UMZIMVUBU LOCAL MUNICIPALITY

# MID YEAR PERFORMANCE ASSESSMENT REPORT

## AS PER MFMA S72

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- **At www.umzimvubu.gov.za**

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# Part 1 – S72 MID YEAR ASSESSMENT REPORT

File no.
(Author: CFO/XV/NX)
(1st Level – EXCO)
(2nd Level – COUNCIL 25/01/2018)
(3rd Level – Audit Committee /02/2018)

## 1.1 MAYORS REPORT FOR THE MID YEAR ASSESSMENT REPORT

### 1.1. Dashboard / Performance Summary

| **Overall Operating Results** | | **Cash Management** | |
|---|---|---|---|
| Income | R149 823 482 | Bank Balance - Current | R2 312 322 |
| Expenditure | R84 598 179 | Cash and Cash Equivalents | R132 450 734 |
| **Operating Surplus** | **R65 225 303** | **Total Value of Investments** | **R132 450 734** |
| | | Total Investment - Own | R 102 326 575 |
| **Overall Capital Results** | | Total Investments Grants | R 30 124 159 |
| Income / Received | R75 711 209 | | |
| Expenditure | R41 861 833 | | |
| Surplus (Capex) | **R33 849 376** | **Operating Expenditure (Opex)** | |
| | | Operating Expenditure as a % of December 2017 (**Projected 50%**) | 37% |
| **Capital Expenditure (Capex)** | | | |
| Capital Expenditure as a % of December 2017 (**Projected 50 %**) | 38% | **Debtors** | |
| MIG | 58% | Total Debtors Book | **R 36 129 153** |
| INEP | 73% | Total Debtors - Government | R 10 029 377 |
| INTERNAL FUNDING | 19% | Total Debtors - Business | R 11 215 319 |
| **Traffic Fines** | | Total Debtors - Households | R 14 884 403 |
| | | | |
| Total Debtors Book | R 10 871 721 | **Payroll** | |
| Receipts as at December 2017 | R 1 816 228 | Total staff compliment excluding 02 temporary staff | 206 |
| Current Collection rate | **15%** | Total Number of Councillors Paid | 53 |
| **Financial Ratios** | | Total staff compliment temporary staff and EPWP | 223 |
| Cash Balance | **R132 450 734** | Salary bill - Councillors for December r 2017 | R 1 244 929 |
| Cash Coverage | **4 months** | Salary bill - Councillors for the year to date | R 7 238 524 |
| Spending of Operating Budget (Opex) | **37%** | Salary bill - Officials for December 2017 | R 4 938 993 |
| Spending of Capital Budget (Capex) | **38%** | Salary bill - Officials for the year to date | R 29 114 793 |
| Spending on Repairs and Maintenance | **8%** | **Salary bill % per actual total Opex + Capex** | **28%** |
| Fruitless, Wasteful, Unauthorised & Irregular ,expenditure | **0%** | **Subsistence & Travelling Expenditure** | |

| | | | |
|---|---|---|---|
| Current Ratio | 4,1 | Subs & Travelling - Councillors for December 2017 | R 35 198 |
| Liquidity Ratio | 2.1 | Subs & Travelling - Councillors for the year to date | R 132 633 |
| Current Debtors Collection rate | 48% | Subs and Travelling- HOD's for December 2017 | R 62 023 |
| Spending on Staff wages and salaries (Budget vs Actuals) | 42% | Subs & Travelling - HOD's for the year to date | R 209 105 |
| Spending on Councillors allowances (Operational Budget Vs Actuals) | 44% | | |
| Contractor services | 18% | | |

## 1.2 RATIOS:

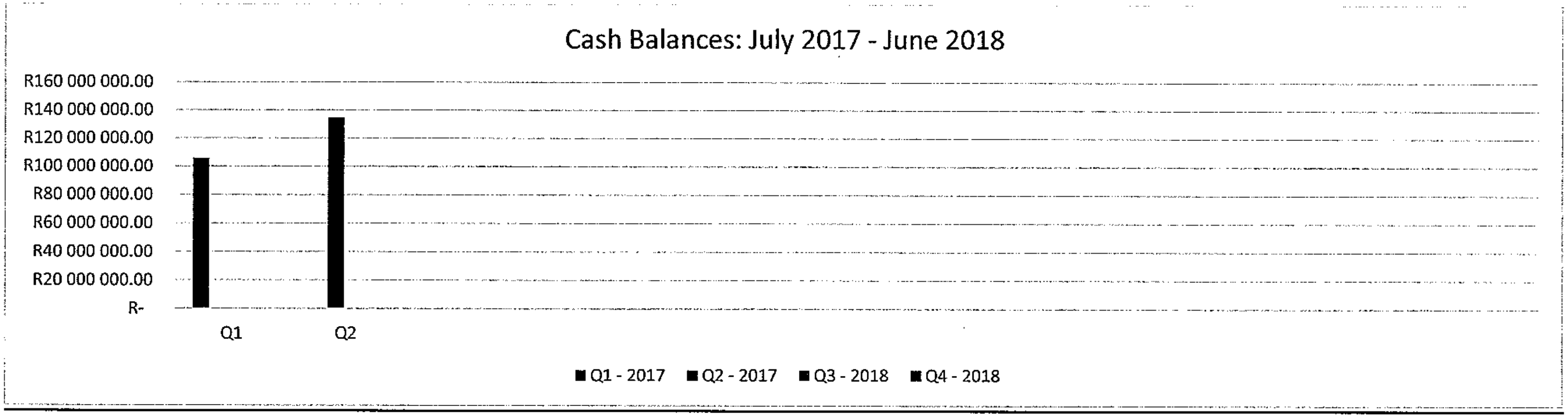
**Cash Balance** July 2017 – June 2018 (2nd Quarter)

Cash balances at end of the 6th Month period ended 30 June 2018 explained as presented below:

**R 134 763 056** 

 **good** Positive balance

 **bad** Negative balance




**Remarks:**

The municipality had the following Cash and Cash Equivalents outlined per quarter including the current period as at 30 June 2018.

| **Quarter 1 - 2017** |
|---|
| **July - September** |
| **R 132 450 734** as at **end of December 2017** as per the information reported in the monthly / quarterly financial statements. The municipality had investment accounts with First National bank and Nedbank, as at December 2017 an amount of R 2 897 031 for interest has been received from investments for the period **December 2017**. Which is 58% of the annual budget of R 5 000 000.00. |

**TABLE OF INVESTMENT SCHEDULE**

| Description | Account number | Balance BF | Deposit | Interest | Total Deposit | Total Withdrawal & Charges | Closing Balance |
|---|---|---|---|---|---|---|---|
| OPERATIONAL INVESTMENT | 62029450715 | 6 697 684.23 | 125 337 490.21 | 934 052.25 | 132 969 226.69 | 61 500 000.00 | 71 469 226.69 |
| SERVICE DELIVERY INVESTMENT | 62033254723 | 5 014 444.78 | - | 131 578.39 | 5 146 023.17 | - | 5 146 023.17 |
| MIG INVESTMENT | 62086036714 | 5 714 519.21 | 34 890 000.00 | 409 272.33 | 41 013 791.54 | 21 084 061.33 | 19 929 730.21 |
| GUARANTEE INVESTMENT | 62068742157 | 272 592.74 | - | 5 083.51 | 277 676.25 | - | 277 676.25 |
| FMG INVESTMENT | 62276187294 | 186 543.00 | 1 700 000.00 | 33 884.60 | 1 920 427.60 | 602 026.70 | 1 318 400.90 |
| ELECTRIFICATION | 62288560925 | 13 964.41 | 33 000 000.00 | 136 007.85 | 33 149 972.26 | 24 273 943.86 | 8 876 028.40 |
| NEDBANK INVESTMENT | 7881112786 | 24 186 495.86 | - | 1 247 152.46 | 25 433 648.32 | - | 25 433 648.32 |
| **Grand total** | | **42 086 244.23** | **194 927 490.21** | **2 897 031.39** | **239 910 765.83** | **107 460 031.89** | **132 450 733.94** |

**Cash Coverage** July 2017 – June 2018 (3rd Month Period)

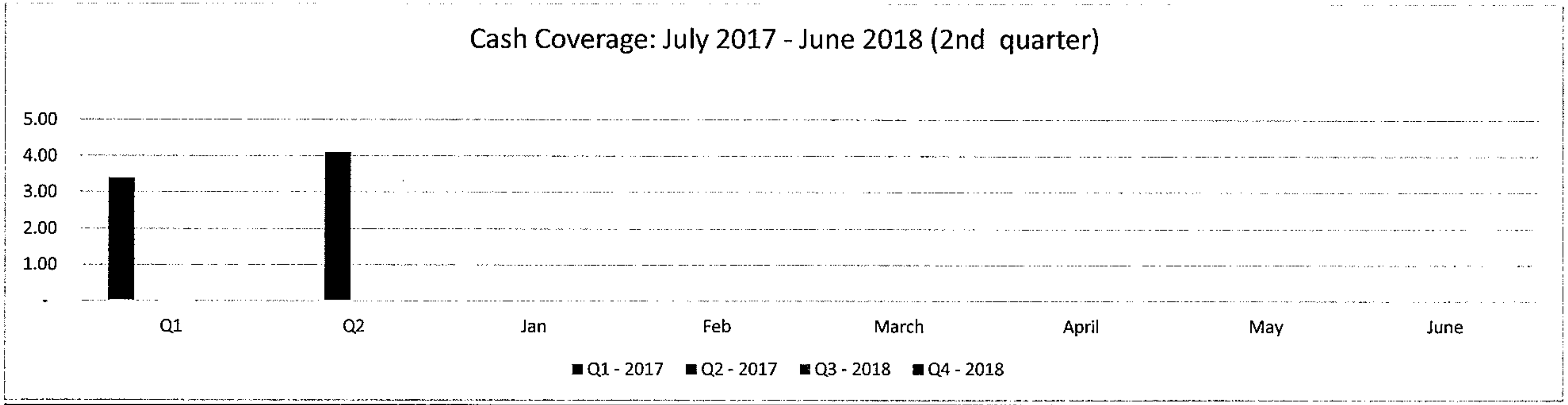
Months of operating expenses can be paid for with the cash available as follows;

**4.1 months** 

 **good** More than 3 months

 **average** Between 1 and 3 months

 **bad** Less than 1 month




**Remarks:**

Cash Coverage per quarters of 2017/18 including the current reporting month as at 31st December 2017 is as follows;

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| **July - September** | **October - December** |
| The Municipality as at end of quarter one could take 3.4 months to pay for its day-to-day expenses using just its cash reserves as per the information reported in the monthly / quarterly financial statements. | The Municipality as at end of quarter one could take 4.1 months to pay for its day-to-day expenses using just its cash reserves as per the information reported in the monthly / quarterly financial statements. |

**Spending of Operating Budget** July 2017 – June 2018 ($6^{th}$ Month period)

The operating budget % spending as at the end of the month is **37%** and this has been an underspending as per $2^{nd}$ quarter's projections of 50% as detailed below;

**13% Underspent** 

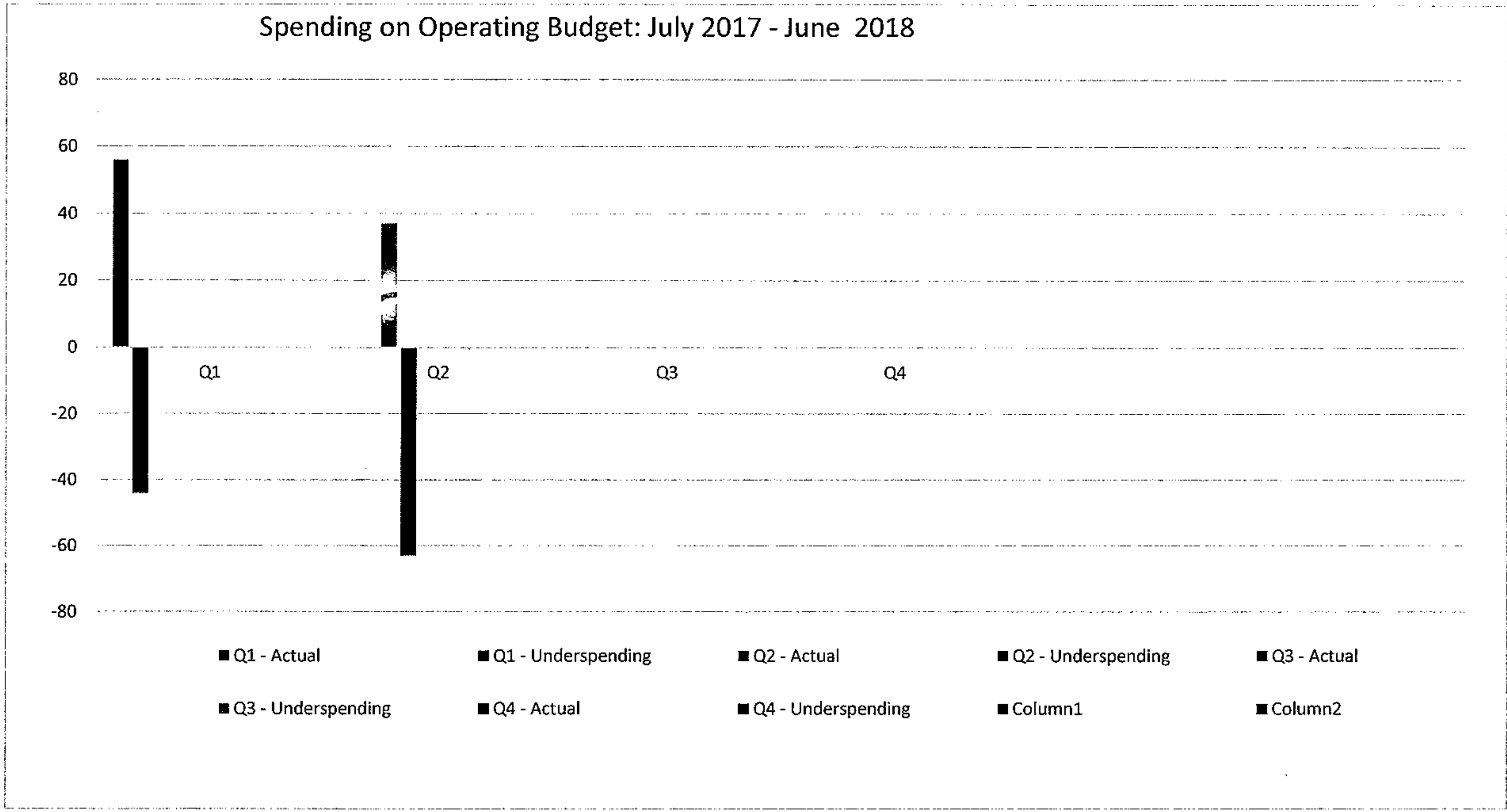
 good — Up to 5%

 average — Between 5% and 15%

 bad — More than 15%

**Remarks:**

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| **July - September** | **October - December** |
| The above graph shows spending on operating budget as per month ending $31^{st}$ December 2017. Umzimvubu Local Municipality has spent **37%** operating budget of R229 million with expenditure of R84, 9 million as at $31^{st}$ June 2017. This indicates the municipalities Actual operating expenditure against the budgeted operating expenditure The expected expenditure for this quarter is 50% however the municipality as at end of month underspent by 13% on operating expenditure, **(Actual spent 37%)** | The above graph shows spending on operating budget as per month ending $31^{st}$ December 2017. Umzimvubu Local Municipality has spent **37%** operating budget of R229 million with expenditure of R84, 9 million as at $31^{st}$ June 2017. This indicates the municipalities Actual operating expenditure against the budgeted operating expenditure The expected expenditure for this quarter is 50% however the municipality as at end of month underspent by 13% on operating expenditure, **(Actual spent 37%)** |


Spending on Operating Budget: July 2017 - June 2018
80
60
40
20
0
-20
-40
-60
-80
Q1
Q2
Q3
Q4
Q1 - Actual
Q1 - Underspending
Q2 - Actual
Q2 - Underspending
Q3 - Actual
Q3 - Underspending
Q4 - Actual
Q4 - Underspending
Column1
Column2

**Spending of Capital Budget** July 2017 – June 2018 (6th Month period)

The Capital budget % spending as at the end of the month is **38%** and is within the six months spending rate of 50%;

**12% underspending** 

 **bad** More than 15%

 **average** Between 5% and 15%

 **good** Up to 5%

**ELECTRIFICATION PROJECTS**

| Fiscal | DESCRIPTION | PROJECT /SERVICE NAME | RECEIPTS | TOTAL | CLOSING BALANCE |
|---|---|---|---|---|---|
| Jul-17 | Grant Received | | 20 000 000 | | 20 000 000 |
| Jul-17 | Turnkey Electrification DOE | **Ilangabi** | | 5 337 490 | 14 662 510 |
| Aug-17 | Turnkey Electrification DOE | **Ilangabi** | | 4 215 036 | 10 447 474 |
| Aug-17 | Turnkey Electrification DOE | **Ilangabi** | | 6 622 551 | 3 824 923 |
| Aug-17 | Turnkey Electrification DOE | **Ilangabi** | | 2 445 300 | 1 379 623 |
| Oct-17 | Grant Received | | 10 000 000 | | 11 379 623 |
| Nov-17 | Turnkey Electrification DOE | **Ilangabi** | | 5 653 602 | 5 726 022 |
| Dec-17 | Grant Received | | 3 000 000 | | 8 726 022 |
| | **Grand total** | | **33 000 000** | **24 273 978** | **R 8 726 022** |

## INFRASTRUCTURE PROJECTS

| Fiscal | Trans Date | DESCRIPTION | PROJECT /SERVICE NAME | CAPITAL | VAT | TOTAL | CLOSING BALANCE |
|---|---|---|---|---|---|---|---|
| Jul-17 | 1/07/2017 | | Opening Balance | | | | 25 000 000.00 |
| Jul-17 | 20/07/2017 | Goso AR and Bridge | Pangwa Trading Enterprise | 209 545.11 | 29 336.32 | 238 881.43 | 24 761 118.57 |
| Jul-17 | 20/07/2017 | Butsheni Access Road | Abantsundu Buildings& Civils contr | 388 674.59 | 54 414.44 | 443 089.03 | 24 318 029.54 |
| Jul-17 | 24/07/2017 | Maqothula Access Road | IPM Plant Hire | 522 473.26 | 73 146.26 | 595 619.52 | 23 722 410.02 |
| Jul-17 | 26/07/2017 | Lubhalasi Acess Road | Ncedamzu Construction | 70 225.00 | 9 831.50 | 80 056.50 | 23 642 353.52 |
| Jul-17 | 26/07/2017 | Cabazana Contrete slab | Dorning Group | 52 547.50 | 7 356.65 | 59 904.15 | 23 582 449.37 |
| Jul-17 | 26/07/2017 | Cabazana Contrete slab | Bulukas creatives Pty (Ltd) | 60 595.74 | | 60 595.74 | 23 521 853.63 |
| Jul-17 | 26/07/2017 | Lubhalasi Acess Road | Ukho civils and buildings | 290 000.00 | 40 600.00 | 330 600.00 | 23 191 253.63 |
| Aug-17 | 01/08/2017 | Machomsholo Acess Road | Mfrura trading & Projects | 100 593.50 | 14 083.09 | 114 676.59 | 23 076 577.04 |
| Aug-17 | 03/08/2017 | Nkandla2mazityeni AR&B | Ayangu Trading | 279 435.69 | 39 121.00 | 318 556.69 | 22 758 020.35 |
| Aug-17 | 22/08/2017 | Lubhalasi Acess Road | Ukho civils and buildings | 305 000.00 | 42 700.00 | 347 700.00 | 22 410 320.35 |
| Aug-17 | 22/08/2017 | Lubhalasi Acess Road | Ncedamzu Construction | 112 657.00 | 15 771.98 | 128 428.98 | 22 281 891.37 |
| Aug-17 | 29/08/2017 | Butsheni Access Road | Abantsundu Buildings& Civils contr | 301 474.80 | 42 206.47 | 343 681.27 | 21 938 210.10 |
| Aug-17 | 29/08/2017 | Ext.Mhlanganisweni Bridg | LG construction | 49 161.67 | 6 882.63 | 56 044.30 | 21 882 165.80 |
| Aug-17 | 31/08/2017 | Ntibane Access Road | ZZZ Building | 210 207.37 | 29 429.03 | 239 636.40 | 21 642 529.40 |
| Sep-17 | 28/09/2017 | Nkandla2mazityeni AR&B | Noxolo Sihoyiya | 64 400.00 | - | 64 400.00 | 21 578 129.40 |
| Oct-17 | 23/10/2017 | Lubhalasi Acess Road | Ncedamzu Construction | 88 424.08 | 12 379.37 | 100 803.45 | 21 477 325.95 |
| Oct-17 | 23/10/2017 | Lubhalasi Acess Road | Ukho civils and buildings | 127 192.98 | 17 807.02 | 145 000.00 | 21 332 325.95 |
| Oct-17 | 23/10/2017 | Mrholweni2Mangweni AR | Siti Cargo cc | 392 600.00 | 54 964.00 | 447 564.00 | 20 884 761.95 |
| Nov-17 | 02/11/2017 | Butsheni Access Road | Abantsundu Buildings& Civils contr | 304 868.61 | 42 681.61 | 347 550.22 | 20 537 211.74 |
| Nov-17 | 02/11/2017 | THWA access Road | Ukho civils and buildings | 130 410.53 | 18 257.47 | 148 668.00 | 20 388 543.73 |
| Nov-17 | 02/11/2017 | THWA access Road | MSB ULTRA Construction | 99 397.98 | 13 915.72 | 113 313.70 | 20 275 230.04 |
| Nov-17 | 29/11/2017 | Lwandlana A Road | Middleground Trading | 65 520.16 | - | 65 520.16 | 20 209 709.88 |
| Nov-17 | 06/11/2017 | THWA access Road | MS V.N Gxobole | 12 000.00 | | 12 000.00 | 20 197 709.88 |
| Dec-17 | 29/11/2017 | Lwandlana A Road | Middleground Trading | 65 520.16 | | 834 356.48 | 19 363 353.39 |
| Dec-17 | 15/12/207 | Goso AR and Bridge | Pangwa Trading Enterprise | 230 223.18 | 32 231.25 | 262 454.43 | 19 100 898.97 |
| Dec-17 | 15/12/2017 | Goso AR and Bridge | Infraset | 124 800.00 | 17 472.00 | 142 272.00 | 18 958 626.97 |
| Dec-17 | 15/12/2017 | Nkanini Access Road | Funezakho construction | 325 593.84 | 45 583.14 | 371 176.98 | 18 587 449.99 |
| Dec-17 | 15/12/2017 | Lubhalasi Acess Road | Ukho civils and buildings | 232 102.23 | 32 494.31 | 264 596.54 | 18 322 853.45 |
| Dec-17 | 19/122017 | Nkandla2mazityeni | Ayagu trading JV Isuvuno esihle | 210 029.11 | 29 404.08 | 239 433.19 | 17 702 603.26 |
| | | **Grand total** | | **5 759 724** | **768 836** | **7 297 397** | **17 702 603.26** |

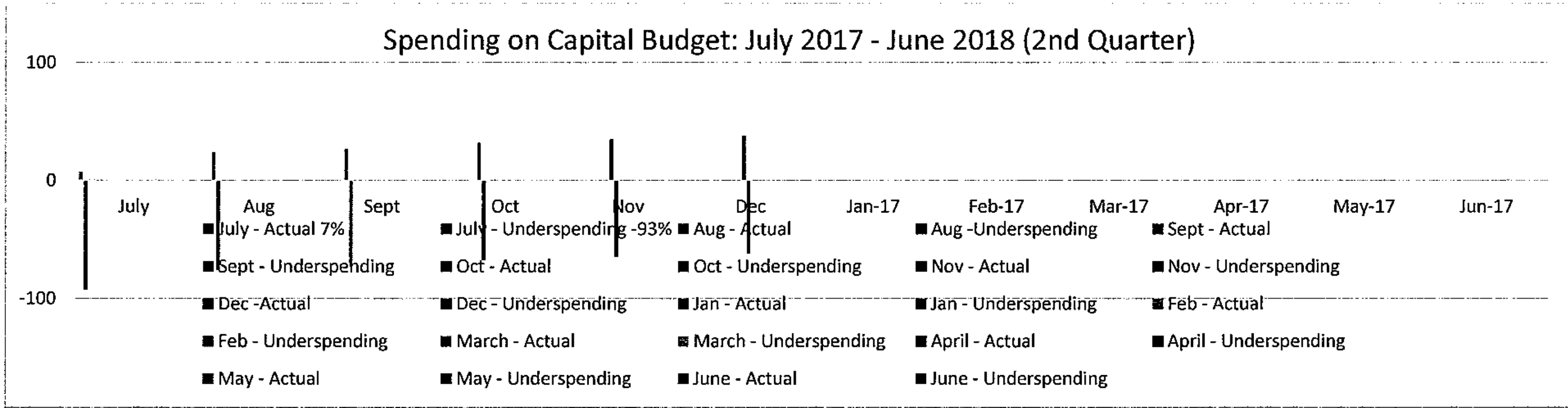
## MIG PROJECTS

| Fiscal | Trans Date | DESCRIPTION | PROJECT /SERVICE NAME | RECEIPTS | CAPITAL | VAT | TOTAL | CLOSING BALANCE |
|---|---|---|---|---|---|---|---|---|
| Jul-17 | 1/07/2017 | | Opening Balance | | | | | 5 465 679.20 |
| Jul-17 | 17/07/2017 | Grant Received | | 19 050 000.00 | | | | 24 515 679.20 |
| Jul-17 | 02/07/2017 | AVX consulting | Design of multi-purpose centre | | 56104.72 | 7 854.66 | 63 959.38 | 24 451 719.82 |
| Jul-17 | 20/07/2017 | Construction Of Tyinirha Bridge | Simi Investments | | 645 413 | 90 357.75 | 735 770.25 | 23 715 949.57 |
| Aug-17 | 01/08/2017 | Construction Of Lubhacwani Bridge | MSB Ultra Clean Pholela Group JV | | 61 100 | 8 554.06 | 69 654.46 | 23 646 295.11 |
| Aug-17 | 01/08/2017 | Construction Of Lubhacwani Bridge | MSB Ultra Clean Pholela Group JV | | 61 100 | 8 554.05 | 69 654.43 | 23 576 640.68 |
| Aug-17 | 01/08/2017 | Tela Cluster Sports Facility | Somakhala Contractors Jv Bright Idea | | 786 281 | 110 079.27 | 896 359.77 | 22 680 280.91 |
| Aug-17 | 07/08/2017 | Kinirha To Lower Mnyamane Access Road | Pahle Construction | | 132 107 | 18 494.91 | 150 601.41 | 22 529 679.50 |
| Aug-17 | 11/08/2017 | Design of Multi-Purpose Centre | AVX Consulting Engineers | | 58 366 | 8 171.30 | 66 537.76 | 22 463 141.73 |
| Aug-17 | 11/08/2017 | Nophoyi Cluster Sports Facility | SEBL Civils JV Pholela Group | | 421 425 | 58 999.43 | 480 423.94 | 21 982 717.79 |
| Aug-17 | 16/08/2017 | Construction Of Tyinirha Bridge | Simi Investments | | 1 446 077 | 202 450.79 | 1 648 527.89 | 20 334 189.90 |
| Aug-17 | 25/08/2017 | EIA FOR ACTIVITIES | ACER Africa | | 363 951 | 50 953.15 | 414 904.20 | 19 919 285.70 |
| Aug-17 | 31/08/2017 | Nophoyi Cluster Sports Facility | Pholela Group | | 139 757 | 19 565.91 | 159 322.41 | 19 759 963.29 |
| Aug-17 | 31/08/2017 | Construction Of Tyinirha Bridge | Simi Investments | | 704 704 | 98 658.52 | 803 362.24 | 18 956 601.05 |
| Sep-17 | 28/09/2017 | Construction Of Tyinirha Bridge | Simi Investments | | 468 700 | 65 618.00 | 534 318.00 | 18 422 283.05 |
| Sep-17 | 28/09/2017 | Ext Mthelenja Concrete Paving | Dorning Group | | 65 589 | 9 182.51 | 74 771.86 | 18 347 511.19 |
| Sep-17 | 28/09/2017 | Ext Mthelenja Concrete Paving | Myoza Myoza Trading | | 454 351 | 63 609.15 | 517 960.20 | 17 829 550.99 |
| Sep-17 | 28/09/2017 | Kinirha To Lower Mnyamane Access Road | Pahle Construction | | 122 932 | 17 210.51 | 140 142.71 | 17 689 408.28 |
| Sep-17 | 28/09/2017 | Kinirha To Lower Mnyamane Access Road | Mzamo Mzamo | | 172 667 | 24 173.38 | 196 840.38 | 17 492 567.90 |
| Sep-17 | 28/09/2017 | New Multi-Purpose Centre Hall | Dainar &Joyce | | 939 503 | 131 530.42 | 1 071 033.40 | 16 421 534.51 |
| Sep-17 | 28/09/2017 | Design of Landfill Site -KwaBhaca | Scientific Roets | | 51 500 | 7 210.00 | 58 710.00 | 16 362 824.51 |
| Sep-17 | 28/09/2017 | Design of Landfill Site-Maxesibeni | Scientific Roets | | 45 000 | 6 300.00 | 51 300.00 | 16 311 524.51 |
| Sep-17 | 28/09/2017 | Mt ayliff Multi-purpose centre Design | GW Heathy & Safety Specialists | | 26 403 | - | 26 403.00 | 16 285 121.51 |
| Sep-17 | 28/09/2017 | Nophoyi Cluster Sports Facility | Pholela Group | | 210 257 | 29 435.99 | 239 693.09 | 16 045 428.41 |
| Sep-17 | 28/09/2017 | Tela Cluster Sports Facility | Somakhala Contractors | | 428 233 | 59 952.68 | 488 186.11 | 15 557 242.30 |
| Sep-17 | 28/09/2017 | Upgrading of Mt ayliff landfill site Phase 1 | Coalition | | 84 375 | 11 812.50 | 96 187.50 | 15 461 054.80 |
| Oct-17 | 25/10/2017 | Ext Mthelenja Concrete Paving | Dorning Group | | 263 500 | 36 890.00 | 300 390.00 | 15 160 664.80 |
| Oct-17 | 25/10/2017 | Tela Cluster Sports Facility | Somakhala Contractors | | 378 810 | 53 033.40 | 431 843.40 | 14 728 821.40 |
| Oct-17 | 25/10/2017 | Lungangeni community Hall | Mumbaz trading enterprise | | 456 340 | 63 887.55 | 520 227.20 | 14 208 594.20 |
| Oct-17 | 25/10/2017 | Mt Ayliff Landfill site : Phase 1 | Coalition Trading 1203 cc | | 300 600 | 42 084.00 | 342 684.00 | 13 865 910.20 |
| Oct-17 | 25/10/2017 | Designs of marwaqa and silindini Bridges | Sive Structural Engineers | | 350 461 | | 350 461.10 | 13 515 449.10 |
| Oct-17 | 25/10/2017 | Designs of marwaqa and silindini Bridges | Sive Structural Engineers | | 351 724 | | 351 723.90 | 13 163 725.20 |
| Nov-17 | 02/11/2017 | Construction Of Tyinirha Bridge | Simi Investments | | 564 750 | 79 065.00 | 643 815.00 | 12 519 910.20 |
| Nov-17 | 02/11/2017 | Design of Nophoyi Cluster Sports Facility | Yandu Consulting Engineers | | 29 800 | 4 172.00 | 33 972.00 | 12 485 938.20 |
| Nov-17 | 02/11/2017 | Upgrading of Mt ayliff landfill site Phase 1 | Coalition Trading 1203 cc | | 203 537 | 28 495.18 | 232 031.98 | 12 253 906.22 |
| Nov-17 | 02/11/2017 | Sirhoqobeni Cluster Sports Facility | Manyobo Trading JV Chicololo Tra | | 351 580 | 49 221.20 | 400 801.20 | 11 853 105.02 |
| Nov-17 | 02/11/2017 | Surfacing of Mt Frere Streets -Phase 6 | BM Infrastructure Development | | 182.394 | 25 535.15 | 207 929.06 | 11 645 175.96 |
| Nov-17 | 02/11/2017 | Surfacing of Mt Ayliff Streets Phase 6 | BM Infrastructure Development | | 109 214 | 15 289.92 | 124 503.60 | 11 520 672.37 |
| Oct-17 | 06/10/2017 | Constrution of Tyinirha Bridge | Simi Investments | | 830 450 | 116 263.00 | 946 713.00 | 10 573 959.37 |
| Nov-17 | 08/11/2017 | Ext Mthelenja Concrete Paving | Myoza Myoza Trading | | 261 012 | 36 541.70 | 297 553.85 | 10 276 405.52 |
| Nov-17 | 08/11/2017 | Ext Mthelenja Concrete Paving | Dorning Group | | 527 000 | 73 780.00 | 600 780.00 | 9 675 625.52 |
| Nov-17 | 08/11/2017 | Sirhoqobeni community Hall | Vitsa Trading | | 162 188 | 22 706.32 | 184 894.32 | 9 490 731.20 |
| Nov-17 | 10/11/2017 | Nophoyi Cluster Sports Facility | Pholela Group | | 134 189 | 18 786.45 | 152 975.37 | 9 337 755.83 |
| Nov-17 | 23/11/2017 | Nkanini Access Road | Funezakho Construction Road | | 240 000 | 33 600.00 | 273 600.00 | 9 064 155.83 |
| Nov-17 | 28/11/2017 | Mlenze Access Road | Manyobo trading enterprise | | 394 179 | 55 185.01 | 449 363.65 | 8 614 792.18 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Nov-17 | 29/11/2017 | Gebhuzi Access Road Maintanance | Ngcombela Civils and Plant hire | | 370 305 | 51 842.70 | 422 147.70 | 8 192 644.48 |
| Nov-17 | 29/11/2017 | Bamko Access Road | Intlangulo 86 Trading Interprice | | 537 760 | 75 286.40 | 613 046.40 | 7 579 598.08 |
| Nov-17 | 28/11/2017 | Ext . Mthelenja Concrete Paving | Myoza Myoza Trading | | 614 935 | 86 090.93 | 701 026.16 | 6 878 571.92 |
| Nov-17 | 28/11/207 | Ext . Mthelenja Concrete Paving | Dorning Group | | 105 188 | 14 726.33 | 119 914.41 | 6 758 657.51 |
| Dec-17 | 08/12/2017 | Grant Received | MIG | 15 840 000 | | | | 22 598 657.51 |
| Dec-17 | 29/11/2017 | Upgrading of Mt ayliff landfill site Phase 1 | Coalition Trading 1203 cc | | 133 398 | 18 675.71 | 152 073.61 | 22 446 583.90 |
| Dec-17 | 14/12/2017 | EIA FOR ACTIVITIES /PROJECTS | ACER Africa | | 91 853 | 12 859.38 | 104 712.12 | 22 341 871.78 |
| Dec-17 | 14/12/2017 | Lungangeni community Hall | Mumbaz trading enterprise | | 281 152 | - | 281 152.00 | 22 060 719.78 |
| Dec-17 | 15/12/2017 | Mlenze Access Road | Manyabo Trading Enterprise | | 283 477 | 39 686.75 | 323 163.52 | 21 737 556.26 |
| Dec-17 | 15/12/2017 | Maxasbeni LandFill Site | Scientific Roets | | 42 550 | 5 957.00 | 48 507.00 | 21 689 049.26 |
| Dec-17 | 15/12/2017 | Construction of Tyinirha Bridge | Simi Investments | | 1 040 105 | 145 614.67 | 1 185 719.46 | 20 503 329.80 |
| Dec-17 | 15/12/2017 | Mt ayliff Multi-purpose centre Design | Lungisani Consulting | | 39 816 | - | 39 816.34 | 20 463 513.46 |
| Dec-17 | 18/12/2017 | Mt ayliff Multi-purpose centre Design | Lungisani Consulting | | 26 712 | - | 26 711.50 | 20 436 801.96 |
| Dec-17 | 18/12/2017 | Upgrading of Nkanji to Molwana A Road | Intlangulo 86 Trading Interprice | | 65 789 | 9 210.53 | 75 000.01 | 20 361 801.95 |
| Dec-17 | 18/12/2017 | Mt ayliff Multi-purpose centre Design | GW Heathy & Safety Specialists | | 44 005 | - | 44 005.00 | 20 317 796.95 |
| Dec-17 | 18/12/2017 | Mt ayliff Multi-purpose centre Design | AVX Consulting Engineers | | 49 248 | 6 894.65 | 56 142.17 | 20 261 654.78 |
| Dec-17 | 18/12/2017 | Mt ayliff Multi-purpose centre Design | AVX Consulting Engineers | | 62 962 | 8 814.67 | 71 776.59 | 20 189 878.19 |
| Dec-17 | 18/12/2017 | Surfacing of Mt Frere Streets -Phase 6 | BM Infrastructure Development | | 212 394 | 29 735.16 | 242 129.16 | 19 947 749.03 |
| Dec-17 | 18/12/2017 | Surfacing of Mt Frere Streets -Phase 6 | BM Infrastructure Development | | 141 174 | 19 764.39 | 160 938.60 | 19 786 810.43 |
| | | **Grand total** | | **34 890 000** | **18 180 445** | **2 388 424** | **20 568 869** | **19 786 810.43** |

**MUNICIPAL OFFICES**

| Fiscal | DESCRIPTION | PROJECT /SERVICE NAME | RECEIPTS | TOTAL | CLOSING BALANCE |
|---|---|---|---|---|---|
| Jul-17 | | Opening Balance | 22 100 000 | | 22 100 000 |
| Aug-17 | Municipal Offices | IDT | | 6 086 016 | 16 013 984 |



**Remarks:**

| Quarter 1 - 2017 | Quarter 1 - 2017 |
|---|---|
| **July - September** | **October – December** |
| The above graph shows spending on capital budget as per quarters of 2017/18 including the current reporting month as at 30 September 2017. Umzimvubu Local Municipality has spent 12% inclusive of reclaimed VAT (2017/18) of capital budget of R139 million with expenditure of R37 million as at 30 September 2017. Capital spending includes spending on infrastructure projects. Underspending on a capital budget can lead to an under-delivery of basic services. This indicator looks at the percentage by which actual spending falls short of the budget for capital expenses. The expected expenditure for this month is 25% however the municipality as at end of month overspent by 2% on capital expenditure, **(Actual spent 27%)** | The above graph shows spending on capital budget as per quarters of 2017/18 including the current reporting month as at 31 December 2017. Umzimvubu Local Municipality has spent 38% inclusive of reclaimed VAT (2017/18) of capital budget of R139 million with expenditure of R53 million as at 31 December 2017. Capital spending includes spending on infrastructure projects. Underspending on a capital budget can lead to an under-delivery of basic services. This indicator looks at the percentage by which actual spending falls short of the budget for capital expenses. The expected expenditure for this month is 50% however the municipality as at end of month underspent by 12% on capital expenditure, **(Actual spent 38%)** |

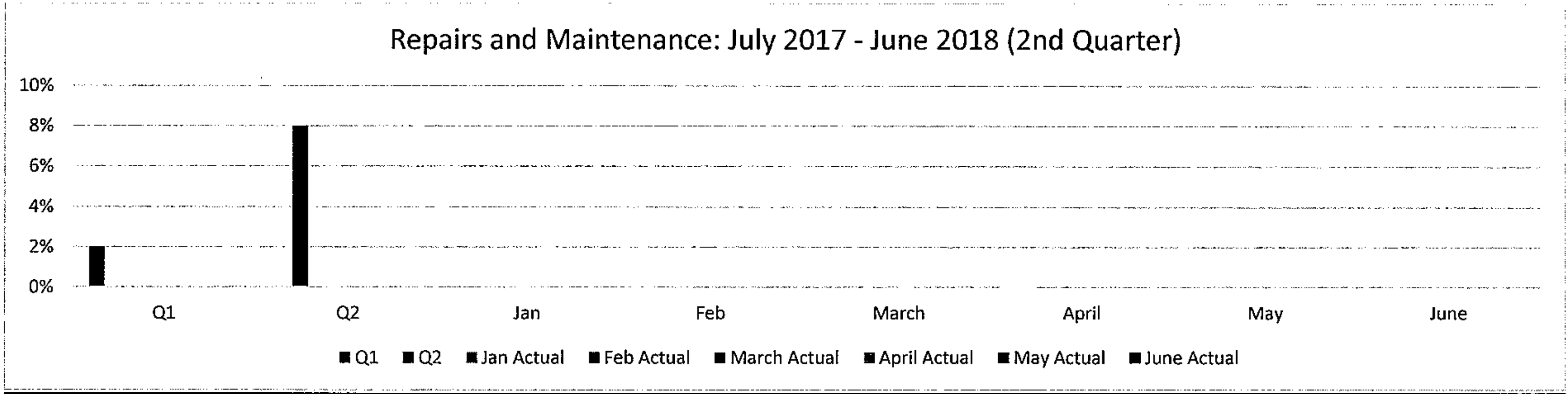
**Spending on Repairs and Maintenance** July 2017 – June 2018 (2nd Quarter)

The Repairs & Maintenance budget % spending as at the end of the quarter is **8%** and this has been underspending as detailed below;

**92 % underspent**

**good** More than 75%

**bad** Less than 75%




**Remarks:**

The above graph shows spending on repairs and maintenance as per month for 17/18 including the current reporting month as at 31st December 17

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| **July - September** | **October - December** |
| The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services. **Therefore Year-to-date actual spending as at end of quarter 1 against budget is 2%.** | The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery. Repairs and maintenance of municipal assets is required to ensure the continued provision of services. **Therefore Year-to-date actual spending as at end of quarter 2 against budget is 8%.** |

**Fruitless, Wasteful, Unauthorized & Irregular Expenditure** July 2017 – June 2018(2nd Quarter)

The municipality has incurred Irregular Expenditure to the value of R34m as at end 31 December 2017.

**0%**

| | |
|---|---|
| **Good** | 0% |
| **Bad** | More than 0% |

**Remarks:**

| Quarter 1 - 2017 | Quarter 2- 2017 |
|---|---|
| **July - September** | **July - September** |
| **Unauthorized** expenditure means any spending that was not budgeted for or that is unrelated to the department's function. **Irregular** expenditure is spending that goes against the relevant legislation, municipal policies or by-laws. **Fruitless and wasteful** expenditure concerns spending which was made in vain and would have been avoided had reasonable care been exercised. **Irregular** expenditure incurred amounting to R34m due to Senor Supply Chain Practioner not sitting in the Bid Adjudication Committee as one of the findings raised by AG in 201617 audit | **Unauthorized** expenditure means any spending that was not budgeted for or that is unrelated to the department's function. **Irregular** expenditure is spending that goes against the relevant legislation, municipal policies or by-laws. **Fruitless and wasteful** expenditure concerns spending which was made in vain and would have been avoided had reasonable care been exercised. **Irregular** expenditure incurred amounting to R34m due to Senor Supply Chain Practioner not sitting in the Bid Adjudication Committee as one of the findings raised by AG in 201617 audit |

**Current Ratio** July 2017 – June 2018 (2nd Quarter)

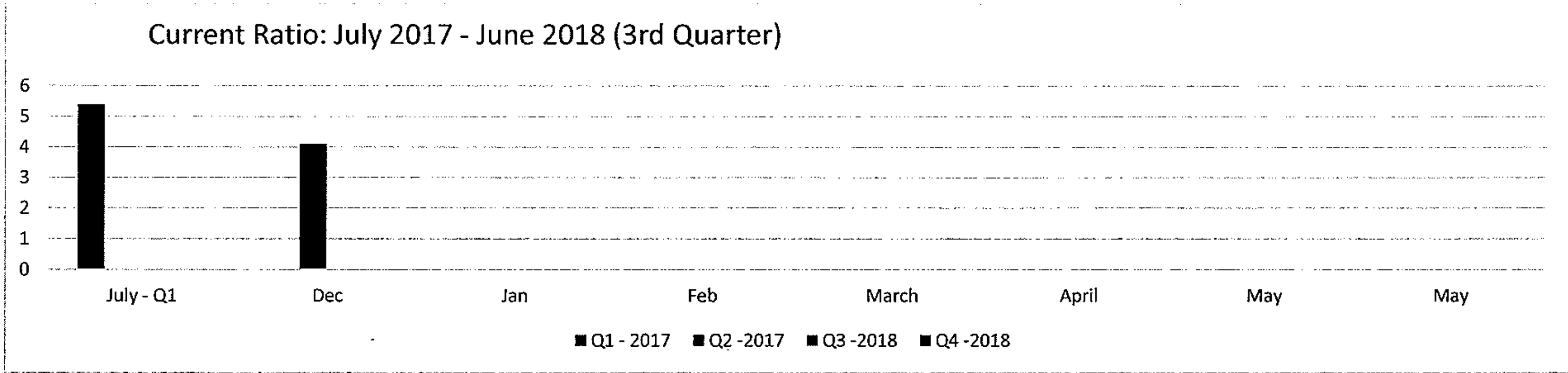
The current ratio compares the value of a municipality's short-term assets (cash, bank deposits, etc) compared with its short-term liabilities (creditors, loans due and so on). The higher the ratio, the better. The normal range of the current ratio is 1.5 to 2 (the municipality has assets more than 1.5 to 2 times its current debts). Anything less than that and the municipality may struggle to keep up with its payments.

4.1 

 **good** More than 1.5

 **average** Between 1 and 1.5

 **bad** Less than 1



**Remarks:**

The above graph shows the municipality's ability to keep up with its monthly payment obligations.

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| **July - September** | **October - December** |
| The current ratio compares the value of a municipality's short-term assets (cash, bank deposits, etc) compared with its short-term liabilities (creditors, loans due and so on). The higher the ratio, the better. The normal range of the current ratio is 1.5 to 2 (the municipality has assets more than 1.5 to 2 times its current debts). **Therefore the current ratio of 5.4 as at end of quarter one indicates that the municipality is capable to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels.** | The current ratio compares the value of a municipality's short-term assets (cash, bank deposits, etc) compared with its short-term liabilities (creditors, loans due and so on). The higher the ratio, the better. The normal range of the current ratio is 1.5 to 2 (the municipality has assets more than 1.5 to 2 times its current debts). **Therefore the current ratio of 4.1 as at end of quarter one indicates that the municipality is capable to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels.** |

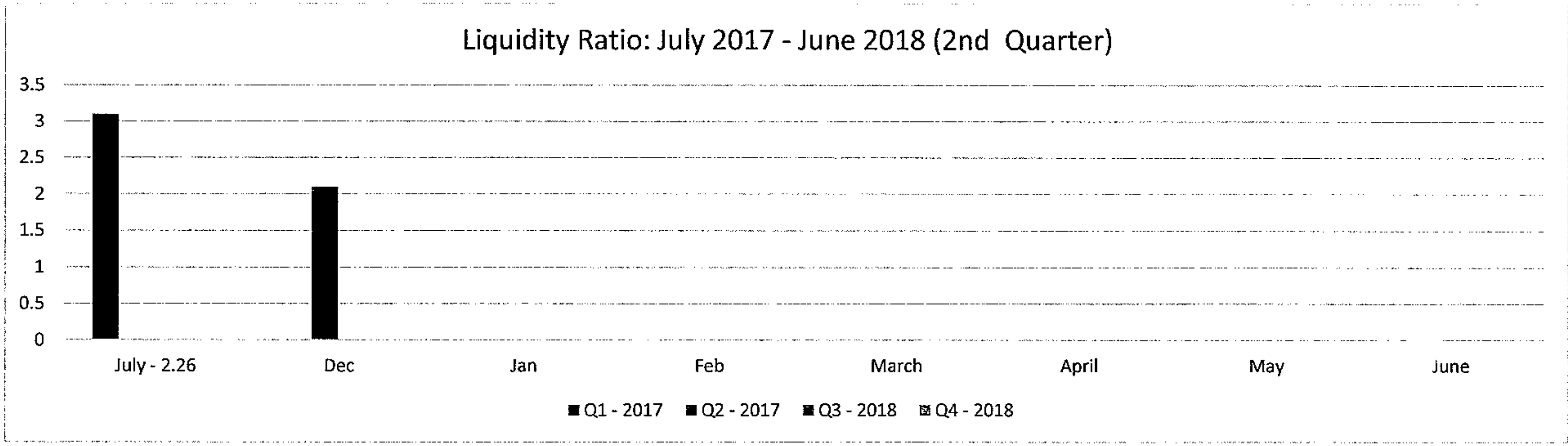
**Liquidity Ratio** July 2017 - June 2018 (2nd Quarter)

Liquidity ratios show the ability of a municipality to pay its current liabilities (monies it owes immediately such as rent and salaries) as they become due, and their long-term liabilities (such as loans) as they become current.

These ratios also show the level of cash the municipality has and / or the ability it has to turn other assets into cash to pay off liabilities and other current obligations.

**2.1**

| | |
|---|---|
| **Good** | More than 1 |
| **Bad** | Less than 1 |




**Remarks:**

The above graph shows the level of cash the municipality has and / or the ability it has to turn other assets into cash to pay off liabilities and other current obligations.

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| **July - September** | **October - December** |
| Liquidity ratios show the ability of a municipality to pay its current liabilities (monies it owes immediately such as rent and salaries) as they become due, and their long-term liabilities (such as loans) as they become current. **Therefore the liquidity ratio of 3.1 as at end of quarter one reflects municipality's immediate ability to pay its current liabilities.** | Liquidity ratios show the ability of a municipality to pay its current liabilities (monies it owes immediately such as rent and salaries) as they become due, and their long-term liabilities (such as loans) as they become current. **Therefore the liquidity ratio of 2.1 as at end of quarter one reflects municipality's immediate ability to pay its current liabilities.** |

**Current Debtors Collection Rate** July 2017 - June 2018 (2nd Quarter)

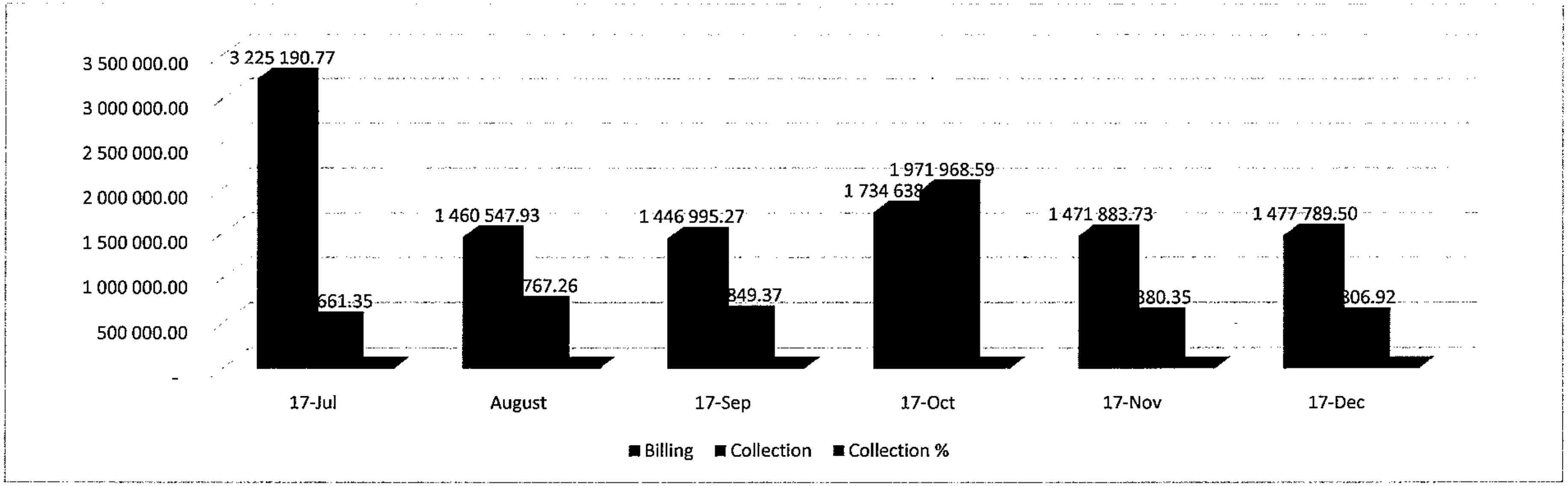
The percentage of revenue collected versus the billing for year to dated ended 30th June 2018.

**48%**

**good** 95% or more

**bad** Less than 95%

## Billing and Collection

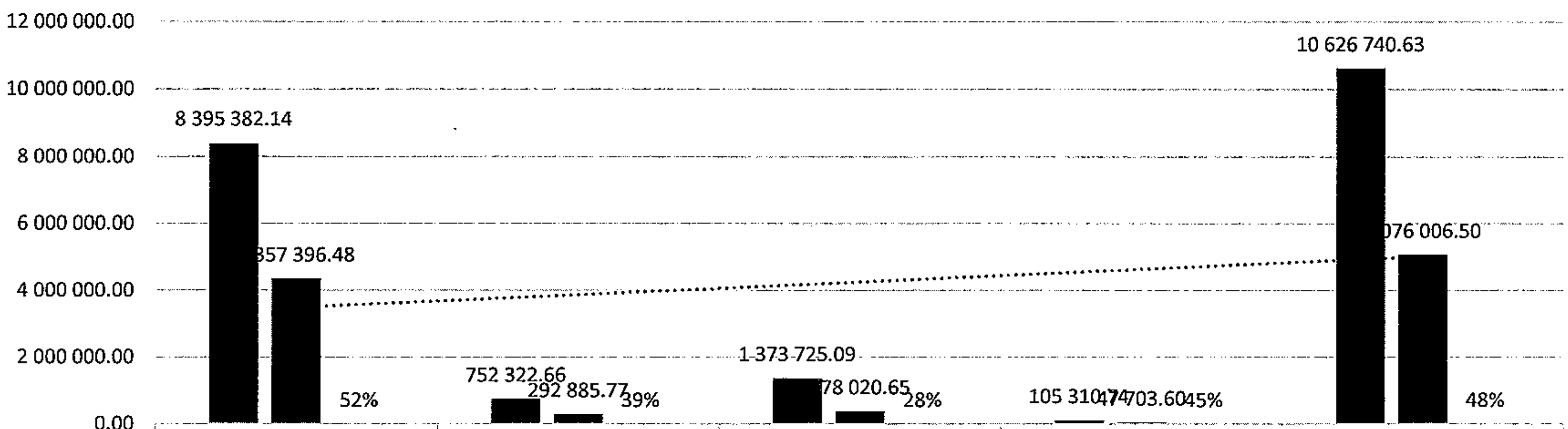


## Remarks

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| **July - September** | **October - December** |
| Amount billed for the quarter ending September 2017 is R4 685 738.70 and the receipts for this month amounting to R 1 179 428.61. The debtor's collection rate for the month ending 30th September is 25%. R 359, 406.67 collected by the debt collector, a payment of 12% (R 43 128.00) commission was paid. | Amount billed for the quarter ending December 2017 is R10 817 045.49 and the receipts for this month amounting to R 4 816 433.84. The debtor's collection rate for the month ending 30th December is 48%. R 547 806.92 collection R 147 665.25 was collected by the debt collector, a payment of 12% (R 17 719.83) commission was paid. |

## Collection rate

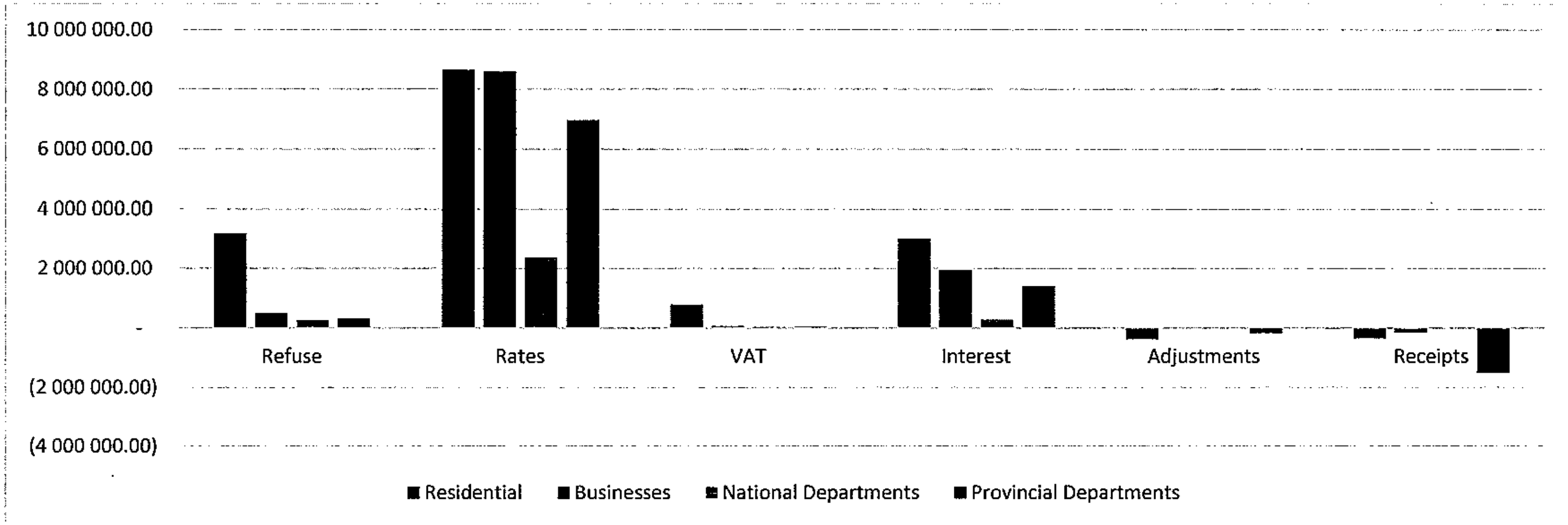
| Monthly Billing VS Collection | | | |
|---|---|---|---|
| Month | Billing | Collection | Collection % |
| Jul-17 | 3 225 190.77 | 503 661.35 | 15% |
| August | 1 460 547.93 | 675 767.26 | 46% |
| Sept 17 | 1 446 995.27 | 570 849.37 | 39% |
| October 17 | 1 734 638.29 | 1 971 968.59 | 114% |
| November 17 | 1 471 883.73 | 546 380.35 | 37% |
| December 17 | 1 477 789.50 | 547 806.92 | 37% |
| **Total** | **10 817 045.49** | **4 816 433.84** | **48%** |




| | Rates | Refuse | Interest | Vat | Total |
|---|---|---|---|---|---|
| ■ Billing | 8 395 382.14 | 752 322.66 | 1 373 725.09 | 105 310.74 | 10 626 740.63 |
| ■ Payments | 4 357 396.48 | 292 885.77 | 378 020.65 | 47 703.60 | 5 076 006.50 |
| ■ | 52% | 39% | 28% | 45% | 48% |

Billing Payments ········ Linear (Billing)

## DEBTORS' MANAGEMENT




## Remarks

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| **July - September** | **October- December** |
| Debtors opening balance from September 2017 is R 33 838 309 and at the end of Q1 ended September 2017 is R34 510 997 which is an increase R 672 688 and also reflecting 2% increase. The increase in quarter one is also caused by the implementation of new tariffs on services and annual property taxes of which are paid as they are charged. | Debtors opening balance from October 2017 is R 33 838 309 and at the end of Q2 ended December 2017 is R36 129 152.75which is an increase R 2 290 843.75 and also reflecting 6% increase. The effect of interest on arrear accounts which is in line with the implementation of the approved debt collection and credit control policy. |

## COUNCILLOR'S DEBT AS AT DECEMBER 2017

| Councilors debt as at December 2017 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Customer Name** | **ERF Number** | **TYPE** | **own** | **Total** | **30 Days** | **60 Days** | **90 Days** | **120 Days** | **150+ Days** |
| Albertina Ntombizandile Garane. | 75 | Rates account | MOUNT AYLIF | 129.13 | 129.13 | 0 | 0 | 0 | 0 |
| S.S.DANGISA SS | 380 | Rates account | MOUNT AYLIF | 3 419.44 | 161.91 | 160.74 | 178.00 | 139.99 | 2 778.80 |
| S.S.DANGISA SS | 381 | Rates account | MOUNT AYLIF | 16.77 | 16.77 | | | | |
| MDZINWA NDANELE GUYBOY NG | 521 | Rates account | MOUNT FRERE | 662.72 | 662.72 | 0 | 0 | 0 | 0 |
| MDZINWA NDANELE GUYBOY NG | 521 | Refuse account | MOUNT FRERE | 121.67 | 121.67 | 0 | 0 | 0 | 0 |
| **Total** | | | | **4 349.73** | **1 092.20** | **160.74** | **178.00** | **139.99** | **2 778.80** |

**Remarks:**

Councilor's debt has increased by R 780.09 from R 3 569.64 to R 4 349.73 for the month of December 2017 due to non-payment for ERF 380 owned by Councilor Dangisa.

## STAFF DEBT AS AT DECEMBER 2017

| Staff debt as at December 2017 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Customer Name** | **ERF Number** | **TYPE** | **own** | **Total** | **30 Days** | **60 Days** | **90 Days** | **120 Days** | **150+ Days** |
| Nota GPT | 238 | Rates account | MOUNT AYLIF | 265.83 | 265.83 | 0 | 0 | 0 | 0 |
| **Total** | | | | **265.83** | **265.83** | **0** | **0** | **0** | **0** |

### *INDIGENT SUPPORT MANAGEMENT AND FREE BASIC SERVICES*

Umzimvubu Local Municipality embarked on a process of providing solar panels as means of alternative energy to un-electrified households. This program commenced on the 1st of July 2013.The municipality's indigent register is made up of 11488 approved indigents. Currently, 2 675 indigent's beneficiaries are subsidized with R60.00 monthly subscription on solar panels and 2315 from electrified wards receive 50kWh subsidy of electricity supplied by Eskom. The total cost of free basic services and indigent support amounted to R 172 778.40 as at December 2017.

### *TRAFFIC FINES*

Revenue from traffic fines as at December 2017 amounted to R 259 967.27 against fines of R 1 723 356.00 issued from July 2017 to December 2017 translating to 15% collection. The overall outstanding amount for traffic fines amounted to R 10 871 721.39

The table below illustrates payment trends from 2013-2014 up to date:-

| Financial year | Billing | Payments | Outstanding balance |
|---|---|---|---|
| 2013-2014 | 6 605 724.00 | 406 737.44 | 6 198 986.56 |
| 2014-2015 | 1 227 778.78 | 445 502.97 | 782 275.81 |
| 2015-2016 | 2 037 582.35 | 279 051.00 | 1 758 531.35 |
| 2016-2017 | 573 574.20 | 424 969.80 | 148 604.40 |
| 2017-2018 | 1 723 356.00 | 259 967.27 | 1 983 323.27 |
| Total | 12 168 015.33 | 1 816 228.48 | 10 871 721.39 |

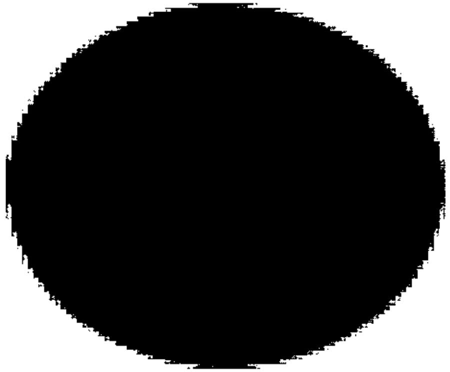
### *DISTRIBUTION OF ACCOUNTS*

On a monthly basis the municipality sends 3218 accounts to the mailing company Inside-data (Lasercom). 2591 accounts with valid cell phone numbers have been sent via sms/mms facility. Door to door Data Cleansing has been conducted however there was lack of cooperation from customers as a result the municipality still lacks some of customer ID numbers and addresses in order to fully make use of Post Office however to some extent there has been slight improvement with ID numbers and addresses even though there were challenges in the project.

# INCOME

**Money Generated Locally December 2017**

**4%** from residents paying for **Property rates, refuse,** licenses & fines, and from interest and investments.



**Money from National Government December 2017**

96% from the **Equitable Share** of taxes, and **Grants from National Government.**

**Remarks:**

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| **July - September** | **October- December** |
| Total revenue generated for Quarter one ending 30 September 2017 amounts to R129 778 333. The main sources are as follows:<br>Transfers of R123 765 000 and represent 96% of total revenue; Rates and taxes of R4 307 486 representing 2.5% of revenue;<br>Refuse of R 375 254 representing 0.11% of total revenue; Interest of R 1 330 593 representing 1.3% of total revenue. | Total revenue generated for Quarter one ending 31 December 2017 amounts to R199 228 045.96. The main sources are as follows:<br>Transfers of R181 807 663.59. and represent 94% of total revenue; Rates and taxes of R9 224 061.99 representing 4.5% of revenue; |

## EXPENDITURE MANAGEMENT

**Staff Wages and Salaries** July 2017 - June 2018 (2nd Quarter)

Staff salaries and wages as a percentage of operating expenditure.

**28%**

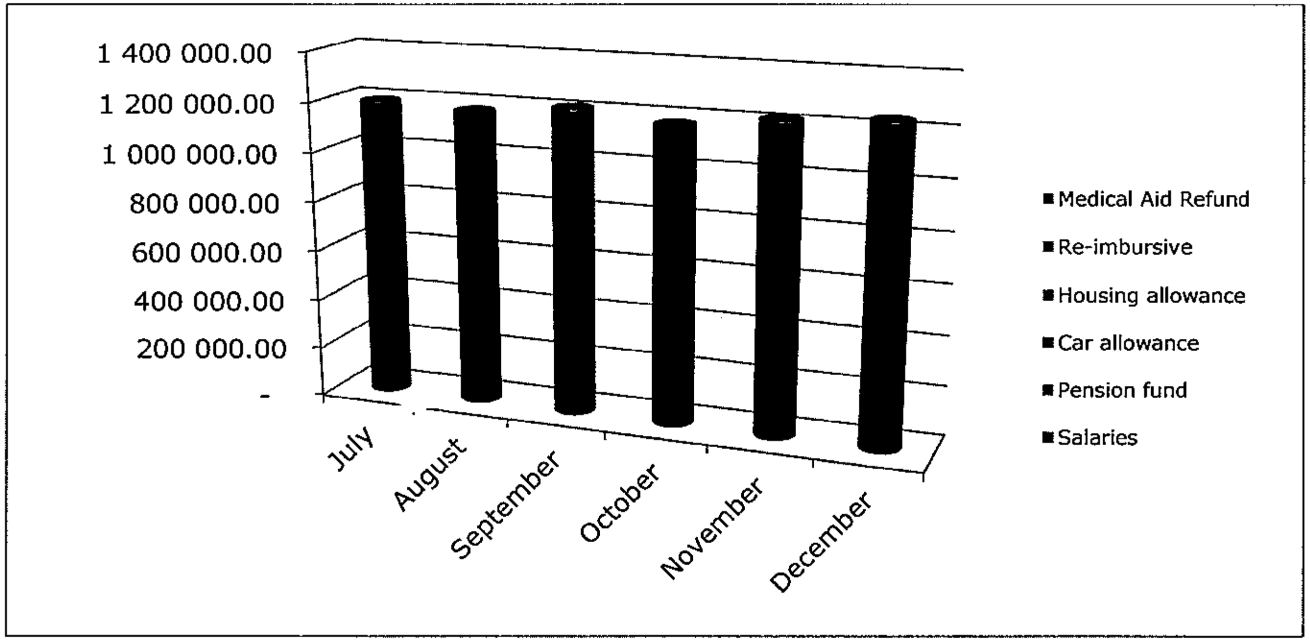
**within norms** 25% to 40%

**outside** less than 25% or more than 40%

## COUNCILLORS REMUNERATION

The total expenditure incurred for Councillors benefits is **R7 238 523.60** against the budget of **R 16 395 829,** which results of **44%** expenditure against the budget.

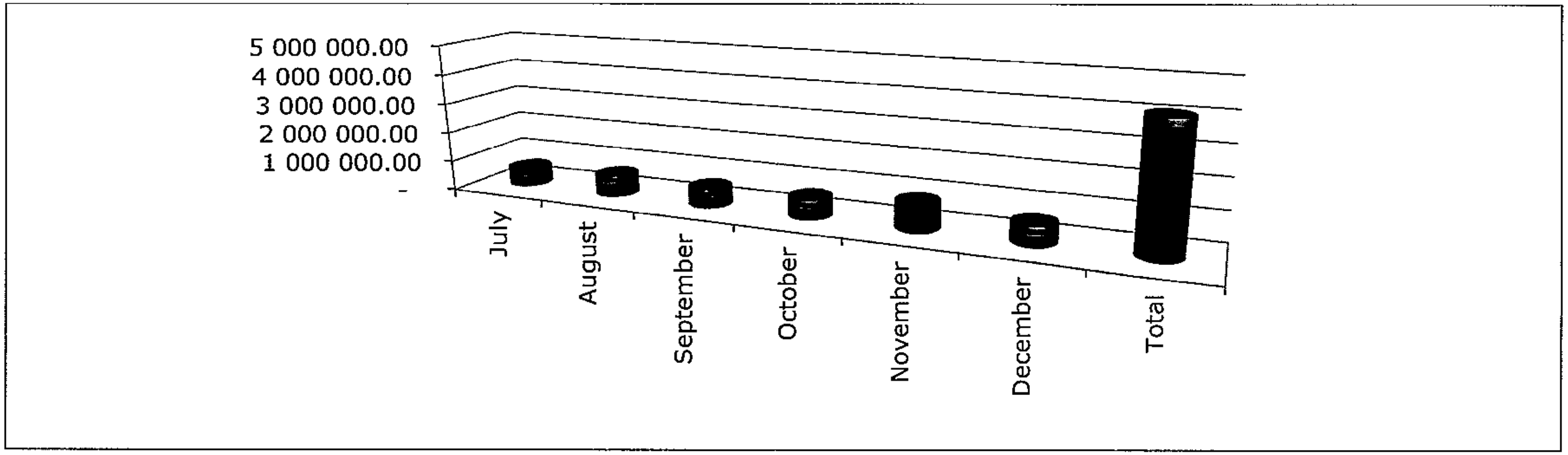
| | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|
| Salaries | 646 292.35 | 646 292.35 | 646 292.35 | 646 292.35 | 646 292.35 | 661 481.00 | **3 892 942.75** |
| Pension fund | 16 255.35 | 16 255.35 | 16 255.35 | 16 255.35 | 16 255.35 | 17 411.44 | **98 688.19** |
| Car allowance | 127 013.84 | 131 964.26 | 131 964.26 | 131 964.26 | 131 964.26 | 144 318.75 | **799 189.63** |
| Housing allowance | 390 486.04 | 384 176.29 | 384 176.29 | 384 176.29 | 385 535.62 | 386 519.78 | **2 315 070.31** |
| **TOTAL COST** | **1 195 978.99** | **1 181 284.75** | **1 216 801.17** | **1 178 688.25** | **1 220 841.71** | **1 244 928.73** | **7 238 523.60** |




## STAFF & HOD EMPLOYEE COSTS

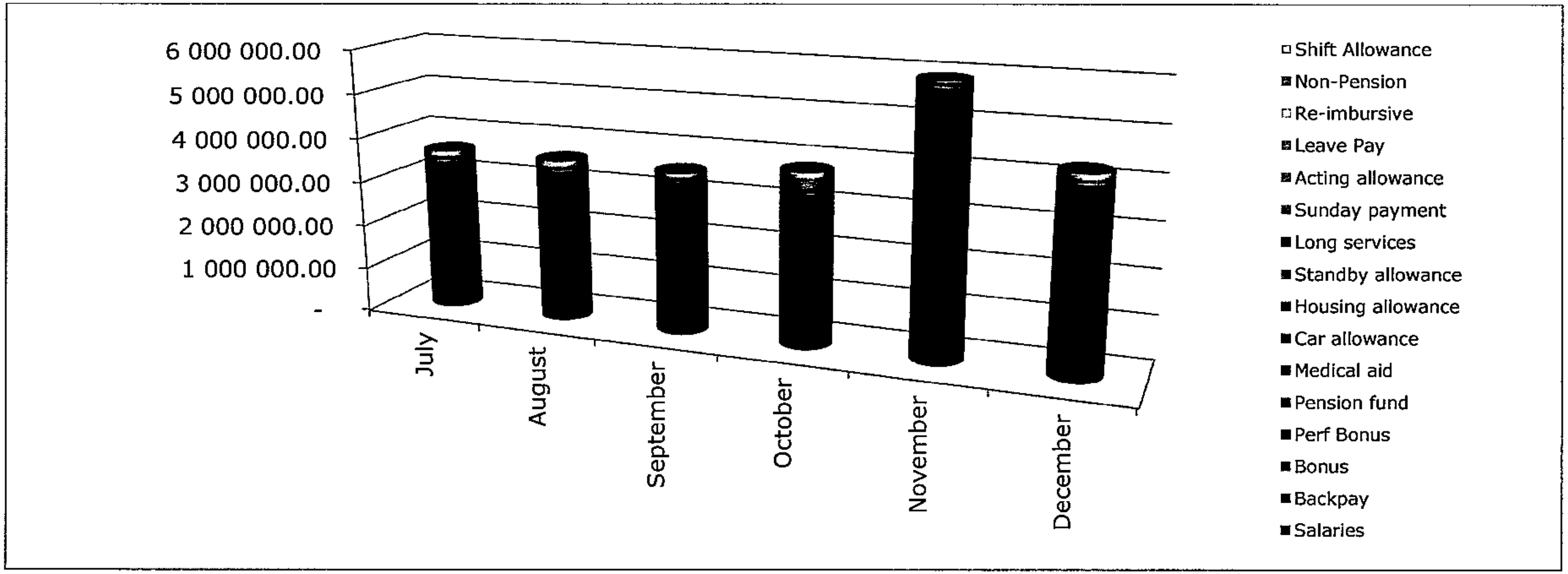
The total expenditure incurred for staff benefits is **R 29 114 793** against the budget of **R 68 969 997** which results of **42%** expenditure against the annual budget.

| PAYROLL: HOD's | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Month** | **July** | **August** | **September** | **October** | **November** | **December** | **Total** |
| **Salaries** | 310 405.76 | 425 248.28 | 367 827.02 | 367 827.02 | 367 827.02 | 367 827.02 | **2 206 962.12** |
| **Annual bonus** | 40 747.73 | - | - | - | 306 829.54 | - | **347 577.27** |
| **Pension fund** | 17 196.75 | 37 294.19 | 27 245.47 | 27 245.47 | 27 245.47 | 27 245.47 | **163 472.82** |
| **Medical aid** | - | 6 699.14 | 3 349.57 | 3 349.57 | 3 349.57 | 3 349.57 | **20 097.42** |
| **Car allowance** | 89 710.04 | 114 831.84 | 102 270.94 | 102 270.94 | 102 270.94 | 102 270.94 | **613 625.64** |
| **Housing allowance** | 74 163.24 | 89 236.32 | 81 699.78 | 81 699.78 | 81 699.78 | 81 699.78 | **490 198.68** |
| **Leave Pay** | 72 647.64 | - | - | - | - | - | **72 647.64** |
| **Total** | **620 828.12** | **699 477.84** | **615 105.10** | **651 207.38** | **892 652.94** | **644 415.43** | **4 123 686.81** |




**PAYROLL: STAFF**

| | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|
| Salaries | 2 809 330.00 | 2 823 338.26 | 2 827 204.65 | 2 764 033.57 | 2 758 928.39 | 2 834 923.15 | **16 817 758.02** |
| Backpay | - | - | 4 632.68 | - | | 533 435.78 | **538 068.46** |
| Bonus | 5 130.28 | 6 067.66 | - | 60 728.19 | 2 470 105.80 | - | **2 542 031.93** |
| Perf Bonus | 30 844.14 | - | - | - | - | - | **30 844.14** |
| Pension fund | 111 669.51 | 111 669.51 | 111 669.51 | 106 081.83 | 106 081.83 | 113 889.45 | **661 061.64** |
| Medical aid | 78 167.23 | 69 929.23 | 69 929.23 | 66 473.12 | 66 473.12 | 71 365.55 | **422 337.48** |
| Car allowance | 242 312.53 | 250 550.53 | 250 550.53 | 237 417.64 | 237 417.64 | 254 891.57 | **1 473 140.44** |
| Housing allowance | 155 260.05 | 154 191.21 | 154 113.54 | 151 484.12 | 153 077.34 | 157 333.81 | **925 460.07** |
| Standby allowance | 65 788.56 | 71 938.32 | 63 291.96 | 77 076.92 | 59 379.68 | - | **337 475.44** |
| Long services | - | - | - | - | 5 839.05 | 120 852.10 | **126 691.15** |
| Sunday payment | 52 597.20 | 50 429.10 | 58 204.20 | 52 795.90 | 46 819.90 | 37 973.40 | **298 819.70** |
| Acting allowance | - | - | - | 19 444.10 | 19 444.10 | 22 242.26 | **61 130.46** |
| Leave Pay | 13 230.16 | 18 639.86 | - | 220 680.74 | - | 47 040.31 | **299 591.07** |
| Re-imbursive | 73 478.32 | 74 813.75 | 44 219.93 | 78 566.84 | 2 520.50 | 87 752.94 | **361 352.28** |
| Non-Pension | 2 800.00 | 2 800.00 | 2 800.00 | 2 800.00 | 2 800.00 | 2 800.00 | **16 800.00** |
| Emergency | - | - | - | 18 076.80 | - | - | **18 076.80** |
| Shift Allowance | 10 077.77 | 10 077.77 | 10 077.77 | 10 077.77 | 10 077.77 | 10 077.77 | **60 466.62** |
| **TOTAL COST** | **3 650 685.75** | **3 644 445.20** | **3 596 694.00** | **3 865 737.54** | **5 938 965.12** | **4 294 578.09** | **24 991 105.70** |




**VAT MANAGEMENT**

**VAT REFUND July** 2017 – June 2018 (2nd Quarter)

Vat returns submitted as at 31 December are amounting to R10 013 996.21 compared to the budget R 15 000 000.00

**66%**

**within** 75% to 100%

**outside norms** less than 74%

| Quarter 1 - 2017 | Quarter 2 - 2017 |
|---|---|
| July - September | July - September |
| Submitted the returns amounting to R 8 014 038 for the 1st quarter. This report shows VAT 201 returns were submitted to the South African Revenue Service (SARS) for the periods ending 25 August 2017) having been received from SARS on respectively. | Submitted the returns amounting to R R10 013 996 for the 2nd quarter. This report shows VAT 201 returns were submitted to the South African Revenue Service (SARS) for the periods ending 25 December 2017) having been received from SARS on respectively. |

## SUPPLY CHAIN & ASSET MANAGEMENT

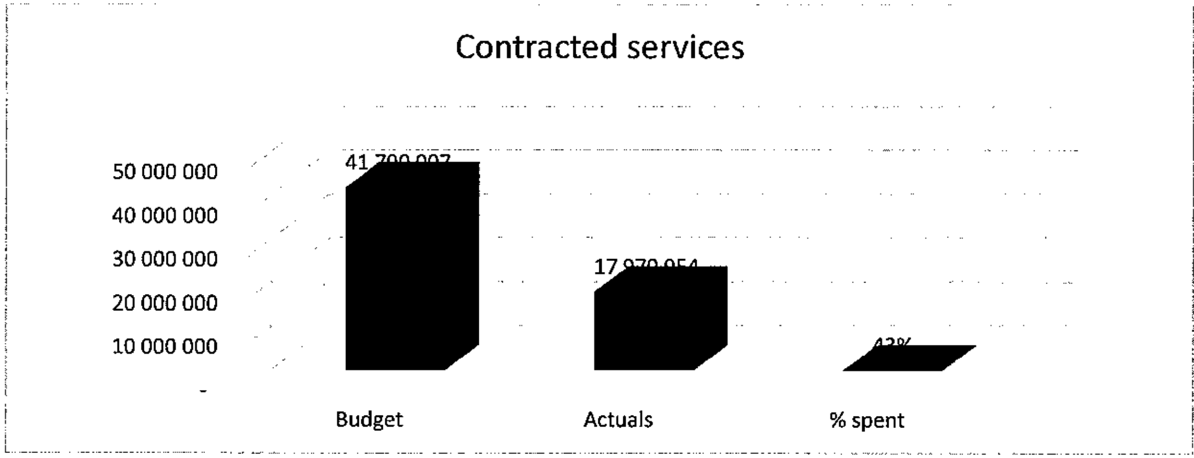
**Contractor Services** July 2017 - June 2018 (2nd Quarter)

A ratio in excess of the Norm could indicate that many functions are being outsourced to Consultants, or that Contracted Services are not effectively utilised. This also depends on the model of service delivery selected by the municipality.

**18%**

**within norms - up to 5%**

**outside norms - more than 5%**




**Remarks:**

The above graph shows spending on contractors services as per quarter for 2017/18 as at 30 June 2018.

## DEVIATIONS

| No | Supplier Name | Date | Description | Department | Reason for Deviation | Amount |
|---|---|---|---|---|---|---|
| 1 | Transkei Yamaha | 05/07/2017 | Repairs & Maintenance | Citizen Community | Procurement processes could not be followed due to the fact that Brush Cutters has been purchased at Transkei Yamaha, hence it will be serviced there and the attached quote is for repairs of four brush cutters for repairs identified. | R13 786.91 |
| 2 | Babcock | 05/07/2017 | Repairs Maintenance | Citizen& Community | Procurement processes could not be followed due to the fact that Volvo machinery & plant has been purchased at Volvo Babcock International Group, hence it will be serviced at Babcock | R18 485.10 |
| 3 | Truvelo Manufacturing | 10/07/2017 | Repairs and maintenance | Citizen & Community Service | An Authorization of repairs from Truvelo Manufacturers. Kindly be formed that ULM bought Pro-Laser speed timing machine form Truvelo before, these machine have to be calibrated every six months, SCM processes could not be followed since the machine must be calibrated by the same supplier. | R10 131.50 |

**Remarks:**

The above table shows spending on Deviations in terms of Sec 36 Municipal Supply Chain Management Regulations as per quarter three for 2017/18 as at 30 June 2018.

| Quarter 2 - 2017 |
| --- |
| **July - December** |
| Above is a list of procurement that has been sourced through the deviation and ratification of minor breaches of procurement processes in terms of Regulation 36 1(a) (v), as per the Municipal Supply Chain Management Regulations - Gazette 27636 of 30 May 2005, Section 36 and Section 40(C) (V) of our Supply Chain Management Policy that was approved on the 29 June 2010. **The municipality have nine deviations for this quarter and amounts to R42 403.51** |

## STATUS OF TENDERS FOR THE MONTH DECEMBER 2017

| PROJECT NAME | ADVERTISED AND CLOSING | STATUS | APPOINTMENT DATE | AMOUNT |
| --- | --- | --- | --- | --- |
| Mailing and Printing of Consumer Debtors | 08 November 2017-29 November 2017 | Awarded to Cab Holding | 15 December 2017 | R164 160.00 |
| Fencing of Ext 07 Emaxesibeni | 08 November 2017-30 November 2017 | Awarded to Bavix Trading | 15 December | R339 927.00 |
| Phuka Bridge and Access Road | 07 September 2017-03 October 2017 | Awarded to Mabija Building & Civil JV Ultimate Reliance Trading | 15 December 2017 | R1 740 673.00 |
| Dundee to Gugwini Access road | 07 September 2017-03 October 2017 | Eyethu Projects and Plant Hire | 15 December 2017 | R1 056 430.46 |
| Magade to Zigadini Bridge | 08 November 2017-29 November 2017 | Pahle Construction | 15 December 2017 | R1 268 218.60 |
| Cooperative Geographic Information Systems | 07 September 2017-03 October 2017 | Awarded to ESRI South Africa | 15 December 2017 | R795 771.13 |

| | | | | |
|---|---|---|---|---|
| Land Surveyor Municipal ADHOC Survey | 17 July 2017-19 September | Awarded to MNT Geomatics | 22 November 2017 | Rate Basic |
| Luyengweni - Cwebeni Access road | 17 July 2017-19 September | Adjudicated awaiting reports- letter has been drafted to be signed | | |
| Mangqamzeni - Ngojini Access roads | 17 November 2017-08 December 2017 | Adjudication on the 22 December 2017 and referred back. | | |
| Silver City Access Road | 07 September 2017-29 August 2017 | Adjudicated on the 22 December 2017 and referred back to Evaluation for consideration | | |
| Msongonyane Access Road | 07 September 2017-03 October 2017 | Zizobele Trade and Project | 15 December 2017 | R 1 260 853.56 |
| Supply and Delivery of 2 Sedans,1 single cab bakkie | 07 September 2017-03 October 2017 | Ultimate Reliance Trading | 15 December 2017 | R2 513 190.45 |
| Matakanini Access Road | 07 September 2017-03 October 2017 | Andisa Road and General Construction | 15 December 2017 | R1 082 595.00 |
| AAAXA Projects Pty Ltd JV Mabozela Trading | 07 September 2017-04 October 2017 | Mdakeni Access road | 15 December 2017 | R1 042 778.78 |
| Aphola Trading cc | 07 September 2017-04 October 2017 | Shinta to Dungu Via Diphini Access road | 15 December 2017 | R1 710 723.90 |
| Qoqa to Qunubeni via Komkhulu/ Zibokwana Access road | 07 September 2017-04 October 2017 | Awarded to Manyobo Trading Enterprise | 15 December 2017 | R 1 710 723.90 |
| Surfacing of Mt Ayliff and Mount Frere Internal Streets Phase 6 | 24 November 2017-08 January 2018 | Tender on hold due to Strike | | |

**TENDER REGISTER 2017-2018**

| SUCCESSFUL TENDERER | TENDER NO | DESCRIPTION | AWARDED AMOUNT | DATE AWARDED | END USER DEPARTMENT | COMMENTS |
|---|---|---|---|---|---|---|
| Sive Structural Services Pty Ltd | umz/2017-18/infra/mig/002 | Design of Marhwaqa and Silindini Bridges | R 1 640 000.00 | 25-Jul-17 | | Bizana |
| BSA Consuting | umz/2016-17/BTO/12/06/17 | Supply ,Install and Maintainance of Customer query tracking & Maintanance of system | R 470 600.00 | 17-Aug-17 | BTO T | East London |
| Coalition Trading | umz/2017-18/mig/006 | Upgrading of Mount Ayliff Site | R 3 864 544.43 | 17-Jan-00 | Infrastructre and Planning | Port Elizebeth |
| Mabhashe Electrical Projects and Trading | umz/2017-18/infra/002 | Repairs and Maintanance of Street lights | Rate | 17-Aug-17 | Infrastructre and Planning | Kokstad |
| SKI Security and Cleaning Services | umz/2017-18/C&CS/001 | Security Services | R 7 943 544.00 | 31-Aug-17 | Infrastructre and Planning | Mount rrere |
| Myoza- Myoza | umz/2017-18/mig/014 | Extension of Mthelanja Concrete Paving | R 3 500 469.08 | 31-Aug-17 | Infrastructre and Planning | Mount Ayliff |
| BM Infrastructure Development | umz/2017-18/Mig/001 | Surfacing of MT and Mount Ayliff Street Phase 6 | R 1 690 435.78 | | | Mthatha |
| Intlangula 86 Trading | UMZ/2016-17/MIG/004 | Upgrading of Nkanji to Molwana | R 3 376 212.59 | 19-Sep-16 | Infrastructre and Planning | Local ( Mount Ayliff) |
| Sivest Civils & Earthworks | UMZ/2016-17/MIG/002 | Lower brooksnek community hall | R 1 780 876.96 | 19-Sep-16 | Infrastructre and Planning | Local ( Mount Ayliff) |
| Pangwa Trading | UMZ/2016-17/MIG/015 | Mfingwa to Ndakeni Access road | R 1 820 000.00 | 19-Sep-16 | Infrastructre and Planning | Local (Mount Ayliff) |
| KK the real Class Investment | UMZ/2016-17/CC/001 | Supply and Delivery of Food Parcels for EPWP | R 3 856 680.00 | 19-Sep-16 | Community Services | Local ( Mount Frere) |
| Mumbaz Trading Enterprise | umz/2017-18/infra/mig/005 | Lugangeni Community Hall | R 1 705 499.55 | 4-Sep-17 | Infrastructre and Planning | Mount Frere |
| Somakhala Contractors | UMZ/2016-17/INFRA/MIG/012 | Nomkholokotho to tyiweni Access road | R 1 616 188.20 | 20-Sep-16 | Infrastructre and Planning | Local (Mount Ayliff) |
| Vitsha Trading | umz/2017-18/infra/mig/004 | Sirhoqobeni Community Hall | R 1 748 040.36 | 4-Sep-17 | Infrastructre and Planning | Flagstaff |
| Siti Cargo | umz/2017-18/infra/mig/cap/015 | Mrholweni Acces road | R 1 493 180.89 | 22-Sep-17 | Infrastructre and Planning | Port Shepston |
| Manyobo Trading Enterprise | umz/2017-18/infra/mig/003 | Mlenze Access road | R 1 487 754.20 | 22-Sep-17 | Infrastructre and Planning | Flagstaff |
| Security services at Mount Ayliff | umz/2017-18/C&Cs/001 | Security Services at Mount Ayliff | R 7 943 544.00 | 1-Sep-17 | Infrastructre and Planning | Mount Ayliff |
| Ngcombela Civils and Plant hire | umz/201/8-infra-mig/011 | Ghubhuzi Access Road | R 1 154 919.69 | 23-Oct-17 | Infra | Lugelweni A/A |
| Kuyazanywa Constrion | umz/201/8-infra-cap/007 | Goxe Access Road | R 2 054 540.83 | 23-Oct-17 | Infra | Mthatha |
| Funezakho construction contractors | umz/2017/18-infra/cap/017 | Nkanini Access Road | R 1 377 905.72 | 23-Oct-17 | Infra | Mount Frere |
| Intlangula 86 Trading | umz/2017-18/infra/mig/010 | Bamko Access road | R 2 187 858.36 | 23-Oct-17 | Infra | Mount Ayliff |

| | | | | | | |
|---|---|---|---|---|---|---|
| Ultimate Reliance Trading | UMZ/2016-17/BTO/01 | Supply and deliver of Executive vehicle for Mayor | R 1 441 004.00 | 9-Nov-16 | Budget and Treasury | Local ( Mount Ayliff) |
| Camibyte pty ltd | UMZ/2016-17/C&CS/002 | Supply and Delivery Protective Clothing | R 1 476 980.14 | 9-Nov-16 | Community Services | Local ( Mount Ayliff) |
| MNT Geomatics | umz/2017-18/infra/TP/002 | Land Surveyors | Rates | 22-Nov-17 | Infrastructre and Planning | East London |
| Mabona Civils and Plant Hire | umz/2017/18-infra/cap/003 | Bridge Link to Bottoman and Access Road | R 2 285 523.37 | 23-Nov-17 | Infrastructre and Planning | Mount Ayliff |
| Nobambo Constructors Jv Shinning Sky Trading | | Komkhulu Access road | R 1 547 366.11 | 23-Nov-17 | Infrastructre and Planning | Local ( Mount Ayliff) |
| Mabija Building & Civils JV Ultimate Reliance Trading | UMZ/2017-18/INFRA/CAP/016 | Phuka Bridge and Access Road | R 1 740 673.00 | 15-Dec-17 | Infrastructre and Planning | Extension 3 Mount Ayliff |
| Eyethu Projects and Plant Hire | UMZ/2017-18/INFRA/CAP/002 | Dundee to Gugwini Access road | R1 056 430.46 | 15-Dec-17 | Infrastructre and Planning | Flagstaff |
| Pahle Construction | UMZ/2017-18/INFRA/CAP/004 | Magade to Zigadini Bridge | R1 268 218.60 | 15-Dec-17 | Infrastructre and Planning | Bizana |
| ESRI South Africa | UMZ/2017-18/INFRA/001 | Cooperative Goegraphic Information Systems | R795 771.13 | 15-Dec-17 | Infrastructre and Planning | |
| CAB Holding | UMZ/2017-18/INFRA/TO/001 | Printing and Mailing of Consumer | R 164 160.00 | 15-Dec-17 | Infrastructre and Planning | |
| Zizobele Trade and Project | UMZ/2017-18/INFRA/CAP/006 | Msongonyane Access Road | R 1 260 853.56 | 15-Dec-17 | Infrastructre and Planning | Umtata |
| Ultimate Reliance Trading | UMZ/2017-18/INFRA/C&CS/002 | Supply and Delivery of 2 Sedans,1 single cab bakkie | R2 513 190.45 | 15-Dec-17 | Infrastructre and Planning | Mount Ayliff |
| Andisa Road and General Construction | UMZ/2017-18/INFRA/CAP/011 | Matakanini Access Road | R1 082 595.00 | 15-Dec-17 | Infrastructre and Planning | Lusikisiki |
| Mdakeni Access road | UMZ/2017-18/INFRA/CAP/005 | AAAXA Projects Pty Ltd JV Mabozela Trading | R1 042 778.78 | 15-Dec-17 | Infrastructre and Planning | Mount Frere |
| Shinta to Dungu Via Diphini Access road | UMZ/201-18/INFRA/CAP/010 | Aphola Trading cc | R 781 888.71 | 15-Dec-17 | Infrastructre and Planning | |
| Qoqa to Quben Via Komkhulu/ Zibukwana | UMZ/2017-18/INFRA/CAP/012 | Manyobo Trading Enterprise | R 1 710 723.90 | 15-Dec-17 | Infrastructre and Planning | Flagstaff |

**Remarks:**

All the above projects have been procured through Supply Chain Management processes and approved SCM policy.

**INSURANCE**

| DATE | VEHICLE REG | EMPLOYEE NAME | POSITION | ACCIDENT DESCRIPTION | CLAIM STATUS/ LATEST UPDATE |
|---|---|---|---|---|---|
| 10/08/2017 | HKY 831 EC Toyota Corolla | MR XASO | MESSENGER DRIVER | This vehicle was involved in an accident in MT Ayliff Town. On the 10th of August 2017. | Awaiting for the Panel Beater to order Parts. |
| 30/08/2017 | HSP 987 EC | MR NOMDA | TRAFFIC OFFICER | This traffic vehicle was involved in an accident new Mnqwane N2 Route by heating a dog 30/08/2017 | Accident claim has been Submitted. Claim has been registered. Vehicle to be assessed. |

## REPORTING ON NON-COMPLIANCES TO FLEET MANAGEMENT POLICY AND REPAIRS FOR PERIOD ENDED 30 June 2018

The table below indicates the incidents, challenges, repairs, reason for delay, comments and deviation from the Fleet Management Policy by drivers from various municipal departments including reporting of bad driving and abuse.

**VEHICLES**

| No. | Registration No. | Make | Model | Department | Repairs | Wes Bank Charges | Fuel Amount | Comments (Challenges/Reasons For Delays |
|---|---|---|---|---|---|---|---|---|
| 1. | FML789EC | HINI TRUCK | 2010 | TRAFFIC | R 0.00 | R 171.31 | R 2239.24 | None |
| 3. | DDJ 806 EC | TOYOTA DYNA 8145 | 2007 | COMMUNITY SERVICES | R 0.00 | R 155.11 | R 0.00 | None |
| 4. | HDN643EC | VOLVO TLB | 2013 | IFRA | R 0.00 | R 155.11 | R 0.00 | None |
| 5. | FVW683EC | NISSAN UD85 | 2014 | COMMUNITY SERVICES | R 0.00 | R 207.61 | R 10865.85 | None |
| 6. | FVW689EC | NISSAN UD85 | 2014 | COMMUNITY SERVICES | R 0.00 | R 214.36 | R 11737.87 | None |
| 7. | FNL983EC | POLO VIVO 1.4 | 2010 | TRAFFIC | None | R 188.86 | R 3351.96 | None |
| 8. | MJK843EC | CARTAPILLAR | 2010 | INFRA | R 11942.64 | R 179.26 | R 0.00 | Towing from Mt Ayliff to Barlowor |
| 10. | HFV631EC | NP200 1.6 | 2014 | COMMUNITY SAFETY | None | R 183.76 | R 3603.98 | None |
| 11. | HFV675EC | NP200 1.6 | 2014 | INFRA | None | R 159.81 | R 737.50 | None |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 12. | HFV657EC | NP200 1.6 | 2014 | INFRA | None | R 155.11 | R 0.00 | None |
| 13. | HFV645EC | NISSAN ALMERA 1.5 | 2014 | CORPORATE SERVICES | None | R 178.34 | R 1963.52 | None |
| 14. | HGS233EC | ISUZU 2400 | 2014 | POUND | R 0.00 | R 169.80 | R 1865.10 | None |
| 15. | HKY792EC | TOYOTA HILUX 2.0VVTI | 2015 | WASTE MANAGEMENT | None | R 187.12 | R 3453.84 | None |
| 16. | HKY807EC | TOYOTA HILUX 2.0VVTI | 2015 | LED | None | R 177.46 | R 2816.41 | None |
| 17. | HKY831EC | TOYOTA CORROLA 1.6 ESTEEM | 2015 | POOL VEHICLE | None | R 257.52 | R 7315.29 | None |
| 18. | HKY 842EC | TOYOTA HILLUX 2.5D-4D | 2015 | POOL VEHICLE | None | R 205.91 | R 7041.33 | None |
| 18. | HLN238EC | FUSO 4 TON TRUCK | 2014 | WASTE MANAGEMENT | None | R 160.97 | R 1060.92 | None |
| 19. | HSP961EC | TOYOTA CORROLA 1.6 QUEST | 2016 | TRAFFIC | None | R 207.64 | R 5140.38 | None |
| 20. | HSP968EC | TOYOTA CORROLA 1.6 QUEST | 2016 | TRAFFIC | R 2411.10 | R 217.46 | R 7044.38 | Two new tyres |
| 21 | HSP978EC | TOYOTA CORROLA 1.6 QUEST | 2016 | TRAFFIC | None | R 202.55 | R 4839.14 | None |
| 22. | HSP987EC | TOYOTA CORROLA 1.6 QUEST | 2016 | TRAFFIC | None | R 202.80 | R 5105.77 | None |
| 23. | HSP993EC | TOYOTA CORROLA 1.6 QUEST | 2016 | TRAFFIC | R 1120.05 | R 206.79 | R 5080.33 | One New tyre |
| 24 | HWG 819 EC | MERCEDES BENZ GLE250 | 2016 | MAYORAL CAR | None | R 186.45 | R 4060.66 | None |
| 25 | JBL 415 EC | VOLVO XC 90 | 2017 | SPEAKERS VEHICLE | R 3118.05 | R 175.17 | R800.05 | One new tyre |
| | **TOTAL AMOUNT** | | | | **R 18 591.84** | **R 4 506.28** | **R 90 123.52** | |

## 2 TRACTORS - 1 DOZER – 2 BACKUP GENERATOR

| No. | Registration No. | Make | Model | Department | Repairs | Fuel Amount (Order Book) | Comments |
|---|---|---|---|---|---|---|---|
| 1 | FZK 297EC | JOHN DEERE | | WASTE MANAGEMENT | R0.00 | R 0.00 | None |
| 2 | HDN641EC | VOLVO | | | R 0.00 | R0.00 | None |
| 3 | BACKUP GENERATOR – MT FRERE | BACKUP GENERATOR | | INFRA & PLANN | R0.00 | R 0.00 | None |
| 4 | BACKUP GENERATOR – MT AYLIFF | BACKUP GENERATOR | | INFRA & PLANN | R0.00 | R0.00 | None |
| 5 | HZW 966 EC | JOHN DEERE | | WASTE MANAGEMENT | R0.00 | R0.00 | None |

## Remarks:

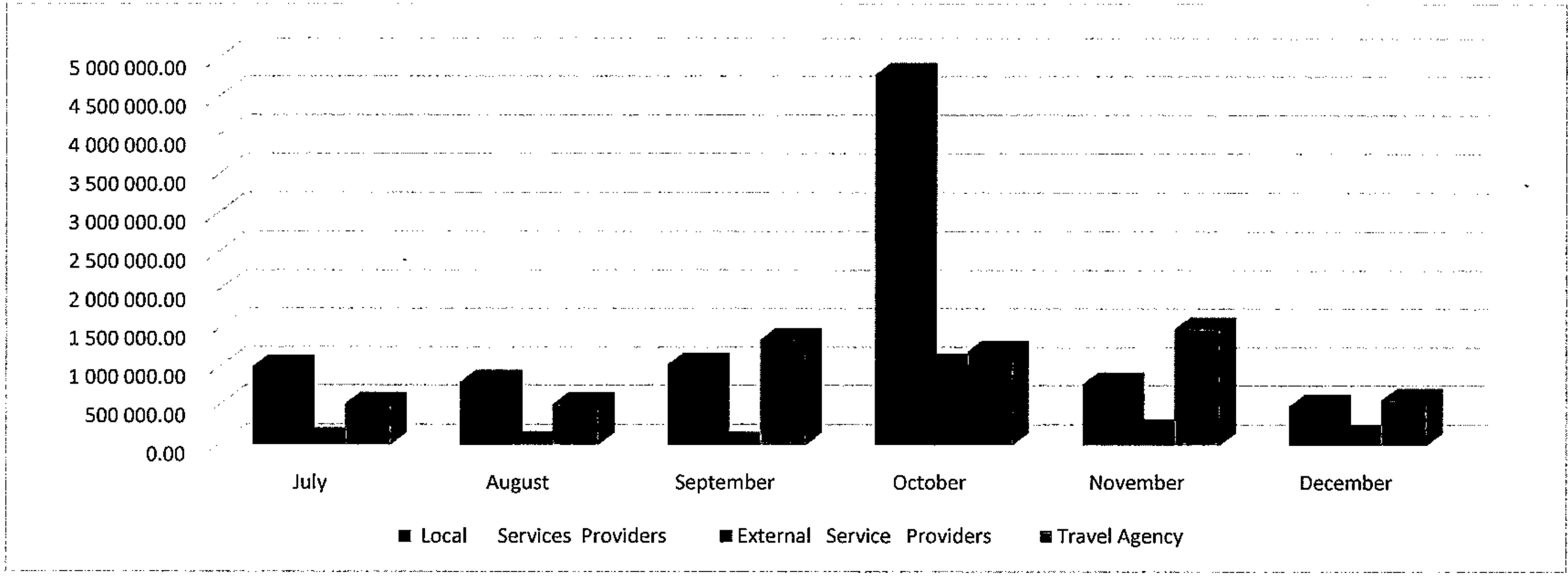
The municipality SCM unit has arranged a meeting with the insurance and indeed the meeting was successfully a presentation on how the claims are handled will be present.

| CHALLENGES | ROOT CAUSE | RECOMMENDATION |
|---|---|---|
| 1. Motor Vehicles not returned to municipal offices as per the trip authorization. | Drivers return back to municipal offices late from their trips and do not have transport to take them home. | Fleet officer on standby should be contacted. |
| 2. Not able to monitor the fleet kept by the departments | Some departments are keeping their own keys. | |
| 3. Officials exceeding speed limit | Root cause not known. | Disciplinary hearing to be instituted. |

## Procured Goods and Services

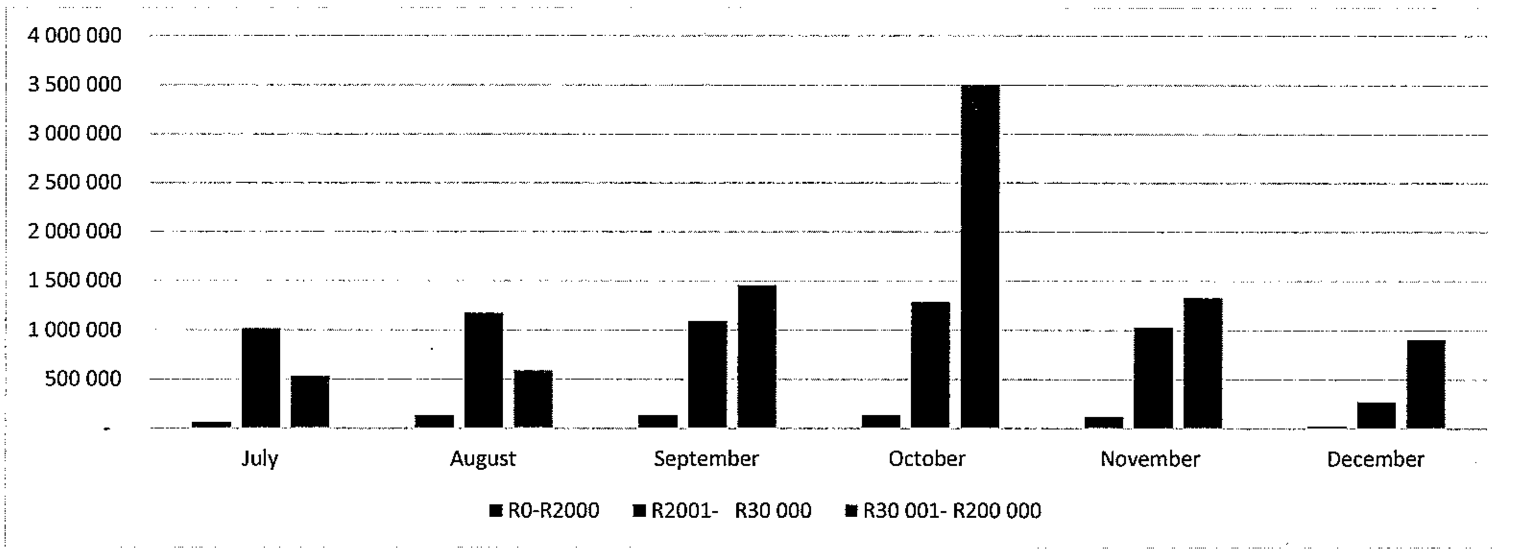
Quotations were called for from prospective service providers for less than R30 000-00 and those more those R30 000-00 were advertised on the notice board and website and they met the municipal needs and specifications and therefore were considered and approved. Tran's union system is now fully effective and all suppliers are screened, before captured into the Munsoft system, this minimises irregular expenditure incurred by awarding people in the service of the state. A credible database of suppliers is in place. Funding for the goods and services procured has been budgeted for in 2016/17 financial year is as follows:-

| Month | Local Services Providers | External Service Providers | Travel Agency | TOTAL |
|---|---|---|---|---|
| July | 1 015 150.00 | 63 498.00 | 531 774.00 | **1 610 422.00** |
| August | 818 862.69 | 18 485.10 | 527 577.31 | **1 364 925.10** |
| September | 1 045 929.93 | 13 414.35 | 1 366 348.69 | **2 425 692.97** |
| October | 4 794 654.01 | 1 037 103.14 | 1 209 384.98 | **7 041 142.13** |
| November | 790 664.00 | 187 183.19 | 1 510 299.23 | **2 488 146.42** |
| December | 509 980.00 | 117 370.00 | 585 413.23 | **1 212 763.23** |




## PROCUREMENT AS PER SCM THRESHOLD

| Month | R0-R2000 | R2001- R30 000 | R30 001- R200 000 |
|---|---|---|---|
| July | 63 498 | 1 015 150 | 531 774 |
| August | 132 940 | 1 178 399 | 590 075 |
| September | 132 031 | 1 094 072 | 1 455 372 |
| October | 130 670 | 1 283 204 | 3 498 437 |
| November | 122 600 | 1 035 365 | 1 330 181 |
| December | 27 096 | 272 405 | 913 263 |
| | **608 835** | **5 878 595** | **8 319 102** |




## 1.2 COUNCIL RESOLUTIONS

The Council of Umzimvubu Local Municipality met to consider the monthly budget statement of the municipality for the financial year 2017/18.The Council approved and adopted the following resolutions:

1. The Council of Umzimvubu Local Municipality , acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

   1.1. The monthly budget statement of the municipality for the financial year 2017/18 and the monthly budgeted capital expenditure as set out in the following tables:

   1.1.1. Monthly budgeted Financial Performance (revenue and expenditure by standard classification)

   1.1.2. Monthly budgeted Financial Performance (revenue and expenditure by municipal vote)

   1.1.3. Monthly budgeted Financial Performance (revenue by source and expenditure by type)

   1.1.4. Monthly budgeted Capital Expenditure by municipal vote and standard classification and associated funding by source.

1.2. The financial position, cash flow budget, age debtors and age creditors are approved as set out in the following tables:
   1.2.1. Monthly Budgeted Statement - Financial Position
   1.2.2. Monthly Budgeted Statement - Cash Flows
   1.2.3. Monthly budgeted Statement – Age debtors
   1.2.4. Monthly budgeted Statement – Age debtors
   1.2.5. Monthly budgeted Statement – Performance Indicators

2. That, the mid-year ended 31st December 2017 spending rate of 38% on capital and 37% on operating budgets as per financial transactions recorded as at end 31st December 2017 be noted by Council.
3. That, the following aged outstanding debtors balance R36 129 153 for the month ended 31st December 2017 be noted by Council:
4. That, the following categorised outstanding debtors be noted by Council:
   - Government – R10,029,377
   - Businesses – R11,215,319
   - Domestic –R14,884,403
5. That, the cash and cash equivalents of R 134 763 056 for the month ended 31st December 2017 be noted by Council.
6. To give proper effect to the municipality's monthly budget statement, the Council of Umzimvubu Local Municipality approves:

   6.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

## 1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

In terms of the MFMA the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant Provincial Treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

### Table 1 Consolidated Overview of the MFMA S72 Mid- year Assessment

Total year to date operating revenue is 51 per cent or R149 million for the December 2017 and translates into a budgeted surplus of R65, 3 million. When compared to the 2017/18 Original Budget, operational expenditure is 51 per cent. The surplus will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

## 1.4 Operating Revenue Framework– Midyear Assessment S72

For Umzimvubu Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the MFMA Section 72 Mid-year Assessment (classified by main revenue source)

### Table 2 Summary of revenue classified by main revenue source

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue By Source | | | | | | | | | |
| Property rates | 14 539 | 13 475 | 13 475 | 1 098 | 8 472 | 6 125 | 2 347 | 38% | 32 485 |
| Service charges - refuse revenue | 701 | 2 017 | 2 017 | 125 | 752 | 917 | (165) | -18% | 2 001 |
| Rental of facilities and equipment | 179 | 1 365 | 1 365 | 60 | 280 | 620 | (341) | -55% | 237 |
| Interest earned - external investments | 5 387 | 24 603 | 24 603 | 535 | 2 903 | 11 183 | (8 280) | -74% | 823 |
| Interest earned - outstanding debtors | 2 309 | 1 504 | 1 504 | 237 | 1 374 | 684 | 690 | 101% | 3 451 |
| Dividends received | – | – | – | – | – | – | – | | – |
| Fines, penalties and forfeits | 999 | 2 383 | 2 383 | 96 | 609 | 1 083 | (475) | -44% | 1 497 |
| Licences and permits | 2 241 | 110 | 110 | 5 | 59 | 50 | 9 | 18% | 229 |

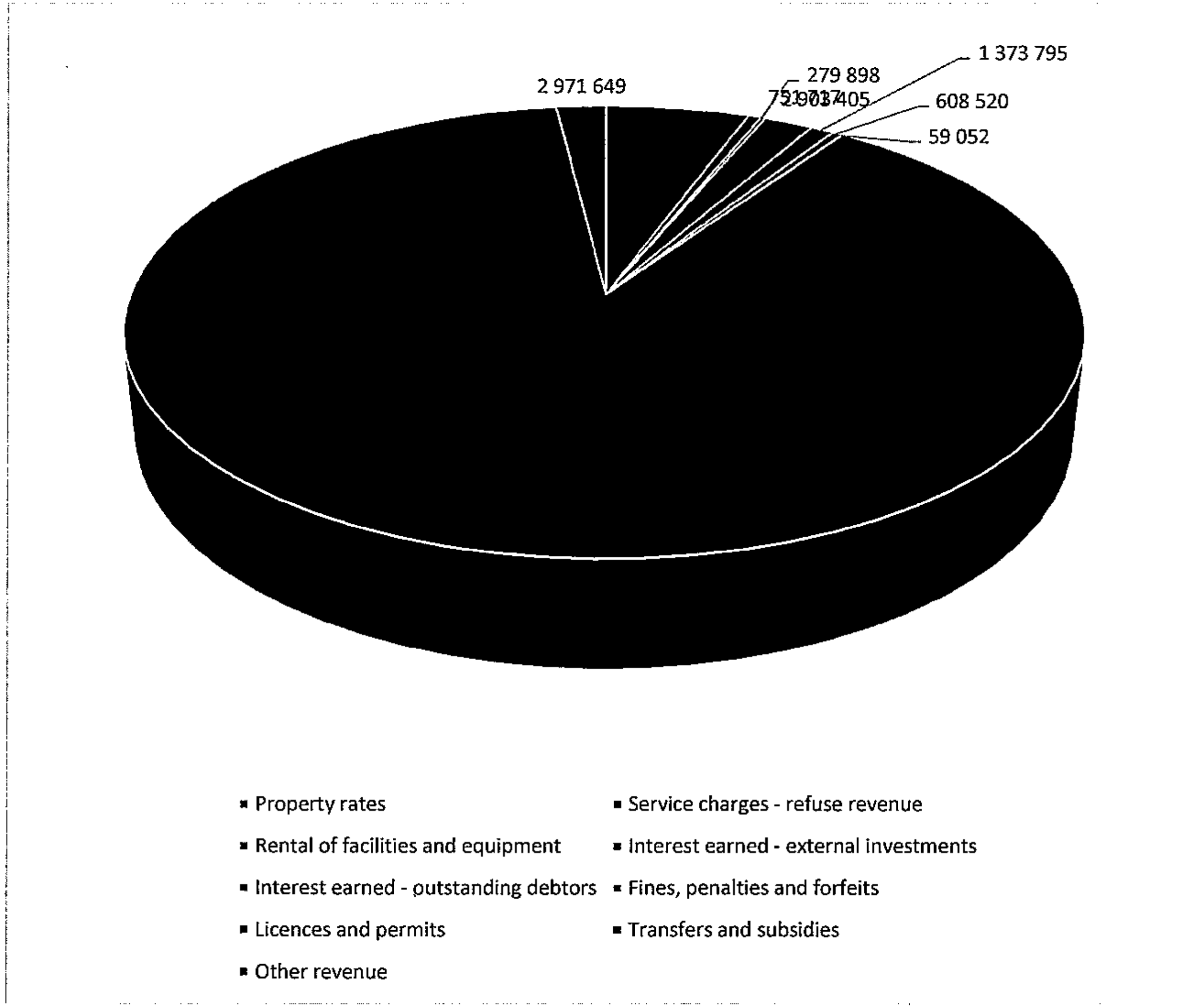
| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Agency services | 1 847 | – | – | – | – | – | – | | – |
| Transfers and subsidies | – | 245 149 | 245 149 | 58 568 | 132 403 | 151 187 | (18 784) | -12% | 292 054 |
| Other revenue | 2 160 | 5 890 | 5 890 | 485 | 2 972 | 2 678 | 294 | 11% | 8 926 |
| Gains on disposal of PPE | – | – | – | – | – | – | – | | – |
| **Total Revenue (excluding capital transfers and contributions)** | **30 004** | **296 497** | **296 497** | **61 210** | **149 823** | **174 527** | **(24 703)** | **-14%** | **341 702** |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise of 6% of the total revenue mix. A notable trend is the increase in the total percentage revenue generated from rates and services charges which is 6 per cent.

Operating grants and transfers are the first largest revenue source at R132, 4m, property rates and service charges are the second largest revenue source totaling R9, 2 million rand. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, vat refundable, rental fees, transport fees and advertisement fees totaling to R8,1million rand.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:


2 971 649
279 898
1 373 795
608 520
59 052
Property rates
Service charges - refuse revenue
Rental of facilities and equipment
Interest earned - external investments
Interest earned - outstanding debtors
Fines, penalties and forfeits
Licences and permits
Transfers and subsidies
Other revenue

## 1.5 Operating Expenditure Framework

The Municipality's monthly expenditure framework for December 2017 is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services.
- The following table is a high level summary of the MFMA S72 budget report (classified per main type of operating expenditure):

**Table 3 Summary of operating expenditure by standard classification item**

| 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 | | | | | | | | % | |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 55 939 | 63 759 | 63 859 | 5 369 | 32 210 | 29 666 | 2 544 | 9% | 71 215 |
| Remuneration of councillors | 15 563 | 14 798 | 14 798 | 1 323 | 7 786 | 6 727 | 1 060 | 16% | 10 341 |
| Debt impairment | – | 4 583 | 4 583 | – | – | 2 083 | (2 083) | -100% | – |
| Depreciation & asset impairment | 18 637 | 46 750 | 46 750 | – | – | 21 250 | (21 250) | -100% | – |
| Finance charges | – | – | – | – | – | – | – | | – |
| Bulk purchases | 3 998 | – | – | – | – | – | – | | – |
| Other materials | – | 7 183 | 7 473 | 574 | 3 284 | 3 023 | 261 | 9% | 8 741 |
| Contracted services | 7 270 | 41 790 | 41 774 | 4 611 | 17 971 | 16 401 | 1 570 | 10% | 41 231 |
| Transfers and subsidies | 4 376 | 930 | 930 | – | – | – | – | | – |
| Other expenditure | 72 202 | 49 996 | 49 842 | 5 509 | 23 347 | 19 905 | 3 442 | 17% | 29 578 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | | – |
| Total Expenditure | 177 984 | 229 791 | 230 009 | 17 386 | 84 598 | 99 055 | (14 457) | -15% | 161 106 |

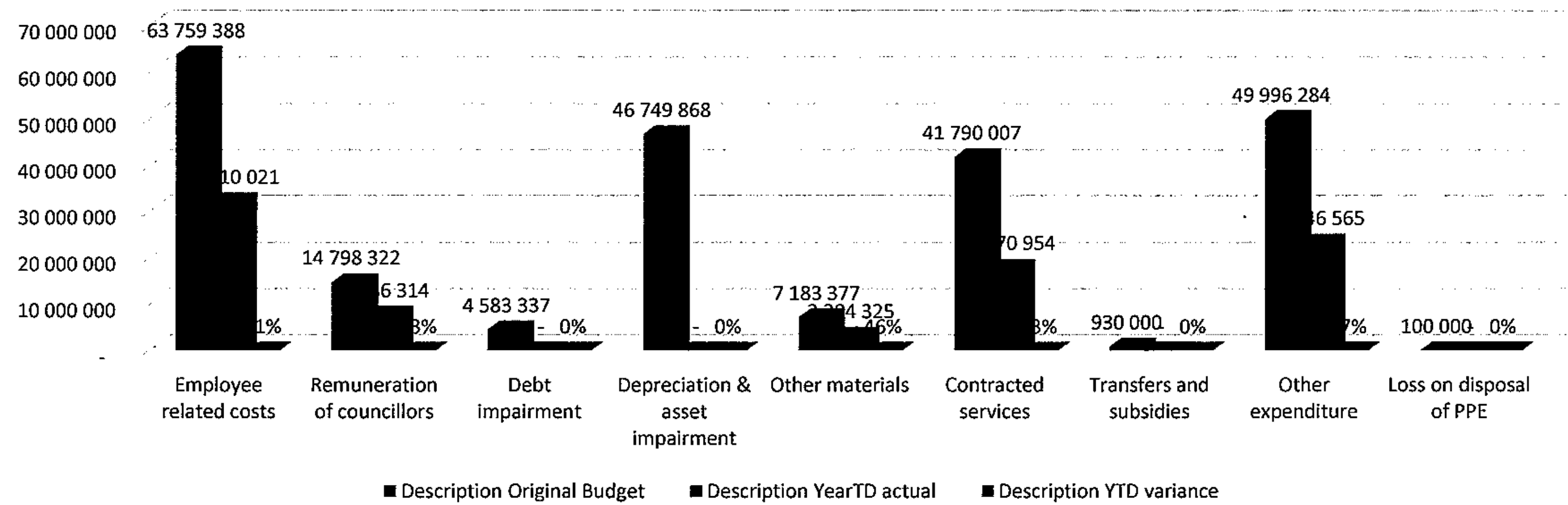
The budgeted allocation for employee related costs is R63, 7 million, which equals 28 per cent of the total operating expenditure. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The provision of debt impairment was determined based on an annual collection rate of 55 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R42 million for the 2017/18 financial and equates to 19 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Other material comprises of amongst others the purchase of materials for maintenance, cleaning materials and chemicals.

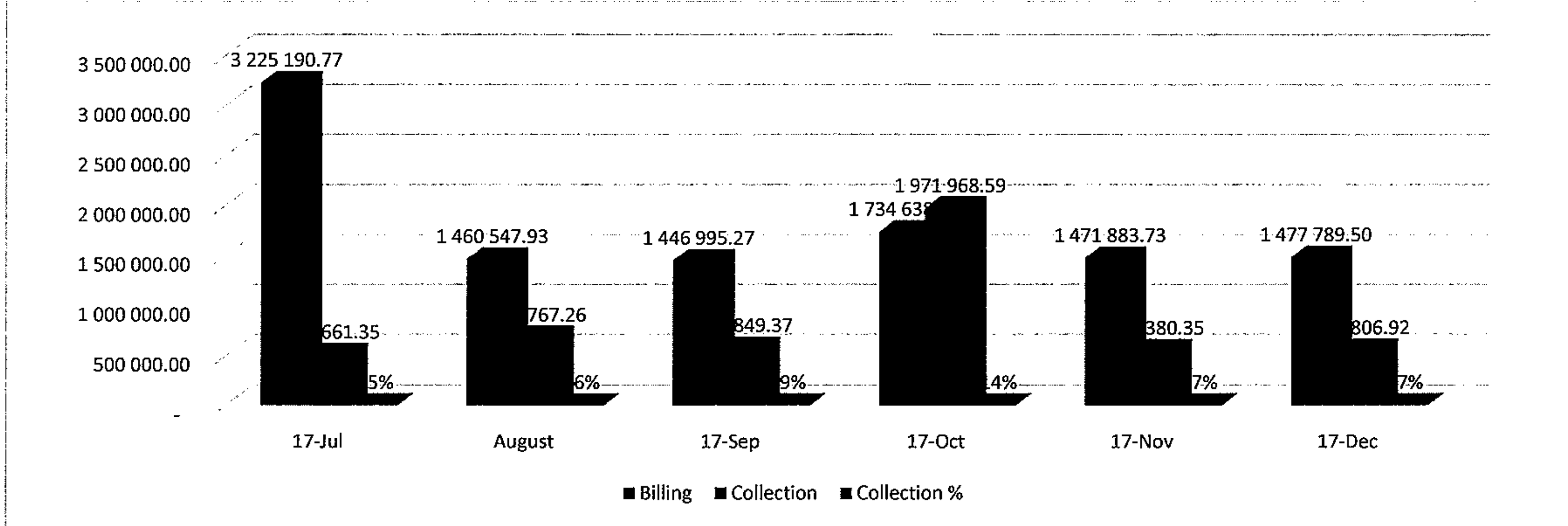
During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance, expenditure as at December 2017 equates to R585,000




## 1.5.1 Monthly Budgeted Statement - Age Debtors

| Debtors Age Analysis By Income Source | 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 |
|---|---|---|---|---|---|---|---|---|---|
| Receivables from Non-exchange Transactions - Property Rates | 980 157 | 844 548 | 747 499 | 710 454 | 690 341 | 2 047 425 | 2 004 149 | 18 592 914 | 26 617 487 |
| Receivables from Exchange Transactions - Waste Management | 116 889 | 110 111 | 105 131 | 99 190 | 97 662 | 95 707 | 466 830 | 3 179 474 | 4 270 994 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Interest on Arrear Debtor Accounts | 237 109 | 230 931 | 475 627 | 0 | 221 469 | 202 013 | 916 806 | 4 391 120 | 6 675 075 |
| Other | -11 708 | -2 936 | -312 879 | 7 975 | 6 619 | -7 746 | -77 038 | -1 036 688 | -1 434 401 |
| **Total By Income Source** | **1 322 447** | **1 182 654** | **1 015 378** | **817 619** | **1 016 091** | **2 337 399** | **3 310 747** | **25 126 820** | **36 129 155** |
| Debtors Age Analysis By Customer Group | | | | | | | | | |
| Organs of State | 121 183 | 119 777 | 3 501 | 26 766 | 84 600 | 1 040 030 | 343 119 | 6 721 271 | 8 460 247 |
| Commercial | 743 597 | 636 713 | 668 846 | 501 896 | 548 953 | 560 539 | 1 300 668 | 7 560 303 | 12 521 515 |
| Households | 457 667 | 426 164 | 343 031 | 288 957 | 382 538 | 736 830 | 1 666 960 | 10 845 246 | 15 147 393 |
| Other | | | | | | | | | 0 |
| **Total By Customer Group** | **1 322 447** | **1 182 654** | **1 015 378** | **817 619** | **1 016 091** | **2 337 399** | **3 310 747** | **25 126 820** | **36 129 155** |




## 1.5.2. Monthly Budgeted Statement - Age Creditor

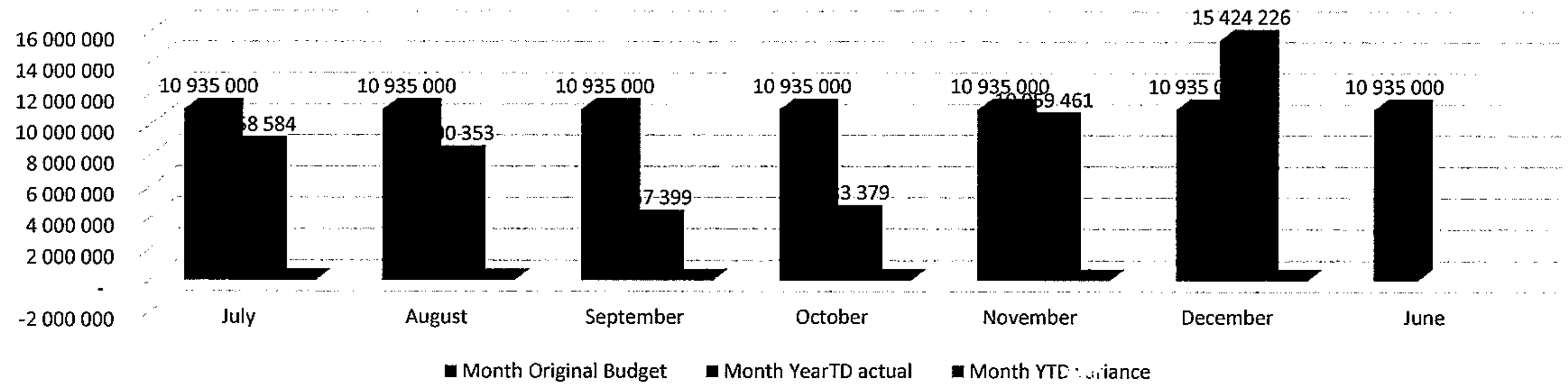
| Description | NT Code | Budget Year 2017/18 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | Total |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Creditors Age Analysis By Customer Type | | | | | | | | | | |
| PAYE deductions | 0300 | – | – | – | – | – | – | – | – | – |
| VAT (output less input) | 0400 | – | – | – | – | – | – | – | – | – |
| Pensions / Retirement deductions | 0500 | – | – | – | – | – | – | – | – | – |
| Loan repayments | 0600 | – | – | – | – | – | – | – | – | – |
| Trade Creditors | 0700 | 3 360 | – | – | – | – | – | – | – | 3 360 |
| Auditor General | 0800 | – | – | – | – | – | – | – | – | – |
| Other | 0900 | 1 266 | – | – | – | – | – | – | – | 1 266 |
| Total By Customer Type | 1000 | 4 626 | – | – | – | – | – | – | – | 4 626 |

## 1.5.3. Monthly Budgeted Statement – Capital Expenditure

| Month | Budget Year 2017/18 | | |
|---|---|---|---|
| | Original Budget | YearTD actual | YTD variance |
| R thousands | | | % |
| Monthly expenditure performance trend | | | |
| July | 10 935 000 | 8 458 584 | 77% |
| August | 10 935 000 | 7 900 353 | -100% |
| September | 10 935 000 | 3 757 399 | 17% |
| October | 10 935 000 | 4 083 379 | 54% |
| November | 10 935 000 | 10 059 461 | 62% |
| December | 10 935 000 | 15 424 226 | 64% |
| June | 10 935 000 | | |
| Total Capital expenditure | 131 220 000 | 49 683 403 | 38% |

The budgeted allocation for capital projects is R131, 2million, which equals 38 per cent of the total budget. As part of the Municipality's cost reprioritization and cash management strategy most of the projects are up and running, hence only R49,6million spent as at end December 2017.




## 1.6 Monthly Budget Statement Tables

The following pages present the seven main monthly budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

### Table 4 MBRR Table C1 – Monthly Budget Statement Summary

| Description | 2015/16 | Budget Year 2016/17 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Financial Performance** | | | | | | | | | |
| Property rates | 12 035 | 15 900 | 15 900 | 653 | 10 940 | 7 950 | 2 990 | 38% | 15 900 |
| Service charges | 1 478 | 2 120 | 2 120 | 149 | 871 | 1 060 | (189) | -18% | 2 120 |
| Investment revenue | 4 855 | 4 484 | 4 484 | 112 | 2 413 | 2 242 | 170 | 8% | 4 484 |
| Transfers recognised - operational | 170 415 | 163 712 | 163 712 | 54 050 | 122 018 | 81 856 | 40 162 | 49% | 163 712 |
| Other own revenue | 12 861 | 54 198 | 54 198 | 568 | 4 066 | 27 099 | (23 034) | -85% | 54 198 |
| Total Revenue (excluding capital transfers and contributions) | 201 644 | 240 415 | 240 415 | 55 533 | 140 308 | 120 208 | 20 101 | 17% | 240 415 |
| Employee costs | 55 311 | 61 700 | 61 700 | 4 469 | 28 346 | 30 850 | (2 503) | -8% | 61 700 |
| Remuneration of Councillors | 15 437 | 18 563 | 18 563 | 1 252 | 7 574 | 9 282 | (1 707) | -18% | 18 563 |
| Depreciation & asset impairment | 30 460 | 42 400 | 42 400 | – | 21 200 | 21 200 | – | | 42 400 |
| Finance charges | 1 094 | 50 | 50 | – | – | 25 | (25) | -100% | 50 |
| Materials and bulk purchases | – | – | – | – | – | – | – | | – |
| Transfers and grants | 3 930 | 5 000 | 5 000 | – | 838 | 2 500 | (1 662) | -66% | 5 000 |
| Other expenditure | 83 830 | 104 764 | 104 764 | 9 117 | 38 251 | 52 382 | (14 131) | -27% | 104 694 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total Expenditure | 190 063 | 232 477 | 232 477 | 14 838 | 96 210 | 116 238 | (20 029) | -17% | 232 407 |
| Surplus/(Deficit) | 11 581 | 7 938 | 7 938 | 40 694 | 44 098 | 3 969 | 40 129 | 1011% | 8 008 |
| Transfers recognised - capital | 84 790 | 64 512 | 64 512 | – | 12 488 | 32 256 | (19 768) | -61% | 64 512 |
| Contributions & Contributed assets | – | – | – | – | – | – | – | | – |
| Surplus/(Deficit) after capital transfers & contributions | 96 371 | 72 450 | 72 450 | 40 694 | 56 586 | 36 225 | 20 361 | 56% | 72 520 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | | – |
| Surplus/ (Deficit) for the year | 96 371 | 72 450 | 72 450 | 40 694 | 56 586 | 36 225 | 20 361 | 56% | 72 520 |
| **Capital expenditure & funds sources** | | | | | | | | | |
| Capital expenditure | – | 130 953 | 130 953 | 10 524 | 48 158 | 65 476 | (17 318) | -26% | 131 763 |
| Capital transfers recognised | – | 130 953 | 130 953 | 10 524 | 48 158 | 65 476 | (17 318) | -26% | 131 763 |
| Public contributions & donations | – | – | – | – | – | – | – | | – |
| Borrowing | – | – | – | – | – | – | – | | – |
| Internally generated funds | – | – | – | – | – | – | – | | – |
| Total sources of capital funds | – | 130 953 | 130 953 | 10 524 | 48 158 | 65 476 | (17 318) | -26% | 131 763 |
| **Financial position** | | | | | | | | | |
| Total current assets | 63 998 | 46 021 | 46 021 | | 126 131 | | | | 46 021 |
| Total non current assets | 490 781 | 516 702 | 516 702 | | 457 191 | | | | 516 702 |
| Total current liabilities | 16 629 | 26 438 | 26 438 | | 74 856 | | | | 26 438 |
| Total non current liabilities | 11 021 | 10 052 | 10 052 | | (16 732) | | | | 10 052 |
| Community wealth/Equity | 527 128 | 526 234 | 526 234 | | 525 175 | | | | 526 234 |
| **Cash flows** | | | | | | | | | |
| Net cash from (used) operating | 132 039 | 135 084 | 122 538 | 48 936 | 92 354 | 61 269 | (31 085) | -51% | 122 538 |
| Net cash from (used) investing | (84 354) | (129 283) | (129 177) | (10 524) | (545) | (64 589) | (64 044) | 99% | (129 177) |
| Net cash from (used) financing | (0) | – | – | – | – | – | – | | – |
| Cash/cash equivalents at the month/year end | 72 936 | 52 021 | 18 611 | – | 138 029 | 21 931 | (116 097) | -529% | 18 611 |
| 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 | 830 | 796 | 757 | 195 | 706 | 4 932 | 2 798 | 18 862 | 29 876 |
| **Creditors Age Analysis** | | | | | | | | | |
| Total Creditors | 1 149 | 279 | – | – | – | – | – | – | 1 427 |

## Explanatory notes to MBRR Table C1 – Monthly Budget Statement Summary

1. Table C1 is a monthly budget statement summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
   a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
   b. Capital expenditure is balanced by capital funding sources, of which
      i. Transfers recognised is reflected on the Financial Performance Budget;
      ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
      iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus is reflected.

## Table 5 MBRR Table C2 – Monthly Budgeted Financial Performance (revenue and expenditure by standard classification)

| Description | Ref | 2015/16 | Budget Year 2016/17 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue - Standard | | | | | | | | | | |
| *Governance and administration* | | 194 104 | 227 445 | 227 445 | 55 005 | 136 806 | 113 723 | 23 083 | 20% | 227 445 |
| Executive and council | | 200 | 332 | 332 | – | – | 166 | (166) | -100% | 332 |
| Budget and treasury office | | 193 760 | 226 993 | 226 993 | 55 005 | 136 751 | 113 496 | 23 255 | 20% | 226 993 |
| Corporate services | | 144 | 121 | 121 | – | 54 | 60 | (6) | -10% | 121 |
| *Community and public safety* | | 6 680 | 10 548 | 10 548 | 341 | 2 223 | 5 274 | (3 051) | -58% | 10 548 |
| Community and social services | | 238 | 447 | 447 | 26 | 79 | 223 | (145) | -65% | 447 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | 6 442 | 10 102 | 10 102 | 316 | 2 144 | 5 051 | (2 906) | -58% | 10 102 |
| *Economic and environmental services* | | 83 926 | 62 923 | 62 923 | 37 | 12 270 | 31 461 | (19 192) | -61% | 62 923 |
| Planning and development | | 1 326 | 290 | 290 | 30 | 151 | 145 | 6 | 4% | 290 |
| Road transport | | 82 600 | 62 633 | 62 633 | 8 | 12 119 | 31 317 | (19 198) | -61% | 62 633 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| *Trading services* | | 1 725 | 4 011 | 4 011 | 149 | 1 497 | 2 006 | (508) | -25% | 4 011 |
| Waste management | | 1 725 | 4 011 | 4 011 | 149 | 1 497 | 2 006 | (508) | -25% | 4 011 |
| *Other* | 4 | – | – | – | – | – | – | – | | – |
| Total Revenue - Standard | 2 | 286 434 | 304 927 | 304 927 | 55 533 | 152 796 | 152 464 | 332 | 0% | 304 927 |
| Expenditure - Standard | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *Governance and administration* | | 116 163 | 149 252 | 149 252 | 7 410 | 37 372 | 74 626 | (37 254) | -50% | 149 262 |
| Executive and council | | 34 953 | 39 767 | 39 767 | 2 920 | 16 647 | 19 883 | (3 236) | -16% | 39 767 |
| Budget and treasury office | | 63 599 | 89 319 | 89 319 | 2 652 | 12 141 | 44 659 | (32 519) | -73% | 89 319 |
| Corporate services | | 17 611 | 20 166 | 20 166 | 1 838 | 8 584 | 10 083 | (1 499) | -15% | 20 176 |
| *Community and public safety* | | 28 746 | 33 284 | 33 284 | 2 434 | 14 920 | 16 642 | (1 722) | -10% | 33 194 |
| Community and social services | | 12 825 | 14 608 | 14 608 | 1 460 | 6 485 | 7 304 | (820) | -11% | 14 618 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | 15 921 | 18 676 | 18 676 | 974 | 8 435 | 9 338 | (902) | -10% | 18 576 |
| *Economic and environmental services* | | 31 412 | 34 597 | 34 597 | 3 612 | 14 122 | 17 298 | (3 176) | -18% | 34 597 |
| Planning and development | | 13 749 | 14 452 | 14 452 | 1 699 | 4 648 | 7 226 | (2 578) | -36% | 14 452 |
| Road transport | | 17 663 | 20 145 | 20 145 | 1 912 | 9 474 | 10 072 | (598) | -6% | 20 145 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| *Trading services* | | 13 742 | 15 345 | 15 345 | 1 382 | 8 596 | 7 672 | 923 | 12% | 15 355 |
| Waste management | | 13 742 | 15 345 | 15 345 | 1 382 | 8 596 | 7 672 | 923 | 12% | 15 355 |
| *Other* | | – | – | – | – | – | – | – | | – |
| **Total Expenditure - Standard** | 3 | 190 063 | 232 477 | 232 477 | 14 838 | 75 010 | 116 238 | (41 229) | -35% | 232 407 |
| **Surplus/ (Deficit) for the year** | | 96 371 | 72 450 | 72 450 | 40 694 | 77 786 | 36 225 | 41 561 | 115% | 72 520 |

## Explanatory notes to MBRR Table C2 – Monthly Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table C2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table C4.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue.

## Table 6 MBRR Table C3 – Monthly Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | Ref | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | – | 414 | 414 | 126 | 126 | 188 | (62) | -32.9% | – |
| Vote 2 - Budget and Treasury Office | | 187 034 | 282 528 | 282 528 | 60 480 | 144 583 | 166 520 | (21 938) | -13.2% | 620 939 |
| Vote 3 - Corporate Services | | 146 | 100 | 100 | – | 66 | 100 | (34) | -34.4% | – |
| Vote 4 - Infrastructure and Plannind Department | | 64 636 | 81 625 | 81 625 | 14 778 | 49 948 | 54 194 | (4 246) | -7.8% | 1 942 |
| Vote 5 - Community Services | | 231 | 211 | 211 | 52 | 368 | 96 | 273 | 284.4% | 977 |
| Vote 6 - Local Economic Development | | 708 | 307 | 307 | 14 | 138 | 139 | (1) | -0.7% | 576 |
| Vote 7 - Public Safety | | 5 337 | 6 699 | 6 699 | 372 | 2 574 | 3 045 | (471) | -15.5% | 7 333 |
| Vote 8 - Waste Management | | 2 517 | 4 804 | 4 804 | 125 | 1 425 | 3 704 | (2 279) | -61.5% | 1 989 |
| Total Revenue by Vote | 2 | 260 609 | 376 687 | 376 687 | 75 947 | 199 228 | 227 987 | (28 759) | -12.6% | 633 756 |
| Expenditure by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | 43 186 | 47 879 | 47 879 | 5 668 | 23 135 | 20 557 | 2 578 | 12.5% | 32 795 |
| Vote 2 - Budget and Treasury Office | | 45 735 | 83 008 | 83 008 | 2 396 | 12 277 | 38 479 | (26 202) | -68.1% | 25 044 |
| Vote 3 - Corporate Services | | 19 759 | 20 369 | 20 369 | 2 141 | 9 602 | 7 684 | 1 919 | 25.0% | 17 887 |
| Vote 4 - Infrastructure and Plannind Department | | 19 057 | 20 036 | 20 036 | 1 624 | 8 016 | 8 052 | (35) | -0.4% | 17 846 |
| Vote 5 - Community Services | | 3 108 | 4 288 | 4 288 | 181 | 951 | 1 863 | (911) | -48.9% | 1 149 |
| Vote 6 - Local Economic Development | | 11 266 | 14 581 | 14 581 | 1 875 | 8 046 | 3 653 | 4 392 | 120.2% | 6 321 |
| Vote 7 - Public Safety | | 19 072 | 20 500 | 20 600 | 1 690 | 11 078 | 9 339 | 1 739 | 18.6% | 27 689 |
| Vote 8 - Waste Management | | 18 425 | 19 129 | 19 248 | 1 811 | 11 492 | 9 428 | 2 065 | 21.9% | 32 374 |
| Total Expenditure by Vote | 2 | 179 608 | 229 791 | 230 009 | 17 386 | 84 598 | 99 055 | (14 457) | -14.6% | 161 106 |
| Surplus/ (Deficit) for the year | 2 | 81 000 | 146 896 | 146 678 | 58 561 | 114 630 | 128 932 | (14 302) | -11.1% | 472 651 |

## Explanatory notes to MBRR Table C3 - Monthly Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table C3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

## Table 7 MBRR Table C4 – Monthly Budgeted Financial Performance (revenue & expenditure)

| Description | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue By Source** | | | | | | | | | |
| Property rates | 14 539 | 13 475 | 13 475 | 1 098 | 8 472 | 6 125 | 2 347 | 38% | 32 485 |
| Service charges - refuse revenue | 701 | 2 017 | 2 017 | 125 | 752 | 917 | (165) | -18% | 2 001 |
| Service charges - other | – | – | – | – | – | – | – | | – |
| Rental of facilities and equipment | (179) | 1 365 | 1 365 | 60 | 280 | 620 | (341) | -55% | 237 |
| Interest earned - external investments | 5 387 | 24 603 | 24 603 | 535 | 2 903 | 11 183 | (8 280) | -74% | 823 |
| Interest earned - outstanding debtors | 2 309 | 1 504 | 1 504 | 237 | 1 374 | 684 | 690 | 101% | 3 451 |
| Dividends received | – | – | – | – | – | – | – | | – |
| Fines, penalties and forfeits | 999 | 2 383 | 2 383 | 96 | 609 | 1 083 | (475) | -44% | 1 497 |
| Licences and permits | 2 241 | 110 | 110 | 5 | 59 | 50 | 9 | 18% | 229 |
| Agency services | 1 847 | – | – | – | – | – | – | | – |
| Transfers and subsidies | – | 245 149 | 245 149 | 58 568 | 132 403 | 151 187 | (18 784) | -12% | 292 054 |
| Other revenue | 2 160 | 5 890 | 5 890 | 485 | 2 972 | 2 678 | 294 | 11% | 8 926 |
| Gains on disposal of PPE | – | – | – | – | – | – | – | | – |
| **Total Revenue (excluding capital transfers and contributions)** | 30 004 | 296 497 | 296 497 | 61 210 | 149 823 | 174 527 | (24 703) | -14% | 341 702 |
| **Expenditure By Type** | | | | | | | | | |
| Employee related costs | 55 939 | 63 759 | 63 859 | 5 369 | 32 210 | 29 666 | 2 544 | 9% | 71 215 |
| Remuneration of councillors | 15 563 | 14 798 | 14 798 | 1 323 | 7 786 | 6 727 | 1 060 | 16% | 10 341 |
| Debt impairment | – | 4 583 | 4 583 | – | – | 2 083 | (2 083) | -100% | – |
| Depreciation & asset impairment | 18 637 | 46 750 | 46 750 | – | – | 21 250 | (21 250) | -100% | – |
| Finance charges | – | – | – | – | – | – | – | | – |
| Bulk purchases | 3 998 | – | – | – | – | – | – | | – |
| Other materials | – | 7 183 | 7 473 | 574 | 3 284 | 3 023 | 261 | 9% | 8 741 |
| Contracted services | 7 270 | 41 790 | 41 774 | 4 611 | 17 971 | 16 401 | 1 570 | 10% | 41 231 |
| Transfers and subsidies | 4 376 | 930 | 930 | – | – | – | – | | – |
| Other expenditure | 72 202 | 49 996 | 49 842 | 5 509 | 23 347 | 19 905 | 3 442 | 17% | 29 578 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | | – |
| **Total Expenditure** | 177 984 | 229 791 | 230 009 | 17 386 | 84 598 | 99 055 | (14 457) | -15% | 161 106 |
| **Surplus/(Deficit)** | (147 980) | 66 706 | 66 488 | 43 824 | 65 225 | 75 472 | (10 246) | (0) | 180 597 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial) | – | 80 190 | 80 190 | 14 737 | 49 405 | 53 460 | (4 055) | (0) | – |
| **Surplus/(Deficit) after capital transfers & contributions** | (147 980) | 146 896 | 146 678 | 58 561 | 114 630 | 128 932 | | | 180 597 |
| Taxation | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after taxation** | (147 980) | 146 896 | 146 678 | 58 561 | 114 630 | 128 932 | | | 180 597 |
| Attributable to minorities | – | – | – | – | – | – | | | – |
| **Surplus/(Deficit) attributable to municipality** | (147 980) | 146 896 | 146 678 | 58 561 | 114 630 | 128 932 | | | 180 597 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | | | – |
| **Surplus/ (Deficit) for the year** | (147 980) | 146 896 | 146 678 | 58 561 | 114 630 | 128 932 | | | 180 597 |

## Explanatory notes to Table C4 – Monthly Budgeted Financial Performance (revenue & expenditure)

1. Total revenue is R199 million as at December 2017. Revenue generated from property rates is R8.5 million which represents 5 per cent of the operating revenue base of the Municipality.
2. Services charges relating to refuse removal constitutes the smallest component of the revenue basket of the Municipality totalling R752 thousand as at of December 2017.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government and therefore it remains the main source of revenue for the municipality.
4. Employee related costs, debt impairment and depreciation are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage increases in future years

## Table 8 MBRR Table C5 – Monthly Budget Capital Expenditure by vote, standard classification and funding source

| Vote Description | Ref | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Single Year expenditure appropriation** | 2 | | | | | | | | | |
| Vote 1 - Executive and Council | | – | 150 | – | – | 9 | 150 | (141) | -94% | – |
| Vote 2 - Budget and Treasury Office | | – | 3 031 | 3 031 | – | 197 | – | 197 | #DIV/0! | 240 041 |
| Vote 3 - Corporate Services | | 659 | 2 748 | 2 748 | – | 185 | 798 | (613) | -77% | – |
| Vote 4 - Infrastructure and Plannind Department | | – | 119 440 | 119 909 | 15 424 | 47 997 | 43 073 | 4 925 | 11% | 238 993 |
| Vote 5 - Community Services | | – | – | – | – | – | – | – | | – |
| Vote 6 - Local Economic Development | | – | 2 292 | 2 292 | – | 542 | 1 042 | (499) | -48% | 4 339 |
| Vote 7 - Public Safety | | – | 2 179 | 2 179 | – | 186 | 1 154 | (968) | -84% | 502 |
| Vote 8 - Waste Management | | – | 1 380 | 1 061 | – | 565 | 390 | 175 | 45% | – |
| **Total Capital single-year expenditure** | 4 | 659 | 131 220 | 131 220 | 15 424 | 49 683 | 46 606 | 3 076 | 7% | 483 875 |
| **Total Capital Expenditure** | | 659 | 131 220 | 131 220 | 15 424 | 49 683 | 46 606 | 3 076 | 7% | 483 875 |
| **Capital Expenditure - Functional Classification** | | | | | | | | | | |
| *Governance and administration* | | – | 5 930 | – | – | – | – | – | | – |
| Executive and council | | – | – | – | – | – | – | – | | – |
| Finance and administration | | – | 5 930 | – | – | – | – | – | | – |
| Internal audit | | – | – | – | – | – | – | – | | – |
| *Community and public safety* | | – | 2 179 | – | – | 186 | 1 154 | (968) | -84% | 251 |
| Community and social services | | – | – | – | – | – | – | – | | – |
| Public safety | | – | 2 179 | – | – | 186 | 1 154 | (968) | -84% | 251 |
| *Economic and environmental services* | | – | 121 732 | – | 15 424 | 48 932 | 44 114 | 4 818 | 11% | 121 666 |
| Planning and development | | – | 2 292 | – | – | 542 | 1 042 | (499) | -48% | 2 169 |
| Road transport | | – | 119 440 | – | 15 424 | 48 389 | 43 073 | 5 317 | 12% | 119 496 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| *Trading services* | | – | 1 380 | – | – | 565 | 390 | 175 | 45% | 241 938 |
| Waste management | | – | 1 380 | – | – | 565 | 390 | 175 | 45% | – |
| **Total Capital Expenditure - Functional Classification** | 3 | – | 131 220 | – | 15 424 | 49 683 | 45 658 | 4 025 | 9% | 363 854 |
| **Funded by:** | | | | | | | | | | |
| National Government | | – | 80 190 | – | 14 737 | 41 862 | 80 190 | (38 328) | -48% | 47 726 |
| Transfers recognised - capital | | – | 80 190 | – | 14 737 | 41 862 | 80 190 | (38 328) | -48% | 47 726 |
| Internally generated funds | | – | 51 030 | – | 687 | 7 821 | 50 130 | (42 309) | -84% | 95 453 |
| **Total Capital Funding** | | – | 131 220 | – | 15 424 | 49 683 | 130 320 | (80 637) | -62% | 143 179 |

## Explanatory notes to Table C5 – Monthly Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
3. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses.

## Table 9 MBRR Table C6 – Monthly Budgeted Financial Position

| Description | Ref | 2016/17 | Budget Year 2017/18 | | | |
|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash | | 45 932 | – | – | 12 | 231 |
| Call investment deposits | | – | – | – | 132 451 | 2 914 467 |
| Consumer debtors | | 8 744 | – | – | 13 059 | 277 297 |
| Other debtors | | 6 753 | – | – | 22 743 | 417 138 |
| Current portion of long-term receivables | | – | – | – | – | – |
| Inventory | | 354 | – | – | 354 | 8 985 |
| Total current assets | | 61 783 | – | – | 168 618 | 3 618 119 |
| Non current assets | | | | | | |
| Long-term receivables | | – | – | – | – | – |
| Investments | | – | – | – | – | (60 174) |
| Investment property | | 19 962 | – | – | 39 923 | 239 539 |
| Investments in Associate | | – | – | – | – | – |
| Property, plant and equipment | | – | 129 120 | 129 120 | 503 894 | 12 745 486 |
| Agricultural | | – | – | – | – | – |
| Biological assets | | – | – | – | – | – |
| Intangible assets | | 53 855 | 2 100 | 2 100 | 1 803 | 41 373 |
| Other non-current assets | | – | – | – | – | – |
| Total non current assets | | 73 817 | 131 220 | 131 220 | 545 621 | 12 966 225 |
| TOTAL ASSETS | | 135 600 | 131 220 | 131 220 | 714 239 | 16 584 343 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Consumer deposits | - | – | – | – | 65 | 1 285 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Trade and other payables | | 19 760 | – | – | 29 088 | 185 530 |
| Provisions | | 267 | – | – | 4 521 | 54 377 |
| Total current liabilities | | 20 026 | – | – | 33 674 | 241 192 |
| Non current liabilities | | | | | | |
| Borrowing | | – | – | – | – | – |
| Provisions | | 11 021 | – | – | 11 108 | 133 291 |
| Total non current liabilities | | 11 021 | – | – | 11 108 | 133 291 |
| TOTAL LIABILITIES | | 31 047 | – | – | 44 781 | 374 483 |
| NET ASSETS | 2 | 104 552 | 131 220 | 131 220 | 669 458 | 16 209 861 |
| COMMUNITY WEALTH/EQUITY | | | | | | |
| Accumulated Surplus/(Deficit) | | 603 291 | 149 753 | 149 534 | 664 443 | 12 428 207 |
| Reserves | | – | – | – | 5 014 | 60 174 |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 603 291 | 149 753 | 149 534 | 669 458 | 12 488 381 |

## Explanatory notes to Table C6 - Budgeted Financial Position

1. Table C6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves
2. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

## Table 10 MBRR Table C7 - Budgeted Cash Flow Statement

| Description | Ref | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Property rates | | 14 666 | 17 333 | 17 333 | 871 | 10 886 | 7 879 | 3 007 | 38% | (644 491) |
| Service charges | | 701 | 2 017 | 2 017 | 125 | 752 | 917 | (165) | -18% | 2 001 |
| Other revenue | | 2 160 | 5 890 | 5 890 | 485 | 2 972 | 2 678 | 294 | 11% | 8 926 |
| Government - operating | | – | 245 149 | 245 149 | 58 568 | 132 403 | 151 187 | (18 784) | -12% | 292 054 |
| Government - capital | | – | 80 190 | 80 190 | 14 737 | 49 405 | 53 460 | (4 055) | -8% | – |
| Interest | | 7 696 | 26 107 | 26 107 | 772 | 4 277 | 11 867 | (7 590) | -64% | 4 273 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Payments** | | | | | | | | | | |
| Suppliers and employees | | (144 855) | (182 111) | (182 329) | (32 089) | (133 626) | (77 805) | 55 821 | -72% | 172 413 |
| Finance charges | | – | – | – | – | – | – | – | | – |
| Transfers and Grants | | (4 376) | (930) | (930) | – | – | – | – | | – |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | (124 007) | 193 646 | 193 428 | 43 470 | 67 068 | 150 182 | 83 114 | 55% | (164 823) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| **Receipts** | | | | | | | | | | |
| Decrease (increase) in non-current investments | | – | – | – | – | – | – | – | | 60 174 |
| **Payments** | | | | | | | | | | |
| Capital assets | | (659) | (131 220) | (131 220) | (15 424) | (49 683) | (89 757) | (40 074) | 45% | (483 875) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (659) | (131 220) | (131 220) | (15 424) | (49 683) | (89 757) | (40 074) | 45% | (423 701) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| **Receipts** | | | | | | | | | | |
| Increase (decrease) in consumer deposits | | – | – | – | 4 | 65 | – | 65 | | 1 285 |
| **Payments** | | | | | | | | | | |
| Repayment of borrowing | | (10) | – | – | – | (4) | – | 4 | | – |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (10) | – | – | 4 | 61 | – | (61) | | 1 285 |
| NET INCREASE/ (DECREASE) IN CASH HELD | | (124 676) | 62 426 | 62 207 | 28 050 | 17 445 | 60 424 | | | (587 239) |
| Cash/cash equivalents at beginning: | | 46 220 | – | – | | 132 451 | – | | | 132 451 |
| Cash/cash equivalents at month/year end: | | (78 457) | 62 426 | 62 207 | | 149 896 | 60 424 | | | (454 789) |

## Explanatory notes to Table C7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

# Part 2 – Supporting Documentation

| Description of financial indicator | Basis of calculation | Ref | 2016/17 | Budget Year 2017/18 | | | |
|---|---|---|---|---|---|---|---|
| | | | 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% | 20.3% | 20.3% | 0.0% | 6.4% |
| Borrowed funding of 'own' capital expenditure | Borrowings/Capital expenditure excl. 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 | | 3.3% | 0.0% | 0.0% | 4.3% | 1.5% |
| Gearing | Long Term Borrowing/ Funds & Reserves | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Liquidity** | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1 | 308.5% | 0.0% | 0.0% | 500.7% | 1500.1% |
| Liquidity Ratio | Monetary Assets/Current Liabilities | | 229.4% | 0.0% | 0.0% | 393.4% | 1208.5% |
| **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 | | 51.6% | 0.0% | 0.0% | 23.9% | 203.2% |
| 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)) | | | | | | |
| **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 | | | | | |
| Water Distribution Losses | % Volume (units purchased and own source less units sold)/Total units purchased and own source | 2 | | | | | |
| Employee costs | Employee costs/Total Revenue - capital revenue | | 186.4% | 21.5% | 21.5% | 21.5% | 20.8% |
| 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 | | 62.1% | 15.8% | 15.8% | 0.0% | 3.0% |
| **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 | | | | | | |

## EC442 Umzimvubu Municipality - Supporting Table SC8 Monthly Budget Statement - Councillor and staff benefits

| Summary of Employee and Councillor remuneration<br>R thousands | Ref | 2016/17<br>Audited Outcome | Budget Year 2017/18<br>Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance<br>% | Full Year Forecast |
|---|---|---|---|---|---|---|---|---|---|---|
| – | 1 | A | B | C | | | | | | D |
| **Councillors (Political Office Bearers plus Other)** | | | | | | | | | | |
| Basic Salaries and Wages | | 15 563 | 7 493 | 7 493 | 661 | 3 893 | 3 406 | 487 | 14% | 5 170 |
| Pension and UIF Contributions | | – | 1 089 | 1 089 | 99 | 580 | 495 | 85 | 17% | 771 |
| Medical Aid Contributions | | – | 269 | 269 | 32 | 199 | 122 | 77 | 63% | 265 |
| Motor Vehicle Allowance | | – | – | – | – | – | – | – | | – |
| Cellphone Allowance | | – | – | – | – | – | – | – | | – |
| Housing Allowances | | – | 4 483 | 4 483 | 387 | 2 315 | 2 038 | 277 | 14% | 3 099 |
| Other benefits and allowances | | – | 1 465 | 1 465 | 144 | 799 | 666 | 133 | 20% | 1 036 |
| **Sub Total - Councillors** | | 15 563 | 14 798 | 14 798 | 1 323 | 7 786 | 6 727 | 1 060 | 16% | 10 341 |
| **% increase** | 4 | | -4.9% | -4.9% | | | | | | -33.6% |
| **Other Municipal Staff** | | | | | | | | | | |
| Basic Salaries and Wages | | 39 210 | 48 061 | 48 439 | 4 443 | 24 625 | 21 744 | 2 880 | 13% | 61 546 |
| Pension and UIF Contributions | | – | 950 | 948 | 80 | 487 | 432 | 55 | 13% | 792 |
| Medical Aid Contributions | | 8 817 | 3 161 | 3 142 | 263 | 1 558 | 1 437 | 121 | 8% | 4 233 |
| Overtime | | – | 211 | 311 | – | – | 96 | (96) | -100% | – |
| Performance Bonus | | 1 144 | 5 137 | 5 070 | – | 2 626 | 3 121 | (495) | -16% | 336 |
| Motor Vehicle Allowance | | 4 088 | 3 148 | 2 979 | 255 | 1 473 | 1 431 | 42 | 3% | 1 045 |
| Cellphone Allowance | | – | – | – | – | – | – | – | | – |
| Housing Allowances | | 2 680 | 2 200 | 2 078 | 160 | 942 | 1 000 | (58) | -6% | 2 520 |
| Other benefits and allowances | | – | – | – | – | – | – | – | | – |
| Payments in lieu of leave | | – | 813 | 813 | 47 | 372 | 369 | 3 | 1% | 418 |
| Long service awards | | – | 78 | 78 | 121 | 127 | 35 | 91 | 257% | – |
| Post-retirement benefit obligations | 2 | – | – | – | – | – | – | – | | 324 |
| **Sub Total - Other Municipal Staff** | | 55 939 | 63 759 | 63 859 | 5 369 | 32 210 | 29 666 | 2 544 | 9% | 71 215 |
| **% increase** | 4 | | 14.0% | 14.2% | | | | | | 27.3% |
| **Total Parent Municipality** | | 71 502 | 78 558 | 78 658 | 6 693 | 39 996 | 36 393 | 3 604 | 10% | 81 556 |

EC442 Umzimvubu - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Mid-Year Assessment

| Description | Ref | Budget Year 2017/18 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | July Outcome | August Outcome | Sept Outcome | October Outcome | Nov Outcome | Dec Outcome | January Budget | Feb Budget | March Budget | April Budget | May Budget | June Budget |
| **Cash Receipts By Source** | | | | | | | | | | | | | |
| Property rates | | 2 438 | 590 | 590 | 590 | 1 098 | 871 | 1 225 | 1 225 | 1 225 | 1 225 | 1 225 | 1 172 |
| Service charges - refuse | | 125 | 125 | 125 | 125 | 125 | 125 | 183 | 183 | 183 | 183 | 183 | 348 |
| Service charges - other | | – | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | | 15 | 13 | 53 | 63 | 75 | 60 | 124 | 124 | 124 | 124 | 124 | 465 |
| Interest earned - external investments | | 435 | 638 | 799 | 38 | 458 | 535 | 2 237 | 2 237 | 2 237 | 2 237 | 2 237 | 10 517 |
| Interest earned - outstanding debtors | | 206 | 225 | – | 474 | 231 | 237 | 137 | 137 | 137 | 137 | 137 | (553) |
| Dividends received | | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines, penalties and forfeits | | 81 | 106 | 132 | 102 | 92 | 96 | 217 | 217 | 217 | 217 | 217 | 691 |
| Licences and permits | | 21 | 8 | 12 | 9 | 5 | 5 | 10 | 10 | 10 | 10 | 10 | 1 |
| Agency services | | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfer receipts - operating | | 73 038 | 195 | 207 | 358 | 37 | 58 568 | 5 925 | 5 925 | 5 925 | 64 337 | 5 925 | 24 709 |
| Other revenue | | 3 864 | 4 325 | 3 392 | 4 332 | 386 | 4 296 | 535 | 535 | 535 | 535 | 535 | (17 380) |
| **Cash Receipts by Source** | | 80 224 | 6 225 | 5 311 | 6 092 | 2 506 | 64 793 | 10 593 | 10 593 | 10 593 | 69 005 | 10 593 | 19 968 |
| **Other Cash Flows by Source** | | | | | | | | | | | | | |
| Transfer receipts - capital | | 7 173 | 17 008 | 3 496 | 6 991 | – | 14 737 | – | – | – | 26 730 | – | 4 055 |
| Increase in consumer deposits | | 50 | 6 | (4) | 1 | 9 | 4 | – | – | – | – | – | (65) |
| **Total Cash Receipts by Source** | | 87 446 | 23 239 | 8 802 | 13 084 | 2 515 | 79 534 | 10 593 | 10 593 | 10 593 | 95 735 | 10 593 | 23 959 |
| **Cash Payments by Type** | | | | | | | | | | | | | |
| Employee related costs | | 4 810 | 4 875 | 4 753 | 4 951 | 7 452 | 5 369 | 5 317 | 7 510 | 5 317 | 5 317 | 5 317 | 2 773 |
| Remuneration of councillors | | 1 293 | 1 293 | 1 293 | 1 293 | 1 293 | 1 323 | 1 345 | 1 345 | 1 345 | 1 345 | 1 345 | 285 |
| Other materials | | 590 | 502 | 397 | 727 | 493 | 574 | 852 | 682 | 832 | 582 | 582 | 370 |
| Contracted services | | 2 164 | 3 378 | 2 758 | 4 859 | 2 334 | 5 838 | 4 874 | 2 962 | 3 201 | 4 760 | 3 020 | 1 644 |
| Grants and subsidies paid - other municipalities | | – | – | – | – | – | – | – | – | – | 930 | – | – |
| General expenses | | 1 220 | 3 838 | 2 476 | 3 704 | 7 780 | 5 509 | 7 210 | 4 444 | 3 348 | 7 785 | 3 580 | 3 686 |
| **Cash Payments by Type** | | 10 077 | 13 886 | 11 676 | 15 534 | 19 351 | 18 613 | 19 598 | 16 943 | 14 042 | 20 718 | 13 843 | 8 758 |
| **Other Cash Flows/Payments by Type** | | | | | | | | | | | | | |
| Capital assets | | 8 459 | 17 791 | 3 757 | 4 083 | 11 059 | 4 684 | 23 936 | 8 300 | 8 650 | 18 187 | 7 800 | 14 513 |
| Repayment of borrowing | | – | – | – | – | – | – | – | – | – | – | – | – |
| Other Cash Flows/Payments | | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total Cash Payments by Type** | | 18 535 | 31 678 | 15 434 | 19 618 | 30 411 | 23 297 | 43 535 | 25 243 | 22 692 | 38 905 | 21 643 | 23 271 |
| **NET INCREASE/(DECREASE) IN CASH HELD** | | 68 911 | (8 439) | (6 631) | (6 534) | (27 896) | 56 237 | (32 942) | (14 650) | (12 099) | 56 830 | (11 050) | 688 |
| Cash/cash equivalents at the month/year beginning: | | 46 220 | 115 131 | 106 692 | 100 061 | 93 526 | 65 631 | 121 868 | 88 926 | 74 277 | 62 178 | 119 008 | 107 958 |
| Cash/cash equivalents at the month/year end: | | 115 131 | 106 692 | 100 061 | 93 526 | 65 631 | 121 868 | 88 926 | 74 277 | 62 178 | 119 008 | 107 958 | 108 646 |

EC442 Umzimvubu - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - Mid-Year Assessment

| Description | Ref | 2016/17 | Budget Year 2017/18 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | | |
| – | | | | | | | | | | |
| Infrastructure | | – | 4 600 | – | 1 557 | 37 304 | 2 300 | (35 004) | 1521.9% | (111 779) |
| Roads Infrastructure | | – | – | – | 1 557 | 16 011 | – | (16 011) | #DIV/0! | (85 680) |
| *Roads* | | – | – | – | 1 557 | 13 990 | – | (13 990) | #DIV/0! | (83 991) |
| *Road Structures* | | – | – | – | – | 2 021 | – | (2 021) | #DIV/0! | (1 689) |
| Electrical Infrastructure | | – | 4 600 | – | – | 21 293 | 2 300 | (18 993) | -825.8% | (26 100) |
| *LV Networks* | | – | 4 600 | – | – | 21 293 | 2 300 | (18 993) | -825.8% | (26 100) |
| *Capital Spares* | | – | – | – | – | – | – | – | | – |
| Community Assets | | – | – | – | 998 | 3 480 | – | (3 480) | #DIV/0! | (133) |
| Community Facilities | | – | – | – | 998 | 3 480 | – | (3 480) | #DIV/0! | (133) |
| *Halls* | | – | – | – | 281 | 964 | – | (964) | #DIV/0! | – |
| *Centres* | | – | – | – | 717 | 2 341 | – | (2 341) | #DIV/0! | (133) |
| *Police* | | – | – | – | – | 176 | – | (176) | #DIV/0! | – |
| Intangible Assets | | – | – | – | – | 80 | – | (80) | #DIV/0! | – |
| Servitudes | | – | – | – | – | – | – | – | | – |
| Licences and Rights | | – | – | – | – | 80 | – | (80) | #DIV/0! | – |
| *Water Rights* | | – | – | – | – | – | – | – | | – |
| *Effluent Licenses* | | – | – | – | – | – | – | – | | – |
| *Solid Waste Licenses* | | – | – | – | – | – | – | – | | – |
| *Computer Software and Applications* | | – | – | – | – | 80 | – | (80) | #DIV/0! | – |
| *Load Settlement Software Applications* | | – | – | – | – | – | – | – | | – |
| *Unspecified* | | – | – | – | – | – | – | – | | – |
| Machinery and Equipment | | – | – | – | – | 271 | – | (271) | #DIV/0! | – |
| Machinery and Equipment | | – | – | – | – | 271 | – | (271) | #DIV/0! | – |
| Transport Assets | | – | – | – | – | 197 | – | (197) | #DIV/0! | – |
| Transport Assets | | – | – | – | – | 197 | – | (197) | #DIV/0! | – |
| Total Capital Expenditure on new assets | 1 | – | 4 600 | – | 2 554 | 41 332 | 2 300 | (39 032) | 1697.0% | (111 913) |

inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

## 1.7 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

3. Audit Committee
   An Audit Committee has been established and is fully functional.

## 1.8 Municipal manager's quality certificate

I **GPT Nota** Municipal Manager of Umzimvubu Municipality, hereby certify that the MFMA S72 reports and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name G.P.T NOTA

Municipal Manager of Umzimvubu Municipality (EC-442)

Signature

Date 25/01/2018

I **M Mabhengu** the Mayor of Umzimvubu Municipality, hereby certify that the MFMA S72 reports and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name PATIENCE BUELEKSTR MABENGU

Honourable Mayor of Umzimvubu Municipality (EC 442)

Signature

Date 25/01/2018