

Thabazimbi Mid-Year Budget & Performance Assessment Report 2017/18



THABAZIMBI LOCAL MUNICIPALITY

LIM 361

Includes performance assessment of Thabazimbi Local Municipality and a detailed variance analysis as required by Section 72 of the MFMA. Recommendations to Council as informed by the assessments were also incorporated.

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31/12/2017

LIM 361

Accounting Officer's Report to the Mayor

In accordance with the Municipal Finance Management Act No 56 of 2003, I submit the Section 72(1)(a) statement assessing the performance of Thabazimbi Local Municipality during the first half of the 2017/18 financial year. Section 72(1) (a) of the Local Government MFMA requires the accounting officer to assess the performance of the Municipality during the first half of the financial year and issue a report by 25 January of each year. The report on performance assessment must be submitted to the Mayor,

Provincial Treasury and National Treasury each year in terms of Section 72(1) (b) of the same Act.

Section 54 of the MFMA requires the Mayor to consider the presented report and submit the report to Council for further consideration by 31 January of each year. Section 54 of the MFMA also requires that upon receipt of this report, the Mayor of a municipality must take action to ensure that the approved budget is implemented in accordance with the projections contained in the approved Service Delivery and Budget Implementation Plan, (SDBIP).

The results of the financial and performance assessment documented in this report are presented using the guidelines in the Municipal Budget and Reporting Regulations (MBRR), and it is evident that adjustments to the budget estimates and subsequently the SDBIP will be necessary. This will be for both the Capital and Operating budget.

All senior managers were requested to indicate the status of the results as well as the remedial actions required in order to achieve the planned results and their comments are included in the report.

In terms of section 72 of the MFMA the SDBIP projections will have to be revised and the Budget amended to ensure that planned services will be rendered.

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Mr TG Ramagaga
Municipal Manager
Thabazimbi Local Municipality

25 January 2018

Recommendations

It is recommended that Council approves the;

1. The proposed Mid-Year Budget and Performance Assessment Report as set out in the following tables in terms of Section 72 of the MFMA;

- Financial performance
- Infrastructural delivery achievements (capital expenditure)
- Statement of financial position
- Statement of cash flows

2. In addition it is recommended that council approves the recommendations of the Mayor to effect budget adjustments as documented in her comments on page 5 together with contents of Table 9- Material variance explanations.

Table of contents	4
Mayor's comment	5
Executive summary	6-7
Financial performance	8-12
Infrastructural delivery achievements (Capex)	13
Financial position	15
Cash-flows	16
Other supporting tables and graphs	
17-28	
List of tables	
Table 1 MBRR C1 Summary	
9	
Table 2 MBRR C4 Financial Performance	10
Table 3 MBRR C2 Financial Performance by standard classification	
11	
Table 4 MBRR C3 Financial Performance by municipal vote	
12	
Table 5 MBRR C5 Capital expenditure	13
Table 7 MBRR C6 Financial position	
15	
Table 8 MBRR C7 Cash flow Statement	16
Table 9 MBRR SC1 Material variance explanations	
17	
Table 10 MBRR SC2 Performance Indicators	18
Table 11 MBRR SC3 Age Analysis Debtors	
20	
Table 12 MBRR SC4 Age Analysis Creditors	20
Table 13 MBRR SC5 Investment Portfolio	
21	
Table 14 BDSA Loans Portfolio	22
Table 15 MBRR SC6 Transfer & Grant Income	23
Table 16 MBRR SC7 Transfer & Grant Expenditure	
24	
Table 17 MBRR SC8 Councillors & Staff benefits	
25	
Table 19 MBRR SC13c Expenditure repairs & maintenance	27
Non Financial Information	
Municipal Manager Office Services Half Year Performance Report	
29-30	
Technical Services Half Year Performance Report	
31	
Community Services Half Year Performance Report	32
Planning & LED Services Half Year Performance Report	
33-34	

Mayor's comments

1. *Adjustments budget*

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

“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-Year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year”

Furthermore except under certain circumstances only one adjustment budget may be tabled in the Municipal Council during a financial year. Accordingly a report on adjustments will be submitted for consideration by Council based on the conclusions detailed in this report.

2. *SDBIP-General*

Early indications are generally that performance against targets contained in the Service Delivery and Budget Implementation Plan are on track. However majority of capital projects are lagging behind for various reasons. Council is advised to intervene and take necessary steps to ensure low achieving areas are brought back on track. A comprehensive analysis in terms of the MFMA Circular 13 on progress against second quarter service delivery targets is covered intensively on Annexures on performance information.

3. *Annual report*

The annual performance report was prepared and presented to the Auditor General for audit together with the Annual Financial Statements. An action plan has been prepared to deal with audit findings and recommendations on the 2015/16 annual report. This will be dealt with by the Audit steering committee as determined and chaired by the Accounting Officer.

4. Financial administration

The Budget and Treasury office was established in terms of section 80 of the MFMA. All senior positions are properly filled in the department. The placement process also assisted in ensuring that individuals are given responsibilities and positions where they can best serve the municipality based on their skill and experience.

A number of financial strategies are currently being implemented, which includes effective expenditure management to help reduce and ultimately eradicate fruitless and wasteful expenditure and debt management to improve our collection rate to improve our service delivery capabilities.

Executive Summary

Introduction

The Municipal Manager, as Accounting Officer of the Municipality, is required by Section 72(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) on or before 25 January of each year to:

- (a) Assess the performance of the municipality during the first half of the financial year, taking into account;
 - (i) The monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) The past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) Where applicable, the performance of every municipal entity under the sole or shared control of the municipality, taking into

- account reports in terms of section 88 from any such entities;
and
- (b) Submit a report on such assessment to;
 - (i) The mayor of the municipality;
 - (ii) The National Treasury; and
 - (iii) The relevant Provincial Treasury.

As part of the review, in terms of Section 72(3), the Accounting Officer is also required to make recommendations as to whether the SDBIP and the annual budget (both capital and operating) need to be adjusted.

Thereafter, the Mayor must, in terms of 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 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 an adjustments budget,
- (d) Issue any appropriate instructions to the accounting officer to ensure;
 - (i) That the budget is implemented in accordance with the SDBIP; and
 - (ii) 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 31 January of each year.

Section 46(1) of the Municipal Systems Act states that a municipality must prepare for each year a performance report reflecting –

- a) The performance of the municipality and of each external service provider during that financial year
- b) A comparison of the performance referred to in paragraph (a) with targets set for and performance in the previous financial year; and
- c) Measures taken to improve performance

Furthermore, subsection (2) of the abovementioned piece of legislation states that an annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the MFMA.

It is of paramount importance to ensure that the annual performance report is a culmination of quarterly reports compiled in terms of section 52(d) of the MFMA 56 of 2003. The alignment process ensures coherence amongst priority areas in the budget and the performance targets. The municipal priorities are grouped in the municipal Key Performance Areas as contained in the IDP as follows:

- Good governance and public participation
- Financial viability
- Local economic development
- Spatial development
- Basic service delivery and infrastructural development, and
- Municipal transformation and institutional development

The priorities, in turn, were aligned to the following nine strategic objectives:

- Promoting the wellbeing of all communities
- Ensure economic growth
- Enhance financial viability and accountability
- Infrastructural management to enable easy access and mobility
- Forward planning
- Promote community involvement
- Ensure effective communication
- Develop and implement integrated and governance systems, and
- Attract, develop and retain human capital

The requirements of section 52(d) of the MFMA are met in this Mid-year Budget and Performance Assessment Report and non-financial performance information has been included as Annexures in this report.

Financial performance analysis

1. Operational financial performance

A deficit of R29.1m has been achieved to date, from operating activities. Both water and electricity services are performing below par due to the metering system that is aged damaged and is in dire need of replacement. Plans to replace the Municipality's metering were

identified and are still in process due to financial constraints, however to date the project has not yet been completed.

The Municipality has a total of 6500 electricity accounts and 10500 water accounts and should this grant be utilised well it must see a complete overhaul of the municipal metering and this will go a long way in improving billing, reducing the customer complaints, and improve the Municipal cash flows.

Capital spending and sources of finance

There has been no capital project implemented by the Municipality during the first half of the year either internally or externally. However the MIG for the Municipality has been handled to Waterberg District. The MIG approved Multiyear Amount is R33.7million.

3. Financial position

The balance sheet size has maintained from budgeted figures of R1.6bn. The fluctuations noted on current assets are mainly due to the capitalisation of interest on un-serviced and long outstanding customer accounts.

4. Cash flows

The municipal cash flows continues to be significantly strained mainly due to the humongous wage bill and long outstanding and unpaid creditors and bulk services which accrue interest consistently.

5. Performance indicators

All the performance, financial and liquidity indicators show that the Municipality is in significant stress and this needs a complete turnaround. The revaluation of Property Plant and equipment has created more non distributable reserves that have neutralised the municipal gearing. Financial performance indicators are reflected on Supporting Table 10.

6. Spending on Conditional grants

The entire Municipal Infrastructure Grant administration for 2017/18 financial year is R33.7 million which is gazetted to be transferred in March 2018 and the all the Project Management Function is handled to Waterberg District Municipality. However the progress spending on the MIG to date is 47.8% from the unspent grant of R10.4 million

Financial performance

The following table is a summary of overall performance of the municipality; it depicts the financial position, performance and the cash flows for the first half of 2017/18 financial year.

Table 1 MBRR C1 Mid-Year Assessment 2017/18 Summary

LIM361 Thabazimbi - Table C1 Monthly Budget Statement Summary - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	44 014	-	3 801	14 170	22 007	(7 838)	-36%	44 014
Service charges	-	143 553	-	8 288	52 960	71 776	(18 816)	-26%	143 553
Investment revenue	-	42	-	-	13	21	(8)	-38%	42
Transfers recognised - operational	-	72 129	-	22 992	54 168	36 065	18 103	50%	72 129
Other own revenue	-	24 349	-	1 895	11 367	12 174	(807)	-7%	24 349
Total Revenue (excluding capital transfers and contributions)	-	284 087	-	36 976	132 678	142 043	(9 366)	-7%	284 087
Employee costs	-	115 883	-	14 525	63 636	57 941	5 694	10%	115 883
Remuneration of Councillors	-	8 194	-	658	4 188	4 097	91	2%	8 194
Depreciation & asset impairment	-	26 286	-	-	10	13 143	(13 133)	-100%	26 286
Finance charges	-	7 405	-	94	5 061	3 702	1 359	37%	7 405
Materials and bulk purchases	-	79 107	-	4 061	14 452	39 554	(25 102)	-63%	79 107
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	-	48 939	-	1 484	16 180	24 469	(8 289)	-34%	48 939
Total Expenditure	-	285 814	-	20 822	103 527	142 907	(39 380)	-28%	285 814
Surplus/(Deficit)	-	(1 727)	-	16 154	29 151	(864)	30 014	-3476%	(1 727)
Transfers recognised - capital	-	33 759	-	-	-	-	-	-	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	32 032	-	16 154	29 151	(864)	30 014	-3476%	(1 727)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	32 032	-	16 154	29 151	(864)	30 014	-3476%	(1 727)
Capital expenditure & funds sources									
Capital expenditure	-	35 259	-	-	-	17 630	(17 630)	-100%	35 259
Capital transfers recognised	-	33 759	-	-	-	16 880	(16 880)	-100%	33 759
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	1 500	-	-	-	750	(750)	-100%	1 500
Total sources of capital funds	-	35 259	-	-	-	17 630	(17 630)	-100%	35 259
Financial position									
Total current assets	-	219 636	-	-	289 579	-	-	-	219 636
Total non current assets	-	1 421 920	-	-	954 390	-	-	-	1 421 920
Total current liabilities	-	275 950	-	-	433 407	-	-	-	275 950
Total non current liabilities	-	87 523	-	-	5 081	-	-	-	87 523
Community wealth/Equity	-	1 278 083	-	-	805 482	-	-	-	1 278 083
Cash flows									
Net cash from (used) operating	-	(10 799)	-	(32 597)	(70 538)	(5 400)	65 138	-1206%	(10 799)
Net cash from (used) investing	-	(52 133)	-	-	-	(26 066)	(26 066)	100%	(52 133)
Net cash from (used) financing	-	(1 015)	-	-	(212)	(507)	(295)	58%	(1 015)
Cash/cash equivalents at the month/year end	-	(63 307)	-	-	(66 829)	(31 334)	35 495	-113%	(60 026)
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	9 110	7 233	4 457	6 343	6 371	245 732	-	-	279 247
Creditors Age Analysis									
Total Creditors	26 358	5 072	28 816	215 450	-	-	79 011	52 478	407 184

The table above shows an operating surplus R29m, against R1.7m targeted deficit at the end of the first half. This is a culmination of 27.3% achievement on operating revenue and 28% under spending on operating expenditure.

Table 2 MBRR C4 Mid-Year Assessment 2017/18- Financial Performance (revenue and expenditure)

LIM361 Thabazimbi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			44 014		3 801	14 170	22 007	(7 838)	-36%	44 014
Property rates - penalties & collection charges										
Service charges - electricity revenue			80 141		3 051	21 182	40 070	(18 888)	-47%	80 141
Service charges - water revenue			33 605		2 562	15 030	16 802	(1 772)	-11%	33 605
Service charges - sanitation revenue			18 550		1 625	10 531	9 275	1 256	14%	18 550
Service charges - refuse revenue			11 257		1 049	6 218	5 629	589	10%	11 257
Service charges - other										
Rental of facilities and equipment			1 641		31	206	820	(614)	-75%	1 641
Interest earned - external investments			42			13	21	(8)	-38%	42
Interest earned - outstanding debtors			8 876		1 797	10 588	4 438	6 151	139%	8 876
Dividends received										
Fines			3 192		6	54	1 596	(1 542)	-97%	3 192
Licences and permits			2 987			1	1 494	(1 493)	-100%	2 987
Agency services			2 987				1 494	(1 494)	-100%	2 987
Transfers recognised - operational			72 129		22 992	54 168	36 065	18 103	50%	72 129
Other revenue			4 666		61	518	2 333	(1 815)	-78%	4 666
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)			284 087		36 976	132 678	142 043	(9 366)	-7%	284 087
Expenditure By Type										
Employee related costs			115 883		14 525	63 636	57 941	5 694	10%	115 883
Remuneration of councillors			8 194		658	4 188	4 097	91	2%	8 194
Debt impairment			6 311				3 156	(3 156)	-100%	6 311
Depreciation & asset impairment			26 286			10	13 143	(13 133)	-100%	26 286
Finance charges			7 405		94	5 061	3 702	1 359	37%	7 405
Bulk purchases			79 107		4 061	14 452	39 554	(25 102)	-63%	79 107
Other materials										
Contracted services			9 330		1 249	4 018	4 665	(647)	-14%	9 330
Transfers and grants										
Other expenditure			33 297		235	12 162	16 649	(4 486)	-27%	33 297
Loss on disposal of PPE										
Total Expenditure			285 814		20 822	103 527	142 907	(39 380)	-28%	285 814
Surplus/(Deficit)			(1 727)		16 154	29 151	(864)	30 014	(0)	(1 727)
Transfers recognised - capital			33 759							
Contributions recognised - capital										
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions			32 032		16 154	29 151	(864)			(1 727)
Taxation										
Surplus/(Deficit) after taxation			32 032		16 154	29 151	(864)			(1 727)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality			32 032		16 154	29 151	(864)			(1 727)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year			32 032		16 154	29 151	(864)			(1 727)

Operating expenditure incurred amounts to R103.5m under spending on operational expenditure. Employee costs approximate 55.6% of all cash related expenditure budget of the Municipality.

The table below shows how the municipality performed; the analysis is based on standard classification of the financial statements elements.

Table 3 MBRR C2 Mid-Year Assessment 2017/18- Financial Performance (standard classification)

LIM361 Thabazimbi - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		-	156 180	-	28 692	79 122	78 090	1 032	1%	156 180
Executive and council		-	110 434	-	22 992	53 877	55 217	(1 340)	-2%	110 434
Budget and treasury office		-	45 746	-	5 635	24 985	22 873	2 112	9%	45 746
Corporate services		-	-	-	64	259	-	259	#DIV/0!	-
<i>Community and public safety</i>		-	10 155	-	(7)	355	5 078	(4 722)	-93%	10 155
Community and social services		-	2 424	-	20	129	1 212	(1 083)	-89%	2 424
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	7 731	-	(27)	227	3 866	(3 639)	-94%	7 731
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	4 456	-	4	296	1	295	56250%	-
Planning and development		-	4 456	-	4	44	1	43	8256%	-
Road transport		-	-	-	-	252	-	252	#DIV/0!	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	147 054	-	8 288	52 903	73 527	(20 625)	-28%	147 054
Electricity		-	78 404	-	3 051	21 182	39 202	(18 020)	-46%	78 404
Water		-	36 746	-	2 562	14 988	18 373	(3 385)	-18%	36 746
Waste water management		-	19 834	-	1 625	10 517	9 917	600	6%	19 834
Waste management		-	12 070	-	1 049	6 216	6 035	181	3%	12 070
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	-	317 846	-	36 976	132 675	156 695	(24 020)	-15%	313 389
Expenditure - Standard										
<i>Governance and administration</i>		-	137 091	-	10 166	48 332	68 546	(20 214)	-29%	137 091
Executive and council		-	21 691	-	5 471	19 223	10 845	8 378	77%	21 691
Budget and treasury office		-	87 495	-	2 000	16 304	43 748	(27 444)	-63%	87 495
Corporate services		-	27 905	-	2 695	12 804	13 952	(1 148)	-8%	27 905
<i>Community and public safety</i>		-	14 959	-	2 078	11 981	8 147	3 834	47%	9 544
Community and social services		-	6 518	-	265	1 557	3 259	(1 702)	-52%	6 518
Sport and recreation		-	2 707	-	313	2 019	1 354	666	49%	-
Public safety		-	5 734	-	1 500	8 404	3 535	4 870	138%	3 026
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	49 413	-	2 364	14 347	23 501	(9 154)	-39%	38 275
Planning and development		-	11 138	-	350	1 891	4 363	(2 472)	-57%	-
Road transport		-	37 591	-	1 941	12 021	18 795	(6 775)	-36%	37 591
Environmental protection		-	684	-	73	435	342	93	27%	684
<i>Trading services</i>		-	84 351	-	6 213	28 867	42 176	(13 308)	-32%	-
Electricity		-	51 721	-	2 991	16 205	25 861	(9 656)	-37%	-
Water		-	23 665	-	2 170	6 051	11 832	(5 781)	-49%	-
Waste water management		-	4 550	-	262	2 319	2 275	44	2%	-
Waste management		-	4 415	-	790	4 292	2 207	2 084	94%	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	-	285 814	-	20 822	103 527	142 369	(38 842)	-27%	184 910
Surplus/ (Deficit) for the year		-	32 032	-	16 154	29 148	14 326	14 822	103%	128 479

Governance and administration performed as exceedingly anticipated with an aggregate variance of 1%, however, Trading service's variance on revenue is 28%, the under-performance is due to the capital grant, MIG has been transferred to the Waterberg District. Community and public safety department has performed the worst mainly due to lack of resources in the public safety division with no adequate left to efficiently carry the departments responsibilities.

Low revenue generation patterns as described above resulted in the slow rate of spending in all categories by standard classification except for the trading

services which comprise of Water, Electricity, Refuse removal and waste water management.

Table 4 below consolidates the report on financial performance per municipal vote. The bulk of revenue was generated by the Political office bearers, in form of grants received.

Overall operational spending shows an excess of 27.6% with the Political Office Bearers vote contributing the highest of 154.5% overspending, followed by the Public Safety and Protection Services with an excess of 95%. Adjustments may therefore be necessary to align budget with actual spending patterns, all other votes indicated at least an under-spending. The overspending in Political office bearers 'will also need to be regularised during the adjustments budget.

Table 4 MBRR C3 Mid-Year Assessment - Financial Performance (revenue and expenditure by municipal vote)

LIM361 Thabazimbi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - 100 Political Office Bearers	1	-	110 434	-	22 992	53 877	55 217	(1 340)	-2.4%	110 434
Vote 2 - 200 Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - 300 Budget & Treasury		-	45 746	-	5 635	24 985	22 873	2 112	9.2%	45 746
Vote 4 - 400 Corporate Services		-	-	-	64	259	-	259	#DIV/0!	-
Vote 5 - 500 Planning and Development		-	208	-	4	44	104	(60)	-57.8%	208
Vote 6 - 600 Community Services		-	22 225	-	1 042	6 572	11 113	(4 541)	-40.9%	22 225
Vote 7 - 700 Technical Services		-	134 984	-	7 239	46 938	67 492	(20 554)	-30.5%	134 984
Vote 8 - Public Safety and Protection Services 800		-	4 248	-	-	-	2 124	(2 124)	-100.0%	4 248
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
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	-	317 846	-	36 976	132 675	158 923	(26 247)	-16.5%	317 846
Expenditure by Vote										
Vote 1 - 100 Political Office Bearers	1	-	12 244	-	4 807	15 579	6 122	9 457	154.5%	12 244
Vote 2 - 200 Municipal Manager		-	9 447	-	664	3 644	4 723	(1 079)	-22.8%	9 447
Vote 3 - 300 Budget & Treasury		-	87 495	-	2 000	16 304	43 748	(27 444)	-62.7%	87 495
Vote 4 - 400 Corporate Services		-	27 905	-	2 695	12 804	13 952	(1 148)	-8.2%	27 905
Vote 5 - 500 Planning and Development		-	9 411	-	423	2 327	4 706	(2 379)	-50.6%	9 411
Vote 6 - 600 Community Services		-	19 374	-	2 824	16 212	9 687	6 526	67.4%	19 374
Vote 7 - 700 Technical Services		-	117 527	-	7 364	36 596	58 763	(22 167)	-37.7%	117 527
Vote 8 - Public Safety and Protection Services 800		-	2 411	-	45	60	1 205	(1 145)	-95.0%	2 411
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
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	-	285 814	-	20 822	103 527	142 907	(39 380)	-27.6%	285 814
Surplus/ (Deficit) for the year	2	-	32 032	-	16 154	29 148	16 016	13 132	82.0%	32 032

Infrastructural service delivery achievements

Table 5 MBRR C5 Mid-Year Assessment - Capital Expenditure (municipal vote, standard classification and

LIM361 Thabazimbi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December										
Vote Description	Ref	2016/17		Budget Year 2017/18						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - 100 Political Office Bearers		-	-	-	-	-	-	-	-	-
Vote 2 - 200 Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - 300 Budget & Treasury		-	-	-	-	-	-	-	-	-
Vote 4 - 400 Corporate Services		-	-	-	-	-	-	-	-	-
Vote 5 - 500 Planning and Development		-	-	-	-	-	-	-	-	-
Vote 6 - 600 Community Services		-	1 500	-	-	-	750	(750)	-100%	1 500
Vote 7 - 700 Technical Services		-	33 759	-	-	-	16 880	(16 880)	-100%	33 759
Vote 8 - Public Safety and Protection Services 800		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
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 Multi-year expenditure	4,7	-	35 259	-	-	-	17 630	(17 630)	-100%	35 259
Single Year expenditure appropriation	2									
Vote 1 - 100 Political Office Bearers		-	-	-	-	-	-	-	-	-
Vote 2 - 200 Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - 300 Budget & Treasury		-	-	-	-	-	-	-	-	-
Vote 4 - 400 Corporate Services		-	-	-	-	-	-	-	-	-
Vote 5 - 500 Planning and Development		-	-	-	-	-	-	-	-	-
Vote 6 - 600 Community Services		-	-	-	-	-	-	-	-	-
Vote 7 - 700 Technical Services		-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety and Protection Services 800		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Total Capital Expenditure		-	35 259	-	-	-	17 630	(17 630)	-100%	35 259
Capital Expenditure - Standard Classification										
Governance and administration		-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-
Community and public safety		-	1 500	-	-	-	750	(750)	-100%	1 500
Community and social services		-	1 500	-	-	-	750	(750)	-100%	1 500
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	33 759	-	-	-	16 880	(16 880)	-100%	33 759
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	33 759	-	-	-	16 880	(16 880)	-100%	33 759
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3	-	35 259	-	-	-	17 630	(17 630)	-100%	35 259
Funded by:										
National Government		-	33 759	-	-	-	16 880	(16 880)	-100%	33 759
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	33 759	-	-	-	16 880	(16 880)	-100%	33 759
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	1 500	-	-	-	750	(750)	-100%	1 500
Total Capital Funding		-	35 259	-	-	-	17 630	(17 630)	-100%	35 259

funding

Financial position

The table below shows an Increase in equity of the municipality from R1.4bn from the 2017/18 original budget. This increase is mainly attributable to the downward revaluation of infrastructural assets that was performed towards the end of the 2014/15 financial year. The downward revaluation does not represent impairment of our infrastructure over the last financial year, rather it is a correction of the assets valuation in to align the values with GRAP. The rest of the balance sheet items remained relatively steady.

The effect of the revaluation will definitely need to be reflected in the budget by means of an adjustment. A further impairment of debtors will also be necessary to reflect the increasing balance of consumer debtors. Such an adjustment will need to be effected in the budget. Current liabilities figures may also need to be adjusted as it looks like actual balances have far exceeded annual budgeted figures unless other sources of funds will have to be explored to discharge the current liabilities and comply with Section 65(2) (e) of the MFMA.

Table 7 MBRR C6 Mid-Year Assessment 2017/18- Financial Position

Description	Ref	2016/17	Budget Year 2017/18				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
R thousands	1						
ASSETS							
Current assets							
Cash			(63 307)		2 103	(63 307)	
Call investment deposits			280		6 117	280	
Consumer debtors			280 525		279 247	280 525	
Other debtors							
Current portion of long-term receivables							
Inventory			2 138		2 113	2 138	
Total current assets			-	219 636	-	289 579	219 636
Non current assets							
Long-term receivables							
Investments							
Investment property							
Investments in Associate							
Property, plant and equipment			1 420 973		924 073	1 420 973	
Agricultural							
Biological assets			947		30 317	947	
Intangible assets							
Other non-current assets							
Total non current assets			-	1 421 920	-	954 390	1 421 920
TOTAL ASSETS			-	1 641 557	-	1 243 970	1 641 557
LIABILITIES							
Current liabilities							
Bank overdraft							
Borrowing			5 852		367	5 852	
Consumer deposits			4 313		3 961	4 313	
Trade and other payables			223 095		407 184	223 095	
Provisions			42 691		21 894	42 691	
Total current liabilities			-	275 950	-	433 407	275 950
Non current liabilities							
Borrowing			6 121		5 081	6 121	
Provisions			81 402			81 402	
Total non current liabilities			-	87 523	-	5 081	87 523
TOTAL LIABILITIES			-	363 473	-	438 488	363 473
NET ASSETS	2		-	1 278 083	-	805 482	1 278 083
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)			1 278 083		805 482	1 278 083	
Reserves							
TOTAL COMMUNITY WEALTH/EQUITY	2		-	1 278 083	-	805 482	1 278 083

Cash flows Statement

Table 8 below shows the statement of cash flows for the municipality at the end of the first half of the year.

Table 8 MBRR C7 Mid-Year Assessment 2017/18- Cash Flow statement

LIM361 Thabazimbi - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges			33 011		2 017	17 683	16 505	1 177	7%	33 011
Service charges			107 664		3 752	33 248	53 832	(20 584)	-38%	107 664
Other revenue			11 605		1 222	86	5 802	(5 717)	-99%	11 605
Government - operating			72 129		22 992	54 168	36 065	18 103	50%	72 129
Government - capital			33 759				16 880	(16 880)	-100%	33 759
Interest			6 657		151	2 555	3 328	(774)	-23%	6 657
Dividends										
Payments										
Suppliers and employees			(268 219)		(62 716)	(178 170)	(134 110)	44 060	-33%	(268 219)
Finance charges			(7 405)		(15)	(107)	(3 702)	(3 595)	97%	(7 405)
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES			-		(32 597)	(70 538)	(5 400)	65 138	-1206%	(10 799)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE										
Decrease (Increase) in non-current debtors			(16 874)				(8 437)	8 437	-100%	(16 874)
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
Payments										
Capital assets			(35 259)				(17 630)	(17 630)	100%	(35 259)
NET CASH FROM/(USED) INVESTING ACTIVITIES			-		-	-	(26 066)	(26 066)	100%	(52 133)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits			259				130	(130)	-100%	259
Payments										
Repayment of borrowing			(1 274)			(212)	(637)	(425)	67%	(1 274)
NET CASH FROM/(USED) FINANCING ACTIVITIES			-		-	(212)	(507)	(295)	58%	(1 015)
NET INCREASE/ (DECREASE) IN CASH HELD			-		(32 597)	(70 750)	(31 973)			(63 946)
Cash/cash equivalents at beginning:			639			3 921	639			3 921
Cash/cash equivalents at month/year end:			(63 307)			(66 829)	(31 334)			(60 026)

Other Financial Tables

Table 9 MBRR SC1 Material variance explanations – Mid-Year Assessment 2017/18

LIM361 Thabazimbi - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source			
	Other Revenue		A significant number of income generating projects initially earmarked to kick off during the current financial year failed to start. Eg illegal dumping fees , illegal connection fees etc	There is need to diversity revenue sources, Community Services together with LED will secure the municipal landfill sites and ensure that all private users pay for dumping their waste. Business registration.
2	Expenditure By Type			
	Depreciation		Our budget for depreciation was understated compared to the revised figures as per the new FAR .	The budgeted depreciation amount is corrected
	Debt impairment		Debt impairment assessment usually done at year end	We will ensure assessment doubtful and irrecoverable receiv is performed before year end in accordance Grap 104
3	Capital Expenditure			
	Capex		Implementation is not consistent with the capital grant receipt	Currently the MIG is implemented at Waterberg District Municipality . The municipality will only received the money in 2018/19
4	Financial Position			
	Consumer debtor		Receivables continue to soar due to collection challenges	The municipality is over committed
5	Cash Flow			
	Capital expenditure		Our spending on capital expenditure has been moving slow due to the financial constrains expericed in the previous financial year	The municipality has appointed service ageny starting from 01-Jan-18
6	Measureable performance			
	Creditors management		Relatively lower debtors collection rates have affected the ability to service creditors efficiently	More sterner debt control policies to be implemented to ensure efficient collection of receivables and servicing of creditors
7	Municipal Entities			
	No entities			

Table 10MBRR SC2 Mid-Year Assessment 2017/18- performance indicators

Description of financial indicator	Basis of calculation	Ref	2015/16	Budget Year 2016/17			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<u>Borrowing Management</u>							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0.0%	8.5%	0.0%	7.8%	3.5%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		0.0%	19.6%	0.0%	31.4%	19.6%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	1	0.0%	92.5%	0.0%	35.9%	92.5%
Liquidity Ratio	Monetary Assets/Current Liabilities		0.0%	0.4%	0.0%	1.6%	0.4%
<u>Revenue Management</u>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		0.0%	86.9%	0.0%	87.3%	86.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))		60.0%	95.0%	70.0%	45.0%	80.0%
<u>Funding of Provisions</u>							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
<u>Other Indicators</u>							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2	22.0%	30.0%	22.0%	22.0%	22.0%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2	10.0%	10.0%	30.0%	30.0%	30.0%
Employee costs	Employee costs/Total Revenue - capital revenue		0.0%	37.7%	0.0%	39.1%	37.7%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0.0%	7.9%	0.0%	8.2%	3.3%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

Explanations of significant statistics

Borrowing management

Borrowing levels remain low, even lower than prior audited year, mainly because of the depleting balance of loans from DBSA. The municipality is in dire need of serious financial injection to improve its key facets and turnaround the financial position.

Safety of capital

Municipal reserves remain greater than the liabilities as indicated by the low gearing levels, the asset backed reserves continue to compensate for dwindling surpluses. However the high level of unpaid creditors remains a threat to the overall debt to equity ratio in the long run.

Liquidity

The analysis above indicates that current liabilities are twice as much as current assets. This indicates a very unhealthy situation that may need political intervention to convince communities in paying for services rendered by the municipality.

Revenue management

The municipality is not doing very well in this particular because of two main issues namely;

- The debtors' collection itself is generally low with debtors dating back from a decade ago. The impairment provision has been raised and keeps rising as a result of inadequate collection rate particularly from household consumers.

Creditors' management

The municipality due to acute cash flow constraints has found section 65(2) e of the MFMA difficult to adhere to as shown by our creditors ageing and financial intervention and injection is needed to ensure municipal cash flows are healthy. This explains the poor creditors' system efficiency ratio reported in the table above.

Water and electricity losses

Water and electricity losses have been significant throughout the first six months of the year, however the municipality has no accurate figures of the magnitude of the losses due to lack of mechanisms in place to adequately ascertain with accuracy the losses incurred on distribution.

Table 11MBRR SC3 Mid-Year Assessment 2017/18- aged debtors

LIM361 Thabazimbi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2017/18									Total over 90 days	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 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	2 327	1 847	2 150	1 160	1 064	47 845	-	-	56 393	50 069		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3 231	1 419	458	487	519	8 877	-	-	14 992	9 883		
Receivables from Non-exchange Transactions - Property Rates	1400	2 851	1 891	1 461	1 372	1 349	39 471	-	-	48 395	42 192		
Receivables from Exchange Transactions - Waste Water Management	1500	588	1 432	1 174	860	945	31 805	-	-	36 804	33 610		
Receivables from Exchange Transactions - Waste Management	1600	(1 503)	(1 248)	(1 218)	531	521	20 294	-	-	17 377	21 345		
Receivables from Exchange Transactions - Property Rental Debtors	1700	30	30	30	30	30	3 323	-	-	3 474	3 383		
Interest on Arrear Debtor Accounts	1810	1 800	1 747	1 692	1 659	1 638	52 031	-	-	60 568	55 329		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	(214)	115	(1 292)	245	305	42 086	-	-	41 244	42 636		
Total By Income Source	2000	9 110	7 233	4 457	6 343	6 371	245 732	-	-	279 247	258 447	-	-
2016/17 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	1 224	684	388	276	153	5 100	-	-	7 825	5 529		
Commercial	2300	2 604	1 533	(140)	1 052	1 089	35 113	-	-	41 251	37 254		
Households	2400	2 878	3 534	2 407	3 874	3 975	180 054	-	-	196 722	187 904		
Other	2500	2 403	1 483	1 802	1 142	1 154	25 465	-	-	33 448	27 760		
Total By Customer Group	2600	9 110	7 233	4 457	6 343	6 371	245 732	-	-	279 247	258 447	-	-

Households remain the highest on the municipal debtor's book. It is highly unlikely that the bulk of these receivables will be recovered and it is therefore recommended that a recoverability assessment be conducted and impairment be effected if necessary. Effort will continue to be applied to ensure that we recover debts from commerce and organs of state.

Table 12 MBRR SC4 Mid-Year Assessment - aged creditors

LIM361 Thabazimbi - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2017/18								
		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	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	1 919	-	-	185 308	-	-	-	35 951	223 178
Bulk Water	0200	-	-	-	28 874	-	-	-	13 298	42 172
PAYE deductions	0300	12 935	-	-	-	-	-	-	-	12 935
VAT (output less input)	0400	7 553	-	-	-	-	-	-	-	7 553
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	3 656	-	3 656
Trade Creditors	0700	3 951	3 023	28 816	1 267	-	-	75 355	3 229	115 641
Auditor General	0800	-	2 049	-	-	-	-	-	-	2 049
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	26 358	5 072	28 816	215 450	-	-	79 011	52 478	407 184

The municipality's cash flow position has not improved significantly over the past year; this has mainly been caused by a number of factors which management are already in the process of resolving. For instance, we are incurring significant losses on the distribution of electricity on a month on month basis, due to a suppressed tariff, and aged infrastructure.

The municipality's ability to service its' creditors could still improve if council and management work together in rectifying the current ills in our municipality, which starts with the replacement of metering infrastructure and safeguard the municipal collections.

The municipality is currently inundated with default judgements obtained from the courts by unpaid creditors. Municipal assets have been attached and in some instances municipal assets have been auctioned leaving the municipality without vital tools of trade to provide adequate service delivery.

All municipal bank accounts are constantly being garnished by various service providers who are winning court cases against the municipality and this is further eroding the meagre financial muscle left and completely makes it difficult for any form of financial planning to be done.

Table 13 MBRR SC5 Mid-Year Assessment - investment portfolio

LIM361 Thabazimbi - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands									
Municipality									
ABSA Investment		1 Month	Fixed deposit	-	-	0,0%	66	-	66
Sanlam Investment		1 Month	Unit trusts	-	-	0,0%	34	-	34
Sanlam Investment		1 Month	Unit trusts	-	-	0,0%	57	-	57
Old Mutual Investment		1 Month	Unit trusts	14/12/2014	-	0,0%	-	-	-
ABSA Investment		1 Month	Fixed deposit	-	-	0,0%	1 652	0	1 652
Municipality sub-total					-		1 808	0	1 808
Entities									
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				-		1 808	0	1 808

The return on investment has been very meagre, the constraints burdened by legislation to restrict municipalities to invest in 'safe' types of investments has also yielded safe but meek returns. Efforts will continue to be placed on other ideal ways of improving the returns.

Table 14 Mid-Year Assessment 2017/18 - Loans portfolio

Dec-17									
Loan ref no.	Vote no.	Vote description	Financial institution	Opening Bal as per loan register 1/12/2017	Interest Capitalised	Interest on arrears	Repayments		Balance as per loan register 31/12/2017
							Capital	Interest	
61007445	830/830200	Regorogile Road Brick	DBSA	4 359 373,70	-33 319,95	-	-72 843,36	-	4 253 210,39
				4 359 373,70	-33 319,95	-	-72 843,36	-	4 253 210,39

The municipality is currently able to service the DBSA loans monthly as they fall due, this has led to the Municipality to negotiate all loan repayments to DBSA until the end of 2022 financial year. DBSA have since confirmed in writing the arrangement, no finance costs will be incurred by the municipality during this period.

Table 15 MBRR SC6 Mid-Year Assessment 2017/18- transfers and grant receipts

LIM361 Thabazimbi - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		-	72 129	-	22 992	54 129	36 065	17 244	47,8%	72 129
Local Government Equitable Share			68 976		22 992	51 732	34 488	17 244	50,0%	68 976
Finance Management			2 145		-	2 145	1 073			2 145
EPWP Incentive			1 008			252	504			1 008
			-							
Provincial Government:		-	22 200	-	-	-	11 100	(11 100)	-100,0%	22 200
Housing			22 200				11 100	(11 100)	-100,0%	22 200
District Municipality:		-	1 650	-	-	-	825	(825)	-100,0%	1 650
Fire Grant			1 650				825	(825)	-100,0%	1 650
Other grant providers:		-	-	-	-	39	-	39	#DIV/0!	-
LG Seta						39		39	#DIV/0!	
Total Operating Transfers and Grants	5	-	95 979	-	22 992	54 168	47 990	5 358	11,2%	95 979
Capital Transfers and Grants										
National Government:		-	33 759	-	-	-	16 880	(16 880)	-100,0%	33 759
Municipal Infrastructure Grant (MIG)			33 759				16 880	(16 880)	-100,0%	33 759
Intergrated National Electricity Grant (INEP)										
Water Service Infrastructure Grant (WSIG)										
Electrification Grant (SANEDI)										
Provincial Government:		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	-	33 759	-	-	-	16 880	(16 880)	-100,0%	33 759
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	129 738	-	22 992	54 168	64 869	(11 522)	-17,8%	129 738

Grants from National Treasury and the district have been received as expected except EPWP grant for November 2017.

Table 16 MBRR SC7 Mid-Year Assessment 2017/18- transfers and grant expenditure

LIM361 Thabazimbi - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		-	72 129	-	23 055	52 778	36 065	16 713	46,3%	72 129
Local Government Equitable Share			68 976		22 992	51 732	34 488	17 244	50,0%	68 976
Finance Management			2 145		63	794	1 073	(279)	-26,0%	2 145
EPWP Incentive			1 008			252	504	(252)	-50,0%	1 008
Other transfers and grants [insert description]										
Provincial Government:		-	22 200	-	-	-	11 100	(11 100)	-100,0%	22 200
Housing			22 200				11 100	(11 100)	-100,0%	22 200
Other transfers and grants [insert description]										
District Municipality:		-	1 650	-	-	-	825	(825)	-100,0%	1 650
Fire Grant			1 650				825	(825)	-100,0%	1 650
Other grant providers:		-	-	-	-	-	-	-		-
LG Seta										
Total operating expenditure of Transfers and Grants:		-	95 979	-	23 055	52 778	47 990	4 788	10,0%	95 979
Capital expenditure of Transfers and Grants										
National Government:		-	33 759	-	-	-	16 880	(16 880)	-100,0%	33 759
Municipal Infrastructure Grant (MIG)			33 759				16 880	(16 880)	-100,0%	33 759
Intergrated National Electricity Grant (INEP)										
Water Service Infrastructure Grant (WSIG)										
Electrification Grant (SANEDI)										
Other capital transfers [insert description]										
Provincial Government:		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants		-	33 759	-	-	-	16 880	(16 880)	-100,0%	33 759
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	129 738	-	23 055	52 778	64 869	(12 091)	-18,6%	129 738

MIG programme was transferred to the District and the funds for 201718 financial year. FMG and EPWP grants' spending is as expected.

Table 17 MBRR SC8 Mid-Year Assessment 2017/18- councillor and staff benefits

LIM361 Thabazimbi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	2016/17		Budget Year 2017/18						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C					D	
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages			5 329		426	2 236	2 664	(428)	-16%	5 329
Pension and UIF Contributions			724		60	316	362	(46)	-13%	724
Medical Aid Contributions			93		4	22	46	(25)	-53%	93
Motor Vehicle Allowance			1 398		119	676	699	(23)	-3%	1 398
Cellphone Allowance			506		49	272	253	19	7%	506
Housing Allowances										
Other benefits and allowances			144				72	(72)	-100%	144
Sub Total - Councillors			8 194		658	3 522	4 097	(576)	-14%	8 194
% increase	4		#DIV/0!							#DIV/0!
Senior Managers of the Municipality										
Basic Salaries and Wages			4 963		1 064	3 055	2 482	573	23%	4 963
Pension and UIF Contributions			4		26	83	2	81	4561%	4
Medical Aid Contributions					39	82		82	#DIV/0!	
Overtime					2	4		4	#DIV/0!	
Performance Bonus										
Motor Vehicle Allowance			949		155	413	475	(62)	-13%	949
Cellphone Allowance			44		5	16	22	(5)	-25%	44
Housing Allowances										
Other benefits and allowances			57		7	78	29	49	170%	57
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality			6 017		1 298	3 731	3 009	722	24%	6 017
% increase	4		#DIV/0!							#DIV/0!
Other Municipal Staff										
Basic Salaries and Wages			65 059		7 123	34 952	32 529	2 422	7%	65 059
Pension and UIF Contributions			14 849		115	1 315	7 425	(6 110)	-82%	14 849
Medical Aid Contributions			4 662		411	1 683	2 331	(648)	-28%	4 662
Overtime			6 931		8	15	3 466	(3 450)	-100%	6 931
Performance Bonus			5 374				2 687	(2 687)	-100%	5 374
Motor Vehicle Allowance			7 132		579	2 873	3 566	(693)	-19%	7 132
Cellphone Allowance			297			17	149	(132)	-89%	297
Housing Allowances			205			16	102	(86)	-84%	205
Other benefits and allowances			5 356		4 991	7 685	2 678	5 007	187%	5 356
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Municipal Staff			109 865		13 227	48 555	54 933	(6 377)	-12%	109 865
% increase	4		#DIV/0!							#DIV/0!
Total Parent Municipality			124 077		15 183	55 808	62 038	(6 231)	-10%	124 077
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Board Members of Entities	2									
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Entities	2									
% increase	4									
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Staff of Entities	4									
% increase	4									
261 Municipal Entities										
TOTAL SALARY, ALLOWANCES & BENEFITS			124 077		15 183	55 808	62 038	(6 231)	-10%	124 077
% increase	4		#DIV/0!							#DIV/0!
TOTAL MANAGERS AND STAFF			115 883		14 525	52 286	57 941	(5 655)	-10%	115 883

Overall, employee costs have marginally exceeded the budgeted amounts. Overtime, standby allowances, and additional travelling allowances have been significantly exceeded due to lack of monitoring and supervision within the basic services departments i.e. Technical Department and Community Services.

Additional costs to compensate for the use of personal vehicles is also putting an additional strain on the Municipality mainly due to the fact that the municipality does not have fleet.

Table 19MBRR SC13c Mid-Year Assessment - expenditure on repairs and maintenance by asset class

LIM361 Thabazimbi - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	9 457	-	100	789	4 729	3 939	83,3%	9 457
Infrastructure - Road transport		-	2 187	-	-	4	1 094	1 090	99,7%	2 187
Roads, Pavements & Bridges			2 187			4	1 094	1 090	99,7%	2 187
Storm water										
Infrastructure - Electricity		-	2 187	-	0	58	1 094	1 035	94,7%	2 187
Generation										
Transmission & Reticulation			2 187		0	58	1 094	1 035	94,7%	2 187
Street Lighting										
Infrastructure - Water		-	2 587	-	100	670	1 293	623	48,2%	2 587
Dams & Reservoirs										
Water purification			2 587		100	670	1 293	623	48,2%	2 587
Reticulation										
Infrastructure - Sanitation		-	309	-	-	-	154	154	100,0%	309
Reticulation			309				154	154	100,0%	309
Sewerage purification										
Infrastructure - Other		-	2 187	-	-	57	1 094	1 036	94,8%	2 187
Waste Management										
Transportation										
Gas										
Other			2 187			57	1 094	1 036	94,8%	2 187
Community		-	549	-	77	218	275	56	20,6%	549
Parks & gardens					4	129		(129)	#DIV/0!	
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency			549				275	275	100,0%	549
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries					72	89		(89)	#DIV/0!	
Social rental housing										
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	2 398	-	-	41	1 199	1 158	96,6%	2 398
General vehicles			2 283				1 141	1 141	100,0%	2 283
Specialised vehicles										
Plant & equipment			319				160	160	100,0%	319
Computers - hardware/equipment										
Furniture and other office equipment			479				239	239	100,0%	479
Abattoirs										
Markets										
Civic Land and Buildings			2 283				1 141	1 141	100,0%	2 283
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			(2 966)			41	(1 483)	(1 523)	102,7%	(2 966)
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other										
Total Repairs and Maintenance Expenditure		-	12 404	-	177	1 048	6 202	5 154	83,1%	12 404

Repairs and maintenance programs are behind schedule based on the costs incurred to determine the stage of completion. This is mainly due to lack of infrastructure maintenance plan, that ensures structured servicing of all our service delivery infrastructure systems to reduce down time and reactionary repairs. Forward planning tools could be utilised in that regard.

NON FINANCIAL INFORMATION

MUNICIPAL MANAGER'S OFFICE

IDP Strategic Objective: Achieving and promoting good governance, transparency and community participation

REF	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Targets	Actual Performance as 31 December 2017	Evidence	Reason for underperformance	Corrective measure
MM01	IDP Document printing.	IDP printed	Number of IDP booklets to be printed	4	0	0 Not achieved	N/A	Financial constraints	Defer next to financial year
MM02	Printing SDBIP	Print SDBIP	Number of SDBIP booklets to be printed	100	0	Not achieved	N/A	Financial constraints	Defer next to financial year
MM03	IDP Public participation process	2 Meetings with all wards	Number of Meetings held with wards	2	1	Achieved	Minutes and attendance register	N/A	N/A

REF	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Targets	Actual Performance as 31 December 2017	Evidence	Reason for underperformance	Corrective measure
MM04	Newsletters	4 Newsletters	4 Newsletters	4	0	Not achieved	N/A	Financial constraints	Defer next to financial year
MM05	Mainstreaming of all focal groups(human rights ,woman day, youth day)	Mandela Day 18 July Women Day 9 August Heritage Day 24 September	Number of days	5	0	Not achieved	N/A	Financial constraints	Defer next to financial year

TECHNICAL SERVICES

IDP Strategic Objective: To ensure the provision of an appropriate level of basic services and the required infrastructure to effectively manage the community needs

Ref	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Target	Actual Performance as 31 December 2017	Evidence	Reason for underperformance	Corrective measure
TS01	Raphuti paving of internal streets	1.9 km to be paved	Kilometres paved	1.9	0	Not achieved	N/A	MIG was not transferred	Defer next to financial year
TS02	Raphuti installation of high mast lights	High mast light	Installation of one high mast light	1	0	Not achieved	N/A	MIG was not transferred	Defer next to financial year

Ref	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Target	Actual Performance as 31 December 2017	Evidence	Reason for underperformance	Corrective measure
TS03	Northam installation of High mast lights	High mast light installed	Installation of 5 high mast lights	5	0	Not achieved	N/A	MIG was not transferred	Defer next to financial year
TS04	Paving of Northam internal streets.	Paving of internal streets	Paving of 2.5 km of internal streets	2.5	0	Not achieved		MIG was not transferred	Defer next to financial year

COMMUNITY SERVICES

IDP Strategic Objective: To ensure the provision of an appropriate level of basic services and the required infrastructure to effectively manage the community needs

Ref	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Target	Actual Performance as at 31 December 2017	Evidence	Reason for underperformance	Corrective measures
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SS01	To negotiate with WDM to assist with maintenance of the landfill sites until TLM is in a position to manage the landfill sites	3 licensed landfill sites not maintained	Number of landfill sites maintained	1		Not achieved	N/A	Due to lack of funds	Refer to next financial year
SS02	Digging of graves	Digging of graves Digging of graves	Number of graves digged. Digging of graves	100	67	Achieved	Payment receipt	N/A	N/A
SS03	E- Natis licensing	Renewal licences Renewal of licenses	2 Licences Renewal of licenses	2	2	Not achieved	N/A	Lack of funds	Refer to next financial year
SS04	Number of cemeteries develop	4 Cemeteries	Number of cemeteries developed	2					

PLANNING AND ECONOMIC DEVELOPMENT

IDP Strategic Objective: To ensure sustainable spatial development and inclusive economic growth.

Ref	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Target	Actual Performance	Evidence	Reason for underperformance	Corrective measure
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Ref	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Target	Actual Performance	Evidence	Reason for underperformance	Corrective measure
PED01	Implement the LED Strategy and SDF	The LED Strategy and SDF were reviewed and adopted by Council in May 2017	Number of LED Strategy projects implemented	4	N/A	N/A	Project Closeout Report	N/A	N/A
			Number of SDF projects implemented	8	N/A	N/A	Project Closeout Report	N/A	N/A
PED02	Marketing of Municipal economic potential	0 Publications developed and 1 Exhibition held as at 30 June 2017	Number of Publications developed	2	N/A	Target Not Achieved	KPI unclear on deliverable for publication	KPI unclear on deliverable for publication	Consider adjustment of the <i>target</i> during Mid-year Review
			Number of exhibitions held	1	N/A	N/A	Attendance Register	N/A	N/A
PED03	Organic farming	Organic farming and packaging of farm products	Number of persons employed	5	2	Target Not Achieved	Misplaced target	The target is not clear nor implementation	To be adjusted during Budget adjustment 2017/18

Ref	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Target	Actual Performance	Evidence	Reason for underperformance	Corrective measure
PED04	Tourism information Centre and maintenance	One tourism Centre	Renting of office and maintenance	1	1	Target Not Achieved	Lease Agreement	Lack of cooperation between the Tourism Association and the municipality	Relationship (roles and responsibilities) to be forged/revised through consultation

BUDGET AND TREASURY

REF	Key Activities	Current baseline indicators	KPI	Annual Target	Mid-Year Target	Actual Performance as	Portfolio of Evidence	Reason for underperformance
BT001	Capitalization and depreciation of Property, Plant and equipment	Capitalization and depreciation 4 time a year	Capitalization and depreciation 4 time a year	4	1	Not achieved	N/A	Refer to next financial year
BT002	External audit fees	Audit by AG	Audit perform by AG for financial year	4	1	Achieved	AG report	N/A
BTO03	Maintain & upgrade existing financial systems to be mSCOA complaint	Controls, procedures and systems implemented to be mSCOA complaint	mSCOA complaint	1	1	Achieved	Contract agreement	N/A
BTO04	Preparation of general Valuation roll and supplementary valuation roll.	Prepared according to legislation	One valuation roll	1	0	Achieved	Appointment letter	N/A

CORPORATE SERVICES

Strategic Objectives	IDP Ref	KPI	Baseline	Annual Target	Mid-Year Target	Actual Performance	Variance /Challenges	Recommendations /Mitigation	Department
Review organizational structure, align to municipal strategy and IDP	MSCS01	Number of organizational structured approved by Council	Outdated organizational structure	1	1	Target Not Achieved	Process delayed by the placement process	Review of the organizational structure	Corporate services
Review and evaluate job descriptions	MSCS02	Number of Completed job descriptions	No job descriptions in place	1	1	Target Not Achieved	Await finalized job descriptions from management	Review job descriptions Approval of job descriptions by Local	Corporate services

								Labour Forum	
								Review and approval of job descriptions by Task Evaluation Team	
Appointment of MM, section 56 & 57 Managers	MSCS05	Number of successful Appointment of managers	No senior managers appointed	6	4	Target Not Achieved	Re advertisement of positions for 2 Managers	Appoint remaining 2 senior managers	Corporate services

Reverse placement of employees and ensure job description and organogram is aligned	MSCS06	Number of successful reversal of placement	Placement	0	1	Target not achieved	Placement	Legal action to reverse placement	Corporate services
To revitalize Local Labour Forum	MSCS09	Number of properly planned calendar for LLF meetings	LLF meetings	6	3	Target partially achieved	Composition of LLF	Monthly LLF meetings	Corporate services
To Audit, Review and Develop HR policies and procedure	MSCS10	Number of properly drafted HR Policies	Draft HR Policies	20	20	Target partially achieved	Policies still to be presented to LLF and Council	Human Resource Policies to be approved by council	Corporate services

ral manual s									
Audit and update the litigation register	MSCS19	Number of updated Litigation register	Litigation register	1	1	Target achieved	None	Weekly update of litigation register	Corporate services
Audit and review leave policy	MSCS20	Number of properly drafted leave policy	Draft Leave policy	1	0	Not approved	Policy not presented to LLF and council	Leave Policy to be present ed to LLF and approve by council	Corporate services

Review, finalize all policies, procedures and by-laws	MSCS22	Number of properly drafted bylaws & policies	Drafted Bylaws & policies	27	11	Partially achieved	11 bylaws promulgated but to be reviewed	Promulgation of by-laws and policies	Corporate services
Review policy on record management and procedure manual	MSCS24	Number of record management and procedure policy developed	Drafted record management policy and procedure	1	0	Target not achieved	Draft Policy only finalized in 2 nd quarter	Draft to be subject ed to Council in fourth quarter 2017/18	Corporate services

ANALYSIS OF THE ORGANIZATIONAL PERFORMANCE

The table below presents the in-depth analysis of organizational performance, which is depicted by means of comparing the performance reported during the Mid-Year of the 2017/2018 financial year versus the Mid-Year performance. It should be noted that the analysis presents the performance by all 6 departments of the Municipality.

Departments	Total Number of KPI's	KPI's Achieved by Mid-Year 01-July -2017 to 31 December 2017	KPI's Not Achieved by Mid-Year 01-July -2017 to 31 December 2017	Indicators where projects are withdrawn during the Mid-Year 01-July -2017 to 31 December 2017	Percentage of Performance Achievements by the Mid-Year 01-July -2017 to 31 December 2017
Office of the Municipal Manager	5	1	4	4	20%
Budget & Treasury Office	4	1	3	0	25%
Community & Social Services	4	0	4	1	0%
Planning & Economic Development	4	0	4	3	0%
Technical Services	4	0	4	4	0%
Corporate Services	10	1	9	0	10%
Total	31	3	28	12	9.7%

Conclusion

During mid-year of 2017/2018 financial year, the Municipality had 31 KPI's. Out of the 31 KPIs for the quarter, 3 were achieved, 28 were not achieved, 12 was withdrawn and 0 were not due for implementation (not applicable) for the period under review. To this end the actual performance for the organization on KPI's during this term is 9.7%.

The Municipal Manager will in accordance with the performance regulations engage all the Departmental Heads on the performance of their respective Departments as indicated herein.

Quality certificate

I, TG Ramagaga, the Municipal Manager of Thabazimbi Local Municipality, hereby certify that the Mid-Year Budget and Performance Assessment for the period ended 31 December 2017 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Mr TG RAMAGAGA

Municipal Manager of Thabazimbi Local Municipality (LIM361)

Signature.....

Date.....
