

Thabazimbi Mid-Year Budget & Performance Assessment Report 2018/19



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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LIM 361

31/12/2018

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 2018/19 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 2019

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.

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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 2016/17 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 surplus of R73.8 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 6676 electricity accounts and 8633 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 R32.6million.

3. Financial position

The balance sheet size has maintained from budgeted figures of R1.2bn. 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 2018/19 financial year is R32.6million which is gazetted to be transferred in March 2019 and the all the Project Management Function is handled to Waterberg District Municipality.

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 2018/19 financial year.

Table 1 MBRR C1 Mid-Year Assessment 2018/19 Summary

LIM361 Thabazimbi - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

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
R thousands									
Financial Performance									
Property rates	-	47 227	-	7 770	35 551	23 614	11 938	51%	47 227
Service charges	-	158 191	-	13 575	85 085	79 096	5 989	8%	158 191
Investment revenue	-	52	-	1	13	26	(13)	-51%	52
Transfers and subsidies	-	99 586	-	33 489	77 490	49 793	27 697	56%	99 586
Other own revenue	-	27 309	-	2 220	12 584	13 654	(1 071)	-8%	27 309
Total Revenue (excluding capital transfers and contributions)	-	332 366	-	57 055	210 722	166 183	44 540	27%	332 366
Employee costs	-	131 000	-	9 758	66 991	65 500	1 491	2%	131 000
Remuneration of Councillors	-	10 651	-	751	5 688	5 325	362	7%	10 651
Depreciation & asset impairment	-	27 290	-	-	-	13 645	(13 645)	-100%	27 290
Finance charges	-	9 500	-	51	491	4 750	(4 259)	-90%	9 500
Materials and bulk purchases	-	107 355	-	9 525	39 742	53 677	(13 935)	-26%	107 355
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	-	78 151	-	8 369	23 947	39 075	(15 129)	-39%	78 151
Total Expenditure	-	363 947	-	28 454	136 859	181 973	(45 115)	-25%	363 947
Surplus/(Deficit)	-	(31 581)	-	28 601	73 864	(15 791)	89 654	-568%	(31 581)
Transfers and subsidies - capital (monetary alloc	-	32 612	-	-	-	13 588	(13 588)	-100%	32 612
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	1 031	-	28 601	73 864	(2 202)	76 066	-3454%	1 031
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	1 031	-	28 601	73 864	(2 202)	76 066	-3454%	1 031
Capital expenditure & funds sources									
Capital expenditure	-	33 612	-	-	-	16 806	(16 806)	-100%	33 612
Capital transfers recognised	-	32 612	-	-	-	16 306	(16 306)	-100%	32 612
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	1 000	-	-	-	500	(500)	-100%	1 000
Total sources of capital funds	-	33 612	-	-	-	16 806	(16 806)	-100%	33 612
Financial position									
Total current assets	-	(54 267)	-	-	293 690	-	-	-	(54 267)
Total non current assets	-	1 556 428	-	-	954 390	-	-	-	1 556 428
Total current liabilities	-	453 794	-	-	475 607	-	-	-	453 794
Total non current liabilities	-	92 668	-	-	3 388	-	-	-	92 668
Community wealth/Equity	-	955 699	-	-	769 086	-	-	-	955 699
Cash flows									
Net cash from (used) operating	-	34 967	-	(42 619)	(40 043)	17 484	57 526	329%	34 967
Net cash from (used) investing	-	(32 612)	-	-	-	(16 306)	(16 306)	100%	(32 612)
Net cash from (used) financing	-	(1 284)	-	-	980	(642)	(1 622)	253%	(1 284)
Cash/cash equivalents at the month/year end	-	1 408	-	-	(39 035)	872	39 907	4574%	1 099
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	18 795	16 267	14 101	11 944	10 046	264 169	-	-	335 321
Creditors Age Analysis									
Total Creditors	39 379	22 047	7 765	172 151	26 070	20 629	130 296	31 309	449 645

The table above shows an operating surplus R73.8m, against R31.5m targeted deficit at the end of the first half. This is a culmination of 25% under spending on operating expenditure.

Table 2 MBRR C4 Mid-Year Assessment 2018/19- Financial Performance (revenue and expenditure)

Description	Ref	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
R thousands										
Revenue By Source										
Property rates			47 227		7 770	35 551	23 614	11 938	51%	47 227
Service charges - electricity revenue			78 615		4 721	24 065	39 307	(15 243)	-39%	78 615
Service charges - water revenue			34 433		3 785	31 404	17 216	14 188	82%	34 433
Service charges - sanitation revenue			25 627		3 872	21 766	12 813	8 953	70%	25 627
Service charges - refuse revenue			19 131		1 197	7 828	9 566	(1 737)	-18%	19 131
Service charges - other			386			21	193	(172)	-89%	386
Rental of facilities and equipment			442		35	211	221	(11)	-5%	442
Interest earned - external investments			52		1	13	26	(13)	-51%	52
Interest earned - outstanding debtors			23 131		2 142	11 969	11 565	404	3%	23 131
Dividends received			-							-
Fines, penalties and forfeits			124		2	42	62	(20)	-33%	124
Licences and permits			3 000				1 500	(1 500)	-100%	3 000
Agency services			0				0	(0)	-100%	0
Transfers and subsidies			99 586		33 489	77 490	49 793	27 697	56%	99 586
Other revenue			612		42	362	306	56	18%	612
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)			332 366		57 055	210 722	166 183	44 540	27%	332 366
Expenditure By Type										
Employee related costs			131 000		9 758	66 991	65 500	1 491	2%	131 000
Remuneration of councillors			10 651		751	5 688	5 325	362	7%	10 651
Debt impairment			6 646				3 323	(3 323)	-100%	6 646
Depreciation & asset impairment			27 290				13 645	(13 645)	-100%	27 290
Finance charges			9 500		51	491	4 750	(4 259)	-90%	9 500
Bulk purchases			107 355		9 525	39 742	53 677	(13 935)	-26%	107 355
Other materials										
Contracted services			8 250		5 151	7 974	4 125	3 849	93%	8 250
Transfers and subsidies										
Other expenditure			63 255		3 218	15 972	31 628	(15 655)	-49%	63 255
Loss on disposal of PPE										
Total Expenditure			363 947		28 454	136 859	181 973	(45 115)	-25%	363 947
Surplus/(Deficit)			(31 581)		28 601	73 864	(15 791)	89 654	(0)	(31 581)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			32 612				13 588	(13 588)	(0)	32 612
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)										
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions			1 031		28 601	73 864	(2 202)			1 031
Taxation										
Surplus/(Deficit) after taxation			1 031		28 601	73 864	(2 202)			1 031
Attributable to minorities										
Surplus/(Deficit) attributable to municipality			1 031		28 601	73 864	(2 202)			1 031
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year			1 031		28 601	73 864	(2 202)			1 031

Operating expenditure incurred amounts to R136.8m under spending on operational expenditure.

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 2018/19- Financial Performance (standard classification)

LIM361 Thabazimbi - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment

Description	Ref	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
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		-	147 236	-	43 456	120 053	73 618	46 435	63%	147 236
Executive and council		-	76 674	-	33 509	72 239	38 337	33 902	88%	76 674
Finance and administration		-	70 561	-	9 947	47 814	35 281	12 533	36%	70 561
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	706	-	13	154	353	(199)	-56%	706
Community and social services		-	341	-	13	145	170	(25)	-15%	341
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	365	-	0	8	182	(174)	-95%	365
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	79 521	-	10	450	39 761	(39 311)	-99%	79 521
Planning and development		-	104	-	9	65	52	13	25%	104
Road transport		-	79 417	-	2	384	39 708	(39 324)	-99%	79 417
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	137 515	-	13 575	90 066	68 757	21 308	31%	137 515
Energy sources		-	81 000	-	4 721	29 068	40 500	(11 432)	-28%	81 000
Water management		-	19 863	-	3 785	31 403	9 931	21 471	216%	19 863
Waste water management		-	20 265	-	3 872	21 766	10 132	11 634	115%	20 265
Waste management		-	16 388	-	1 197	7 828	8 194	(365)	-4%	16 388
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	364 978	-	57 055	210 722	182 489	28 234	15%	364 978
Expenditure - Functional										
<i>Governance and administration</i>		-	159 577	-	11 904	45 037	79 789	(34 752)	-44%	159 577
Executive and council		-	38 158	-	2 104	14 064	19 079	(5 015)	-26%	38 158
Finance and administration		-	119 115	-	9 695	30 121	59 558	(29 437)	-49%	119 115
Internal audit		-	2 304	-	105	852	1 152	(300)	-26%	2 304
<i>Community and public safety</i>		-	41 345	-	1 848	13 306	20 673	(7 366)	-36%	41 345
Community and social services		-	10 204	-	246	1 455	5 102	(3 647)	-71%	10 204
Sport and recreation		-	1 927	-	313	2 662	964	1 698	176%	1 927
Public safety		-	29 214	-	1 289	9 189	14 607	(5 418)	-37%	29 214
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	60 028	-	2 422	17 176	30 014	(12 838)	-43%	60 028
Planning and development		-	9 276	-	537	3 924	4 638	(713)	-15%	9 276
Road transport		-	50 752	-	1 884	13 252	25 376	(12 124)	-48%	50 752
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	91 672	-	12 280	62 794	45 836	16 958	37%	91 672
Energy sources		-	53 319	-	10 147	48 652	26 659	21 993	82%	53 319
Water management		-	27 208	-	861	7 075	13 604	(6 529)	-48%	27 208
Waste water management		-	4 848	-	655	2 035	2 424	(389)	-16%	4 848
Waste management		-	6 297	-	618	5 032	3 149	1 883	60%	6 297
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	352 622	-	28 454	138 313	176 311	(37 998)	-22%	352 622
Surplus/ (Deficit) for the year		-	12 356	-	28 601	72 409	6 178	66 231	1072%	12 356

Governance and administration performed as exceedingly anticipated with an aggregate variance of 63%, however, Trading service's variance on revenue is 31%, 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 21.6% with the Protection services vote contributing the highest of 100% overspending, followed by the Electrical and Waste management. Adjustments may therefore be necessary to align budget with actual spending patterns, all other votes indicated at least an under-spending. The overspending in Technical Services '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) - Mid-Year										
Vote Description	Ref	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
R thousands										
Revenue by Vote										
Vote 1 - 100 POLITICAL OFFICE BEARER	1	-	76 674	-	33 509	72 239	38 337	33 902	88,4%	76 674
Vote 2 - 200 MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - 300 BUDGET & TREASURY		-	70 083	-	9 916	47 628	35 041	12 587	35,9%	70 083
Vote 4 - 400 CORPORATE SERVICE		-	479	-	31	186	239	(53)	-22,3%	479
Vote 5 - 500 PLANNING AND DEVELOPMENT		-	104	-	9	65	52	13	25,0%	104
Vote 6 - 600 COMMUNITY SERVICES		-	24 593	-	1 212	8 029	12 297	(4 267)	-34,7%	24 593
Vote 7 - 700 TECHNICAL SERVICES		-	193 044	-	12 378	82 575	96 522	(13 947)	-14,5%	193 044
Vote 8 - PUBLIC SAFETY AND PROTECTION SERVICES		-	-	-	-	-	-	-	-	-
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	-	364 978	-	57 055	210 722	182 489	28 234	15,5%	364 978
Expenditure by Vote										
Vote 1 - 100 POLITICAL OFFICE BEARER	1	-	28 238	-	1 498	9 893	14 119	(4 225)	-29,9%	28 238
Vote 2 - 200 MUNICIPAL MANAGER		-	12 225	-	711	5 023	6 112	(1 090)	-17,8%	12 225
Vote 3 - 300 BUDGET & TREASURY		-	79 028	-	3 292	13 706	39 514	(25 808)	-65,3%	79 028
Vote 4 - 400 CORPORATE SERVICE		-	40 087	-	6 403	16 415	20 043	(3 629)	-18,1%	40 087
Vote 5 - 500 PLANNING AND DEVELOPMENT		-	9 276	-	537	3 924	4 638	(713)	-15,4%	9 276
Vote 6 - 600 COMMUNITY SERVICES		-	42 881	-	2 465	18 338	21 441	(3 102)	-14,5%	42 881
Vote 7 - 700 TECHNICAL SERVICES		-	136 126	-	13 547	71 014	68 063	2 950	4,3%	136 126
Vote 8 - PUBLIC SAFETY AND PROTECTION SERVICES		-	4 761	-	-	-	2 381	(2 381)	-100,0%	4 761
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	-	352 622	-	28 454	138 313	176 311	(37 998)	-21,6%	352 622
Surplus/ (Deficit) for the year	2	-	12 356	-	28 601	72 409	6 178	66 231	1072,1%	12 356

Infrastructural service delivery achievements

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

LIM361 Thabazimbi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment									
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
R thousands									
Multi-Year expenditure appropriation									
Vote 2 - 200 MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-
Vote 3 - 300 BUDGET & TREASURY	-	-	-	-	-	-	-	-	-
Vote 4 - 400 CORPORATE SERVICE	-	-	-	-	-	-	-	-	-
Vote 5 - 500 PLANNING AND DEVELOPMENT	-	-	-	-	-	-	-	-	-
Vote 6 - 600 COMMUNITY SERVICES	-	-	-	-	-	-	-	-	-
Vote 7 - 700 TECHNICAL SERVICES	-	-	-	-	-	-	-	-	-
Vote 8 - PUBLIC SAFETY AND PROTECTION SERVICES 800	-	21 812	-	-	-	10 906	(10 906)	-100%	21 812
Total Capital Multi-year expenditure	-	21 812	-	-	-	10 906	(10 906)	-100%	21 812
Single Year expenditure appropriation									
Total Capital single-year expenditure	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	21 812	-	-	-	10 906	(10 906)	-100%	21 812
Capital Expenditure - Functional Classification									
<i>Governance and administration</i>	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	11 800	-	-	-	5 900	(5 900)	-100%	1 500
Community and social services		1 000				500	(500)	-100%	1 500
Sport and recreation		10 800				5 400	(5 400)	-100%	
<i>Economic and environmental services</i>	-	21 812	-	-	-	10 906	(10 906)	-100%	33 759
Road transport		21 812				10 906	(10 906)	-100%	33 759
<i>Trading services</i>	-	-	-	-	-	-	-	-	-
<i>Other</i>									
Total Capital Expenditure - Functional Classification	-	33 812	-	-	-	16 806	(16 806)	-100%	35 259
Funded by:									
National Government		32 612				16 306	(16 306)	-100%	32 612
Transfers recognised - capital	-	32 612	-	-	-	16 306	(16 306)	-100%	32 612
Public contributions & donations							-		
Borrowing							-		
Internally generated funds		1 000				500	(500)	-100%	1 000
Total Capital Funding	-	33 812	-	-	-	16 806	(16 806)	-100%	33 612

Financial position

The table below shows a decrease in equity of the municipality from R769 085 619.08 from the 2018/19 original budget. This decrease 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 2018/19- Financial Position

LIM361 Thabazimbi - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	2017/18	Budget Year 2018/19				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
R thousands	1						
ASSETS							
Current assets							
Cash			(171 350)		1 583	(171 350)	
Call investment deposits			295		3 836	295	
Consumer debtors			114 536		286 158	114 536	
Other debtors							
Current portion of long-term receivables							
Inventory			2 252		2 113	2 252	
Total current assets			-	(54 267)	-	293 690	(54 267)
Non current assets							
Long-term receivables							
Investments							
Investment property							
Investments in Associate							
Property, plant and equipment			1 555 431		924 073	1 555 431	
Agricultural							
Biological assets			997		30 317	997	
Intangible assets							
Other non-current assets							
Total non current assets			-	1 556 428	-	954 390	1 556 428
TOTAL ASSETS			-	1 502 161	-	1 248 080	1 502 161
LIABILITIES							
Current liabilities							
Bank overdraft							
Borrowing			6 162		106	6 162	
Consumer deposits			4 541		3 961	4 541	
Trade and other payables			398 137		449 645	398 137	
Provisions			44 953		21 894	44 953	
Total current liabilities			-	453 794	-	475 607	453 794
Non current liabilities							
Borrowing			6 446		3 388	6 446	
Provisions			86 222			86 222	
Total non current liabilities			-	92 668	-	3 388	92 668
TOTAL LIABILITIES			-	546 462	-	478 995	546 462
NET ASSETS	2		-	955 699	-	769 086	955 699
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)			955 699		769 086	955 699	
Reserves							
TOTAL COMMUNITY WEALTH/EQUITY	2		-	955 699	-	769 086	955 699

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 2018/19- Cash Flow statement

LIM361 Thabazimbi - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	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
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates			47 227		2 276	19 953	23 614	(3 661)	-16%	47 227
Service charges			158 191		4 532	53 937	79 096	(25 159)	-32%	158 191
Other revenue			4 178		1 086	6 505	2 089	4 416	211%	4 178
Government - operating			99 586		33 489	77 490	49 793	27 697	56%	99 586
Government - capital			32 612				16 306	(16 306)	-100%	32 612
Interest			23 183		127	4 390	11 591	(7 202)	-62%	23 183
Dividends										
Payments										
Suppliers and employees			(320 511)		(84 104)	(202 224)	(160 255)	41 969	-26%	(320 511)
Finance charges			(9 500)		(26)	(94)	(4 750)	(4 656)	98%	(9 500)
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES			34 967		(42 619)	(40 043)	17 484	57 526	329%	34 967
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE										
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
Payments										
Capital assets			(32 612)				(16 306)	(16 306)	100%	(32 612)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(32 612)		-	-	(16 306)	(16 306)	100%	(32 612)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing			(1 284)			980	(642)	(1 622)	253%	(1 284)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(1 284)		-	980	(642)	(1 622)	253%	(1 284)
NET INCREASE/ (DECREASE) IN CASH HELD			1 071		(42 619)	(39 063)	536			1 071
Cash/cash equivalents at beginning:			337				28	337		28
Cash/cash equivalents at month/year end:			1 408				(39 035)	872		1 099

Other Financial Tables

Table 9 MBRR SC1 Material variance explanations – Mid-Year Assessment 2018/19

LIM361 Thabazimbi - Supporting Table SC1 Material variance explanations - Mid-Year Assessment

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source			
2	Expenditure By Type Debt impairment		Debt impairment assessment usually done at year end	We will ensure assessment doubtful and irrecoverable receivables 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 2019/20
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 constraints experienced in the previous financial year	The municipality has appointed service agency
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 2018/19- performance indicators

LIM361 Thabazimbi - Supporting Table SC2 Monthly Budget Statement - performance indicators - Mid-Year Assessment

Description of financial indicator	Basis of calculation	Ref	2017/18	Budget Year 2018/19			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0,0%	10,1%	0,0%	0,4%	10,1%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure ex cl. transfers and grants		0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		0,0%	43,0%	0,0%	58,9%	43,0%
Gearing	Long Term Borrowing/ Funds & Reserves		0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	0,0%	-12,0%	0,0%	61,8%	-12,0%
Liquidity Ratio	Monetary Assets/Current Liabilities		0,0%	-37,7%	0,0%	1,1%	-37,7%
Revenue Management							
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%	34,5%	0,0%	135,8%	34,5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0,0%	0,0%	0,0%	0,0%	0,0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))		60,0%	95,0%	70,0%	45,0%	80,0%
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
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%	39,4%	0,0%	31,8%	39,4%
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%	11,1%	0,0%	0,2%	11,1%
IDP regulation financial viability indicators							
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 2018/19- aged debtors

LIM361 Thabazimbi - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

Description	NT Code	Budget Year 2018/19									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to 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	3 688	3 421	2 383	2 534	1 529	50 662				64 215	54 725		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	4 477	3 019	2 093	705	794	11 659				22 746	13 157		
Receivables from Non-exchange Transactions - Property Rates	1400	6 238	4 204	3 740	3 183	2 807	30 113				50 284	36 102		
Receivables from Exchange Transactions - Waste Water Management	1500	3 614	2 490	2 231	2 205	2 228	39 660				52 428	44 093		
Receivables from Exchange Transactions - Waste Management	1600	976	759	738	700	759	22 315				26 247	23 774		
Receivables from Exchange Transactions - Property Rental Debtors	1700	29	27	27	27	23	2 925				3 059	2 975		
Interest on Arrear Debtor Accounts	1810	1	2 042	1 916	1 895	1 815	68 144				75 813	71 854		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-				-	-		
Other	1900	(229)	307	973	695	92	38 691				40 529	39 478		
Total By Income Source	2000	18 795	16 267	14 101	11 944	10 046	264 169	-	-	335 321	286 158	-	-	
2017/18 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	726	928	513	375	537	6 003				9 082	6 915		
Commercial	2300	3 254	3 852	2 067	2 385	1 806	27 753				41 127	31 954		
Households	2400	11 235	10 309	9 915	7 728	7 141	210 087				256 416	224 956		
Other	2500	3 579	1 177	1 607	1 446	561	20 326				28 696	22 332		
Total By Customer Group	2600	18 795	16 267	14 101	11 944	10 046	264 169	-	-	335 321	286 158	-	-	

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 - Mid-Year Assessment

Description	NT Code	Budget Year 2018/19								
		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	9 849	8 270	327	169 768	-	18 097	-	-	206 311
Bulk Water	0200	2 227	1 555	2 603	2 086	2 396	2 532	47 786	-	61 185
PAYE deductions	0300	9 621	-	-	-	-	-	-	-	9 621
VAT (output less input)	0400	129	1 435	-	-	-	-	-	-	1 564
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	3 494	-	3 494
Trade Creditors	0700	17 553	10 788	4 835	296	23 674	-	79 015	31 309	167 470
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	39 379	22 047	7 765	172 151	26 070	20 629	130 296	31 309	449 645

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.

Table 13 MBRR SC5 Mid-Year Assessment - investment portfolio

LIM361 Thabazimbi - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year Assessment

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	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
		Yrs/Months							
R thousands									
Municipality									
ABSA Investment		1 Month	Fixed deposit	-	-	0,0%	66	-	66
Sanlam Investment		1 Month	Unit trusts	-	-	0,0%	38	-	38
Sanlam Investment		1 Month	Unit trusts	-	-	0,0%	62	-	62
Old Mutual Investment		1 Month	Unit trusts	14/12/2014	-	0,0%	-	-	-
ABSA Investment		1 Month	Fixed deposit	-	-	0,0%	3 836	0	3 836
Municipality sub-total					-		4 001	0	4 001
Entities									
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				-		4 001	0	4 001

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 2018/19 - Loans portfolio

Dec-18												
Loan ref no.	Vote no.	Vote description	Financial institution	Opening Bal as per loan register 01/12/2018	Interest Capitalised	Interest on arrears	Repayments		Balance as per loan register 31/12/2018	Balance as per general ledger	Difference	Securities for Loans
							Capital	Interest				
61007445	830/830200	Regorogile Road Brick	DBSA	3 465 797,05	-	28 316,99	-	-	3 494 114,04			
				3 465 797,05	-	28 021,39	-	-	3 493 818,44	-		

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 2018/19- transfers and grant receipts

LIM361 Thabazimbi - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment										
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	
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:	-	99 586	-	33 489	77 490	49 793	21 320	42,8%	99 586	
Local Government Equitable Share		86 028		28 489	64 334	43 014	21 320	49,6%	86 028	
Finance Management		2 215			2 215	1 108			2 215	
EPWP Incentive		1 343			941	672			1 343	
Municipal Systems Improvement										
Integrated National Electrification Programme		10 000		5 000	10 000	5 000			10 000	
Provincial Government:	-	-	-	-	-	-	-		-	
Housing										
District Municipality:	-	-	-	-	-	-	-		-	
Fire Grant										
Other grant providers:	-	-	-	-	-	-	-		-	
LG Seta										
Total Operating Transfers and Grants	-	99 586	-	33 489	77 490	49 793	21 320	42,8%	99 586	
Capital Transfers and Grants										
National Government:	-	32 612	-	-	-	16 306	(16 306)	-100,0%	32 612	
Municipal Infrastructure Grant (MIG)		32 612				16 306	(16 306)	-100,0%	32 612	
Provincial Government:	-	-	-	-	-	-	-		-	
District Municipality:	-	-	-	-	-	-	-		-	
Other grant providers:	-	-	-	-	-	-	-		-	
Total Capital Transfers and Grants	-	32 612	-	-	-	16 306	(16 306)	-100,0%	32 612	
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	132 198	-	33 489	77 490	66 099	5 014	7,6%	132 198	

Grants from National Treasury and the district have been received as expected.

Table 16 MBRR SC7 Mid-Year Assessment 2018/19- transfers and grant expenditure

LIM361 Thabazimbi - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment

Description	Ref	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
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		-	99 586	-	29 998	72 288	49 793	22 495	45,2%	99 586
Local Government Equitable Share			86 028		28 489	64 334	43 014	21 320	49,6%	86 028
Finance Management			2 215		1 219	2 215	1 108	1 108	100,0%	2 215
EPWP Incentive			1 343		290	739	672	68	10,1%	1 343
Municipal Systems Improvement										
Integrated National Electrification Programme			10 000			5 000	5 000			10 000
Other transfers and grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Housing										
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Fire Grant										
Other grant providers:		-	-	-	-	-	-	-	-	-
LG Seta										
Total operating expenditure of Transfers and Grants:		-	99 586	-	29 998	72 288	49 793	22 495	45,2%	99 586
Capital expenditure of Transfers and Grants										
National Government:		-	32 612	-	-	-	16 306	(16 306)	-100,0%	32 612
Municipal Infrastructure Grant (MIG)			32 612				16 306	(16 306)	-100,0%	32 612
Other capital transfers [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	32 612	-	-	-	16 306	(16 306)	-100,0%	32 612
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	132 198	-	29 998	72 288	66 099	6 189	9,4%	132 198

MIG programme was transferred to the District and the funds for 201819 financial year. FMG, INEP and EPWP grants' spending is as expected.

Table 17 MBRR SC8 Mid-Year Assessment 2018/19- councillor and staff benefits

LIM361 Thabazimbi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment									
Summary of Employee and Councillor remuneration	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
R thousands									
	A	B	C					%	D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		6 820		503	3 527	3 410	117	3%	6 820
Pension and UIF Contributions		943		55	465	471	(6)	-1%	943
Medical Aid Contributions		96		6	34	48	(14)	-30%	96
Motor Vehicle Allowance		1 695		103	793	847	(55)	-6%	1 695
Cellphone Allowance		1 097		84	865	549	316	58%	1 097
Housing Allowances									
Other benefits and allowances				1	4		4	#DIV/0!	
Sub Total - Councillors	-	10 651	-	751	5 688	5 325	362	7%	10 651
% increase		#DIV/0!							#DIV/0!
Senior Managers of the Municipality									
Basic Salaries and Wages		9 086		1 277	7 484	4 543	2 940	65%	9 086
Pension and UIF Contributions		337		26	177	169	9	5%	337
Medical Aid Contributions		515		45	306	257	49	19%	515
Overtime		8			19	4	15	392%	8
Performance Bonus									
Motor Vehicle Allowance		1 713		132	1 093	856	237	28%	1 713
Cellphone Allowance		58		5	36	29	7	25%	58
Housing Allowances									
Other benefits and allowances		75		21	185	38	148	393%	75
Sub Total - Senior Managers of Municipality	-	11 792	-	1 505	9 301	5 896	3 405	58%	11 792
% increase		#DIV/0!							#DIV/0!
Other Municipal Staff									
Basic Salaries and Wages		86 929		6 990	47 712	43 464	4 247	10%	86 929
Pension and UIF Contributions		10 788		130	771	5 394	(4 623)	-86%	10 788
Medical Aid Contributions		4 591		298	2 106	2 296	(190)	-8%	4 591
Overtime				14	366		366	#DIV/0!	
Performance Bonus									
Motor Vehicle Allowance		8 187		589	4 019	4 093	(74)	-2%	8 187
Cellphone Allowance		338		1	3	169	(166)	-98%	338
Housing Allowances				1	6		6	#DIV/0!	
Other benefits and allowances		8 375		229	2 699	4 187	(1 489)	-36%	8 375
Sub Total - Other Municipal Staff	-	119 208	-	8 252	57 682	59 604	(1 922)	-3%	119 208
% increase		#DIV/0!							#DIV/0!
Total Parent Municipality	-	141 651	-	10 509	72 671	70 825	1 845	3%	141 651
		#DIV/0!							#DIV/0!
Unpaid salary, allowances & benefits in arrears:									
Board Members of Entities									
Sub Total - Board Members of Entities	-	-	-	-	-	-	-	-	-
% increase									
Senior Managers of Entities									
Sub Total - Senior Managers of Entities	-	-	-	-	-	-	-	-	-
% increase									
Other Staff of Entities									
Sub Total - Other Staff of Entities	-	-	-	-	-	-	-	-	-
% increase									
Total Municipal Entities	-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS	-	141 651	-	10 509	72 671	70 825	1 845	3%	141 651
% increase		#DIV/0!							#DIV/0!
TOTAL MANAGERS AND STAFF	-	131 000	-	9 758	66 983	65 500	1 483	2%	131 000

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 - Mid-Year									
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
R thousands								%	
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	-	17 510	-	950	7 148	8 755	1 607	18,4%	17 510
Roads Infrastructure	-	6 994	-	34	53	3 497	3 444	98,5%	6 994
Roads	-	6 994	-	34	53	3 497	3 444	98,5%	6 994
Storm water Infrastructure	-	3 694	-	-	323	1 847	1 524	82,5%	3 694
Drainage Collection	-	3 694	-	-	323	1 847	1 524	82,5%	3 694
Electrical Infrastructure	-	3 694	-	209	5 737	1 847	(3 890)	-210,6%	3 694
HV Transmission Conductors	-	3 694	-	209	5 737	1 847	(3 890)	-210,6%	3 694
Water Supply Infrastructure	-	2 794	-	279	571	1 397	826	59,1%	2 794
Boreholes	-	2 794	-	279	571	1 397	826	59,1%	2 794
Sanitation Infrastructure	-	333	-	395	395	167	(229)	-137,1%	333
Reticulation	-	333	-	395	395	167	(229)	-137,1%	333
Solid Waste Infrastructure	-	-	-	34	69	-	(69)	#DIV/0!	-
Landfill Sites	-	-	-	34	69	-	(69)	#DIV/0!	-
Community Assets	-	843	-	98	206	421	215	51,1%	843
Community Facilities	-	843	-	90	95	421	326	77,5%	843
Fire/Ambulance Stations	-	-	-	-	2	-	(2)	#DIV/0!	-
Cemeteries/Crematoria	-	-	-	82	82	-	(82)	#DIV/0!	-
Police	-	843	-	8	11	421	410	97,3%	843
Sport and Recreation Facilities	-	-	-	7	111	-	(111)	#DIV/0!	-
Indoor Facilities	-	-	-	7	111	-	(111)	#DIV/0!	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	6 093	-	-	-	3 047	3 047	100,0%	6 093
Operational Buildings	-	6 093	-	-	-	3 047	3 047	100,0%	6 093
Municipal Offices	-	2 890	-	-	-	1 445	1 445	100,0%	2 890
Yards	-	3 203	-	-	-	1 601	1 601	100,0%	3 203
Housing	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	817	-	-	-	409	409	100,0%	817
Furniture and Office Equipment	-	817	-	-	-	409	409	100,0%	817
Machinery and Equipment	-	645	-	-	-	322	322	100,0%	645
Machinery and Equipment	-	645	-	-	-	322	322	100,0%	645
Transport Assets	-	3 065	-	-	-	1 533	1 533	100,0%	3 065
Transport Assets	-	3 065	-	-	-	1 533	1 533	100,0%	3 065
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	-	28 973	-	1 048	7 354	14 487	7 132	49,2%	28 973

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.

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 2018 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.....
