

ITEM NO.	SUBJECT	REF
	CONSOLIDATED MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT 2017/18	

REPORT TO: COUNCIL

DATE: 24 JANUARY 2018

DIRECTORATE: FINANCE

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1. PURPOSE

To report to Council the 2017/18 mid-year budget and performance assessment for the period 1 July 2017 to 31 December 2017 in terms of section 72 of the Municipal Finance Management Act of 2003.

2. DELIBERATION(S)

2.1 Background

Section 72(1) of the MFMA Act states 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 taking account the following:

- The monthly statements referred to in Section 71 for the first half of the financial year
- 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
- The past year's annual report and progress on resolving problems identified in the annual report
- The performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms Section 88 from any entities and
- Submit a report on such assessment to the Mayor of the Municipality, the National Treasury and the relevant Provincial Treasury.

Section 54(f) of the MFMA requires the Mayor to then table this report to Council by 31 January each year.

Section 72(3) of the MFMA further requires that the Accounting Officer must, as part of the mid-year review

- Make recommendations as to whether an adjustment is necessary and
- Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

These assessments are to provide a high level report regarding the state of the municipality and implementation of the budget. In addition, monthly reports are tabled in terms of section 71 of the MFMA.

The mid-term budget and performance assessment is now being tabled to apprise council of the financial status as well as the status of operations within the municipality as well as its entity. (Consolidated report)

Provincial Treasury has issued circulars pertaining to the reporting method used when the mid- term budget assessment report is tabled at Council. The circulars also require the municipality to submit consolidated information with that of its entity. The information contained in this item covers both the district as well as the entity.

2.2 DISCUSSION

The report will be split in two parts, namely iLembe District Review and iLembe Enterprise Review. However the actuals on the report are consolidating both the district and the municipal entity.

2.2.1 ILEMBE DISTRICT AND MUNICIPAL ENTITY REVIEW

The report will be discussed under the following broad headings:

2.2.1.1 Budget Implementation Review

B1 Revenue Collection

B1.1 Implementation of the credit control policy

B1.2 Data Cleansing

B1.3 Indigent Support

2.2.1.2 FINANCIAL MANAGEMENT REVIEW

2.2.1.3 MID TERM PERFORMANCE REVIEW

PART 1 – IN YEAR REPORT

A - MAYOR'S REPORT

- To be tabled at the meeting

B – RESOLUTIONS/ RECOMMENDATIONS

1. That Council adopt the consolidated mid-year budget and performance assessment in terms of section 72 and 88 of the MFMA, as set out in the C Schedules annexured hereto as follows:

Table C1	Monthly budget statement summary
Table C2	Monthly budget statement: Financial Performance
Table C3	Monthly budget statement: Financial Performance (revenue and expenditure by municipal vote)
Table C4	Monthly budget statement: Financial Performance (revenue and expenditure)
Table C5	Monthly budget statement – Capital Expenditure (municipal vote, standard classification and funding)
Table C6	Monthly budget statement: Financial Position
Table C7	Monthly budget statement: Cash Flow

2. That the in-year budget reports together with supporting documentation submitted in terms of section 71 of the Municipal Finance Management Act No 56 of 2003 be noted.
3. That due to the amendment required on sewer service charges, the need to revise expenditure, and other experiences in the implementation of the budget, an adjustments budget process in terms of section 28 of the MFMA be prepared.
4. That the summary of past year's annual report, progress on resolving problems identified in the annual and audit reports annexured hereto be noted.

C – EXECUTIVE SUMMARY

Implementation of the budget

The 2017/18 approved budget is implemented in accordance with the Municipal Budget & Reporting Regulations and within the Council approved budget tabled on May 2017. Considering the past economic distress and natural ILembe District Municipality continues to implement austerity measures on its 2016/17 approved budget.

Although there is a slight improvement, the slow growing revenue collection rate was of a great concern in the first six month of 2017/18 financial year.

C.1 Revenue collection

With the economic volatility and an increase on billing revenue collection grows at a low rate. Although is however slight improvement on the month to month collection rate considering such limitations. The highest rate during the first six months was 76%. In the month of December 2017 monthly collection rate was sitting at 51% which is 11% below the 62% achieved in December 2016. The year to date average collection rate achieved positive results, sitting at 57% at mid-year ending 31 December 2017. Although the level of collection rate as at December is low, there is an improvement in rand value of billing versus collection when compared to December 2016.

Although there is a down slope on revenue collection rate, billing has been increasing and this is impacting the balance on consumer debtors owing, and this impacts negatively on the implementation of the budget as expenditure relies so much on what is collected at the end of the each month. This also contributes to the huge increase in debtors annually, which is detrimental to the district. This would then mean that the municipality should decrease on expenditure on a monthly basis and concentrate on collection measures.

Revenue collection is a priority in the District, this subject is often discussed on municipal structures. A Financial Recovery Plan was established to turn the situation around. A task team was formed in October 2016 to effectively

implement the plan mainly consisting of revenue enhancement and protection, debt collection and cost containment strategies as well as how modern strategies can be maximised in the course of conducting municipal business in order to enhance operational efficiencies.

C.1.1 Implementation of prepaid intelligent meters

This project was introduced with an aim of increasing revenue collection and to reduce outstanding debtors and bad debts. Prepaid meters are installed with a smart device and consumers buy prepaid water as they do with electricity.

Project was initiated towards the end of 2012/2013 financial. The project is continuous, mainly due to the fact that the District is outstretched and limitation of resources to invest in the project. Prepaid meters are installed in different wards in KwaDukuza, Mandeni, Ndwedwe and Maphumulo. To date, the municipality has installed 21 246 prepaid meters in the district.

Furthermore, the District continues to assess advanced and effective ways to gain more value from the use of the prepaid meters.

C.1.2 Implementation of the credit control policy

The credit control is being enforced in the following manner:

- Businesses are being restricted/disconnected when payment is not received,
- Restrictions are also being done for residential consumers
- Outstanding debt is also being handed over to a debt collector,
- For government debt, National and Provincial Treasury and Provincial Co-operative Governance and Traditional Affairs (COGTA) is assisting with collection;

C.1.3 Data Cleansing

- The consumer data that the district has, is compared to that of the family of municipalities within the district in order to check consistency in information and billing.
- Where there are discrepancies, a physical verification is performed,

- Water and sewer accounts have been consolidated, which allows the district to disconnect or restrict when payment is not received, as well as allocation of payments to both sewer and water accounts.
- The cleansing of data will assist in improving the quality of billing information.

C.1.4 Indigent Support

The Indigent benefit is fully functional at IDM and the Register is growing steadily and the growth is low. However the budget was increased in the current financial year. Our policy grant us the right to use the Local Municipalities register.

- Economic profiling and risk analysis of households is done periodically,
- This analysis will also be used to identify people who are possibly indigent and those targeted households will be visited in order to ascertain whether those people are really indigent (they will be requested to fill the application forms and submit all relevant documentation and will be assessed according to the criteria of being indigent).

2.2.1 ILEMBE DISTRICT AND MUNICIPAL ENTITY REVIEW

Please note that for the purposes of the discussions that follow, all amounts have been rounded off to the nearest hundred thousand rand. Exact amounts can be obtained from the budget extract that has been appended to this item.

Month to date Actuals

The Operational Revenue for the month of December 2017 was to R 161.8 million and the Operating Expenditure was R 66.4 million. The operating surplus for the month of December was R 95.3 million

This surplus is attributable to the method or period used to record receipt of the equitable share on the accounting system/ income statement. The second trench amounting to R 139.9 million was received and realised in December 2017 while it should have been even in four months from December 2017 to March 2018. The receipt of the grant is only recognised in the month of December, thereby inflating operational revenue in the month and this result in the over-statement of revenue in December. Should the grant be even amongst the four months, December operations could have resulted in a deficit of R 19.5 million.

Year to date Actuals

For the period ended 31 December 2017, the year-to-date municipal operational revenue realised was R 412.1 million while the expenditure on operations was R 284.5 million, as a result, operations in the mid-year financial performance resulted in an operating surplus of R 127.6 million. And the overall surplus including conditions met on capital expenditure grants was R 295.8 million.

The following Table C4 – Financial Performance reflect the overall financial performance for 31 December 2017, and below the table are the explanations for variances that are over or under by the 10% threshold.

DC29 iLembe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	2016/17	Budget Year 2017/18						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Service charges - water revenue	88,882	98,973	7,271	47,111	49,486	(2,375)	-5%	98,973
Service charges - sanitation revenue	45,800	57,122	3,226	19,258	28,561	(9,303)	-33%	57,122
Service charges - refuse revenue								
Service charges - other	1,955	2,942	(74)	(630)	1,471	(2,101)	-143%	2,942
Rental of facilities and equipment	85	156		3	78	(75)	-96%	156
Interest earned - external investments	3,108	1,944	170	1,996	972	1,024	105%	1,944
Interest earned - outstanding debtors	18,998	19,323	1,276	7,630	9,661	(2,031)	-21%	19,323
Agency services	2,028	1,483	-	484	741	(258)	-35%	1,483
Transfers and subsidies	385,967	441,250	149,820	325,626	220,625	105,001	48%	441,250
Other revenue	15,668	22,642	171	10,678	11,321	(643)	-6%	22,642
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)	562,491	645,833	161,860	412,156	322,917	89,239	28%	645,833
Expenditure By Type								
Employee related costs	185,750	204,889	15,909	101,323	102,445	(1,122)	-1%	204,889
Remuneration of councillors	8,584	11,809	1,049	4,633	5,905	(1,272)	-22%	11,809
Debt impairment	40,241	44,232	3,686	22,116	22,116	(0)	0%	44,232
Depreciation & asset impairment	90,431	76,970	-	25,647	38,485	(12,838)	-33%	76,970
Finance charges	9,977	10,906	3,912	6,626	5,453	1,173	22%	10,906
Bulk purchases	75,803	84,466	13,745	37,149	42,233	(5,084)	-12%	84,466
Other materials	32,142	54,377	6,900	14,688	27,189	(12,501)	-46%	54,377
Contracted services	61,505	42,160	8,429	29,175	21,080	8,095	38%	42,160
Transfers and subsidies	7,363	15,789	2,872	9,934	7,895	2,040	26%	15,789
Other expenditure	97,320	96,347	9,994	35,759	48,173	(12,414)	-26%	96,347
Loss on disposal of PPE								
Total Expenditure	609,116	641,947	66,497	287,051	320,973	(33,922)	-11%	641,947
Surplus/(Deficit)	(46,625)	3,887	95,363	125,105	1,943	123,161	0	3,887
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	376,947	392,626	166,207	168,207	196,313	(28,106)	(0)	392,626
Transfers and subsidies - capital (monetary allocations) (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	330,323	396,513	261,570	293,312	198,256			396,513
Taxation								
Surplus/(Deficit) after taxation	330,323	396,513	261,570	293,312	198,256			396,513
Attributable to minorities								
Surplus/(Deficit) attributable to municipality	330,323	396,513	261,570	293,312	198,256			396,513
Share of surplus/ (deficit) of associate								
Surplus/ (Deficit) for the year	330,323	396,513	261,570	293,312	198,256			396,513

REVENUE BY SOURCE

i) Service Charges

Services charges refer to revenue billed to customers for water and sanitation services provided to them.

- Service Charges – Water Revenue

The service charges - other was billed at R 47.1 million which is 5% below the anticipated billing (R 49.4 million). The variance is within the acceptable level, however

the municipality continues with the processes of improving billing. Water billing is increasing at a fair pace. This significant improvement is attributable to the progress of billing new areas and the outcome of improving the consumer database.

Water Service charges is broken down as follows:

Prepaid meters generate 25% of the total service charges revenue. There was although a 3% decrease on prepaid sales when compared to year to date period ended 31 December 2017.

Service	Revenue December 2017	Percentage December 2017	December 2016
Prepaid Water	R 11.4 Million	25%	27%
Conversional	R 35.6 Million	75%	73%
Total	R 47 Million	100%	100%

- **Service Charges – Sanitation Revenue**

Service charges - sanitation was billed at R 19.2 million, this resulted on 33% variance below target of R 28.5 million. The variance is attributable to the structure of charging consumers on sanitation that changed from consumption method to property valuation method.

On the 2017/18 approved budget, the sewer tariff structure on sanitation charges was amended from consumption to valuation basis. A concern was received by various category of consumers, dominantly the business sector that this structure is not economic to them. A task team was formed to resolve the matter. There will be an adjustment to the sewer tariff arising from stakeholder engagements between the municipality, consumers and COGTA, however implementation will be effected during the adjustments budget. This will have an impact on the overall revenue.

- Service Charges - Other

Other service charges is made up of various items of revenue including; new connection fees, availability charges, water tanker charges, sewer disposal fees, etc. as per the approved budget. No transactions were realised on this category, resulting on 143% below target to the year to date budget of R 1.4 million. Collection on this category vary from month to month.

ii) Rental of Facilities and Equipment

This is an income from renting out of the IDM Auditorium Hall to the public for events. Billing as at end of December 2017 was R 3 thousand which is 96% below anticipated budget. Booking of the hall is seasonal, however the rate of bookings has been unfavourable. The item may need to be adjusted downwards in case of an adjustments budget.

iii) Interest Earned - External Investments

This item depends on funds invested by the municipality, it is an interest rates derived from the financial institutions through such investments. As at the end of December 2018, the total interest recognised was R 1.9 million which is 105% above anticipated target (R 972 thousand). The increase is attributable to the grants received in the month of December (equitable share) and unspent grants as per the grants schedule which attracted interest.

iv) Interest Earned – Outstanding Debtors

This is the interest charged on consumer accounts in arrears. As at the end of December 2017, the billing was R 7.6 million, which is 21% below the anticipated budget of R 9.6 million. The variance is not significant, considering the level of the debt book. Furthermore, this item will vary from time to time considering different consumption patterns.

v) Agency Service Fees

Agency fees refer to funds collected on behalf of other organisations and in this case relates to Siza Water Concession. Revenue on this category was billed at R 484 thousand and the variance was 35% below the anticipated budget of R 741 thousand.

vi) Other Revenue

The actual revenue for the period ending 31 December 2017 on this category was R 10.6 million which translate to 6%% below targeted expenditure of R 11.3 million. This variance is within the acceptable level, however there are items within the category with low collection, items such as developer's contribution whereby income from it is impacted by the developments within the district. Other items with low income include clearance certificates, recoveries from Enterprise iLembe which the municipal has no direct control over. Funding of the national schools nutrition programme is allocated as other revenue on consolidation.

The status on the National Schools Nutrition Programme

Enterprise iLembe is contracted by the Department of Education to supply fresh produce vegetables and fruits to schools within the district. To achieve this milestone, Enterprise iLembe has had to set up the infrastructure for the project in the form of storage, sorting and transportation of the vegetables.

This programme sees 406 schools comprising of 168 000 Learners receiving a variety of vegetables and fruits on a weekly basis throughout the school calendar year. These vegetables include, carrots, butternuts, onions, tomatoes, cabbages, spinach and green beans. Some commodities are difficult to find the full required quantities locally. It is therefore critical to continue providing a range of support to the farmers as alluded to in the open fields' project above to see the volumes and quantities coming from local small scale farmers grow.

The Department of Education (DOE) had paid for invoices up to and including September 2017, the only amount outstanding was R2, 3 m for the period covering October 2017. This was to be paid over during the month of January 2018, according to the feedback that was received from the department.

The 24% variance over budget on this item relates to the fact that the budget was approved before the department finalized the revised rate per child, hence the budget was done using the old rate. This will be adjusted during the adjustments budget process.

viii) Transfers and subsidies

This category records the recognition of operational grants including the equitable share received to date. Two tranches of equitable share were received in the first quarter totalling R 314.8 million:

- R 174.8 million – July 2017
- R 139.9 million – December 2017

The actual revenue for the period ended 31 December 2017 on this category was R 325.6 million resulting to 48% variance above target (R220.6 million). The variance is attributable to method used to record receipt of the equitable share on the accounting system/ income statement. The second trench amounting to R 139.9 million was received and realised in December 2017 while it should be even four months from December 2017 to March 2018. The receipt of the grant is only recognised in the month of December, thereby inflating operational revenue in the month and this result in the over-statement of revenue in December. Should the grant be even amongst the four months, December operations could have resulted in a deficit of R 19.5 million.

EXPENDITURE BY TYPE

i) Remuneration of councillors

The actual expenditure for the period ending 31 December 2017 was R 6.3 million resulting in variance of 22% below targeted expenditure of (R 5.9 million). The budgeted amount is inflated considering a decision on councillors' sitting allowances which was concluded after the budget was approved. This will be corrected during the adjustments budget. Furthermore, a determination of upper limits gazette (No. 41335) was received in December and has resulted on an increase of between 5% and 6% according to different salary bands of councillors. The gazette was implemented from December 2017.

ii) Depreciation and Asset Impairment

This category records the actual depreciation and asset impairment as per the requirements of GRAP and MFMA. This is a non-cash item and will therefore not affect cash flow. The actual as at 31 December was R 25.6 million, resulting on a 33% variance below six month target of R 38.4 million which is a provision. The impairment

of assets is done once annual and that will determine the realistic impairment against the provision on the budget. The variance on depreciation is a result of more projects being within the category of Asset under Construction in the current financial year. As it stands the budget on this category will not be adjusted upward.

iii) Finance Charges

This is an interest paid by the municipality to Financial Institutions for money borrowed by the municipality from those institutions. The variance as at end of December 2017 was at R 5.4 million which resulted to positive variance 22% from the six months anticipated expenditure of R 5.4 million. This mean more finance charges were paid in the first half of the year.

iv) Bulk Purchase

This category of expenditure refer to water bulk purchases. The actual expenditure as at 31 December 2017 was R 37.1 million resulting on an unfavourable variance of 12% to the six months anticipated expenditure of R 42.2 million. Expenditure on this category varies from month to month depending on consumption. This is however favourable considering the austerity measures.

- Other Materials

This item refers to the expenditure relating to repairs and material expenditure. As at the end of December 2017, the actual expenditure was at R 14.6 million when compared to the anticipated expenditure of R 27.1 million the variance resulting on a negative 46%. The variance is due to issue of stock for repairs and maintenance, ther votes which were not yet captured on the system arising from the method used to issue stock, there however a process now put in place for an automatic stock request from the system.

v) Contracted Services

This item refers to services outsourced by the municipality such as Plant Hire, Security services, insurances etc. Actual expenditure was R 29.1 million resulting on a 38% positive variance when compared to the six month's target of R 21 million. The variance is favourable however, caution should be applied when spending on this category. The

main item includes plant hire, whereby a demand for water distribution was more than expected. Moreover, the budget was significantly decreased to meet the austerity measures. These items will be considered during adjustment budget where necessary.

vi) Transfers and Grants

Expenditure on this category refer to construction of VIP toilets at Mandeni, Ndwedwe and Maphumulo. This is MIG grant funded item. The actual expenditure was R 9.9 million, which translate to a variance of 25% above the six months target of R 7.9 million. The progress on the project is good, mainly due to the fact that contractors were appointed in the previous financial year.

vii) Other Expenditure

This category of expenditure includes a number of items with varying trend of expenditure from month to month, depending on the municipal operational need. As at 31 December 2017, the actual expenditure was R 35.7 million versus a target of R 48.1 which translates to 26% below anticipated expenditure, this variance is attributable to austerity measures currently enforced by the municipality in to address the cash flow challenges. Nevertheless, there are items which should be revised during the adjustments budget to cater for the revenue adjustment on sewer service charges

The overall Operating expenditure variance was at 15% below target.

This variance is fair considering increasing demand for operations. In addition, the implementation which is mainly due austerity measures as well as some reasons mentioned-above.

viii) Focus Areas on Expenditure

These items are possible areas requiring adjusting and analysis where an adjustment budget is considered:

- Overtime appears to be way out of control showing that 75% of the annual budget allocation has already been spent within 6 months into the year. Should this trend continue without being properly addressed, the Municipality will need to adjust overtime expenditure upward by R1.9 mil as the full year forecast

stands at R5.9 mil compared to R4mil budgeted originally. The latter scenario cannot be encouraged bearing in mind the current financial constraints.

- Although it is still early in the year but forecasted expenditure on Fuel & Oil already show signs of over expenditure by 30 June 2018 year end which indeed is a worrying sign.
- There will be an adjustment to the sewer service charges arising from engagements between the municipality concerning the tariff, consumers and COGTA, however implementation will be effected during the adjustments budget. This will have an impact on the overall revenue and expenditure has to be cut to accommodate.

D - IN-YEAR BUDGET STATEMENT TABLES

The in- year budget statement tables are attached as **Annexure A** to the item as follows:

Part 1

- C1 – Monthly budget statement summary
- C2 – Monthly budget statement: Financial Performance (standard classification)
- C3 – Monthly budget statement: Financial Performance (revenue and expenditure by municipal vote)
- C4 – Monthly budget statement: Financial Performance (revenue and expenditure)
- C5 – Monthly budget statement – Capital Expenditure (municipal vote, standard classification and funding)
- C6 – Monthly budget statement: Financial Position
- C7 – Monthly budget statement: Cash Flow

Part 2

The supporting documentation has been submitted as follows:

- SC1 – Material variance explanation
- SC2 – Performance indicators
- SC3 - Debtors' Analysis
- SC4 - Creditors' Analysis
- SC5 - Investment portfolio analysis
- SC6 - Allocation and grant receipts and expenditure
- SC7 – Allocation and grant expenditure
- SC8 – Expenditure on council and employee benefits
- SC9 – Actuals and revised targets for cash receipts
- SC10 – Parent Municipality Financial Performance

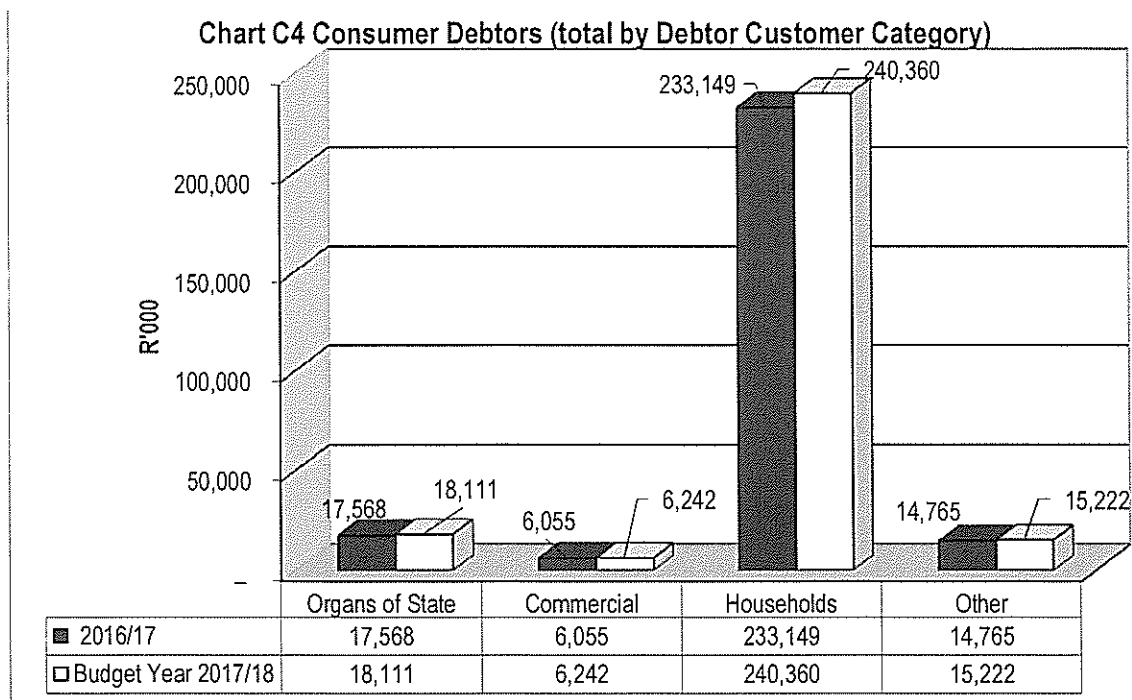
- SC11 – Summary of municipal entity
- SC12 – Capital Expenditure trend
- SC13a _ Capital expenditure on new assets by asset class
- SC13b – Capital expenditure on renewal of existing assets by asset class
- SC13c – Expenditure on repairs and maintenance by asset class
- SC13d – Depreciation by asset class
- Municipal Manager’s quality certification

PART 2 – SUPPORTING DOCUMENTATION

a) DEBTORS AGE ANALYSIS

The debtors’ age analysis is attached as a supporting schedule, SC3. Total gross debtors owed was R 279.9 million. The revenue growth was sitting at 19% at mid-year (15% December 2016). The collection rate experienced a slight improvement the reported period, however due at the end of December it was sitting at a low 57%. Improving the collection rate forms part of the Financial Recovery Plan that is currently in place which includes the services of a debt collector.

The trend on debtors’ age analysis is attached as a supporting table below:



Debtors

	Budget Year 2016/17
	R'000
Organs of State	18,111
Commercial	6,242
Households	240,360
Other	15,222

b) CREDITORS AGE ANALYSIS

The creditors' age analysis is attached as a supporting schedule, SC4. It will be noted that the report reflects balances owed to creditors from 0 up to over 120 days, which has reduced to date. Management is continuously working on finalizing and resolving long outstanding queries with the affected suppliers. The balances reflected will be reduced over time as queries get resolved.

Unpaid creditor invoices as at the end of December 2017 accounted for R26,4mil which translated into **27 creditors days** compared to **31 creditors days** in December 2016. While this symbolizes great improvement in terms of efficiency to pay creditors on time, it should be noted that the remarkable reduction of unpaid creditors invoices during the period under review was largely impacted by the receipt of equitable share funds received in the first week of December enabling clearance of a large portion of previously unpaid invoices. Long term solution to the currently existing challenge is highly dependent on improving the liquidity position.

- o With most of equitable share funds depleted, it is anticipated that the Municipality will experience yet another challenging period between January and February 2018, during which time very limited creditors invoices will be paid;

During this time, management will ensure that all critical expenditures including small emerging contractors, salaries and statutory obligations will be paid. Management will continue prioritizing this in order to ensure that delivery of service is not hampered by non-payment of services and/or goods supplied.

c) **INVESTMENT PORTFOLIO ANALYSIS**

As at 31 December 2017, the total investments made by the District equates to R 157.6 million. This is R 95 million more than the R62.5 million reported in the first quarter of 2017/18. Investments include grants various sources, the portfolio is as follows:

DC29 iLembe - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year Assessment

	Type of Investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month	Source
Investment 1	Call Account	0		1	(0)	1	
Investment 2	Call Account	537		15,950	4,156	20,107	RBIG
Investment 3	Call Account	364		789	30,657	31,446	MIG
Investment 4	Call Account	153		19,649	59,895	79,544	WSIG/FMG/ENERGY EFFICIENCY
Long term Investment	Zero Coupon	357		26,167	361	26,529	LONG TERM INVESTMENT - ZERO COUPON
Total		1,411		62,556	95,069	157,626	

Investments on the District's portfolio are already committed into projects in the approved budget in the form of grants. There were no grant rollovers from the previous years included on these on investments.

The municipality currently has a fifteen (15) year loan commitment with ABSA amounting to R30million which expires in May 2020. The loan is secured by a sinking fund investment with ABSA currently valued at R26 million which appears Zero Coupon Investment.

d) ALLOCATION, GRANTS RECEIPTS AND EXPENDITURE

DC29 iLembe - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment

Description	Budget Year 2017/18					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Operating expenditure of Transfers and Grants						
National Government:	441,250	35,049	217,245	220,625	(3,380)	-2%
Local Government Equitable Share	419,734	34,978	209,867	209,867	-	
Finance Management	1,250	71	468	625	(157)	-25%
Rural Transport Services and Infrastructure	2,266		-	1,133	(1,133)	-100%
MIG Funded	18,000		6,910	9,000	(2,090)	-23%
Total operating expenditure of Transfers and Grants:	441,250	35,049	217,245	220,625	(3,380)	-2%
Capital expenditure of Transfers and Grants						
National Government:	392,626	20,007	168,207	196,313	(25,106)	-13%
Municipal Infrastructure Grant (MIG)	178,126	14,870	99,041	89,063	9,978	11%
Regional Bulk Infrastructure	145,000	2,175	45,161	72,500	(27,339)	-38%
EPWP	1,000	450	700	500	200	40%
Energy Efficiency and Demand Side Management G	6,000			3,000		
WSIG	62,500	2,513	23,305	31,250	(7,945)	-25%
Other grant providers:	-	-	200	-	200	#DIV/0!
NATIONAL LOTTERY			200		200	#DIV/0!
Total capital expenditure of Transfers and Grants	392,626	20,007	168,407	196,313	(24,906)	-13%
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	833,876	55,056	385,652	416,938	(28,286)	-7%

The Division of Revenue Bill approved municipal grants for the District was R 833.8 million both Operational and Capital appropriation, at the end of December 2017 the total expenditure was R 385.6 million. Operational grants inclusive of equitable share was 2% below anticipated six months expenditure. Overall, the capital expenditure grants variance was 13% below anticipated expenditure (R 196.3 million) on grants.

The variance on other grants is attributable to:

- Energy Efficiency and Demand Side Management Grant – The project started in December. Training and audit report was done by 31 December 2017. The first invoice will be submitted in January 2018. The budget will not be adjusted downward.
- Rural Transport Services and Infrastructure – Payment on this project will be processed on the third quarter (January 2018). No rollover is anticipated on this grant/ project.

i) Municipal Infrastructure Grants (MIG)

The Year to date expenditure as at 31 December 2017 was R 99 million, resulting in a positive variance of 11% when compared to a half year target of R 89 million. There are no anticipated rollovers on MIG during the adjustments budget, however movements would be done within projects where necessary, in compliance with the MFMA and SCM policy.

ii) Water Services & Infrastructure Grant

The Year to date expenditure as at 31 December 2017 was R 99 million, resulting in a positive variance of 11% when compared to a half year target of R 89 million. There are no anticipated rollovers on MIG during the adjustments budget, however movements would be done within projects where necessary, in compliance with the MFMA and SCM policy.

As per the annual procurement plan report for period ended 31, there were 16 projects on the plan and the progress is as follows:

- One project has not commenced the procurement process.
- 13 projects are currently at the Bid Evaluation Committee.
- Two projects have been advertised and are closing 25th Jan 2018.

Considering speeding of the bidding process, expenditure is should increase in the second half of the financial year. No adjustment on the total allocation of the projects are anticipated at compilation of this report.

e) EXPENDITURE ON COUNCILLOR AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

i) Councillor and Board members allowances

Council remuneration in the first half year was R 4.3 million while board members' fees were R 256 thousand as a result, the council variance was 21% below target.

ii) Employee benefits

The total employee related consolidated expenditure for the period equates to R 101.3 million, while the half year budgeted expenditure was R 102.4 million, as a result the variance was 1%. The total breakdown is as follows:

DC29 iLembe - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment

Summary of Employee and Councillor remuneration	2016/17	Budget Year 2017/18					
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands	A	B					
Councillors (Political Office Bearers plus Other)							
Basic Salaries and Wages	6,048	7,989	721	3,229	3,994	(765)	-19%
Pension and UIF Contributions	160	197	23	105	98,343.36	7	7%
Medical Aid Contributions	-	-	-	-	-	-	-
Motor Vehicle Allowance	1,293	1,459	150	718	729,397.90	(11)	-2%
Cellphone Allowance	413	361	155	324	180,402.00	143	79%
Housing Allowances	111	-	-	-	-	-	-
Other benefits and allowances		1,130			565,232.83	(565)	-100%
Sub Total - Councillors	8,025	11,135	1,049	4,377	5,568	(1,191)	-21%
Senior Managers of the Municipality							
Basic Salaries and Wages	4,685	5,981	250	1,485	2,990	(1,505)	-50%
Pension and UIF Contributions	79	95	7	42	48	(5)	-11%
Performance Bonus	160	589	-	160	295	(135)	-46%
Motor Vehicle Allowance	500	442	31	176	221	(45)	-20%
Cellphone Allowance		103			51	(51)	-100%
Other benefits and allowances	8	-	0	3	-	3	#DIV/0!
Sub Total - Senior Managers of Municipality	5,433	7,209	289	1,866	3,605	(1,739)	-48%
Other Municipal Staff							
Basic Salaries and Wages	112,634	140,274	10,892	65,791	70,137	(4,346)	-6%
Pension and UIF Contributions	14,393	16,644	1,316	7,978	8,322	(344)	-4%
Medical Aid Contributions	9,451	10,105	785	4,901	5,052	(152)	-3%
Overtime	6,269	5,024	462	3,049	2,512	537	21%
Performance Bonus		8,273	-	-	4,137	(4,137)	-100%
Motor Vehicle Allowance	4,059	4,342	602	2,992	2,171	821	38%
Cellphone Allowance		1,480			740	(740)	-100%
Housing Allowances	1,440	1,619	81	651	809	(158)	-20%
Other benefits and allowances	17,130	5,130	1,981	7,163	2,565	4,598	179%
Payments in lieu of leave		2,357			1,179	(1,179)	-100%
Long service awards		1,223			611	(611)	-100%
Post-retirement benefit obligations		1,485			743	(743)	-100%
Sub Total - Other Municipal Staff	165,377	197,957	16,118	92,525	98,979	(6,453)	-7%
% increase		19.7%					
Total Parent Municipality	178,834	216,302	17,456	98,768	108,151	(9,383)	-9%
Board Members of Entities							
Board Fees	479	674	37	256	337	(81)	-24%
Sub Total - Board Members of Entities	479	674	37	256	337	(81)	-24%
Senior Managers of Entities							
Basic Salaries and Wages		3,798	311	1,864	1,899	(34)	-2%
Medical Aid Contributions			80	480	-	480	#DIV/0!
Overtime		392	33	196	196	-	-
Sub Total - Senior Managers of Entities	-	4,190	423	2,540	2,095	446	21%
Other Staff of Entities							
Basic Salaries and Wages	8,625	11,894	806	4,391	5,947	(1,556)	-26%
Other benefits and allowances	362						
Sub Total - Other Staff of Entities	8,987	11,894	806	4,391	5,947	(1,556)	-26%
Total Municipal Entities	9,467	16,758	1,266	7,188	8,379	(1,191)	-14%
TOTAL MANAGERS AND STAFF	179,797	221,250	17,636	101,323	110,625	(9,302)	-8%

f) **MATERIAL VARIANCES TO THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

Attached as **Annexure B** (Separately Reported) are the Mid Term Performance Assessment Reports and relevant supporting documents as follows:

- 2017/18 Half-Year Performance Report.
- 2017/18 Ilembe District Municipality Organisational SDBIP.
- 2017/18 Municipal Manager's Performance Plan.
- 2017/18 Enterprise Ilembe SDBIP.

The Ilembe District Municipality's overall performance was relatively fair with slow rising performance outline a potential of recovery from the low cash flow challenges, with of course improvements expected in line with the adjustments budget. The report attached deals with the detail as regards the performance of each department.

g) MUNICIPAL ENTITY – ENTERPRISE ILEMBE

The Municipal Entity's Mid-year budget assessment was submitted to the District on 19 January 2017, as Annexure C. The entity's Mid-Year Budget has the following annexures:

- Enterprise Iembe Draft Annual Report
- Enterprise iLembe Organizational SDBIP as at December 2017
- F Schedule December 2017 Budget Statements

i) Budget vs Actual Review

DC29 iLembe - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - Mid-Year Assessment

Description	Ref	Budget Year 2017/18						
		2016/17 Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands								
Revenue By Municipal Entity								
ENTERPRISE ILEMBE								
Service charges - other			-				-	
Rental of facilities and equipment							-	
Interest earned - external investments		63	220	20	100	110	(10)	
Transfers recognised - operational		15,489	24,763	6,017	17,646	12,382	5,264	43%
Other revenue		13,763	16,895	-	10,523	8,447	2,075	25%
Gains on disposal of PPE							-	
Total Operating Revenue	1	29,315	41,878	6,036	28,268	20,939	7,329	35%
Expenditure By Municipal Entity								
ENTERPRISE ILEMBE								
Employee related costs		8,625	15,691	1,034	6,932	7,846	(914)	-12%
Remuneration of Directors		479	674	32	256	337	(81)	-24%
Depreciation & asset impairment		1,386	1,181	117	701	590	111	19%
Other materials			3,218	20	87	1,609	(1,522)	-95%
Contracted services			14,806	2,311	7,201	7,403	(202)	-3%
Transfers and grants		3,762		-	-			
Other expenditure		16,494	6,543	707	2,399	3,272	(872)	-27%
Total Operating Expenditure	2	30,746	42,114	4,221	17,576	21,057	(3,481)	-17%
Surplus/ (Deficit) for the yr/period		(1,431)	(235)	1,817	10,692	(118)	3,849	
Capital Expenditure By Municipal Entity								
ENTERPRISE ILEMBE								
Other assets								
Computers - hardware/equipment		1,378	100	60	60	50		
Other Buildings				30	30		30	#DIV/0!
Total Capital Expenditure	3	1,378	100	90	90	50	40	80%

The approved Enterprise iLembe budget for the 2017/18 financial year was R42m for operational expenses. The capital budget as approved was R100 000 for office furniture and computers.

The surplus as at the end of the December 2017 was R10, 6m, which is largely due to the second tranche of funds that was received from IDM in December 2017 and must cover the agency's expenses for the periods December 2017 to March 2018 before the next one is paid.

ii) Transfers to the Municipal Entity

The total transfers raised in the first six months amounts to R 18.1 million, however the cash transfers amounts to R 16.7 million. The balance remains as creditors and will be paid on the third quarter.

iii) Projects & Management

The agency has to date repaired Bulwer and Mandeni Tunnels. The Mandeni Tunnel started operating in November 2017 and Cucumber have been planted, harvested and sold to Checkers. In the meantime we have advertised for a suitable service provider that is going to repair Maphumulo as it is budgeted for in the current financial year.

a. Retail and Distribution licenses

Both Distribution and Retail Licences are in place and are subject for renewal on an annual basis.

b. Wine processing and bottling

Harvesting and bottling of wine happens on an annual basis. Harvesting happens during the month of February, followed by processing and then bottling at the winery in compensation.

c. Ndwedwe Vineyard

Ndwedwe was re-planted in November 2015 with a red wine cultivar, which should be ready for harvesting in February 2019.

Harvesting in Maphumulo and Mandeni sites is due to take place in February 2018, where all harvested grapes will be processed in a locally established winery.

d. Winery

The agency is currently in the processing of getting ready to sell the existing wine. The wine has been bottled and the review of branding process has been completed.

e. Biodiesel Processing facility:

The agency is in the process of reviewing the project scope which and diverts the project as initially funded by COGTA from establishing a biodiesel processing facility to a biomass processing facility using bio waste and the primary feedstock.

f. Open Fields Project;

Enterprise iLembe supports 20 new farmers that were identified in the beginning of the financial year through the provision of inputs and technical advise. The agency further continues to extend the technical support to the farmers that were introduced into the programme last year and any other farmers within the district that need support and advise.

Enterprise iLembe endeavors to establish projects that are not only sustainable but also ensures that there is sufficient skill transfer to enable the farmer to become self-sufficient entrepreneurs.

g. National School's Nutrition Programme:

Enterprise iLembe is contracted by the Department of Education to supply fresh produce vegetables and fruits to schools within the district. To achieve this milestone, Enterprise iLembe has had to set up the infrastructure for the project in the form of storage, sorting and transportation of the vegetables.

This programme sees 406 schools comprising of 168 000 Learners receiving a variety of vegetables and fruits on a weekly basis throughout the school calendar year. These vegetables include, carrots, butternuts, onions, tomatoes, cabbages, spinach and green beans. Some commodities are difficult to find the full required quantities locally.

It is therefore critical to continue providing a range of support to the farmers as alluded to in the open fields' project above to see the volumes and quantities coming from local small scale farmers grow.

h. iLembe Broadband Masterplan

The iLembe Broadband Masterplan project has been completed comprising of the gap analysis and infrastructure network design, the commercialisation model and the implementation plan highlighting potential projects at a high level. A consultant has been appointed at risk to now further unpack the projects, project package them individually and sourcing funding for their implementation. Projects that are being prioritised are public wi-fi and smart metering system.

i. Ownership Model

The ownership model is now in place and has been workshopped and endorsed at various structures including amakhosi and COGTA as the funders.

h) Capital Expenditure and Funding Sources

DC29 iLembe - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment							
Vote Description	2016/17	Budget Year 2017/18					
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands							
Capital Expenditure - Functional Classification							
<i>Governance and administration</i>	11,558	16,013	653	926	8,007	(7,081)	-88%
Executive and council						-	
Finance and administration	11,558	16,013	653	926	8,007	(7,081)	-88%
Internal audit						-	
<i>Community and public safety</i>	-	-	-	-	-	-	
<i>Economic and environmental services</i>	-	-	-	-	-	-	
Planning and development						-	
Road transport						-	
Environmental protection						-	
<i>Trading services</i>	350,812	338,707	2,022	137,001	169,354	(32,353)	-19%
Energy sources						-	
Water management	325,209	272,751	2,970	116,481	136,375	(19,895)	-15%
Waste water management	25,603	65,956	(948)	20,520	32,978	(12,458)	-38%
Waste management						-	
<i>Other</i>						-	
Total Capital Expenditure - Functional Classification	362,370	354,720	2,675	137,927	177,360	(39,433)	-22%
Funded by:							
National Government	234,173	343,970	2,022	137,001	171,985	(34,984)	-20%
Provincial Government						-	
District Municipality						-	
Other transfers and grants	4,320					-	
Transfers recognised - capital	238,494	343,970	2,022	137,001	171,985	(34,984)	-20%
Public contributions & donations	109,730					-	
Borrowing						-	
Internally generated funds	14,146	10,750	653	926	5,375	(4,449)	-83%
Total Capital Funding	362,370	354,720	2,675	137,927	177,360	(39,433)	-22%

In the month of December 2017, the capital monthly expenditure was R 2.6 million while year to date expenditure was R137.9 million. The year to date anticipated expenditure was R177.3 million, as a result the variance on capital expenditure was unfavourably 22%.

The variance is mainly attributable to projects funded by:

- Regional Bulk Infrastructure Grants - 38% below six months target
- Water Infrastructure & Service Grant - 25% below six months target

The progress of expenditure on internally funded projects was below the anticipated expenditure, sitting at 83%. The variance is mainly due to the austerity measures. Expenditure on grants is progressing positively, however not as per the planned cash flow. To date, no roll over is anticipated.

Expenditure Per classification

Governance and Administration

The total year to date consolidated expenditure was R 926 thousand, which translates to a variance of 88% below the anticipated budget of R 8 million. Majority of projects on this class are funded internally, considering challenges on the District's cash flow, spending on this class will only improve as the situation improves.

Trading Services

The total year to date expenditure was R137 million. When compared to the six months anticipated expenditure (R 169.3 million). The variance on this category was 19% below target. The variance is mainly arising from the water waste projects.

A negative variance of 19% is fair when compared to the volume of projects on the approved budget. As per the annual procurement plan report for period ended 31, there were 16 projects on the plan and the progress is as follows:

- One project has not commenced the procurement process.
- 13 projects are currently at the Bid Evaluation Committee.
- Two projects have been advertised and are closing 25th Jan 2018.

Considering the SCM process, expenditure is expected to increase in the second half of the financial year. No adjustment on the total allocation of the projects are anticipated.

i) Financial Position

The municipality has community wealth of over R2 billion at the reporting date. Nevertheless, the liquidity position of the municipality is still under pressure, due to amongst other things including high consumer debts write-offs caused by the combination of both internal and external factors. There are various interventions to improve the current ratio and this could be achieved by increasing the collection rate to have sufficient cash to service all the municipal debts.

j) Cash Flows

When consolidated with its entity, the municipality closed with a positive cash balance amounting to R 24.8 million.

DC29 iLembe - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	2016/17	Budget Year 2017/18					
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands							
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Service charges	104,613	119,277	8,381	51,322	59,638	(8,316)	-14%
Other revenue	9,271	88,515		3,542	44,258	(40,716)	-92%
Government - operating	385,967	441,250	149,917	236,797	220,625	16,172	7%
Government - capital	394,277	392,626	63,444	295,944	196,313	99,631	51%
Interest	3,108	10,639	170	1,996	5,320	(3,323)	-62%
Payments							
Suppliers and employees	(520,519)	(609,705)	(65,613)	(322,519)	(304,853)	17,666	-6%
Finance charges	(9,977)	(10,906)	(3,912)	(6,626)	(5,453)	1,173	-22%
Transfers and Grants	(7,363)	(15,789)	(2,872)	(9,934)	(7,895)	2,040	-26%
NET CASH FROM/(USED) OPERATING ACTIVITIES	359,377	415,907	149,515	250,522	207,953	(42,569)	-20%
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Decrease (increase) other non-current receivables					-	-	
Decrease (increase) in non-current investments	(1,390)	24,129	(122)	(719)	12,065	(12,783)	-106%
Payments							
Capital assets	(362,439)	(357,720)	(66,827)	(213,926)	(178,860)	35,065	-20%
NET CASH FROM/(USED) INVESTING ACTIVITIES	(363,829)	(333,591)	(66,949)	(214,644)	(166,795)	47,849	-29%
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans					-	-	
Borrowing long term/refinancing					-	-	

Increase (decrease) in consumer deposits						-	-	
Payments								
Repayment of borrowing	(25,594)	(41,737)	(11,314)	(17,306)	(20,869)	(3,563)		17%
NET CASH FROM/(USED) FINANCING ACTIVITIES	(25,594)	(41,737)	(11,314)	(17,306)	(20,869)	(3,563)		17%
NET INCREASE/ (DECREASE) IN CASH HELD	(30,046)	40,578	71,252	18,572	20,289			
Cash/cash equivalents at beginning:	36,143	2,028		6,296	2,028			
Cash/cash equivalents at month/year end:	6,097	42,607		24,867	22,317			

Municipal cash flows had shown a steady improvement at the end of six months (Mid-year) ended 31 December 2017, this is evident from positive cash on hand, sitting at 51 days. When compared to 13 days cash on hand in December 2016, the increase of 75% is recorded.

This was made possible by the receipt of R139mil being 2nd tranche of equitable share. This enabled the Municipality to settle quite a bit of creditor invoices previously not paid, pay salaries as well as putting aside monies to cater for future salary commitments and other critical expenditures.

Overall, the constrained cash flow position remains a major challenge which is threatening the sustainability of the municipality. While noting that the implementation of financial recovery plan spans over a three year horizon, more stringent measures need to be applied immediately and continuously in order to ensure that the current financial year is closed in a much healthier cash flow position. New expenditure commitments currently underway, such as procurement of fleet and security will need to be done mindful of this objective. So as the implementation of energy efficiency which aims at reducing energy costs. Mechanisms to manage telephone and printing costs need to be fast tracked. Other initiatives such as instilling health corporate culture and enforcing employee productivity should remain a priority;

As at 31 December 2017, total invested funds stood at **R157,6mil** broken down as follows:

Zero Coupon Investment securing ABSA Loan	R26mil
Unspent Grant Funds	R73mil
Salaries (January – March 2018)	R48mil
VAT Refunds	R4,8mil
1% of Equitable Share (Cash Reserve)	R3,1mil
Interest on invested funds	R1,1mil

The municipality has the following measures in place in ensuring financial viability:

- Implementation of austerity measures.
- Review of the prepaid meters project to maximise return on investment.
- Monitor the implementation of municipality's financial turnaround strategy and the comprehensive financial recovery plan in support of financial turnaround strategy focusing on the following:
 - Revenue enhancement, protection, and debt collection
 - Implementation of cost containment measures

The year to date collection rate as at 31 December 2017 was sitting at 57%. The increase is attributable to the increase on billing which impacted the percentage of collection, however this is bearing result. The decrease effectively means the municipality has to improve efficiency on its operations and collection measures to improve the collection rate. Credit collection measures are continuously reviewed and aligned with the financial turnaround strategy. Credit control is a standing item on MANCO meetings. A Debt Collector was appointed in December and has commenced work.

Summary of past year's annual report, progress on resolving problems identified in the annual and audit reports.

Progress made as at 31 December 2017 was 83% (average). The report is attached as **Annexure D**

3. Strategic and Legal Implications

It is important for Council to have up to date information on the status of its operating and capital budget and expenditure in order to enable Council to take necessary decisions and ensure effective oversight. Accordingly, these monthly budget statements are intended to facilitate such a function.

ITEM NO.	SUBJECT	REF
	CONSOLIDATED MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT 2017/18	

REPORT TO: COUNCIL

DATE: 24 JANUARY 2018

DIRECTORATE: FINANCE

AUTHOR: MANAGER: BUDGET AND COMPLIANCE

4. Resolutions/Recommendations

4.1 That Council adopt the consolidated mid-year budget and performance assessment in terms of section 72 and 88 of the MFMA, as set out in the C Schedules annexured hereto as follows:

Table C1	Monthly budget statement summary
Table C2	Monthly budget statement: Financial Performance
Table C3	Monthly budget statement: Financial Performance (revenue and expenditure by municipal vote)
Table C4	Monthly budget statement: Financial Performance (revenue and expenditure)
Table C5	Monthly budget statement – Capital Expenditure (municipal vote, standard classification and funding)
Table C6	Monthly budget statement: Financial Position
Table C7	Monthly budget statement: Cash Flow

4.2 That the in-year budget reports together with supporting documentation submitted in terms of section 71 of the Municipal Finance Management Act No 56 of 2003 be noted.


ITEM NO.	SUBJECT	REF
	CONSOLIDATED MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT 2017/18	

REPORT TO: COUNCIL
DATE: 24 JANUARY 2018
DIRECTORATE: FINANCE
AUTHOR: MANAGER: BUDGET AND COMPLIANCE

4.3 That due to the amendment required on sewer service charges, the need to revise expenditure, and other experiences in the implementation of the budget, an adjustments budget process in terms of section 28 of the MFMA be prepared.


4.4 That the summary of past year's annual report, progress on resolving problems identified in the annual and audit reports annexured hereto be noted.

SIGNATURE OF AUTHOR

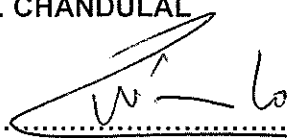

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**MANAGER: BUDGET AND COMPLIANCE
S. CHONGUENE**

SUPPORTED / ~~NOT SUPPORTED~~


.....

**CHIEF FINANCIAL OFFICER
M. CHANDULAL**


.....

**ACTING MUNICIPAL MANAGER
NG. KUMALO**