



**MTHONJANENI LOCAL
MUNICIPALITY
KZN285**

**Mid – Year Budget and Performance
Assessment 2018/19**

1. BACKGROUND:

Section 71 of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) outlines the manner in which the financial reports of the municipality must be submitted.

It prescribes that the Accounting Officer of the Municipality must submit reports, by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury, a statement in the prescribed format on the state of the municipality's budget.

As stated above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. National Treasury has issued MFMA Circular No 51, in which this prescribed format has been set out. Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare their Budgets as well as the in-year reporting effective from July 2010.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

Section 72 of the Municipal Finance Management Act further requires that;

72. (1) The accounting officer of a municipality must by 25 January of each year –
- (a) assess the performance of the municipality during the first half of the financial year, taking into account –
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
 - (b) submit a report on such assessment to –
 - (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.
- (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.

Section 66 of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported in a format and for the prescribed period. This report is submitted to the Mayor on a quarterly basis together with the other reports as per section 71.

2. DISCUSSION

The details of the report and the supporting C - Schedules is captured into National Treasury templates will be forwarded to National and Provincial Treasury as required in terms of Sections 71 and 72 of the MFMA in both printed and electronic formats.

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PART 1 – IN – YEAR REPORT

1. MAYOR'S REPORT

It is with great pleasure that I present the Mid-year budget and Performance Assessment for the Municipality for the 2018/19 financial year. This gives us the opportunity to reflect back on the first six months of the financial year and take corrective measures to rectify shortfalls identified.

The Municipality's budget is being implemented in accordance with the service delivery and budget implementation though there are some variances noted due to slow revenue and high expenditure in some instances.

The revenue sources of the Municipality remain limited due to the lack of economic activity within Mthonjaneni's boundaries. Consequently the Municipality is heavily dependent on Government grants. In terms of own revenue the main contributor is ward three in the form of Property rates. Nevertheless, the municipality will continuously look at possibilities of revenue enhancement possibilities in pursuit of improving service delivery.

An action plan was developed to address audit findings raised in the Auditor General's management letter and audit report. The Internal audit will play a significant role in ensuring that the issues identified by Auditor General are corrected and they do not re occur in the current financial year.

This Mid-year Budget and Performance Assessment Report is indicative of the need for an adjustment budget, and herein recommended that a municipal adjustment budget be prepared in terms of section 72(3) read together with other sections of the MFMA .

2. RESOLUTIONS

- a) That the midyear budget and performance report for 2018/19 financial year be considered and approved;
- b) The mid-year budget and performance reports be submitted to the National and Provincial Treasury as per section 72(1)b(ii)(iii);
- c) That in terms of section 72(3)(a) of the Municipal Finance Management Act, No.56 of 2003 , an adjustment budget be prepared.

3. EXECUTIVE SUMMARY

Table 1 represents an executive summary for the financial period ended 31 December 2018

Table 1 – Summary for Financial Period ended December 2018				
Description	Original BUDGET 2018/19	Year TD BUDGET 2018/19	Actual figures to 31. December 2018	Target Achieved % (Actual vs. Pro- rata)
	R '000	R '000	R '000	%
Revenue	160 970	80 485	98 982	122%
Expenditure – Operational	124 600	62 300	65 270	104%
Expenditure – Capital	36 339	18 170	22 102	122%
Surplus/(Deficit)	31	15	11 610	

Source: Budget Table C1

The year to date actual surplus for the month ended 31 December 2018 is R 11 610 000 as per the monthly budget statement summary (Table C1). After taking the Capital year to date expenditure of R 22 102 000 as outlined in the *table C1* above. The municipality has recognized more revenue than targeted mainly due to early transfers of grants receipts however the municipality will continue to monitor the billed revenue versus the actual receipts in order to make sure that the revenue that is anticipated is received.

3.1 REVENUE

The revenue that has been recognized by the municipality to date is seating at R 98 982 000 that translate to 22% more than the targeted revenue as at December 31. The results seems to be a good achievement for the municipality however the municipality will look closer to the issue of the revenue recognized from Property Rates, Service charges and traffic fines and other revenue against the actual receipts in order to be in the position to decide whether the anticipated revenue from these revenue sources as shown in Financial Performance would be received, if not so the municipality will need to consider to review the budget of these items during the adjustments budget.

3.2 EXPENDITURE - OPERATIONAL

The operational expenditure is seating at R 65 270 000 as at 31 December, this translates to 4% above the targeted expenditure

3.3 EXPENDITURE - CAPITAL

Capital expenditure of Mthonjaneni Local Municipality is currently seating at R 22 102 000 which translate to 22% above the December proportional budget, this shows that the municipality is doing very well in terms of implementing its capital budget as per the Integrated Development Plan. The municipality will continue with this culture of making sure that the service is delivered to the people of Mthonjaneni Municipality.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
Table C1	Monthly Budget Statement Summary	
Table C2	Monthly Budget Financial Performance (Standard Classification)	
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	
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Table SC13a	Monthly capital expenditure on new assets by asset class	

PART 2 – SUPPORTING DOCUMENTATION**2.1 Debtors Analysis**

Debtors Age Analysis									
Description	Budget Year 2018/19								
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands	R'000	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Debtors Age Analysis By Income Source									
Property Rates	865	314	424	583	(12)	267	6 099	10 753	19 292
Electricity	1 587	907	410	195	(22)	242	439	826	4 584
Waste Management	140	97	69	37	(75)	57	376	1 031	1 733
Interest on Arrear Debtor Accounts	132	99	101	83	101	82	799	2 624	4 022
Total By Income Source	2 725	1 417	1 004	898	(9)	649	7 713	15 228	29 625
Debtors Age Analysis By Customer Group									
Organs of State	368	193	222	329	21	219	5 316	7 599	14 267
Commercial	1 459	600	326	195	(74)	53	623	2 218	5 399
Households	897	625	456	374	44	378	1 774	5 412	9 959
Other	-	-	-	-	-	-	-	-	-
Total By Customer Group	2 725	1 417	1 004	898	(9)	649	7 713	15 228	29 625
Source: Venus Debtors Age Analysis									

The municipality has a high amount of outstanding debtors as at December 31, this shows that the municipality is not fully implementing its Credit Control and Debt Collection policy. The municipality had to change the accounting system from 1 July 2017 due to the old system not complying with MSCOA requirements. Municipality has been experiencing some teething challenges with the new system and which led to delays in migrating debtors statements into the new system and therefore causing delays in implementing credit control and debt collection policy. A recovery plan to curb electricity losses was developed in October 2018 and is currently being implemented.

2.2 Creditors Analysis

Creditors Age Analysis							
Description	Budget Year 2018/19						Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	
Creditors Age Analysis By Customer Type							
Bulk Electricity	-	-	1 391	-	-	-	1 391
Bulk Water	-	-	-	-	-	-	
PAYE deductions	-	-	-	-	-	-	
VAT (output less input)	-	-	-	-	-	-	
Pensions / Retirement deductions	-	-	-	-	-	-	
Trade Creditors	648	(70)	3	4	8	110	702
Auditor General	594	-	-	-	-	-	594
Other	-	-	-	-	-	-	
Total By Customer Type December 2018	1 242	(70)	1 394	4	8	110	2 686
<i>Source: Budget Table SC4</i>							

There were no material/ significant creditors as at 31 December 2018. The long outstanding creditors mainly relate to current invoices from Eskom for bulk electricity and Auditor General.

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2.3 Investment Portfolio Analysis

Investment by maturity – Name of institution	Period of investment	Type of investment	Expiry date of investment	Accrual interest for the month	Yield for the month (%)	Market value at the beginning	Change in market value	Market value at end of the month
R thousand	Yrs./Months			R' 000	R' 000	R' 000	R' 000	R' 000
Investec		Call Deposit			6.4	47	-	47
FNB		Call Deposit			5.8	27	-	27
FNB		Call Deposit		1	2.9	499	-	499
FNB		Fixed Deposit		-	6.5	1 540	25	1 540
FNB		INEP Call		2	6.0	369	6	369
FNB		EPWP Call		2	6.0	462	2	462
Total investment and interest		-	-	6		2 944	34	2 944

Source: Budget Table SC5

2.4 Allocation and grant receipts and expenditure**2.4.1 Grants – Receipts**

DESCRIPTION	Original BUDGET 2018/19	Year TD BUDGET 2018/19	ACTUAL YTD DECEMBER 2018	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
Receipts:					
Operating Transfers and Grants					
National Government:					
Equitable Share	70 979	53 235	53 235	-	-
Finance Management	2 850	2 850	2 850	-	-
EPWP Incentive	1 808	1 266	1 266	-	-
Municipal Demarcation				-	-
Provincial Government:					
Provincialisation of Libraries	197	197	197	-	-
Community Library Services	838	838	838	-	-
TOTAL OPERATING TRANSFERS	76 672	58 386	58 386	-	-
Capital Transfers and Grants					
National Government:					
Municipal Infrastructure	17 749	14 000	14 000	-	-
Integrated National Electrification	15 000	15 000	15 000	-	-
TOTAL CAPITAL TRANSFERS	32 749	29 000	29 000	-	-
TOTAL RECEIPTS OF TRANSFERS	109 421	87 386	87 386	-	-

Source: Budget Table SC6

Receipts of transfers and grants show no variances to each grant as at 31 December 2018. The reason for this is because the National and Provincial Treasury have been consistent in transferring the grants due to Mthonjaneni Municipality on time as per the payment schedule for 2018/19. The municipality hope that the transferring authorities will not deviate from this practice throughout the financial year.

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2.4.2 Grants – Expenditure

DESCRIPTION	Original BUDGET 2018/19	Year TD BUDGET 2018/19	ACTUAL YTD DECEMBER 2018	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
Expenditure:					
Operating Expenditure Transfers and Grants					
National Government:					
Equitable Share	70 979	-	-	-	-
Finance Management	2 850	1 425	2 850	-	100%
EPWP Incentive	1 808	904	1 133	229	25%
Municipal Demarcation	-	-	-	-	-
Provincial Government:					
Provincialisation of Libraries	197	99	125	26	26%
Community Library Services	838	419	573	154	36%
TOTAL EXPENDITURE OPERATING TRANSFERS	76 672	2 847	4 681	409	
Capital Expenditure of Transfers and Grants					
National Government:					
Municipal Infrastructure	17 749	8 875	13 231	4 357	49%
Integrated National Electrification	15 000	7 500	10 721	3 221	43%
TOTAL CAPITAL EXPENDITURE TRANSFERS	32 749	16 375	23 953	7 578	46%
TOTAL EXPENDITURE OF TRANSFERS	109 421				

Source: Budget Table SC7

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2.5 Councillor and board member allowances and employee benefits

Summary of Employees and Councillor remuneration	Original BUDGET 2018/19	Year TD BUDGET 2018/19	ACTUAL YTD DECEMBER 2018	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
Councillors (Political Office Bearers)					
Basic Salaries and Wages	4 436	2 218	2 299	81	4%
Pension and UIF Contributions	634	317	345	28	9%
Medical Aid Contributions	65	33	41	8	24%
Motor Vehicle Allowance	1 641	821	895	74	9%
Cellphone Allowance	1 020	510	510	-	-
Other benefits and allowances	90	45	94	49	109%
Sub Total - Councillors	7 886	3 943	4 183	240	
Senior Managers of the Municipality					
Basic Salaries and Wages	3 456	1 728	1 058	(670)	- 39%
Pension and UIF Contributions	9	4	3	(2)	- 40%
Performance Bonus	482	241	-	(241)	- 100%
Motor Vehicle Allowance	902	451	240	(211)	- 47%
Cellphone Allowance	18	9	9	-	-
Housing Allowance	72	36	36	-	-
Other benefits and allowances	173	87	53	(33)	- 38%
Sub Total - Senior Managers	5 113	2 556	1 400	(1 157)	
Other Municipal Staff					
Basic Salaries and Wages	27 363	15 677	15 649	(29)	0%
Pension and UIF Contributions	3 844	2 247	2 132	(114)	- 5%
Medical Aid Contributions	2 179	1 132	1 007	(125)	- 11%
Overtime	1 273	734	1 084	350	48%
Bonus	2 253	1 723	2 146	423	25%
Motor Vehicle Allowance	3 337	1 669	1 840	172	10%
Housing Allowance	31	24	92	137	132%
Cellphone Allowance	167	104	241	68	279%
Other benefits and allowances	3 020	2 104	1 038	(1 066)	51%
Sub Total - Other Municipal Staff	43 467	25 414	25 228	(186)	-1%
TOTAL PARENT MUNICIPALITY	56 466	31 913	30 810	(1 103)	-3%

Source: Budget Table SC8

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2.6 Material Variances to the Service Delivery and Budget Implementation Plan

Description	Variance R'000	Reason for material deviations	Remedial or corrective steps/remarks
Revenue By Source Property Rates	475	Property rates are seating at 475 000 above the YTD budget. The process of reviewing monthly billing on property rates is on going after the introduction of the new billing system from 1 July 2017.	Monthly billing on property rates is being reviewed from July to December 2018.
Service charges – electricity revenue	(4 996)	Electricity revenue is seating at R 4 996 000(39 %) below the YTD budget. Monthly billing will be reviewed, however the winter months (March to June) are expected to have a higher billing.	Monthly billing on electricity is being reviewed from July to December 2018.
Service charges – refuse revenue	(111)	Refuse revenue is seating at R 111 111 (12%) below the YTD budget.	Monthly billing on refuse is being reviewed from July to December 2018.
Interest earned – external investments	(369)	External investments are seating at R 369 000(62%) below the YTD budget and has to be adjusted downward mainly due to the fact that most capital projects are ahead of schedule and monies invested have been paid out.	Interest on investment to be adjusted.

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Fines	(2 500)	Fines are seating at R 2 500 000 (100%) below the YTD budget. The contract with TMT company which assisted with speed cameras fines has been stopped. We are in process of reconciling all traffic issued to date	We are in process of reconciling all traffic issued to date
Licenses and permits	(738)	Licenses and permits are seating at R 738 000 (51%) below the YTD budget. There was less demand than anticipated.	Will be adjusted downward
Transfers recognised - Operational	19 580	Transfers recognised operational are seating at R19 580 000 above the YTD budget. Equitable share has been received on time.	Not applicable
<u>Expenditure By Type</u> Remuneration of Councillors	(1 450)	Remuneration of councillors are seating at R 1 450 000 below the YTD budget. This is due to the fact that increments were only effected from January 2019	Not applicable
Debt Impairment	R 0	Debt impairment will be calculated towards the end of the financial year.	Debt impairment will be calculated towards the end of the financial year.
Depreciation and asset impairment	R 0	Depreciation and asset impairment is seating at R 2 626 000 below the YTD budget. There was a delay in calculating and reconciling the depreciation and asset impairment due to	Depreciation calculations will be performed monthly on the system.

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		changes in accounting system.	
Other materials	(491)	Other materials are seating at R 491 000 below the YTD budget. This is due to technical challenges experienced in processing the stores item in the system	Stores items are currently being reconciled and processed on the system
Contracted services	5 738	Contracted services are seating at R 5 738 000 above the YTD budget. Contracted services consist of Security, Leased vehicles, Internal audit, MSCOA system, job evaluation, repairs and maintenance and other special programmes. We have under budgeted for some of the costs as mentioned above.	All expenditure line items will be reviewed and adjustment will be sought.

2.7 Parent Municipality Financial Performance

2.7.1 Revenue By Source

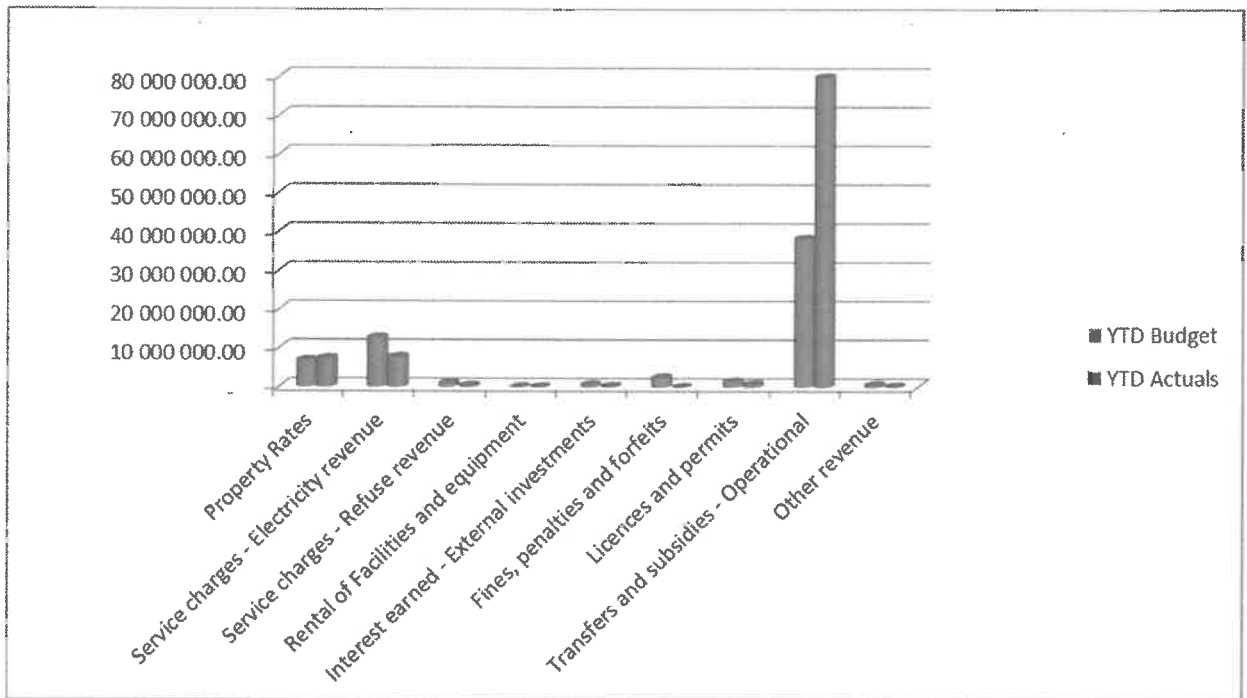
Table 2 demonstrates the source of funding per revenue categories.

Table 2 – Revenue by Source					
REVENUE BY SOURCE	Original BUDGET 2018/19	Year TD BUDGET 2018/19	ACTUAL YTD DECEMBER 2018	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
Property Rates	13 850	6 925	7 400	475	7%
Property rates-penalties					
Service charges – electricity revenue	25 512	12 756	7 760	(4 996)	-39%
Service charges – refuse revenue	1 803	901	790	(111)	-12%
Interest earned – external investments	1 200	600	231	(369)	-62%
Rental of facilities and equipment	171	85	83	(2)	-2%
Fines	5 000	2 500	-	(2 500)	-100%
Licences and permits	2 881	1 441	702	(738)	-51%
Transfers recognized – Operational	76 672	38 336	57 916	19 580	51%
Transfers recognized – Capital	32 749	16 375	23 953	7 578	46%
Other revenue	1 133	566	147	(420)	-74%
Gains on disposal of PPE	-	-	-	-	-
Total Revenue	160 970	80 485	98 982		

Source: Budget Table C4

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The diagram below shows revenue YTD actual vs. YTD budget in a form of a chart.



2.7.2 Operational Expenditure Trends Inclusive of Operational Projects

Table 4 – Expenditure per Category					
EXPENDITURE BY TYPE	Original BUDGET 2018/19	Year TD BUDGET 2018/2019	ACTUAL YTD DECEMBER 2018	YTD variance	YTD variance (Actual vs. Year TD)
	R'000	R'000	R'000	R'000	%
Employee Related Cost	48 580	24 290	24 591	301	1%
Remuneration of Councillors	7 886	3 943	2 493	(1 450)	-37%
Debt impairment	2 300	1 150	-	(1 150)	-100%
Depreciation & asset impairment	5 252	2 626	-	(2 626)	-100%
Finance charges	-	-	-	-	-
Bulk purchases	24 500	12 250	12 300	50	0%
Other materials	1 252	626	135	(491)	-78%
Contracted services	18 094	9 047	14 785	5 738	63%
Transfers and grants	-	-	-	-	-
Other expenditure	16 737	8 2368	10 966	2 598	31%
Total Expenditure	124 600	62 300	65 270	2 970	5%

Source: Budget Table C4

(a) Employee related costs

Employee related costs of Mthonjaneni Local Municipality are within the proportional budget as at the end of 31 of December 2018.

(b) Bulk Purchases

Bulk purchases are within the budgetary limits therefore no adjustments or review needed for the 2018/19 financial year.

(c) Debt Impairment

Mthonjaneni Local Municipality accounts for debt impairment at the end of the financial year however it is recommended to account for impairments on a monthly basis for accurate reporting purposes.

(d) Depreciation and Asset Impairment

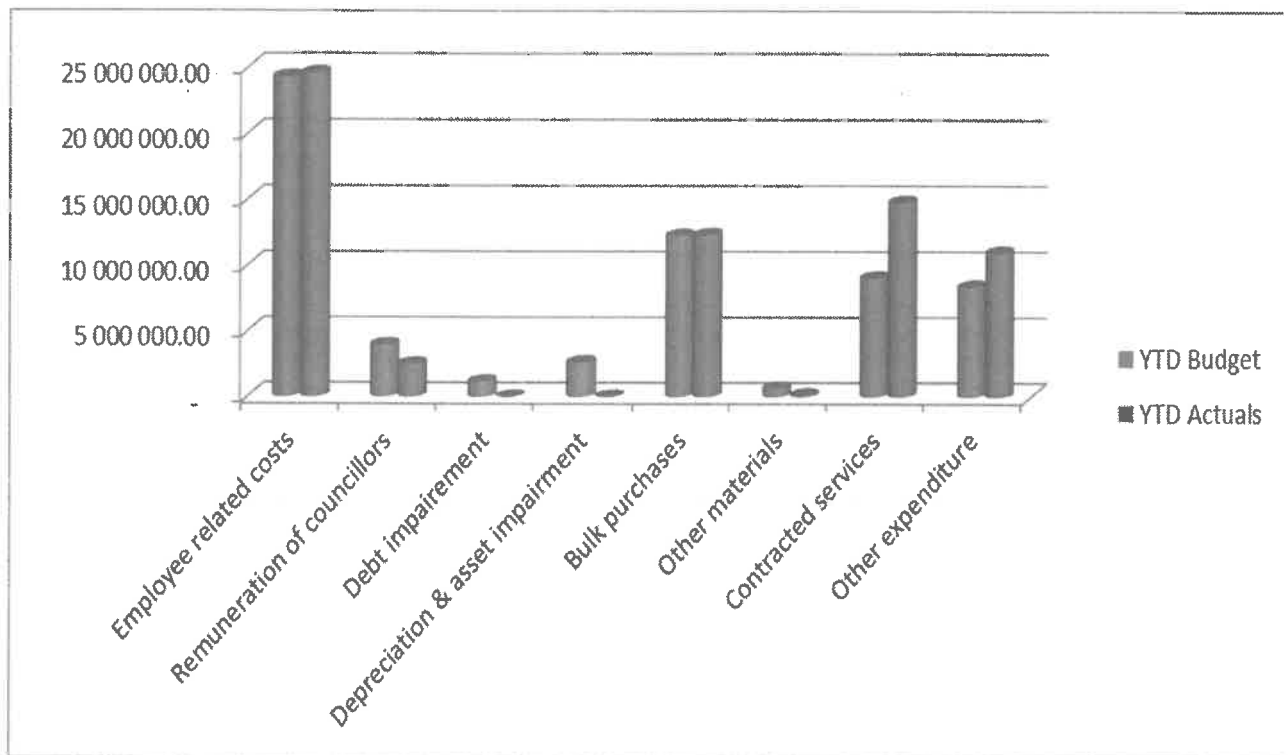
Mthonjaneni Local Municipality accounts for depreciation and asset impairment at the end of the financial year however it is recommended to account for impairments on a monthly basis for accurate reporting purposes.

(e) Contract Services

There is an impending shortfall in the Contract Services as it is currently 63% overspent against the December proportional budget, it is recommended that this item be topped up in the January 2019 adjustment budget, to be funded from savings from other expenditure items as well as any additional revenue that may be realized.

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The diagram below shows operational expenditure YTD actual vs. YTD budget in a form of a chart.



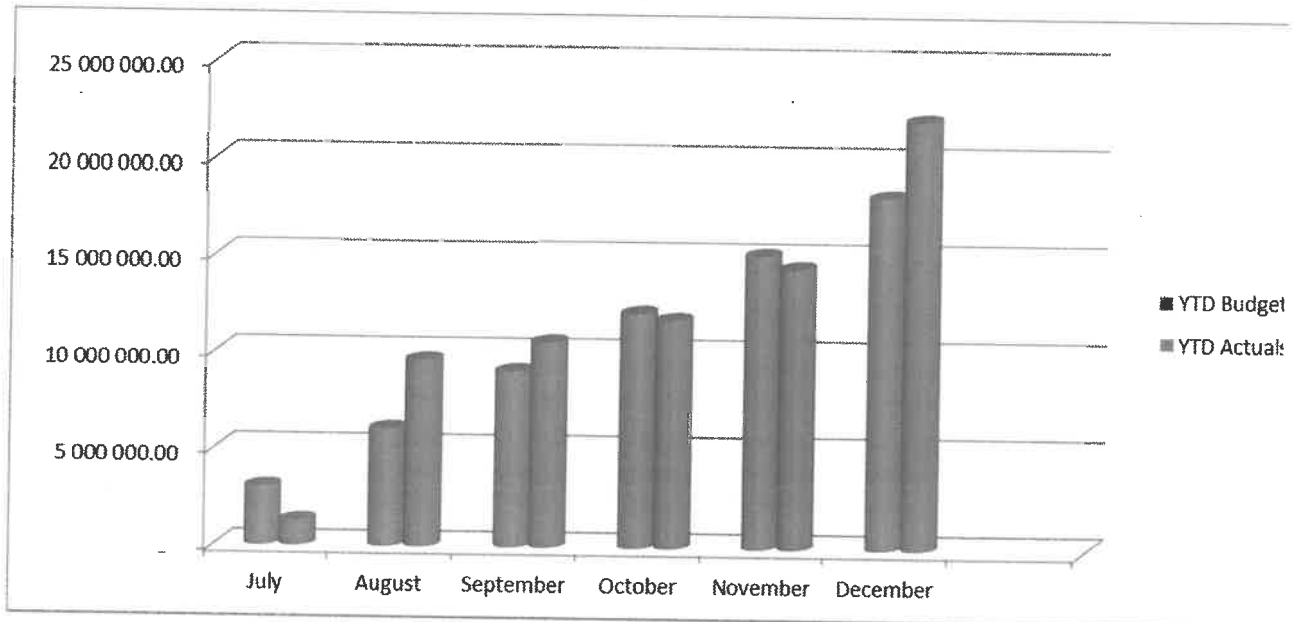
2.8 Capital Programme Performance

Table 6 illustrates the capital expenditure as at 31 December 2018 by Vote.

Expenditure by Months	Original Budget 2018/19	Year to Date Budget 2018/19	Actual Year to Date Budget 31 Dec 2018	Year to Date Variance	% spend of Original Budget
	R'000	R'000	R'000	R'000	
July	3 028	3 028	1 289	1 739	4%
August	3 028	6057	8 346	(3 578)	27%
September	3 028	9 085	953	(1 503)	29%
October	3 028	12 113	1 190	336	32%
November	3 028	15 141	2 698	666	40%
December	3 028	18 170	7 626	(3 933)	61%
TOTAL	18 168		22 102		

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The diagram below shows capital expenditure YTD actual vs. YTD budget in a form of a chart.



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2.9 Other Supporting Documents

KZN285 Mthonjaneni - Table C1 Monthly Budget Statement Summary - M06 December

Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	11 431	13 850	-	708	7 400	6 925	475	7%	13 850
Service charges	21 985	27 314	-	1 858	8 550	13 657	(5 107)	-37%	27 314
Investment revenue	1 367	1 200	-	57	231	600	(369)	-62%	1 200
Transfers and subsidies	79 370	76 672	-	28 372	57 916	38 336	19 580	51%	76 672
Other own revenue	13 129	9 185	-	80	933	4 592	(3 660)	-80%	9 185
Total Revenue (excluding capital transfers and contributions)	127 282	128 221	-	31 077	75 029	64 110	10 919	17%	128 221
Employee costs	42 913	48 580	-	6 013	24 591	24 290	301	1%	48 580
Remuneration of Councillors	7 637	7 886	-	697	2 493	3 943	(1 450)	-37%	7 886
Depreciation & asset impairment	15 245	5 252	-	-	-	2 626	(2 626)	-100%	5 252
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	21 541	25 752	-	1 111	12 434	12 876	(442)	-3%	25 752
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	56 237	37 130	-	8 732	25 752	18 565	7 186	39%	37 130
Total Expenditure	143 573	124 600	-	16 554	65 270	62 300	2 970	5%	124 600
Surplus/(Deficit)	(16 291)	3 620	-	14 523	9 759	1 810	7 949	439%	3 620
Transfers and subsidies - capital (monetary allocation)	32 278	32 749	-	10 598	23 953	16 375	7 578	46%	32 749
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	15 987	36 369	-	25 120	33 712	18 185	15 527	85%	36 369
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	15 987	36 369	-	25 120	33 712	18 185	15 527	85%	36 369
Capital expenditure & funds sources									
Capital expenditure	-	36 339	-	-	18 289	3 028	15 261	504%	36 339
Capital transfers recognised	-	32 749	-	1 182	17 408	2 729	14 679	538%	32 749
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	3 590	-	50	881	299	582	194%	3 590
Total sources of capital funds	-	36 339	-	1 232	18 289	3 028	15 261	504%	36 339
Financial position									
Total current assets	51 258	57 293	-	-	51 346	-	-	-	57 293
Total non current assets	353 020	286 456	-	-	323 264	-	-	-	286 456
Total current liabilities	17 101	14 553	-	-	31 083	-	-	-	14 553
Total non current liabilities	7 868	7 379	-	-	6 088	-	-	-	7 379
Community wealth/Equity	379 310	321 817	-	-	337 438	-	-	-	321 817
Cash flows									
Net cash from (used) operating	25 133	37 287	-	21 923	33 206	44 818	11 613	26%	37 287
Net cash from (used) investing	(41 735)	(27 839)	-	(8 770)	(25 274)	(18 170)	7 105	-39%	(27 839)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	3 680	2 897	-	-	11 612	20 098	8 486	42%	13 128
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	2 725	1 417	1 004	898	(9)	649	7 713	15 228	29 625
Creditors Age Analysis									
Total Creditors	1 242	(70)	1 394	4	8	110	-	-	2 686

2018/19 Mid – Year Budget and Performance Assessment Report

KZN285 Mthonjaneni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

KENYA MUNICIPALITY - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		-	89 435	-	29 376	47 880	44 718	3 163	7%	89 435
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	89 435	-	29 376	47 880	44 718	3 163	7%	89 435
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	8 950	-	12	411	4 475	(4 064)	-91%	8 950
Community and social services		-	1 069	-	-	85	535	(450)	-84%	1 069
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	7 881	-	12	326	3 941	(3 614)	-92%	7 881
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	20 268	-	7 264	23 123	10 134	12 989	128%	20 268
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	20 268	-	7 264	23 123	10 134	12 989	128%	20 268
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	42 316	-	5 022	27 567	21 158	6 410	30%	42 316
Energy sources		-	40 512	-	4 890	26 778	20 256	6 522	32%	40 512
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	1 804	-	132	790	902	(112)	-12%	1 804
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	160 970	-	41 674	98 982	80 485	18 497	23%	160 970
Expenditure - Functional										
Governance and administration		-	53 671	-	5 463	28 573	26 835	1 738	6%	53 671
Executive and council		-	17 872	-	1 585	9 520	8 936	584	7%	17 872
Finance and administration		-	34 208	-	3 756	18 858	17 104	1 754	10%	34 208
Internal audit		-	1 590	-	122	195	795	(600)	-75%	1 590
Community and public safety		-	21 246	-	5 333	11 887	10 623	1 263	12%	21 246
Community and social services		-	9 432	-	3 630	7 064	4 716	2 348	50%	9 432
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	11 815	-	1 703	4 823	5 907	(1 084)	-18%	11 815
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	20 760	-	3 150	9 398	10 380	(982)	-9%	20 760
Planning and development		-	3 811	-	166	377	1 905	(1 529)	-80%	3 811
Road transport		-	16 950	-	2 984	9 021	8 475	546	6%	16 950
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	28 923	-	2 608	15 412	14 461	951	7%	28 923
Energy sources		-	26 881	-	2 232	14 920	13 441	1 480	11%	26 881
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	2 042	-	376	492	1 021	(529)	-52%	2 042
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	124 600	-	16 554	65 270	62 300	2 970	5%	124 600
Surplus/ (Deficit) for the year		-	36 369	-	25 120	33 712	18 185	15 527	85%	36 369

2018/19 Mid – Year Budget and Performance Assessment Report

KZN285 Mthonjaneni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description		Ref	2017/18	Budget Year 2018/19							
			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue by Vote											
Vote 1 - Executive and Council		1	-	-	-	-	-	-	-	-	
Vote 2 - Municipal Manager			-	-	-	-	-	-	-	-	
Vote 3 - Finance and administration			-	89 435	-	29 376	47 880	44 718	3 163	7.1%	89 435
Vote 4 - Community and social services			-	1 069	-	-	85	535	(450)	-84.1%	1 069
Vote 5 - Public safety			-	7 881	-	12	326	3 941	(3 614)	-91.7%	7 881
Vote 6 - Planning and development			-	-	-	-	-	-	-	-	-
Vote 7 - Road transport			-	20 268	-	7 264	23 123	10 134	12 989	128.2%	20 268
Vote 8 - Energy sources			-	40 512	-	4 890	26 778	20 256	6 522	32.2%	40 512
Vote 9 - Waste management			-	1 804	-	132	790	902	(112)	-12.4%	1 804
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	-	160 970	-	41 674	98 982	80 485	18 497	23.0%	160 970
Expenditure by Vote											
Vote 1 - Executive and Council		1	-	12 546	-	1 056	7 377	6 273	1 104	17.6%	12 546
Vote 2 - Municipal Manager			-	6 917	-	650	2 338	3 458	(1 120)	-32.4%	6 917
Vote 3 - Finance and administration			-	34 208	-	3 756	18 858	17 104	1 754	10.3%	34 208
Vote 4 - Community and social services			-	9 421	-	3 630	7 064	4 716	2 348	49.8%	9 421
Vote 5 - Public safety			-	11 815	-	1 703	4 823	5 907	(1 084)	-18.4%	11 815
Vote 6 - Planning and development			-	3 811	-	166	377	1 905	(1 529)	-80.2%	3 811
Vote 7 - Road transport			-	16 961	-	2 984	9 021	8 475	546	6.4%	16 961
Vote 8 - Energy sources			-	26 881	-	2 232	14 920	13 441	1 480	11.0%	26 881
Vote 9 - Waste management			-	2 042	-	376	492	1 021	(529)	-51.8%	2 042
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	-	124 600	-	16 554	65 270	62 300	2 970	4.8%	124 600
Surplus/ (Deficit) for the year		2	-	36 369	-	25 120	33 712	18 185	15 527	85.4%	36 369

2018/19 Mid – Year Budget and Performance Assessment Report

KZN285 Mthonjaneni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

KZN25 Municipality - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		11 431	13 850	–	708	7 400	6 925	475	7%	13 850
Service charges - electricity revenue		19 976	25 512	–	1 726	7 760	12 756	(4 996)	-39%	25 512
Service charges - water revenue		–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		1 496	1 803	–	132	790	901	(112)	-12%	1 803
Service charges - other		513	–	–	–	–	–	–	–	–
Rental of facilities and equipment		227	171	–	17	83	85	(2)	-2%	171
Interest earned - external investments		1 367	1 200	–	57	231	600	(369)	-62%	1 200
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		10 165	5 000	–	0	0	2 500	(2 500)	-100%	5 000
Licences and permits		1 672	2 881	–	63	702	1 441	(738)	-51%	2 881
Agency services		–	–	–	–	–	–	–	–	–
Transfers and subsidies		79 370	76 672	–	28 372	57 916	38 336	19 580	51%	76 672
Other revenue		1 066	1 133	–	–	147	566	(420)	-74%	1 133
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		127 282	128 221	–	31 077	75 029	64 110	10 919	17%	128 221
Expenditure By Type										
Employee related costs		42 913	48 580	–	6 013	24 591	24 290	301	1%	48 580
Remuneration of councillors		7 637	7 886	–	697	2 493	3 943	(1 450)	-37%	7 886
Debt impairment		–	2 300	–	–	–	1 150	(1 150)	-100%	2 300
Depreciation & asset impairment		15 245	5 252	–	–	–	2 626	(2 626)	-100%	5 252
Finance charges		–	–	–	–	–	–	–	–	–
Bulk purchases		21 541	24 500	–	1 079	12 300	12 250	50	0%	24 500
Other materials		–	1 252	–	32	135	626	(491)	-78%	1 252
Contracted services		5 788	18 094	–	4 860	14 785	9 047	5 738	63%	18 094
Transfers and subsidies		–	–	–	–	–	–	–	–	–
Other expenditure		50 449	16 737	–	3 872	10 966	8 368	2 598	31%	16 737
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Expenditure		143 573	124 600	–	16 554	65 270	62 300	2 970	5%	124 600
Surplus/(Deficit)		(16 291)	3 620	–	14 523	9 759	1 810	7 949	0	3 620
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–
(National / Provincial and District)		32 278	32 749	–	10 598	23 953	16 375	7 578	0	32 749
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		15 987	36 369	–	25 120	33 712	18 185	–	–	36 369
Taxation		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		15 987	36 369	–	25 120	33 712	18 185	–	–	36 369
Attributable to minorities		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		15 987	36 369	–	25 120	33 712	18 185	–	–	36 369
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year		15 987	36 369	–	25 120	33 712	18 185	–	–	36 369

2018/19 Mid – Year Budget and Performance Assessment Report

KZN285 Mthonjaneni - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		1 529	9 473	–	7 781	9 473
Call investment deposits		2 151	16 524	–	–	16 524
Consumer debtors		5 573	4 283	–	28 481	4 283
Other debtors		41 461	26 594	–	12 900	26 594
Current portion of long-term receivables		–	–	–	–	–
Inventory		544	419	–	2 184	419
Total current assets		51 258	57 293	–	51 346	57 293
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		112	2 327	–	–	2 327
Investments in Associate		–	–	–	–	–
Property, plant and equipment		351 367	281 254	–	323 264	281 254
Agricultural		–	–	–	–	–
Biological		1 506	2 793	–	–	2 793
Intangible		35	81	–	–	81
Other non-current assets		1	1	–	–	1
Total non current assets		353 020	286 456	–	323 264	286 456
TOTAL ASSETS		404 278	343 749	–	374 610	343 749
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		1 081	1 052	–	1 067	1 052
Trade and other payables		12 759	12 922	–	26 796	12 922
Provisions		3 261	579	–	3 220	579
Total current liabilities		17 101	14 553	–	31 083	14 553
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		7 868	7 379	–	6 088	7 379
Total non current liabilities		7 868	7 379	–	6 088	7 379
TOTAL LIABILITIES		24 969	21 932	–	37 172	21 932
NET ASSETS	2	379 310	321 817	–	337 438	321 817
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		379 310	321 817	–	337 438	321 817
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	379 310	321 817	–	337 438	321 817

2018/19 Mid – Year Budget and Performance Assessment Report

KZN285 Mthonjaneni - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		12 590	8 310	-	403	5 716	4 155	1 562	38%	8 310
Service charges		23 294	23 487	-	1 175	9 978	11 744	(1 765)	-15%	23 487
Other revenue		-	9 185	-	136	802	4 592	(3 790)	-83%	9 185
Government - operating		79 370	79 371	-	23 660	53 235	53 235	-		79 371
Government - capital		32 278	32 749	-	13 000	29 000	29 000	-		32 749
Interest		1 367	1 200	-	102	393	600	(207)	-35%	1 200
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(123 766)	(117 015)	-	(16 554)	(65 919)	(58 508)	7 412	-13%	(117 015)
Finance charges		-	-	-	-	-	-	-		-
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		25 133	37 287	-	21 923	33 206	44 818	11 613	26%	37 287
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current debtors		-	8 500	-	-	-	-	-		8 500
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(41 735)	(36 339)	-	(8 770)	(25 274)	(18 170)	7 105	-39%	(36 339)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(41 735)	(27 839)	-	(8 770)	(25 274)	(18 170)	7 105	-39%	(27 839)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		(16 602)	9 448	-	13 152	7 932	26 649			9 448
Cash/cash equivalents at beginning:		20 282	(6 551)	-		3 680	(6 551)			3 680
Cash/cash equivalents at month/year end:		3 680	2 897	-		11 612	20 098			13 128

Quality Certificate

I, Philani P. Sibiya the Municipal Manager of **Mthonjaneni Local Municipality**, hereby certify that –


- the monthly budget statement
- quarterly report on the implementation of the budget and financial state affairs of the municipality
- mid – year budget and performance assessment

for the month of December of 2018 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name P.P Sibiya

Municipal manager of Mthonjaneni Local Municipality KZN285

Signature



Date 17/01/2019

