



UBUHLEBEZWE MUNICIPALITY
MID-YEAR BUDGET AND PERFORMANCE
ASSESSMENT REPORT
SECTION 72 OF THE MFMA

23 JANUARY 2020

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. 2019/2020 budget guidelines and assumptions
7. 2019/2020 financial year overview

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

REPORT BY THE MAYOR OF UBUHLEBEZWE MUNICIPALITY

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 Ubhlebezwe Local Municipality we wish to express our sincere appreciation to all our stakeholders, in particular the communities of Ubhlebezwe 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.

We still commit ourselves as leadership and management to ensure we improve current level of revenue collection. We will therefore use the revenue enhancement strategies to improve our collection rate.

Mr Speaker, I must indicate that according to the cumulative MFMA Section 71 report, the MIG expenditure is sitting at 62%, according to me the municipality is improving significantly on spending, this is indicated by expenditure of R 16 557 532.22 which has been spent as at December 2019.

Mr Speaker, the report tabled below details the actual expenditure for the six months ending 31 December 2019 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 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.

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 23 January 2020.

a. That: -

The Mid – year budget and performance assessment for the period 01 July 2019 to December 2019 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 2019 to December 2019,

- Approved Budget for 2019/2020,
- Service Delivery Budget and Implementation Plan
- Council approved Procurement Plan
- Budget versus actual on approved 2019/2020 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 2019
- 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 (2019/2020) accordingly. The Accounting Officer will therefore ensure that the adjusted budget document is approved by Council on the 20 February 2020 as prescribed by the MFMA regulations.

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

2019/2020 BUDGET GUIDELINES AND ASSUMPTIONS

The 2019/2020 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 regarding 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.

2019/2020 FINANCIAL YEAR OVERVIEW

- 1.1 The 2019/2020 annual budget, Integrated Development Plan and service delivery and budget implementation plan was adopted on 23 May 2019.
- 1.2 The municipality submitted its annual financial statements on the 31 August 2019 to AG.
- 1.3 Ubuhlebezwe municipality subsequently received qualified audit opinion.
- 1.4 The budget has been monitored through section 71 reports monthly.
- 1.5 Capital expenditure is at 40% against the approved budget, MIG spending is at 62%, and Internally funded projects at 14%. The municipality anticipates capital expenditure to be 100% at the end of June 2020. The municipality has a history of spending 100% of capital grant funding; being MIG and Electrification Projects.
- 1.6 Operating expenditure is sitting at 39% as at 31 December 2019.
- 1.7 Cash and Cash equivalents amounted to R154,854 million as at 31 December 2019. Unspent conditional grants amounted to R7,850 million (Difference between grant funding received and actual expenditure on those grants).

REVENUE FROM RATES

Revenue billed from rates was 52% of the budget as at the end of December 2019, however total received compared to the billed rates was 38.99%. The Collection is less than rates that have been billed for first six months. There will be an adjustment on property rates to take into account the collection rate.

2019 - 2020 Billed Property Rates

S 71(1) (a) ACTUAL REVENUE, PER REVENUE SOURCE							
Source	Original Budget 2019/2020	Budget December 2019	Actual December 2019	Budget YTD 2019/2020	Actual YTD 2019/2020	Variance YTD	% Received To Date
Property Rates	23 023 060.08	1 918 588.34	1 909 726.98	11 511 530.04	12 034 742.13	10 988 317.95	52%

2019 - 2020 Collection Rate

	MTD												YTD
	July	August	September	October	November	December	January	February	March	April	May	June	Total
Receipts	743 326.01	715 707.28	1 137 789.05	790 967.68	702 278.78	709 589.02							4 799 657.82
Rates	2 493 604.73	1 908 010.41	1 907 800.00	1 907 800.00	1 907 800.01	1 909 726.98							12 034 742.13
Collection Rate	29.81%	37.51%	59.64%	41.46%	36.81%	37.16%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	39.88%

REVENUE FROM SERVICE CHARGES – REFUSE

The budget for waste management is R 2 100 000. However, the total amount billed for the six months ending 31 December 2019 reflected an amount of R 1 489 787. Therefore, no adjustments will be done to incorporate a low collection rate.

Cash Collected per month vs billed (Refuse)

Receipts	59 226.75	47 085.41	135 310.08	69 538.78	58 785.17	74 787.90							444 734.09
Refuse	191 620.87	257 171.32	256 206.50	261 063.51	262 042.81	261 682.85							1 489 787.86
Collection Rate	30.91%	18.31%	52.81%	26.64%	22.43%	28.58%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	29.85%

The collection based on billing is at 29.85%.

REVENUE

Remarks

S 71(1) (a) ACTUAL REVENUE, PER REVENUE SOURCE							
Source	Original Budget 2019/2020	Budget December 2019	Actual December 2019	Budget YTD 2019/2020	Actual YTD 2019/2020	Variance YTD	% Received To Date
Property Rates	23 023 060.08	1 918 588.34	1 909 726.98	11 511 530.04	12 034 742.13	10 988 317.95	52%
Service Charges	2 100 000.00	175 000.00	261 682.81	1 050 000.00	1 489 787.86	610 212.14	71%
Rent of facilities	1 000 000.00	83 333.33	126 291.60	500 000.00	776 846.63	223 153.37	78%
Interest earned - Investments	16 000 000.00	1 333 333.33	945 762.92	8 000 000.00	5 845 635.78	10 154 364.22	37%
Fines - Traffic	1 000 000.00	83 333.33	64 200.00	500 000.00	265 470.00	734 530.00	27%
Licensing and Permits							
Hawkers Permits	11 109.12	925.76	8 000.32	5 554.56	12 626.56	-1 517.44	114%
Taxi Permits	55 545.60	4 628.80	1 304.35	27 772.80	28 590.48	26 955.12	51%
Drivers Licences	2 600 000.00	216 666.67	157 121.66	1 300 000.00	1 762 697.46	837 302.54	68%
Licence Commission	736 400.00	61 366.67	78 857.40	368 200.00	508 970.10	227 429.90	69%
Other Revenue	1 315 396.00	109 616.33	-	657 698.00	129 275.61	1 186 120.39	10%
TOTAL	47 844 666.80	3 987 055.57	3 552 948.04	23 922 333.40	22 854 642.61	24 990 024.19	48%

The overall total revenue generated is sitting at 48% of the approved budget.

Interest Earned – Interest Earned is 37% of the budget. The budget will be adjusted downwards.

Taxi Permits – The budget will be adjusted downwards. The percentage received is 51% against original budget.

Hawkers Permits – We have generated 114% of the budget, this indicate that there is a need to adjust upwards.

EXPENDITURE

Expenditure	S 71(t) (c) ACTUAL EXPENDITURE, PER SOURCE							% Spent YTD
	Budget 2019/2020	Adjusted Budget 2019/2020	Budget December 2019/2020	Actual December 2019/2020	Budget YTD 2019/2020	Actual YTD 2019/2020	Variance YTD	
Employee related costs	77 459 000.00	-	6 454 916.67	6 441 157.07	38 729 500.00	34 025 216.87	4 704 283.13	43.93%
Remuneration of Councillors	11 097 000.00	-	924 750.00	867 354.56	5 548 500.00	4 707 055.75	5 548 500.00	42.42%
Bad and doubtful debts	1 578 000.00	-	131 500.00	-	789 000.00	-	789 000.00	0.00%
Depreciation	20 000 000.00	-	1 666 666.67	-	10 000 000.00	-	10 000 000.00	0.00%
Other materials	870 000.00	-	72 500.00	96 200.00	435 000.00	187 894.75	435 000.00	21.60%
Contracted services	21 571 000.00	-	1 797 583.33	2 131 957.50	10 785 500.00	10 113 463.12	10 785 500.00	46.88%
Grants Expenses	4 948 000.00	-	412 333.33	513 284.74	2 474 000.00	2 363 306.40	2 474 000.00	47.76%
General Expenses	24 742 420.84	-	2 061 868.40	1 228 252.48	12 371 210.42	12 442 158.27	12 371 210.42	50.29%
TOTAL	162 265 420.84		13 522 118.40	11 278 206.35	81 132 710.42	63 839 095.16	47 107 493.55	39%

The operating budget that was approved by the Council is R244,087 million including housing projects and the year to date actual expenditure for the ended 31 December 2019 is R63, 839 million excluding housing projects, which is 39% of the total operation expenditure budget.

Employee related cost and remuneration of councillors

The expenditure on employee related costs is 43.93% and remuneration of councillors is at 42.42 % of the budget, which is reasonable. 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 46.88% which is reasonable.

Other Expenditure

The spending in these items is reasonable and there is no adjustment that will be made. We have spent 50.29% 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	DEPARTMENT	SOURCE OF FUNDING	FINAL BUDGET 2019/20	M.T.D ACTUAL	Retention	Year To Date 2018-2019 VAT EXCL	Year To Date 2018-2019 VAT INCL	Percentage Spent
	Infrastructure								
	Infrastructure Assets								
	Electricity, Roads, Pavements & Bridges			23 437 206.28	2 870 724.02	1 686 584.58	14 046 496.58	15 686 287.66	67%
	Infrastructure - Road transport MIG			22 503 077.28	2 870 724.02	1 686 584.58	13 621 238.66	15 197 241.05	68%
C0177-2/IA00132	Chapel Street W2	Technical	MIG	462 615.13	-	396 725.33	396 725.33	456 234.13	99%
C0040-2/IA00132	Sheleme Road W7	Technical	MIG	600 687.72	-	82 187.85	532 390.46	599 920.85	100%
C0120-1/IA00132	Nxele Road W10	Technical	MIG	87 932.89	-	67 055.26	-	77 113.55	88%
C0120-2/IA00132	Lower Valley View Road W2	Technical	MIG	2 728 402.68	-	144 729.94	1 704 347.47	1 938 290.10	71%
C0177-7/IA00132	Esivandeni Road W14	Technical	MIG	4 269 848.52	698 124.60	234 184.60	2 531 874.54	2 798 958.63	66%
C0040-3/IA00132	Sdungeni Rd W1	Technical	MIG	3 123 531.12	364 711.51	128 071.68	1 760 444.24	1 972 872.88	63%
C0040-4/IA00132	Masomini Road W7	Technical	MIG	3 709 788.75	676 405.37	132 991.15	2 008 545.45	2 214 722.45	60%
C0040-5/IA00132	Magawula Road W13	Technical	MIG	2 146 888.76	728 011.80	119 232.20	1 308 853.89	1 406 406.94	66%
C0040-6/IA00132	Khambule Road W 8	Technical	MIG	1 590 400.46	403 470.74	266 927.37	1 417 770.08	1 484 063.12	93%
C0120-3/IA00132	Farview Road W	Technical	MIG	3 782 981.25	-	114 479.20	1 970 287.20	2 248 658.40	59%
C0177-8/IA01952	Golf Course Roads	Technical	Internal	385 796.00	-	-	425 257.92	489 046.61	127%
	ELECTRIFICATION PROJECTS			548 333.00	-	-	-	-	0%
C0015-1/IA07020	Golf course Electrification	Technical	internal	548 333.00	-	-	-	-	0%
	Community Assets			5 263 922.68	269 551.00	-	1 474 112.36	2 215 353.10	42%
	Sports Fields, Stadiums & Community halls			3 908 062.80	37 950.00	-	725 897.46	1 162 047.07	30%
	Sports Fields & Stadiums - MIG			3 208 062.80	37 950.00	-	545 020.41	954 038.46	30%
C0245-4/IA00032	Sqandulweni Sport field	Sport and Recreation	MIG	2 204 827.76	37 950.00	-	363 330.19	417 829.72	19%
C0291-1/IA00032	Jeffrey Zungu Sportfield W2	Sport and Recreation	MIG	395 098.04	-	284 578.25	-	327 264.99	83%
C0245-1/IA00032	Pass 4 Phungula Sportsfield W6	Sport and Recreation	MIG	608 137.00	-	-	181 690.22	208 943.75	34%
C0245-2/IA00032	KwaDadla Sportfield W11	Sport and Recreation	internal	700 000.00	-	-	180 877.05	208 008.61	30%
	HALLS			1 355 859.88	-	-	-	-	0%
	Community halls MIG			1 355 859.88	231 601.00	31 690.00	748 214.90	1 053 306.04	78%
C0230-1/IA00032	Mazabeko Hall W12	Community Halls	MIG	509 992.80	231 601.00	188 106.40	270 779.13	527 718.36	103%
C0230-2/IA00132	Nkweletsheni Hall W5	Community Halls	MIG	845 867.08	-	156 416.40	477 435.77	525 587.68	62%
	Propety ,plant & Equipment			46 854 700.00	2 669 038.58	1 136 232.38	11 324 578.84	12 536 577.25	27%
	Other Buildings			26 659 759.00	2 669 038.58	1 136 232.38	10 835 904.55	12 004 976.82	45%
C0228-1/IA00032	Fire Station	Fire	Disaster grant	14 259 759.00	1 798 367.86	663 599.93	6 184 035.55	6 828 065.33	48%
C0306-1/IA00092	Revamping of Municipal Building	Technical	Internal	10 000 000.00	870 670.72	472 632.45	4 651 869.00	5 176 911.48	52%
C0261-1/IA00092	Revamping of Thusong Centre	SD Thusong	Internal	300 000.00	-	-	-	-	0%
C0265-1/IA00092	CRU Sub station	Technical	Internal	800 000.00	-	-	-	-	0%
C0265-2/IA07100	Fibre Underground Traffic/SD	Traffic	Internal	1 300 000.00	-	-	-	-	0%
	Transport Assets			3 590 000.00	-	-	-	-	0%
C0007-1/IA01367	Mayor's Vehicle	Council	Internal	1 100 000.00	-	-	-	-	0%
C0007-3/IA01367	Double Cap - Disaster	Disaster/Fire	Internal	470 000.00	-	-	-	-	0%
C0007-4/IA01327	Double Cap - Disaster	Disaster/Fire	Internal	470 000.00	-	-	-	-	0%
C0257-1/IA00092	Single Cab IPD *4	Technical	Internal	1 080 000.00	-	-	-	-	0%
C0007-5/IA01367	Double Cab IPD *1	Technical	Internal	470 000.00	-	-	-	-	0%
	Plant & Equipment			15 047 441.00	-	-	472 674.29	513 200.43	3%
C0006-10/IA06282	Road Marking Machine	Roads	Internal	60 000.00	-	-	52 716.49	60 623.96	88%
	Jet Cleaner	Roads	Internal	285 000.00	-	-	145 000.00	145 000.00	51%
C0006-2/IA06282	Concrete Mixture	Roads	Internal	30 000.00	-	-	19 893.16	22 877.13	66%
C0006-12/IA06282	Excavator	Roads	Internal	1 943 500.00	-	-	-	-	0%
C0006-14/IA06282	2*10 ton truck	Roads	Internal	2 880 000.00	-	-	-	-	0%
C0006-16/IA06282	Grader	Roads	Internal	4 200 000.00	-	-	-	-	0%
C0006-19/IA06282	Lowbed (horse 30ton and trailer)	Roads	Internal	1 800 000.00	-	-	-	-	0%
C0006-20/IA06282	Generator(IPD)	Technical	Internal	60 000.00	-	-	57 500.00	57 500.00	96%
C0006-21/IA06282	Water Tanker	Roads	Internal	1 527 941.00	-	-	-	-	0%
C0006-22/IA06282	12/14 ton Truck (breakdown)	Roads	Internal	1 200 000.00	-	-	-	-	0%
C0006-24/IA06282	Bomag hand roller	Roads	Internal	170 000.00	-	-	160 514.64	184 591.84	94%
C0006-28/IA06282	Configuration of skip truck	Refuse	Internal	700 000.00	-	-	-	-	0%
C0006-27/IA06282	13X Brush cutters	Refuse	Internal	91 000.00	-	-	37 050.00	42 607.50	41%
C0006-8/IA06282	Generator (traffic)	Traffic	Internal	100 000.00	-	-	-	-	0%
	Computer and IT Equipment			800 000.00	-	-	16 000.00	18 400.00	2%
C0003-1/IA06193	laptops and Other IT Equip	Corporate	Internal	70 000.00	-	-	16 000.00	18 400.00	23%
O1550-2/IE00650	Gis Laptop	Corporate	Internal	20 000.00	-	-	-	-	0%
new	Air Conditioners	Corporate	Internal	75 000.00	-	-	-	-	0%
C0004-1/IA06233	Biometric Scan	Corporate	Internal	15 000.00	-	-	-	-	0%
C0006-26/IA06282	Fire equipment	Fire	Internal	70 000.00	-	-	-	-	0%
C0003-4/IA04957	Software licenses	Corporate	Internal	550 000.00	-	-	-	-	0%
	Office Furniture			157 500.00	-	-	-	-	0%
C0004-12/IA06253	30 SD Boardroom Chairs	SD Community Development	Internal	25 000.00	-	-	-	-	0%
C0004-13/IA06253	25 Library Boardroom Chairs	Library	Internal	20 000.00	-	-	-	-	0%
C0004-21/IA06233	2 Chairs Thusong centre	SD Thusong	Internal	2 000.00	-	-	-	-	0%
C0004-15/IA06253	Built-ins SD Kitchen	SD Community Development	Internal	25 000.00	-	-	-	-	0%
C0004-16/IA06253	Vacuum Cleaner - SD PIH	SD	Internal	5 000.00	-	-	-	-	0%
C0004-18/IA06253	Steel trassels tables 15	SD Community Development	Internal	20 000.00	-	-	-	-	0%
C0006-29/IA06282	Microwave (SD Tusong)	SD Thusong	Internal	2 000.00	-	-	-	-	0%
C0004-14/IA06253	6 Kids Tables and 24 Chairs for Library	Library	Internal	15 000.00	-	-	-	-	0%
C0004-9/IA06233	Library Overhead Projector	Library	Internal	5 000.00	-	-	-	-	0%
C0004-10/IA06253	2x White Board - Library	Library	Internal	4 000.00	-	-	-	-	0%
C0006-20/IA06253	Shredding Machine	Library	Internal	4 500.00	-	-	-	-	0%
C0004-20/IA06233	Office Chairs	Municipal Manager	Internal	30 000.00	-	-	-	-	0%
	Intangible			2 900 000.00	-	-	-	-	0%
C0086-2/IA04957	Financial Management System (MSCOA Compli	Finance	Internal	2 500 000.00	-	-	-	-	0%
C0086-4/IA06173	Building Plans Information Systems	Town Planning	COGTA	400 000.00	-	-	-	-	0%
	Other Assets			600 000.00	-	-	-	-	0%
C0223-2/IA00032	Fencing Garden Refuse Dump Site	Refuse	Internal	300 000.00	-	-	-	-	0%
C0004-8/IA06233	Kiosk	Corporate	Internal	300 000.00	-	-	-	-	0%
	Total Assets			78 455 828.96	5 809 313.60	2 791 126.96	27 593 402.68	31 491 524.04	40%
	M I G			27 066 999.96	3 140 275.02	1 654 894.58	14 914 473.97	17 204 585.54	62%
	Internal Funded			44 988 829.00	870 670.72	472 632.45	6 494 893.16	7 458 873.17	14%
	Disaster Mana Centre			6 000 000.00	1 798 367.86	663 599.93	6 184 035.55	6 828 065.33	103%
				400 000.00	-	-	-	-	0%
	Total Capex			78 455 828.96	5 809 313.60	2 791 126.96	27 593 402.68	31 491 524.04	40%

The expenditure on MIG was at 62% against the budget against allocations received, as at 31 December 2019. All projects are anticipated to be completed by end of June 2020. MIG expenditure is expected to be at 100% at 30 June 2020.

Capital Expenditure

The overall capital expenditure is 40% against the budget as at 31 December 2019. There will be adjustments in in revamping of municipal

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 2018/2019 to 2019/2020. This was done in line with the national treasury guidelines.

The total debtor's amount as at 31 December 2019 equalled to R 45 727 310 categorised as follows:

Government	R 11 537 014.76
Business	R 10 766 862.62
Households	R 18 790 396.15
Other	R <u>4 533 036.47</u>
Total	R <u>45 727 310.00</u>

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

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
2020	MO6	KZN434	0100	Bulk Electricity	0	0	0	0	0	0	0	0	0
			0200	Bulk Water	0	0	0	0	0	0	0	0	0
			0300	PAYE deductions	0	0	0	0	0	0	0	0	0
			0400	VAT (output less input)	0	0	0	0	0	0	0	0	0
			0500	Pensions / Retirement deductions	0	0	0	0	0	0	0	0	0
			0600	Loan repayments	0	0	0	0	0	0	0	0	0
			0700	Trade Creditors	0	0	0	0	0	0	0	0	0
			0800	Auditor General	0	0	0	0	0	0	0	0	0
			0900	Other	0	0	0	0	0	0	0	0	0
			1000	Total	0	0	0	0	0	0	0	0	0
			TP01	RETB0001	0	0	0	0	0	0	0	0	0
			TP02	RETG0001	0	0	0	0	0	0	0	0	0
			TP03	RETB0004	0	0	0	0	0	0	0	0	0
			TP04	RETN0001	0	0	0	0	0	0	0	0	0
			TP05	RETS0001	0	0	0	0	0	0	0	0	0
			TP06	RETW0001	0	0	0	0	0	0	0	0	0
			TP07	RETR0001	0	0	0	0	0	0	0	0	0
			TP08	SPL0001	0	0	0	0	0	0	0	0	0
			TP09	RETM0003	0	0	0	0	0	0	0	0	0
			TP10	All other suppliers	0	0	0	0	0	0	0	0	0
			TOT	Total	0	0	0	0	0	0	0	0	0

The creditor's age analysis reflected an amount of R 0 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.

Allocations	S 71(1) (f) ALLOCATION RECEIVED AND ACTUAL EXPENDITURE ON THOSE ALLOCATIONS						% Expenditure Against allocation
	Original Budget 2019/2020	Adjusted Budget 2019/2020	Actual Received YTD	Actual Expenditure - December 2019	Expenditure YTD- 2019	Unspent YTD	
Financial Management Grant	1 970 000.00	-	1 970 000.00	264 198.36	599 754.37	1 370 245.63	30%
Electrification - DOE	13 000 000.00	-	6 500 000.00	239 816.71	8 959 095.13	(2 459 095.13)	69%
Library Grant and Library Grant - Cyber	197 000.00	-	197 000.00	33 122.57	179 305.28	17 694.72	91%
Community Library Services Grant	838 000.00	-	904 000.00	61 491.54	448 004.63	455 995.37	53%
MIG	26 917 000.00	-	21 000 000.00	4 688 251.31	16 557 532.22	4 442 467.78	62%
Building plans information systems	500 000.00	-	500 000.00	-	-	500 000.00	0%
EPWP	1 793 000.00	-	1 256 000.00	151 412.27	962 211.75	293 788.25	54%
Sportfield Maintenance	50 000.00	-	-	3 060.00	15 300.00	(15 300.00)	31%
Disaster management grant	6 000 000.00	-	6 000 000.00	676 041.71	6 000 000.00	-	100%
TOTAL	51 265 000.00	-	38 327 000.00	6 117 394.47	33 721 203.38	4 605 796.62	66%

The above spread sheet shows actual grants received as at end of 31 December 2019 as per DORA allocation.

Finance Management Grant – 30% of the grant has been spent as at 31 December 2019. The municipality is certain that the spending will be 100% at 30 June 2020 as per the business plan.

Municipal Infrastructure Grant – The expenditure is sitting at 62% as at 31 December 2019. The municipality anticipates capital expenditure to be 100% at the end of June 2020. 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. All staff bonuses were paid out in November 2019 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 2019/20 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 25 January 2020.

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

29 Margaret Street

Ixopo

3276

Tel: 039 8347 7700



P.O. Box 132

Ixopo

3276

UBUHLEBEZWE MUNICIPALITY

From the Office of the Municipal Manager

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, G.M. Sineke, Municipal Manager of Ubuhebezwe 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 2019 to 31 December 2020 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
Ubuhebezwe Municipality (KZN 434)

Date

Mayor's Acknowledgement of Submission

E.B Ngubo
Mayor of Ubuhebezwe Municipality (KZN434)

Date