



MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

For the Period 01 July 2016 to 31 December 2016

Good to Great

Department of the Office of the Municipal Manager

IDP/PMS Division

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MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT: 2016/2017 FINANCIAL YEAR

Resolved by the Executive Mayor

1. That the Mid-Year Budget and Performance Report 2016/2017 as tabled by the Chief Financial Officer be noted
2. That the 2016/2017 Annual Budget be adjusted during February 2017
3. That Performance Report be noted and targets as contained in the approved Service Delivery and Budget Implementation Plan 2016/2017 be adjusted accordingly with the February 2017 adjustment budget.
4. That permission be granted to the IDP/PMS Manager to submit the mid-year Budget and Performance Assessment Report to the Executive Mayor, The National and Provincial Treasury and Free State CoGTA within five working days after it was tabled to the Council by 30 January 2017
5. That permission be granted to the IDP/PMS Manager to place the Mid-year Budget and Performance Assessment Report on the municipal official website within five (5) working days after it was tabled to the Council.

**COUNCILLOR MAOKE N
EXECUTIVE MAYOR
19 JANUARY 2017**

Part 1

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 2016/2017

1. Executive Summary

Table C1: Monthly Budget Statements Summary-Mid-year Assessment

For the first six months ending **December** 2016, revenue to the amount of **R 248 822 000.00** was realised. The year to date budgeted revenue amounts to **R 220 595 000.00** which reflects a favourable deviation of **13%**.

A total of **56%** of original budgeted revenue was realised at the end of December 2016 mainly due to government transfers which realised to supplement the lesser amount of revenue received from service charges, investment revenue and other own revenue. It is envisaged that the total revenue will have to be adjusted downwards by **5%** during February 2017, which will result in the original budgeted amount being decreased with **R 22 000 000.00**.

Operating expenditure to the amount of **R 297 676 000.00** was spend against the year to date budgeted expenditure of **R 220 496 000.00**. This reflects a deviation of **35%** more than the year to date budget. This is as a result of debt impairment and depreciation.

Capital expenditure for the first six months amounts to **R 37 798 000.00** which is a deviation of **-5%** against the Service Delivery and Budget Implementation Plan of **R 39 776 000.00**. Although the capital expenditure is projected to amount to **R 79 552 000.00** for 30 June 2017 as indicated by various departments, from a financial point of view, business plans needs to revised so as to speed up the implementation of capital projects in order to avoid roll-over into the next financial year.

Taking the above into consideration the net operating deficit forecast for the year amount to **R 99 859 000.00**-whilst it is projected that the net cash position will decrease to **R -26 896 000.00** compared to June 2016 which was **R 3 661 000.00**. This implies that the municipality might have a shortfall at the end of the financial year.

2. In-Year Budget Statements Tables-Mid-Year Assessment

Table C2: Monthly Financial Performance by Vote

Table C2 measures the actual performance against the year to date Service Delivery and Budget Implementation Plan figures which are realised by vote for revenue and expenditure. The 30 June 2017 forecasted figures by vote are reflected in the last column, mid-year assessment.

The difference in revenue variations between Table C2 and Table C1 is a result of capital grants received, which are included in Table C2. The main revenue deviation per vote is Corporate Services **(-57%)**, Sport and Recreation **(-21%)** and Housing **(-17%)**, with decreased revenue projections for electricity, water, waste water and waste management. On the expenditure side most of the votes are projected to be less than planned except for water, waste water and waste management where higher expenditure than approved in the budget is projected.

Table C4: Monthly Financial Performance by Revenue Source and Expenditure Type

This table provides the actual performance details of revenue by source and expenditure by type. For the purpose of reporting, Table C4 will be used to provide explanations on deviations. Reasons

for full year forecasted deviations will only be provided in cases where the percentages differ with more than 5% of original budgeted figures and can be viewed in Supporting Table SC1.

As a result of interim valuations, increased property rates to the amount of **R23 537 000.00** is projected, waste water and waste management revenue has increased slightly whilst it is projected that water revenue will decrease with **R 9 414 000.00** as a result of water shortages and draught, electricity with **R16 490 000.00** which is contributed to a decrease in electricity consumption.

Interest earned on investments decreased with **R 223 000.00**. Because the cash flow projections changed significantly for the first half of the year, it seems that the budget amount for interest was over estimated. The actual performance details for revenue by source and expenditure by type with full year forecasted figures is graphically presented in:

- Chart 1-Revenue by major source – page 6 of the Mid year budget report
- Chart 2-Revenue by minor source – page 14 of the Mid year budget report
- Chart 3- Expenditure by major type – page 22 of the Mid year budget report
- Chart 4-Expenditure by minor type - page 15 of the Mid year budget report

Table C5 Monthly Capital Expenditure

Table C5 indicates the actual performance details on capital expenditure for all votes, whilst the 30 June 2017 forecasted figures are reflected in the last column. Capital expenditure for the first six months amounts to **R 30 085 000.00** which deviates with **R 8 044 000.00** against the planned figure of **R 38 128 000.00** and reflects deviation of **-21%**.

The actual performance details for capital expenditure by vote is graphically presented in:

- Chart 5-Capex by major vote
- Chart 6- Capex by minor vote

Table C6: Monthly Budget Statement-Financial Position

In general the community wealth of the municipality is projected to amount **R3 779 119 000.00**. Total liabilities amounts to R 121 406 000.00, whilst total assets amounts to **R3 900 525 000.00**

Table C7: Monthly Budget Statement-Cash Flow

Table C7 provides detail of the projected cash in-and outflow. A cash inflow from operating activities of R55 560 000.00 is forecasted, whilst a cash outflow from investing activities to the amount of **R-86 780 000.00** projected. The forecasted cash held on 30 June 2017 amounts to **R -26 896 000.00** Based on the mid-year assessment it is projected that insufficient cash will be available to fund the budget.

PART 2

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT: SUPPORTING DOCUMENTATION

1. Debtors Analysis

Supporting Table SC3 provides a breakdown of the consumer debtors. The outstanding debtors at the end of December 2016 amounted to **R 326 634 000.00** and reflects an increase of **R 62 551 000.00** from the end of the previous financial year.

The debtor analysis is graphically presented in:

Chart 7-Debtor Analysis - page 26 of the Mid year budget report

2. Creditors Analysis

Supporting Table SC4 provides detail on aged creditors. In terms of the Municipal Finance Management Act, Act 56 of 2003, all creditors are paid within 30 days of receiving the invoice or statement. For the month of December 2016 creditors to the amount of **R 11 183 000.00** were paid. For the period ended 31 December 2016, creditors amounting to **R 2 090 000.00** were outstanding for a period exceeding thirty days.

3. Investment Portfolio Analysis

Supporting Table SC5 display the Council's Investment Portfolio and indicates that **R 12 553 000.00** is invested at the end of December 2016.

4. Allocation and grant receipts and expenditure

Supporting Tables SC6, SC7 (1) provide detail of grants separately as income and expenditure, as far as revenue is recognised and expenditure is appropriated. Grants to the amount of **R 178 782 000.00** was received during the first half of the financial year whilst expenditure to the amount of **R 167 948 000.00** was realised for the first six months. It is forecasted that all grants as gazetted for the 2016/2017 financial year will be received and will be spent by 30 June 2017.

5. Councillor allowances and employee benefits

Supporting Table SC8 provides the detail for councillor and employee benefits paid. The deviation on councillor allowance of **-6%** is mainly due to the implementation of the upper limits and the establishment notice. According to the new notice, it is projected that no additional amount should be made available on an adjustment budget for the councillor allowances.

Employee related costs paid for the first six months ending 31 December 2016 amounts to **R 85 992 000.00** which is **-1%** of the budgeted amount. This spending is lower due to the fact that vacant post are not filled.

The full year forecast indicates that the employee related costs budget will have to be adjusted due to the fact that the new basic conditions of employment for senior managers will be implemented when new appointments are made.

6. Material variances to Service Delivery and Budget Implementation Plan

Supporting Table SC9 provides the detail of the cash inflow for the budget setting out receipts by source and payments by type per month. The projected cash receipts by source amounts to **R 431 721 000.00** and for cash payments by type to **R-376 160 000.00** which resulted in a net increase in cash held of **R 55 560 000.00**.

The implementation of the operating budget against the service delivery targets are on track with no major deviations. In total both revenue and expenditure forecast reflect a deviation of less than **8%**. It should however be noted that the deviation from the Service Delivery and Budget Implementation Plan have been realised between the various sources of revenues and expenditure types. Therefore the Service Delivery and Budget Implementation Plan targets for the next six months needs to be adjusted accordingly.

The actual performance against the Service Delivery and Budget Implementation Plan for the first half of the financial year is graphically presented in:

Chart 8-Revenue vs. monthly Service Delivery and Budget Implementation Plan

Chart 9-Expenditure vs. monthly Service Delivery and Budget Implementation Plan

7. Capital Programme Performance

Supporting Table SC12 provides information on the actual monthly capital expenditure against the Service Delivery and Budget Implementation Plan targets for the first half of the financial year. The expenditure on capital deviates with **-21%** from the Service Delivery and Budget Implementation Plan. This remains a big concern as departments continue to struggle with projected Service Delivery and Budget Implementation Plan figures against what actually realised considering that they indicated that their capital projects will be implemented by 30 June 2017.

Reasons for these deviations remain the lengthy procurement processes, bad planning and Service Delivery and Budget Implementation Plans which are not sensible compiled. It is imperative that the implementation of the capital budget according to the Service Delivery and Budget Implementation Plan be improved as it informs the cash flow projections. The Service Delivery and Budget Implementation Plan targets needs to be adjusted and will be closely monitored to ensure implementation thereof.

The actual performance on capital expenditure against the Service Delivery and Budget Implementation Plan is graphically presented in:

Chart 10-Capital expenditure vs. monthly Service Delivery and Budget Implementation Plan

Supporting Tables SC13a and SC13b provide detail of capital expenditure by asset classification for both new and replacement of assets separately, whilst Supporting Table SC13c measures the extent to which council's assets are maintained.

8. Performance Indicators

Supporting Table SC2 provides detail the financial performance indicators. The average payment rate for the past financial year was at **49%** and the current year to date is at **55%**. Despite the year to date average payment rate, there is a slight increase over the past three months which indicates that some residents and businesses are now paying for their municipal accounts. This trend will be closely monitored. The collection period remains a concern as the debtors turnover rate is **123%**. The financial performance indicators for the past six months are not within the targets set.

Part 3

NON-FINANCIAL PERFORMANCE REPORT 2016/2017 FOR THE PERIOD ENDING 31 DECEMBER 2016

Department of the Office of the Municipal Manager

KPA: Good Governance and Public Participation

Strategic Objective: To provide strategic leadership to the strategic operational activities of the municipality

Outcome: Community satisfaction and sustainable service delivery

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Office Administration and Unit Support												
Stakeholder Consultation and unit Management		Number of reports submitted by Unit Coordinators	4	4	1	1	1	1	0	No report was submitted.	Non-submission of reports	Manager in the Office of the Municipal Manager to ensure that Unit Coordinators submits monthly reports
Mayor's Imbizos		Number of Imbizos held	4	4	1	1	1	1	0	No report was submitted.	Delay in the implementation of the establishment Notice	Develop and Programme of Action on the holding of Imbizos by the Mayor
Management of Ward Committees		Number of Ward Committees established	18	17	0	17	0	0	0	No report was submitted.	Delay in the implementation of the establishment Notice	Office of the Speaker to submit monthly reports on the functionality of the ward committees
Special programmes		Number of reports on Special Programmes	0	4	1	1	1	1	0	No Monthly Reports submitted for Special Programmes	Reports were not submitted	Manager in the Office of the Municipal Manager to ensure that Political offices submits reports

Monitoring of the implementation of council resolutions	Number of reports on the implementation of council resolutions	0	4	1	1	1	1	1	0	No Resolution registers and reports submitted.	Reports not submitted	Manager in the Office of the Municipal Manager to ensure that the implementation of council resolutions is monitored
Management of Risk	Percentage of Risk reduction	100%	100%	25%	50%	75%	100%	100%	100%	Risk register	Report not submitted	Manager in the Office of the Municipal Manager to ensure that Risk Management is implemented

KPA: Good Governance and Public Participation

Strategic Objective: To provide strategic leadership to the strategic operational activities of the municipality

Outcome: Good governance and public participation

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Monitoring the implementation of the Back to Basic Principles		Number of progress reports on the Back to Basic Principles submitted to Council	0	4	1	1	1	1	0	None as no activity was performed.	Non-submission of Progress Reports on the Action Plan on Back to Basic Principles	Manager in the Office of the Municipal Manager to ensure that Departments submit Progress Report on the action Plan on Back to Basic Principles

Development and adoption of the IDP Review Process Plan	Number of Integrated Development Plan Review Process Plans adopted	1	1	0	1	0	0	0	1	0	0	1	Council Resolution	N/A	N/A
Management of Risk	Percentage Risk Reduction	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Updated Risk Register	N/A	N/A
Internal and External Audit Queries	Percentage respond to and addressed within timeframe	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	No responses submitted and reasons not indicated.	N/A	Improve the turnaround time on the submission of responses

KPA: Good Governance and Public Participation

Strategic Objective: To provide strategic leadership to the strategic operational activities of the municipality

Outcome: Good Governance

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Internal Audit Unit												
Good Governance		Percentage of advisory provided on governance structure	100%	100%	100%	100%	100%	100%	100%	100%	N/A	N/A
Review and approve Audit and Performance Audit Committee Charter		Number of approved Audit and Performance Audit Charter approved	1	1	0	0	0	1	1	Approved Audit and Performance Audit Charter	Council approved the charter on the 03 November 2016	N/A

Review and Approve of Internal Audit Strategic Plans		Number of approved Internal Audit Strategic Plans	1	1	1	0	0	0	0	1	1	0	1	Approved Internal Audit Strategic Plans	Planned for the First Quarter	N/A
Review and approve of the Coverage Plan		Number of approved Coverage Plan	1	1	1	0	0	0	0	1	1	0	1	Approved Coverage Plan	Planned for the First Quarter	N/A
Review and approve Internal Audit Procedural Manual		Number of Internal Audit Procedural Manual reviewed	1	1	1	0	0	0	0	1	1	0	1	Internal Audit Procedural Manual reviewed	Planned for the First Quarter	N/A
Review of the Quality Assurance and Improvement Programme		Number of Quality Assurance and improvement Programme reviewed	1	1	1	0	0	0	0	1	1	0	1	Reviewed Quality Assurance and improvement Programme	N/A	N/A
Provision of quality assurance on Action Plans		Number of quality assurance reports submitted on Action Plans	8	4	2	0	0	2	2				2	Action plan on Audited Report and Management Report	N/A	N/A
Management of Audit and Performance Audit Committee		Number of quality assurance reports submitted	5	4	1	1	1	1	2				2	Audit and Performance Audit Committee Assurance Report	N/A	N/A
Coordination of the External Audit		Number of quality assurance reports submitted	8	7	3	0	1	3	3				3	Notice of the meeting, Attendance register and Co-ordination register	N/A	N/A

Management Risk	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target	Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures			
Planning Statement				Q1	Q2	Q3	Q4					
Management Risk		Percentage Risk reduction	100%	100%	100%	100%	100%	100%	Risk Register	N/A	N/A	
KPA: Good Governance and Public Participation												
Strategic Objective: To provide strategic leadership to the strategic operational activities of the municipality												
Outcome: Integrated, secure Local Area Network/Wide Area Network (LAN/WAN), computers, well maintained policies and effective communication systems												
ICT, Communication and CRM Division												
Timeous and effective internal and external communications		Number of reports developed and submitted	1	4	1	1	1	1	0	Not reported on output indicator.	Indicator not reported on	Department to report consistently and accurately to submit credible information
Stakeholder consultation		Number of stakeholder consultative meetings held	0	4	1	1	1	1	0	Not reported on output indicator.	Indicator not reported on	Department to report consistently and accurately to submit credible information
Robust Information Communication Technology governance		Number of Information Communication Technology governance reports	0	4	1	1	1	1	2	Information Communication Technology governance reports	N/A	N/A
Information Communication Technologies Service availability		Number of software licenses renewed and procured	4	5	2	0	1	2	0	No licenses were procured.	Planned for the First, Third and Fourth Quarters	N/A

Information Communication Technology Business Continuity		Number of Disaster Recovery tests conducted	4	4	1	1	1	1	1	1	2	Disaster Recovery test Reports	N/A	N/A
Management of Risk		Percentage Risk reduction	100%	100%	100%	100%	100%	100%	100%	100%	0%	Not reported.	Indicator not reported on	Department to report consistently and accurately to submit credible information
Internal and External Audit Queries		Percentage responded to and addressed within timeframe	100%	100%	100%	100%	100%	100%	100%	100%	0%	Not reported.	Indicator not reported on	Department to report consistently and accurately to submit credible information

Department of Development Planning and Social Security

KPA: Infrastructure and Service Delivery and Local Economic Development

Strategic Objective: Providing Effective Community Services and Promotion of Local Economy

Outcome: Effective management of public areas

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Management of Public Areas		Number of Parks managed	16	16	16	16	16	0	No report show that the parks are managed hence actual was changed to 0 not 16	N/A	N/A	
Cemetery Management		Number of cemeteries managed	21	21	21	21	21	0	No report show that cemeteries managed hence actual was changed to 0 not 21	N/A	N/A	
Management of Risk		Percentage Risk reduction	100%	100%	25%	50%	75%	100%	50%	Risk Register	N/A	N/A
Internal and External Audit Queries		Percentage responded to and addressed within timeframe	100%	100%	100%	100%	100%	90%	Traffic division did not submit on one finding issued hence the actual was changed to 90% not 100%.	N/A	N/A	

KPA: Infrastructure and Service Delivery and Local Economic Development

Strategic Objective: Providing Effective Community Services and Promotion of Local Economy

Outcome: Adequate security services and management of properties

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Management of Security		Percentage of properties provided with security services	18%	50%	50%	50%	50%	0%	No report that reflect 18% actual hence the actual was change to 0%.	Financial Constraints	Management to enhance revenue collections	
Management of Property		Number of properties managed	87	174	174	174	174	0	No report that reflect 174 actual hence the actual was change to 0 and only evidence in the file is the photos which were not number.	N/A	N/A	

KPA: Infrastructure and Service Delivery and Local Economic Development

Strategic Objective: Providing Effective Community Services and Promotion of Local Economy

Outcome: Adequate public safety services

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Management of Risk		Percentage Risk reduction	100%	100%	25%	50%	75%	100%	50%	Risk Register	N/A	N/A

Internal and External Audit Queries	Percentage responded to and addressed within timeframe	100%	100%	100%	100%	100%	100%	100%	100%	100%	90%	The first quarter target that is reflected on the approved SDBIP was 100% now is reflected as 0 and it should be reflected as 100%.	Quarterly report	N/A	Target changed in the reported performance information	Department to report consistently and accurately to submit credible information
Law enforcement	Percentage of law enforcement programmes implemented	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Quarterly report	Quarterly report	N/A	N/A	N/A
Conduct Public Awareness	Percentage of public awareness campaigns on public safety conducted	75%	100%	100%	100%	100%	100%	100%	100%	100%	0%	No report relating to the public awareness hence actual was changed to 0%.	No report	N/A	N/A	N/A
Management of emergencies	Percentage of emergencies incidents reported and attended	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Incident occurred form	Incident occurred form	N/A	N/A	N/A

KPA: Infrastructure and Service Delivery and Local Economic Development

Strategic Objective: Providing Effective Community Services and Promotion of Local Economy

Outcome: Effective Waste Management Service

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Management of Risk		Percentage Risk reduction	100%	100%	25%	50%	75%	100%	50%	Risk Register	N/A	N/A

Internal and External Audit Queries		Percentage responded to and addressed within timeframe	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	90%	No target was changed the division reported correctly in terms of the target set.	Target changed in the reported performance information	Department to report consistently and accurately to submit credible information
Effective Waste Management Service		Percentage of Effectiveness Waste Management Programme Accomplished	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	Indicator not reported on in the report submitted.	Indicator not reported on in the reported performance information	Department to report consistently and accurately to submit credible information
Refuse removal		Percentage of households with access to basic level of solid waste removal	97%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	97%	The monthly total do not tally with the actual percentage of 97.	Vehicles breakdown and shortage of personnel	Management to purchase yellow fleet and fill vacant positions
Promotion of landfill sites in compliance with the National Environmental Management Act, 9 of 1998		Percentage of landfill site by volume that being managed in compliance with the National Environmental Management act, 9 of 1998	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	The quarterly target that were reflected on the approved SDBIP was 30% each quarter not 100% as reflected and it should be reflected as 30%. The baseline should be 0% as reflected on the approved	Meeting arranged with Recycle Centers to have the information starting in the 3 rd quarter	Filling of critical positions at the landfill sites and working with the recycle centres

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Department of Engineering Services

KPA: Infrastructure and Service Delivery and Local Economic Development
Strategic Objective: To provide efficient competitive effective sustainable economical infrastructure network and service delivery

Outcome:	Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
						Q1	Q2	Q3	Q4				
Administration													
	Good Governance		Percentage of Administrative support provided	75%	100%	100%	100%	100%	100%	100%	Quarterly reports, attendance register and Minutes	N/A	N/A
	Management of Risk		Percentage of risk reduction	100%	100%	50%	75%	100%	100%		Actuals not reported		
	Internal and External Audit Queries		Percentage respond to and addressed within time frame	100%	100%	100%	100%	100%	100%				
Water and Sewer: Bulk Division													
	Accessibility of Water to households		Percentage of all households with access to water	94%	95%	94%	94%	94%	95%	0	No evidence submitted to quantify the actual, hence the actual was change to 0	Drought	
	Accessibility to Sanitation		Percentage of all households with Sanitation	72%	74%	72%	73%	74%	74%	0	The baseline and annual target are not the same as reflected on the approved SBIP including quarterly target. Hence		
	Administrative support		Number of reports generated	4	4	1	1	1	1	16			

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
KPA: Infrastructure and Service Delivery and Local Economic Development Strategic Objective: To provide efficient competitive effective sustainable economical infrastructure network and service delivery Outcome: Sound infrastructure												
Water and Sewer: Maintenance and Operations Division												
Maintenance of Sewer network Infrastructure		Percentage of Sewer Network Infrastructure Maintained	100%	100%	100%	100%	100%	100%	100%	No evidence submitted to quantify the actual		
Bucket Removal		Percentage of Buckets removed	100%	100%	100%	100%	100%	100%				
Servicing of VIPs and Sceptic Tanks		Percentage of VIPs and Sceptic Tanks Serviced	100%	100%	100%	100%	100%	100%				
KPA: Infrastructure and Service Delivery and Local Economic Development Strategic Objective: To provide efficient competitive effective sustainable economical infrastructure network and service delivery Outcome: Electricity to all residents												
Electricity Division												
Electrification of households		Percentage of households with access-to-basic-level of electricity	80%	82%	80%	80%	80%	80%	100%	Monthly & Quarterly reports		
Public lighting		Number of public lighting maintained / installed	3 263	510	127	127	128	128	554	Monthly & Quarterly reports		
Maintaining of Network		Percentage of Network maintained	100%	100%	100%	100%	100%	100%	51%	Monthly & Quarterly reports		
Good governance		Number of reports generated	12	12	3	3	3	3	51	Quarterly reports,		

target are not the same as reflected on the approved SBIP including quarterly target. Hence it was amended

Department of Treasury Services

KPA: Financial Viability, Local Economic Development, Good Governance and Public Participation

Strategic Objective: Sound Financial Management

Outcome: Credible budget & Financial reporting

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Budget and Reporting Division												
In Year Reporting		Number of section 71 reports compiled and submitted to Council	12	12	3	3	3	3	6	Evidence not submitted	N/A	N/A
Risk Register		Percentage Risk register updated for the division	90%	100%	90%	100%	100%	100%	100%	Risk Register	N/A	N/A
Internal and External Audit Queries		Percentage respond to and addressed within time frame	80%	100%	100%	100%	100%	100%	90%	Not all findings responded	N/A	N/A
Debt coverage ratio		Percentage Debt Coverage Ratio	80%	80%	80%	80%	80%	80%		The actual on the division quarterly report submitted was left blank	Indicator not reported on	Department to report consistently and accurately to submit credible information
Outstanding service debtors ratio		Percentage Outstanding service debtors ratio	103%	103%	103%	103%	103%	103%		The actual on the division quarterly report submitted was left blank	Indicator not reported on	Department to report consistently and accurately to submit credible information

Cost coverage ratio		1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	The actual on the division quarterly report submitted was left blank	Indicator not reported on	Department to report consistently and accurately to submit credible information
Risk Management	Percentage Cost Coverage Ratio	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	The first and second quarter target were set both 90% and not 10% and 100% as indicated.	Reported performance indicator not the same as the planned performance indicator	Management to ensure that there is consistency between the planned and reported performance information to submit credible performance information
Annual Financial Statements	Submission of a GRAP compliant AFS	1	1	1	0	0	0	0	0	1	1	Annual Financial Report	Planned for the First Quarter	N/A
Sustaining Clean audit opinion received	Percentage of audit opinion received from Auditor General SA	80%	100%	100%	100%	0%	100%	100%	100%			Indicator not reported on	Indicator not reported on	
Assets Management Division														
Accurate and Complete Asset registers	Percentage of GRAP compliant Asset Registers	75%	100%	100%	100%	100%	100%	100%	100%	85%	100%	Target set on the first and second quarter was 80% not 100% as indicated.	Conversion of Excel Asset register into Munsoft Asset register left out some critical information.	

Improve Assets Maintenance		Percentage of maintenance budget spent	0%	100%	100%	100%	100%	100%	100%	100%	Evidence not submitted	N/A	N/A
Legislative compliance		Percentage of Legislative Compliance	75%	100%	100%	100%	100%	100%	100%	100%		N/A	N/A
KPA: Financial Viability, Local Economic Development, Good Governance and Public Participation													
Strategic Objective: Sound Financial Management													
Outcome: Sustainable service delivery													
Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures	
					Q1	Q2	Q3	Q4					
Expenditure Management		Percentage of creditors paid within 30 days and reconciled items	80%	90%	83%	88%	90%	90%	81%	Evidence not submitted	Under achieved - Cash Flow Challenge	Management to implement revenue enhancement strategies	
											Indicator on reported performance information not the same as the planned indicator	Management to ensure that there is consistency between planned and reported performance information to ensure submission of credible information	
Insurance Management		Number of reports generated	12	12	3	3	3	3	6	Indicator on reported performance	Indicator on reported performance	Management to ensure that there is	

Legislative compliance with section 32 of the MFMA	Number of section 32 reports Submitted	12	12	3	3	3	3	3	0	Indicator was not reported on performance information hence the actual was change to 0 not as 6 as it was indicated.	Indicator on reported performance information not the same as the planned indicator	Management to ensure that there is consistency between planned and reported performance information to ensure submission of credible information
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KPA: Financial Viability, Local Economic Development, Good Governance and Public Participation

Strategic Objective: Sound Financial Management

Outcome: Financial Viability

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Revenue Management Division												
Debtors Management		Number of monthly debtor & billing management concluded	12	12	3	3	3	3	6	Evidence not submitted	N/A	N/A
Indigent Management		Percentage of household earning less than R3 200 per month with access to free basic services	16%	30%	30%	30%	30%	30%	7%	The reason indicated by the division is Elections, new councillors	No reason for the underperformance provided	
Customer Care		Percentage of customer queries resolved within 3 working days	60%	80%	80%	80%	80%	80%	65%	Quarterly target as per reported on performance	No reason for the underperformance provided	

Employment creation	Number of jobs created through municipal local economic development initiatives including Capital projects	0	4	0	0	2	2	0	0	2	2	Evidence not submitted	Indicator not reported on	Management to ensure that all planned indicators are reported on
Supply Chain Management Division														
Enhanced legislative compliance w.r.t SCM	Percentage of legislative compliance improvement with regard to Supply Chain Management	90%	95%	95%	95%	95%	95%	95%	95%	95%	95%	0%	Planned for the Fourth Quarter	N/A
Stores and Inventory Management	Number of stock take conducted & reported.	4	4	1	1	1	1	1	1	1	1	Evidence not submitted	N/A	N/A
Reduction of internal and external audit findings	Percentage reduction of external and internal audit findings responded to and addressed	75%	90%	90%	90%	90%	90%	90%	90%	90%	90%		N/A	N/A
SCM workshop for internal and external stakeholders	Number of SCM workshop held for internal & external stakeholders	5	9	0	4	0	5	4	0	0	4		N/A	N/A
Establishment of a supplier database on the Munsoft system	Number of approved accredited suppliers database	1	1	0	1	0	0	1	0	0	1	Target was set for Fourth Quarter as per approved SDBIP	N/A	N/A
Management of bid committee's	Percentage of support to bid committee's	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Evidence not submitted	N/A	N/A

Enhanced SCM Reporting mechanisms		Number of SCM reports produced & submitted	4	4	1	1	1	1	1	1	2	Evidence not submitted	N/A	N/A
Procurement Plan Management		Number of Procurement Plans developed and approved	1	1	1	0	0	0	0	0	1		N/A	N/A
SCM Risk management		Percentage respond to and addressed within time frame	90%	100%	100%	100%	100%	100%	100%	100%	100%		N/A	N/A

Part 3

NON-FINANCIAL PERFORMANCE REPORT 2016/2017 FOR THE PERIOD ENDING 31 DECEMBER 2016

Department of Corporate Services

KPA: Organisational Development and Transformation and Good Governance and Public Participation

Strategic Objective: Development of Corporate Services Excellence

Outcome: Effective and efficient Administration, Support and Committee Systems

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Administration and Council Support												
Co-ordinate Sound Records Management Practises		Percentage of Planned Records Management Programmes Implemented	0%	95%	95%	95%	95%	95%	95%	No report relating to the actuals in the file submitted.	N/A	N/A
Management of Telephone and Reprographic Services and Systems		Percentage of Complaints Attended in respect of Telephone and Reprographic Services and Systems	95%	100%	100%	100%	100%	100%	100%	Complaints register	N/A	Target achieved. 43 received / 43 attended
Management of Office Cleaning Services		Percentage of Cleaning programmes implemented	60%	100%	100%	100%	100%	100%	100%	Result of Satisfactory survey	N/A	N/A
Risk Management		Percentage of Risk within a tolerable level	91%	90%	90%	90%	90%	90%	90%	Risk Register	N/A	Risk were reworked on objectives and not activities thus risk levels are higher.
Addressing Audit Queries		Percentage of Internal and External Audit Queries responded to within the	100%	100%	100%	100%	100%	100%	100%	Achieved no findings were issued.	N/A	Target achieved. No of queries received - 0

	required timeframe.															No of queries responded - 0	
Human Resource Management Division																	
Outcome: Provision of effective and efficient Human Resource Management Services																	
Co-ordination of Recruitment Processes	Percentage of co-ordinated positions to fill	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Report on position filled	N/A	N/A
Effective HRM Administration	Percentage of the effectiveness on administration of HRM	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Report of target achieved	N/A	N/A	
Administration of Employee Benefits	Percentage of employee benefits administered	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Report on benefit processed	N/A	N/A	
Promotion of Health and Safety at Workplace	Percentage towards awareness made on Health and Safety at Workplace	50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	50%	The baseline reflected as 100% on the performance information and on the approved SDBIP was reflected as 50% hence it was changed to 50%	Position of OHSO still vacant	Management to fill the Position of the OHSO as soon as possible	
Implementation of Wellness Programmes	Percentage towards the effectiveness of impact on programmes conducted	25%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	None.	Instrument on assessing impact is still being developed.		
Risk Management	Percentage of Risk within a tolerable level	66%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	40%	Risk Register	No reason for the underperformance provided		

Addressing Audit Queries	Percentage of Internal and External Audit Queries responded to within the required timeframe.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	95%	The Actual was changed to 95% as not all findings were responded.	N/A	N/A
Human Resource Development Division																
Outcome: Development of a skilled, disciplined and transformed workforce.																
Facilitation of Skills Development	Percentage of Municipality's budget actually spent on implementing its workplace skills plan	100%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	83%	Report on actual spent.	No reason for the underperformance provided	
Achievement of EE Targets	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality approved employment equity plan	16	29	5	8	8	8	8	8	8	8	8	0	None and No reason for the underperformance provided	No reason for the underperformance provided	
Harmonization of Labour Relations	Percentage of Reduction in Disciplinary Hearings	54%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	3%	Comparative report on disciplinary hearings	No reason for the underperformance provided	
Risk Management	Percentage of Risk within a tolerable level	78%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	17%	Risk Register	No reason for the underperformance provided	

Addressing Audit Queries	Percentage of Internal and External Audit Queries responded to within the required timeframe.	100%	100%	100%	100%	100%	100%	100%	100%	100%	Responses on queries responded.	N/A	N/A
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Fleet Management Division

Outcome: Development of effective and efficient Fleet Management Systems

Development of effective and efficient Fleet Management Systems	Percentage to which vehicles are made available for provision of services	50%	100%	100%	100%	100%	100%	100%	100%	100%	Report on vehicle allocated and condition of it as per vehicle policy	N/A	N/A
Risk Management	Percentage of Risk within a tolerable level	100%	80%	80%	80%	80%	80%	80%	80%	80%	Risk Register	N/A	N/A
Addressing Audit Queries	Percentage of Internal and External Audit Queries responded to within the required timeframe.	100%	100%	100%	100%	100%	100%	100%	100%	100%	Responses on queries responded.	N/A	N/A

KPA: Organisational Development and Transformation and Good Governance and Public Participation

Strategic Objective: Development of Corporate Services Excellence

Outcome: Creation of Reduced Contingent Liability for the Municipality

Planning Statement	Weight	KPI	Baseline Indicator	Annual Target	Quarterly Target				Actual Performance as at 31 December 2016	Evidence verified by Internal Audit and Comment made	Reason for underperformance	Corrective Measures
					Q1	Q2	Q3	Q4				
Legal Services												

To Facilitate the Development and Review of Corporate Policy	Number of corporate services policies developed and reviewed	27	8	2	2	2	2	2	0	No report as target was not achieved	Target not achieved. Policies will be reviewed in the next quarter.
Risk Management	Percentage of Risk within a tolerable level	100%	80%	80%	80%	80%	80%	80%	1	Indicator on reported performance information was as per activity not as per output. Actual reported is as per output.	Reported unit of measure is not the same as the planned unit of measure
Addressing Audit Queries	Percentage of Internal and External Audit Queries responded to within the required timeframe.	100%	100%	100%	100%	100%	100%	100%	50%	Responses on queries responded.	Documentation not submitted on time for audit purposes

KPA: Organisational Development and Transformation and Good Governance and Public Participation

Strategic Objective: Development of Corporate Services Excellence

Outcome: Effective and Efficient Payroll Administration

Processing and Payment of Salaries	Number of Payrolls processed on or before 25th of every month	12	12	3	3	3	3	3	6	Signed payment voucher and reconciliation report
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Processing and Payment of Third Parties		Number of months that third parties are processed on or before 3rd of every month	12	12	3	3	3	3	3	6	Signed payment voucher and reconciliation report	
Administration and Maintenance of Leave		Percentage of Leave Processed	100%	100%	100%	100%	100%	100%	100%	100%	Leave reports	
Risk Management		Percentage of Risk within a tolerable level	80%	80%	80%	80%	80%	80%	80%	80%	Risk Register	
Addressing Audit Queries		Percentage of Internal and External Audit Queries responded to within the required timeframe.	100%	100%	100%	100%	100%	100%	100%	95%	The Actual was changed to 95% as not all findings were responded.	

9. **Municipal Manager's quality certification**

QUALITY CERTIFICATE: 31 DECEMBER 2016

I, **Ramakarane Simon Tshepiso**, the municipal manager of **Setsoto Local Municipality**, hereby certify that the Mid-year Budget and Performance Assessment Report has been prepared in accordance with the Municipal Finance Management Act, 56 of 2003 and the regulation made under the Act.



RAMAKARANE STR
MUNICIPAL MANAGER
17 JANUARY 2017

SETSOTO LOCAL MUNICIPALITY
BUDGET & FINANCIAL PERFORMANCE REPORT
MIDYEAR (SECOND QUARTER)
31 DECEMBER 2016



Executive Summary

This report sets out the performance against the Integrated Development Plan and Service Delivery and Budget Implementation Plan for the Mid-year period of the 2016/2017 financial year, i.e. 01 July 2016 to 31 December 2016.

Furthermore in terms of section 54 of the Municipal Finance Management Act, 56 of 2003, the Mayor must take certain actions on receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan 2016/2017

Reporting on the Service Delivery and Budget Implementation Plan is a way of linking the Service Delivery and Budget Implementation Plan with the oversight and monitoring operations of the municipal administration. Various reporting requirements are outlined in the Municipal Finance Management Act, 56 of 2003; both the Mayor and the Accounting Officer have clear roles to play in preparing and presenting these reports. The Service Delivery and Budget Implementation Plan provide an excellent basis for generating the reports for which Municipal Finance Management Act, 56 of 2003 requires.

Legislative Requirements

Section 53 (1)(c)(ii) of the Municipal Finance Management Act, 56 of 2003, the Service Delivery and Budget Implementation Plan as a detailed plan approved by the mayor of the municipality's delivery of municipal services and its annual budget, and which must indicate the following:

- (a) Projections for each month of:-
 - (ii) Revenue to be collected, by source
 - (ii) Operational and capital expenditure, by vote
- (b) Service delivery targets and performance indicators for each quarter; and
- (c) Other matters prescribed

Section 52 (d) of the Municipal Finance Management Act, 56 of 2003 compels the Mayor to submit a report to council on the implementation of the budget and the financial state of affairs of the municipality within thirty (30) days of the end of each quarter. The quarterly performance projections captured in the Service Delivery and Budget Implementation Plan form the basis of the Mayor's quarterly report.

In this report a financial snapshot was conducted to assess the financial performance of the Mid-year at 31 December 2016. The matters as highlighted here within are taken into consideration when corrective measures are implemented.

The actual organisational performance will be measured within the Service Delivery and Budget Implementation Plan quarterly reporting, where performance is to be examined against defined key performance areas. Appropriate remedial action will be taken to address poor or non-performance with service delivery.

The purpose of this report is to comply with sections 52 (d) and 72(1)(a) of the Municipal Finance Management Act, 56 of 2003 and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009 regarding Municipal Budget and Reporting Regulations, which requires that specific financial particulars be reported on and in the formats prescribed

Section 72 (1)(a) of the Municipal Finance Management Act inter alia, states:

"The Accounting Officer of the municipality must by 25 January of each year assess the performance of the municipality during the first half of the year, and submit a report on such assessment to the Mayor, National Treasury and Provincial Treasury as per section 72(1)(b) of the Act..."

Section 52(d) of the Municipal Finance Management Act states:

"The Mayor of a municipality must within 30 days of the end of each quarter submit a report to Council on the implementation of the budget and financial state of the municipality."

The mid-year reports and supporting tables of the Setsoto Local Municipality prepared in accordance with the Municipal Budget and Reporting Regulations are attached as pages

Financial Reporting for the period 01 July 2016 to 31 December 2016

The following overall position of the municipality's operating and capital budget is giving, it must be noted that it includes non-cash transactions i.e. administrative recharges and depreciation, which expenditure is not accounted for on a monthly basis but at financial yearend.

The revenue performance for the Quarter is provided using the following information:

Budget for the year:

➤ Budget for the half yearly

The amount is determined using the following budget spread;

- ✓ Assessment rates: 6/12 of the budget per month as assessment rates is an annual rate spread over twelve months (i.e. the budget for the Mid-year is 50% of the annual budget)
- ✓ Electricity: the typical electricity consumption pattern (higher consumption in winter and lower consumption in summer)
- ✓ Water and Sanitation charges: Typical consumption pattern (higher consumption in winter and lower consumption in summer)
- ✓ Solid waste charges: 6/12 of the budget per month as solid waste is fixed charge per month (i.e. budget for the Mid-year is 50% of the annual budget.)
- ✓ Interest earned: based on the expected interest payments (with the largest portion of interest on investments realising in June when investments are re-valued)
- ✓ Operating Grants: based on grants disbursement schedules received from National and Provincial government
- ✓ Capital Grants: based on typical budget spending trend as revenue recognised only when expenditure is incurred.
- ✓ Other revenue sources: 6/12 per month (i.e. budget for the Mid-year is 50% of the annual budget.)

Annualised operating revenue table provides an indication of what the possible annual results would be if the same trends persist for the full financial year. This is not necessarily a prediction of the full year results and has been calculated as follows:

- Assessments rate: revenue of a quarter multiplied by four
- Electricity charges: extrapolation of quarterly revenue based on the typical electricity consumption pattern
- Water and Sanitation charges: Extrapolation of quarterly revenue based on typical water consumption pattern
- Solid Waste: Revenue of quarter multiplied by four
- Interest earned: Budgeted interest as the interest is based on investment portfolio and interest rates are known
- Operating and Capital Grants: budgeted grants as grants have been gazetted and the income to be realised
- Other revenue sources: Revenue of quarter multiplied by four

6.2 Operating Budget for the MTRF

FS191 Setsoto - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment						
Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance %	Full Year Forecast
R thousands						
Financial Performance						
Total Revenue (excluding capital transfers and contributions)	411,444	441,149	248,822	220,595	13%	418,425
Total Expenditure	628,240	440,992	297,676	220,498	35%	607,337
Surplus/(Deficit)	(216,796)	157	(48,854)	98	-49758%	(188,912)
Transfers recognised - capital	90,084	79,552	37,798	39,776	-5%	79,552
Contributions & Contributed assets	-	9,500	-	4,750	-100%	9,500
Surplus/(Deficit) after capital transfers & contributions	(126,712)	89,210	(11,056)	44,625	-125%	(99,859)
Surplus/ (Deficit) for the year	(126,712)	89,210	(11,056)	44,625	-125%	(99,859)

The above table depicts the summary of the operating financial performance of the municipality for the half year ended 31st December 2016. Comparing the total year to date operating revenue against the original budget, it is envisaged that the total revenue be adjusted downwards. This will be discussed in more detail later on in the report.

Comparing the total year to date operating expenditure against the original budget, it is envisaged that certain expenditure votes need to be adjusted upwards while other cash related expenditure needs to be urgently adjusted downwards. The main contributing factor to this drastic adjustment came as a result of depreciation and will be discussed in more detail later on in the report.

6.3 Operating Income

FS191 Setsoto - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment						
Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
R thousands					%	
Financial Performance						
Property rates	41,090	44,250	23,537	22,125	6%	47,074
Service charges	146,817	196,977	88,071	98,489	-11%	179,511
Investment revenue	1,934	2,200	877	1,100	-20%	1,753
Transfers recognised - operational	177,652	164,563	124,524	82,281	51%	164,563
Other own revenue	43,951	33,160	11,813	16,600	-29%	25,525
Total Revenue (excluding capital transfers and contributions)	411,444	441,149	248,822	220,595	13%	418,425

Looking at the full year forecast the total revenue will decrease by 5% as originally budgeted. This is as a result of a decrease in service charges, investment revenue and other own revenue. The transfer and grants received from the National and Provincial Government are regulated and will remain the same as contained in DORA Act.

Own revenue has unfavourable variance of 29%, the highest contributor are the interest on outstanding debtors. This implies that the budgeted amount be adjusted downwards with an amount of R 22 million, this was as a result of bad debts that were written off at the end of 30 June 2016. The Municipality experience negative cash flow during the first half of the financial year, resulting that investment income interest decreased drastically. It should also be noted that whenever revenue projections declines the same trend need to be followed by the expenditure projections.

6.4 Service Charges

FS191 Setsoto - Table C4 Monthly Budget Statement - Financial Performance - Mid-Year Assessment

Description	2015/16	Budget Year 2016/17				Full Year Forecast
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance %	
R thousands						
Revenue By Source						
Property rates	41,090	44,250	23,537	22,125	6%	47,074
Service charges - electricity revenue	63,626	87,234	33,687	43,617	-23%	70,744
Service charges - water revenue	40,326	60,638	25,612	30,319	-16%	51,224
Service charges - sanitation revenue	21,382	21,203	12,660	10,602	19%	25,319
Service charges - refuse revenue	21,296	27,902	16,112	13,951	15%	32,224
Service charges - other	187	-	-	-		-
Total Service charges	187,908	241,227	111,608	120,614	13%	226,585

Property Rates: Property rates has a favourable variance of 6% higher than the year to date budget. The increase on Property Rates are based on the outcome from the revenue enhancement and management review, where additional properties were added and some corrected on the consumer's base. This contributed to an increase of property rates revenue thus the original budget were under estimated during the compilation of the budget. The budget need to be adjusted upwards with an amount of R 3 million to a total property rates budget of R 47 million.

Service Charges-Electricity: Electricity charges has a variance of 23% lower than the budget. Cognizance should be taken that the first two months of the financial year still reflects the higher winter consumption from the consumers. Thus the comparison on a month to month basis, the revenue reflected are lower than budgeted. During the remaining period of the financial year it ought to correct itself, however the total amount for electricity sales need to be adjusted downwards and also taking into account the audited outcome of the previous financial year.

Service Charges-Water: Water charges also represent a lower variance of 16% than the budgeted amount. It should also be taken into consideration that water charges are also consumption dependent. The drought and the non-availability of water resulted in a decrease of consumption and thus the revenue need to be decreased with R 9 million taking the full year projection into account.

Service charges - Sanitation: Sanitation has a favourable variance of 19% higher than the budget. The Revenue enhancement and management review contributed to the increased revenue and the rectification on the consumer base. The budget should therefore be increased by R 4 million.

Service charges – Refuse: Refuse has a favourable variance of 15% higher than the budget. The Revenue enhancement and management review contributed to the increased revenue and the rectification on the consumer base. The budget should therefore be increased by R 4 million.

6.5 Debtors Collection Rate

Debtors collection for the period 1 July 2016 till 31 December 2016					
Month	Total Settlements	Total Movement	Billing	Adjustments	Payment Rate
Jul-16	- 7,143,511.78	19,797,530.06	19,797,530.06	-	59%
Aug-16	- 8,916,877.49	26,528,739.33	27,099,896.26	- 571,156.93	34%
Sep-16	- 9,308,335.90	20,773,195.10	24,325,770.32	- 3,552,575.22	45%
Oct-16	- 11,830,732.50	13,594,997.06	22,314,503.88	- 8,719,506.82	87%
Nov-16	- 12,182,167.85	13,594,997.06	22,314,503.88	- 8,719,506.82	90%
Dec-16	- 10,468,784.47	14,966,713.92	22,280,761.26	- 7,314,047.34	70%
Total	- 59,850,409.99	109,256,172.53	138,132,965.66	- 28,876,793.13	-55%

The payment rate is calculated by dividing the total settlements by the sum of total levies and total adjustment. The average payment rate is 55% which is a 6% increase compared to the previous financial year. Though there is an improvement on the payment rate greater efforts and strict mechanisms still need to be implemented to improve the collection rate. Whenever the payment rate increases drastically it was due to the collection of outstanding government debt.

Consistence and continues debt collection processes should increased the collection rate, however the debt collection section encounter difficulty with the enforcement of cut-off due to outdated and old electrical vehicle equipment. (Cherry Picker) An increased target should be set for the Debt collectors in order to minimize the month to month outstanding debt increase.



Collection rate % per ward					
WARD	Total Settlements	Total Movement	Billing	Other Adjustments	Payment Rate
WARD 1	- 7,250,116.90	8,258,890.32	13,742,844.00	- 5,483,953.68	-88%
WARD 2	- 342,429.30	5,070,524.45	6,517,865.26	- 1,447,340.81	-7%
WARD 3	- 338,551.68	614,436.75	610,488.75	3,948.00	-55%
WARD 4	- 5,681,095.37	8,932,302.95	10,473,299.31	- 1,540,996.36	-64%
WARD 5	- 27,397.12	1,595,000.97	2,410,295.73	- 815,294.76	-2%
WARD 6	- 7,824,210.13	8,760,040.80	13,540,640.83	- 4,780,600.03	-89%
WARD 7	- 1,091,828.37	1,890,551.09	5,917,452.45	- 4,026,901.36	-58%
WARD 8	- 293,635.77	1,955,505.74	4,690,651.72	- 2,735,145.98	-15%
WARD 9	- 5,577,915.22	9,419,332.37	10,031,349.65	- 612,017.28	-59%
WARD 10	- 4,190,641.38	8,122,940.13	9,567,968.77	- 1,445,028.64	-52%
WARD 11	- 117,050.07	4,555,835.00	4,794,679.27	- 238,844.27	-3%
WARD 12	- 362,456.70	4,447,825.69	4,456,255.00	- 8,429.31	-8%
WARD 13	- 140,708.68	4,601,016.86	6,007,652.66	- 1,406,635.80	-3%
WARD 14	- 139,559.04	4,000,444.11	4,325,242.07	- 324,797.96	-3%
WARD 15	- 16,126,681.56	24,396,353.27	25,541,888.86	- 1,145,535.59	-66%
WARD 16	- 474,104.14	4,357,261.25	5,266,977.70	- 909,716.45	-11%
WARD 17	- 100,002.71	954,276.55	1,253,905.95	- 299,629.40	-10%
WARD 18	- 3,844,161.01	7,323,634.23	8,983,507.68	- 1,659,873.45	-52%
PAYMENT ADVANCE	- 5,927,864.84	-	-	-	-
TOTAL	- 59,850,409.99	109,256,172.53	138,132,965.66	- 28,160,781.12	-55%

The payment rate is calculated by dividing the total settlements by the sum of total levies and total adjustment. The current month payment rate is 70%. Greater efforts and strict mechanisms still need to be implemented to improve the average collection rate.

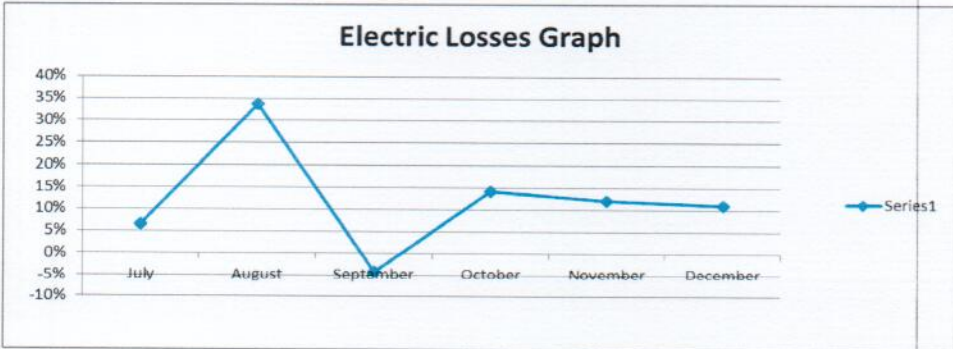
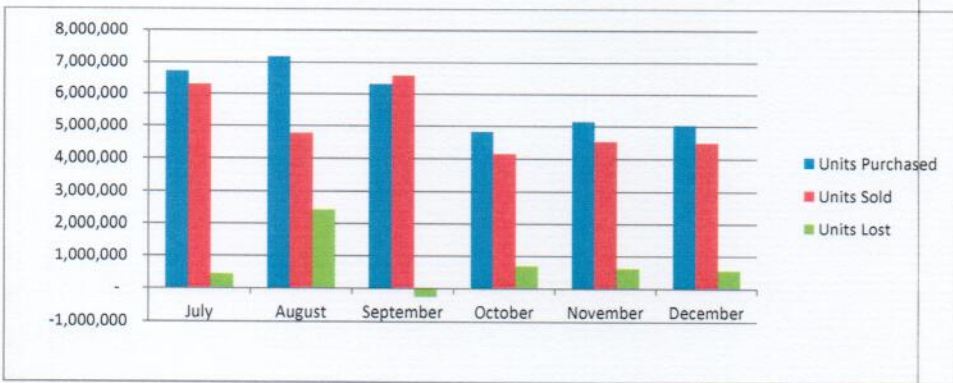
FS191 Setsoto - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

Description	NT Code	Budget Year 2016/17									Total over 90 days
		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	
R thousands											
Debtors Age Analysis By Customer Group											
Organs of State	2200	3,374	461	2,290	2,353	2,322	(256)	7,096	13,433	31,075	24,949
Commercial	2300	3,863	963	807	531	695	480	2,664	9,182	19,185	13,553
Households	2400	27,787	11,147	10,598	10,594	10,459	8,082	42,907	148,644	270,217	220,686
Other	2500	712	274	274	407	321	142	1,682	2,342	6,156	4,895
Total By Customer Group	2600	35,736	12,845	13,970	13,886	13,798	8,449	54,349	173,602	326,634	264,083

The table above indicate the total outstanding debt per customer group here the biggest contributor to the outstanding debts is House Holds followed by Government institutions.

Water and electricity losses

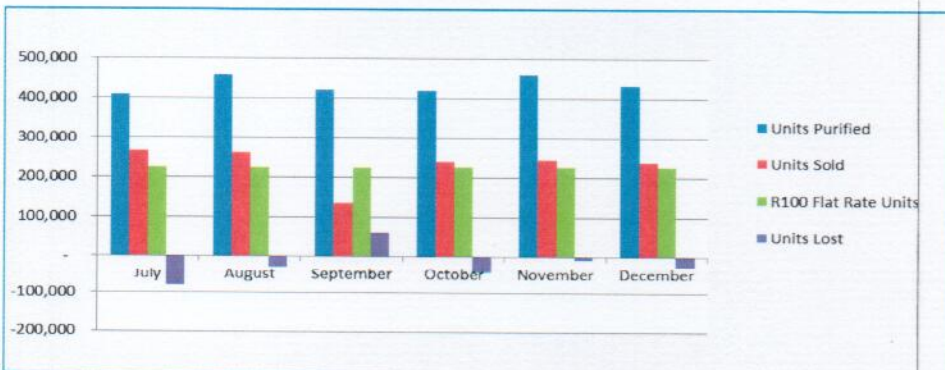
ELECTRICITY				
Period	Units Purchased	Units Sold	Units Lost	% Losses
July	6,716,526	6,285,995	430,531	6%
August	7,181,286	4,754,872	2,426,414	34%
September	6,303,306	6,565,839	-262,533	-4%
October	4,820,422	4,133,654	686,768	14%
November	5,140,564	4,519,286	621,278	12%
December	5,030,924	4,476,620	554,304	11%
Total	35,193,028	30,736,266	4,456,762	13%

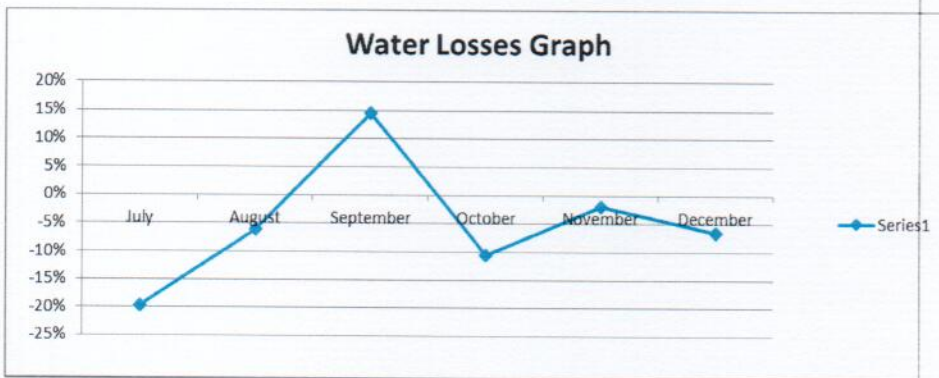


The total electricity losses for the 6 month period is 13%, which are 2% above the norms set by National Treasury Circular 71 and NERSA.

WATER					
Period	Units Purified	Units Sold	R100 Flat Rate Units	Units Lost	% Losses
July	409,417	266,031	223,983	-80,597	-20%
August	457,903	261,713	224,397	-28,207	-6%
September	421,827	135,431	224,874	61,522	15%
October	421,079	240,028	225,423	-44,372	-11%
November	460,145	243,843	225,549	-9,247	-2%
December	434,074	237,136	225,504	-28,566	-7%
Total	2,604,445	1,384,182	1,349,730	-129,467	-5%

Percentage water losses account to an average of -5% for year to date and this include units used in township with a flat rate of R49.85 because meters are not read.





Taking the consumption into account it results that more water units were sold than purified. This reflects that the average usage of water consumed by the effected consumers are less than originally envisaged.

The average gain of water is 5% for the period under review.

6.6 Operational Revenue by Source

FS191 Setsoto - Table C4 Monthly Budget Statement - Financial Performance - Mid-Year Assessment						
Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance %	Full Year Forecast
R thousands						
Revenue By Source						
Property rates	41,090	44,250	23,537	22,125	6%	47,074
Property rates - penalties & collection charges	-	-	-	-		-
Service charges - electricity revenue	63,626	87,234	33,687	43,617	-23%	70,744
Service charges - water revenue	40,326	60,638	25,612	30,319	-16%	51,224
Service charges - sanitation revenue	21,382	21,203	12,660	10,602	19%	25,319
Service charges - refuse revenue	21,296	27,902	16,112	13,951	15%	32,224
Service charges - other	187	-	-	-		-
Rental of facilities and equipment	1,564	1,561	773	780	-1%	1,545
Interest earned - external investments	1,934	2,200	877	1,100	-20%	1,753
Interest earned - outstanding debtors	17,200	28,568	9,689	14,284	-32%	21,317
Dividends received	36	40	40	40		40
Fines	2,164	111	160	56	189%	321
Licences and permits	100	44	12	22	-47%	23
Agency services	-	-	-	-		-
Transfers recognised - operational	177,652	164,563	124,524	82,281	51%	164,563
Other revenue	22,886	2,835	1,139	1,418	-20%	2,278
Gains on disposal of PPE	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)	411,444	441,148	246,822	220,595	13%	410,423

Source: C-Schedule 31 December 2016

7. Expenditure

The expenditure performance for the 2nd Quarter is provided using the following budget spread:

Budget for the year

➤ Budget quarter

The amount is determined using the following information provided:

- ✓ Trading Services-Electricity bulk purchases: Following typical electricity consumption pattern (higher consumption in winter and lower consumption in summer)
- ✓ Trading Services-Water: Following the typical water consumption pattern (higher consumption in summer and lower consumption in winter)
- ✓ Trading Services-Sanitation: 6/12 per month as payment for fixed amount per month (i.e. the budget for the Mid-year is 50% of the annual budget)
- ✓ Interest paid: Based on the actual interest payment due per month
- ✓ Other expenditure categories: 6/12 per month (i.e. the budget for the Mid-year is 50% of the annual budget)

Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
R thousands					%	
Expenditure By Type						
Employee related costs	169,776	173,039	85,992	86,519	-1%	173,039
Remuneration of councillors	10,355	10,714	5,040	5,357	-6%	10,714
Debt impairment	84,546	28,000	29,756	14,000	113%	56,000
Depreciation & asset impairment	215,928	33,573	109,906	16,786	555%	219,812
Finance charges	947	1,745	1,026	872	18%	2,052
Bulk purchases	53,293	74,000	31,078	37,000	-16%	74,000
Contracted services	17,224	33,682	8,105	16,841	-52%	16,211
Transfers and grants	2,501	2,763	399	1,381	-71%	2,763
Other expenditure	73,671	83,478	26,373	41,739	-37%	52,746
Loss on disposal of PPE	-	-	-	-		-
Total Expenditure	628,240	440,992	297,676	220,496	35%	607,337

The Full year forecast expenditure table provides an indication of what possible annual results would be if the same trend persists for the full year. This is not necessarily a prediction of the full year results and has been calculated as follows:

- Trading Services-Electricity purchases: Extrapolation of quarterly expenditure based on the typical electricity consumption pattern
- Trading Services- Water: Extrapolation of quarterly expenditure based on the typical water consumption pattern
- Interest on external loans: budgeted interest as the interest budget is based on the external loans portfolio and interest rates are known
- Other expenditure categories: Quarterly expenditure multiplied by four.

8. Personnel Related Costs

To date the spending on employee related costs and councillors remuneration amounts to R 85 992 000 or 50% of the budget provision. The paragraph is in terms of section 66 of the MFMA and refer to table SC8 of the attached Mid-year C-Schedule.

9. Capital Budget

The municipality's capital budget is financed through borrowings amounting to R 9 500 000 and grants and subsidies R 79 552 000. The Treasury Office must issue adjustments budget directives, where it will request that capital budget cash flows needs to be reviewed and adjusted (if need be) for the budgeted capital projects and insure that all projects are to be completed by 30 June 2017.

11. Operational Expenditure by Vote

FS191 Setsoto - Table C4 Monthly Budget Statement - Financial Performance - Mid-Year Assessment						
Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
R thousands					%	
Expenditure By Type						
Employee related costs	169,776	173,039	85,992	86,519	-1%	173,039
Remuneration of councillors	10,355	10,714	5,040	5,357	-6%	10,714
Debt impairment	84,546	28,000	29,756	14,000	113%	56,000
Depreciation & asset impairment	215,928	33,573	109,906	16,786	555%	219,812
Finance charges	947	1,745	1,026	872	18%	2,052
Bulk purchases	53,293	74,000	31,078	37,000	-16%	74,000
Contracted services	17,224	33,682	8,105	16,841	-52%	16,211
Transfers and grants	2,501	2,763	399	1,381	-71%	2,763
Other expenditure	73,671	83,478	26,373	41,739	-37%	52,746
Loss on disposal of PPE	-	-	-	-		-
Total Expenditure	628,240	440,992	297,676	220,496	35%	607,337

Employee Related Costs and Councillors' Remuneration: Employee related costs has a variance of -1%. It should be noted that the current budget will be sufficient for the current employed staff and should there be additional officials appointed the budget will need to be increased accordingly.

Debt Impairment: Debt impairment expenditure is at 50% spent against the total budget and it is suggested that the budget remain the same.

Depreciation & Asset Impairment: Depreciation is standing at 555% higher than the budget, this is as a result of high depreciation amount on infrastructure assets. Depreciation was budgeted in terms of National Treasury's Circular 58, which indicate that depreciation based on revalued assets not being taken into account with the determination of the net surplus/deficit of the budget. Should no adherence given to the circular, the result will be that consumers being unfairly taxed to accommodate these increased depreciation. The total budget for depreciation and asset impairment need to be increased to an amount of

R186 239 million which will result in a budget deficit. This non-cash item will be financed from the accumulated surplus account to ensure that the budget is funded.

Finance Charges: Finance charges has to be increased by 18%, this is expected to increase when the municipality pays existing loans and once the application of the new loan has been approved.

Materials and Bulk Purchases: Bulk purchases on electricity has a saving of 16% lower than the budget. The time of use and consumption practice will correct the underspending towards the year end. Thus the budget will remain as originally determined.

Contracted Services: Contracted Services are standing at a variance of -52% against the budget. It is therefore suggested that the budgeted amount be decreased to R16 million as projected in the full year forecast.

Transfers and grants: Transfers and grants has a variance of -72% against the budget but the full year forecast remains equal to the budget because it is believed that the indigent registration process will improve and will result in increased the expenditure.

Other Expenditure: There has been a variance of -37% on other expenditure. This is as a result of cost containment measures that were put in place in order for the municipality to avoid spending on non-essential expenses.

11.1 Annualised operating expenditure results (based on year to date actual results)

FS191 Setsoto - Table C4 Monthly Budget Statement - Financial Performance - Mid-Year Assessment						
Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
R thousands					%	
Executive and council	53,190	38,572	19,340	19,286	0%	38,679
Budget and treasury office	38,488	38,847	18,656	19,423	-4%	37,312
Corporate services	38,651	54,426	21,022	27,213	-23%	42,044
Community and social services	7,747	14,225	3,616	7,112	-49%	7,231
Sport and recreation	8,377	11,080	6,334	5,540	14%	12,668
Public safety	16,922	22,911	8,334	11,455	-27%	16,669
Housing	5,124	14,798	3,327	7,399	-55%	6,654
Road transport	129,894	38,576	112,189	19,288	482%	295,875
Electricity	93,952	94,731	38,413	47,365	-19%	76,825
Water	96,448	43,436	29,146	21,718	34%	58,292
Waste water management	76,815	32,667	18,005	16,333	10%	36,010
Waste management	62,631	36,724	19,295	18,362	5%	38,589
Total Expenditure - Standard	628,240	440,992	297,676	220,496	35%	666,850

12. Status of Grant Income and Expenditure

GRANT	DORA ALLOCATION	ROLL-OVER	YTD RECEIPTS	OWN CONTRIBUTION	YTD EXPENDITURE	YTD BALANCE	% SPENT	FUTURE RECEIPTS
UNCONDITIONAL								
Equitable Share	R 158,775,000	R -	R 119,081,000	R -	R 116,728,135	R 2,352,865	98%	R 39,694,000
Sub-Total	R 158,775,000	R -	R 119,081,000	R -	R 116,728,135	R 2,352,865	98%	R 39,694,000
CONDITIONAL								
MIG	R 45,091,000	R -	R 27,785,000	R -	R 18,635,473	R 9,149,527	67%	R 17,306,000
EPWP	R 1,908,000	R -	R 1,335,000	R -	R 1,392,110	R -57,110	104%	R 573,000
FMG	R 1,625,000	R -	R 1,625,000	R -	R 323,878	R 1,301,122	20%	R -
INEG	R 6,000,000	R -	R 4,383,000	R -	R 6,223,923	R -1,840,923	142%	R 1,617,000
RBIG	R 30,715,475	R -	R 24,483,000	R -	R 24,573,000	R -90,000	100%	R 6,232,475
Sub-Total	R 85,339,475.00	R -	R 59,611,000.00	R -	R 51,148,384.41	R 8,462,615.59	86%	R 25,728,475.00
TOTAL	R 244,114,475	R -	R 178,692,000	R -	R 167,876,520	R 10,815,480	94%	R 65,422,475

The table above depicts grants and subsidies movements from the beginning of the financial year up to date. The year to date receipts is R178,692 million for both conditional and non-conditional grants. The year to date expenditure on conditional grants amount to R51,148 million representing 86% of the total received of R59,611 million.

Though there are still future receipts expected on EPWP, the current trend on its expenditure shows it will exceed the annual allocation. It is thus suggested that the municipality should consider counter funding the program during the adjustment budget in order to avoid any unauthorized expenditure or consider scaling down of the project.

13. Investment Schedule

13.1 Investment balances as at the end of Quarter 2

DESCRIPTION	CLOSING BALANCE	INTEREST-TO DATE
MONEY MARKET (Account Number: 62151783563)	R 2,273,147.27	R 16,093.14
MIG-INVESTMENT (Account Number: 6210540465)	R 2,442,438.37	R 433,272.36
BUSINESS CALL (Account Number: 6249046205)	R 4,737,562.17	R 360,136.69
TOTAL	R 9,453,147.81	R 809,502.19

The closing balances of call investments accounts amount to R 9,453 million as at the end of December 2016. Interest accumulated on investments is R809 thousand.

13.2 Breakdown of Bank Accounts and Bank Balances

13.2.1 Bank Balance as at the end of Quarter 1

DESCRIPTION	CLOSING BALANCE	INTEREST-TO DATE
PRIMARY BANK (Account Number: 62048092647)	R 17,084,796.72	R 68,029.04
TOTAL	R 17,084,796.72	R 68,029.04

Included in the closing balance as at 31 December 2016, an amount of R 16,50 million was received in respect of MIG funds. These funds has been transferred to the relevant investment account during January 2017.

DESCRIPTION	CLOSING BALANCE	INTEREST-TO DATE
MONEY MARKET (Account Number: 62151783563)	R 2,273,147.27	R 16,093.14
MIG-INVESTMENT (Account Number: 6210540465)	R 2,442,438.37	R 433,272.36
BUSINESS CALL (Account Number: 6249046205)	R 4,737,562.17	R 360,136.69
PRIMARY BANK (Account Number: 62048092647)	R 17,084,796.72	R 68,029.04
TOTAL	R 26,537,944.53	R 877,531.23

The total cash and cash equivalents is a positive balance of R26,537 million, included in that balance is the primary bank account with the balance of R17,084 million.

14. Financial Statements

Statement of Financial Performance for the period ending 31 December 2016

FS191 Setsoto - Table C2 Monthly Budget Statement - Financial Performance - Mid-Year Assessment						
Description	2015/16	Budget Year 2016/17				
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
R thousands					%	
Executive and council	37,922	41,233	64,640	20,617	214%	126,621
Budget and treasury office	51,915	77,506	36,279	38,753	-6%	75,381
Corporate services	3,415	4,654	1,008	2,327	-57%	2,016
Community and social services	658	476	320	238	35%	641
Sport and recreation	50	65	26	32	-21%	51
Public safety	492	199	180	100	81%	359
Housing	481	550	230	275	-17%	459
Road transport	34,292	27,312	16,693	13,656	22%	33,386
Electricity	99,527	108,708	21,004	54,354	-61%	70,744
Water	95,130	178,929	78,929	89,465	-12%	51,224
Waste water management	39,329	42,788	12,660	21,394	-41%	25,320
Waste management	48,234	47,782	16,855	23,891	-29%	32,223
Total Revenue - Standard	411,444	530,203	248,823	265,101	-6%	418,425
Expenditure - Standard						
Executive and council	53,190	38,572	19,340	19,286	0%	38,679
Budget and treasury office	38,488	38,847	18,656	19,423	-4%	37,312
Corporate services	38,651	54,426	21,022	27,213	-23%	42,044
Community and social services	7,747	14,225	3,616	7,112	-49%	7,231
Sport and recreation	8,377	11,080	6,334	5,540	14%	12,668
Public safety	16,922	22,911	8,334	11,455	-27%	16,669
Housing	5,124	14,798	3,327	7,399	-55%	6,654
Road transport	129,894	38,576	112,189	19,288	482%	295,875
Electricity	93,952	94,731	38,413	47,365	-19%	76,825
Water	96,448	43,436	29,146	21,718	34%	58,292
Waste water management	76,815	32,667	18,005	16,333	10%	36,010
Waste management	62,631	36,724	19,295	18,362	5%	38,589
Total Expenditure - Standard	628,240	440,992	297,676	220,496	35%	666,850
Surplus/ (Deficit) for the year	(216,796)	89,210	(48,852)	44,605	-210%	(248,424)

Source: C-Schedule 31 December 2016

15. Statement of Financial Position

FS191 Setsoto - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	2015/16	Budget Year 2016/17		
	Audited Outcome	Original Budget	YearTD actual	Full Year Forecast
R thousands				%
ASSETS				
Current assets				
Cash	3,656	4,035	26,538	4,035
Call investment deposits	-	3,107	-	3,107
Consumer debtors	103,901	292,000	189,971	292,000
Other debtors	47,167	70,600	136,663	70,600
Inventory	1,887	4,100	1,958	4,100
Total current assets	156,610	373,842	355,129	373,842
Non current assets				
Investments	3,100	2,000	3,100	2,000
Investment property	74,574	83,281	74,574	83,281
Property, plant and equipment	3,210,956	3,263,384	3,464,575	3,263,384
Intangible assets	3,147	3,394	3,147	3,394
Other non-current assets	15,386	14,507	-	14,507
Total non current assets	3,307,163	3,366,566	3,545,396	3,366,566
TOTAL ASSETS	3,463,773	3,740,408	3,900,525	3,740,408
LIABILITIES				
Current liabilities				
Borrowing	618	2,871	322	2,871
Consumer deposits	2,521	3,000	2,514	3,000
Trade and other payables	73,631	31,077	45,281	31,077
Provisions	1,278	3,807	1,278	3,807
Total current liabilities	78,048	40,755	49,394	40,755
Non current liabilities				
Borrowing	52,891	11,633	5,667	11,633
Provisions	19,120	70,954	66,345	70,954
Total non current liabilities	72,012	82,587	72,012	82,587
TOTAL LIABILITIES	150,060	123,342	121,406	123,342
NET ASSETS	3,313,713	3,617,066	3,779,119	3,617,066
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	3,313,713	3,617,066	3,779,119	3,617,066
TOTAL COMMUNITY WEALTH/EQUITY	3,313,713	3,617,066	3,779,119	3,617,066

Source: C-Schedule 31 December 2016

16. Cash Flow Statement

FS191 Setsoto - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	2015/16	Budget Year 2016/17			
	Audited Outcome	Original Budget	YearTD actual	YearTD budget	Full Year Forecast
R thousands					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	153,037	185,472	90,009	92,736	180,019
Government - operating	177,652	164,563	125,424	82,281	164,563
Government - capital	90,084	79,552	27,785	39,776	79,552
Interest	1,934	15,341	3,773	7,671	7,547
Dividends	36	40	40	20	40
Payments					
Suppliers and employees	(321,436)	(353,175)	(179,325)	(176,587)	(371,345)
Finance charges	(899)	(1,745)	(540)	(872)	(2,052)
Transfers and Grants	-	(2,763)	(686)	(1,381)	(2,763)
NET CASH FROM/(USED) OPERATING ACTIVITIES	100,408	87,286	66,481	43,643	55,560
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Decrease (increase) in non-current investments	-	-	5	-	-
Payments					
Capital assets	(99,822)	(89,052)	(43,390)	(44,526)	(86,780)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(99,822)	(89,052)	(43,385)	(44,526)	(86,780)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	-	-	76	-	76
Increase (decrease) in consumer deposits	-	-	1	-	(5)
Payments					
Repayment of borrowing	(627)	(2,871)	(296)	(1,436)	592
NET CASH FROM/(USED) FINANCING ACTIVITIES	(627)	(2,871)	(219)	(1,436)	664
NET INCREASE/ (DECREASE) IN CASH HELD	(41)	(4,638)	22,877	(2,319)	(30,557)
Cash/cash equivalents at beginning:	3,702	3,702	3,661	3,702	3,661
Cash/cash equivalents at month/year end:	3,661	(936)	26,538	1,383	(26,896)

Source: C-Schedule 31 December 2016

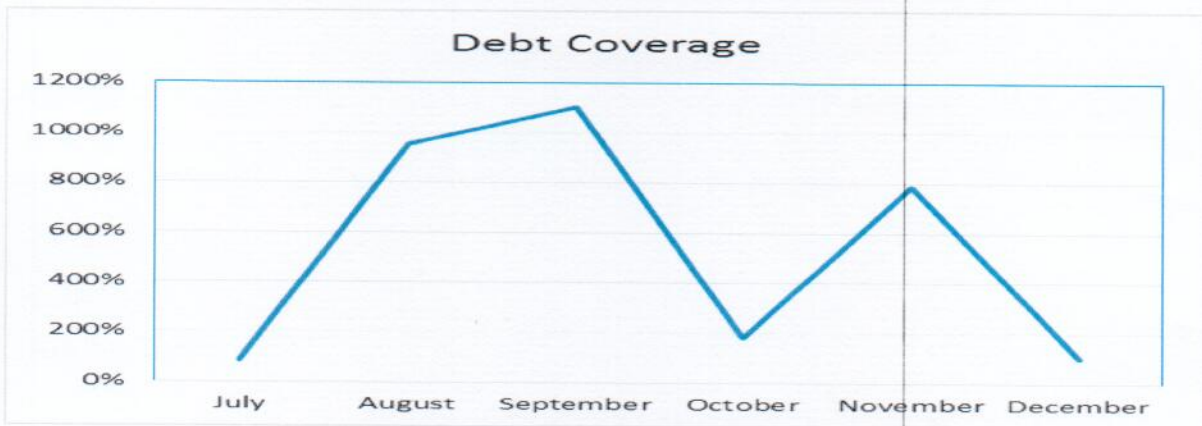
It is envisaged that if the current spending continues, the Municipality will face a serious cash shortfall of approximately and very conservative R 26,8 million at year-end. This will effectively mean that the municipality will not be able to meet all its obligations at year-end. This situation will require that drastic cost containment measures should be put in place otherwise the shortfall might increase to about R 37 million.

Whenever the budget has to be adjusted downwards, cognisance should be taken that certain fixed costs cannot be decreased. These fixed costs consist of Salaries, Bulk purchases and Chemicals. It is suggested that non-critical positions should remain vacant. Critical positions should be classified as positions that relate to service delivery and not just positions that are contained in the structure.

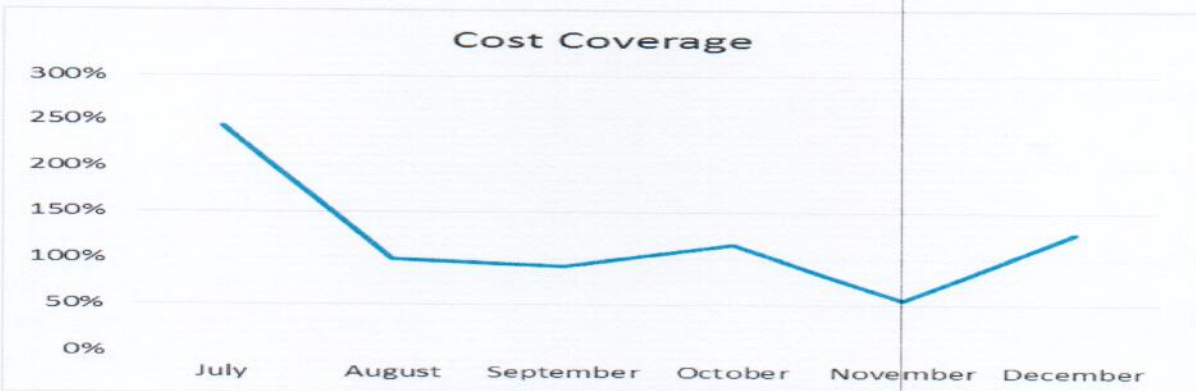
17. Ratio's

The table and graphs below depicts the ratios.

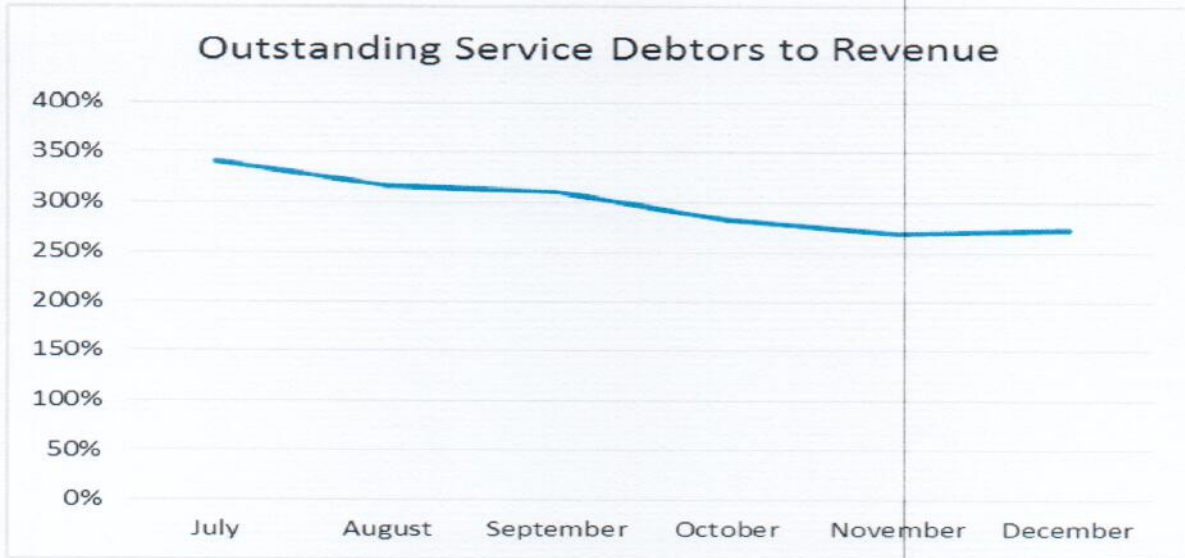
FINANCIAL VIABILITY RATIOS												
	July	August	September	October	November	December	January	February	March	April	May	June
Debt Coverage	87%	953%	1107%	178%	788%	102%						
Cost Coverage	244%	99%	93%	115%	56%	127%						
Outstanding Service Debtors to Revenue	341%	316%	310%	283%	269%	273%						



The current trend of the debt coverage above indicates that the municipality is starting to become highly dependent on the equitable share grant. Where the debt coverage percentage is low it indicates the period where the equitable share was received.



Whenever the cost coverage percentage is low, it indicates that the normal payment of suppliers are being held in abeyance only to effect payments once the equitable share is received.



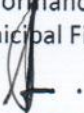
The outstanding service debtors to revenue ratio depicts that the collection of debt are low in comparison with the amount levied.

18. Conclusion

The above indicates that the Budget 2016/17 need to be revised and adjusted downwards accordingly in order to ensure the continuation of services in the municipality.

Quality Certification

I, Ramakarane STR, Municipal Manager of Setsoto Local Municipality, hereby confirm that mid-year budget and performance assessment for 01 July 2016 to 31 December 2016 has been prepared in accordance with the Municipal Finance Management Act and Regulations made under this Act.



MR. S T R RAMAKARANE
MUNICIPAL MANAGER

JANUARY 2017

FS191 Setsoto - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

Description	2015/16		Budget Year 2016/17						
	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	41 090	44 250	--	3 690	23 537	22 125	1 412	6%	47 074
Service charges	146 817	196 977	--	12 764	88 071	98 489	(10 418)	-11%	179 511
Investment revenue	1 934	2 200	--	147	877	1 100	(223)	-20%	1 753
Transfers recognised - operational	177 652	164 563	--	53 783	124 524	82 281	42 243	51%	164 563
Other own revenue	43 951	33 160	--	1 747	11 813	16 600	(4 786)	-29%	25 525
Total Revenue (excluding capital transfers and contributions)	411 444	441 149	--	72 131	248 822	220 595	28 227	13%	418 425
Employee costs	169 776	173 039	--	14 681	85 992	86 519	(528)	-1%	173 039
Remuneration of Councillors	10 355	10 714	--	961	5 040	5 357	(317)	-6%	10 714
Depreciation & asset impairment	215 928	33 573	--	109 906	109 906	16 786	93 120	555%	219 812
Finance charges	947	1 745	--	863	1 026	872	154	18%	2 052
Materials and bulk purchases	53 293	74 000	--	4 217	31 078	37 000	(5 922)	-16%	74 000
Transfers and grants	2 501	2 763	--	9	399	1 381	(982)	-71%	2 763
Other expenditure	175 440	145 160	--	40 008	64 234	72 580	(8 345)	-11%	124 957
Total Expenditure	628 240	440 992	--	170 644	297 676	220 496	77 180	35%	607 337
Surplus/(Deficit)	(216 796)	157	--	(98 513)	(48 854)	98	(48 952)	-49756%	(188 912)
Transfers recognised - capital	90 084	79 552	--	1 000	37 798	39 776	(1 978)	-5%	79 552
Contributions & Contributed assets	--	9 500	--	--	--	4 750	(4 750)	-100%	9 500
Surplus/(Deficit) after capital transfers & contributions	(126 712)	89 210	--	(97 513)	(11 056)	44 625	(55 681)	-125%	(99 859)
Share of surplus/ (deficit) of associate	--	--	--	--	--	--	--	--	--
Surplus/ (Deficit) for the year	(126 712)	89 210	--	(97 513)	(11 056)	44 625	(55 681)	-125%	(99 859)
Capital expenditure & funds sources									
Capital expenditure	2 153	89 052	--	1 228	30 085	38 128	(8 044)	-21%	94 911
Capital transfers recognised	--	79 552	--	--	43 160	39 776	3 384	9%	86 320
Public contributions & donations	--	--	--	--	--	--	--	--	--
Borrowing	--	9 500	--	--	--	4 750	(4 750)	-100%	--
Internally generated funds	--	--	--	--	14	--	14	#DIV/0!	--
Total sources of capital funds	--	89 052	--	--	43 174	44 526	(1 353)	-3%	86 320
Financial position									
Total current assets	156 610	373 842	--	--	355 129	--	--	--	373 842
Total non current assets	3 307 163	3 366 566	--	--	3 545 396	--	--	--	3 366 566
Total current liabilities	78 048	40 755	--	--	49 394	--	--	--	40 755
Total non current liabilities	72 012	82 587	--	--	72 012	--	--	--	82 587
Community wealth/Equity	3 313 713	3 617 066	--	--	3 779 119	--	--	--	3 617 066
Cash flows									
Net cash from (used) operating	100 408	87 286	--	51 458	66 481	43 643	(22 838)	-52%	55 560
Net cash from (used) investing	(99 822)	(89 052)	--	(9 158)	(43 385)	(44 526)	(1 141)	3%	(86 780)
Net cash from (used) financing	(627)	(2 871)	--	5	(219)	(1 436)	(1 217)	85%	664
Cash/cash equivalents at the month/year end	3 661	(936)	--	--	26 538	1 383	(25 155)	-1819%	(26 896)
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	35 736	12 845	13 970	13 886	13 798	8 449	54 349	173 602	326 634
Creditors Age Analysis									
Total Creditors	9 093	2 082	17	4	(14)	--	--	--	11 183

FS191 Setsoto - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - Mid-Year Assessment

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue - Standard										
<i>Governance and administration</i>		93 252	123 393	-	4 239	101 927	61 697	40 231	65%	204 018
Executive and council		37 922	41 233	-	(1 688)	64 640	20 617	44 024	214%	126 621
Budget and treasury office		51 915	77 508	-	5 850	36 279	38 753	(2 474)	-6%	75 381
Corporate services		3 415	4 654	-	77	1 908	2 327	(1 319)	-57%	2 016
<i>Community and public safety</i>		1 682	1 290	-	104	755	645	110	17%	1 510
Community and social services		658	476	-	47	320	238	82	35%	641
Sport and recreation		50	65	-	1	26	32	(7)	-21%	51
Public safety		492	199	-	26	180	100	80	81%	359
Housing		481	550	-	30	230	275	(45)	-17%	459
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		34 292	27 312	-	858	16 693	13 656	3 037	22%	33 386
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		34 292	27 312	-	858	16 693	13 656	3 037	22%	33 386
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		282 218	378 207	-	66 932	129 448	189 104	(59 656)	-32%	179 511
Electricity		99 527	108 708	-	4 732	21 004	54 354	(33 350)	-61%	70 744
Water		95 130	178 929	-	57 242	78 929	89 465	(10 536)	-12%	51 224
Waste water management		39 329	42 788	-	2 118	12 660	21 394	(8 734)	-41%	25 320
Waste management		48 234	47 782	-	2 841	16 855	23 891	(7 035)	-29%	32 223
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	411 444	530 203	-	72 133	248 823	265 101	(16 278)	-6%	418 425
Expenditure - Standard										
<i>Governance and administration</i>		130 329	131 845	-	19 411	59 018	65 923	(6 905)	-10%	118 036
Executive and council		53 190	38 572	-	4 767	19 340	19 286	54	0%	38 679
Budget and treasury office		38 488	38 847	-	5 975	18 656	19 423	(767)	-4%	37 312
Corporate services		38 651	54 426	-	8 669	21 022	27 213	(6 191)	-23%	42 044
<i>Community and public safety</i>		38 170	63 013	-	5 883	21 611	31 507	(9 896)	-31%	43 222
Community and social services		7 747	14 225	-	813	3 616	7 112	(3 497)	-49%	7 231
Sport and recreation		8 377	11 080	-	2 059	6 334	5 540	794	14%	12 668
Public safety		16 922	22 911	-	1 663	8 334	11 455	(3 121)	-27%	16 669
Housing		5 124	14 798	-	1 087	3 327	7 399	(4 072)	-55%	6 654
Health		-	-	-	261	-	-	-	-	-
<i>Economic and environmental services</i>		129 894	38 576	-	100 384	112 189	19 288	92 901	482%	295 875
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		129 894	38 576	-	100 384	112 189	19 288	92 901	482%	295 875
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		329 847	207 558	-	44 966	104 858	103 779	1 079	1%	209 716
Electricity		93 952	94 731	-	8 802	38 413	47 365	(8 953)	-19%	76 825
Water		96 448	43 436	-	17 579	29 146	21 718	7 428	34%	58 292
Waste water management		76 815	32 667	-	8 404	18 005	16 333	1 672	10%	36 010
Waste management		62 631	36 724	-	10 182	19 295	18 362	933	5%	38 589
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	628 240	440 992	-	170 644	297 676	220 496	77 180	35%	666 850
Surplus/ (Deficit) for the year		(216 796)	89 210	-	(98 511)	(48 852)	44 605	(93 458)	-210%	(248 424)

FS191 Setsoto - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year Assessment

Vote Description	Ref	2015/16	Budget Year 2016/17							
		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 -		20 018	38 696	--	(1 492)	5 980	16 123	(10 143)	-62,9%	1 782
Vote 2 -		23 338	31 631	--	2 217	14 685	13 180	1 705	12,9%	35 724
Vote 3 -		1 417	1 296	--	--	464	540	(76)	-14,0%	1 114
Vote 4 -		46 233	46 961	--	2 863	14 015	19 567	(5 552)	-28,4%	33 635
Vote 5 -		--	--	--	--	--	--	--	--	--
Vote 6 -		492	200	--	24	154	84	71	84,4%	370
Vote 7 -		--	--	--	--	--	--	--	--	--
Vote 8 -		--	--	--	--	--	--	--	--	--
Vote 9 -		--	--	--	--	--	--	--	--	--
Vote 10 -		28 121	27 335	--	868	1 366	11 390	(10 024)	-88,0%	3 279
Vote 11 -		--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--
Total Revenue by Vote	2	119 620	146 119	--	4 481	36 864	60 883	(24 019)	-39,5%	75 903
Expenditure by Vote	1									
Vote 1 -		30 324	25 435	--	2 553	9 044	10 598	(1 554)	-14,7%	21 705
Vote 2 -		26 223	25 283	--	1 587	6 177	10 535	(4 358)	-41,4%	14 825
Vote 3 -		10 938	17 437	--	637	2 922	7 265	(4 343)	-59,8%	7 014
Vote 4 -		25 512	33 064	--	1 993	7 411	13 777	(6 366)	-46,2%	17 786
Vote 5 -		--	--	--	--	--	--	--	--	--
Vote 6 -		6 897	6 469	--	529	2 141	2 695	(554)	-20,5%	5 139
Vote 7 -		--	--	--	--	--	--	--	--	--
Vote 8 -		--	--	--	--	--	--	--	--	--
Vote 9 -		--	--	--	--	--	--	--	--	--
Vote 10 -		130 112	225 318	--	2 165	9 622	93 882	(84 260)	-89,8%	23 094
Vote 11 -		--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--
Total Expenditure by Vote	2	230 007	333 005	--	9 464	37 318	138 752	(101 434)	-73,1%	89 563
Surplus/ (Deficit) for the year	2	(110 388)	(186 887)	--	(4 983)	(454)	(77 869)	77 415	-99,4%	(13 660)

FS191 Setsoto - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	Budget Year 2016/17								
		2015/16 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		41 090	44 250	-	3 690	23 537	22 125	1 412	6%	47 074
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		63 626	97 234	-	4 625	33 687	43 617	(9 929)	-23%	70 744
Service charges - water revenue		40 326	60 638	-	3 925	25 612	30 319	(4 707)	-16%	51 224
Service charges - sanitation revenue		21 382	21 203	-	2 117	12 660	10 602	2 058	19%	25 319
Service charges - refuse revenue		21 296	27 902	-	2 098	16 112	13 951	2 161	15%	32 224
Service charges - other		187	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1 564	1 561	-	108	773	780	(8)	-1%	1 545
Interest earned - external investments		1 934	2 200	-	147	877	1 100	(223)	-20%	1 753
Interest earned - outstanding debtors		17 200	28 568	-	1 535	9 689	14 284	(4 595)	-32%	21 317
Dividends received		36	40	-	-	40	40	-	-	40
Fines		2 164	111	-	23	160	56	105	189%	321
Licences and permits		100	44	-	2	12	22	(10)	-47%	23
Agency services		-	-	-	-	-	-	-	-	-
Transfers recognised - operational		177 652	164 563	-	53 783	124 524	82 281	42 243	51%	164 563
Other revenue		22 886	2 835	-	79	1 139	1 418	(278)	-20%	2 278
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		411 444	441 149	-	72 131	248 822	220 595	28 227	13%	418 425
Expenditure By Type										
Employee related costs		169 776	173 039	-	14 681	85 992	86 519	(528)	-1%	173 039
Remuneration of councillors		10 355	10 714	-	961	5 040	5 357	(317)	-6%	10 714
Debt impairment		84 546	28 000	-	29 756	29 756	14 000	15 756	113%	56 000
Depreciation & asset impairment		215 928	33 573	-	109 906	109 906	16 786	93 120	555%	219 812
Finance charges		947	1 745	-	863	1 026	872	154	18%	2 052
Bulk purchases		53 293	74 000	-	4 217	31 078	37 000	(5 922)	-16%	74 000
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		17 224	33 682	-	3 410	8 105	16 841	(8 736)	-52%	16 211
Transfers and grants		2 501	2 763	-	9	399	1 381	(982)	-71%	2 763
Other expenditure		73 671	83 478	-	6 842	26 373	41 739	(15 366)	-37%	52 746
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		628 240	440 992	-	170 644	297 676	220 496	77 180	35%	607 337
Surplus/(Deficit)		(216 796)	157	-	(98 513)	(48 854)	98	(48 952)	(0)	(188 912)
Transfers recognised - capital		90 084	79 552	-	1 000	37 798	39 776	(1 978)	(0)	79 552
Contributions recognised - capital		-	9 500	-	-	-	4 750	(4 750)	(0)	9 500
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(126 712)	89 210	-	(97 513)	(11 056)	44 625			(99 859)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(126 712)	89 210	-	(97 513)	(11 056)	44 625			(99 859)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(126 712)	89 210	-	(97 513)	(11 056)	44 625			(99 859)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(126 712)	89 210	-	(97 513)	(11 056)	44 625			(99 859)

FS191 Setsoto - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - Mid-Year Assessment

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 -		-	-	-	-	-	-	-	-	-
Vote 2 -		-	-	-	-	-	-	-	-	-
Vote 3 -		-	9 500	-	-	-	3 958	(3 958)	-100%	9 500
Vote 4 -		-	-	-	-	-	-	-	-	-
Vote 5 -		-	7 049	-	-	1 558	2 937	(1 379)	-47%	7 049
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	7 424	-	-	1 591	3 093	(1 502)	-49%	7 424
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	6 000	-	-	4 259	2 500	1 759	70%	6 000
Vote 13 -		-	30 716	-	-	19 999	12 798	7 200	56%	30 716
Vote 14 -		-	13 734	-	-	223	5 722	(5 499)	-96%	13 734
Vote 15 -		-	14 630	-	-	-	6 098	(8 098)	-100%	14 630
Total Capital Multi-year expenditure	4,7	-	89 052	-	-	27 630	37 105	(9 476)	-26%	89 052
Single Year expenditure appropriation	2									
Vote 1 -		40	-	-	-	14	6	8	140%	-
Vote 2 -		887	-	-	-	0	0	0	140%	-
Vote 3 -		16	-	-	-	-	-	-	-	-
Vote 4 -		32	-	-	-	-	-	-	-	-
Vote 5 -		-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		1 377	-	-	1 228	2 441	1 017	1 424	140%	5 859
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	2 153	-	-	1 228	2 455	1 023	1 432	140%	5 859
Total Capital Expenditure		2 153	89 052	-	1 228	30 085	38 128	(8 044)	-21%	94 911
Capital Expenditure - Standard Classification										
<i>Governance and administration</i>		-	9 500	-	-	26	4 750	(4 724)	-99%	51
Executive and council		-	-	-	-	26	-	26	#DIV/0!	51
Budget and treasury office		-	-	-	-	-	-	-	-	-
Corporate services		-	9 500	-	-	-	4 750	(4 750)	-100%	-
<i>Community and public safety</i>		-	7 049	-	-	8 753	3 525	5 229	148%	17 507
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	7 049	-	-	8 753	3 525	5 229	148%	17 507
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	7 424	-	6 253	9 787	3 712	6 075	164%	19 574
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	7 424	-	6 253	9 787	3 712	6 075	164%	19 574
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	65 079	-	2 571	33 432	32 540	892	3%	66 864
Electricity		-	6 000	-	-	5 546	3 000	2 546	85%	11 093
Water		-	30 716	-	2 571	27 304	15 358	11 946	78%	54 608
Waste water management		-	13 734	-	-	223	6 867	(6 644)	-97%	446
Waste management		-	14 630	-	-	358	7 315	(6 956)	-95%	717
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3	-	89 052	-	8 824	51 998	44 526	7 472	17%	103 996
Funded by:										
National Government			79 552	-	-	43 148	39 776	3 372	8%	86 296
Provincial Government			-	-	-	-	-	-	-	-
District Municipality			-	-	-	-	-	-	-	-
Other transfers and grants			-	-	-	12	12	12	#DIV/0!	24
Transfers recognised - capital		-	79 552	-	-	43 160	39 776	3 384	9%	86 320
Public contributions & donations	5		-	-	-	-	-	-	-	-
Borrowing	6		9 500	-	-	-	4 750	(4 750)	-100%	-
Internally generated funds			-	-	-	14	14	14	#DIV/0!	-
Total Capital Funding		-	89 052	-	-	43 174	44 526	(1 353)	-3%	86 320

FS191 Setsoto - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands						
ASSETS						
Current assets						
Cash		3 656	4 035	--	26 538	4 035
Call investment deposits		--	3 107	--	--	3 107
Consumer debtors		103 901	292 000	--	189 971	292 000
Other debtors		47 167	70 600	--	136 663	70 600
Current portion of long-term receivables		--	--	--	--	--
Inventory		1 887	4 100	--	1 958	4 100
Total current assets		156 610	373 842	--	355 129	373 842
Non current assets						
Long-term receivables		--	--	--	--	--
Investments		3 100	2 000	--	3 100	2 000
Investment property		74 574	83 281	--	74 574	83 281
Investments in Associate		--	--	--	--	--
Property, plant and equipment		3 210 956	3 263 384	--	3 464 575	3 263 384
Agricultural		--	--	--	--	--
Biological assets		--	--	--	--	--
Intangible assets		3 147	3 394	--	3 147	3 394
Other non-current assets		15 386	14 507	--	--	14 507
Total non current assets		3 307 163	3 366 566	--	3 545 396	3 366 566
TOTAL ASSETS		3 463 773	3 740 408	--	3 900 525	3 740 408
LIABILITIES						
Current liabilities						
Bank overdraft		--	--	--	--	--
Borrowing		618	2 871	--	322	2 871
Consumer deposits		2 521	3 000	--	2 514	3 000
Trade and other payables		73 631	31 077	--	45 281	31 077
Provisions		1 278	3 807	--	1 278	3 807
Total current liabilities		78 048	40 755	--	49 394	40 755
Non current liabilities						
Borrowing		52 891	11 633	--	5 667	11 633
Provisions		19 120	70 954	--	66 345	70 954
Total non current liabilities		72 012	82 587	--	72 012	82 587
TOTAL LIABILITIES		150 060	123 342	--	121 406	123 342
NET ASSETS	2	3 313 713	3 617 066	--	3 779 119	3 617 066
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		3 313 713	3 617 066	--	3 779 119	3 617 066
Reserves		--	--	--	--	--
TOTAL COMMUNITY WEALTH/EQUITY	2	3 313 713	3 617 066	--	3 779 119	3 617 066

FS191 Setsoto - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	Budget Year 2016/17								
		2015/16 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										
Ratepayers and other		153 037	185 472	-	10 280	90 009	92 736	(2 727)	-3%	180 019
Government - operating		177 652	164 563	-	53 825	125 424	82 281	43 143	52%	164 563
Government - capital		90 084	79 552	-	16 560	27 785	39 776	(11 991)	-30%	79 552
Interest		1 934	15 341	-	320	3 773	7 671	(3 897)	-51%	7 547
Dividends		36	40	-	-	40	20	20	99%	40
Payments										
Suppliers and employees		(321 436)	(353 175)	-	(29 125)	(179 325)	(176 587)	2 737	-2%	(371 345)
Finance charges		(899)	(1 745)	-	(394)	(540)	(872)	(332)	38%	(2 052)
Transfers and Grants		-	(2 763)	-	(9)	(686)	(1 381)	(696)	50%	(2 763)
NET CASH FROM/(USED) OPERATING ACTIVITIES		100 408	87 286	-	51 458	66 481	43 643	(22 838)	-52%	55 560
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		3 374	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		(3 374)	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	5	-	5	#DIV/0!	-
Payments										
Capital assets		(99 822)	(89 052)	-	(9 158)	(43 390)	(44 526)	(1 136)	3%	(86 780)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(99 822)	(89 052)	-	(9 158)	(43 385)	(44 526)	(1 141)	3%	(86 780)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	76	-	76	#DIV/0!	76
Increase (decrease) in consumer deposits		-	-	-	5	1	-	1	#DIV/0!	(5)
Payments										
Repayment of borrowing		(627)	(2 871)	-	-	(296)	(1 436)	(1 139)	79%	592
NET CASH FROM/(USED) FINANCING ACTIVITIES		(627)	(2 871)	-	5	(219)	(1 436)	(1 217)	85%	664
NET INCREASE/ (DECREASE) IN CASH HELD		(41)	(4 638)	-	42 305	22 877	(2 319)			(30 557)
Cash/cash equivalents at beginning:		3 702	3 702	-	-	3 661	3 702	-	-	3 661
Cash/cash equivalents at month/year end:		3 661	(936)	-	-	26 538	1 383	-	-	(26 896)

FS191 Setsofo - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

Description	NT Code	Budget Year 2016/17										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.e. Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total					
R. thousands															
Debtors Age Analysis By Income Source															
Trade and Other Receivables from Exchange Transactions - Water	1200	8 102	3 280	2 994	3 338	3 421	2 598	15 814	37 388	76 934	62 559	-	-		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	7 562	1 938	1 717	1 504	1 605	750	3 152	12 127	30 353	19 139	-	-		
Receivables from Non-exchange Transactions - Property Rates	1400	6 211	2 884	2 606	2 572	2 542	2 398	9 670	29 783	58 466	46 965	-	-		
Receivables from Exchange Transactions - Waste Water Management	1500	3 350	1 534	1 508	1 479	1 469	1 148	5 661	20 044	36 094	23 702	-	-		
Receivables from Exchange Transactions - Waste Management	1600	4 560	2 107	2 050	2 027	2 002	116	6 604	27 122	46 589	37 872	-	-		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	4 164	1 957	1 870	1 770	1 681	1 607	8 853	37 740	59 643	51 651	-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-		
Other	1900	1 787	(654)	1 224	1 195	1 078	(168)	4 684	9 398	18 554	16 196	-	-		
Total By Income Source	2000	35 736	12 845	13 970	13 886	13 798	8 449	54 349	173 602	326 634	264 083	-	-		
2015/16 - totals only															
Debtors Age Analysis By Customer Group															
Organs of State	2200	3 374	461	2 290	2 363	2 322	(256)	7 096	13 433	31 075	24 949	-	-		
Commercial	2300	3 863	963	807	531	695	480	2 664	9 182	19 185	13 553	-	-		
Households	2400	27 787	11 147	10 598	10 594	10 459	8 082	42 907	148 644	270 217	220 686	-	-		
Other	2500	712	274	274	407	321	142	1 682	2 342	6 156	4 895	-	-		
Total By Customer Group	2600	35 736	12 845	13 970	13 886	13 798	8 449	54 349	173 602	326 634	264 083	-	-		

FS191 Setsoto - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description R thousands	NT Code	Budget Year 2016/17								Total	Prior year totals for chart (same period)
		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		
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	4 596	-	-	-	-	-	-	-	4 596	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	4 497	2 082	17	4	(14)	-	-	-	6 586	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	9 093	2 082	17	4	(14)	-	-	-	11 183	-

FS191 Setsoto - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		172 381	170 563	--	53 825	126 424	127 363	(939)	-0,7%	170 563
Local Government Equitable Share		166 309	158 775	--	52 925	119 081	119 081	--		158 775
Finance Management		1 600	1 625	--	--	1 625	1 625	--		1 625
Municipal Systems Improvement		930	--	--	--	--	--	--		--
EPWP Incentive		2 042	1 908	--	--	1 335	1 335	--		1 908
Integrated National Electrification Programme		1 500	6 000	--	900	4 383	4 383	--		6 000
	3	--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
MIG Operating Grant		--	2 255	--	--	--	939	(939)	-100,0%	2 255
Provincial Government:		5 354	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
	4	--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
Free State Provincial Treasury		5 354	--	--	--	--	--	--		--
District Municipality:		--	--	--	--	--	--	--		--
<i>[insert description]</i>		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
Other grant providers:		1 417	--	--	--	--	--	--		--
SETA Funding		1 417	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
Total Operating Transfers and Grants	5	179 152	170 563	--	53 825	126 424	127 363	(939)	-0,7%	170 563
Capital Transfers and Grants										
National Government:		88 584	73 552	--	16 560	52 358	52 358	--		73 552
Municipal Infrastructure Grant (MIG)		45 953	42 836	--	16 560	27 785	27 785	--		42 836
Regional Bulk Infrastructure		42 631	30 716	--	--	24 573	24 573	--		30 716
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
Other capital transfers <i>[insert description]</i>		--	--	--	--	--	--	--		--
Provincial Government:		--	--	--	--	--	--	--		--
<i>[insert description]</i>		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
District Municipality:		--	--	--	--	--	--	--		--
<i>[insert description]</i>		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
Other grant providers:		--	--	--	--	--	--	--		--
<i>[insert description]</i>		--	--	--	--	--	--	--		--
		--	--	--	--	--	--	--		--
Total Capital Transfers and Grants	5	88 584	73 552	--	16 560	52 358	52 358	--		73 552
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	267 736	244 115	--	70 385	178 782	179 721	(939)	-0,5%	244 115

FS191 Setsoto - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment

Description	Ref	2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2016/17				Full Year Forecast
						YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		172 381	170 563	-	51 545	125 939	85 281	40 658	47,7%	170 563
Local Government Equitable Share		166 308	158 775	-	51 264	116 728	79 388	37 341	47,0%	158 775
Finance Management		1 600	1 625	-	-	324	813	(489)	-60,1%	1 625
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-
EPWP Incentive		2 042	1 908	-	-	1 392	954	438	45,9%	1 908
Integrated National Electrification Programme		1 500	6 000	-	72	6 296	3 000	3 296	109,9%	6 000
MIG Operating Grant		-	2 255	-	189	1 199	1 127	72	6,4%	2 255
Provincial Government:		-	-	-	-	-	-	-	-	-
Free State Provincial Treasury		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
SETA Funding		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		172 381	170 563	-	51 545	125 939	85 281	40 658	47,7%	170 563
Capital expenditure of Transfers and Grants										
National Government:		45 953	73 552	-	8 824	42 009	36 776	5 233	14,2%	73 552
Municipal Infrastructure Grant (MIG)		45 953	42 836	-	6 253	17 436	21 418	(3 982)	-18,6%	42 836
		-	30 716	-	2 571	24 573	15 358	9 215	60,0%	30 716
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		45 953	73 552	-	8 824	42 009	36 776	5 233	14,2%	73 552
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		218 334	244 115	-	60 370	167 948	122 058	45 891	37,6%	244 115

FS191 Setoto - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Mid-Year Assessment

Description	Ref	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework			
		July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Cash Receipts By Source	1																
Property rates - penalties & collection charges		95	964	992	2 225	3 291								36 853	44 250		
Service charges - electricity revenue		3 760	5 059	5 252	4 559	5 056								63 548	87 234		
Service charges - water revenue		461	669	677	674	674								56 514	59 666		
Service charges - sanitation revenue		242	327	331	367	328								19 614	21 209		
Service charges - refuse		291	367	387	431	404								26 007	27 908		
Service charges - other		1 355	1 359	1 564	3 299	2 268								(9 752)	127		
Rental of facilities and equipment		143	158	107	124	132								1 547	2 211		
Interest earned - external investments		121	397	543	66	121								29 530	30 768		
Interest earned - outstanding debtors		119	177	131	243	161								(831)			
Dividends received			40											0	40		
Fines		14	50	14	39	20								(24)	114		
Licences and permits			1			9								34	44		
Agency services																	
Transfer receipts - operating		66 156	3 155	500	930	1 868								93 259	165 888		
Other revenue		72	192	23 672	5 463	6 177								(34 855)	722		
Cash Receipts by Source		72 829	13 009	34 144	18 423	20 500								281 243	440 149		
Other Cash Flows by Source																	
Transfer receipts - capital		26 583			9 215									(35 796)			
Contributions & Contributed assets																	
Proceeds on disposal of PPE																	
Short term loans																	
Borrowing long term/refinancing																	
Increase in consumer deposits		(39)		8	(6)	6								32			
Receipt of non-current debtors																	
Receipt of non-current receivables																	
Change in non-current investments																	
Total Cash Receipts by Source		99 373	13 009	34 153	27 531	20 506								245 477	440 149		
Cash Payments by Type																	
Employee related costs		13 979	15 389	14 569	13 835	13 856								104 363	176 011		
Remuneration of councillors		864	779	850	800	766								3 648	7 527		
Interest paid		0	0	0	17	146								1 562	1 745		
Bulk purchases - Electricity		2 784	8 589	7 198	4 070	4 220								47 139	74 000		
Bulk purchases - Water & Sewer																	
Other materials																	
Contracted services		448	629	1 319	937	1 566								20 034	24 523		
Grants and subsidies paid - other municipalities														2 763	2 763		
Grants and subsidies paid - other		39	42	298	4	6								(390)			
General expenses		17 629	13 597	3 586	2 710	3 978								76 937	118 437		
Cash Payments by Type		35 743	39 025	27 621	22 372	24 549								256 295	405 805		
Other Cash Flows/Payments by Type																	
Capital assets		6 582	954	10 179	5 339	8 524								57 475	89 052		
Repayment of borrowing																	
Other Cash Flows/Payments																	
Total Cash Payments by Type		42 325	39 979	38 000	27 711	33 073								313 770	494 858		
NET INCREASE/(DECREASE) IN CASH HELD		57 048	(26 970)	(3 848)	(79)	(12 566)								(68 294)	(54 709)		
Cash/cash equivalents at the month/year beginning:		(3 468)	63 550	26 680	22 733	22 653	10 087	10 087	10 087	10 087	10 087	10 087	10 087	(3 468)	(58 207)		(69 207)
Cash/cash equivalents at the month/year end:		53 550	26 580	22 733	22 653	10 087	10 087	10 087	10 087	10 087	10 087	10 087	10 087	(58 207)	(58 207)		(69 207)

FS191 Setsoto - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - Mid-Year Assessment

Month	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	3 689	4 872	-	6 582	6 582	4 872	(1 710)	-35,1%	7%
August	7 550	5 210	-	3 550	10 132	10 081	(51)	-0,5%	11%
September	18 919	5 910	-	14 179	24 311	15 991	(8 320)	-52,0%	27%
October	24 658	8 428	-	5 339	29 650	24 419	(5 231)	-21,4%	33%
November	30 030	6 710	-	13 524	43 174	31 128	(12 045)	-38,7%	48%
December	34 401	14 071	-	8 824	51 998	45 200	(6 798)	-15,0%	58%
January	46 514	5 273	-	-	-	50 472	-	-	-
February	52 009	7 600	-	-	-	58 072	-	-	-
March	71 275	7 010	-	-	-	65 081	-	-	-
April	74 445	10 760	-	-	-	75 841	-	-	-
May	81 693	6 760	-	-	-	82 601	-	-	-
June	7 343	6 451	-	-	-	89 052	-	-	-
Total Capital expenditure	452 526	89 052	-	51 998					



SETSOTO

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YOUR REF: MID-TERM ASSESSMENT 2015/2016

OUR REF: M S Makhele

25 January 2017

The Head of the Department
National Treasury
Private Bag X115
PRETORIA
0001

Dear Sir/Madam

SUBMISSION OF THE MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 2016/2017

Section 72 (1) of the Municipal Finance Management Act, 56 of 2003, states that:

- (1) The accounting officer of a municipality must by 25 January of each year-
 - (a) assess the performance of the municipality during the first half of the financial year; taking into account-
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (b) submit a report on such assessment to-
 - (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury

In line with the requirements of the section 72(1) and the Schedule C of the Municipal Budget and Reporting Regulations, I hereby submit the Mid-year Budget and Performance Assessment Report for the First Half of the Financial year 2016/2017 in the required format and content.

Yours Sincerely

RAMAKARANE STR
MUNICIPAL MANAGER

All correspondence to be addressed to Head Office /Alle korrespondensie gerig moet word aan Hoofkantoor
/Mangolo ohle a lebiswe Ntlokolo

"Re sebeletsa katleho"
www.setsoto.info.co.za



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YOUR REF: MID-TERM ASSESSMENT 2015/2016

OUR REF: M S Makhele

25 January 2017

The Head of the Department
Free State Provincial Treasury
Provincial Government Building
Private Bag X20537
BLOEMFONTEIN
9300

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