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REF: 5/1/3

To : Executive Mayor
From : Acting Municipal Manager
Date : 16 January 2019
Subject : Mid-year Assessment Report

The above matter refers:

In terms of Section 72 of the MFMA among others stipulates that the Accounting officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year and that assessment report indicate to council whether there will be a need for budget adjustment, in the mentioned report the Accounting Officer is expected to:

- a) Asses the performance of the municipality during the first half of the financial year, taking into account-
 - i. the monthly budget statements referred to in section 71 of the first half of the financial year

Attached to this letter is the mid-year assessment report on the implementation of the budget.

Ms Rampedi M.R
Acting Municipal Manager

15/01/2019

Date

All correspondence should be addressed to The Municipal Manager

W e d e v e l o p a s w e g r o w

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“WE DEVELOP AS WE GROW”



2018-2019 MID-YEAR ASSESSMENT

MAYORS REPORT

1. Purpose

The purpose of the item is to report on the implementation of the municipal budget during the first half of the financial year 2018-2019

2. LEGISLATIVE FRAME WORK

- Municipal finance management Act, Act 56 of 2003
- Division of revenue Act 2013
- Constitution of the republic, Act 108 of 1996
- Municipal systems Act, Act 32 of 2003.
- Municipal performance regulation of 2006

3. BACKGROUND

Section 72 of the MFMA among others stipulates that the Accounting officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year and that assessment report indicate to council whether there will be a need for budget adjustment, in the mentioned report the Accounting Officer is expected to:

- a) Asses the performance of the municipality during the first half of the financial year, taking into account-
 - i. the monthly budget statements referred to in section 71 of the first half of the financial year
- b) Submit a report on such assessment to -
 - i. the mayor of the municipality;
 - ii. the National Treasury and
 - iii. the relevant provincial secretary

(2) The statement referred to in section 71 (1) for the sixth month to a financial year may be incorporated into the report.

(3) The accounting officer must as part of the review-

(a) Make recommendations as to whether an adjustments budget is necessary; and

(b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary

4. DELIBERATIONS/DISCUSSION

The Mid-year assessment report as required by section 72 of the Municipal Finance Management Act is designed in accordance to the prescribed format as required in terms of regulation 21 of the budget reporting framework. The financial report is hereby presented as follows:

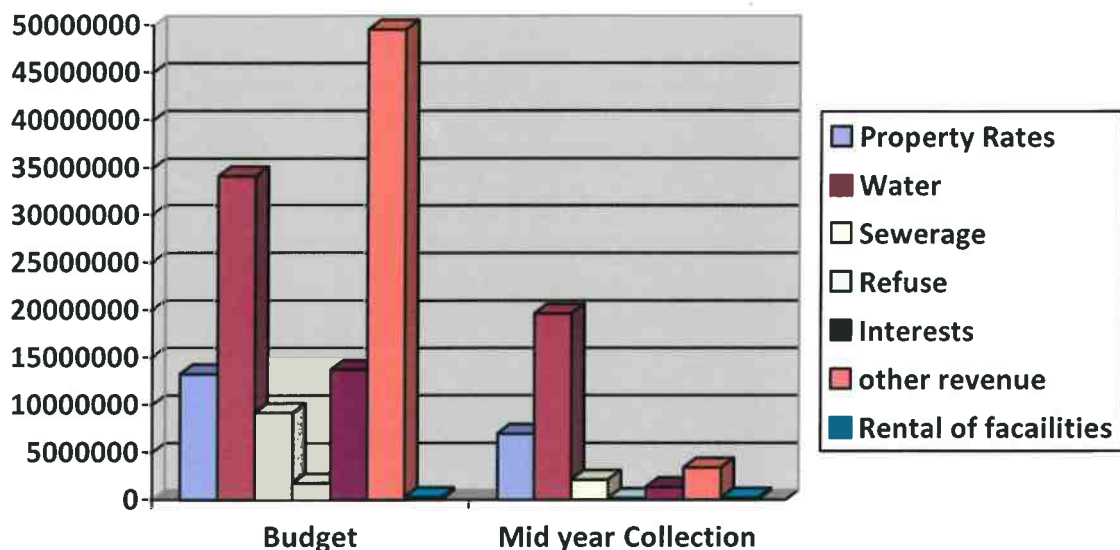
Table c1

4.1 Revenue Summary (table C1 summary)

4.1.1 Service Charges

Own Revenue Category	Annual Budget	YTD Collection	YTD Rate
Property Rates	13 250 000	6 977 678	53%
Water	34 150 000	19 650 985	58%
Sewerage(Sanitation)	9 200 000	2 137 396	23%
Refuse	1 825 000	210 330	12%
Rental of facilities	325 000	250 934	77%
Interest and Other Charges	13 750 000	1 349 016	10%
Other Revenue	49 600 000	3 397 691	6%
GRAND TOTAL	122 100 000	33 974 030	28%

The below graph illustrate service charges received against the projected revenue



4.1.2 REVENUE RAISED FROM CONDITIONAL GRANTS

The below performance reflects the expenditure on conditional grants against of total grants transferred to the municipality.

Grant Source	Total Allocation	Grant received to date	Value of Condition met	Liability Balance	Expenditure in %
MIG	R 122 491 000	R 113 450 000	R 52 020 233	R 61 429 767	46%
FMG	R 1 770 000	R 1 770 000	R 1 643 714	R 126 286	93%
EPWP	R 2 955 000	R 2 069 000	R 1 894 700	R 174 300	92%
INEP	R 1 550 000	R 1 550 000	R 0	R 1 550 000	0%
TOTALS	R128 766 000	R 118 839 000	R 55 558 647	R63 280 383	47%

4.2. EXPENDITURE: SUMMARY

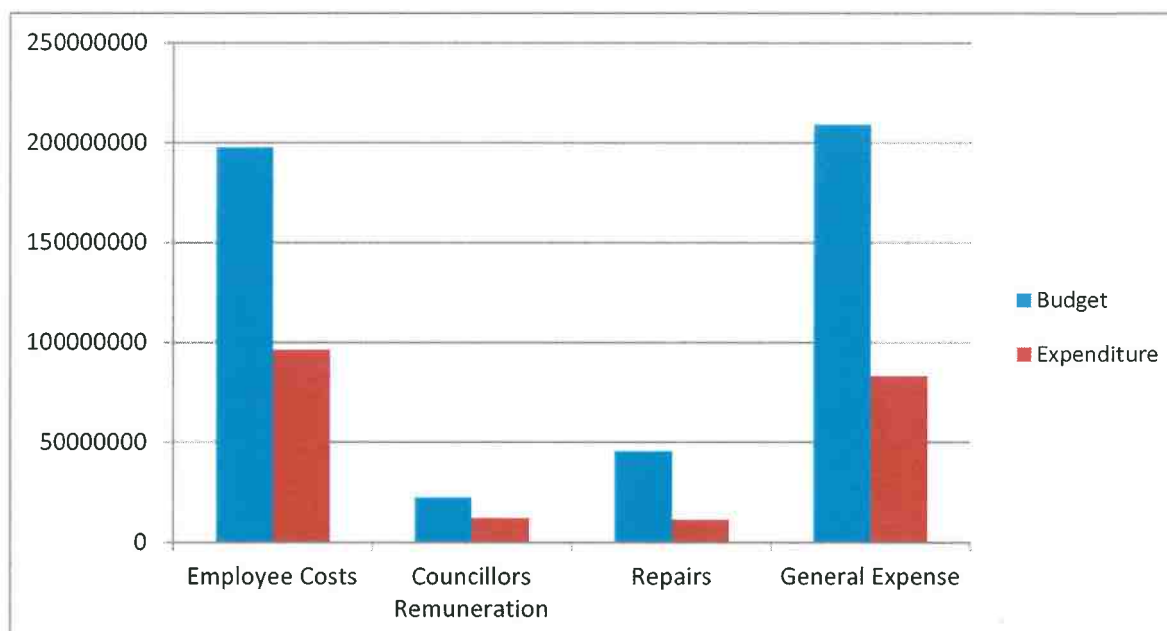
4.2.1 OPERATING EXPENDITURE

The total operating expenditure for the first half period of the financial year 2018-2019 amounts to R 202 082 791 (43%) against the budget of R 474 121 280

OPERATING EXPENDITURE PERFORMANCE (TABLE C4 & TABLE SC8)

TYPE	ORIGINAL BUDGET	EXPENDITURE TO- DATE	%
Employee Costs	R 197 639 280	R 96 186 230	49%
Councillors Remuneration	R 22 200 000	R 11 816 240	53%
General Expenses	R 208 872 000	R 82 972 000	40%
Repairs & Maintenance	R 45 410 000	R 11 108 321	24%
TOTAL	R 474 121 280	R 202 082 791	43%

The below graph illustrate the mid - year operating expenditure against the budget



4.3 CAPITAL EXPENDITURE

The following information relates to capital expenditure incurred for the first half of financial year 2018-2019

	ORIGINAL BUDGET	EXPENDITURE TO-DATE	% TO-DATE
WATER	R 50 416 920	R 32 102 849	64%
SANITATION	R 16 000 000	R 3 269 840	20%
FACILITIES	R 7 000 000	R 2 700 696	39%
ROADS & STORMWATER	R 48 974 080	R 16 647 541	34%
TOTAL	R 122 391 000	R 54 720 926	45%

Capital expenditure for the first half year of 2018-2019 financial year is at 45%.

Table C2 financial performance by vote

Table C2 measures the mid-year actual against the year to date SDBIP figures which realised by vote for revenue and expenditure and the deviations by vote and reflected in the year to date (YTD) variance column.

Table C4 financial performance by revenue source and expenditure type

This table provides the details for revenue by source and expenditure by type as required by the legislation.

Table C5 capital expenditure by vote

Table C5 indicates the actual on capital expenditure for all votes and measures for the year votes and measures the year to date performance target against the actual capital expenditure figures.

Table C6: statements of financial position

This portion of the report reflects the general wealth of the municipality and the municipal liabilities.

Table C7 cash flow

Table 7 reflect the details of mid-year assessment of inflow and outflow of cash.

PART 2 SUPPORTING DOCUMENTS

DEBTORS ANALYSIS

Supporting table SC3 provide a breakdown of consumer debtors as at 31st December 2018 amounts to **R 399 376 000**

CREDITORS ANALYSIS

Supporting table SC4 provides detailed on aged creditors. In terms of the MFMA requirements creditors must be paid within 30 days of receiving an invoice.

Investment portfolio

Supporting table SC5 display the Council investment portfolio. It should be noted that Council does not have long term investment but short term investment (cash and cash equivalent)

Allocation and grant receipts and expenditure

Supporting table SC6 and 7 provide details of grants separately as income and expenditure, as far as revenue is recognised and expenditure is appropriated.

Materials variance to SDBIP

Supporting table SC9 provides the details of cash flow for the budget setting out receipts by source and payments by type per month for the six months period.

5. CONCLUSION

After the mid-year assessment report is taken into consideration it is suggested that council consider an adjustment to the 2018-2019 annual budget.

6. RECOMMENDATION OF THE ACTING MUNICIPAL MANAGER

- 6.1 THAT** council take note of the mid-year assessment report.
- 6.2 THAT** council take note that the revenue collection is sitting at **28%**
- 6.3 THAT** council take note of financial performance under operation expenditure is at **43%** and Capital expenditure sitting at **45%**
- 6.4 THAT** council approve the compilation of the adjustment budget.
- 6.5 THAT** the budget be adjusted downwards as a result of under collection of the projected revenue.