



**MATATIELE**  
LOCAL MUNICIPALITY

# 2014/2015 MID YEAR BUDGET & ASSESSMENT PERFORMANCE REPORT

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## 1. INTRODUCTION

As instructed by the Local Government: Municipal Finance Management Act No.56 of 2009, 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 25<sup>th</sup> January every year to be submitted to the Mayor, National and Provincial Treasuries.

On the week of the 9<sup>th</sup> January 2015, the Accounting Officer has done the performance assessment to be submitted as required which during this processes the following was considered and assisted as tools to determine the actual performance,

- Approved Budget for 2014/2015,
- Service Delivery Budget and Implementation Plan as aligned with the approved budget,
- Actuals on approved budget and SDBIP,
- Cash and Cash Equivalents,
- Debtors Analysis on Revenue Billed and Revenue Collected,
- General expenditure analysis on programs planned and implemented.

During the assessment, it has become evident that, the necessary budget adjustments will have to be done, hence the Accounting Officer has prepared such adjustment proposals for council approval before the end of the month of February 2014 as required by the Municipal Finance Management Act on Municipal Budget and Reporting Regulations published under GenN 393 in GG 32141 of 17 April 2009 in compliance with requirements of section 23 on timeframes for tabling of adjustment budgets.

On the completion of the assessment, measures to be implemented in order to improve the performance before the end of financial year have been developed and detailed in the report.

The final performance assessment report is therefore presented in detail as follows,

## 2. 2014/2015 FINANCIAL YEAR OVERVIEW

The implementation of the Matatiele Local Municipality Service Delivery and Budget Implementation Plan on the approved 2012 – 2017 IDP was the main guiding document during the first six months of the approved budget for 2014/2015.

The municipal strategic objectives and priorities were translated into programmes and projects which gave the basis of configuration of the mid-term budget.

- a. The draft 2014/2015 – 2016/2017 mid-term budget was tabled and adopted by the municipal council on 30 January 2014;
- 2.1. Public participation and stakeholders consultative process was undertaken from 15<sup>th</sup> – 17<sup>th</sup> April 2014;
- 2.2. The final budget was approved on 30<sup>th</sup> May 2014 with amendments taking into account the inputs and comments received during the public participation and consultative process;
- 2.3. The implementation on the 2014/2015 budget was for the first half of the financial year and the following has been noted on;
- 2.3.1. Revenue
- Actual revenue of 58% has been received against the approved budget.
  - Revenue collection rate of 89% against the billed amount.
- 2.3.2. Expenditure
- Control and balancing of actual operating, repairs and maintenance expenditures against the actual received operating revenue which kept actual expenditure on 40% of the approved budget.
- 2.3.3. Capital
- Actual performance of capital expenditure is R 41, 1 million (28%) of the approved Budget, when compared with prior mid period performance of 29 % it has dropped by 1 %.
- 2.3.4. Other
- Challenges on Supply Chain Management processes resulting to delays on award of bids directly affecting capital budget and service delivery.
  - Non-compliance with approved procurement plan which result to Supply Chain Management processes getting delayed.

### 3. 2013/2014 AUDITOR GENERAL'S REPORT

The Auditor General Audited our Financial Statements for the financial period ending 30 June 2014 and it gave us a report that on its opinion stated that the Financial Statements presented fairly, in all material respects the financial position, performance and cash flows of Matatiele Local Municipality as at 30 June 2014.

The following are Matters of Emphasis that the Auditor General has outlined

- Electricity Distribution losses
- Impairment losses
- Unauthorised Expenditure

### 4. 2014/2015 BUDGET GUIDELINES, ASSUMPTIONS AND PRIORITIES

4.1. The 2014/2015 – 2016/2017 mid-term budget was prepared in accordance with guidelines and assumptions outlined in MFMA budget Circulars as issued to guide, taking into consideration the following aspect;

- 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.

4.2. 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.

## 5. OUTLINE OF THE MID-YEAR BUDGET AND FINANCIAL PERFORMANCE

### 5.1. Budget Performance

#### 5.1.1. Operating Budget Performance

EC441 Matatiele - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Table 5: Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
Description	Ref	2013/14	Budget Year 2014/15							
		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		22 600	30 729	32 729	1 540	18 801	19 637	(837)	-4%	32 729
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		35 753	41 500	41 500	3 465	18 299	20 750	(2 451)	-12%	41 500
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		6 609	7 190	7 190	629	3 495	3 595	(100)	-3%	7 190
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		566	561	561	91	299	280	18	7%	561
Interest earned - external investments		5 414	4 200	4 200	389	1 610	2 100	(490)	-23%	4 200
Interest earned - outstanding debtors		2 464	1 943	3 943	382	1 846	1 972	(125)	-6%	3 943
Dividends received		-	-	-	-	-	-	-	-	-
Fines		3 672	1 283	2 201	150	1 448	1 101	347	32%	2 201
Licences and permits		2 189	1 872	1 872	159	1 110	936	174	19%	1 872
Agency services		-	-	-	-	-	-	-	-	-
Transfers recognised - operational		138 192	146 978	150 242	(114)	100 942	88 266	12 677	14%	150 242
Other revenue		16 038	54 949	56 263	364	771	28 131	(27 360)	-97%	56 263
Gains on disposal of PPE		537	39	39	-	-	19	(19)	-100%	39
Total Revenue (excluding capital transfers and contributions)		234 035	291 244	300 740	7 055	148 621	166 787	(18 167)	-11%	300 740

#### Remarks:

- Operating revenue of R148 620 523 inclusive of non-capital grants and subsidies and exclusive of capital grants has been received on the approved operating budget of R291 244 458 and this translates to 61, 9%.



## 5.2. Capital Budget Performance

EC441 Matatiele - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Mid-Year Assessment

Vote Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Single Year expenditure appropriation</b>									
Vote 1 - Executive & Council	1 439	221	221	-	49	111	(61)	-55%	221
Vote 2 - Budget & Finance	9 851	7 156	2 344	992	2 378	1 172	1 206	103%	2 344
Vote 3 - Corporate	425	2 123	2 523	1 569	2 122	1 262	860	68%	2 523
Vote 4 - Development & Planning	2 964	915	915	2	337	458	(121)	-26%	915
Vote 5 - Community	4 407	7 343	7 353	-	399	3 677	(3 278)	-89%	7 353
Vote 6 - Infrastructure	70 602	129 820	113 210	4 727	35 864	56 605	(20 742)	-37%	113 210
<b>Total Capital single-year expenditure</b>	<b>89 688</b>	<b>147 577</b>	<b>126 566</b>	<b>7 289</b>	<b>41 148</b>	<b>63 283</b>	<b>(22 135)</b>	<b>-35%</b>	<b>126 566</b>
<b>Total Capital Expenditure</b>	<b>89 688</b>	<b>147 577</b>	<b>126 566</b>	<b>7 289</b>	<b>41 148</b>	<b>63 283</b>	<b>(22 135)</b>	<b>-35%</b>	<b>126 566</b>
<b>Capital Expenditure - Standard Classification</b>									
<b>Governance and administration</b>	<b>11 715</b>	<b>9 500</b>	<b>5 088</b>	<b>2 560</b>	<b>4 549</b>	<b>2 544</b>	<b>2 005</b>	<b>79%</b>	<b>5 088</b>
Executive and council	1 439	221	221	-	49	111	(61)	-55%	221
Budget and treasury office	9 851	7 156	2 344	992	2 378	1 172	1 206	103%	2 344
Corporate services	425	2 123	2 523	1 569	2 122	1 262	860	68%	2 523
<b>Community and public safety</b>	<b>4 407</b>	<b>7 343</b>	<b>7 353</b>	<b>-</b>	<b>399</b>	<b>3 677</b>	<b>(3 278)</b>	<b>-89%</b>	<b>7 353</b>
Community and social services	4 407	7 343	7 353	-	399	3 677	(3 278)	-89%	7 353
Sport and recreation							-		
Public safety							-		
Housing							-		
Health							-		
<b>Economic and environmental services</b>	<b>2 964</b>	<b>915</b>	<b>915</b>	<b>2</b>	<b>337</b>	<b>458</b>	<b>(121)</b>	<b>-26%</b>	<b>915</b>
Planning and development	2 964	915	915	2	337	458	(121)	-26%	915
Road transport							-		
Environmental protection							-		
<b>Trading services</b>	<b>70 602</b>	<b>129 820</b>	<b>113 210</b>	<b>4 727</b>	<b>35 864</b>	<b>56 605</b>	<b>(20 742)</b>	<b>-37%</b>	<b>113 210</b>
Electricity	70 602	129 820	113 210	4 727	35 864	56 605	(20 742)	-37%	113 210
Water							-		
Waste water management							-		
Waste management							-		
<b>Other</b>									
<b>Total Capital Expenditure - Standard Classification</b>	<b>89 688</b>	<b>147 577</b>	<b>126 566</b>	<b>7 289</b>	<b>41 148</b>	<b>63 283</b>	<b>(22 135)</b>	<b>-35%</b>	<b>126 566</b>
<b>Funded by:</b>									
National Government	89 688	64 511	60 686	7 289	27 978	63 283	(22 135)	-35%	60 686
Provincial Government							-		
District Municipality							-		
Other transfers and grants							-		
<b>Transfers recognised - capital</b>	<b>89 688</b>	<b>64 511</b>	<b>60 686</b>	<b>7 289</b>	<b>27 978</b>	<b>63 283</b>	<b>(22 135)</b>	<b>-35%</b>	<b>60 686</b>
<b>Public contributions &amp; donations</b>							-		
<b>Borrowing</b>		30 000	11 500	-			30 000	100%	11 500
<b>Internally generated funds</b>		53 066	54 380	2 688	13 170		39 897	75%	54 380
<b>Total Capital Funding</b>	<b>89 688</b>	<b>147 577</b>	<b>126 566</b>	<b>9 977</b>	<b>41 148</b>	<b>63 283</b>	<b>(22 135)</b>	<b>-35%</b>	<b>126 566</b>

Remarks:

- a) The overall actual performance of the capital expenditure is R 41, 1 million (28%) of the original Budget of R147 577 402 , reflecting an under spending of R 106, 4 million (72%).
- b) The capital budget implementation per departments is detailed as follows,



EC441 Matatiele - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - A - Mid-Year Assessment

Vote Description	Ref	2013/14	Budget Year 2014/15							
R thousand		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure - Municipal Vote										
Expenditure of single-year capital appropriation										
Vote 1 - Executive & Council	1	1 439	221	221	-	49	111	(61)	-55%	221
1.1 - Communications		176	55	55	-	-	28	(28)	-100%	55
1.2 - Council		1 233	80	80	-	4	40	(36)	-91%	80
1.3 - IDP		3	10	-	-	-	-	-	-	-
1.4 - Internal Audit		4	16	16	-	-	8	(8)	-100%	16
1.5 - Municipal Manager		16	42	52	-	29	26	3	10%	52
1.6 - SPU		6	18	18	-	17	9	8	92%	18
Vote 2 - Budget & Finance		9 851	7 156	2 344	992	2 378	1 172	1 206	103%	2 344
2.1 - Budget & Reporting		9 851	5 764	500	992	2 367	250	2 117	847%	500
2.2 - Financial Reporting & Assets Management		-	-	-	-	-	-	-	-	-
2.3 - Governance		-	-	-	-	-	-	-	-	-
2.4 - Income & Expenditure		-	300	752	-	10	376	(366)	-97%	752
2.5 - SCM		-	1 091	1 091	-	-	546	(546)	-100%	1 091
Vote 3 - Corporate		425	2 123	2 523	1 569	2 122	1 262	860	68%	2 523
3.1 - Administrations		168	80	80	743	746	40	706	1765%	80
3.2 - Council Support		77	108	108	-	31	54	(23)	-42%	108
3.3 - Governance		180	250	250	-	-	125	(125)	-100%	250
3.4 - HR		-	90	90	-	14	45	(31)	-70%	90
3.5 - IT		-	1 595	1 995	825	1 331	998	333	33%	1 995
3.6 - Legal		-	-	-	-	-	-	-	-	-
Vote 4 - Development & Planning		2 964	915	915	2	337	458	(121)	-26%	915
4.1 - EPWP		-	-	-	-	-	-	-	-	-
4.2 - Governance		-	15	15	2	2	8	(6)	-79%	15
4.3 - Humans Settlements		-	-	-	-	-	-	-	-	-
4.4 - LED		2 950	900	900	-	335	450	(115)	-26%	900
4.5 - Planning		14	-	-	-	-	-	-	-	-
Vote 5 - Community		4 407	7 343	7 353	-	399	3 677	(3 278)	-89%	7 353
5.1 - Environmental Service		77	2 500	2 500	-	-	1 250	(1 250)	-100%	2 500
5.2 - Governance		-	33	33	-	10	17	(6)	-37%	33
5.3 - Library		-	-	-	-	-	-	-	-	-
5.4 - Museum		-	-	-	-	-	-	-	-	-
5.5 - Public Amenities		2 086	-	-	-	-	-	-	-	-
5.6 - Public Amenities		-	2 330	1 930	-	16	965	(949)	-98%	1 930
5.7 - Public Safety		2 244	2 480	2 890	-	373	1 445	(1 072)	-74%	2 890
5.8 - Solid Waste		-	-	-	-	-	-	-	-	-
5.9 - Solid Waste		-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		70 602	129 820	113 210	4 727	35 864	56 605	(20 742)	-37%	113 210
6.1 - Civil		655	6 312	6 312	19	74	3 156	(3 082)	-98%	6 312
6.2 - Electricity		13 562	53 332	35 083	2 202	10 210	17 542	(7 331)	-42%	35 083
6.3 - Governance		-	38	38	-	-	19	(19)	-100%	38
6.4 - PMU		56 385	70 138	71 777	2 506	25 579	35 888	(10 310)	-29%	71 777
Total single-year capital expenditure		89 688	147 577	126 566	7 289	41 148	63 283	(22 135)	-35%	126 566
Total Capital Expenditure		89 688	147 577	126 566	7 289	41 148	63 283	(22 135)	-35%	126 566

### 5.2.1. Revenue and Receivables (Debtors)

31-Dec-14

#### Summary

Details	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
Total Billing	13 159 446	3 670 022	3 713 461	3 738 204	3 374 280	4 145 769	28 063 741
Total Collections	-2 603 454	-2 693 265	-5 739 128	-4 514 580	-3 756 809	-3 026 280	-25 032 043
Net Effect	10 555 992	976 756	-2 025 666	-776 377	-382 529	1 119 489	3 031 698
%	-20%	-73%	-155%	-121%	-111%	-73%	-89%

#### Per Revenue Source

Details	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Mid Term %
Rates	36 989 698	37 645 916	36 486 350	35 606 420	35 964 088	36 576 257	60%
Electricity	3 166 389	3 166 389	3 166 389	3 166 389	3 166 389	3 339 006	6%
Refuse Removal	8 330 502	8 330 502	8 330 502	8 330 502	8 330 502	8 522 300	14%
Other	12 145 754	12 145 754	12 145 754	12 145 754	12 145 754	12 227 708	20%
Total Debt	60 632 342	61 288 560	60 128 994	59 249 064	59 606 732	60 665 270	100%

#### Per Category

Details	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Mid Term %
Government	25 355 022	25 514 223	24 148 058	23 479 533	23 209 984	23 682 768	39%
Business	5 276 006	6 074 802	5 218 898	4 867 879	4 694 414	5 273 666	9%
Domestic	29 493 365	29 670 342	30 162 206	30 025 446	30 373 417	30 865 744	51%
Other	507 948	481 956	467 390	896 653	881 943	843 092	1%
Total Debt	60 632 341	61 741 323	59 996 552	59 269 511	59 159 757	60 665 270	100%

#### PER SERVICE

DETAILS	0-30 days	31-60 days	61-90 days	91-120 days	120	121 and more	Total
ELECTRICITY	2 313 849	328 273	120 635	101 928	87 619	361 310	3 313 615
RATES	-166 966	417 921	264 164	264 773	236 759	24 898 095	25 914 745
REFUSE REMOVAL	455 027	346 355	227 972	202 705	199 589	7 090 651	8 522 300
OTHER	-157 014	9 623	448 907	6 966	4 810	22 597 996	22 911 288
TOTAL DEBT	2 444 896	1 102 173	1 061 678	576 371	528 777	54 948 052	60 661 947
%	4%	2%	2%	1%	1%	91%	

#### PER CATEGORY

DETAILS	0-30 days	31-60 days	61-90 days	91-120 Days	121 days and more days	Total
GOVERNMENT	386 226	159 804.76	69 162.17	75 218.81	22 992 356.17	23 682 768
BUSINESS	2 446 004	341 826.62	124 739.94	106 621.37	2 254 473.82	5 273 666
DOMESTIC	999 854	589 950.59	420 349.69	389 274.86	28 466 315.01	30 865 744
OTHER	29 133	10 591.12	452 578.17	5 255.17	345 534.71	843 092
TOTAL DEBT	3 861 217	1 102 173	1 066 830	576 370	54 058 680	60 665 270
%	6%	2%	2%	1%		

#### Remarks:

- On debtors balance an amount of R8, 6 million represents amount owed by Alfred Nzo District Municipality in relation to water services and authority transfers.
- The payment levels are standing at 89% when compared on current billings but there is little effort towards arrear amounts as at 31 December 2014.
- The debtor's age analysis reflects that R 54, 0 million of the R 60, 6 million (89%) is more than 120 days old which places doubts that the municipality would be able to collect more than 50% of the debt.
- The municipality has implemented some measures to reduce debt and is in the process of developing revenue enhancement strategy with debt collection section re-structuring and capacitation.



### 5.3. Expenditure and Payables (Creditors)

EC441 Matatiele - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	2013/14	Budget Year 2014/15							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>Expenditure By Type</b>									
Employee related costs	69 115	89 429	84 507	6 764	39 210	42 253	(3 044)	-7%	84 507
Remuneration of councillors	14 807	17 177	17 177	1 254	7 612	8 589	(977)	-11%	17 177
Debt impairment	27 795	3 949	3 949	—	—	1 974	(1 974)	-100%	3 949
Depreciation & asset impairment	19 062	14 066	14 066	—	—	7 033	(7 033)	-100%	14 066
Finance charges	2	—	—	—	—	—	—	—	—
Bulk purchases	26 147	28 000	28 000	5	14 260	14 000	260	2%	28 000
Other materials	—	—	—	—	—	—	—	—	—
Contracted services	13 389	15 987	15 687	279	5 574	7 843	(2 270)	-29%	15 687
Transfers and grants	32 778	27 144	31 470	3 162	12 117	15 735	(3 618)	-23%	31 470
Other expenditure	46 394	62 129	69 395	5 564	24 603	34 697	(10 094)	-29%	69 395
Loss on disposal of PPE	—	—	—	—	—	—	—	—	—
<b>Total Expenditure</b>	<b>249 489</b>	<b>257 881</b>	<b>264 250</b>	<b>17 029</b>	<b>103 375</b>	<b>132 125</b>	<b>(28 750)</b>	<b>-22%</b>	<b>264 250</b>

#### Remarks:

Actual expenditure on operations of R103, 4 million has been incurred as at 31 December 2014. The actual budget percentage against approved budget is 40%.  
On repairs and maintenance, actual expenditure has been R1, 2 million of the approved budget and this has been 10% of the approved budget.

#### 5.4. Cash and Cash Equivalents

##### STANDARD BANK

Description	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Cash book Balance	242 511	475 970	3 424 272	5 361 616	675 652	3 450 247
Add: Receipts	118 767	2 825 639	1 825 986	196 605	2 775 387	42 266
Less: Bank Charges	-896	-873	-597	-2 246	-792	-597
Add: Interest on Investments	115 589	123 537	111 955	119 676	-	235 492
Adjustments	-	-	-	-5 000 000	-	-
Cash book balance	475 970	3 424 272	5 361 616	675 652	3 450 247	3 727 408
Bank Balance	475 820	4 301 267	5 361 468	675 998	3 450 526	3 727 687
Less: Unpresented cheques	150	-876 994	148	-346	-279	-279
Reconciled Cash book balance	475 970	3 424 272	5 361 616	675 652	3 450 247	3 727 408

##### FIRST NATIONAL BANK

Description	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Cash book Balance	338 692	406 501	912 852	2 610 606	3 672 030	4 057 712
Add: Receipts	67 239	503 140	1 690 997	1 046 883	368 677	156 818
Less: Bank Charges	-1 234	-870	-790	-1 104	-793	-780
Less: Stop Orders	-4 318	-5 434	-3 544	-2 417	-2 648	-3 002
Add: Interest on Investments	6 122	9 515	11 092	18 062	20 446	21 724
Cash book balance	406 501	912 852	2 610 606	3 672 030	4 057 712	4 232 472
Bank Balance	406 301	903 137	2 613 828	3 703 143	4 060 674	4 237 934
Less: Unpresented cheques	200	9 715	-3 222	-31 113	-2 962	-5 462
Reconciled Cash book balance	406 501	912 852	2 610 606	3 672 030	4 057 712	4 232 472

##### NEDBANK

Description	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Cash book Balance	2 673 789	-4 915 094	-1 760 460	-3 138 644	1 873 005	36 154 327
Add: Receipts	60 683 541	15 642 472	6 114 924	15 688 619	72 221 245	9 077 114
Less: Bank Charges	-25 383	-18 175	-18 798	-19 859	-19 066	-21 515
Less: Stop Orders	-317 875	-358 738	-435 126	-392 707	-393 506	-281 606
Less: Transfers to call Accts	-55 012 000	-3 613 000	-3 188 852	-15 000 000	-15 971 000	-38 000 000
Less: Unpaid Cheques	-	-8 826	-	-3 900	-1 060	-11 690
Add: Cancelled cheques	83 956	17 617	119 753	40 422	24 253	84 000
Add: Transfers from call account	10 927 954	12 000 000	28 590 679	23 570 000	8 171 859	18 362 975
Add: Interest on Investments	-	-	-	-	-	-
Less: Cheques paid	-23 929 076	-20 506 717	-32 560 765	-23 870 926	-29 751 402	-22 729 867
Adjustments	-	-	-	5 000 000	-	-
Cash book balance	-4 915 094	-1 760 460	-3 138 644	1 873 005	36 154 327	2 633 738
Bank Balance	529 776	1 687 086	3 015 210	4 604 216	44 260 741	2 931 962
Less: Unpresented cheques	-5 444 870	-3 447 546	-6 153 854	-2 731 211	-8 106 414	-298 224
Reconciled Cash book balance	-4 915 094	-1 760 460	-3 138 644	1 873 005	36 154 327	2 633 738

#### Remarks:

The municipality had a favourable bank balance of R 4, 032 million at the beginning of the financial year.

Mid-year cash flow results reflect a favourable bank balance of R 10, 897 million

### Summary of cash equivalents (investments) held at 31 December 2014.

#### Investments

INSTITUTION	BENEFICIARY	DATE OF MATURITY	ACCOUNT	PERIOD	BAL BEGIN	AMT INVESTED	WITHDRAWAL	BAL END
CALL ACC STD	SURPLUS CASH	DAILY	68600704/001	CALL	33 155 059			33 155 059
CALL ACC STD	CRR	DAILY	68600704/002	60 DAY NOTICE	8 209 288	29 632		8 238 920
CALL ACC FNB	SURPLUS CASH	DAILY	62108496573	MONEY MARKET	2 210 000			2 210 000
NEDBANK	SURPLUS CASH	DAILY	03/7881006129/000004	DAILY CALL	7 582 255	38 038 011	-16 200 000	29 420 266
NEDBANK MIG ACC	MIG GRANT	DAILY	03/7881096624/000001	DAILY CALL	9 885 754	25 346	-2 162 975	7 748 125
FNB ESTABLISHMENT PLAN	ESTABLISHMENT PLAN	DAILY	62175310045	MONEY MARKET	1 072 378	3 780		1 076 158
FNB HOUSING DEV FUND	HOUSING DEV FUND	DAILY	62215611121	MONEY MARKET	1 804 985	6 362		1 811 347
FNB BANK ACC	INTEREST BANK ACC	DAILY	62108495187	CURRENT				
FNB DEDEA GREENEST TOWN	DEDEA	DAILY	62286476801	MONEY MARKET	145 616	530		146 146
FNB TOURISM	DEDEA	DAILY	62286476906	MONEY MARKET	647 253	2 355		649 608
ACCRUED INTEREST		YEARLY						
					64 712 588	38 106 016	-18 362 975	84 455 629

#### **Remarks**

The Council had investments of R 84 455 629 as at 31 December 2014. Included in the total amount of investments as at 31 December 2014, R73 023 245 is relating to unconditional grants while the amount of R 11 431 384 relating to conditional grants.

On cash and cash equivalents, the municipality had favourable bank balances at the end of the second quarter which is mid-term of the financial year amounting to

R 95 352 932 made up of R 84 455 629 and R 10 897 303 on investments and primary accounts respectively.

### 5.5. Non-Current liabilities

The municipality had the following non-current liabilities as at 31 December 2014,

DETAILS	BALANCE
Provisions	19 762 432

### 5.6. Non-current assets

The municipality had the following non-current assets as at 31 December 2014,

DETAILS	BALANCE
Investment property	21 890 900
Property Plant & Equipment	561 394 928
Intangible Assets	950 897
	584 236 725

## 6. ADJUSTMENT BUDGET GUIDELINES, ASSUMPTIONS AND PRIORITIES

Amendments made on the approved budget including unforeseen and unavoidable expenditure approved in terms of section 28 of the MFMA and council Virement will be considered; Conditional Grants received from National Treasury for 2014/15 financial year are as follows:

#### CONDITIONAL GRANTS AS PER DORA

DESCRIPTION	DORA AMOUNT	AMENDED DORA	2013/14 APPROVED ROLLOVER	AMENDED 2014/2015	RECEIVED AS AT 31 DEC 2014	TO BE RECEIVED IN THE NEXT HALF	% RECEIVED
MUNICIPAL INFRASTRUCTURE GRANT	45 759 000	45 759 000	3 410 836	49 169 836	19 584 000	26 175 000	43%
EXPANDED PUBLIC WORKS	4 485 000	4 485 000	-	4 485 000	3 139 000	1 346 000	70%
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	934 000	934 000	-	934 000	934 000	-	100%
FINANCIAL MANAGEMENT GRANT	1 600 000	1 600 000	-	1 600 000	1 600 000	-	100%
INTEGRATED NATIONAL ELECTRIFICATION GRANT	19 300 000	22 300 000	-	22 300 000	19 300 000	-	87%
	72 078 000	75 078 000	3 410 836	78 488 836	44 557 000	27 521 000	59%

#### Remarks

Integrated National Electrification Grant approved on the Original Budget was R 19 300 000 and on issuing of amended Dora the grant allocation has been increased to R 22 300 000.

59 % of the allocated Grants have been received and 41 % of the allocated Conditional Grants is to be received in the next half of 2014/15 financial period.



## 7. ADJUSTMENTS BUDGET ESTIMATES PROPOSAL

### 7.1. Capital Budget Adjustments

DESCRIPTION	APPROVED BUDGET 2014/15	ADJUSTMENTS BUDGET	FUNDING			
			MIG 2014/2015	CAPITAL REPLACEMENT RESERVE 2014/2015	DOE 2014/2015	LOAN-FRONT LOADING 2014/2015
MUNICIPAL GOVERNANCE AND ADMINISTRATION	4 235 200	5 087 603	-	5 087 603	-	-
COMMUNITY AND PUBLIC SAFETY	7 343 000	7 353 000	-	7 353 000	-	-
ECONOMIC AND ENVIRONMENTAL SERVICES	82 667 192	79 041 805	41 124 460	37 917 345	-	11 500 000
TRADING SERVICES	53 332 000	35 083 404	-	4 022 000	19 561 404	-
<b>TOTAL CAPITAL PROJECTS</b>	<b>147 577 392</b>	<b>126 565 812</b>	<b>41 124 460</b>	<b>54 379 948</b>	<b>19 561 404</b>	<b>11 500 000</b>

#### Remarks

The proposed capital adjustments budget for 2014/2015 is R126, 565, 812 million (Original 2014/2015: R147, 577, 392 million).

### 7.2. CAPITAL ADJUSTMENTS ESTIMATES PER FUNDING SOURCE

FUNDING SOURCE	APPROVED BUDGET	PROPOSED ADJUSTMENTS	% ALLOCATION
CAPITAL REPLACEMENT RESERVE	53 066 489	54 379 948	43%
MUNICIPAL INFRASTRUCTURE GRANT	45 210 000	41 124 460	32%
DEPARTMENT OF ENERGY	19 300 000	19 561 404	15%
EXTERNAL LOANS -FRONT LOADING	30 000 000	11 500 000	9%
	<b>147 576 489</b>	<b>126 565 812</b>	

#### Remarks

External loan (Front loading) of R30 000 000 was initially approved for electrification projects, this has been adjusted by R18 500 000 resulting to external loan funding of

R 11 500 000. Capital replacement Reserve has been increased from R 53 066 392 to R54 379 948 due to additional projects to be funded from the capital reserve. MIG funding has decrease by R 4 085 540 due to new circular (66 & 72) which indicates that we should not budget inclusive of VAT on the MIG funded projects

Capital budget will be adjusted from R147 577 392 to R126 565 812 and this will be R21 010 677 down adjustment of 14%.

### 7.3. PROPOSED OPERATING REVENUE ADJUSTMENTS

Details	APPROVED BDUGET 2014/15	PROPOSED ADJUSTMENTS BUDGET 2014/15	Net Change	% Change
	<b>14/15</b>			
Property Rates	-30 729 031	-32 729 031	-2 000 000	6%
Service Charges	-48 690 405	-48 690 405	-	0%
Interest O/D	-1 943 340	-3 943 340	-2 000 000	51%
Interest E/I	-4 200 000	-4 200 000	-	0%
Licences & Permits	-2 704 000	-2 872 000	-168 000	6%
Grants & Subsidies	-231 194 297	-228 854 935	2 339 362	-1%
Other Income	-54 950 520	-56 262 929	-1 312 409	2%
<b>Total Revenue</b>	<b>-375 460 759</b>	<b>-379 352 856</b>	<b>-3 892 097</b>	<b>1%</b>

### Remarks

The adjustment operating income budget for 2014/2015 is R379, 226, 085 (Original 2014/2015: R375, 460, 759) as per table above. This has been increased by R3, 765, 326 due to property rates, interest on outstanding debtors, fines and other income.

#### 7.4. PROPOSED OPERATING EXPENDITURE ADJUSTMENTS

Details	APPROVED BUDGET 2014/2015	PROPOSED ADJUSTMENTS BUDET 14/15	NET CHANGE	% Change
Employee Cost	90 399 994	85 477 964	(4 922 030)	-5%
ClIr Remunerations	17 177 312	17 177 312	-	0%
Depreciation	14 065 850	14 065 850	-	0%
Repairs & Maint	11 315 000	11 424 000	109 000	1%
Bulk Purchases	28 000 000	28 000 000	-	0%
Contracted Services	15 986 545	15 686 545	(300 000)	-2%
Other Expenditure	49 113 976	55 046 626	5 932 650	12%
Grants & Subsidies	27 144 247	32 694 051	5 549 804	20%
Provisions	4 677 597	4 677 597	-	0%
<b>Total Expenditure</b>	<b>257 880 520</b>	<b>264 249 944</b>	<b>6 369 424</b>	<b>2%</b>

#### Remarks

The proposed operating expenditure adjustment budget for 2014/2015 is R264, 249, 944 (Original 2014/2015: R257, 880, 520 as per table above. This has been increased by R6,369 million, which is mainly on Audit Fees, Consulting fees, repairs and maintenance and grants expenditure.

#### 8. RECOMMENDATION TO IMPROVE PERFORMANCE IN THE LAST HALF OF THE BUDGET FINANCIAL YEAR:

- 7.1. The council needs to review the capital budget with the turnaround strategy to ensure that approved projects are implemented with speed and all are complete or towards completion by end of the year 30 June 2015.
- 7.2. Management need to move with speed on the implementation of the projects included in the approved budget and deviations in compliance with the MFMA SCM regulations should be explored on procurement of urgent projects.
- 7.3. The Management to consider the proposed Adjustments Budget 2014/15

## 9. RATINGS ON MID-TERM PERFORMANCE ASSESSMENT

The performance of the 2014/2015 approved budget as implemented through the SDBIP monitoring is as follows,

Operating Revenue	58%
Operating Expenditure	40%
Capital Budget	28%

This therefore means that, the performance of the municipality as per half yearly assessment as done by the Accounting Officer by 31 December 2015 which is six months of the financial year is averaged at a rate of 42% which is 8% lesser than the expected performance.

Performance of 28% which is 72% below the expected budget implementation on the Capital Budget expenditure has negatively affected the Mid-Term performance of the municipality.

To improve the performance and achieve expected performance of 100% at year end, the recommended strategies and plans will be implemented.

## 10. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I Damian Crysongonus Tshepanq Nakin Municipal Manager of Matatiele Local Municipality, hereby certify that the Mid-term Performance Assessment report and supporting documentation have 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 that is a true reflection of what has taken place with effect from 01 July 2014 to 31 December 2014 and is consistent with the Integrated Development Plan, Budget and SDBIP of the municipality.

This report has been submitted to the Mayor on the 23/01/2015 as required by the Municipal Finance Management Act, Section 72 and acknowledges receipt as signed below.

Print Name Damian Crysongonus Tshepanq Nakin

Municipal Manager of Matatiele Local Municipality (EC441)

Signature 

Date 23/01/2015

### Mayor's Acknowledgement of Submission

Print Name Momelezi Mthetheleli Mbedia

Mayor of Matatiele Local Municipality (EC441)

Signature 

Date 23/01/2015

## 11. ATTACHMENTS

### 11.1. MID YEAR C-SCHEDULE REPORT FOR THE MONTH OF DECEMBER 2014