

2018

Makhado Local Municipality (LIM344) Mid –Year Financial and Performance Assessment Report as required by Section 72 of the MFMA

Chief Financial Officer

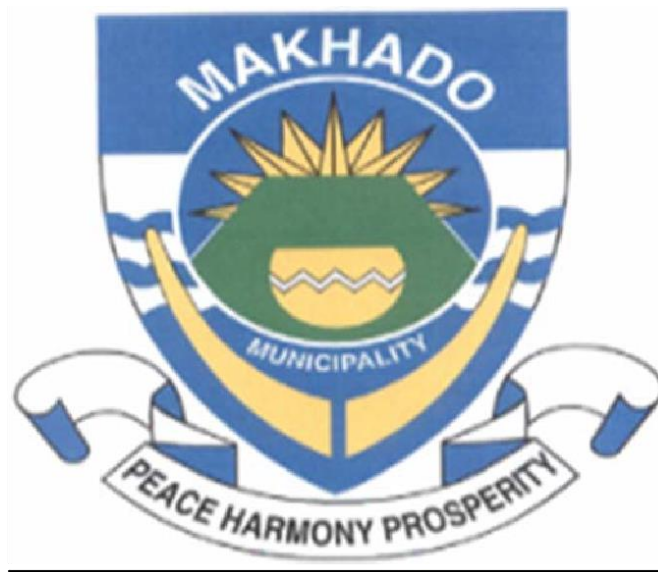


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CHAPTER 1: INTRODUCTION

FINANCES : MID-YEAR BUDGET ASSESSMENT – 2018/19 FINANCIAL YEAR REPORT OF THE MUNICIPAL MANAGER

In terms of section 72 of the Municipal Finance Management Act (MFMA), Act no 56 of 2003 the Accounting Officer of the municipality must by 25 January each year-

1. Assess the performance of the municipality during the first half of the financial year, taking into account-
 - a) The monthly budget statement referred to as section 71 for the first half of the financial year
 - b) 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,
 - c) The past years annual report, and progress on resolving problems identified in the annual report.
2. The Accounting Officer of the municipality must submit a report on such assessment to –
 - a) The mayor of the municipality,
 - b) The National and the relevant provincial treasury.
3. The Accounting Officer must, as part of the review-
 - a) Make recommendations as to whether an adjustment budget is necessary, and
 - b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

HALF-YEAR BUDGET STATEMENT: 31 DECEMBER 2018 (JULY 2018 – DECEMBER 2018 YEAR TO DATE PERFORMANCE)

The municipality's total approved budget amounts to R 940 646 000.00 Income and Expenditure (Operating Budget) R 814 077 000. 00, and Capital expenditure of R 183 576 000.00.

Summary overall budgeted and actual expenditure

| Types of Budget | Budget | Budget Spent | % Spent |
|------------------------|----------------------|----------------------|----------------|
| Operational | R 814 million | R 338 million | 41% |
| Capital | R 183 million | R 50 million | 27% |
| Total | R 997 million | R 388 million | 40% |

Summary Budget and overall current expenditure

The municipality had operational budget of R 814 million and capital budget of R 183 million and the amount of R 338 million and R 50 million was spent respectively. This represents 41% spending on operational budget as well as 27% spending on capital budget. Overall spending is R 388 million against the approved budget of R 997 million and this represent 40% spending of the budget.

1. OPERATING REVENUE

Total Operating revenue during first half of 2018/19 is R **448 185 487.23 compared to the related budget of R 418 000 587.40** resulting in a positive variance 7 % .The revenue received already constitute 54% of the approved original budget.

| Description | Budget Year 2018/19 | | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|--------------|----------------------------|----------------------|-----------------------|
| | Original Budget | Mid-Term Projections | Q1 Sept | M06 Actual | Q2 Dec Actual | Mid -Term Actual | YTD Variance | YTD variance | YTD Actual Budget/Budget % | Actual vs Projected% | Full Year Forecast |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 55 915 328.00 | 27 957 664.00 | 5 751 139.91 | 7 278 963.60 | 24 946 825.92 | 30 697 965.83 | 2 740 301.83 | 10% | 55% | 110% | 55 915 328.00 |
| Service charges - electricity revenue | 339 141 637.36 | 169 570 818.68 | 77 045 569.94 | 23 981 528.03 | 75 636 824.76 | 152 682 394.70 | -16 888 423.98 | -10% | 45% | 90% | 339 141 637.36 |
| Service charges - refuse revenue | 10 552 269.43 | 5 276 134.72 | 2 283 919.50 | 824 734.35 | 2 384 842.23 | 4 668 761.73 | -607 372.99 | -12% | 44% | 88% | 10 552 269.43 |
| Rental of facilities and equipment | 528 981.00 | 264 490.50 | 546 278.75 | 18 374.33 | -382 230.10 | 164 048.65 | -100 441.85 | -38% | 31% | 62% | 528 981.00 |
| Interest earned - external investments | 5 613 159.00 | 2 806 579.50 | 1 122 979.65 | 2 577.71 | -1 110 974.53 | 12 005.12 | -2 794 574.38 | -100% | 0% | 0% | 5 613 159.00 |
| Interest earned - outstanding debtors | 14 453 877.00 | 7 226 938.50 | 4 763 127.25 | 1 647 643.79 | 4 920 841.85 | 9 683 969.10 | 2 457 030.60 | 34% | 67% | 134% | 14 453 877.00 |
| Fines, penalties and forfeits | 1 988 728.00 | 994 364.00 | 384 978.25 | 127 281.10 | 493 616.25 | 878 594.50 | -115 769.50 | -12% | 44% | 88% | 1 988 728.00 |
| Licences and permits | 13 233 541.00 | 6 616 770.50 | 1 302 262.06 | 478 635.11 | 1 502 591.57 | 2 804 853.63 | -3 811 916.87 | -58% | 21% | 42% | 13 233 541.00 |
| Agency services | 58 100 715.00 | 29 050 357.50 | - | - | - | - | -29 050 357.50 | -100% | 0% | 0% | 58 100 715.00 |
| Transfers and subsidies | 321 472 939.00 | 160 736 469.50 | 134 255 898.48 | 104 920 000.00 | 105 478 000.00 | 239 733 898.48 | 78 997 428.98 | 49% | 75% | 149% | 321 472 939.00 |
| Other revenue | 15 000 000.00 | 7 500 000.00 | 3 597 578.58 | 1 043 416.91 | 3 261 416.91 | 6 858 995.49 | -641 004.51 | -9% | 46% | 91% | 15 000 000.00 |
| Total Revenue (excluding capital transfers and contributions) | 836 001 174.80 | 418 000 587.40 | 231 053 732.37 | 140 323 154.93 | 217 131 754.86 | 448 185 487.23 | 30 184 899.83 | 7% | 54% | 107% | 836 001 174.80 |

Analysis:

1.1 SIGNIFICANT VARIANCES ANALYSIS OF REVENUE

1.1.1 Property Rates

The Actual billing on property rate for mid-term is R 30. 698 million compared to the projections R 27. 958 million which results to 10% positive variance between actual collected and projections. The capturing of valuation roll was at 95% as at December 2018. There is a need to adjust property rate slightly upward during budget adjustment based on the six months performance.

1.1.2 Service charges Electricity revenue

The actual Billing on Electricity revenue for mid-term is R 152.682 million compared to the Mid-term projections of R 169. 571 million. The variance of negative 10% was caused by illegal connection, normal loss of electricity, old or ageing infrastructure, Dogs, Locked gates, Omission and incomplete meter installation. The following activity will be performed to remedy the situation, Meter audits to be performed, Meters to be removed and installed outside the property where there are deliberate lock gates and where access is denied as due to Dogs. There is a need to adjust the service charges slightly downward by 10% based on the six month performance.

1.1.3 Service charges Refuse removal

The actual revenue billed on Refuse removal revenue for mid-term is R 4.669 million compared to the projections of R 5.276 million. The variance of 12% represents over-estimation of the budget and was caused by poor collection of refuse revenue. There is a need to adjust service charges refuse removal downwards by 12% based on six month performance.

1.1.4 Rental

The actual rental revenue collected for mid-term 2018 is R164 thousands and projected Rental income was R264 thousands which indicate under collection of 38% against the projections. The demand for property use was lower than the projected for the mid-term because the municipality does not control the demand for the use of its facilities; it is used when it is needed by external parties. There is a need to adjust rental revenue by 38% based on the six month performance.

1.1.5 Interest earned on the external investment

Interest received on investment for the mid-term is R 12 thousand compared with R 2.807 million projections. Makhado municipality did not invest any surplus funds from the Month of July to December 2018; this revenue will be adjusted down wards during budget adjustment in February 2019. Investment committee has been appointed by Municipal Manager to start considering how best investment can be done in line with the MFMA ACT.

1.1.6 Interest earned on Consumer Debtors

The actual billing for interest earned on consumer debtors as at 31 December 2018 is R 9.684 million compared to the projections of R 7.227 which results to a positive 34%. There is an improvement in the collection of interest charged to the consumer. There is a need to adjust Interest earned on Consumer debtors upward based on the six month performance.

1.1.7 Fines, Penalties and forfeits

Fines, penalties and forfeits for the mid-term is R 879 thousand compared with R 994 thousands projections which results to under collection of -12% variances. This is due to the overstatement of projections and adjustment of revenue will be necessary should this difference continue in subsequent months. Based on the six months performance this revenue should be adjusted down wards by 12%

1.1.8 Licenses and Permits

The actual licenses and permits collected in the midterm is R 2.805 million compared with the R 6.617 million projections which results to -58% variances. The revenue is collected on a cash basis and there's a need to adjust this revenue based on the six month performance.

1.1.9 Agency Services

The variances of 100% indicate that nothing was collected in respect to Agency services owed by Vhembe district with regard to water related services incurred expenditure on behalf of the district for water Related services e.g. maintenance and payment of salaries to water staff before actually transferred to the district municipality on the 1st July 2018. Vhembe district municipality has never reimbursed Makhado municipality expenditure incurred on its behalf. To remedy the situation Makhado municipality was using intergovernmental forums to engage the district municipality to ensure that agency costs are recovered from the district municipality. Credit control reminder letters have been issued to the district municipality reminding them to pay arrears.

1.1.10 Other Revenue

The actual collection as at 31 December 2018 is R 6.859 million compared with the projected revenue of R 7.500 million. The results is the under collection -9% with regard to this service .e. g sales of Tenders, building plans etc. There is a need to adjust this revenue by 9 % based on the six month performance.

The impact of the above is that revenue will be adjusted downwards by R 100 000 000.00.

2 OPERATING EXPENDITURE

Total actual expenditure incurred during the first half of 2018/19 is R 336 758 912.22 compared to the projected amount of R 407 038 368.15 for the same period gives rise to a favourable of 83 %.The expenditure incurred to date is amounting to 41% of the original approved budget and this indicates a positive spending because the expenditure is still within limits.

| Description | Budget Year 2018/19 | | | | | | | | | | |
|---------------------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|--------------|-------------------------------|----------------------|--------------------|
| | Original Budget | Mid-Term Projections | Q1 Sept | M06 Actual | Q2 Dec Actual | Mid -Term Actual | YTD Variance | YTD variance | YTD Actual Budget/Budget % | Actual vs Projected% | Full Year Forecast |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 261 549 322.55 | 130 774 661.28 | 58 701 830.10 | 29 847 538.03 | 68 313 065.82 | 127 014 895.92 | -3 759 765.36 | -3% | 49% | 97% | 261 549 322.55 |
| Remuneration of councillors | 27 774 945.49 | 13 887 472.75 | 6 354 104.33 | 2 126 521.08 | 6 499 958.40 | 12 854 062.73 | -1 033 410.02 | -7% | 46% | 93% | 27 774 945.49 |
| Debt impairment | 66 063 170.00 | 33 031 585.00 | - | - | - | - | -33 031 585.00 | -100% | 0% | 0% | 66 063 170.00 |
| Depreciation & asset impairment | 79 893 216.00 | 39 946 608.00 | - | - | - | - | -39 946 608.00 | -100% | 0% | 0% | 79 893 216.00 |
| Finance charges | 13 101 777.00 | 6 550 888.50 | 1 049.72 | - | 24 702.52 | 25 752.24 | -6 525 136.26 | -100% | 0% | 0% | 13 101 777.00 |
| Bulk purchases | 154 909 478.00 | 77 454 739.00 | 44 705 891.00 | 17 315 381.09 | 66 778 193.12 | 111 484 084.12 | 34 029 345.12 | 44% | 72% | 144% | 154 909 478.00 |
| Other materials | 3 838 280.00 | 1 919 140.00 | 5 010.78 | 1 058 367.61 | 2 007 053.61 | 2 012 064.39 | 92 924.39 | 5% | 52% | 105% | 3 838 280.00 |
| Contracted services | 58 638 395.14 | 29 319 197.57 | 3 188 043.40 | 2 337 043.00 | 3 974 839.48 | 7 162 882.88 | -22 156 314.69 | -76% | 12% | 24% | 58 638 395.14 |
| Other expenditure | 148 308 152.11 | 74 154 076.06 | 28 378 787.55 | 6 391 169.94 | 47 826 382.39 | 76 205 169.94 | 2 051 093.88 | 3% | 51% | 103% | 148 308 152.11 |
| Total Expenditure | 814 076 736.29 | 407 038 368.15 | 141 334 716.88 | 59 076 020.75 | 195 424 195.34 | 336 758 912.22 | -70 279 455.93 | -17% | 41% | 83% | 814 6 |

2 Expenditure

2.1 Employee related Cost

The actual expenditure as at 31 December 2018 is sitting at R127.015 million compared to the projections of R 130.775 million which results in -3 % variance due to overtime reductions and Budgeted vacant posts which were not yet filled. There is no need to adjust employee cost however it must be emphasized that departments should try by all means to reduce overtime.

2.2 Councillors Remuneration

The actual expenditure as at 31 December 2018 is sitting at R12.854 million compared to the projections of R 13.887 million which results in -7 % variance. The gazette has been issued to implement annual increase. The expenditure will improve after implementation of annual increase by 4% in January to June 2019. The budgeted amount is sufficient to cover the councillor's remuneration until the end of the year 30 June 2019.

2.3 Debt Impairment

This is non- cash item and expenditure is zero compared to the projection of R 33.032 million. This is mainly due to the fact that debtors are normally assessed for impairment during interim and annual financial statement preparations in March and June every year.

2.4 Depreciation & asset impairment

This is non- cash item and expenditure is zero compared to the projection of R 39.947 million. This is mainly due to the fact that Assets journals for depreciation and impairment are normally prepared or processed during interim and annual financial statement preparations. March and June every year.

2.5 Finance charges

The actual expenditure for finance charge is R 26 thousands compared to projected expenditure of R 6.551 million which result to 100% variance. There has been significant reduction on interest paid due to the fact that the municipality is able to pay its Eskom invoices on time to avoid the interest charges. There is a need to adjust finance charges during the adjustment budget. However sufficient provision must be made to cover the Journals for finance costs on operating leases for example leased photo copier machines and reminder of water tanker finance cost for the period of 8 months (July to Feb 2019).

2.6 Contracted Services

The contracted services expenditure is R 7.163 million compared to projected expenditure of R 29.319 million which results to variance of 76%. There is a need to adjust down this expenditure during budget adjustment based on the six month performance.

2.7 General Expenditure

The other expenditure is R 76.205 million compared to the projected expenditure of R 74 .154 million which results to over spending by 3 % on the general expenditure for the six months. There is a need to adjust upward this expenditure during budget adjustment in February 2019.

3. CAPITAL EXPENDITURE

The Capital Budget expenditure is R 49,915,111.63 of the full budgeted figure of R 183,576,000.00 which is equal to 27 % spending. Total actual expenditure incurred for Capital budget during the first half of 2018/19 is R 49 915 111.63 compared to the projected amount of R 91 788 000.00 which result to a variance of negative 46%. The expenditure incurred to date is amounting to 27% of the approved capital budget.

CAPITAL EXPENDITURE PER DEPARTMENT

| CODE | DEPARTMENT | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
|------|--------------------------|-----------------------|----------|-----------------------|----------------------|-----------------------|------------|
| SC | Planning and Development | 11,200,000.00 | - | 11,200,000.00 | 645 106.68 | 10,554,893.32 | 6% |
| SC | Technical Services | 148,635,000.00 | - | 148,635,000.00 | 47 477 779.88 | 101,147,720.12 | 32% |
| SC | Community Services | 5,731,000.00 | - | 5,731,000.00 | 192 347.43 | 5,538,652.57 | 3% |
| SC | Budget and Treasury | 9,900,000.00 | - | 9,900,000.00 | 1 273 747.64 | 8 ,626,252.36 | 13% |
| SC | Corporate Services | 4,750,000.00 | - | 4,750,000.00 | 183,130.00 | 4,566,870.00 | 4% |
| SC | Regional Offices | 3,360,000.00 | - | 3,360,000.00 | 143 000.00 | 3,226,500.00 | 0% |
| | TOTAL | 183,576,000.00 | - | 183,576,000.00 | 49,915,111.63 | 133 660 888.37 | 27% |

Breakdown of Capital Expenditure:

The summary of adjusted capital budget including the virements made during the year will be submitted with detailed adjustment budget.

| | Budget Year 2018/19 | | | | | | | | | | |
|--|---------------------|----------------------|---------|------------|---------------|------------------|--------------|----------------|----------------------------|----------------------|--------------------|
| | Original Budget | Mid-Term Projections | Q1 Sept | M06 Actual | Q2 Dec Actual | Mid -Term Actual | YTD Variance | YTD variance % | YTD Actual Budget/Budget % | Actual vs Projected% | Full Year Forecast |
| Capital Expenditure - Functional Classification | | | | | | | | | | | |
| Governance and administration | 9 900 | 4 950 | – | 125 | 1 274 | 1 274 | (3 676) | -74% | 50% | 26% | 9 900 |
| Ex ecutiv e and council | | | | | | | – | | | | – |
| Finance and administration | 9 900 | 4 950 | – | 125 | 1 274 | 1 274 | (3 676) | -74% | 50% | 26% | 9 900 |
| Internal audit | | | | | | | – | | | | – |
| Community and public safety | 16 341 | 8 171 | 183 | 71 | 335 | 518 | (7 653) | -94% | 50% | 6% | 16 341 |
| Community and social serv ices | 16 341 | 8 171 | 183 | 71 | 335 | 518 | (7 653) | -94% | 50% | 6% | 16 341 |
| Sport and recreation | – | | | | | | – | | | | – |
| Public safety | – | | | | | | – | | | | – |
| Housing | – | | | | | | – | | | | – |
| Health | – | | | | | | – | | | | – |
| Economic and environm ental services | 97 410 | 48 710 | 23 503 | 1 761 | 16 895 | 40 398 | (8 312) | -17% | 50% | 83% | 97 410 |
| Planning and dev elopment | 11 200 | 5 600 | | 1 | 645 | 645 | (4 955) | -88% | 50% | 12% | 11 200 |
| Road transport | 86 210 | 43 110 | 23 503 | 1 760 | 16 250 | 39 753 | (3 357) | -8% | 50% | 92% | 86 210 |
| Env ironmental protection | | | | | – | | – | | | | – |
| Trading services | 59 925 | 29 963 | 106 | 6 651 | 7 647 | 7 753 | (22 210) | -74% | 50% | 26% | 59 925 |
| Energy sources | 58 425 | 29 213 | 106 | 6 651 | 7 647 | 7 753 | (21 460) | -73% | 50% | 27% | 58 425 |
| Water management | 1 500 | 750 | | – | | | (750) | -100% | 50% | 0% | 1 500 |
| Waste w ater management | – | | | | | | – | | | | – |
| Waste management | – | | | | | – | – | | | | – |
| Other | | | | | | – | – | | | | – |
| Total Capital Expenditure - Functional Classification | 183 576 | 91 794 | 23 792 | 8 609 | 26 151 | 49 943 | (41 851) | -46% | 50% | 54% | 183 576 |

3.1 Analysis of Capital budget expending per department

3.1.1 Development Planning

The actual expenditure for the first quarter is R 645 106.68 compared with the projection of R 5 .600 million which result to a variance of 88%.The expenditure incurred for the first half represent 6% of approved planning capital budget for 2018/2019 financial year.

The major spending is expected to be derived from the project called Re-allocation of stadium which has been budgeted amount R 7.5 million which will be paid in third quarter. The claim has already been received from service provider and the work is done. Furthermore, the spending is also expected to be accelerated from the project called Tshakhuma fruit market which has been budgeted amount of R 2.4 million. The service provider has been appointed during the mid-term period.

PLANNING AND DEVELOPMENT**LED**

| CODE | DESCRIPTION | SOURCES | BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
|--------------|--|----------------|----------------------|--------------------|----------------------|-------------------|
| SC | Dzanani Traders Market | INCOME | 500 000.00 | - | 500 000.00 | 0% |
| SC | Tshakhuma Fruit Market | INCOME | 2 400 000.00 | 645 106.68 | 1 754 893.32 | 27% |
| SC | Designs/Planning for N1 Tourism Park inclusive of Arts | INCOME | 300 000.00 | - | 300 000.00 | 0% |
| SC | Incubation Centre | INCOME | 500 000.00 | - | 500 000.00 | 0% |
| SC | Re-Allocation of Stadium | INCOME | 7 500 000.00 | - | 7 500 000.00 | 0% |
| TOTAL | | | 11 200 000.00 | 645 106.68 | 10 554 893.32 | 6% |

3.1.2 Technical Services Department

The actual expenditure for the first quarter is R 47. 478 million compared with the projection of R 74 317 million which result to a negative variance of 36%.The expenditure incurred for the first half represent 32% of approved budget for 2018/2019 financial year.

The major spending of the department is mainly derived from MIG, INEP and own funding projects. INEP and own projects did not perform well during the first half due to the fact that many projects were awarded during the 2nd quarter. Handing over of sites happened during the second quarter. The above implies that more expenditure is expected to be incurred during the third and fourth quarter in 2018/2019 financial year. The municipality is expected to spend 100% on MIG and INEP projects by end of 30 June 2019.

CAPITAL EXPENDITURE REPORT FOR 31 DECEMBER 2018 TECHNICAL SERVICES DEPARTMENT

| ELECTRICAL ENGINEERING | | | | | | | | |
|------------------------|---|---------|----------------------|----------|----------------------|-------------------|----------------------|------------|
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | New Air conditioners | INCOME | 100 000.00 | - | 100 000.00 | - | 100 000.00 | 0% |
| SC | Replacement Air conditioners | INCOME | 200 000.00 | - | 200 000.00 | 75 506.00 | 124 494.00 | 38% |
| SC | CT VT Units 11kv & 22kV various sub stations | INCOME | 400 000.00 | - | 400 000.00 | - | 400 000.00 | 0% |
| SC | Incomer intake point Eskom Substation | INCOME | 2 000 000.00 | - | 2 000 000.00 | - | 2 000 000.00 | 0% |
| SC | Low voltage problems Rural Farming | INCOME | 2 000 000.00 | - | 2 000 000.00 | 482 065.40 | 1 517 934.60 | 24% |
| SC | Recloser and controllers whole network | INCOME | 1 200 000.00 | - | 1 200 000.00 | - | 1 200 000.00 | 0% |
| SC | Ring Main Units 11kV (RMU) | INCOME | 2 500 000.00 | - | 2 500 000.00 | - | 2 500 000.00 | 0% |
| SC | Standby quarters additional rooms | INCOME | 300 000.00 | - | 300 000.00 | - | 300 000.00 | 0% |
| SC | Standby quarters 10kl tank with pressure pump and connection pipe to electrical ablution bo | INCOME | 50 000.00 | - | 50 000.00 | - | 50 000.00 | 0% |
| SC | Sub Station Battery chargers | INCOME | 300 000.00 | - | 300 000.00 | - | 300 000.00 | 0% |
| SC | Transformers 2x10MVA 22/11 | INCOME | 3 000 000.00 | - | 3 000 000.00 | - | 3 000 000.00 | 0% |
| SC | Transformers 1x5MVA 22/11 | INCOME | 1 600 000.00 | - | 1 600 000.00 | - | 1 600 000.00 | 0% |
| SC | Cricket substation control building | INCOME | 150 000.00 | - | 150 000.00 | 47 450.00 | 102 550.00 | 32% |
| SC | Emmerentia substation refurbishment | INCOME | 150 000.00 | - | 150 000.00 | - | 150 000.00 | 0% |
| SC | Upgrade Levubu 2 line | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | Upgrade Mara Line | INCOME | 500 000.00 | - | 500 000.00 | 138 776.42 | 361 223.58 | 28% |
| SC | Upgrade Levubu East line | INCOME | 2 000 000.00 | - | 2 000 000.00 | - | 2 000 000.00 | 0% |
| SC | Upgrade and reroute Beaufort West line | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | Upgrade Urban Substations | INCOME | 2 500 000.00 | - | 2 500 000.00 | - | 2 500 000.00 | 0% |
| SC | Upgrading Mountain line | INCOME | 2 500 000.00 | - | 2 500 000.00 | - | 2 500 000.00 | 0% |
| SC | Construct Used transformer bay with oil catch-pit at workshop | INCOME | 200 000.00 | - | 200 000.00 | - | 200 000.00 | 0% |
| SC | Voltage regulators tshipise | INCOME | 100 000.00 | - | 100 000.00 | - | 100 000.00 | 0% |
| SC | Refurbish female and male ablution building | INCOME | 300 000.00 | - | 300 000.00 | - | 300 000.00 | 0% |
| SC | Kitchen (open type) at workshop | INCOME | 100 000.00 | - | 100 000.00 | 11 900.00 | 88 100.00 | 12% |
| SC | High Masts | INCOME | 2 000 000.00 | - | 2 000 000.00 | - | 2 000 000.00 | 0% |
| TOTAL | | | 25 150 000.00 | - | 25 150 000.00 | 755 697.82 | 24 394 302.18 | 3% |

| ELECTRIFICATION | | | | | | | | |
|-----------------|---|---------|----------------------|----------|----------------------|---------------------|----------------------|------------|
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Electrification in Eskom Areas top up from income | INCOME | 3 000 000.00 | - | 3 000 000.00 | - | 3 000 000.00 | 0% |
| SC | Electrification, Post Connections & extensions Munic area | INCOME | 5 000 000.00 | - | 5 000 000.00 | - | 5 000 000.00 | 0% |
| SC | Electrification of 170 Residential sites at Tshikota Township | INCOME | 3 000 000.00 | - | 3 000 000.00 | - | 3 000 000.00 | 0% |
| TOTAL | | | 11 000 000.00 | - | 11 000 000.00 | - | 11 000 000.00 | 0% |
| | | | | | | | | |
| ELECTRIFICATION | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Planning and Design of New Ribolwa Substation | INEP | 2 000 000.00 | - | 2 000 000.00 | - | 2 000 000.00 | 0% |
| SC | Electrification of Songozwi Farm | INEP | 682 000.00 | - | 682 000.00 | 31 648.00 | 650 352.00 | 5% |
| SC | MV Line for Songozwi Farm | INEP | 1 784 500.00 | - | 1 784 500.00 | 368 585.71 | 1 415 914.29 | 21% |
| SC | Electrification of Mudimeli village | INEP | 2 681 500.00 | - | 2 681 500.00 | 535 183.19 | 2 146 316.81 | 20% |
| SC | Electrification of Mashau Tshilaphala village | INEP | 2 015 000.00 | - | 2 015 000.00 | 106 720.00 | 1 908 280.00 | 5% |
| SC | Electrification of Muanandzhele / Mavhungeni | INEP | 7 750 000.00 | - | 7 750 000.00 | 5 927 250.47 | 1 822 749.53 | 76% |
| TOTAL | | | 16 913 000.00 | - | 16 913 000.00 | 6 969 387.37 | 9 943 612.63 | 41% |

| CIVIL ENGINEERING SECTION | | | | | | | | |
|---------------------------|---|---------|----------------------|-----------------|----------------------|----------------------|----------------------|------------|
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Sereni Themba to Mashamba Post Office Access Road 3 | MIG | 2 310 000.00 | 4 000 000.00 | 6 310 000.00 | 3 209 799.40 | 3 100 200.60 | 51% |
| SC | Landfill site makhado | MIG | 3 500 000.00 | - | 3 500 000.00 | | 3 500 000.00 | 0% |
| 8 | Tshikwarani, Manavhela, Zamkomste Access Road Phase 2 | MIG | 1 800 000.00 | 11 831 170.15 | 13 631 170.15 | 13 631 170.15 | 0.00 | 100% |
| SC | Tshedza to Vuvha Access Road Phase 2 | MIG | 1 100 000.00 | 3 000 000.00 | 4 100 000.00 | 3 743 205.74 | 356 794.26 | 91% |
| SC | Mbhokota, Gombita, Tshivhuyuni to Mphagi Road Phase 2 | MIG | 5 000 000.00 | 6 000 000.00 | 11 000 000.00 | 8 299 647.53 | 2 700 352.47 | 75% |
| SC | Valdezia Access Road Phase 2 | MIG | 15 000 000.00 | (6 000 000.00) | 9 000 000.00 | 1 475 343.52 | 7 524 656.48 | 16% |
| SC | Fencing of Makhado Municipality Cemetery | MIG | 2 000 000.00 | - | 2 000 000.00 | | 2 000 000.00 | 0% |
| SC | Mudimeli Bridge and Access Road Phase 2 | MIG | 3 300 000.00 | 1 835 958.29 | 5 135 958.29 | 5 135 958.29 | 0.00 | 100% |
| SC | Waterval Sports Facility Phase 2 | MIG | 11 000 000.00 | - | 11 000 000.00 | 2 882 949.89 | 8 117 050.11 | 26% |
| SC | Lutanandwa Bridge | MIG | 700 000.00 | (700 000.00) | - | | - | 0% |
| SC | Erf 210 Burger Street market revitalization project | MIG | 3 000 000.00 | (3 000 000.00) | - | | - | 0% |
| SC | Kutama / Sinthumule Sports Facility | MIG | 700 000.00 | (700 000.00) | - | | - | 0% |
| SC | Waterval Stormwater | MIG | 700 000.00 | - | 700 000.00 | | 700 000.00 | 0% |
| SC | Chavani to Bungeni Road Phase 2 | MIG | 18 000 000.00 | (13 000 000.00) | 5 000 000.00 | | 5 000 000.00 | 0% |
| SC | Piesanghoek to Khunda Road Phase 4 | MIG | 15 000 000.00 | (3 267 128.44) | 11 732 871.56 | 810 056.83 | 10 922 814.73 | 7% |
| SC | Erection of High Masts inMakhado | MIG | 2 400 000.00 | - | 2 400 000.00 | | 2 400 000.00 | 0% |
| SC | PMU Management Fees | MIG | 2 222 000.00 | - | 2 222 000.00 | 564 563.35 | 1 657 436.65 | 25% |
| TOTAL | | | 87 732 000.00 | (0.00) | 87 732 000.00 | 39 752 694.69 | 47 979 305.31 | 45% |

| ROADS AND STORM WATER | | | | | | | | |
|--|---|---------|--------------|------------|--------------|---------------|----------------|------------|
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Rehabilitation of Streets in Waterval | INCOME | 700 000.00 | - | 700 000.00 | - | 700 000.00 | 0% |
| SC | Pedestrian Roller | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | 3 x Tar Cutter Machine | INCOME | 200 000.00 | - | 200 000.00 | - | 200 000.00 | 0% |
| SC | 3 x Trailers | INCOME | 100 000.00 | - | 100 000.00 | - | 100 000.00 | 0% |
| SC | Trailer mounted 2000L tank with Fog Spray (weed killer) | INCOME | 200 000.00 | - | 200 000.00 | - | 200 000.00 | 0% |
| TOTAL | | | 1 700 000.00 | - | 1 700 000.00 | - | 1 700 000.00 | 0% |
| | | | | | | | | |
| PROVISION OF TOOLS, EQUIPMENT & MATERIALS (MECHANICAL WORKSHOP) | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Workshop Steel Structure | INCOME | 550 000.00 | - | 550 000.00 | - | 550 000.00 | 0% |
| SC | Low-bed Truck | INCOME | 2 000 000.00 | - | 2 000 000.00 | - | 2 000 000.00 | 0% |
| TOTAL | | | 2 550 000.00 | - | 2 550 000.00 | - | 2 550 000.00 | 0% |
| | | | | | | | | |
| BUILDING MAINTENANCE | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Renovation of Vleifontein Hall and Fence | INCOME | 600 000.00 | (9 500.00) | 590 500.00 | - | 590 500.00 | 0% |
| SC | Siloam and Dzanani Taxi Rank Paving and Ablution | INCOME | 520 000.00 | - | 520 000.00 | - | 520 000.00 | 0% |
| SC | Fort Hendrina Palisade Fencing | INCOME | 20 000.00 | - | 20 000.00 | - | 20 000.00 | 0% |
| SC | Concrete Mixer | INCOME | 50 000.00 | - | 50 000.00 | - | 50 000.00 | 0% |
| SC | Road Marking Machine | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | Recreational Faciliy at N1 Park (planning) | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | Installation of Lift at Civic Centre | INCOME | 300 000.00 | - | 300 000.00 | - | 300 000.00 | 0% |
| SC | New Council Chamber and Offices (planning) | INCOME | 700 000.00 | - | 700 000.00 | - | 700 000.00 | 0% |
| SC | Ha- Mutsha Community Hall Extension of Fence | INCOME | 400 000.00 | - | 400 000.00 | - | 400 000.00 | 0% |
| TOTAL | | | 3 590 000.00 | (9 500.00) | 3 580 500.00 | - | 3 580 500.00 | 0 |
| | | | | | | | | |
| TOTAL TECHNICAL SERVICES BUDGET | | | 148635000.00 | (9 500.00) | 148625500.00 | 47 477 779.88 | 101 147 720.12 | 32% |

3.1.3 Department of Community services

The actual expenditure for the Midterm is R 192 thousands compared with the projection of R 2.866 million which result to a negative variance of 93%. The expenditure incurred for the first half represent 3% of approved budget for 2018/2019 financial year. The department did not perform well during the mid-term. More spending is expected from this department since many projects are already out for tender and the department is expected to accelerate spending during the 3rd quarter. Cemetery management system is in Bid evaluation stage and is expected to appoint before the end of January 2019.

CAPITAL EXPENDITURE REPORT FOR 31 DECEMBER 2018 COMMUNITY SERVICES DEPARTMENT

| LIBRARY SERVICES | | | | | | | | |
|-------------------------------------|--|----------------|---------------------|-----------------|---------------------|--------------------|---------------------|-------------------|
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Extension of Circulation Area | INCOME | 100 000.00 | - | 100 000.00 | - | 100 000.00 | 0% |
| SC | Carports | INCOME | 100 000.00 | - | 100 000.00 | - | 100 000.00 | 0% |
| SC | Office chairs | INCOME | 10 000.00 | - | 10 000.00 | - | 10 000.00 | 0% |
| SC | Extension of ablution block | INCOME | 50 000.00 | - | 50 000.00 | - | 50 000.00 | 0% |
| SC | M3 (Musekwa Library) | INCOME | 150 000.00 | - | 150 000.00 | - | 150 000.00 | 0% |
| TOTAL | | | 410 000.00 | - | 410 000.00 | - | 410 000.00 | 0% |
| PARKS AND RECREATION SECTION | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Cemetery Management System | INCOME | 1 000 000.00 | - | 1 000 000.00 | - | 1 000 000.00 | 0% |
| SC | Development of Dzanani Park | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | Town swimming pool _ | INCOME | 1 100 000.00 | (121 639.00) | 978 361.00 | - | 978 361.00 | 0% |
| SC | Purchasing of new category for safety and provision of w | INCOME | - | 121 639.00 | 121 639.00 | 121 639.43 | (0.43) | 100% |
| TOTAL | | | 2 600 000.00 | - | 2 600 000.00 | 121 639.43 | 2 478 360.57 | 5% |

| WASTE MANAGEMENT | | | | | | | | |
|--|--|---------|---------------------|----------|---------------------|-------------------|---------------------|------------|
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | 20 Skip Bins | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | Development of Carpot and vehicle washing bay at Mak | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| | Rehab of Exisiting landfill site | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| TOTAL | | | 1 500 000.00 | - | 1 500 000.00 | - | 1 500 000.00 | 0% |
| PROTECTION SERVICES | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Bio-Metric Access control System | INCOME | 1 500 000.00 | - | 1 500 000.00 | - | 1 500 000.00 | 0% |
| TOTAL | | | 1 500 000.00 | - | 1 500 000.00 | - | 1 500 000.00 | 0% |
| DZANANI TRAFFIC STATION | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Installation of alarm system | INCOME | 100 000.00 | - | 100 000.00 | - | 100 000.00 | 0% |
| TOTAL | | | 100 000.00 | - | 100 000.00 | - | 100 000.00 | 0% |
| MAKHADO TRAFFIC STATION | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Purchase of 2 X Computers & Printer for traffic adminis | INCOME | 25 000.00 | - | 25 000.00 | - | 25 000.00 | 0% |
| SC | Installation of 1 X Airconditioner at Information Centre | INCOME | 20 000.00 | - | 20 000.00 | - | 20 000.00 | 0% |
| SC | Purchase of 5 X High-back chairs for Cashiers | INCOME | 20 000.00 | - | 20 000.00 | - | 20 000.00 | 0% |
| SC | Construction of cattle pound storage room | INCOME | 250 000.00 | - | 250 000.00 | - | 250 000.00 | 0% |
| SC | Purchasing of 1 x printer for pound section | INCOME | 6 000.00 | - | 6 000.00 | - | 6 000.00 | 0% |
| SC | Installation of alarm system | INCOME | 100 000.00 | - | 100 000.00 | 70 708.00 | 29 292.00 | 71% |
| TOTAL | | | 421 000.00 | - | 421 000.00 | 70 708.00 | 350 292.00 | 17% |
| WATERVAL TRAFFIC STATION | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Paving of parking area | INCOME | 300 000.00 | - | 300 000.00 | - | 300 000.00 | 0% |
| SC | Installation of alarm system | INCOME | 100 000.00 | - | 100 000.00 | - | 100 000.00 | 0% |
| SC | Standby (backup)Electricity power Generator | INCOME | 300 000.00 | - | 300 000.00 | - | 300 000.00 | 0% |
| TOTAL | | | 700 000.00 | - | 700 000.00 | - | 700 000.00 | - |
| TOTAL COMMUNITY SERVICES BUDGET | | | 5 731 000.00 | - | 5 731 000.00 | 192 347.43 | 5 538 652.57 | 3% |

3.1.3 Department of Budget and Treasury office

The actual expenditure for the first quarter is R 1.237 million compared with the projection of R 4.950 million which result to a negative variance of 74%.The expenditure incurred for the first half represent 13% of approved budget for 2018/2019 financial year. The major part of the capital budget for this department is to purchase municipal vehicles with an approved budget of R 9.5 million, only mayor's car was purchased during the first half of the current financial year. Departments were requested to submit the list of vehicles to be purchased. We are expecting more expenditure in the second quarter.

CAPITAL EXPENDITURE REPORT FOR 31 DECEMBER 2018

BUDGET & TREASURY OFFICE

| ASSETS MANAGEMENT SECTION | | | | | | | | |
|---|--|----------------|---------------------|-----------------|---------------------|---------------------|---------------------|-------------------|
| COD | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | 1* mayors car | INCOME | 1 500 000.00 | - | 1 500 000.00 | 1 094 543.50 | 405 456.50 | 73% |
| SC | Vehicle for all municipality | INCOME | 8 000 000.00 | - | 8 000 000.00 | - | 8 000 000.00 | 0% |
| SC | Furniture for all municipality | INCOME | 400 000.00 | (50 000.00) | 350 000.00 | 179 204.14 | 170 795.86 | 51% |
| SC | Pay-point Cargo Container and fencing of Madodonga Pay-Point | INCOME | - | 50 000.00 | 50 000.00 | - | 50 000.00 | 0% |
| TOTAL | | | 9 900 000.00 | - | 9 900 000.00 | 1 273 747.64 | 8 626 252.36 | 13% |
| TOTAL BUDGET AND TREASURY BUDGET | | | 9900000.00 | - | 9900000.00 | 1273747.64 | 8626252.36 | 13% |

3.1.4 Department of Corporate Services

The actual expenditure for the first quarter is R 183 thousand compared with the projection of R 2.375 million. The under spending represent negative 93% of the Mid-term projection. The expenditure incurred for the first half represent 4% of approved budget for 2018/2019 financial year. The major part of the capital budget for this department is the projects to upgrade and acquisition of network and Communication system –ICT with an approved budget of R 4.750 million. Some ICT related project has been appointed in the 3rd quarter and we are expecting major spending in the second half of the year.

CAPITAL EXPENDITURE REPORT FOR 31 DECEMBER 2018
CORPORATE SERVICES DEPARTMENT

| UPGRADE AND ACQUISITION OF NETWORK AND COMMUNICATION SYSTEMS - ICT | | | | | | | | |
|--|---|---------|---------------------|--------------|---------------------|-------------------|---------------------|------------|
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Sage People 300 Module Activation | INCOME | 600 000.00 | (124 350.00) | 475 650.00 | - | 475 650.00 | 0% |
| SC | Audit based directory reporting software | INCOME | - | 124 350.00 | 124 350.00 | 124 350.00 | - | 100% |
| SC | Upgrade Software: Office 2010 to Office 365 - all users | INCOME | 800 000.00 | - | 800 000.00 | - | 800 000.00 | 0% |
| SC | Procure 8 hard drives for storage server to complete storage capacity | INCOME | 150 000.00 | - | 150 000.00 | - | 150 000.00 | 0% |
| SC | Develop Dispatch/ Control Center - software phase 1 | INCOME | 365 000.00 | - | 365 000.00 | - | 365 000.00 | 0% |
| SC | Electronic Agenda for all councillors phase 2 | INCOME | 290 000.00 | - | 290 000.00 | 58 780.00 | 231 220.00 | 20% |
| SC | Internet connection: Vleyfontein Satellite | INCOME | 15 000.00 | - | 15 000.00 | - | 15 000.00 | 0% |
| SC | Connectivity to nine(9) Points of services | INCOME | 270 000.00 | - | 270 000.00 | - | 270 000.00 | 0% |
| SC | Mini DRP hardware & software | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | Central municipal VOIP telephone system for City 2025 | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| SC | Internal network Musekwa Thusong Center for Public Library | INCOME | 215 000.00 | - | 215 000.00 | - | 215 000.00 | 0% |
| SC | Replace two way radio communication equipment - Call Centre | INCOME | 55 000.00 | - | 55 000.00 | - | 55 000.00 | 0% |
| SC | DRP Hardware and Software Budget | INCOME | 500 000.00 | - | 500 000.00 | - | 500 000.00 | 0% |
| TOTAL | | | 4 260 000.00 | - | 4 260 000.00 | 183 130.00 | 4 076 870.00 | 4% |
| ICT EQUIPMENT | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Computer and IT related office equipment all departments | INCOME | 450 000.00 | - | 450 000.00 | - | 450 000.00 | 0% |
| TOTAL | | | 450 000.00 | - | 450 000.00 | - | 450 000.00 | 0% |
| RECORDS MANAGEMENT | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | TV & OVHD (For Call Centre office) | INCOME | 10 000.00 | - | 10 000.00 | - | 10 000.00 | 0% |
| SC | Security Door for Registry office | INCOME | 30 000.00 | - | 30 000.00 | - | 30 000.00 | 0% |
| TOTAL | | | 40 000.00 | - | 40 000.00 | - | 40 000.00 | 0% |
| TOTAL CORPORATE SERVICES BUDGET | | | 4 750 000.00 | - | 4 750 000.00 | 183 130.00 | 4 566 870.00 | 4% |

3.1.5 Regional Offices

The actual expenditure for the first quarter is R 143 thousand compared with the projection of R 2.375 million which result to a negative variance of 89%.The expenditure incurred for the first half represent 4% of approved budget for 2018/2019 financial year. The major part of the capital budget for this department is in Dzanani regional office and Waterval Regional office with an approved budget of R 940 thousand and R 2.420 million respectively. Spending is expected to be accelerated in the Second midterm as most of this project have already been advertised and will be closed before the end of February 2019.

| CAPITAL EXPENDITURE REPORT FOR 31 DECEMBER 2018 | | | | | | | | |
|---|---------------------------------------|---------|---------------------|-----------------|---------------------|-------------------|---------------------|------------|
| REGIONAL OFFICES | | | | | | | | |
| DZANANI REGIONAL OFFICE | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Borehole at Dzanani Regional Office | INCOME | 70 000.00 | 79 500.00 | 149 500.00 | 130 000.00 | 19 500.00 | 87% |
| SC | Borehole at the Transfer Station | INCOME | 70 000.00 | (70 000.00) | - | - | - | 0% |
| SC | Street Names : Dzanani Township | INCOME | 300 000.00 | - | 300 000.00 | - | 300 000.00 | 0% |
| SC | Paving of Office Yard | INCOME | 350 000.00 | (20 000.00) | 330 000.00 | - | 330 000.00 | 0% |
| SC | Submersible pump for Rabali Stadium | INCOME | - | 20 000.00 | 20 000.00 | - | 20 000.00 | 0% |
| SC | Pedestrian Roller Two Drums | INCOME | 150 000.00 | - | 150 000.00 | - | 150 000.00 | 0% |
| TOTAL | | | 940 000.00 | 9 500.00 | 949 500.00 | 130 000.00 | 819 500.00 | 14% |
| WATERVAL REGIONAL OFFICE | | | | | | | | |
| CODE | DESCRIPTION | SOURCES | BUDGET | VIREMENT | FINAL BUDGET | EXPENDITURE | VARIANCE | PERCENTAGE |
| SC | Pedestrian Roller & Trailer | INCOME | 600 000.00 | - | 600 000.00 | - | 600 000.00 | 0% |
| SC | Lawn Mower Machines for Parks | INCOME | 600 000.00 | - | 600 000.00 | - | 600 000.00 | 0% |
| SC | Ablution Facilities | INCOME | 550 000.00 | - | 550 000.00 | - | 550 000.00 | 0% |
| SC | Carport for Waterval Regional Offices | INCOME | 650 000.00 | - | 650 000.00 | - | 650 000.00 | 0% |
| SC | 2 X Water Tanks | INCOME | 20 000.00 | - | 20 000.00 | 13 000.00 | 7 000.00 | 65% |
| TOTAL | | | 2 420 000.00 | - | 2 420 000.00 | 13 000.00 | 2 407 000.00 | 1% |
| TOTAL REGIONAL OFFICES BUDGET | | | 3 360 000.00 | 9 500.00 | 3 369 500.00 | 143 000.00 | 3 226 500.00 | 4% |

4. SOURCES OF FINANCE - CAPITAL REVENUE

It should be noted that **Capital Revenue** represents the sources of finances of capital expenditure and not actual capital receipts as indicated on the prescribed Section 71 Report in terms of the MFMA. Actual receipts could exceed the expenditure.

| | Budget Year 2018/19 | | | | | | | | | | |
|---|---------------------|----------------------|---------------|--------------|---------------|------------------|-----------------|--------------|----------------------------|----------------------|--------------------|
| R thousands | Original Budget | Mid-Term Projections | Q1 Sept | M06 Actual | Q2 Dec Actual | Mid -Term Actual | YTD Variance | YTD variance | YTD Actual Budget/Budget % | Actual vs Projected% | Full Year Forecast |
| CAPITAL EXPENDITURE -STANDARD | | | | | | | | | | | |
| Funded by: | | | | | | | | | | | |
| National Gov ernment | 104 645 | 52 323 | 23 503 | 5 875 | 23 219 | 46 722 | (5 600) | -11% | 50% | 89% | 104 645 |
| Prov incial Gov ernment | - | | | | | | | | | | |
| District Municipality | - | | | | | | | | | | |
| Other transfers and grants | - | | | | | | | | | | |
| Transfers recognised - capital | 104 645 | 52 323 | 23 503 | 5 875 | 23 219 | 46 722 | (5 600) | -11% | 50% | 89% | 104 645 |
| Public contributions & donations | - | | | | | - | | | | | |
| Borrowing | - | | | | | - | | | | | |
| Internally generated funds | 78 931 | 39 466 | 289 | 844 | 2 931 | 3 221 | (36 245) | -92% | 50% | 8% | 78 931 |
| Total Capital Funding | 183 576 | 91 788 | 23 792 | 6 718 | 26 150 | 49 943 | (41 845) | -46% | 50% | 54% | 183 576 |

5. CONDITIONAL GRANT SUMMARY

The grant funding gazetted by both National and Provincial Treasury and also approved in Makhado Municipality's 2018/2019 budget.
(Excludes equitable share as it is not conditional)

SUMMARY OF CONDITIONAL GRANTS 2018/2019 Mid Term 2018

| | Budget Year | | | | | | | | |
|---------------------|-----------------|---------------------|---------------|---------------|---------------|-----------------|---------------------|------------|--------------------|
| Description | Original Budget | Grants Received VTD | Actual Q1 | Actual Dec 18 | Actual Q2 | Expenditure YTD | % Spent on received | BUDGET % | Full Year Forecast |
| MIG | 87 732 | 81 168 | 45 937 | 35 231 | 35 231 | 36 543 | 45% | 42% | 87 732 |
| INEP | 16 913 | 11 913 | | 5 000 | 11 913 | 6 969 | 59% | 41% | 16 913 |
| FMG | 1 700 | 1 700 | 1 700 | | | 909 | 53% | 53% | 1 700 |
| EPWP | 1 240 | 868 | 310 | | 558 | 620 | 71% | 50% | 1 240 |
| MSIG | 1 055 | | | | | | | | 1 055 |
| Total Grants | 108 640 | 95 649 | 47 947 | 40 231 | 47 702 | 45 041 | 47% | 41% | 108 640 |

5.1 Analysis.

5.1.1 Municipal infrastructure Grant (MIG)

The actual amount received as at 31 December 2018 is R 81 million and actual expenditure is R 36 million that represent 42 % of expenditure against approved allocation of R 87 million. The department requested R 6million own funding to cover project budgeted under MIG funding when they were not approved as MIG projects.

Spending needs to accelerate during the 2nd half of the financial year to ensure 100% spending of the grant by the end of the financial year.

5.1.2 Integrated National Electricity Programme (INEP)

The actual amount received as at 31 December 2018 is R 12 million and actual expenditure is R 6.9 million which represent 41% of expenditure against approved allocation of R 16 million. Spending needs to accelerate during the 2nd half of the financial year to ensure 100% spending of the grant by the end of the financial year.

5.1.3 Municipal System Improvement Grant (MSIG)

The actual amount received as at 31 December 2018 Mid-Term is R 0 and actual expenditure is R 0 which represent 0% of expenditure against approved allocation of R 1 million. There is a need to adjust this allocation during budget adjustment in February 2019.

5.1.4 Financial Management Grant (FMG)

The actual amount received as at 31 December 2018 Mid-term is R 1.7 Million and actual expenditure incurred is R 909 thousands that represents 53% against the approved allocation of R 1.7 million.

5.1.5 Expanded Public Works Programme (EPWP)

The actual amount received as at 31 December 2018 Med-Term is R 868 thousand and actual expenditure incurred is R 619 thousand that represent 71% against the approved allocation of R 1.2 million.

6. DEBTORS

The total **Outstanding Debt** as at 31 December 2018 is R 236 107 971.

| Year End | Month End | Mun | Item | Detail | 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 - | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
|-------------|--------------|--------|------|--|----------------|-----------------|-----------------|------------------|-------------------|-------------------|----------------------|----------------|-------------|---|--|
| 2019 | M06 | LIM344 | 1100 | Debtors Age Analysis By Income Source | | | | | | | | | | | |
| | | | 1200 | Trade and Other Receivables from Exchange Transactions - Water | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 1300 | Trade and Other Receivables from Exchange Transactions - Electricity | -7 079 | 23 997 093 | 4 805 504 | 3 807 517 | 3 530 180 | 68 436 311 | 0 | 0 | 104 569 526 | 0 | 0 |
| | | | 1400 | Receivables from Non-exchange Transactions - Property Rates | 2 416 693 | 11 527 048 | 6 285 485 | 1 799 152 | 1 772 199 | 70 073 747 | 0 | 0 | 93 874 324 | 0 | 0 |
| | | | 1500 | Receivables from Exchange Transactions - Waste Water Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 1600 | Receivables from Exchange Transactions - Waste Management | 3 615 | 976 251 | 696 757 | 554 127 | 529 367 | 16 061 883 | 0 | 0 | 18 822 000 | 0 | 0 |
| | | | 1700 | Receivables from Exchange Transactions - Property Rental Debtors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 1810 | Interest on Arrear Debtor Accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 1820 | Recoverable unauthorised, irregular or fruitless and wasteful | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | 1900 | Other | -1 100 399 | -87 349 | 61 212 | -1 069 514 | -45 579 | 21 083 750 | 0 | 0 | 18 842 121 | 0 | 0 |
| | | | 2000 | Total By Income Source | 1 312 830 | 36 413 043 | 11 848 958 | 5 091 282 | 5 786 167 | 175 655 691 | 0 | 0 | 236 107 971 | 0 | 0 |
| | | | 2100 | Debtors Age Analysis By Customer Group | | | | | | | | | | | |
| | | | 2200 | Organs of State | -240 452 | 2 353 489 | 1 851 727 | 1 816 488 | 1 806 849 | 39 142 446 | 0 | 0 | 46 730 547 | 0 | 0 |
| | | | 2300 | Commercial | -370 268 | 17 045 360 | 4 396 739 | 1 221 626 | 1 109 139 | 28 675 620 | 0 | 0 | 52 078 216 | 0 | 0 |
| | | | 2400 | Households | 2 107 382 | 11 123 519 | 4 367 976 | 2 084 754 | 2 091 073 | 79 276 646 | 0 | 0 | 101 051 350 | 0 | 0 |
| | | | 2500 | Other | -183 832 | 5 890 675 | 1 232 516 | -31 586 | 779 106 | 28 560 979 | 0 | 0 | 36 247 858 | 0 | 0 |
| | | | 2600 | Total By Customer Group | 1 312 830 | 36 413 043 | 11 848 958 | 5 091 282 | 5 786 167 | 175 655 691 | 0 | 0 | 236 107 971 | 0 | 0 |

The Collection Rate for the period July 2018 to December 2018 Mid-Term is 81% on billed income and compares favourably to the budget forecasting of 100% for the financial year.

Collection rates are as follows:

| Month | Payment Received | Billed income to public | Collection Rate |
|--------------|-------------------------|--------------------------------|------------------------|
| July | R 16,690,562.84 | R 27,625,037.43 | 60% |
| August | R 25,602,511.91 | R 27,625,037.43 | 93% |
| September | R 28,916,352.19 | R 38,227,028.89 | 76% |
| October | R 28,565,902.76 | R 32,822,195.20 | 87% |
| November | R 29,179,815.59 | R 30,252,074.16 | 96% |
| December | R 32,897,096.13 | R 45,065,560.29 | 73% |

COLLECTION REPORT - JULY TO SEPTEMBER 2018

| MONTHS | TOTAL SETTLEMENT | BILLING | COLLECTION RATE |
|---------|------------------|---------------|-----------------|
| July-18 | 16 690 562.84 | 27 625 037.45 | 60% |
| Aug-18 | 25 602 511.91 | 27 625 037.45 | 93% |
| Sep-18 | 28 916 352.19 | 38 227 028.89 | 76% |
| TOTAL | 71 209 426.94 | 93 477 103.79 | 229% |

AVERAGE COLLECTION FOR 3 MONTHS**76%****COLLECTION REPORT - OCTOBER TO DECEMBER 2018**

| MONTHS | TOTAL SETTLEMENT | BILLING | COLLECTION RATE |
|--------|------------------|----------------|-----------------|
| Oct-18 | 28 565 902.76 | 32 822 195.20 | 87% |
| Nov-18 | 29 179 815.59 | 30 252 974.16 | 96% |
| Dec-18 | 32 897 096.13 | 45 065 560.29 | 73% |
| TOTAL | 90 642 814.48 | 108 140 729.65 | 256% |

AVERAGE COLLECTION FOR 3 MONTHS**85%**

7. Debtors Payment Analysis

| | MID TERM 2018 (PROJECTED) | MID- Term 2018 (Actual billing) | MID TERM 2018 (Actual paid) | MID TERM 2018 |
|-----------------------------------|-----------------------------|-----------------------------------|-------------------------------|-------------------|
| Description | Budget | Billing | Paid | Collection rate % |
| Property Rates | 27 957 664.00 | 24 156 405.03 | 16 438 868.67 | 68% |
| Electricity Services charges | 169 570 818.68 | 139 137 484.14 | 113 695 979.03 | 82% |
| Refuse Services charges | 5 276 134.72 | 4 557 656.68 | 2 602 230.57 | 57% |
| Interest from Outstanding Debtors | 7 226 938.50 | 9 609 906.64 | 1 203 550.27 | 13% |

7.1 Analysis

7.1.1 Property Rates

Property rate actual billed for the first half 2018 is R 24 156 405.03 million and only R 16 438 868.67 was received; this indicates 68% collection rates on property rates for the first half 2018.

7.1.2 Electricity service charges Revenue

Electricity services charged billing for the first half of 2018 is R 139 137 484.14 and only R 113 695 979.03 was received, this indicates 82% collection rates on Electricity service charges for the first half 2018 against the actual billing . There is a need to maximize the implementation of the credit control activities to ensure 100% collection by 30 June 2019. There is need to adjust impairment in line with the collection rate.

7.1.3 Service Charges Refuse

Refuse charged and billed during the first half is R 4 557 656.68 and only R 2 602 230.57 was received which indicates 57% collection rate for the first half 2018 against the actual billing. There is a need to maximize the implementation of the credit control activities to ensure 100% collection by 30 June 2019.

7.1.4 Interest on Outstanding Debtors

Interest Charged and billed on outstanding debtors during the first half is R 9 609 906.64 and only R 1 203 550.27 was received which indicates 13% collection rate of 13% against the actual billing. There is a need to maximize the implementation of the credit control activities to ensure 100% collection by 30 June 2019.

Summary of credit report on municipal service cut off for arrear accounts

| Month | Number of accounts cut off |
|--------------|----------------------------|
| July | 71 |
| August | 310 |
| September | 114 |
| October | 260 |
| November | 223 |
| December | 34 |
| Total | 1012 |

8. TRADE PAYABLES

8.1 CREDITOR AGE ANALYSIS

8.1.1 Analysis:

I. Creditors' age analysis

- a) In terms of MFMA all creditors should be paid within 30 days of receiving the invoice or statement, as at the end of December 2018. 100 % of operational and capital creditors were paid within 30 days of receiving the relevant invoice or statement as prescribed in terms of Section 65(e) of the MFMA.

9. A CASH FLOW FORECAST

This statement indicates the financial position as at 31 December 2018. This statement includes MIG, INEP, Equitable share and other grants. By 31 December 2018 municipal cash balance was R 129 983 441.14. If the municipality can continue to maintain a favourable balance on a monthly basis, and the will have a positive balance of R 18 306 498.56 at the end of financial year (30 June 2019.)

Cash and Cash equivalent (Cash on hand)

| | |
|-------------------|------------------|
| Primary Account (| R 129 145 272.15 |
|-------------------|------------------|

| | |
|---------------------------------|--------------|
| Call account 1 (62 404 650435) | R 716 890.67 |
|---------------------------------|--------------|

| | |
|---------------------------------|--------------|
| Call account 2 (62 482 843408) | R 100 872.55 |
|---------------------------------|--------------|

| | |
|--------------------------------|-------------|
| Call account 3 (62 308 30779) | R 20 405.77 |
|--------------------------------|-------------|

| | |
|---|-------------------------|
| Closing balance as at 31 December 2018 | R 129 983 441.14 |
|---|-------------------------|

Makhado Local Municipality

2018 - 19 Cash Forecast October to 31 December 2018 and other remaining Month until 30 June 2019

| Months | Legends | October | November | December | January | February | March | April | May | June |
|---------------------------------------|---------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|---------------|
| Revenue billing | | | | | | | | | | |
| Assessmet Rates | | 2 788 599.62 | 2 765 123.96 | 15 822 004.27 | 2 785 756.67 | 2 785 756.67 | 2 785 756.67 | 2 785 756.67 | 2 785 756.67 | 2 785 756.67 |
| Electricity | | 23 198 121.55 | 23 198 121.55 | 22 805 085.22 | 23 198 121.55 | 23 198 121.55 | 23 198 121.55 | 23 198 121.55 | 23 198 121.55 | 23 198 121.55 |
| Water | | | | - | - | - | - | - | - | - |
| Sewerage Volume Charge | | | | - | - | - | - | - | - | - |
| Refuse Removal | | 698 995.40 | 712 415.50 | 856 812.93 | 747 106.95 | 747 106.95 | 747 106.95 | 747 106.95 | 747 106.95 | 747 106.95 |
| Fines, penalties and forfeits | | | | 178 194.42 | 289 097.21 | 356 388.83 | 267 291.63 | 89 097.21 | 178 194.42 | 89 097.21 |
| Licences and permits | | | | 725 697.66 | 862 848.83 | 951 395.32 | 1 088 546.49 | 1 002 848.83 | 1 025 697.66 | 1 162 848.83 |
| Commission- Eskom | | | | - | - | - | - | - | - | - |
| Commission- Magalies | | | | - | - | - | - | - | - | - |
| Other - revenue billing | 1 | 2 497 042.02 | 2 173 231.52 | 1 516 088.88 | 4 133 463.02 | 4 133 463.02 | 4 133 463.02 | 4 133 463.02 | 4 133 463.02 | 4 133 463.02 |
| | | 29 182 758.59 | 28 848 892.53 | 41 903 883.38 | 32 016 394.23 | 32 172 232.34 | 32 220 286.31 | 31 956 394.23 | 32 068 340.27 | 32 116 394.23 |
| Actual and forecast collection | | | | | | | | | | |
| Assessmet Rates | | 1 617 618.20 | 2 988 350.58 | 6 834 892.20 | 2 988 350.58 | 2 988 350.58 | 2 988 350.58 | 2 988 350.58 | 2 988 350.58 | 2 988 350.58 |
| Electricity | | 20 681 246.56 | 20 933 872.30 | 20 373 459.64 | 26 500 595.76 | 26 392 308.82 | 26 294 939.73 | 26 007 165.02 | 26 062 614.77 | 26 408 256.45 |
| Water | | | | | | | | | | |
| Sewerage Volume Charge | | | | | | | | | | |
| Refuse Removal | | 501 325.00 | 421 594.59 | 357 018.42 | 488 788.07 | 489 242.79 | 487 332.98 | 477 606.68 | 480 658.45 | 488 663.02 |
| Payment arrangement | | | | | | | | | | |
| Advance payments | | 1 365 860.33 | 571 215.31 | 1 189 453.39 | 1 002 181.82 | 1 203 012.10 | 1 093 360.90 | 1 109 376.31 | 1 189 217.08 | 1 175 910.29 |
| Refund SARS | | - | 3 200 000.00 | 5 287 909.00 | 6 356 098.00 | | | 7 978 589.00 | | 6 790 890.00 |
| Sundry charges | | 1 004 086.78 | 901 285.51 | 820 246.69 | 955 311.39 | 896 783.35 | 920 232.59 | 916 324.39 | 922 162.93 | 890 780.48 |
| Interest eamed - outstanding debtors | | 120 519.44 | 149 205.00 | 188 030.71 | 150 187.62 | 161 446.47 | 152 585.05 | 169 109.17 | 163 062.46 | 164 271.80 |
| Rentals | | 23 078.20 | 34 943.80 | 33 448.00 | 39 913.00 | 37 375.86 | 65 243.13 | 55 147.00 | 60 058.00 | 73 400.00 |
| Collection rate | | 87% | 96% | 73% | | | | | | |
| Equitable Share Allocation | | | | 104 920 000.00 | | | 79 064 000.00 | | | |
| Financial Management Grant | | | | | | | | | | |
| Municipal Systems Information Grant | | | | | | | | | | |
| MSIG | | | | | | | | | | |
| EPWP | | | 558 000.00 | | | | 372 000.00 | | | |
| MIG | | | | 35 231 000.00 | | | 6 564 000.00 | | | |
| INEP | | 6 913 000.00 | | 5 000 000.00 | | 5 000 000.00 | | | | |
| Interest eamed - external investments | | 430 167.00 | 430 167.00 | 430 167.00 | 430 167.00 | 430 167.00 | 430 167.00 | 430 167.00 | 430 167.00 | 430 167.00 |
| Fines, penalties and forfeits | | 95 638.17 | 85 008.00 | 68 527.00 | 78 259.00 | 129 867.88 | 233 323.77 | 357 496.00 | 450 321.00 | 105 308.93 |
| Licences and permits | | 470 789.06 | 470 789.06 | 470 789.06 | 470 789.06 | 470 789.06 | 470 789.06 | 470 789.06 | 470 789.06 | 470 789.06 |
| Other Income | | 3 058 584.18 | 3 435 760.53 | 3 617 374.14 | 3 435 760.53 | 3 435 760.53 | 3 435 760.53 | 3 435 760.53 | 3 435 760.53 | 3 435 760.53 |
| Total | | 36 281 913.79 | 34 180 192.64 | 184 822 315.98 | 42 896 401.83 | 41 635 104.44 | 122 572 085.32 | 44 395 880.74 | 36 653 161.86 | 43 422 548.14 |

| Months | Legends | October | November | December | January | February | March | April | May | June |
|--------------------------------------|---------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenditure | | | | | | | | | | |
| Employee benefits | | 19 267 327.00 | 19 198 201.00 | 32 079 020.67 | 20 843 672.67 | 19 295 313.41 | 20 693 472.33 | 19 263 244.67 | 19 053 223.67 | 21 890 880.00 |
| Remuneration of councillors | | 2 134 269.87 | 2 092 151.33 | 1 870 206.00 | 1 857 046.00 | 2 397 897.70 | 1 877 452.09 | 2 712 682.00 | 2 712 682.00 | 4 151 716.82 |
| Eskom-Consumption | | 48 042 919.66 | 24 733 461.02 | 27 976 623.75 | 23 107 746.00 | 23 107 746.00 | 23 107 746.00 | 23 107 746.00 | 23 107 746.00 | 23 107 746.00 |
| Eskom-Interest | | | | | | | | | | |
| Waterboard-Consumption | | | | | | | | | | |
| Waterboard-Interest | | | | | | | | | | |
| Repairs and Maintenance | | 1 568 987.00 | 1 478 328.75 | 1 935 553.00 | 1 554 532.94 | 1 844 055.00 | 1 990 457.00 | 2 100 047.00 | 2 007 541.41 | 2 341 001.00 |
| Training , Travel and Subsistence | | 423 001.00 | 431 700.33 | 495 340.27 | 247 670.13 | 990 680.54 | 743 010.40 | 447 670.13 | 431 319.48 | 247 670.13 |
| Telephone costs | | 841 250.93 | 516 778.50 | 560 833.95 | 680 416.98 | 712 167.91 | 841 250.93 | 680 416.98 | 560 833.95 | 780 416.98 |
| Rentals and leases | | 530 968.80 | 537 081.00 | 353 979.20 | 276 989.60 | 707 958.39 | 530 968.80 | 276 989.60 | 353 979.20 | 476 989.60 |
| Other Operating/ Running costs legal | 2 | 280 896.00 | 361 011.40 | 389 194.49 | 194 597.24 | 778 388.97 | 583 791.73 | 194 597.24 | 389 194.49 | 194 597.24 |
| Contribution towards Old debts | | | | | | | | | | |
| MIG Expenditures | | 8 678 009.00 | 1 759 755.00 | 5 812 011.69 | 3 548 282.28 | 14 193 129.22 | 5 656 188.00 | 3 548 282.28 | 7 096 564.56 | 3 548 282.28 |
| INEP Expenditure | | | 6 494 082.00 | 475 305.37 | 939 611.11 | 3 758 444.44 | 2 818 833.33 | 939 611.11 | 1 879 222.22 | 939 611.11 |
| FMG Expenditure | | 110 000.00 | 550 000.00 | 50 000.00 | 240 000.00 | 50 000.00 | 75 000.00 | 75 000.00 | 75 000.00 | 50 000.00 |
| Own Funding capex | | | 2 059 898.00 | 843 718.57 | 8 241 005.37 | 8 004 501.00 | 8 804 701.00 | 9 560 803.00 | 12 470 889.47 | 13 304 386.86 |
| EPWP Expenditure | | 103 333.33 | 103 333.33 | 103 333.33 | 103 333.33 | 103 333.33 | 103 333.33 | 103 333.33 | 103 333.33 | 103 333.33 |
| Commitment (Creditors) | | 7 590 987.00 | 3 722 412.00 | 3 706 545.00 | 3 708 718.40 | 3 702 578.25 | 3 703 806.28 | 3 706 186.33 | 3 709 189.50 | 3 705 440.09 |
| Contracted services | 3 | 1 635 517.86 | 1 755 890.98 | 1 884 799.00 | 1 649 251.00 | 1 662 956.08 | 1 976 890.00 | 1 867 896.00 | 1 867 895.00 | 1 998 009.00 |
| SARS_Payments | | | - | | - | - | - | - | - | - |
| Loans | | | | | | | | | | |
| Total payments | | 91 207 467.45 | 65 794 084.64 | 78 536 464.29 | 67 192 873.05 | 81 309 150.24 | 73 506 901.22 | 68 584 505.67 | 75 818 614.27 | 76 840 080.45 |
| Opening balance per bank statement | | 110 237 035.11 | 55 311 481.45 | 23 697 589.45 | 129 983 441.14 | 105 686 969.92 | 66 012 924.12 | 115 078 108.22 | 90 889 483.29 | 51 724 030.87 |
| Net Cash inflow/outflow Month | | - 54 925 553.66 | - 31 613 892.00 | 106 285 851.69 | - 24 296 471.22 | - 39 674 045.80 | 49 065 184.10 | - 24 188 624.93 | - 39 165 452.41 | - 33 417 532.31 |
| Closing Cash forecast balance | | 55 311 481.45 | 23 697 589.45 | 129 983 441.14 | 105 686 969.92 | 66 012 924.12 | 115 078 108.22 | 90 889 483.29 | 51 724 030.87 | 18 306 498.56 |

10. REVISED PROJECTIONS ON OPERATING REVENUE AND EXPENDITURE 2018/2019

| LIM344 Makhado - Revised Projections For Revenue and Expenditure 2018/2019. | | | | | |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
| Description | Budget Year 2018/19 | | | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | 9 | 10 | | |
| R thousands | A | G | H | | |
| Revenue By Source | | | | | |
| Property rates | 55 915 328.00 | 5 481 000.00 | 61 396 328.00 | 64 834 522.37 | 68 335 586.58 |
| Service charges - electricity revenue | 339 141 637.36 | -33 776 000.00 | 305 365 637.36 | 322 466 113.05 | 329 477 002.20 |
| Service charges - refuse revenue | 10 552 269.43 | -1 214 000.00 | 9 338 269.43 | 9 861 212.52 | 10 393 718.00 |
| Rental of facilities and equipment | 528 981.00 | -200 000.00 | 328 981.00 | 347 403.94 | 366 163.75 |
| Interest earned - external investments | 5 613 159.00 | -5 590 000.00 | 23 159.00 | 24 455.90 | 25 776.52 |
| Interest earned - outstanding debtors | 14 453 877.00 | 4 914 000.00 | 19 367 877.00 | 20 452 478.11 | 21 556 911.93 |
| Dividends received | - | - | - | - | - |
| Fines, penalties and forfeits | 1 988 728.00 | -232 000.00 | 1 756 728.00 | 1 855 104.77 | 1 955 280.43 |
| Licences and permits | 13 233 541.00 | -7 624 000.00 | 5 609 541.00 | 5 923 675.30 | 6 243 553.76 |
| Agency services | 58 100 715.00 | - | 58 100 715.00 | 61 238 153.61 | 64 545 013.90 |
| Transfers and subsidies | 321 472 939.00 | - | 321 472 939.00 | 352 709 000.00 | 384 151 000.00 |
| Other revenue | 15 000 000.00 | -1 282 000.00 | 13 718 000.00 | 36 583 999.07 | 35 093 759.50 |
| Total Revenue (excluding capital transfers and contributions) | 836 001 174.80 | -39 523 000.00 | 796 478 174.80 | 876 296 118.64 | 922 143 766.56 |
| Expenditure By Type | | | | | |
| Employee related costs | 261 549 322.55 | - | 261 549 322.55 | 279 857 775.13 | 299 724 649.55 |
| Remuneration of councillors | 27 774 945.49 | - | 27 774 945.49 | 29 719 191.67 | 27 479 654.21 |
| Debt impairment | 66 063 170.00 | -5 000 000.00 | 61 063 170.00 | 69 482 707.52 | - |
| Depreciation & asset impairment | 79 893 216.00 | 20 106 784.00 | 100 000 000.00 | 85 493 216.00 | 127 384 015.38 |
| Finance charges | 13 101 777.00 | - | 13 101 777.00 | 13 835 476.51 | 13 152 426.47 |
| Bulk purchases | 154 909 478.00 | - | 154 909 478.00 | 163 584 408.77 | 279 523 488.18 |
| Other materials | 3 838 280.00 | - | 3 838 280.00 | 4 053 223.68 | - |
| Contracted services | 58 638 395.14 | -44 312 000.00 | 14 326 395.14 | 59 440 673.27 | 12 324 642.00 |
| Other expenditure | 148 308 152.11 | 4 102 000.00 | 152 410 152.11 | 156 843 120.63 | 211 343 038.80 |
| Loss on disposal of PPE | - | - | - | - | - |
| Total Expenditure | 814 076 736.29 | -25 103 216.00 | 788 973 520.29 | 862 309 793.18 | 970 931 914.59 |
| Surplus/(Deficit) | 21 924 438.51 | -14 419 784.00 | 7 504 654.51 | 13 986 325.46 | -48 788 148.03 |
| allocations) (National / Provincial and District) | 104 645 000.00 | - | 104 645 000.00 | 106 217 000.00 | 111 322 000.00 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental transfers and subsidies - capital (in-kind - all) | - | - | - | - | - |
| Surplus/(Deficit) before taxation | 126 569 438.51 | -14 419 784.00 | 112 149 654.51 | 120 203 325.46 | 62 533 851.97 |
| Taxation | - | - | - | - | - |
| Surplus/(Deficit) after taxation | 126 569 438.51 | -14 419 784.00 | 112 149 654.51 | 120 203 325.46 | 62 533 851.97 |
| Attributable to minorities | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | 126 569 438.51 | -14 419 784.00 | 112 149 654.51 | 120 203 325.46 | 62 533 851.97 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - |
| Surplus/ (Deficit) for the year | 126 569 438.51 | -14 419 784.00 | 112 149 654.51 | 120 203 325.46 | 62 533 851.97 |

11 .REVISED PROJECTIONS ON CAPITAL EXPENDITURE 2018/2019

| REVISED PROJECTION FOR CAPITAL BUDGET 2018/2019 FINANCIAL YEAR | | | | | |
|--|-----------------------|----------------|-----------------|-----------------------|---------------------|
| Description | Budget 2018/2019 Year | | | Budget Year 2019/2020 | Budget Year 2020/21 |
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | A | G | H | | |
| Capital Expenditure - Functional | | | | | |
| Governance and administration | 9 900 | | | 4 400 | 4 400 |
| Executive and council | | | | | |
| Finance and administration | 9 900 | | 9 900 | 4 400 | 4 400 |
| Internal audit | | | | | |
| Community and public safety | 16 341 | | | 10 995 | 8 187 |
| Community and social services | 16 341 | | 16 341 | 10 995 | 8 187 |
| Sport and recreation | | | | | |
| Public safety | | | | | |
| Housing | | | | | |
| Health | | | | | |
| Economic and environmental services | 97 410 | | | 105 000 | 108 950 |
| Planning and development | 11 200 | | 11 200 | 4 000 | 4 000 |
| Road transport | 86 210 | | 86 210 | 101 000 | 104 950 |
| Environmental protection | | | | | |
| Trading services | 59 925 | | | 101 717 | 56 022 |
| Energy sources | 58 425 | | | 99 917 | 55 722 |
| Water management | 1 500 | | | 1 800 | 300 |
| Waste water management | | | | | |
| Waste management | | | | | |
| Other | | | | | |
| Total Capital Expenditure - Functional | 183 576 | - | - | 222 112 | 177 559 |
| Funded by: | | | | | |
| National Government | 104 645 | | | 106 217 | 111 322 |
| Provincial Government | | | | | |
| District Municipality | | | | | |
| Other transfers and grants | | | | | |
| Transfers recognised - capital | 104 645 | - | - | 106 217 | 111 322 |
| Public contributions & donations | | | | | |
| Borrowing | | | | | |
| Internally generated funds | 78 931 | | | 115 895 | 66 237 |
| Total Capital Funding | 183 576 | - | - | 222 112 | 177 559 |

11. AN ADJUSTMENT BUDGET IS NECESSARY BASED ON THE FOLLOWING REASONS:

Possible upward rates and taxes adjustment on budgeted income

Anticipated revenue less than budgeted revenue due to consumer's payments and also rates and taxes not being received as projected

The municipality foresees that the anticipated revenue will be less than the budgeted revenue for in the 3rd and 4th quarter

The department requested additional own funding to cover project budgeted under MIG funding which were not approved by the department of Local government to qualify for MIG funding.

The departments requested additional funds shifting for electrical projects; therefore it is necessary to do an adjustment budget to identify possible savings to cover additional requests.

12. RECOMMENDATION

That the mid-year budget and performance assessment as tabled be considered by Council.

That the 18/19 annual budget be adjusted in February 2019 in terms of Section 28 of the MFMA

That the mid-year budget and performance assessment report be submitted to the Honourable Mayor and the National and Provincial Treasuries.

That the mid-year budget and performance report be placed on the municipal website within five working days after it is tabled to the Honourable Mayor and approved.

13. Recommendations by Administrative Management

That the council note that the adjustment budget for the income and expenditure projections for the financial year ending 30 June 2019 will be made in terms of the section 28 of the Municipal Finance Management Act no 56 of 2003.

14. APPENDIX A: FINANCIAL ANALYSIS GRAPHS: CAPITAL EXPENDITURE

Chart C1 2018/19 Capital Expenditure Monthly Trend: actual v target

| Month | 2017/18 | Original Budget | Adjusted Budg | Monthly actual |
|-------|---------|-----------------|---------------|----------------|
| Jul | 10 612 | 14 409 | - | 6 316 |
| Aug | 15 236 | 17 055 | - | 15 639 |
| Sep | 25 629 | 18 567 | - | 1 551 |
| Oct | 31 361 | 17 420 | - | 11 082 |
| Nov | 33 194 | 16 839 | - | 8 609 |
| Dec | 50 963 | 17 855 | - | 6 718 |
| Jan | 52 033 | 15 098 | - | - |
| Feb | 56 474 | 14 879 | - | - |
| Mar | - | 13 047 | - | - |
| Apr | - | 11 491 | - | - |
| May | - | 16 351 | - | - |
| Jun | - | 10 565 | - | - |

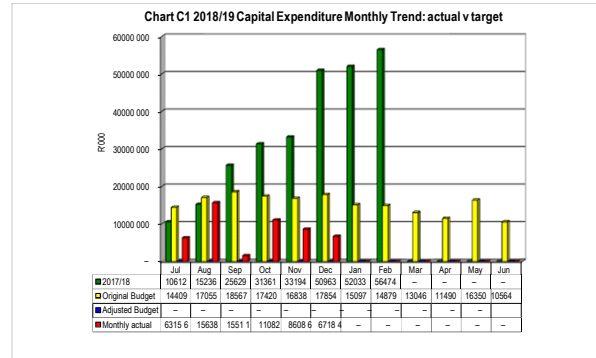
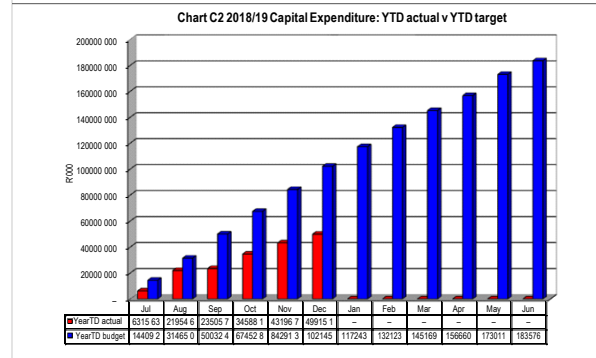


Chart C2 2018/19 Capital Expenditure: YTD actual v YTD target

| Month | YearTD actual | YearTD budget |
|-------|---------------|---------------|
| Jul | 6 316 | 14 409 |
| Aug | 21 955 | 31 465 |
| Sep | 23 506 | 50 032 |
| Oct | 34 588 | 67 453 |
| Nov | 43 197 | 84 291 |
| Dec | 49 915 | 102 146 |
| Jan | - | 117 243 |
| Feb | - | 132 123 |
| Mar | - | 145 169 |
| Apr | - | 156 660 |
| May | - | 173 011 |
| Jun | - | 183 576 |



15. APPENDIX A: FINANCIAL ANALYSIS GRAPHS: CONSUMER DEBTORS

Chart C3 Aged Consumer Debtors Analysis

| | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Days | 151-180 Days | 181 Days-1 Yr | Over 1Yr |
|---------------------|-----------|------------|------------|-------------|--------------|--------------|---------------|----------|
| Budget Year 2018/19 | 1 313 | 36 413 | 11 849 | 5 091 | 5 786 | 175 656 | - | - |
| 2017/18 | - | - | - | - | - | - | - | - |

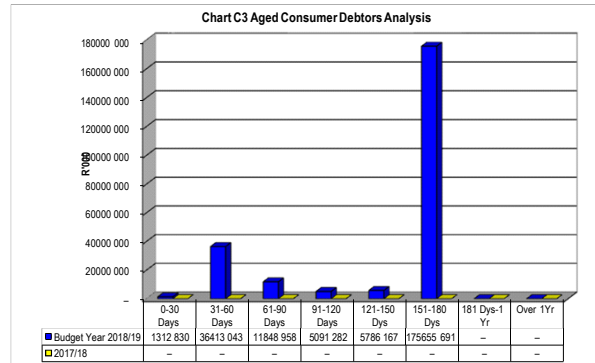
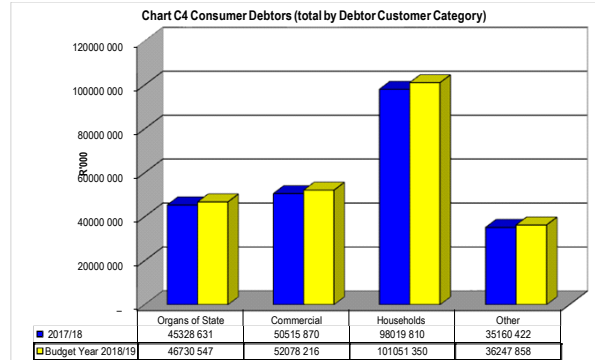
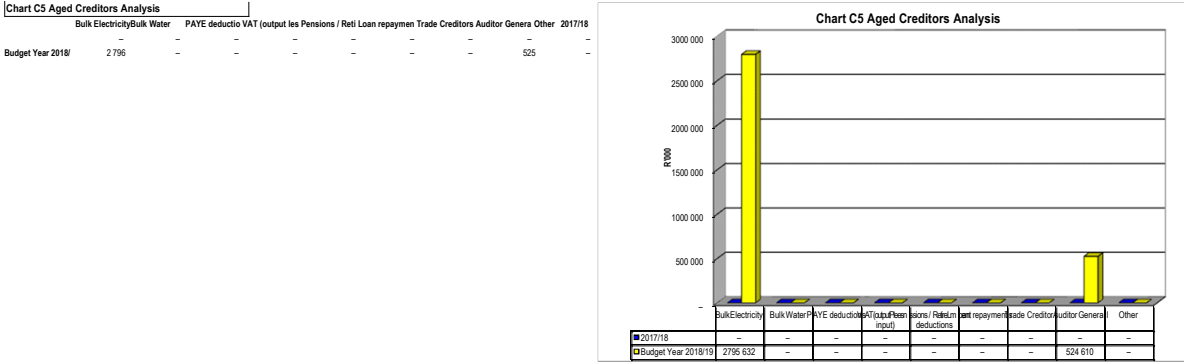


Chart C4 Consumer Debtors (total by Debtor Customer Category)

| | 2017/18 | Budget Year 2018/19 |
|-----------------|---------|---------------------|
| Organs of State | 45 329 | 46 731 |
| Commercial | 50 516 | 52 078 |
| Households | 98 020 | 101 051 |
| Other | 35 160 | 36 248 |



16. APPENDIX A: FINANCIAL ANALYSIS GRAPHS: CREDITORS



17. APPENDIX B: BUDGET STATEMENT SUMMARY

LIM344 Makhado - 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 | 55 915 | 55 915 | - | 7 279 | 30 698 | 27 958 | 2 740 | 10% | 55 915 |
| Service charges | 327 451 | 349 694 | - | 24 806 | 157 351 | 174 847 | (17 496) | -10% | 349 694 |
| Investment revenue | 5 331 | 5 613 | - | 3 | 12 | 2 807 | (2 795) | -100% | 5 613 |
| Transfers and subsidies | 301 654 | 321 473 | - | 104 920 | 239 734 | 160 736 | 78 997 | 49% | 321 473 |
| Other own revenue | 151 780 | 103 306 | - | 3 315 | 20 390 | 51 653 | (31 262) | -61% | 103 306 |
| Total Revenue (excluding capital transfers and contributions) | 842 130 | 836 001 | - | 140 323 | 448 185 | 418 001 | 30 185 | 7% | 836 001 |
| Employee costs | 267 794 | 261 549 | - | 29 848 | 127 015 | 130 775 | (3 760) | -3% | 261 549 |
| Remuneration of Councillors | 25 958 | 27 775 | - | 2 127 | 12 854 | 13 887 | (1 033) | -7% | 27 775 |
| Depreciation & asset impairment | 75 872 | 79 893 | - | - | - | 39 947 | (39 947) | -100% | 79 893 |
| Finance charges | 12 720 | 13 102 | - | - | 26 | 6 551 | (6 525) | -100% | 13 102 |
| Materials and bulk purchases | 205 748 | 158 748 | - | 18 374 | 113 496 | 79 374 | 34 122 | 43% | 158 748 |
| Transfers and subsidies | - | - | - | - | - | - | - | - | - |
| Other expenditure | 300 988 | 273 010 | - | 8 728 | 83 368 | 136 505 | (53 137) | -39% | 273 010 |
| Total Expenditure | 889 081 | 814 077 | - | 59 076 | 336 759 | 407 038 | (70 279) | -17% | 814 077 |
| Surplus/(Deficit) | (46 951) | 21 924 | - | 81 247 | 111 427 | 10 962 | 100 464 | 916% | 21 924 |
| Transfers and subsidies - capital (monetary allocations) | 126 400 | 104 645 | - | 40 231 | 93 081 | 52 323 | 40 759 | 78% | 104 645 |
| Contributions & Contributed assets | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 79 449 | 126 569 | - | 121 478 | 204 508 | 63 285 | 141 223 | 223% | 126 569 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | 79 449 | 126 569 | - | 121 478 | 204 508 | 63 285 | 141 223 | 223% | 126 569 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | 182 816 | 183 576 | - | 6 718 | 49 943 | 91 788 | (41 845) | -46% | 183 576 |
| Capital transfers recognised | 124 594 | 104 645 | - | 5 875 | 46 722 | 52 323 | (5 600) | -11% | 104 645 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 58 223 | 78 931 | - | 844 | 3 221 | 39 466 | (36 245) | -92% | 78 931 |
| Total sources of capital funds | 182 816 | 183 576 | - | 6 718 | 49 943 | 91 788 | (41 845) | -46% | 183 576 |
| Financial position | | | | | | | | | |
| Total current assets | 418 259 | 434 643 | - | - | 504 352 | - | - | - | 434 643 |
| Total non current assets | 2 296 993 | 2 418 732 | - | - | 1 664 112 | - | - | - | 2 418 732 |
| Total current liabilities | 95 799 | 100 875 | - | - | 25 219 | - | - | - | 99 368 |
| Total non current liabilities | 132 097 | 139 097 | - | - | 16 | - | - | - | 139 097 |
| Community wealth/Equity | 2 487 356 | 2 613 403 | - | - | 2 143 229 | - | - | - | 2 614 910 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | 236 138 | 272 898 | - | 121 478 | 183 999 | 129 045 | (54 955) | -43% | 272 898 |
| Net cash from (used) investing | (160 758) | (183 576) | - | (6 718) | (49 915) | (91 788) | (41 873) | 46% | (183 576) |
| Net cash from (used) financing | - | - | - | - | - | - | - | - | - |
| Cash/cash equivalents at the month/year end | 191 298 | 205 239 | - | - | 155 104 | 153 174 | (1 931) | -1% | 110 342 |
| 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 | 1 313 | 36 413 | 11 849 | 5 091 | 5 786 | 175 656 | - | - | 236 108 |
| Creditors Age Analysis | | | | | | | | | |
| Total Creditors | 3 320 | - | - | - | - | - | - | - | 3 320 |

18. APPENDIX C: FINANCIAL PERFORMANCE- FUNCTIONAL CLASSIFICATION

LIM344 Makhado - 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 | | 686 540 | 670 971 | - | 116 617 | 290 833 | 286 488 | 5 347 | 2% | 670 971 |
| Executive and council | | 427 210 | 254 712 | - | 104 920 | 348 478 | 127 356 | 121 120 | 95% | 254 712 |
| Finance and administration | | 164 482 | 316 250 | - | 10 597 | 42 357 | 158 130 | (115 773) | -73% | 316 250 |
| Internal audit | | 3 848 | - | - | - | - | - | - | - | - |
| Community and public safety | | 14 880 | 1 828 | - | - | 1 | 914 | (913) | -100% | 1 828 |
| Community and social services | | 14 830 | 1 828 | - | - | 1 | 914 | (913) | -100% | 1 828 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 2 111 | - | - | - | - | - | - | - | - |
| Planning and development | | 507 | - | - | - | - | - | - | - | - |
| Road transport | | 1 514 | - | - | - | - | - | - | - | - |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 361 982 | 367 847 | - | 24 808 | 167 961 | 183 924 | (20 572) | -14% | 367 847 |
| Energy sources | | 340 842 | 358 055 | - | 23 982 | 152 082 | 178 028 | (25 345) | -14% | 358 055 |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 11 140 | 11 792 | - | 825 | 4 899 | 5 896 | (1 227) | -21% | 11 792 |
| Other | 4 | 498 | - | - | - | - | - | - | - | - |
| Total Revenue - Functional | 2 | 964 889 | 940 848 | - | 140 323 | 448 186 | 470 323 | (22 138) | -5% | 940 848 |
| Expenditure - Functional | | | | | | | | | | |
| Governance and administration | | 489 888 | 868 968 | - | 41 748 | 224 801 | 328 484 | (103 683) | -32% | 868 968 |
| Executive and council | | 17 651 | 300 470 | - | 31 974 | 120 002 | 195 235 | (74 633) | -38% | 300 470 |
| Finance and administration | | 389 990 | 281 554 | - | 9 307 | 103 097 | 130 777 | (27 680) | -21% | 281 554 |
| Internal audit | | 80 055 | 4 944 | - | 488 | 901 | 2 472 | (1 571) | -64% | 4 944 |
| Community and public safety | | 38 785 | 1 828 | - | 11 | 673 | 914 | (241) | -28% | 1 828 |
| Community and social services | | 38 785 | 1 828 | - | 11 | 673 | 914 | (241) | -28% | 1 828 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 2 680 | - | - | - | - | - | - | - | - |
| Planning and development | | 2 580 | - | - | - | - | - | - | - | - |
| Road transport | | - | - | - | - | - | - | - | - | - |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 232 876 | 164 908 | - | 17 315 | 111 484 | 77 466 | 34 030 | 44% | 164 908 |
| Energy sources | | 222 406 | 154 908 | - | 17 315 | 111 484 | 77 466 | 34 030 | 44% | 154 908 |
| Water management | | 6 773 | - | - | - | - | - | - | - | - |
| Waste water management | | 67 | - | - | - | - | - | - | - | - |
| Waste management | | 3 020 | - | - | - | - | - | - | - | - |
| Other | | 85 145 | - | - | - | - | - | - | - | - |
| Total Expenditure - Functional | 3 | 863 081 | 819 706 | - | 69 076 | 388 768 | 408 868 | (70 096) | -17% | 819 706 |
| Surplus/ (Deficit) for the year | | 101 808 | 128 941 | - | 81 248 | 111 427 | 83 471 | 47 867 | 78% | 128 941 |

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes.
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in the Financial Performance Statement

19. APPENDIX D: FINANCIAL PERFORMANCE- REVENUE & EXPENDITURE

LIM344 Makhado - 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 | | 55 915 | 55 915 | - | 7 279 | 30 698 | 27 958 | 2 740 | 10% | 55 915 |
| Service charges - electricity revenue | | 317 429 | 339 142 | - | 23 982 | 152 682 | 169 571 | (16 888) | -10% | 339 142 |
| Service charges - water revenue | | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | | 10 021 | 10 552 | - | 825 | 4 860 | 5 276 | (407) | -12% | 10 552 |
| Service charges - other | | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 502 | 529 | - | 18 | 164 | 264 | (100) | -38% | 529 |
| Interest earned - external investments | | 5 331 | 5 013 | - | 3 | 12 | 2 807 | (2 795) | -100% | 5 013 |
| Interest earned - outstanding debtors | | 13 726 | 14 454 | - | 1 648 | 9 664 | 7 227 | 2 437 | 34% | 14 454 |
| Dividends received | | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 1 889 | 1 989 | - | 127 | 879 | 994 | (116) | -12% | 1 989 |
| Licences and permits | | 12 587 | 13 234 | - | 479 | 2 805 | 6 617 | (3 812) | -58% | 13 234 |
| Agency services | | 55 176 | 58 101 | - | - | - | 29 050 | (29 050) | -100% | 58 101 |
| Transfers and subsidies | | 301 654 | 321 473 | - | 104 920 | 239 734 | 160 736 | 78 997 | 49% | 321 473 |
| Other revenue | | 67 918 | 15 000 | - | 1 043 | 6 859 | 7 500 | (641) | -9% | 15 000 |
| Gains on disposal of PPE | | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 842 130 | 898 001 | - | 140 328 | 448 186 | 418 001 | 30 185 | 7% | 898 001 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | | 287 794 | 281 549 | - | 29 848 | 127 015 | 130 775 | (3 760) | -3% | 281 549 |
| Remuneration of councillors | | 25 958 | 27 775 | - | 2 127 | 12 854 | 13 887 | (1 033) | -7% | 27 775 |
| Debt Impairment | | 64 139 | 66 063 | - | - | - | 33 032 | (33 032) | -100% | 66 063 |
| Depreciation & asset impairment | | 75 872 | 79 893 | - | - | - | 39 947 | (39 947) | -100% | 79 893 |
| Finance charges | | 12 720 | 13 102 | - | - | 26 | 6 551 | (6 525) | -100% | 13 102 |
| Bulk purchases | | 205 748 | 154 909 | - | 17 315 | 111 484 | 77 455 | 34 029 | 44% | 154 909 |
| Other materials | | - | 3 838 | - | 1 058 | 2 012 | 1 919 | 93 | 5% | 3 838 |
| Contracted services | | 16 900 | 58 638 | - | 2 337 | 7 163 | 29 319 | (22 156) | -78% | 58 638 |
| Transfers and subsidies | | - | - | - | - | - | - | - | - | - |
| Other expenditure | | 219 949 | 148 308 | - | 6 391 | 76 205 | 74 154 | 2 051 | 3% | 148 308 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 888 081 | 814 077 | - | 58 078 | 398 758 | 407 038 | (70 279) | -17% | 814 077 |
| Surplus/(Deficit) | | (48 951) | 21 924 | - | 81 247 | 111 427 | 10 982 | 100 444 | 0 | 21 924 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 126 400 | 104 645 | - | 40 231 | 93 081 | 52 323 | 40 759 | 0 | 104 645 |
| Transfers and subsidies - capital (non-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 | | 79 449 | 126 569 | - | 121 478 | 204 608 | 63 286 | | | 126 569 |
| Taxation | | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 79 449 | 126 569 | - | 121 478 | 204 608 | 63 286 | | | 126 569 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 79 449 | 126 569 | - | 121 478 | 204 608 | 63 286 | | | 126 569 |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | | 79 449 | 126 569 | - | 121 478 | 204 608 | 63 286 | | | 126 569 |

20. APPENDIX E: FINANCIAL PERFORMANCE- REVENUE & EXPENDITURE BY MUNICIPAL VOTE

LIM344 Makhado - 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 | | 1 | | | | | | | | | |
| Vote 1 - EXECUTIVE AND COUNCIL | | | 598 207 | 392 888 | - | 104 920 | 238 279 | 198 433 | 41 846 | 21.3% | 392 888 |
| Vote 2 - WASTE MANAGEMENT | | | - | 11 792 | - | 825 | 4 869 | 5 898 | (1 227) | -20.8% | 11 792 |
| Vote 3 - ROAD TRANSPORT | | | 14 784 | 87 732 | - | 479 | 3 558 | 43 886 | (40 310) | -91.9% | 87 732 |
| Vote 4 - WATER | | | - | - | - | - | - | - | - | - | - |
| Vote 5 - ELECTRICITY | | | 340 842 | 358 055 | - | 23 982 | 152 882 | 178 028 | (25 345) | -14.2% | 358 055 |
| Vote 6 - CORPORATE SERVICES | | | - | 1 219 | - | - | 471 | 508 | (37) | -7.3% | 1 219 |
| Vote 7 - PLANNING AND DEVELOPMENT | | | - | - | - | - | - | - | - | - | - |
| Vote 8 - COMMUNITY AND SOCIAL SERVICES | | | - | - | - | - | - | - | - | - | - |
| Vote 9 - HOUSING | | | 19 282 | - | - | - | - | - | - | - | - |
| Vote 10 - OTHER | | | - | - | - | - | - | - | - | - | - |
| Vote 11 - SPORTS AND RECREATION | | | - | - | - | - | - | - | - | - | - |
| Vote 12 - BUDGET AND TREASURY | | | - | 75 982 | - | 9 075 | 42 527 | 37 991 | 4 536 | 11.0% | 75 982 |
| Vote 13 - [NAME OF VOTE 13] | | | - | 15 000 | - | 1 043 | 8 000 | 7 500 | (1 500) | -20.0% | 15 000 |
| Vote 14 - [Name of sub-vote] | | | 104 | - | - | - | - | - | - | - | - |
| Vote 15 - [Name of sub-vote] | | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | | 2 | 873 189 | 940 848 | - | 140 323 | 448 186 | 470 221 | (22 036) | -4.7% | 940 848 |
| Expenditure by Vote | | 1 | | | | | | | | | |
| Vote 1 - EXECUTIVE AND COUNCIL | | | 818 220 | 293 167 | - | 31 974 | 120 802 | 148 584 | (25 982) | -17.7% | 293 167 |
| Vote 2 - WASTE MANAGEMENT | | | 25 673 | - | - | - | - | - | - | - | - |
| Vote 3 - ROAD TRANSPORT | | | 21 188 | - | - | - | - | - | - | - | - |
| Vote 4 - WATER | | | - | - | - | - | - | - | - | - | - |
| Vote 5 - ELECTRICITY | | | - | 154 909 | - | 17 315 | 111 484 | 77 455 | 34 030 | 43.9% | 154 909 |
| Vote 6 - CORPORATE SERVICES | | | - | - | - | - | - | - | - | - | - |
| Vote 7 - PLANNING AND DEVELOPMENT | | | - | - | - | - | - | - | - | - | - |
| Vote 8 - COMMUNITY AND SOCIAL SERVICES | | | - | - | - | - | - | - | - | - | - |
| Vote 9 - HOUSING | | | - | - | - | - | - | - | - | - | - |
| Vote 10 - OTHER | | | - | - | - | - | - | - | - | - | - |
| Vote 11 - SPORTS AND RECREATION | | | - | - | - | - | - | - | - | - | - |
| Vote 12 - BUDGET AND TREASURY | | | - | 217 693 | - | 2 337 | 7 738 | 108 847 | (101 111) | -92.9% | 217 693 |
| Vote 13 - [NAME OF VOTE 13] | | | - | 147 938 | - | 7 450 | 96 937 | 73 968 | 22 969 | 31.1% | 147 938 |
| Vote 14 - [Name of sub-vote] | | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [Name of sub-vote] | | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | | 2 | 883 081 | 813 706 | - | 69 078 | 336 768 | 408 863 | (70 094) | -17.2% | 813 706 |
| Surplus/ (Deficit) for the year | | 2 | 110 118 | 128 941 | - | 81 247 | 111 438 | 83 388 | 48 067 | 75.9% | 128 941 |

21. APPENDIX F: BUDGET STATEMENT – CASH FLOW

LIMS44 Makhado - 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 | | 55 915 | 55 915 | – | 7 279 | 30 698 | 27 958 | 2 740 | 10% | 55 915 |
| Service charges | | 327 451 | 349 894 | – | 24 806 | 157 351 | 174 847 | (17 496) | -10% | 349 894 |
| Other revenue | | 138 053 | 88 853 | – | 1 868 | 10 584 | 37 022 | (26 438) | -71% | 88 853 |
| Government - operating | | 301 654 | 321 473 | – | 104 920 | 239 734 | 180 738 | 78 997 | 49% | 321 473 |
| Government - capital | | 116 189 | 104 845 | – | 40 231 | 93 081 | 52 323 | 40 759 | 78% | 104 845 |
| Interest | | 10 057 | 20 067 | – | 1 850 | 10 810 | 10 034 | 776 | 8% | 20 067 |
| Dividends | | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Suppliers and employees | | (709 408) | (654 647) | – | (59 078) | (358 213) | (327 304) | 30 890 | -9% | (654 647) |
| Finance charges | | (12 720) | (13 102) | – | – | (28) | (8 551) | (8 523) | 100% | (13 102) |
| Transfers and Grants | | – | – | – | – | – | – | – | – | – |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 236 188 | 272 888 | – | 121 478 | 183 899 | 129 045 | (54 955) | -45% | 272 888 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | | – | – | – | – | – | – | – | – | – |
| Decrease (increase) in non-current debtors | | – | – | – | – | – | – | – | – | – |
| Decrease (increase) other non-current receivables | | – | – | – | – | – | – | – | – | – |
| Decrease (increase) in non-current investments | | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Capital assets | | (160 758) | (183 578) | – | (8 718) | (49 915) | (91 788) | (41 873) | 48% | (183 578) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (160 758) | (183 578) | – | (8 718) | (49 915) | (91 788) | (41 873) | 48% | (183 578) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | – | – | – | – | – | – | – | – | – |
| Borrowing long term/financing | | – | – | – | – | – | – | – | – | – |
| Increase (decrease) in consumer deposits | | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | |
| Repayment of borrowing | | – | – | – | – | – | – | – | – | – |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | – | – | – | – | – | – | – | – | – |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 75 380 | 89 322 | – | 114 760 | 134 084 | 37 257 | | | 89 322 |
| Cash/cash equivalents at beginning: | | 116 918 | 115 917 | – | | 21 020 | 115 917 | | | 21 020 |
| Cash/cash equivalents at month/year end: | | 191 298 | 205 239 | – | | 155 104 | 153 174 | | | 110 342 |

22. APPENDIX G: BUDGET STATEMENT – CAPITAL EXPENDITURE

LIM344 Makhado - Table C6 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - 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 % |
| R thousands | 1 | | | | | | | | |
| Multi-year expenditure appropriation | 2 | | | | | | | | |
| Vote 1 - EXECUTIVE AND COUNCIL | | 115 967 | 90 210 | - | 5 399 | 39 753 | 45 105 | (5 352) | -12% |
| Vote 2 - WASTE MANAGEMENT | | - | 1 500 | - | - | - | 750 | (750) | -100% |
| Vote 3 - ROAD TRANSPORT | | - | - | - | - | - | - | - | - |
| Vote 4 - WATER | | - | - | - | - | - | - | - | - |
| Vote 5 - ELECTRICITY | | 46 467 | 59 425 | - | 967 | 7 753 | 29 213 | (21 460) | -73% |
| Vote 6 - CORPORATE SERVICES | | 4 210 | - | - | - | - | - | - | - |
| Vote 7 - PLANNING AND DEVELOPMENT | | 9 802 | 11 200 | - | 33 | 646 | 5 600 | (4 954) | -88% |
| Vote 8 - COMMUNITY AND SOCIAL SERVICES | | 2 389 | 16 341 | - | 285 | 518 | 8 171 | (7 652) | -64% |
| Vote 9 - HOUSING | | - | - | - | - | - | - | - | - |
| Vote 10 - OTHER | | - | - | - | - | - | - | - | - |
| Vote 11 - SPORTS AND RECREATION | | - | - | - | - | - | - | - | - |
| Vote 12 - BUDGET AND TREASURY | | 4 350 | 5 900 | - | 54 | 1 274 | 2 950 | (1 676) | -57% |
| Vote 13 - [NAME OF VOTE 13] | | 510 | - | - | - | - | - | - | - |
| Vote 14 - [Name of sub-vote] | | - | - | - | - | - | - | - | - |
| Vote 15 - [Name of sub-vote] | | - | - | - | - | - | - | - | - |
| Total Capital Multi-year expenditure | 4,7 | 182 816 | 182 576 | - | 6 719 | 49 943 | 91 788 | (41 845) | -48% |
| Single Year expenditure appropriation | 2 | | | | | | | | |
| Vote 1 - EXECUTIVE AND COUNCIL | | - | - | - | - | - | - | - | - |
| Vote 2 - WASTE MANAGEMENT | | - | - | - | - | - | - | - | - |
| Vote 3 - ROAD TRANSPORT | | - | - | - | - | - | - | - | - |
| Vote 4 - WATER | | - | - | - | - | - | - | - | - |
| Vote 5 - ELECTRICITY | | - | - | - | - | - | - | - | - |
| Vote 6 - CORPORATE SERVICES | | - | - | - | - | - | - | - | - |
| Vote 7 - PLANNING AND DEVELOPMENT | | - | - | - | - | - | - | - | - |
| Vote 8 - COMMUNITY AND SOCIAL SERVICES | | - | - | - | - | - | - | - | - |
| Vote 9 - HOUSING | | - | - | - | - | - | - | - | - |
| Vote 10 - OTHER | | - | - | - | - | - | - | - | - |
| Vote 11 - SPORTS AND RECREATION | | - | - | - | - | - | - | - | - |
| Vote 12 - BUDGET AND TREASURY | | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - |
| Vote 14 - [Name of sub-vote] | | - | - | - | - | - | - | - | - |
| Vote 15 - [Name of sub-vote] | | - | - | - | - | - | - | - | - |
| Total Capital single-year expenditure | 4 | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | | 182 816 | 182 576 | - | 6 719 | 49 943 | 91 788 | (41 845) | -48% |
| Capital Expenditure - Functional Classification | | | | | | | | | |
| Governance and administration | | 4 350 | 5 900 | - | 54 | 1 274 | 2 950 | (1 676) | -57% |
| Executive and council | | - | - | - | - | - | - | - | - |
| Finance and administration | | 4 350 | 5 900 | - | 54 | 1 274 | 2 950 | (1 676) | -57% |
| Internal audit | | - | - | - | - | - | - | - | - |
| Community and public safety | | 2 389 | 16 341 | - | 285 | 518 | 8 171 | (7 652) | -64% |
| Community and social services | | 2 389 | 16 341 | - | 285 | 518 | 8 171 | (7 652) | -64% |
| Sport and recreation | | - | - | - | - | - | - | - | - |
| Public safety | | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 124 889 | 191 419 | - | 5 432 | 46 396 | 50 765 | (4 369) | -20% |
| Planning and development | | 9 802 | 11 200 | - | 33 | 646 | 5 600 | (4 954) | -88% |
| Road transport | | 115 967 | 90 210 | - | 5 399 | 39 753 | 45 105 | (5 352) | -12% |
| Environmental protection | | - | - | - | - | - | - | - | - |
| Trading services | | 46 466 | 59 425 | - | 967 | 7 753 | 29 213 | (21 460) | -73% |
| Energy services | | 46 466 | 59 425 | - | 967 | 7 753 | 29 213 | (21 460) | -73% |
| Water management | | - | 1 500 | - | - | - | 750 | (750) | -100% |
| Waste water management | | - | - | - | - | - | - | - | - |
| Waste management | | - | - | - | - | - | - | - | - |
| Other | | 4 719 | - | - | - | - | - | - | - |
| Total Capital Expenditure - Functional Classification | 3 | 182 816 | 182 576 | - | 6 719 | 49 943 | 91 788 | (41 845) | -48% |
| Funded by: | | | | | | | | | |
| National Government | | 124 594 | 104 645 | - | 5 875 | 46 722 | 52 323 | (5 600) | -11% |
| Provincial Government | | - | - | - | - | - | - | - | - |
| District Municipality | | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | | 124 594 | 104 645 | - | 5 875 | 46 722 | 52 323 | (5 600) | -11% |
| Public contributions & donations | 5 | - | - | - | - | - | - | - | - |
| Borrowing | 6 | - | - | - | - | - | - | - | - |
| Internally generated funds | | 58 223 | 70 931 | - | 844 | 3 221 | 39 465 | (36 244) | -62% |
| Total Capital Funding | | 182 816 | 182 576 | - | 6 719 | 49 943 | 91 788 | (41 845) | -48% |

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for y2 and y3).

2. Include capital component of PPP unbudgeted payment

3. Capital expenditure by functional classification must reconcile to the total of multi-year and single year appropriations

4. Include expenditure on investment property, intangible and biological assets

5. Must reconcile to Monthly Budget Statement (Financial Performance (revenue and expenditure))

6. Include finance leases and PPP capital funding component of unbudgeted payment - total borrowing repayments to reconcile to changes in Table SA17

