UBUHLEBEZWE MUNICIPALITY

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

SECTION 72 OF THE MFMA

24 JANUARY 2019

TABLE OF CONTENTS

PART 1 – IN YEAR REPORT

1. Mayors report
2. Council Resolution
3. Signed Resolution
4. Executive Summary
5. In year budget statement tables (Attached as an annexure)
6. 2018/2019 budget guidelines and assumptions
7. 2018/2019 financial year over view

PART 2 – SUPPORTING DOCUMENTATION

1. Debtors Analysis
2. Creditors Analysis
3. Investment portfolio analysis
4. Allocation and grant receipts and expenditure
5. Councillor allowances and employee benefits
6. Material variances to the SDBIP
7. Capital programme performance
8. Mid-year performance assessment
9. Municipal managers quality certificate

Mr Speaker, EXCO Members, All Councillors, the entire management team under the stewardship of the Municipal Manager, Amakhosi, distinguished guest, ladies and gentlemen good morning.

On behalf of the Council of the Ubuhlebezwe Local Municipality we wish to express our sincere appreciation to all our stakeholders, in particular the communities of Ubuhlebezwe for putting your faith in us in being your representatives and also all dedicated municipal officials for their continued support.

Since August 2016, we have dedicated ourselves in ensuring that we respond promptly to all areas related to services delivery. (When we began this current year in July, we committed ourselves not only to accelerate service delivery to our people, but also to respond promptly to all challenges and constraints.)

This meeting of Council is constituted in terms Municipal Finance Management Act, Act number 56 of 2003, Section 72 (b), to review the report from the accounting officer assessing the performance of the municipality during the first half of the financial year. Besides being mandated by the MFMA, as public representatives we have a responsibility to fulfil the commitments we have made to the electorates and on a continuous basis, we have a responsibility to account to Council as a body representing our people.

And in so doing we are fulfilling our responsibility to bring hope to our people and ensuring that the present is better than the past and the future will be even better.

So it is my pleasure and honour to get this opportunity to present the mid-year budget assessment to this house. The aim of this mid-year budget assessment is to determine whether there is a need for adjusting our budgets, or not. I must also indicate that there was additional revenues that was received from Department of Corporate Governance and Traditional Affairs with the total of 5 Million (3 Million for Disaster management Fire station and 2 Million for Jim Park) during the year. This therefore implies that in adjusting the budgets, we will shift funds within the available funds as recorded in the original budget and also add these new line items.

We are therefore presenting the mid-year budget assessment, which will determine whether there is a need for adjusting our budgets, or not. I must also indicate that there was additional revenues that was received from Department of Corporate Governance and traditional affairs with the total of 5 Million (3 Million for Disaster management Fire station and 2 Million for Jim Park) during the year. This therefore implies that in adjusting the budgets, we will shift funds within the available funds as recorded in the original budget and also add these new line items.

We have also noted an increase on our revenue collection primarily on rates Collection as it is currently sitting at 53.44 %, Due to SMSs sent as a reminder to our customers and phone calls. We commit ourselves as leadership and management to ensure we maintain current level of revenue collection. We will therefore increase revenue collected during adjustment budget. Revenue on interest received will also be adjusted upwards as it reflected a 67% of income against projected budgets.

Mr Speaker, I must indicate that according to the cumulative MFMA Section 71 report, the MIG expenditure is sitting at 41%, according to me the municipality is improving significantly on spending, this is indicated by expenditure of R 6 786 234.58 which has been spent during December.

Mr Speaker, the report tabled below details the actual expenditure for the six months ending 31 December 2018 against projected budgets. The report reflects a rather satisfactory expenditure trend as well as revenue collection generally.

I wish to thank this council for the vehemence and enthusiasm in ensuring that their legislative mandate is carried out for the benefit of our people. To the administration led by the accounting officer thank you.

Before I present the technical figures below, please allow me to quote our founding president Nelson Mandela who said during the 90th celebration of our struggle stalwart Walter Sisulu in 2002. “What counts

in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead," said Mandela.

At Ubuhlebezwe Local Municipality we remain committed to the ideals Mandela and other struggle icons we place ourselves at the centre of service delivery to our people.

Ngiyabonga

RESOLUTION

MID TERM BUDGET REVIEW RESOLUTIONS

Section 72(1) of the Municipal Finance management Act no 56 of 2003 (MFMA) requires that the Accounting Officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year. The Municipal Budget and Reporting Regulations states that a mid – year budget and performance assessment must be in a format specified in Schedule C and include all required schedules.

The following resolutions were tabled by the Accounting Officer before the Mayor and Council for adoption and approval on the 24 January 2019.

a. That:-

The Mid – year budget and performance assessment for the period 01 July 2018 to December 2018 be approved as set out in the tables:

- Table C1 – Monthly Budget Statement Summary
- Table C2 – Monthly Budget Statement- Financial Performance (Revenue and Expenditure by standard classification)
- Table C3 – Monthly Budget Statement - Financial Performance (Revenue and Expenditure by municipal vote)
- Table C4 –Monthly Budget Statement - Financial Performance(Revenue by Source and Expenditure by type)
- Table C5 – Multi-year and single year capital appropriations (Capital expenditure by vote, standard classification and funding source)
- Table C6 – Budgeted Financial Position
- Table C7 – Budgeted Cash flow
- Supporting Documents
  SC (1-13)

b. Budget resolution attached

EXECUTIVE SUMMARY

As instructed by the Local Government: Municipal Finance Management Act No.56 of 2003, Chapter 8 on roles of municipal officials, section 72, the Accounting Officer must assess the half yearly performance of the municipality and this is required to be done by 25th January every year to be submitted to the Mayor, National and Provincial Treasury.

The following were considered as instruments to define the actual performance of Ubuhlebezwe Municipality for the period of July 2018 to December 2018,

- Approved Budget for 2018/2019,
- Service Delivery Budget and Implementation Plan
- Council approved Procurement Plan
- Budget versus actual on approved 2018/2019 budget
- Investments and Cash and Cash equivalents
- Analysis of billed revenue versus collected revenue
- Analysis of budgeted expenditure versus actual expenditure for six months ending December 2018
- Monthly MFMA Section 71 reports
- Mid – term performance report, considering targets versus actuals for both the first and the second quarter
- Audited Annual Financial Statements for the previous year
- Auditor General's audit report for the previous year
- Risk Register

During this process it became noticeable that the municipality must adjust its current budget (2018/2019) accordingly. The Accounting Officer will therefore ensure that the adjusted budget document is approved by Council on the 21 February 2019 as prescribed by the MFMA regulations.

The report below details the final mid-year budget and performance assessment.

2018/2019 BUDGET GUIDELINES AND ASSUMPTIONS

The 2018/2019 mid-term budget has been prepared in accordance with guidelines and assumptions as outlined in Circular 58, taking into consideration the following aspects:

- National budget assumptions, guidelines and projections;
- Alignment with national and provincial priorities;

- Headline inflation and gross domestic products forecasts; and
- Revenue assumptions with regard to grants allocation in terms of DORA.

Municipal budget underlying assumptions, guidelines and projections;

- Anticipated own revenue from rates and services charges, sundry charges and other revenues and affordability of ratepayers and consumers services;
- The ability of municipality to collect revenue (payment level);
- Operating expenditure cost drivers and growth thereof;
- Capital budget funding model;
- Protecting the poor by ensuring access to basic services.

2018/2019 FINANCIAL YEAR OVER VIEW

1.1 The 2018/2019 annual budget, Integrated Development Plan and service delivery and budget implementation plan was adopted on May 2018.

1.2 The municipality submitted its annual financial statements on the 31 August 2018 to AG.

1.3 Ubuhlebezwe municipality subsequently received qualified audit opinion.

1.4 The budget has been monitored though section 71 reports monthly.

1.5 Capital expenditure is considered as unreasonable hence we still at 21% against the approved budget, MIG spending is at 41%, and Internally funded projects at 13%. The municipality anticipates capital expenditure to be 100% at the end of June 2019. The municipality has a history of spending 100% of capital grant funding; being MIG and Electrification Projects.

1.6 Operating expenditure is sitting at 41% as at 31 December 2018.

1.7 Cash and Cash equivalents amounted to R180, 155 million as at 31 December 2018. Unspent conditional grants amounted to R15 986 million (Difference between grant funding received and actual expenditure on those grants).

REVENUE FROM RATES

Revenue billed from rates was 30% of the budget as at the end of December 2018, however total received compared to the billed rates was 53.44%. The Collection is less then rates that have been billed for first six months, Collection will improve since the municipality has appointed new debt collectors. There will be adjustments on property rates since we have billed less than anticipated.

2018 - 2019 Billed Property Rates

		S 71(1) (a) ACTUAL REVENUE, PER REVENUE SOURCE					
Source	Original Budget 2018/2019	Budget December 2018	Actual December 2018	Budget YTD 2018/2019	Actual YTD 2018/2019	Variance YTD	% Received To Date
Property Rates	***36,001,948.00***	***3,000,162.33***	***1,833,875.30***	*18,000,974.00*	***10,889,414.69***	25,112,533.31	30%

2018 - 2019 Collection Rate

	MTD						YTD
	July	August	September	October	November	December	Total
Receipts	544,123.88	869,525.85	730,497.19	645,879.20	1,248,424.04	1,781,358.06	5,819,808.22
Rates	1,880,658.56	1,678,531.98	1,832,259.34	1,832,029.86	1,832,059.65	1,833,875.30	10,889,414.69
Collection Rate	28.93%	51.80%	39.87%	35.25%	68.14%	97.14%	53.44%

REVENUE FROM SERVICE CHARGES – REFUSE

The budget for waste management is R2 090 000. However, the total amount billed for the six months ending 31 December 2018 reflected an amount of R1 097 000. Therefore no adjustments will be done.

Cash Collected per month vs billed (Refuse)

	July	August	September	October	November	December	Total
Receipts	79,578.20	85,942.52	78,550.02	77,285.32	99,524.20	148,524.52	569,404.78
Refuse	183,543.67	182,737.64	182,737.64	182,737.64	182,737.64	182,620.54	1,097,114.77
Collection Rate	43.36%	47.03%	42.99%	42.29%	54.46%	81.33%	51.90%

The collection based on billing is at 51.90%, we hope for the improvements in the collection of refuse, since the municipality has appointed new debt collectors.

REVENUE

Remarks

		S 71(1) (a) ACTUAL REVENUE, PER REVENUE SOURCE					
Source	Original Budget 2018/2019	Budget December 2018	Actual December 2018	Budget YTD 2018/2019	Actual YTD 2018/2019	Variance YTD	% Received To Date
Property Rates	***36,001,948.00***	***3,000,162.33***	***1,833,875.30***	*18,000,974.00*	***10,889,414.69***	25,112,533.31	30%
Service Charges	2,090,247.00	*174,187.25*	182,620.54	*1,045,123.50*	1,097,114.77	993,132.23	52%
Rent of facilities	1,000,000.00	*83,333.33*	103,901.76	*500,000.00*	857,305.92	142,694.08	86%
Interest earned - Investments	10,000,000.00	*833,333.33*	328,687.95	*5,000,000.00*	6,689,388.02	3,310,611.98	67%
Fines - Traffic	200,000.00	*16,666.67*	433,394.00	*100,000.00*	467,350.00	-267,350.00	234%
Brackage and Losses Recovery	3,156.00	*263.00*	0.13	*1,578.00*	-0.56	3,156.56	0%
Licencing and Permits							
Hawkers Permits	10,520.00	*876.67*	6,869.84	*5,260.00*	10,174.32	345.68	97%
Taxi Permits	52,600.00	*4,383.33*	1,043.48	*26,300.00*	18,565.56	34,034.44	35%
Drivers Licences	3,600,000.00	*300,000.00*	155,624.43	*1,800,000.00*	1,258,146.76	2,341,853.24	35%
Licence Commission	736,400.00	*61,366.67*	94,122.01	*368,200.00*	354,239.97	382,160.03	48%
Other Revenue	1,397,716.00	*116,476.33*	131,833.11	*698,858.00*	547,492.85	850,223.15	39%
TOTAL	**55,092,587.00**	**4,591,048.92**	**3,271,972.55**	**27,546,293.50**	**22,189,192.30**	**32,903,394.70**	**40%**

The overall total revenue generated is sitting at 40% of the approved budget.

Interest Earned – Interest Earned is 67% of the budget. The budget will be adjusted upwards.

Taxi Permits – The budget will be adjusted downwards. The percentage received is 35% against original budget.

Hawkers Permits – We have generated 97% of the budget, this indicate that there is a need to adjust by increasing this budget.

EXPENDITURE

		S 71(1) (c) ACTUAL EXPENDITURE, PER SOURCE					
Expenditure	Budget 2018/2019	Budget November 2018/2019	Actual December 2018/2019	Budget YTD 2018/2019	Actual YTD 2018/2019	Variance YTD	% Spent YTD
Employee related costs	68,426,559.00	5,702,213.25	6,132,953.73	34,213,279.50	33,372,618.02	840,661.48	48.77%
Remuneration of Councillors	9,862,407.00	821,867.25	824,327.45	4,931,203.50	4,945,964.70	-14,761.20	50.15%
Bad and doubtful debts	1,578,000.00	131,500.00	131,500.00	789,000.00	789,000.00	0.00	50.00%
Depreciation	20,000,000.00	1,666,666.67	1,633,594.09	10,000,000.00	9,801,564.52	198,435.48	49.01%
Other meterials	756,454.00	63,037.83	45,558.46	378,227.00	358,860.82	19,366.18	47.44%
Contracted services	21,047,892.00	1,753,991.00	1,060,287.87	10,523,946.00	7,794,869.37	2,729,076.63	37.03%
Grants Expenses	20,152,096.00	1,679,341.33	846,058.10	10,076,048.00	1,309,586.66	8,766,461.34	6.50%
General Expenses	24,124,744.00	2,010,395.33	1,795,990.25	12,062,372.00	9,927,990.94	2,134,381.06	41.15%
TOTAL	**165,948,152.00**	**13,829,012.67**	**12,470,269.95**	**82,974,076.00**	**68,300,455.03**	**14,673,620.97**	**41%**

The operating budget that was approved by the Council is R165, 948 Million and the year to date actual expenditure for the ended 31 December 2018 is R68, 301 Million, which is 41% of the total operation expenditure budget. The main reason why we are not sitting at 50% or more is due to that projects like LED and other Community Development programs are expected to take place during third and fourth quarter.

Employee related cost and remuneration of councillors

The expenditure on employee related costs is 48.77% and remuneration of councillors is at 50.15 % of the budget, which is reasonable. But there will be adjustments on Councillors remunerations based on the

councillors upper limits. On employees related cost adjustments will be done based on the new calculations from payroll, but the mere reason of spending less than 50% is that some of the positions are vacant.

Contracted Services

In this category of expenditure we have spent 37.05%, there will be adjustments to items like valuation roll, but other projects are expected to take place in the upcoming year.

Other Expenditure

The spending in these items is reasonable and there is no adjustment that will be made. We have spent 41.15% we are confident enough that we will spend this entire budget, but in some line items we will do adjustments.

Capital Expenditure

	Capital Expenditure by Asset Class/Sub-class		FINAL BUDGET 2018/2019	M.T.D ACTUAL	Retention To Date 2018-2019	Year To Date 2018-2019 VAT EXCL	Year To Date 2018-2019 VAT INCL	Percentage Spent
	Infrastructure							
	Infrastructure - Road transport							
	Roads, Pavements & Bridges		***16,271,707***	***4,502,108***	***567,938***	***8,319,564***	***9,335,542***	**51%**
	Infrastructure - Road transport MIG		***13,364,387***	***4,206,404***	***472,578***	***7,509,370***	***8,418,123***	**56%**
50301000391	Chapel Street W2	*MIG*	*421,545*	433,871.72	-	433,871.72	498,952.48	118%
50301000381	Sprenza Road W4	*MIG*	*666,464*	-		-	-	0%
50301000371	Butateni Road W5	*MIG*	*90,996*	-		-	-	0%
50301000361	Harold Nxasane Road W1	*MIG*	*138,623*	-		-	-	0%
50301000351	Mkhwanazi Road W7	*MIG*	*82,585*	-		-	-	0%
50301000341	Mncadi Road W10	*MIG*	*67,156*	-		-	-	0%
50301000331	Golf Course Roads	*Internal*	*2,907,320*	295,703.74	95,359.70	810,193.87	917,419.00	32%
50301001161	Shelembe Road W7	*MIG*	*2,814,363*	444,276.44	96,598.50	1,075,040.38	1,075,040.38	38%
50301001181	Nxele Road W10	*MIG*	*1,921,205*	563,283.05	57,274.13	1,650,722.50	1,889,739.76	98%
50301001171	Lower Valley View Road W2	*MIG*	*3,073,535*	1,287,681.47	146,580.65	1,808,471.83	2,057,755.51	67%
50301001191	Esivandeni Road W14	*MIG*	*757,109*	-		194,243.41	223,379.92	30%
50301001151	Farview Road	*MIG*	*3,330,808*	1,477,291.50	172,125.00	2,347,020.39	2,673,254.70	80%
	Sports Fields & Stadiums - MIG & In		***13,574,613***	***858,099***	***27,816***	***2,150,066***	***2,468,403***	**16%**
	Sports Fields & Stadiums - MIG		***13,074,613***	***858,099***	***27,816***	***2,150,066***	***2,468,403***	**16%**
50301000571	Jeffrey Zungu Sportfield W2	*M I G*	*1,693,842*	165,778.18		881,986.32	1,014,284.27	60%
50301000511	Kintail Hall W9	*MIG*	*168,225*	-		-	-	0%
50301001211	Mazabeko Hall W12	*MIG*	*3,719,515*	503,695.72	13,485.00	684,596.00	785,262.65	21%
50301001221	Nkweletsheni Hall W5	*MIG*	*3,719,515*	188,625.00	14,330.72	380,379.72	435,286.35	12%
50301001231	Pass 4 Phungula Sportsfield	*MIG*	*3,773,517*	-		203,104.18	233,569.81	6%
50301001241	KwaDladla Sportfield W11	*Internal*	*500,000*	-		-	-	0%
	INTERNAL FUNDING		***30,687,448***	***54,630***	**-**	***481,134***	***551,934***	**2%**
	Other assets		***37,414,666***	***54,630***	***275,870***	***3,932,791***	***4,479,959***	**11%**
	General vehicles		***600,000***	**-**		**-**	**-**	**0%**
50301000091	Deputy Mayor's Vehicle	*internal*	*500,000*	-		-	-	0%
50301000961	Isuzu Single Cab IPD *2	*internal*	*100,000*					0%
	Plant & Equipment		***160,000***	**-**		**-**	**-**	**0%**
50301000971	Diesel tank trailer	*Internal*	*70,000*					0%
50301000951	Roll Bank forks (tlb)	*Internal*	*40,000*	-		28,160.00	32,384.00	81%
50301001031	Concrete Poker	*Internal*	*50,000*					0%
	Office & IT Equipment		***1,497,700***	***49,262***	**-**	***447,566***	***513,330***	**30%**
50301000821	laptops	*internal*	*200,000*	22,433.78		252,488.14	290,361.36	145%
50301000821	Other IT Equipment	*internal*	*72,000*	-		3,135.36	3,135.36	4%
50301000801	Biomestric Scan	*internal*	*20,000*	-		-	-	0%
50301001001	VTS - Brake test and camera	*internal*	*150,000*	26,828.04		118,860.40	136,689.46	91%
50301000791	Software licenses	*internal*	*30,000*	-		6,000.00	6,000.00	20%
50301000861	GIS Server	*internal*	*700,000*	-		-	-	0%
50301001051	IPD Recorder	*internal*	*3,000*	-		1,943.51	2,235.04	75%
50301001081	Camera with bag and Nikon D	*internal*	*9,700*	-		-	-	0%
50301001011	Overhead Projector and Exte	*internal*	*10,000*	-		-	-	0%
50301001271	Strongroom Door	*internal*	*30,000*	-		-	-	0%
50301000941	SERVER FIRE PROTECTION	*internal*	*50,000*	-		-	-	0%
50301001091	CISCO IP PHONES	*internal*	*80,000*	-		-	-	0%
50301001071	Metal detectors	*internal*	*3,000*	-		-	-	0%
50301001021	Cash Counting Bill (*6)	*internal*	*18,000*	-		-	-	0%
50301001061	Ultra violet light (*6)	*internal*	*2,000*	-		-	-	0%
50301001041	CCTV Cameras (*5)	*internal*	*50,000*	-		-	-	0%
50301001121	PA System - SD	*internal*	*70,000*	-		65,138.50	74,909.28	107%
	Office Furniture		***215,000***	***5,368***	**-**	***5,368***	***6,173***	**2%**
50301000231	Budget & Treasury	*internal*	*212,500*	5,368.26		5,368.26	6,173.50	3%
50301000241	Vaccuum Cleaner - SD	*internal*	*2,500*	-		-	-	0%
	Other Buildings		***24,149,148***	**-**	**-**	**-**	**-**	**0%**
50301000891	Municipal Houses - Double S	*internal*	*500,000*	-		-	-	0%
50301000501	Revamping of Redcross	*internal*	*100,000*	-		-	-	0%
50301000881	Revamping of Municipal Build	*internal*	*21,149,148*	-		-	-	0%
50301001251	Municipal Building Lift	*internal*	*2,400,000*					0%
	Intangible		***3,800,000***	**-**	**-**	**-**	**-**	**0%**
50301000931	Financial Management System (MSCOA		*3,800,000*					0%
	ELECTRIFICATION PROJECTS		***6,727,218***	**-**	***275,870***	***3,451,657***	***3,928,025***	**51%**
50301000981	Golf course Electrification	*internal*	*6,727,218*	-	275,870.00	3,451,657.09	3,928,025.15	58%
	Other Assets		***265,600***	**-**		***28,200***	***32,430***	**11%**
50301000851	6 x Dust bin	*internal*	***600***					0%
50301001111	IPD - Microwave	*internal*	***3,000***					0%
50301000991	Jojo Tank (*2) for SD	*internal*	***12,000***					0%
50301001101	Stove and Pots for PI Hall (	*internal*	***50,000***			28,200.00	32,430.00	65%
50301001261	kiosk	*internal*	***200,000***					0%
	Total Assets		***67,260,986***	***5,414,837***	***871,624***	***14,402,422***	***16,283,904***	**21%**
	M I G		26,439,000.00	5,064,503.08	500,394.00	9,659,436.45	10,886,525.82	41%
	Internal Funded		40,821,986.07	350,333.82	371,229.70	4,742,985.13	5,397,378.14	13%
	Small Town Rehabilitation - Roll Ove		-	-		-	-	0%
	Electrification		-	-		-	-	0%
	Total CapEx		***67,260,986.07***	***5,414,836.90***	***871,623.70***	***14,402,421.58***	***16,283,903.96***	***21%***

The expenditure on MIG was at 41% against the budget against allocations received, as at 31 December 2018. All projects are anticipated to be completed by end of June 2019. MIG expenditure is expected to be at 100% at 30 June 2019.

Capital Expenditure

The overall capital expenditure is 21% against the budget as at 31 December 2018. There will be adjustments in in revamping of municipal buildings. Municipality received two additional grants from provincial Gazette. We have received 2 million small town rehabilitation grant and Disaster management grant of 3 million. Those items need to be added during the adjustment budget.

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PART – 2

DEBTORS AGE ANALYSIS

Indigent Register

The Council approved an indigent register which is currently being implemented. Indigents are paid for by the municipality though equitable share.

Outstanding Debtors

Ubuhlebezwe implemented a new valuation roll with property values valued at 1 July 2018. This resulted in increased property values which by default increased the value of the debtor's book. The municipal council increased the assessment rates charge by 5% from 2017/2018 to 2018/2019. This was done in line with the national treasury guidelines.

The total debtor's amount as at 31 December 2018 equalled to R35 176 209.00 categorised as follows:

Government	R 10 391 152
Business	R 10 727 690
Households	R 14 035 679
Other	R 21 688
Total	**R35 176 209.00**

Debt Collection Strategy

Revenue enhancement strategy has been implemented, and a new debt collector has been appointed there will be increase in revenue collection. We will also do door-to-door strategy to boost our revenue collected

CREDITORS AGE ANALYSIS

Description R thousands	NT Code	Budget Year 2018/19 0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Prior year totals for chart (same period)
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	–	–	–	–	–	–	–	–	–	–
Bulk Water	0200	–	–	–	–	–	–	–	–	–	–
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	412	–	–	–	–	–	–	–	412	–
Auditor General	0800	–	–	–	–	–	–	–	–	–	–
Other	0900	–	–	–	–	–	–	–	–	–	–
Total By Customer Type	**1000**	**412**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**412**	**–**

The creditor's age analysis reflected an amount of R412 000 as outstanding.

The municipality pays its creditors twice in a month (Within 30 days) in order to comply with the MFMA, and to ensure that SMME's are catered for.

INVESTMENT PORTFOLIO ANALYSIS

The municipality does not have long term investments. The municipality invests available funds not needed in short term investments. Funds are invested using the municipality's investment policy.

ALLOCATIONS AND GRANT RECEIPTS AND EXPENDITURE

All grant liabilities are cash backed. All grant funds are spent according to conditions as stipulated in the Division of Revenue Act. The following table reflects the allocations received as well as expenditure on such allocations.

	S 71(1) (f) ALLOCATION RECEIVED AND ACTUAL EXPENDITURE ON THOSE ALLOCATIONS						
Votes	**Allocations**	**Original Budget 2018/2019**	**Actual Received YTD**	**Actual Expenditure - December 2018**	**Expenditure YTD-December 2018**	**Unspent Y T D**	**% Expenditure Against allocation**
1104 0	Financial Management Grant	1,970,000.00	1,970,000.00	28,790.25	1,104,349.52	865,650.48	**56%**
1112 0	Electrification - DOE	16,000,000.00	16,000,000.00	536,993.95	536,993.95	15,463,006.05	**3%**
2010 0	Library Grant	753,000.00	261,639.25	112,582.15	627,774.68	(366,135.43)	**83%**
2202 0	Small Town Rehab - COGTA (carry over)	18,245.00	-		-	-	**0%**
2218 0	MIG	26,439,000.00	10,000,000.00	6,786,234.58	10,335,889.18	(335,889.18)	**39%**
2219 0	Ixopo Sportsfield Maintenance Grant (carry over)	8,278.00	-		-	-	**0%**
2294 0	Library Grant - Cyber	838,000.00	-	31,108.86	167,982.59	(167,982.59)	**20%**
2297 0	EPWP	1,590,000.00	1,113,000.00	145,025.50	635,748.87	477,251.13	**40%**
2299 0	Sportfield Maintanance	58,000.00	50,000.00	-	-	50,000.00	0%
	TOTAL	**47,674,523.00**	**29,394,639.25**	**7,640,735.29**	**13,408,738.79**	**15,985,900.46**	**28%**
Total MIG	**Total MIG**	**26,439,000.00**	**10,000,000.00**	**6,786,234.58**	**10,335,889.18**	**(335,889.18)**	**39%**

The above spread sheet shows actual grants received as at end of 31 December 2018 as per DORA allocation.

Finance Management Grant – 56% of the grant has been spent as at 31 December 2018. The spending of this grant is reasonable as it above 50% as at 31 December 2018.

Municipal Infrastructure Grant – The expenditure is sitting at 40% as at 31 December 2018. The municipality anticipates capital expenditure to be 100% at the end of June 2019. The municipality has a history of spending 100% of capital grant funding being MIG.

COUNCILOR ALLOWANCES AND EMPLOYEE RELATED COST

The staff salaries and Remuneration of Councillors were paid as per the recommendation of the collective agreements and were at 49% at 31 December 2018. All staff bonuses were paid out in November 2018 except performance bonuses for the senior management.

MATERIAL VARIANCES ON THE SDBIP

Ubuhlebezwe Municipality's Service Delivery & Budget Implementation Plan (SDBIP), as legislated, is aligned to the municipality's Integrated Development Plan (IDP) as well as the Annual Budget. All adjustments made to the budget during the Mid-Year assessments, are effected to the IDP & SDBIP.

MID YEAR PERFORMANCE REVIEW

In terms of Section 72(1) (a) of the Municipal Finance Management Act, 2003 (No. 56 of 2003), that the accounting officer of a municipality must by the 25th of January each year, assess the performance of the municipality during the first half of the financial year.

Based on explanations mentioned above, in terms of Municipal Finance Management Act section 72(3) a, it is recommended that the municipality undertake Adjustment Budget for 2018/19 Approved Budget.

The 2018/2019 Mid-Year budget and Performance Assessment report has been finalised and will therefore be tabled at a council meeting of the 24 January 2019.

ATTACHED IS THE ANNEXURE DEPICTING THE FIRST QUARTER AND SECOND QUARTER PERFORMANCE

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UBUHLEBEZWE MUNICIPALITY

From the Office of the Municipal Manager

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, G.M. Sineke, Municipal Manager of Ubuhlebezwe Municipality, hereby certify that 2018/19 Mid-Year Budget and Performance Assessment and supporting documents has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Performance Assessment has been done properly to ensure a true reflection of what has taken place with effect from 01 July 2018 to 31 December 2018 and is consistent with Integrated Development Plan of the Municipality.

This report has been submitted to the Mayor on the 24/01/2019 as required by the Municipal Finance Management Act, and acknowledges receipt as signed below.

Print Name: G.M. Sineke

_____ _____

Municipal manager **Date**
Ubuhlebezwe Municipality (KZN 434)

Mayor's Acknowledgement of Submission

_____ _____

Z. D. Nxumalo **Date**
Mayor of Ubuhlebezwe Municipality (KZN434)