the expected changes to be made on operational and capital budget.

Recommendations by the Management

That the Council note that the adjustment budget for the income and expenditure projections for the financial year ending 30 June 2019 will be made in terms of the section 28 of the Municipal Finance Management Act no 56 of 2003.

Quality certificate

I, M.M. Kgwale, the ^{Acting} Municipal Manager of **ELIAS MOTSOLEDI LOCAL MUNICIPALITY**, hereby certify that the mid-year budget performance and assessment report and supporting documentation for the period July 2018 to December 2018 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print name Meshael.....

^{Acting} Municipal Manager of Elias Motsoaledi Local Municipality (LIM 472)

Signature [Handwritten Signature].....

Date 23/01/2019.....