



REPORT BY THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

(MFMA s72) JULY-DECEMBER 2016

1. EXECUTIVE SUMMARY

The purpose of this report is to inform Council about the Mid-year financial performance.

2. BUSINESS PLAN

Integrated Development Plan (IDP)

3. COMPLIANCE WITH STRATEGIC OBJECTIVE

Timeous reporting

4. DELEGATED AUTHORITY

Delegated powers vest with the Council.

5. ANNEXURES

"A" Consolidated Mid-year budget and performance assessment report

"B" Consolidated C Schedule for Mid-year

"C" Mid-year Budget and performance assessment report of the Municipal entity

"D" Mid-year Revenue Report

NB the above reports shall be submitted to both treasuries as required.

6. POLICY

Budget Policy

7. LEGAL REQUIREMENTS

It is a statutory requirement that a mid-year financial report be submitted to Council in terms of section 72(1)(a)i of MFMA No. 56 of 2003.



8. FINANCIAL OVERVIEW

- The projected 2016/17 annual operating revenue amounts to **R1,627,864,778** and the operating expenditure amounts to **R1,555,464,778**. The total capital budget of **R257,920,000** million for 2016/2017
- To be able to carry out service delivery to the community and implement the projects that are budgeted under own source, the municipality has to enforce credit control for positive cash flow. A substantial portion of the capital budget will be funded from the capital grants and the **R72, 400, 000** million will be funded from internally generated funds.

9. FINANCIAL IMPLICATIONS

The total consolidated operating revenue collected amounted to R727, 302, 559 (million) and operating expenditure amounted to R462, 040, 619 as shown on page 8 of the report.

The total capital income amounted to R136, 888, 000 which represents 74% of the approved budget and the total capital expenditure amounted to R105, 701, 697 which represents 41% of the approved budget as shown on page 11 of the report.

10. STAFF IMPLICATIONS

The total number of employees including councillors was **1 300** by the end of the 31 December 2016

11. COMMENTS FROM OTHER DIRECTORS

None

12. RECOMMENDATIONS

It is recommended that Council take note of the following reports:

- Consolidated Mid-year budget and performance assessment report, as on Annexure "A"
- Consolidated C Schedule for Mid -year, as on Annexure "B"
- Mid-year Budget and performance assessment of the Municipal entity, as on Annexure "C"
- Mid-year Revenue Report, as on Annexure "D"
- Consider the need for the adjustment budget based on the mid-year performance on actual income received.


CLLR. M. TSHABALALA
EXECUTIVE MAYOR

12/01/2017
DATE

ANNEXURE “A”



CONSOLIDATED MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

MFMA s72- (JULY-DECEMBER 2016)



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1. BACKGROUND AND DISCUSSION

In terms of section 72 of MFMA Act No 56 of 2003 which reads as follows:

- (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 statement 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 financial year, and service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
 - (b) submit a report on such assessment to-
 - (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant Provincial Treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.
- (3) The accounting officer must, as part of the review-
 - (a) make recommendations as to whether an adjustment budget is necessary; and
 - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.



2. MID-TERM ASSESSMENT REVIEW FOR MALUTI-A-PHOFUNG

2.1 OPERATING INCOME AND EXPENDITURE

2.1.1 COMPARISON BETWEEN BILLING AND ACTUAL RECEIPTS FOR SERVICES RENDERED

The municipality collected R180 million out of the R366 million that was billed as shown on the table below. The total collection represents 49% of the total billed amount.

		BILLING						
Description	Budget 2016/17	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Mid-Year billing 2016
Rates & Taxes	207 596 000	13 510 278	41 287 356	13 672 199	13 705 855	13 636 853	13 610 296	109 422 838
Conventional electricity	295 832 525	21 278 185	21 627 592	22 431 360	19 022 314	14 321 378	10 121 402	108 802 231
Prepaid electricity	272 985 000	12 765 816	11 697 198	10 974 835	10 783 560	10 511 022	11 724 682	68 457 113
Water	73 882 000	(1 728 377)	7 277 277	6 534 221	7 762 436	8 040 499	8 578 855	36 464 911
Sanitation	39 224 000	3 510 079	3 886 423	3 709 103	3 720 413	3 719 687	3 761 529	22 307 235
Waste	32 860 000	3 308 941	3 466 241	3 462 320	3 466 017	3 475 056	3 483 798	20 662 374
Total	922 379 525	52 644 923	89 242 087	60 784 038	58 460 596	53 704 496	51 280 562	366 116 701
		COLLECTION						
Description	Budget 2016/17	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Mid-Year Receipts 2016
Rates & Taxes	207 596 000	6 168 986	2 171 900	2 518 420	7 386 975	8 767 787	8 145 693	35 159 759
Conventional electricity	295 832 525	11 059 701	12 056 742	15 037 401	9 872 402	8 808 964	7 935 598	64 770 808
Prepaid electricity	272 985 000	10 746 696	11 812 130	9 777 238	7 873 829	10 827 832	10 565 846	61 603 570
Water	73 882 000	1 441 604	1 552 049	1 582 333	1 666 923	1 286 092	1 900 281	9 429 281
Sanitation	39 224 000	857 010	741 520	955 602	713 120	597 128	889 726	4 754 107
Waste	32 860 000	786 501	660 814	850 284	674 792	545 944	863 012	4 381 347
Total	922 379 525	31 060 498	28 995 154	30 721 278	28 188 041	30 833 746	30 300 157	180 098 873
% Receipts vs Billing		59%	32%	51%	48%	57%	59%	49%

NB: A detailed revenue report is attached as Annexure D.



2.1.2 OPERATING REVENUE BY SOURCE

CONSOLIDATED REVENUE BY SOURCE				
Description	Original Budget 2016/17	Mid Year outcomes	% actuals vs Budget	Annual Projections
Net Rates & taxes	207 596 000	80 169 485	39%	160 338 970
Service charges - conventional electricity	295 832 525	84 033 804	28%	184 299 642
Service charges - prepaid electricity	272 985 000	54 037 706	20%	118 075 412
Service charges - water	73 882 000	33 594 865	45%	67 189 731
Service charges - sanitation	39 224 000	16 399 143	42%	32 798 285
Service charges - refuse	32 860 000	14 881 089	45%	29 762 177
Map water Revenue	170 172 905	75 353 684	44%	170 172 905
Rental of facilities and equipment	2 057 940	714 051	35%	1 428 102
Interest earned - external investments	2 400 000	1 393 396	58%	2 786 792
Interest earned - outstanding debtors	26 500 000	14 615 688	55%	29 231 377
Fines	6 055 000	2 415 120	40%	4 830 241
Transfers recognised - operational	459 907 000	340 741 050	74%	459 907 000
Other revenue	38 392 408	8 953 478	23%	17 906 956
Total Revenue	1 627 864 778	727 302 559	45%	1 278 727 590

Illustrations based on revenue by source

Net Rates and Taxes

The municipality billed 39% for rates and taxes during the first six months of the financial year. The appeal board set in October and market values were adjusted as per the appeal board's decision.

Electricity

The municipality billed 28% for conventional and 20% of pre-paid electricity during the first six month of the 2016/17 financial year. The Municipality is facing a challenge of billing all the Conventional electricity meters because of various reasons like human capital and lack of resources; however tampering is still a big issue for the Municipality. The physical verification of meters is still ongoing, some business meters were replaced with auto mated meters.



Water & Sewerage

The municipality billed 45% on water and 42% on sewerage/ sanitation by the end of the December 2016. The % on water meters includes water meters installed in rural areas which most are dysfunctional. The Municipality has to look into introducing flat rates to rural areas and write off the debt accumulated on rural meters as no collection is done currently in those areas.

Refuse

The municipality billed 45% on refuse income for the first six months of the financial year; the Municipality is still in the process of improving this service to its community.

Rental: Facilities & Equipment

The Municipality received 35% of the budgeted amount to date. This revenue depends on needs by the community to rent municipal facilities.

Interest on investments and debtors account

The interest on debtors to date is at 55% which is caused by none payments from debtors.

Fines

The Municipality received 40% of the budget on fines for the first six months of the financial year 2016/2017.

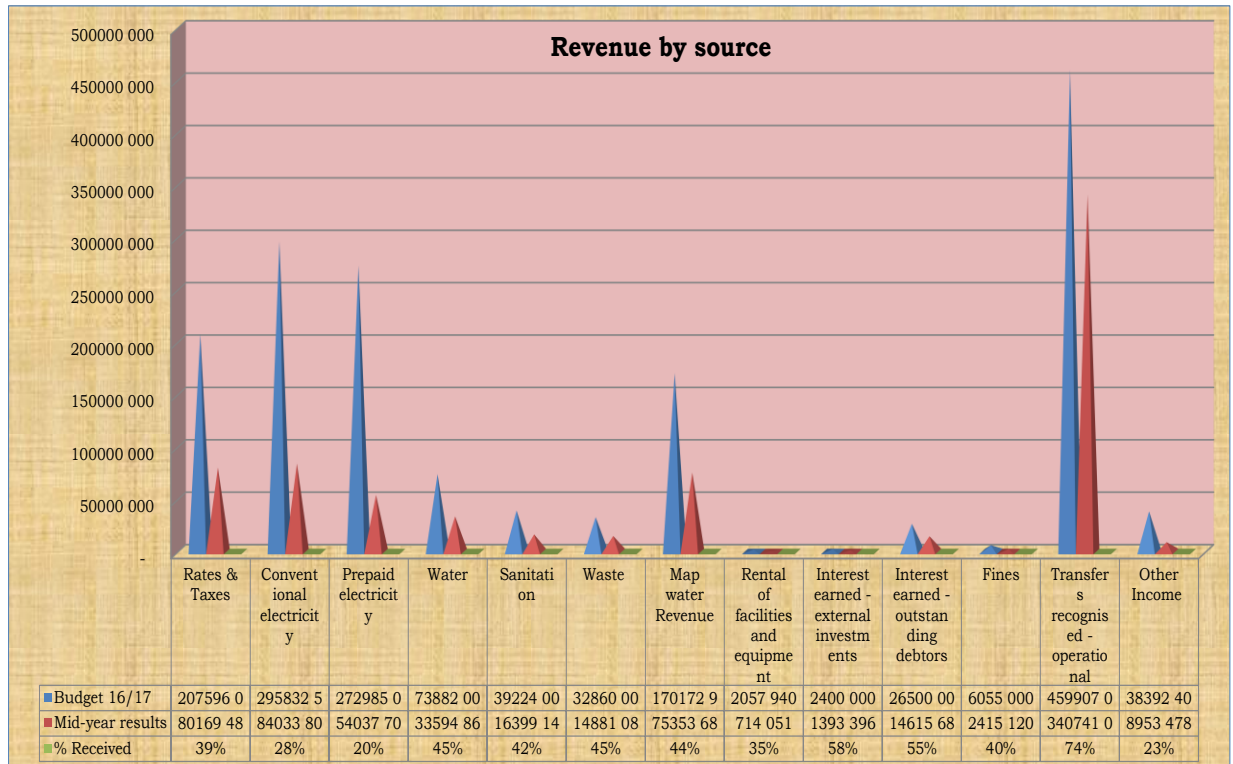
Transfers recognised - operational

This includes the Equitable share and Finance Management Grant (FMG). The Municipality is still expecting R114 million from the Equitable share which will be received in March 2017. The equitable share received in December deducted the total amount of R4.6million which consisted of the 2014/15 unspent grants of R1.7 million and the 2015/16 unspent grants of R2.8 million as shown on the Annual Financial Statements.

Other income

The Municipality received 70% of the budget on other income which includes inter alia, pound and storage fees, site purchases, cemetery fees, sponsorships, overpayments deducted, etc.

The graph below show that a high percentage of the income received for the first six months of the current financial year was from the Grants and subsidies received





2.1.3 OPERATING EXPENDITURE BY TYPE

REF. NO	Expenditure By Type	Approved Budget 2016/2017	Mid-year results	%	Annual Projections
1	Employee related costs	447 899 232	217 773 268	49%	435 546 536
2	Remuneration of councillors	24 097 817	10 848 916	45%	21 697 832
3	Debt impairment & debt relief	70 050 000	3 334 184	5%	70 000 000
4	Depreciation & asset impairment	50 000 000	-	0%	50 000 000
5	Finance charges	6 000 000	425 280	7%	3 000 000
6	Bulk purchases	400 838 300	26 315 789	7%	270 000 000
7	Repairs & maintenance	71 220 000	33 850 400	48%	95 375 057
8	Contracted services	87 140 475	24 829 458	28%	76 232 034
9	Transfer, grants & subsidy	105 000 000	17 500 000	17%	105 000 000
10	Other expenditure	293 218 955	127 163 324	43%	254 326 648
	Total Operating expenditure	1 555 464 778	462 040 619	30%	1 381 178 107

Illustrations based on expenditure by type

Employee related costs & remuneration of councillors (ref. no 1&2)

The % of the budget spent on employee costs is 49% and remuneration of councillors is at 45% for the first six months of the financial year 2016/17.

Debt impairment (ref. no 3 & 4)

The provision for Bad Debts and Depreciation are non-cash items which have to be provided for but their expenditure is only shown on the financial statements at the end of the Financial Year. The budget for these provisions should be aligned to the annual financial statements of 2015/16. The expenditure to date on that line item represents the money written off from residential consumers as part of the Debt Relief Strategy Incentives.

Finance charges (ref. no 5)

This relates to the payment of interest on DBSA loan that the municipality received for smart meters, which is paid twice in a year (in June and December). The repayment for the DBSA loan was not done by the end December 2016

Bulk Purchases Electricity (ref. no 6)

The municipality spent 7% on Electricity Bulk purchases for the first six months of the current financial year. Payments to Eskom are controlled by the Municipality's cash flow

Repairs and Maintenance (ref. no 7)

The municipality spent 48% on repairs and maintenance for the first six months of the financial year and it varies from month to month as per municipal assets in need of repairs and maintenance.



Contracted Services (ref. no 8)

The municipality spent 28% on contracted services for the first six months of the financial year. This relates to payments of contractors who are helping the municipality to render services to its community.

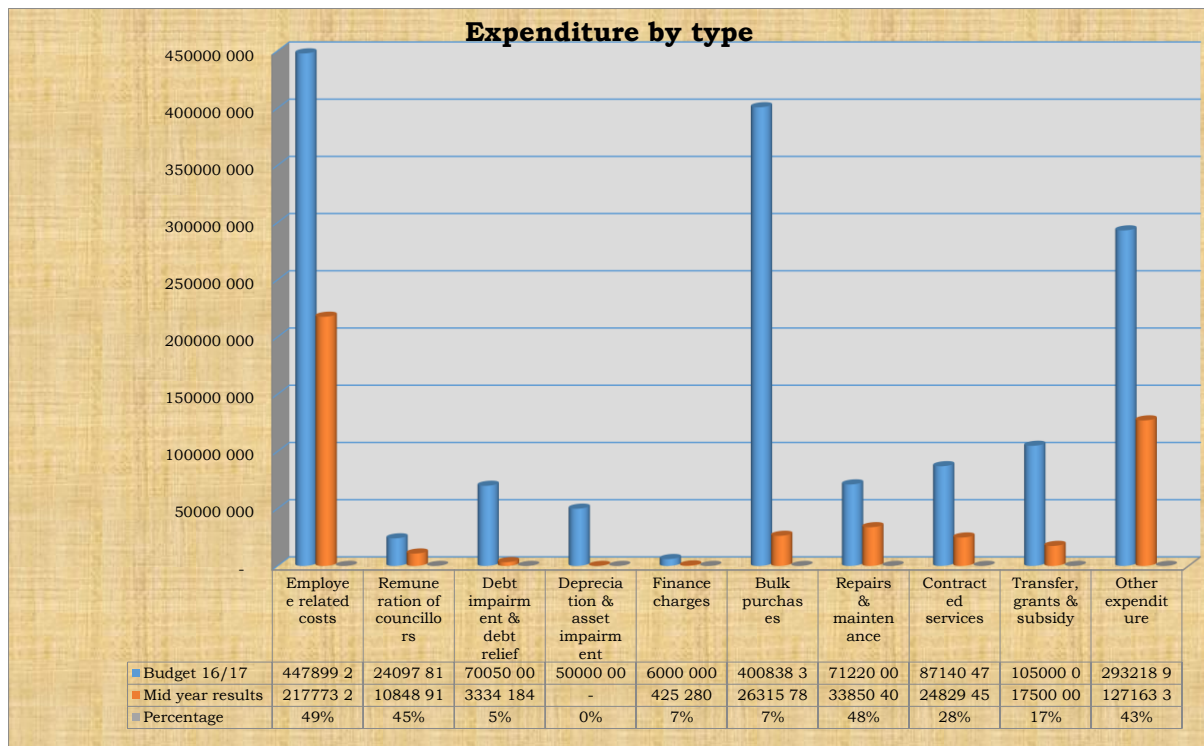
Transfer and grants (ref. no 9)

This refers to the equitable share transferred to MAP Water. The municipality incurred 17% of the approved budget during the 1st half of the 2016/17 financial year

Other expenditure (ref. no 10)

- The municipality spent 43% on the general expenditure for the first six months of the financial year. Other expenditures include different line items like printing & stationery, materials & consumables, refuse bags, publicity, postages, general workers, and water and sewer sales transfers to the entity, special programs).

The below chart shows how much percentage is spent on the different types of expenditures. The charts indicated that a higher budget estimate was made for Employee related costs





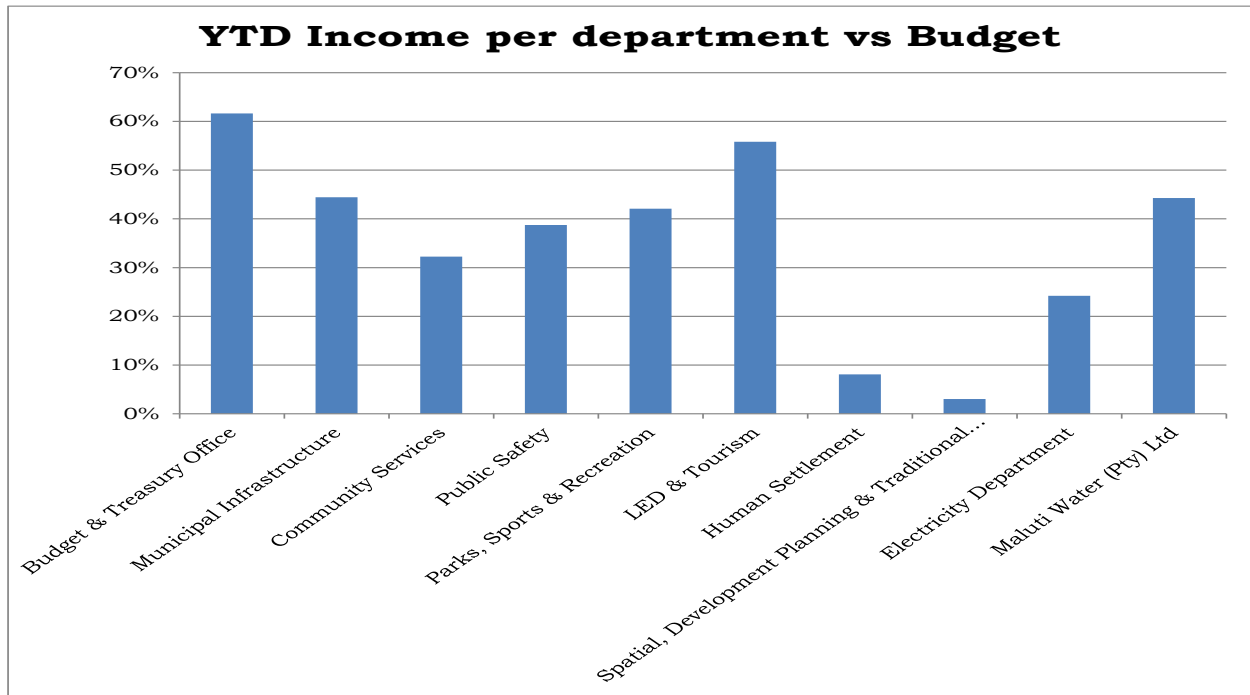
2.1.4 OPERATING INCOME AND EXPENDITURE BY VOTE

Consolidated revenue and expenditure by municipal vote				
Vote Description	Original Budget 2016/17	Mid-Year results	%	Annual Projections
Revenue by Vote				
Vote 1 - Legislative Authority	-	-	-	-
Vote 2 - Office of the Municipal Manager	-	-	-	-
Vote 3 - Corporate Services	1 000 000	226 324	0%	452 648
Vote 4 - Budget & Treasury Office	715 375 000	441 055 216	62%	660 535 981
Vote 5 - Municipal Infrastructure	145 976 000	64 880 550	44%	129 761 100
Vote 6 - Community Services	2 547 000	821 297	32%	1 642 593
Vote 7 - Public Safety	7 111 500	2 755 989	39%	5 511 978
Vote 8 - Sports, Arts	1 009 600	425 040	42%	850 080
Vote 9 - LED & Tourism	5 000 000	2 790 156	56%	5 580 312
Vote 10 - Human Settlement	4 153 340	335 691	8%	671 382
Vote 11 - Spatial, Development Planning & Traditional Affairs	3 626 000	110 105	3%	220 210
Vote 12 - Electricity Department	571 893 433	138 548 507	24%	303 329 047.86
Vote 13 - Maluti Water (Pty) Ltd	170 172 905	75 353 684	44%	170 172 905
Total Revenue by Vote	1 627 864 778	727 302 559	45%	1 278 728 238
Expenditure by Vote				
Vote 1 - Legislative Authority	122 615 776	55 452 121	45%	110 904 241
Vote 2 - Office of the Municipal Manager	52 735 912	21 340 111	40%	42 680 222
Vote 3 - Corporate Services	38 990 947	27 923 723	72%	55 847 446
Vote 4 - Budget & Treasury Office	349 041 288	63 414 470	18%	247 520 870
Vote 5 - Municipal Infrastructure	86 822 979	51 354 980	59%	102 709 960
Vote 6 - Community Services	13 299 367	6 644 485	50%	13 288 969
Vote 7 - Public Safety	104 238 870	47 681 098	46%	95 362 195
Vote 8 - Parks, Sports & Recreation	51 372 699	19 254 221	37%	38 508 442
Vote 9 - LED & Tourism	32 459 793	7 385 845	23%	14 771 691
Vote 10 - Human Settlement	22 989 012	4 961 397	22%	9 922 794
Vote 11 - Spatial, Development Planning & Traditional Affairs	13 880 301	5 034 095	36%	10 068 190
Vote 12 - Electricity Department	496 844 929	75 368 816	15%	316 969 665
Vote 13 - Maluti Water (Pty) Ltd	170 172 905	76 225 258	45%	170 172 905
Total Expenditure by Vote	1 555 464 778	462 040 619	30%	1 228 727 590
Surplus/-Deficit	72 400 000	265 261 940		50 000 648

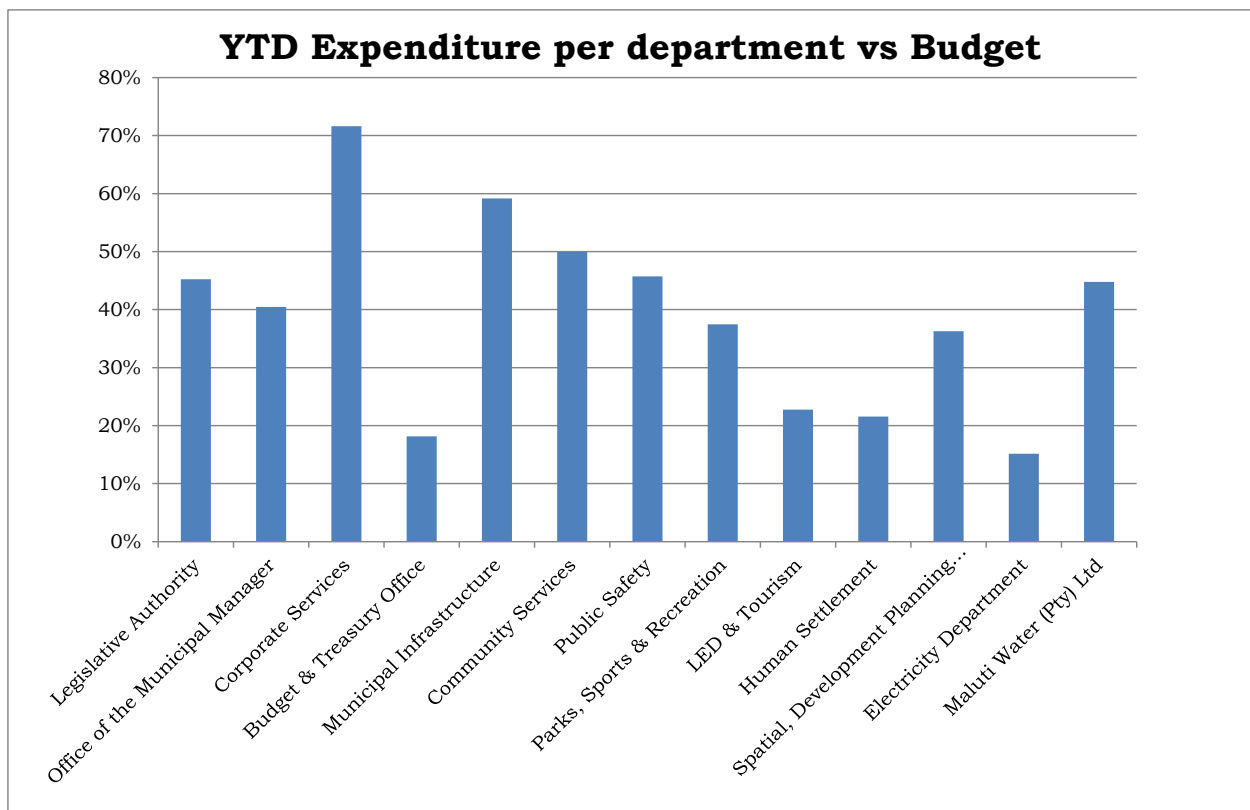


Illustration for income and expenditure by vote

The following chart compares the year to date operating income per department against the approved budget



The below chart compares the year to date expenditure per department against the approved budget





2.1.5 OPERATING GRANTS RECEIVED

Description	Budget 2016/17	Mid-Year outcomes	%	Annual Projections
Local Government Equitable Share (LGES)	458,097,000	338,931,050	74%	458,097,000
Finance Management Grant (FMG)	1,810,000	1,810,000	100%	1,810,000
Total	459,907,000	340,741,050	74%	459,907,000

- **Equitable share-** The final instalment for the equitable share will be received by the end of March 2017.
- **FMG** – 100% of the budgeted amount has been received for these grants for the 2016/16 financial year

2.2 CAPITAL INCOME AND EXPENDITURE

2.2.1 CAPITAL INCOME

The municipality has received 74% of the capital budget to date.

Description	Budget 2016/17	Mid-Year Income	%	Annual Projections
<u>Conditional transfers</u>			-	-
Municipal Infrastructure Grant (MIG)	154 870 000	111 533 000	72%	154 870 000
Intergrated National Electrification Programme (DoE)	3 000 000	-	0%	3 000 000
Expanded Public Works Incentive Programmme (EPWP)	7 650 000	5 355 000	70%	7 650 000
Water services Infrastructure grant (WSIG Schedule 5B)	20 000 000	20 000 000	100%	20 000 000
Total capital revenue	185 520 000	136 888 000	74%	185 520 000



2.2.2 CAPITAL EXPENDITURE

The total capital expenditure for the 1st six months amounted to **R105, 701,697**. The expenditure to date is 41% of the capital budget by the end of December 2016.

Description	Budget 2016/17	Mid-Year Expenditure	Expenditure vs Budget	Annual Projections
Municipal Infrastructure Grant (MIG)	154 870 000	63 156 364	41%	154 870 000
Intergrated National Electrification Programme (DoE)	3 000 000	-	0%	3 000 000
Expanded Public Works Incentive Programmme (EPWP)	7 650 000	7 650 000	100%	7 650 000
Water services Infrastructure grant (WSIG Schedule 5B)	20 000 000	9 411 420	47%	20 000 000
Assets from own funds	72 400 000	25 483 913	35%	50 000 000
Total capital expenditure	257 920 000	105 701 697	41%	235 520 000

Description	Budget 2016/17	Mid-Year Income	Mid-Year Expenditure	Expenditure vs Income to date
<u>Conditional tranfers</u>				-
Municipal Infrastructure Grant (MIG)	154 870 000	111 533 000	63 156 364	57%
Intergrated National Electrification Programme (DoE)	3 000 000	-	-	0%
Expanded Public Works Incentive Programmme (EPWP)	7 650 000	5 355 000	7 650 000	143%
Water services Infrastructure grant (WSIG Schedule 5B)	20 000 000	20 000 000	9 411 420	47%
Total capital revenue	185 520 000	136 888 000	80 217 784	59%



Capital expenditure per line item

CAPITAL ASSETS FOR THE YEAR 2016/17			
DESCRIPTION	BUDGET 16/17	MID-YEAR OUTCOMES (Vat Excl.)	BALANCE
ASSETS FROM OWN FUNDS			
BUILDINGS	3 000 000	1 595 770	1 404 230
COMPUTER & EQUIPMENT	2 500 000	314 540	2 185 460
EQUIPMENT/TOOLS/OFF. MACHINES	600 000	426 125	173 875
FURNITURE & FITTINGS	500 000	16 580	483 420
COMMUNICATION SYSTEMS	800 000	-	800 000
CCTV CAMERAS	2 000 000	1 050 000	950 000
SUBSTATION	4 000 000	2 331 650	1 668 350
PLANT & MACHINERY	-	-	-
SEWERAGE CONNECTION LUSAKA	4 000 000	450 104	3 549 896
CONSTRUCTION OF ROADS (MOTEBANG)	800 000	796 286	3 714
FIKA-PATSO	840 000	838 991	1 009
MALUTI CONTRACTOR DEVELOPMENT PROGRAMME	18 000 000	7 651 923	10 348 077
WATER TANKS	2 000 000	250 900	1 749 100
RESURFACING OF ROADS-TAR	9 860 000	7 929 193	1 930 807
TURFONTEIN/MAKENENG PAVED ROAD	4 000 000	-	4 000 000
MAP FOOTBRIDGES	-	-	-
MAQHEKUNG INFRASTRUCTURE	3 500 000	788 762	2 711 238
CONSTRUCTION OF BRIDGE (SANRAL)	3 500 000	-	3 500 000
MAKHOLOKWENG SEWER	3 500 000	-	3 500 000
VIP TOILETS (360)	3 000 000	935 088	2 064 912
HEALTH & SAFETY	3 000 000	108 000	2 892 000
MIG COUNTERFUNDING	3 000 000	-	3 000 000
TOTAL ASSETS FROM OWN FUNDS	72 400 000	25 483 913	46 916 087
ASSETS FROM OTHER GRANTS AND SUBSIDIES			
ELECTRIFICATION INFRASTRUCTURE- DoE	3 000 000	-	3 000 000
WATER SERVICES INFRASTRUCTURE GRANT	20 000 000	8 255 631	11 744 369
EPWPI GRANT	7 650 000	7 973 269	-323 269
TOTAL ASSETS FROM GRANTS	30 650 000	16 228 900	14 421 100
ASSETS FROM MIG FUNDING			
INTERMODAL FACILITY-PHUTHADITJHABA	12 614 716	5 166 223	7 448 493
INTERMODAL COMMUTER FACIL-INTABAZWE	10 203 358	721 807	9 481 551
PMU ESTABLISHMENT	7 743 500	4 498 958	3 244 542
KESTEL/THLO; NEW PAVED ROADS PHASE 5	10 429 329	7 670 436	2 758 893
MAP :PAVING ROADS 14.5KM	3 299 580	2 446 270	853 310
NAMAHADI QWAQWA RURAL PAVED ROADS	588 345	-	588 345
DISASTER PARK PAV 4.5KM ROAD PHASE 3	15 087 793	10 453 355	4 634 438
PHUTHAS.WATER NETWORK 2940 ERF CONNE	11 828 606	763 287	11 065 319
NEW INDOOR SPORT & RECREATIONAL FACI	4 708 939	3 981 201	727 738
INTABAZWE STADIUM	16 200 188	4 299 751	11 900 437
HIGHMAST LIGHTS -153 IN 4 TOWNS	3 048 401	1 475 913	1 572 488
MANDELA PARK SEWE 650 STANDS	295 510	259 219	36 291
FENCING PHASE 1(C) CEMETRIES	3 476 013	815 727	2 660 286
BLUEGM.NEW INDOOR SPORT & RECREATION	16 381 398	7 475 821	8 905 577
WILGE: UPGRADING OF THE WILGE WASTE	10 756 553	-	10 756 553
TSHIAME B: PAVING OF 6KM ROADS - PHA	9 696 918	730 280	8 966 638
PHUTHAS: WATER NETWORK 3907 ERF CONN	12 789 584	3 025 028	9 764 556
INTBZW:NEW INDOOR SPORT & RECREATION	2 721 269	1 617 044	1 104 225
MAP-PAVED-ROAD&STORMW-QWA-PHASE2	2 000 000	-	2 000 000
INTABZ.EXT3.WATER RETIC & WATER METE	1 000 000	-	1 000 000
TOTAL ASSETS FROM MIG FUNDING	154 870 000	55 400 320	99 469 680
TOTAL ASSETS (vat excl.)	257 920 000	97 113 133	160 806 867



3. OTHER SUPPORTING TABLES

3.1 AGE ANALYSIS OF DEBTORS

The total debt book amounted to R986, 706, 729 by the end of 1st half of the financial year (July- December) 2016/2017

The total debt increased by R1, 052,121 million as shown on the age analysis of debtors below.

AGE ANALYSIS OF DEBTORS - BY INCOME SOURCE								
DESCRIPTION	0- 30 DAYS	31-60 DAYS	61-90 DAYS	91 DAYS +	TOTAL	CREDITED AMOUNT	TOTAL DEBT AS AT DECEMBER	PREVIOUS MONTH TOTAL DEBT
Water	7 536 204	7 531 513	6 860 291	297 263 456	319 191 465	1 900 281	317 291 184	311 577 312
Electricity	8 526 354	6 455 421	6 513 887	107 469 796	128 965 458	7 935 598	121 029 860	114 094 305
Sewerage	3 234 919	2 968 492	2 802 402	120 116 498	129 122 311	889 726	128 232 584	125 845 146
Refuse	2 983 553	2 777 469	2 649 105	127 638 858	136 048 986	863 012	135 185 973	132 970 492
Rates & Taxes	11 589 652	8 906 781	11 628 194	236 713 236	268 837 864	27 909 645	240 928 219	247 817 651
Total	33 870 684	28 639 676	30 453 879	889 201 844	982 166 083	39 498 263	942 667 820	932 304 906
Others	1 471	17 868	25 250	12 452 976	12 497 564	23 994	12 473 570	12 492 161
Sundries	370 455	196 442	55 559	42 950 513	43 572 968	12 007 629	31 565 339	40 857 542
Total other	371 926	214 310	80 809	55 403 489	56 070 533	12 031 623	44 038 909	53 349 702
Total Debt	34 242 609	28 853 986	30 534 688	944 605 333	1 038 236 616	51 529 887	986 706 729	985 654 608
Increase/ - decrease in the total debt								1 052 121

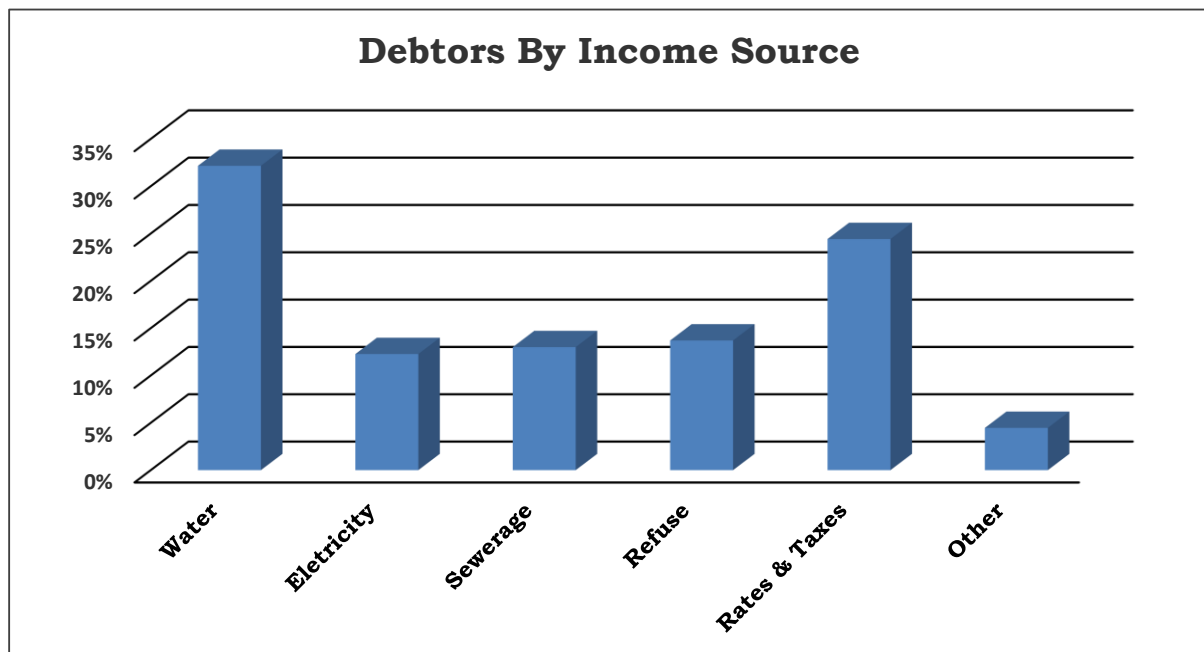
AGE ANALYSIS OF DEBTORS - BY CUSTOMER GROUP								
DESCRIPTION	0- 30 DAYS	31-60 DAYS	61-90 DAYS	91 DAYS +	TOTAL	CREDITED AMOUNT	TOTAL DEBT AS AT DECEMBER	PREVIOUS MONTH TOTAL DEBT
Government departments	11 365 225	9 689 583	9 030 313	112 699 680	142 784 801	27 746 920	115 037 881	103 255 185
Business	8 412 363	4 420 092	7 954 018	81 677 819	102 464 292	10 744 898	91 719 395	90 091 405
Residential	11 376 134	11 378 941	10 677 677	521 925 945	555 358 697	5 395 249	549 963 448	540 513 797
Indigents	659 299	807 989	691 210	75 599 892	77 758 390	355 077	77 403 313	76 937 912
Fdc industrial & Tenants	1 593 061	1 591 492	1 456 572	101 536 011	106 177 136	5 274 692	100 902 444	100 034 370
Churches & welfare	136 322	190 887	73 870	2 275 611	2 676 690	61 881	2 614 809	2 513 793
Farmers/Agriculture	490 813	541 088	447 815	17 573 436	19 053 153	315 988	18 737 165	18 349 354
Map Water Accounts	39 323	45 054	48 973	13 181 707	13 315 056	-	13 315 056	13 275 733
Total	34 072 542	28 665 125	30 380 448	926 470 100	1 019 588 215	49 894 704	969 693 511	944 971 550
Others	139 987	136 159	134 008	17 155 446	17 565 600	1 000 915	16 564 686	40 266 298
Sundries	30 081	52 702	20 231	979 786	1 082 800	634 268	448 532	416 761
Total	170 068	188 861	154 240	18 135 232	18 648 400	1 635 182	17 013 218	40 683 059
Total Debt	34 242 609	28 853 986	30 534 688	944 605 333	1 038 236 616	51 529 887	986 706 729	985 654 608
Increase/ - decrease in the total debt								1 052 121



Illustration based Age analysis of Debtors

- a. The following table and chart illustrates the major debt contributors by income source

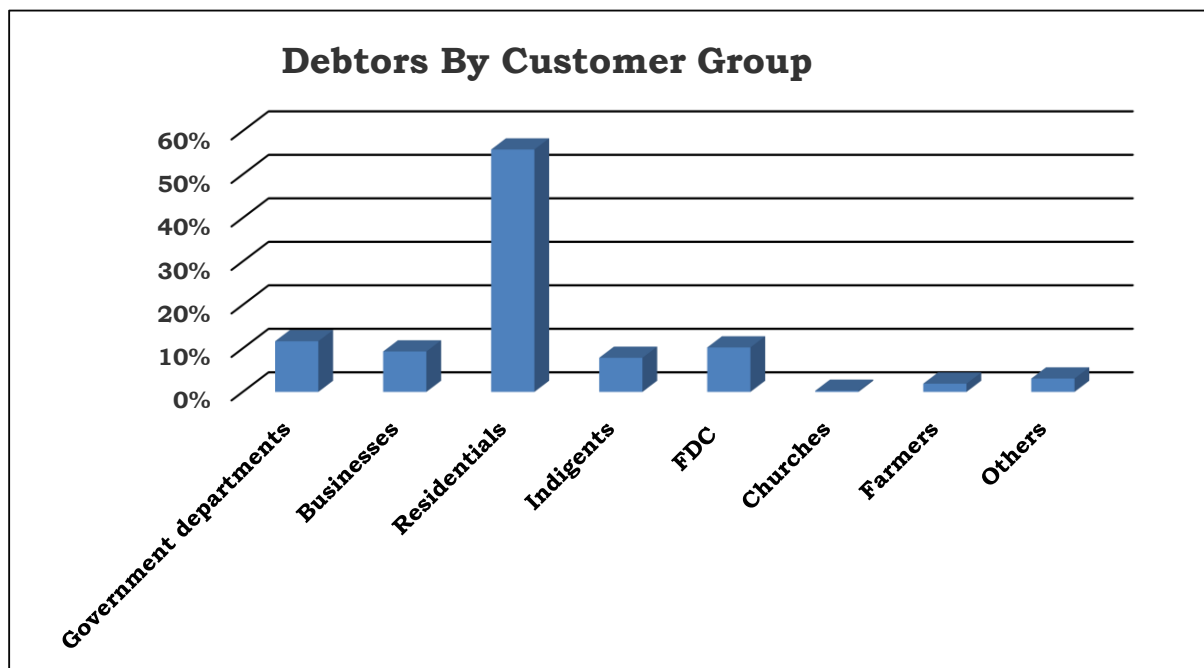
Debtors Age Analysis By Income Source		
Description	Total	%
Water	317 291 184	32%
Electricity	121 029 860	12%
Sewerage	128 232 584	13%
Refuse	135 185 973	14%
Rates & Taxes	240 928 219	24%
Other	44 038 909	4%
Total By Income Source	986 706 729	





b. The following table and chart illustrates the major debt contributors by customer group

Debtors Age Analysis By Customer Group		
Description	Total	%
Government departments	115 037 881	12%
Businesses	91 719 395	9%
Residentials	549 963 448	56%
Indigents	77 403 313	8%
FDC	100 902 444	10%
Churches	2 614 809	0%
Farmers	18 737 165	2%
Others	30 328 274	3%
Total By Customer Group	986 706 729	





3.2 AGE ANALYSIS OF CREDITORS

FS194 Maluti-a-Phofung - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description	NT Code	Budget Year 2016/17								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	33 608	36 768	45 690	65 983	88 032	77 544	230 048	1 114 714	1 692 386
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	4 508	-	-	-	-	-	-	-	4 508
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	3 742	-	-	-	-	-	-	-	3 742
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	15 463	-	-	-	-	-	-	-	15 463
Auditor General	0800	61	-	-	354	-	-	-	-	415
Other	0900	7 499	13 397	3 406	58 978	-	-	-	-	83 280
Total By Customer Type	1000	64 881	50 165	49 096	125 315	88 032	77 544	230 048	1 114 714	1 799 794

3.3 INVESTMENTS PORTFOLIO

This information is also reflected in a prescribed Schedule C format in **Annexure B-Table SC5**

The below table indicate investments both long term and short term for the period under review. Long term investments are comprised of insurance policies.

Description	Amount	%
Call Accounts	430 867	14%
Long term investments	2 551 647	86%
Total	2 982 514	100%

Name of the Institution	Account Number	Opening Balance	Withdrawals	Re - Investments	Interest Earned	Closing Balance
Sanlam	5926	393 130,84	-	-	-	393 130,84
Sanlam - Money Market	50189057	1 753 826,46	-	-	11 178,90	1 765 005,36
Sanlam	11690236x2	393 510,54	-	-	-	393 510,54
FNB Call Account	62027358292	47 625,00	-	-	254,44	47 879,44
FNB JAZZ Fund	62387689824	1 041,88	-	-	0,88	1 042,76
FNB Call Account - MIG Funds	62199534580	7 140,02	-	-	6,06	7 146,08
FNB Call Account - INT/HA CORR	62212896346	809 096,74	(1 023 010,49)	506 838,50	2 217,45	295 142,20
Standard BANK	348526407	79 420,50	-	-	236,09	79 656,59
		3 484 791,98	(1 023 010,49)	506 838,50	13 893,82	2 982 513,81



3.4 CONSOLIDATED REPAIRS AND MAINTENANCE

The repairs and maintenance can also be viewed on the Schedule C report in **Annexure B – Table SC13c**

Description	Budget 2016/17	Mid-Year outcomes	%	Annual Projections
R & M - Buildings	5 000 000	1 808 609	36%	3 617 218
R & M - Computer & equipment	840 000	(9 137)	-1%	400 000
R & M - Equipment & tools	115 000	67 812	59%	200 000
R & M - Fencing	1 250 000	-	0%	1 000 000
R & M - Furniture	315 000	1 228	0%	315 000
R & M - Roads	17 700 000	14 018 944	79%	30 000 000
R & M - Grounds & open spaces	120 000	93 839	78%	300 000
R & M - Motors & pumps	330 000	70 175	21%	200 000
R & M - Network reticulations	20 000 000	5 607 670	28%	20 000 000
R & M - Street lights	4 300 000	1 736 000	40%	5 000 000
R & M - Streets & storm water	5 000 000	4 335 521	87%	10 000 000
R & M - Substations	5 000 000	3 452 572	69%	9 220 273
R & M - Vehicles	2 200 000	25 543	1%	2 200 000
R & M -Traffic lights	3 000 000		0%	2 000 000
R & M- CCTV cameras	800 000	55 342		500 000
R & M- Maluti Water (Pty) Ltd	5 250 000	2 586 283	49%	5 250 000
Total Repairs & Maintenance	71 220 000	33 850 400	48%	90 202 491



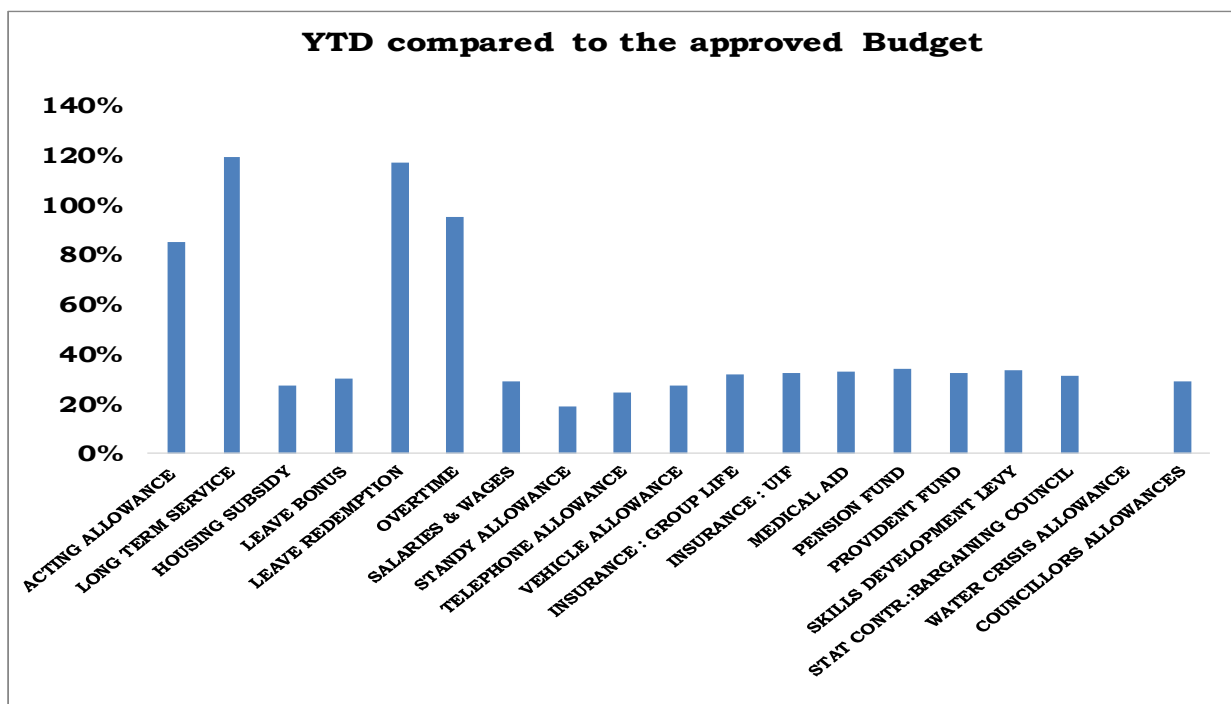
3.5 MATERIAL VARIANCES AGAINST THE APPROVED BUDGET

- **Employee related costs-** if a percentage of actual expenditure to date is 50% or less, the expenditure is within the targeted allocation and if the percentage is more than 50% there is a risk of overspending.
 - The overall total expenditure to date is 48% of the budget.
- **The following line items have overspent**
- **Acting Allowance** - the municipality has overspent on this line item due to the critical vacant posts that are not filled.
 - Remedial action- appointment of staff to fill the vacant posts.
- **Long term service** - 172% of the budget has been spent to date.
 - Remedial action – the total number of officials who will be receiving their long term service should be obtained annually and allocated sufficient budget.
- **Leave redemption-** the year to date is at 275% of the budget by the end of December 2016.
 - Remedial action – officials should be encouraged to take their annual leave days.
- **Overtime** – the line item has been budgeted R14.6 million for the financial year 2016-2017 but R21.8 million which represents 149% has already been paid to employees by the end of December 2016.
 - Remedial action - Shift measures and monitoring of employees working overtime need to be exercised.

MALUTI - A - PHOFUNG MUNICIPALITY MFMA SECTION 66 REPORT FOR DECEMBER 2016							
DESCRIPTIONS	SUMMARY EMPLOYEES RELATED COSTS						
	BUDGET 2016/17	MONTHLY ALLOCATION	DECEMBER EXPENDITURE	TOTAL EXPENDITURE TO DATE	YTD ALLOCATION	% YTD ALLOCATION VS BUDGET	% YTD EXPENDITURE vs BUDGET
ACTING ALLOWANCE	1 983 699	165 308	332 586	2 306 574	991 850	50%	116%
LONG TERM SERVICE	1 438 120	119 843	545 466	2 466 597	719 060	50%	172%
HOUSING SUBSIDY	3 867 480	322 290	247 088	1 836 325	1 933 740	50%	47%
LEAVE BONUS	23 326 915	1 943 910	1 925 881	10 781 793	11 663 458	50%	46%
LEAVE REDEMPTION	973 411	81 118	597 452	2 676 204	486 706	50%	275%
OVERTIME	14 664 005	1 222 000	6 760 500	21 870 948	7 332 003	50%	149%
SALARIES & WAGES	305 343 321	25 445 277	21 670 156	131 105 937	152 671 661	50%	43%
STANDY ALLOWANCE	7 309 751	609 146	511 707	2 077 743	3 654 876	50%	28%
TELEPHONE ALLOWANCE	1 270 570	105 881	59 400	432 147	635 285	50%	34%
VEHICLE ALLOWANCE	21 920 760	1 826 730	1 484 479	9 311 155	10 960 380	50%	42%
INSURANCE : GROUP LIFE	1 230 888	102 574	97 929	585 913	615 444	50%	48%
INSURANCE : UIF	2 672 541	222 712	666 809	1 299 884	1 336 271	50%	49%
MEDICAL AID	17 393 303	1 449 442	1 744 960	8 621 903	8 696 652	50%	50%
PENSION FUND	27 041 413	2 253 451	1 551 274	13 752 653	13 520 707	50%	51%
PROVIDENT FUND	13 567 211	1 130 601	1 098 074	6 628 863	6 783 606	50%	49%
SKILLS DEVELOPMENT LEVY	3 784 932	315 411	489 613	1 918 982	1 892 466	50%	51%
STAT CONTR.:BARGAINING COUNCIL	110 910	9 243	8 502	51 648	55 455	50%	47%
WATER CRISIS ALLOWANCE	-	-	12 000	48 000	-	0%	0%
COUNCILLORS ALLOWANCES	24 097 818	2 008 152	1 886 588	10 848 916	12 048 909	50%	45%
TOTAL EMPLOYEE RELATED COSTS	471 997 048	39 333 087	41 690 464	228 622 184	235 998 524	50%	48%



The following charts illustrates the comparison between the year to date actual against the approved budget



Overtime mid-year outcomes				
Department	Budget	1st Quarter	2nd Quarter	Mid-year outcomes
Legislative Authority	100 000	327 027	-	327 027
Office of the Municipal Manager	100 000	-	1 058	1 058
Corporate services	100 000	259 030	291 413	550 442
Finacial Services	-	-	2 373	2 373
Municipal Infrastructure	1 000 000	540 155	1 806 527	2 346 682
Community services	200 000	80 343	94 432	174 774
Public safety	2 000 000	2 851 040	2 554 756	5 405 796
Parks,Sports, arts & culture	-	389 979	643 075	1 033 054
LED & Tourism	-	-	287	287
Human settlement	100 000	86 087	2 520	88 606
Spatial, planning & development	-	360 945	4 048	364 992
Electricity	1 852 000	2 383 228	2 391 360	4 774 589
Water	9 212 005	3 532 441	3 268 825	6 801 266
Total	14 664 005	10 810 275	11 060 673	21 870 948



3.6 CONTRACTED SERVICES

Description	Budget 2016/17	Mid-Year outcomes	%	Annual Projections
Call outs	9 000 000	1 664 126	18%	8 000 000
Insurance	19 150 475	9 368 012	49%	20 000 000
Landfill site Management	2 340 000	682 500	29%	5 100 000
Valuation roll	1 500 000	1 327 197	88%	2 000 000
Financial system	2 000 000	56 001	3%	1 000 000
Printing consumer accounts	500 000	20 369	4%	500 000
Revenue enhancement	20 000 000	3 135 320	16%	6 270 641
Streelights	10 000 000	5 847 953	58%	12 000 000
Financial statements	5 000 000	(2 613 675)	-52%	5 000 000
Assets verification	2 000 000	-	0%	-
Urban renewal	5 400 000	30 000	1%	4 000 000
Debt collectors	2 000 000	930 697	47%	1 861 393
SCM Database	450 000	-	0%	-
SCM Management support	800 000	-	0%	-
Contracted: Traffic Control	2 000 000	343 586	17%	1 500 000
Sercurity services building	5 000 000	4 037 372	81%	9 000 000
Total	87 140 475	24 829 458	28%	76 232 034

3.7 EXTERNAL LOANS

External long term commitments mainly comprise of infrastructure loans which constitutes 100%

External loans outstanding amount to R8,907,490 as at 31 December 2016							
LOAN NUMBER	FINANCIAL INSTITUTION	DEPARTMENT	BALANCE AS AT 30/06/2016	PROVISION FOR INTEREST (JULY- DECEMBER)	CAPITAL PAYMENT MADE (JULY- DECEMBER)	INTEREST PAYMENT MADE (JULY- DECEMBER)	BALANCE AS AT 31 DECEMBER 2016
11019/105	DBSA	Electricity	10 173	3	-	-	10 176
11021/102	DBSA	Sewerage	2 640	-964	-	306	1 676
11076/103	DBSA	Water	592 315	34 111	94 021	42 075	532 405
11076/202	DBSA	Water	613 795	35 126	96 820	44 054	552 102
11084/103	DBSA	Rates & General	25 026	8	-	-	25 034
13768/201	DBSA	Water	813 358	54 944	52 418	59 503	815 884
13768/202	DBSA	Water	710 746	48 012	45 805	51 996	712 953
13768/302	DBSA	Sewerage	954 078	70 778	50 775	75 108	974 081
61006823	DBSA	Water Meters	3 508 923	121 382	1 029 486	190 902	2 600 818
61006824	DBSA	Map Building	2 568 564	138 722	24 926	140 833	2 682 360
TOTAL			9 799 618	502 123	1 394 251	604 776	8 907 490



3.8 BANK RECONCILIATION STATEMENT

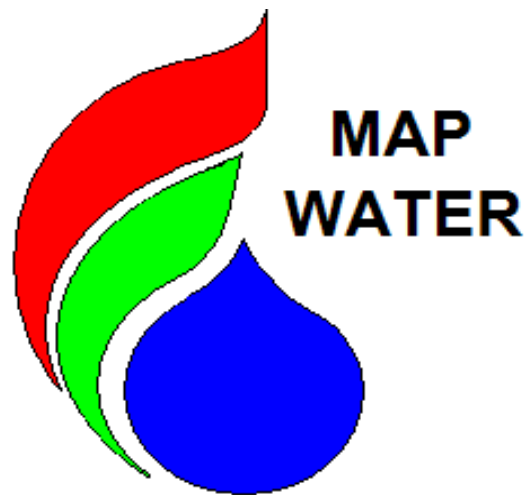
BANK RECONCILIATION STATEMENT FOR THE MONTH ENDED 31 DECEMBER 2016			
CASHBOOK BALANCES		BANK BALANCES	
Opening balance	153 934 674.81	Balance per B/S	10 613 273.56
Income			
Sundry Receipts	45 186 701.53	Uncashed Cheques	-28 544.47
Billing Receipt	31 765 933.86	Uncashed ACB's	-50 928 254.58
Expenditure		Undeposited Receipts	0.00
Order payments	-35 210 283.18	Partially Undeposited Receipts	1 728 961.06
Sundry payments	-78 964 090.70	Miscellaneous Charge	627 034.38
Billing Payments		Deposits on statement not receipted	-3 161 047.25
Bank Transactions	-37 522 871.79	ACB's on Statement unreconciled	35 650 124.35
Year End sundry Payments	-103.00	Ledger Journal	89 403 103.35
Cashbook closing balance	79 189 961.53		
In Cashbook Not GL - Charges	-22 501.35		
In Cashbook Not GL - Cancel ACBs	1 171 259.87		
In GL Not Cashbook - ACBs	4 814 989.80		
In cash book not GL receipts	-1 249 059.45		
BALANCE AS 31 DECEMBER 2016	83 904 650.40	BALANCE AS AT 31 DECEMBER 2016	83 904 650.40
OPENING BALANCE	2 868 142.13		
BANK TRANSACTIONS			
INCOME		EXPENDITURE	
Interest on credit balance	133 995.34	Ele payments- Creditors	-163 558 407.60
Equitable Share	148 058 000.00	Cheques Creditors	-374 935.27
Other Grants received	42 200 000.00	Ele -Netto Salaries	-19 261 751.84
Direct deposits	15 264 361.93	Ele - salary 3rd parties	-19 230 319.70
Cashier deposits	3 212 615.35	Ele- Project salaries	-6 788 565.83
Transf from Pre-paid acc	7 378 868.62	Bank charges	-45 675.40
Transf from corrido acc	1 012 947.83	Interest paid on debit balance	-
Trans from call acc	0.00	debit order	-258 588.94
Trans from mig acc	0.00	Debit transfer to investment	-
Sundry credit on bank statement	15 013.00	Rd cheques	-2 217.20
		Sundry Debits on bank statement	-10 208.86
Total Income	217 275 802.07	Total Expenditure	-209 530 670.64
CLOSING BALANCE	10 613 273.56		

ANNEXURE “C”



MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT OF THE MUNICIPAL ENTITY (JULY-DECEMBER 2016)

Maluti-a-Phofung Water (Soc) Ltd



MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 2016 -2017

No	Description	Page
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2.	Overview of the Entity	4
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SECTION 1: INTRODUCTION

In terms of Section 88 (1) (a) of the Local Government Municipal Finance Management Act state that the Accounting Officer must assess the performance of the entity during the first half of the financial year. A report on such assessment must then be submitted to the Board of directors of the entity and parent municipality of the entity 88 (b) of the Act.

The following aspects should form part of the Mid-Year Budget and Performance Assessment Report:

- Monthly Budget Statement – MFMA Section 87 report; (Annexure A)
- The Performance of the Entity during the first half of the financial year in terms of the service delivery targets and performance indicators as set in the in the service delivery, business plan or other agreement with the entity's parent municipality; and (Annexure B)
- The past year's Annual Report and progress in resolving the issues contained in the Annual Report relating to the previous financial year 2015/2016.(Annexure C)

The following report will contain all the financial performance of the entity for the first six months of the financial year against the approved budget, except for the Draft Annual Report (Annexure B) and action plan (Annexure C) to resolve the issues as raised in the past year's annual report which will be on a separate report.

SECTION 2: OVERVIEW OF THE ENTITY

2.1 Vision, Mission and Values

Vision

MAP Water use sustainable innovative approaches and best practice to provide sufficient, safe water and sanitation for all.

Mission

Delivery of sustainable water and sanitation services through: improved service to customers, optimize operations, empowerment of entity's staff and personnel, effective and equitable service delivery to all communities, community empowerment, accountability to communities (Batho Pele)

Values

Our corporate values are:

- To restore human dignity through access to clean water and sanitation;
- To reduce poverty through provision of water, sanitation and hygiene education;
- To practice open, honest and clear communication with all stakeholders;
- To improve the health and well-being of the people of Maluti-a-Phofung area.
- To involve local people, local government and national government in the building, decision-making and other ongoing management of the water and sanitation programmes;
- To be open and responsive to the needs of Maluti-a-Phofung Municipality while fulfilling the fiduciary responsibility of MAP Water
- To promote conservation and preservation of water resources through quality management systems;
- To celebrate successes in achieving result that are attributable to professionalism and innovation;
- To create a nurturing culture of accountability, responsibility and transparency where employees respect, support and value each other in a high performing environment;

- To ensure the sustainability of water supplies, finance and skills required for the ongoing operations and maintenance; and
- To create a people motivating environment through diversity management

SECTION 3: BUDGET PERFORMANCE ANALYSIS

3.1 OPERATIONAL INCOME AND EXPENDITURE PERFORMANCE

3.1.1 Operating Income

The operating income received for the first six months of the year based on the accrual basis amounts to R64, 424,774 which represents 38% of the total budget for 2016/2017 financial year. The actual cash received for the first six months of the current financial year amounts to R74, 368,553 which represents 44% of the approved budget but bulk of this income was in relation to previous year's outstanding invoices owed by the parent municipality to the entity. The credit control policy needs to be implemented fully to all debtor type because the revenue collection is very low because debtors are not paying for the services

Table 1: Revenue/Income

INCOME BILLED TO THE PARENT MUNICIPALITY WHICH IS BASED ON ACTUAL REVENUE COLLECTION FROM CUSTOMERS				
Description	Budget 2016/2017	six months income billed	Available to collect	% against the approved budget
Equitable	105 000 000	52 500 000	52 500 000	50%
Sewerage Sales	22 346 953	3 937 096	18 409 857	18%
Water Sales	42 825 952	7 987 678	34 838 274	19%
Other Income	-			
TOTAL	170 172 905	64 424 774	105 748 131	38%
INCOME RECEIVED FROM THE PARENT MUNUICIPLAITY				
Description	Budget 2016/2017	six months income received	Available to collect	% against the approved budget
Equitable	105 000 000	44 186 667	60 813 333	42%
Sewerage Sales	22 346 953	11 685 049	10 661 904	52%
Water Sales	42 825 952	18 403 738	24 422 214	43%
Other Income	-	93 099	-	
TOTAL	170 172 905	74 368 553	95 897 451	44%

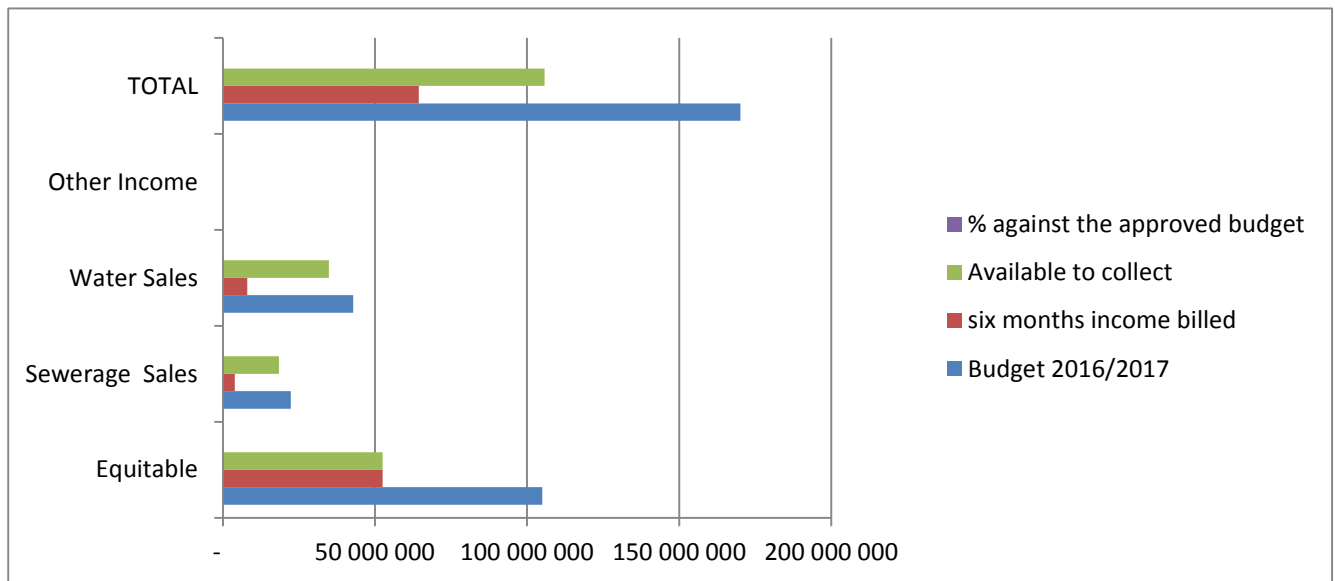


Figure 1: INCOME BILLED TO THE PARENT MUNICIPALITY WHICH IS BASED ON ACTUAL REVENUE COLLECTION FROM CUSTOMERS

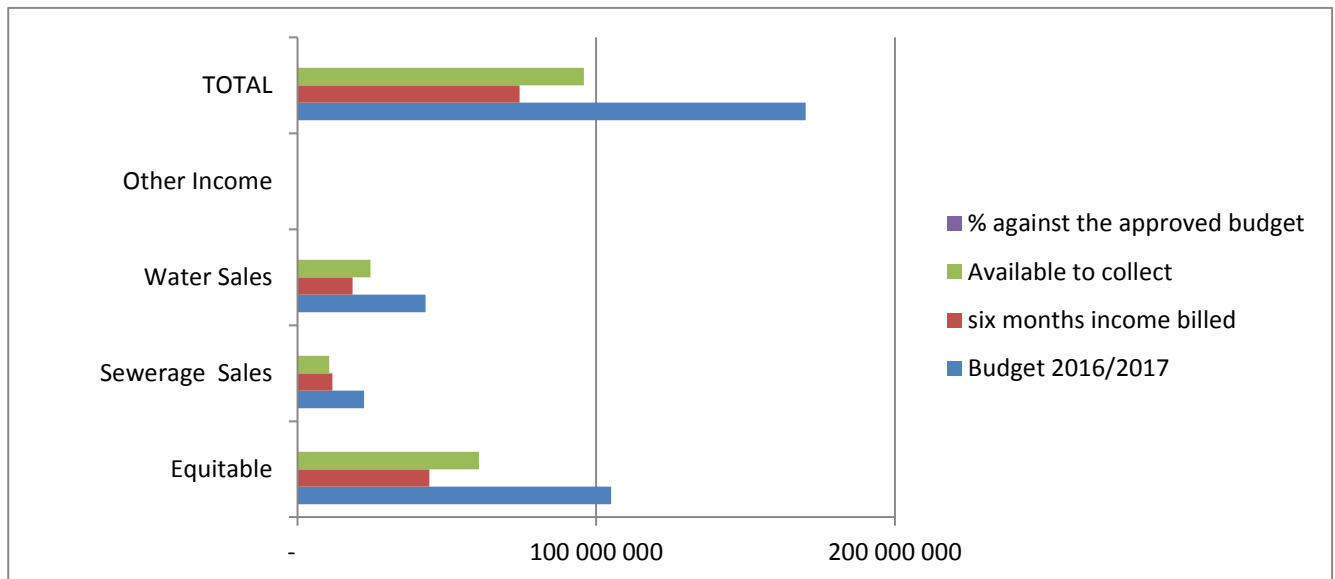
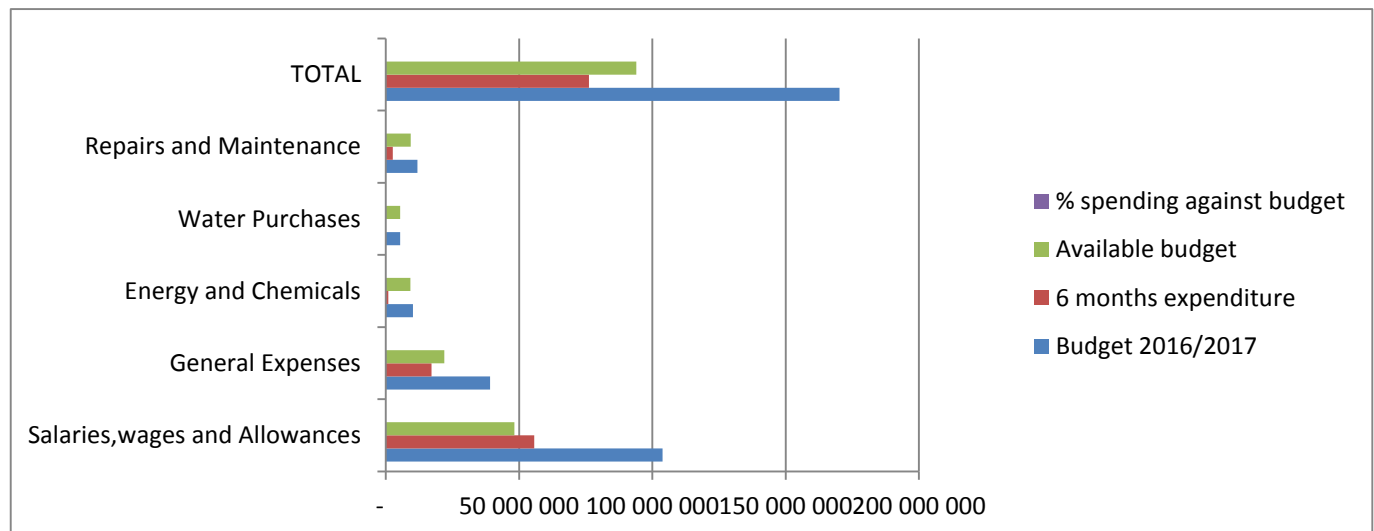


Figure 2: INCOME RECEIVED FROM THE PARENT MUNICIPLAITY

3.1.2 Operating Expenditure

Table 3: Expenditure

OPERATING EXPENDITURE				
Description	Budget 2016/2017	Six months expenditure	Available budget	% spending against the budget
Salaries,wages and Allowances	103 801 920	55 597 518	48 204 402	54%
General Expenses	39 032 271	17 105 911	21 926 360	44%
Energy and Chemicals	10 108 680	935 545	9 173 135	9%
Water Purchases	5 373 018	-	5 373 018	0%
Repairs and Maintenance	11 857 016	2 586 283	9 270 733	22%
TOTAL	170 172 905	76 225 258	93 947 647	45%



The table above (Table 3) represents the entity expenditure for the first six months of the financial year which amounts to R76, 225,258 which represents 45% against the approved budget of R170, 172,905. Based on the table 3 above some expenditure are below 50% and this is attributed to the following:

- **Salaries, wages and Allowances** expenditure is at 54% which is mainly attributed to overtime worked due to water crisis which stricken the entity since last year January (01 January 2016) and other outstanding bargaining issues which were outstanding for long time where implemented during this financial year after been approved by Board e.g. Transport allowance for shift workers.

- **General expenses** is at 44%, however due to cash flow crisis which the entity experienced there are invoices which have not yet been paid and the expenditure on water tankers need to be adjusted since this was also not budgeted for in the approved budget
- **Energy and Chemicals** is at 9% due to outstanding payments not yet processed due to cash flow problems.
- **Water Purchases** is at 0% due to none payment of invoices by the entity to Department of water and sanitation due to cash flow problems.
- **Repairs and Maintenance** is at 22% due to outstanding payments not yet processed due to cash flow problems.

Supplier No and Name	Current	30 Days	60 Days	90 Days+	Total
DWA	-	-	-	156 821 292	156 821 292
AUDITOR GENERAL	-	-	1 211 691	348 922	1 560 613
SECURITY BUILDING	68 597	68 597	68 597	68 597	274 390
METER READING	-	-	-	279 816	279 816
THIRD PARTY	3 942 445	4 087 539	3 966 144	3 844 712	15 840 840
WATER TANKER	2 841 522	2 754 698	2 851 586	-	8 447 806
OTHER CREDITORS	10 293 267	3 616 164	3 991 431	3 322 323	21 223 185
TOTAL	17 145 831	10 526 998	12 089 449	160 840 950	204 447 941

MALUTI - A - PHOFUNG MUNICIPALITY WATER			
SECTION 66 REPORT FOR 1ST SIX MONTHS OF THE FINANCIAL YEAR 2016			
DESCRIPTIONS	MAP WATER		%
	BUDGET 2016/2017	TOTAL EXPENDITURE TO DATE	
ACTING ALLOWANCE	760 354	82 570	11%
HOUSING SUBSIDY	2 359 520	914 900	39%
LEAVE BONUS	5 256 281,00	3 020 869	57%
LONG SERVICE AWARDS	-	390 847	0%
TRANSPORT ALLOWANCE	-	310 500	0%
OVERTIME	9 212 005	6 801 266	74%
SALARIES & WAGES	59 482 361	29 210 859	49%
STANDBY ALLOWANCE	778 598	684 922	88%
SHIFT ALLOWANCE	759 133	492 363	65%
SUBSISTANCE ALLOWANCE	4 046 700	1 800 305	44%
VEHICLE ALLOWANCE (MVA)	7 000 357	3 638 030	52%
WATER CRICIS ALLOWANCE	-	48 000	0%
INSURANCE : UIF	481 284	280 145	58%
MEDICAL AID	4 793 957	2 958 607	62%
PENSION FUND AND PROV FUND	8 145 745	4 871 052	60%
SKILLS DEVELOPMENT LEVY	725 625	473 923	65%
	103 801 920	55 979 158	54%

The entity has outstanding payment of third party payments amounting to R15, 840, 840.47 included in this amount are medical aids, pension funds, insurance and PAYE .

3.1.3 Billing and payments

Table 4: Billing and payment analysis for six month

WATER	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
BILLING	6 534 108	7 761 686	8 038 796	6 237 848	7 839 996
ADJUSTMENTS	(65 207.76)	733 943.72	(52 626.87)	243 310.43	
PAYMENT/COLLECTION	1 582 333	1 666 923	1 286 092	1 900 281	-
	24%	20%	16%	29%	0%
SEWER	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
BILLING	3 708 951	3 719 957	3 719 535	2 742 608	3 760 487
ADJUSTMENTS	-388 986	-416 245	-349 543	-342 070	
PAYMENT/COLLECTION	955 602	713 120	597 128	889 726	-
	29%	22%	18%	37%	0%
BILLING WATER & SEWER	10 243 059	11 481 643	11 758 331	8 980 455	11 600 483
ADJUSTMENTS	-454 194	317 698	-402 170	-98 759	-
PAYMENTS/COLLECTIONS WATER & SEWER	2 537 935	2 380 043	1 883 220	2 790 007	-
	26%	20%	17%	31%	0%

The billing figures as per report BP135 dated 16 December 2016 and the payment figures from the same report dated 03 January 2017. The shortage of water in Qwaqwa is still a crisis due to low dam level. Water tankers including tankers from the department of Water Affairs assist in the affected areas with water supply. Where no readings are obtained, the system is programmed to bill interims until readings are obtained unless if the meter is standing. The locked properties, damaged or faulty meters and covered meters are some of the reasons why readers fail to obtain readings.

Merged vs Billed accounts

Table 5

Month	Merge Readings (Water & Elec)	Billed Readings (Water)	Exception Reports (Errors Attended)
October	31 321	24 192	424
November	31 481	25 849	456
December	31 579	25 918	450

Readings are merged into the municipal financial system from the readers file as forwarded to them as an update file after billing and this excludes the manually captured readings. The information is obtained from the BS542 report.

The following graph illustrate the percentage payment allocated based on data obtained from the BP135 report above. The series indicate water and sewer services and is reflected in terms of the payment allocation priorities specified in the municipal credit control policy.

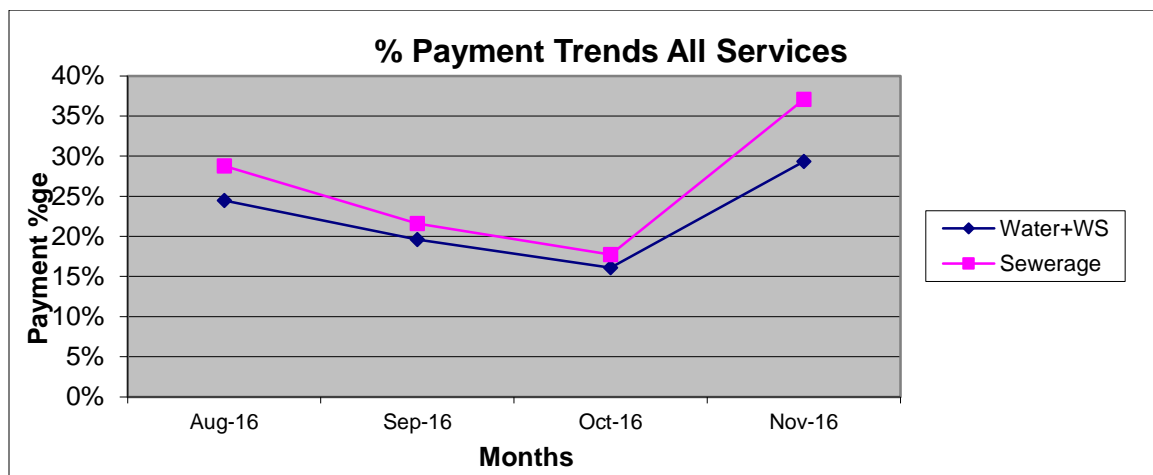


Figure 4:

The current collection on both services improved compared to last month but still below the 50% average collection. Some consumers still insist that they are not getting the municipal accounts by post hence delayed payment and it has been reported to the municipality.

4. Credit Control and Debt Collection

Table 6: Total Outstanding Debt – Water and Sewer

<i>Total Outstanding Debt for Water and Sewer - 03 January 2017</i>						
Service	Previous Bal	Total Due	Current	30 Days	60 Days	90 Days Plus
Water Other	4 224	4 224				4 224
Water Basic	3 560 456	3 588 429	33 395	30 051	29 622	3 495 361
Water	239 445 985	244 302 524	5 900 679	5 926 084	5 360 968	227 114 793
Total Water	243 010 664	247 895 177	5 934 074	5 956 135	5 390 590	230 614 378
Sewerage - Basic	3 404 487	3 482 917	130 820	96 519	83 207	3 172 371
Sewerage	93 429 677	95 459 716	2 455 819	2 264 940	2 141 076	88 597 881
Total Sewer	96 834 164	98 942 633	2 586 639	2 361 460	2 224 283	91 770 251
Total	339 844 828	346 837 810	8 520 713	8 317 594	7 614 874	322 384 629
Total Variance	6 992 982					
%ge Outstanding		100.00%	2.46%	2.40%	2.20%	92.95%

Total outstanding debt for the municipality excluding vat is R909, 439, 156.90 which includes all municipal services. The total outstanding water and sanitation services break down per debtor type is detailed below and it excluded basic services.

4.1 Outstanding balances per Debtor Type

Table 7

Debtor Type	Description	Water					
		Total	Previous	Current	30 Days	60 Days	90 Days+
21	Sec 21 Schools	18 301 365	0	311782.44	207650.62	318942.91	17462989.38
B	Business	9 878 261	7604.37	595215.9	312457.3	177620.98	8785362.44
C	Churches	638 529	0	26230.01	16110.53	21010.29	575178.64
CI	Churches Incentive	32 825	0	1749.4	1930.6	1067.7	28077.07
CN	Councillors	75 460	0	1558.6	2034.75	2126.5	69739.83
DE	Department	1 547	0	157.84	792.96	148.5	447.9
EM	Employees	506 760	0	31920.07	19780.84	27508.47	427551.01
F	Farms	78 204	0	4284.7	2511	622.3	70786.44
FD	FDC	2 147 274	0	42065.5	44885.7	19025.64	2041297.29
FT	FDC Tenants	217 579	0	2125.2	2525	2400.5	210527.86
GN	Gov National	392 647	0	45824.8	15766.54	17483.4	313572.31
GP	Gov Provincial	4 292 201	0	500401.7	372362.22	425888.4	2993548.91
GR	Group Acc	273	0	0	0	0	272.91
GS	Gov School	407 008	0	1673.1	910.8	910.8	403513.22
IA	Indigents	33 514 007	438.39	545734.25	681491.52	579287.62	31707055.64
OD	Old Debt	125 980	0	38	64.2	54.9	125823.33
R	Residential	173 530 098	691.69	3777653.01	4243045.1	3765168.11	161743540.2
RI	Residential Incentiv	30 646	0	598.4	770.2	1701.4	27576
SU	Sundry	50 292	0	0	0	0	50292.44
T	Transnet	3 926	0	2931.9	993.63	0	0
UN	Unknown	77 640	0	0	0	0	77640.01
		244 302 524	8 734	5 891 945	5 926 084	5 360 968	227 114 793
		Sewer					
21	Sec 21 Schools	217 255	0	5574	5574	5574	200533.15
B	Business	3 003 539	2015.44	139785.69	90121.17	54029.59	2717586.98
BI	Business Incentive	6 938	0	136	136	136	6529.84
C	Churches	371 354	0	11321.68	10902.5	10101.5	339028.56
CI	Churches Incentive	11 909	0	1112.15	695.25	422.32	9679.23
CN	Councillors	29 474	0	1088.46	1030	869	26486.19
EM	Employees	193 947	0	11479.24	10261.72	9566.9	162639.28
F	Farms	17 727	0	0	0	0	17726.53
FD	FDC	589 198	0	15424.58	16203.08	4875.08	552695.24
FL	Flats	267	0	267	0	0	0
FT	FDC Tenants	175 958	0	1877	1877	1877	170327.33
GN	Gov National	1 177 126	0	93623.99	75724.11	55728	952049.72
GP	Gov Provincial	5 559 296	0	449041.5	448908	448743.29	4212603.15
GR	Group Acc	2 259	0	0	0	0	2258.68
GS	Gov School	2 959 468	0	206821	204715	204715	2343217.29
IA	Indigents	8 797 729	0	3419.3	3542.63	4197.47	8786570.07
OD	Old Debt	75 796	667.5	205.29	205.29	205.29	74512.93
R	Residential	72 045 055	0	1506670.53	1389889.55	1334932.4	67813562.18
RI	Residential Incentiv	11 976	0	697	697	645.65	9935.85
SU	Sundry	36 215	0	0	0	0	36215.42
T	Transnet	177 230		4591.5	4458	4458	163722.98
		95 459 716	2 683	2 453 136	2 264 940	2 141 076	88 597 881

SECTION 5: Intercompany Transaction

Table 8: Debtors

Description	365+days	120 - 365 days	90 - 120 days	60 - 90 days	30 - 60 days	0 - 30 days	Total
Equitable Share	11,836,979.01	2,833,333.34		9,620,000.00	9,620,000.00	9,620,000.00	43,530,312.35
DWA Grant	581,501.99	-		-	124,999.99	-	706,501.98
Sewer Sales	923,773.11	3,268,809.17	199,907.61	5,656,427.58	878,827.52	773,655.78	11,701,400.77
Water Sales	-	4,736,145.83		5,336,057.19	2,862,936.40	1,775,823.06	14,710,962.48
Opening Balnce	21,432,590.16	-		-	-	-	21,432,590.16
	34,774,844.27	10,838,288.34	199,907.61	20,612,484.77	13,486,763.91	12,169,478.84	92,081,767.74

The table above (Table 4) represents outstanding debt by the parent municipality to the entity which has increased from 87 million (2014/2015) to 92 million as at 30 December 2015 and this is due to non-payment of invoices issued to parent municipality by the entity.

At the end of the first half of this current financial year an amount of R34 774 844. 27 aged more than 365 days, R10 838 288.34 aged between 120 to 365 days and the rest is between 30 to 120 days. The opening balance of R21 432 590.16 is a take-on balance from the previous accounting system (Pastell).

DWS grant amounting to R581 501.99 is an outstanding debt for prior financial year (2014/2015). This grant has been discontinued.

SECTION 6: BUDGET ADJUSTMENT

The review of the budget performance reveals the following:-

- There will be a need for an adjustment budget because of the water crisis budget which has exceeded the approved budget.

SECTION 7: CONCLUSION

The overall performance of the entity during the first half of the financial year indicates significant challenges especially with regard to water crisis or supply within our area of jurisdiction and financial constraint to meet our mandate. This water crisis will have a significant negative impact in the cash flow of the entity at ensuring adequate, effective and efficient maintenance and repairs of existing infrastructure including addressing challenges that might arise after the crisis.

There will be a need for an adjustment budget because the entity is not allowed to have unauthorized expenditure it was an audit finding which let the entity to have irregular expenditure because of previous financial year unauthorized expenditure.

The Mid-Year Budget and Performance Report is hereby submitted in terms of Section 88 of the Municipal Finance Management Act No. 56 of 2003.

January - December **Revenue Report**

Annexure D





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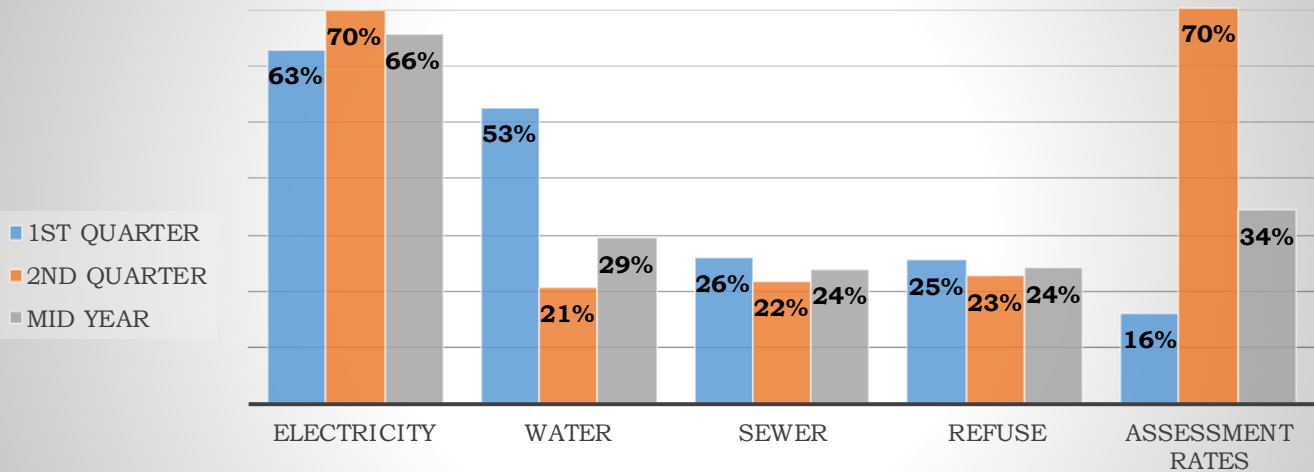
1. Billing

1.1 Billing versus Collection per Service (TABLE1)

BILLING vs COLLECTION - MID YEAR (JULY - DECEMBER)			
SERVICE TYPE	1ST QUARTER	2ND QUARTER	MID YEAR
ELECTRICITY			
BILLING	65 337 137,09	43 465 093,46	108 802 230,55
ADJUSTMENTS	-4 710 130,38	-5 385 371,06	-10 095 501,44
COLLECTION	38 153 843,27	26 616 964,67	64 770 807,94
% COLLECTION VS BILLING	63%	70%	66%
WATER			
BILLING	12 083 120,76	24 381 790,06	36 464 910,82
ADJUSTMENTS	-3 397 821,87	-1 029 881,02	-4 427 702,89
COLLECTION	4 575 985,66	4 853 295,60	9 429 281,26
% COLLECTION VS BILLING	53%	21%	29%
SEWER			
BILLING	11 105 605,15	11 201 629,87	22 307 235,02
ADJUSTMENTS	-1 303 832,53	-1 107 858,16	-2 411 690,69
COLLECTION	2 554 132,58	2 199 974,55	4 754 107,13
% COLLECTION VS BILLING	26%	22%	24%
REFUSE			
BILLING	10 237 502,40	10 424 871,46	20 662 373,86
ADJUSTMENTS	-1 211 634,84	-1 206 792,07	-2 418 426,91
COLLECTION	2 297 599,42	2 083 747,96	4 381 347,38
% COLLECTION VS BILLING	25%	23%	24%
ASSESSMENT RATES			
BILLING	68 469 832,88	40 953 005,13	109 422 838,01
ADJUSTMENTS	-764 922,52	-6 374 173,68	-7 139 096,20
COLLECTION	10 859 305,50	24 300 453,83	35 159 759,33
% COLLECTION VS BILLING	16%	70%	34%
SUMMARY			
BILLING	167 233 198,28	130 426 389,98	297 659 588,26
ADJUSTMENTS	-11 388 342,14	-15 104 075,99	-26 492 418,13
COLLECTION	58 440 866,43	60 054 436,61	118 495 303,04
% COLLECTION VS BILLING	37%	52%	44%

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MID YEAR PERFORMANCE



- **Conventional Electricity** collection increases from **63%** to **70%** when comparing the **1st** and **2nd** quarters with an average collection which is at **66%**. The physical verification of conventional meters is still ongoing. Some meters were replaced with automated meters but still can't be billed through the system. In the meantime, the municipality is billing with manual invoices and most businesses are cooperating and paying
- **Water, Sewer and Refuse collection** is around **25%** for the mid-year. The Municipality is in the process of improving the provision of these services. Water Distribution loss is still high. The Municipality should look into strategies that will reduce distribution losses. The drought issue is still not resolved; the municipality is still bringing water to its communities to the best level.
- On **Assessment rates**, the collection rate increased from **63%** (1st quarter) to **70%** (2nd quarter). Mid-year performance is at **66%**. The appeal board set in October. National Public Works had a surplus after market value adjustments which was then used to cover their current year billing. Provincial Public works is paying its rates and taxes also but is in arrears.
- The overall collection is at **44%** at the end of the mid-year.



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1.2 Billing versus Collection per Debtor Type (TABLE2)

COLLECTION PER DEBTOR TYPE BP135 REPORT JULY - DECEMBER				
Debtor Type	Debtor Type Description	Charges	Receipts	% Collection vs Billing
21	SECTION 21 SCHOOLS	7 479 414,29	3 138 627,41	42%
B	BUSINESS	82 376 275,64	78 576 174,07	95%
BI	BUSINESS INCENTIVE SCHEME	1 132 435,10	-	0%
C	CHURCHES	565 136,41	310 271,27	55%
CI	CHURCHES INCENTIVES SCHEME	123 537,11	119 575,62	97%
CN	COUNCILLORS	66 234,61	21 532,46	33%
DE	DEPARTMENTAL	2 255 454,01	13 377,87	1%
EM	EMPLOYEES	612 409,94	397 018,05	65%
F	FARMS	3 085 392,66	1 044 552,79	34%
FD	FDC	12 374 855,84	13 919 563,75	112%
FI	FARM INCENTIVE SCHEME	1 125 714,78	38 718,02	3%
FL	FLATS	1 145 636,47	82 325,60	7%
FT	FDC TENANTS	339 482,21	2 100,00	1%
GN	GOVERNMENT-NATIONAL	31 842 448,22	6 781 119,57	21%
GP	GOVERNMENT -PROVINCIAL	49 414 464,93	10 003 737,09	20%
GS	GOVERNMENT -SCHOOLS	26 673 115,04	17 305 355,35	65%
IA	INDIGENTS APPROVED	7 712 483,65	288 015,94	4%
M	MUNICIPAL	1 222 566,87	15 060,50	1%
MW	M-A-P WATER	1 496 558,13	101,43	0%
OD	OLD DEBT - SEBATA	559 026,65	173 335,15	31%
R	RESIDENTIAL	65 333 747,75	22 249 871,69	34%
RI	RESIDENTIAL INCENTIVES SCHEME	1 140 882,57	13 032,04	1%
SU	SUNDRY	180 162,74	10 181,40	6%
T	TRANSNET LTD	254 098,49	23 989,56	9%
UN	UNKNOWN	20 348,95	-	0%
TOTALS		298 531 883,06	154 527 636,63	52%



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- Note should be taken that table 2 excludes prepaid electricity
- **Section 21 schools** are paying water and electricity from their allocations, only **42%** was collected by midyear. The Municipality should consider converting all conventional meters to prepaid meters and enter into payment agreements with the schools. The action will help schools to settle their arrears as their debt will stop escalating monthly
- **Businesses** are paying as credit control is fully enforced on them. The incentive scheme should be re-introduced to encourage other businesses which are still not paying to settle their arrears accounts and maintain their current accounts.
- **Churches** are also paying their current debts; the problem lies with old debt. Churches who benefitted from the scheme before are now self-encouraged to service their debts
- **Councillors and Employees** are not allowed to be in arrears. A physical verification of employees' addresses might resolve the challenge of addresses not updated as not all employees have made stop orders to pay municipal services. MSA No. 32 of 2000, Chapter 12, Schedule 1, Part 12A and Schedule 2, Part 10 do not allow services to be owed
- **Farms and Flats** have paid an average of **18% & 7%** respectively. Payments shown under FDC are payments from Boxmore as it is still billed under FDC
- The overall collection on Debtor per type is at **52%** for the mid-year



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1.3 Billing versus Collection per Town (TABLE3)

BILLING VERSUS COLLECTION PER TOWN 2ND QUARTER			
Township Description	Monthly Billing	Receipts	% collection vs billing
42ND HILL BUSINESSES	3 755 815,92	1 810 127,62	48%
42ND HILL OLD	8 557 623,65	1 739 862,05	20%
BERGSIG	5 546 461,84	4 033 598,47	73%
BERUIT	5 086 968,67	3 255 629,85	64%
BLUEGUMBOSCH (L)	11 118 540,78	3 142 536,91	28%
BUSINESS AT RURAL	30 930 113,37	16 112 644,73	52%
CLUBVIEW	1 517 703,57	1 171 217,60	77%
DIE BULT	4 846 995,42	2 279 180,86	47%
ELITE	1 285 058,14	546 920,42	43%
FARMS - BETHLEHEM RD	34 782 647,01	22 924 460,23	66%
GOVERNMENT BUILDINGS	3 946 192,25	2 552 611,05	65%
HANDEDOVER	10 224 945,53	1 597 079,30	16%
HARRISMITH	56 007 159,47	43 893 126,11	78%
INDUSTRIALS	12 397 278,43	13 082 117,00	106%
INTABAZWE CORRIDOR	195 100,63	129 120,21	66%
KESTELL	4 836 943,64	2 370 254,42	49%
KINGSHILL	5 005 621,54	3 476 337,87	69%
LOTUSVILLE	296 140,39	121 625,27	41%
MINISTRIAL HOUSES	116 170,47	48 707,36	0%
PHUTHADITJHABA	30 222 425,14	14 329 548,07	47%
QOK TSHIAME	1 030 523,40	3 501 073,03	0%
QWA-QWA BUSINESS (FINSTEL)	624 597,00	183 957,15	0%
RIVERSIDE	2 607 733,82	1 515 698,04	58%
RURAL AREA	24 451 662,35	34 216,48	0%
TLHOLONG	1 813 420,00	636 656,72	35%
TOWERS	3 801 405,17	919 658,62	24%
TSHIAME	14 291 528,13	4 686 358,14	33%
WESTORSON	1 759 678,70	1 372 472,71	78%
WILGEPARK	12 299 075,77	1 934 362,19	16%
UNKNOWN	3 508 244,53	216 160,27	6%
SETSI & NALEDI MALL	1 668 107,73	910 317,50	55%
TOTALS	298 531 882,46	154 527 636,25	52%

- Most towns are doing well in terms of paying their current services. Those that are still struggling should be prioritized in terms of awareness campaigns and communication.
- Awareness campaigns will bring back the culture of paying

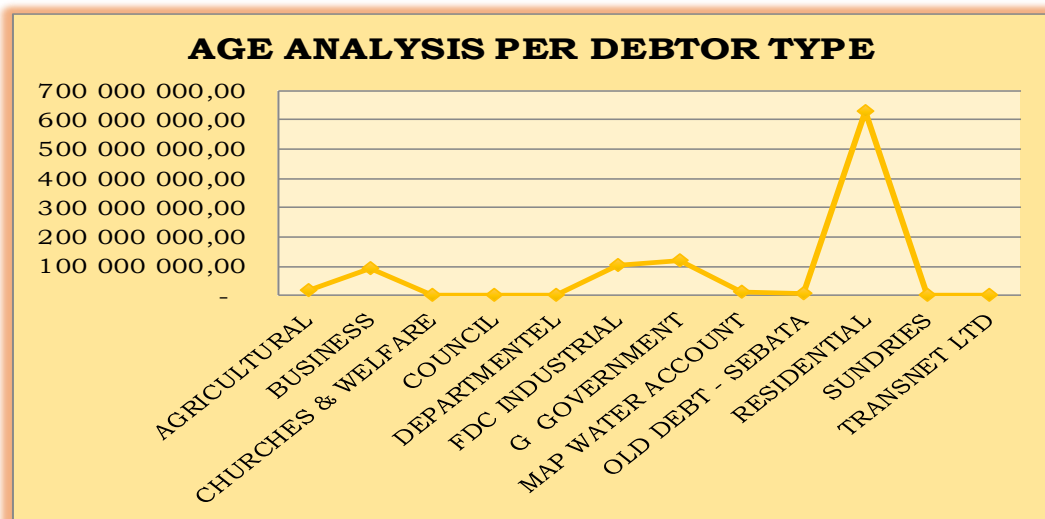


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1.4 Summary age analysis per Debtor Type (TABLE4)

DEBTOR TYPE AGE ANALYSIS REPORT AS PER BP 136 (DECEMBER)								
SERVICE	CURRENT	PREVIOUS	30 DAYS	60 DAYS	90 DAYS PLUS	DEBITS	CREDITS	NET
AGRICULTURAL	840,04	489 973,39	541 087,96	447 815,43	17 573 435,93	19 053 152,75	-315 988,04	18 737 164,71
BUSINESS	27 805,70	8 384 557,67	4 420 091,97	7 954 017,81	81 677 819,02	102 464 292,17	-10 744 897,52	91 719 394,65
CHURCHES & WELFARE	-	136 322,29	190 886,53	73 869,88	2 275 611,46	2 676 690,16	-61 880,97	2 614 809,19
COUNCIL	-	7 318,37	7 752,78	7 906,59	426 519,18	449 496,92	-8 755,58	440 741,34
DEPARTMENTEL	-	81 998,17	65 712,96	71 415,36	1 150 065,49	1 369 191,98	-146 850,03	1 222 341,95
FDC INDUSTRIAL	-	1 593 061,34	1 591 492,09	1 456 571,62	101 536 010,86	106 177 135,91	-5 274 691,57	100 902 444,34
G GOVERNMENT	-	11 365 225,07	9 689 583,05	9 030 313,19	117 969 254,16	148 054 375,47	-27 746 920,06	120 307 455,41
MAP WATER ACCOUNT	-	39 323,11	45 053,71	48 972,70	13 181 706,55	13 315 056,07	-	13 315 056,07
OLD DEBT - SEBATA	-	90 703,86	88 863,32	87 705,03	9 928 156,25	10 195 428,46	-992 159,09	9 203 269,37
RESIDENTIAL	3 474,29	12 031 958,70	12 186 929,91	11 368 887,60	597 525 836,63	633 117 087,13	-5 750 326,09	627 366 761,04
SUNDRIES	-	30 080,54	52 702,04	20 231,17	979 786,37	1 082 800,12	-634 267,77	448 532,35
TRANSNET LTD	-	41 964,86	39 542,78	38 396,87	1 531 196,21	1 651 100,72	-	1 651 100,72
GRAND TOTAL	32 120,03	34 292 487,37	28 919 699,10	30 606 103,25	945 755 398,11	1 039 605 807,86	-51 676 736,72	987 929 071,14



Around
R600
thousands

•Residential debt

Close and
above
R100
thousands
and above

•Government
including Section
21 schools
•Businesses
•FDC including
tenants

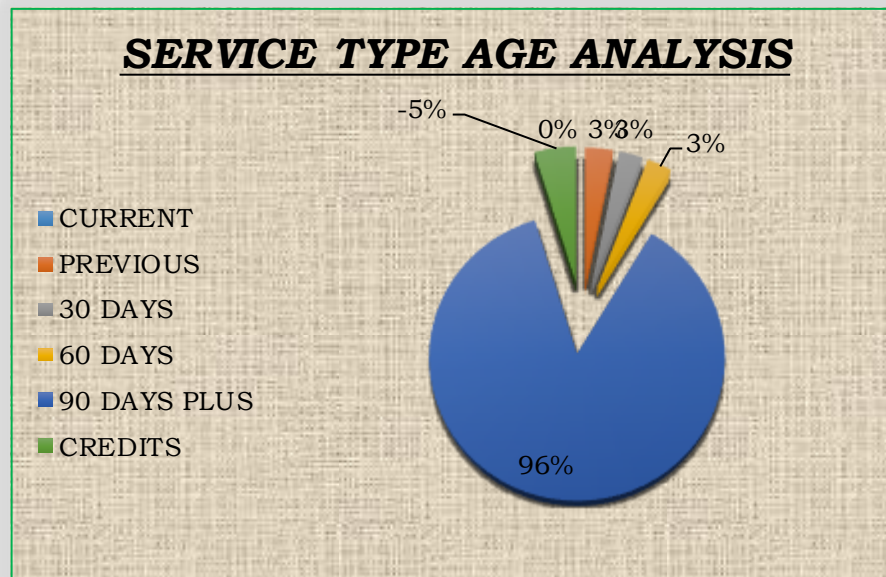


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1.5 Summary age analysis per Service Type (TABLE5)

SERVICE TYPE AGE ANALYSIS REPORT AS PER BP 136 (DECEMBER 2016)								
SEVICE TYPE	CURRENT	PREVIOUS	30 DAYS	60 DAYS	90 DAYS PLUS	DEBITS	CREDITS	NET
DEPOSITS	-	1 470,64	17 868,00	25 250,00	12 452 975,69	12 497 564,33	-	12 497 564,33
ELECTRICITY	5 007,70	8 521 346,78	6 455 420,93	6 513 886,96	107 469 795,85	128 965 458,22	-	128 965 458,22
REFUSE	2 755,17	2 980 798,16	2 777 468,65	2 649 105,35	127 638 858,21	136 048 985,54	-	136 048 985,54
SEWERAGE	3 222,79	3 231 696,15	2 968 492,37	2 802 401,56	120 116 497,63	129 122 310,50	-	129 122 310,50
SUNDRIES	55,00	452 398,19	262 154,81	126 973,90	44 100 578,50	44 942 160,40	-	44 942 160,40
ASSESSMENT RATES	11 704,60	11 577 947,86	8 906 781,09	11 628 194,30	236 713 236,47	268 837 864,32	-	268 837 864,32
WATER	9 374,77	7 526 829,59	7 531 513,25	6 860 291,18	297 258 640,72	319 186 649,51	-	319 186 649,51
WAWASA	-	-	-	-	4 815,04	4 815,04	-	4 815,04
OTHER CASH	-	-	-	-	-	-	-51 676 736,72	-51 676 736,72
GRAND TOTAL	32 120,03	34 292 487,37	28 919 699,10	30 606 103,25	945 755 398,11	1 039 605 807,86	-51 676 736,72	987 929 071,14



- ✓ 96% OF OUR DEBTORS BOOK IS ON 90 DAYS PLUS.
- ✓ CREDITS INCLUDES BILLING ADJUSTMENTS



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Annexure D – July - December 2016/2017 Revenue Report

Free Basic Report (TABLE6)

QUARTELY FBS MONITORING REPORT				
Municipality Name: <u>MALUTI-A-PHOFUNG</u>				
Person Reporting: <u>RANTHAMA P</u>				
E-mail Address: <u>mmotseki@map.fs.gov.za</u>				
Contact Number: <u>0587183821</u>				
Report Date: <u>11-Jan-16</u>				
Total number of HOUSEHOLDS in the municipal area: <u>100 228</u>				
Total number of INDIGENT HOUSEHOLDS in the area: <u>26 489</u>				
Total number of INDIGENT HOUSEHOLDS graduated from the register due to improved circumstances:				
Does the municipality have an INDIGENT POLICY(Y/N)?: <u>YES</u>				
Does the municipality have a functional INDIGENT REGISTER (Y/N): <u>YES</u>				
What is the indigent threshold income per household per month? <u>R 2 200</u>				
FREE BASIC WATER				
Number of Indigent (poor) beneficiaries in Urban area	Number of indigent (poor) beneficiaries in Rural area	Number of other beneficiaries (non indigent)	Total beneficiaries	level of Service (e.g. 6 kilolitres per household)
4 492	21 997	0	4 492	6 KL
FREE BASIC ELECTRICITY				
Beneficiaries provided by Eskom	Beneficiaries provided by Municipality	Non-grid energy Beneficiaries(indigent)	level of Service (e.g. 50 Kwh per household)	
NA	18 723	0	50 Kwh	
FBE Beneficiaries that are non-indigent	Non-grid energy Beneficiaries(non-indigent)	Total number of FBE beneficiaries		
0		18 723		
FREE BASIC SANITATION				
Number of Indigent (poor) beneficiaries	Total beneficiaries	level of Service (e.g. VIP toilets)		
4 492	4 492			
FREE BASIC REFUSE REMOVAL				
Number of Indigent (poor) beneficiaries	Total beneficiaries	level of Service (type of subsidy)		
4 492	4 492			
Number of child headed households				
NA				
Rand value of the Equitable Share spending for 6 months (on Free Basic Services): <u>17 342 041.17</u>				



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Annexure D – July - December 2016/2017 Revenue Report

1.6 Customer Data Management per Service(TABLE7)

CUSTOMER DATA MANAGEMENT PER SERVICE (JULY - DECEMBER 2016)							
Service	Number of Active Services as at 31st December 2016	Number of Billed Services					
		July	August	September	October	November	December
BASIC ELECTRICITY	358	375	375	375	359	360	358
BASIC SEWAGE	926	933	933	933	929	928	926
BASIC WATER	464	530	530	530	463	464	464
ELECTRICITY	1 283	1 334	1 333	1 333	1 642	1 290	1 282
WATER	30 777	30 388	30 500	30 500	23 445	30 777	30 776
SEWAGE	24 547	23 698	23 692	24 549	23 690	23 693	24 546
REFUSE	23 713	23 474	23 459	23 710	30 778	23 446	23 710
ASSESSMENT RATES	63 842	61 119	61 121	61 121	61 123	61 125	61 124

- A report of customer data (BU44) includes active accounts and the services connected to them
- **Electricity**
 - ✓ Some meters have zero consumption and are under investigation
 - ✓ Some were not read because of locked properties, meters damaged and the removed ones
- **Water, Sewerage and Refuse**
 - ✓ The number of accounts fluctuates because of tenants closing and opening of accounts by tenants.
- **Assessment rates**
 - ✓ On accounts that were not billed, some are public benefits and 2546 properties have market values that are less than R80 000

**Annexure D – July - December 2016/2017 Revenue Report****1.10 Adjustment Journals Performed (TABLE8)**

ADJUSTMENT JOURNALS PERFORMED FOR MID YEAR						
Journals Description	July	August	September	October	November	December
CREDIT	-5 950 672,39	-	-	-	-	-
DEBIT	1 474 147,23	-	-	-	-	-
VAT	-123 026,38	-	-	-	-	-
ELECTRICITY	-4 599 551,53	-1 802 461,15	78 434 104,10	-141 153,38	969 272,10	-5 774,00
50% REBATE	-4 599 551,54	-	-	-	-	-
25% REBATE	-39 954,78	-	431 864,30	-	-1 277,00	-
20% REBATE	-4 599 551,54	-	-	-	-	-
CASH SUSPENSE	-4 353 498,78	-	-	-	-	-
CORRECTION OF VOTE	-4 353 498,78	-	-	-	-	-
30% REBATE	-20 000,00	-	-	-	-	-
CREDIT TWICE	-0,60	-	-	-	-	-
WATER	-4 353 498,78	-484 902,75	5 438,80	-14 119,84	75 245,94	326,88
RATES	-4 599 551,54	1 271,61	211 873,31	-13 160,99	208 295,89	-16 881 762,85
BASIC SEWER	-	-3 840,05	-	-	-	-
SEWER	-4 599 551,54	-61 761,42	298 627,56	-341,43	98 172,13	86 663,76
REFUSE	-50 228,52	-45 750,11	437 796,27	-10 304,86	42 838,00	976,57
INTEREST	-327 589,28	-48 654,41	-	-1 514,18	-6 359,43	-
RECONNECTION FEE	-14 454,00	-	-	-	84 820,53	-
TRANSFER	-	-	1 424 066,61	-	-	-
SUNDRY	-	-	1 911,40	-26,29	-	-
TOTALS	-41 110 032,75	-2 446 098,28	81 245 682,35	-180 620,97	1 471 008,16	-16 799 569,64

- Journals for **incentives** credits the amount paid to the beneficiaries' accounts and debit the relevant vote to balance entries
- Credit journals for **services** normally occur when accounts are overbilled while debit journals occur in terms of under billing or no charges at all
- Credit journal for **reconnections** occur during cut off for none payment
- Correct allocations are done from **suspense account**
- **Transfer** of receipts or credits are normally implemented according to the consumer's requests
- **Abeyance transfer** deals with Indigents' accounts



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Annexure D – July - December 2016/2017 Revenue Report

2. Cash Management

2.1 Cash Collection Report (TABLE9)

CASH COLLECTION AT THE CASHIERS MID YEAR PERFORMANCE 2016			
AREA	1ST QUARTER	2ND QUARTER	MID YEAR RESULTS
KESTEL	484 927,31	342 419,15	827 346,46
HARRISMITH	8 331 917,94	4 937 856,63	13 269 774,57
INTABAZWE	64 731,50	62 890,00	127 621,50
MAP WATER	56 747,80	53 496,46	110 244,26
PHUTHADITHABA	3 018 492,15	3 301 512,99	6 320 005,14
TOTAL	11 956 816,70	8 698 175,23	20 654 991,93

2.2 Cash Suspense Account (TABLE10)

CASH SUSPENSE ACCOUNT FOR MID YEAR 2016				
9000039011039				
Statement Date	Receipts Captured	Description	Amount	Date Captured
1-26 July 2016	29143 - 29163	33 Transactions	41 572,19	01-Aug-16
29 July - 7 September 2016	43964 - 43948	56 Transactions	54 122,05	15-Sep-16
4 August - 27 September 2016	45661 - 45690	33 Transactions	46 110,57	05-Oct-16
22 July - 28 October 2016	48140 - 48073	70 Transactions	171 584,22	11-Nov-16
01 August - 29 November 2016	887 - 927	41 Transactions	415 058,49	01-Dec-16
30September - 29 December 2016	37885 - 37946	62 Transactions	203 357,42	17-Jan-17
			931 804,94	

- Cash collection methods include speed points at Municipal offices, cashier's points, direct payments through bank deposits and transfers.
- The challenge with direct payments becomes incorrect references used by consumers
- User departments should always forward proof of payments to the Finance Department for any other payment except for basic services rendered
- This will assist in reducing the Suspense account
- Awareness campaigns and any other form of communication to the community may assist in reducing the suspense account



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2.3 Credit Journals from Suspense Account (TABLE11)

CREDIT JOURNALS FROM SUSPENSE ACCOUNT TO THE CORRECT ACCOUNTS		
ACCOUNT	CREDIT JOURNALS	AMOUNT
713905	004786 - 2016/10/26	2 873,98
708749	004786 - 2016/10/26	30 711,71
754449	004786 - 2016/10/26	5 970,00
721384	004786 - 2016/10/26	13 210,71
755466	004786 - 2016/10/26	7 343,46
754809	004786 - 2016/10/26	643,33
708105	005205 - 2016/11/07	3 600,00
735348	005205 - 2016/11/07	800,00
711706	005205 - 2016/11/07	3 500,00
715051	005206 - 2016/11/04	3 000,00
760997	005206 - 2016/11/04	1 600,00
713905	004786 - 2016/10/26	2 873,98
708749	004786 - 2016/10/26	30 711,71
754449	004786 - 2016/10/26	5 970,00
721384	004786 - 2016/10/26	13 210,71
755466	004786 - 2016/10/26	7 343,46
754809	004786 - 2016/10/26	643,33
708105	005205 - 2016/11/07	3 600,00
735348	005205 - 2016/11/07	800,00
711706	005205 - 2016/11/07	3 500,00
715051	005206 - 2016/11/04	3 000,00
760997	005206 - 2016/11/04	1 600,00
783250	004787- 2016/12/21	9 201,89
706716	004787- 2016/12/21	600,00
735496	004787- 2016/12/21	8 300,00
783496	004787- 2016/12/21	5 418,03
783616	004787- 2016/12/21	19 907,00
701646	004788- 2016/12/21	26 697,00
709258	005207-2016/12/22	7 900,00
732114	005208- 2016/12/22	2 000,00
709258	005208- 2016/12/22	4 000,00
TOTAL:		230 530,30



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3. Credit Control

3.1 Cut offs issued (TABLE12)

CUT-OFFS DURING MID YEAR 2016			
Areas Targeted	Number of Properties	Targeted Value	Actual Amount Collected
Setsing	16	724 076,83	-
Naledi Mall	15	2 053 789,90	-
Industrial Areas 1,2 and 3	78	7 270 768,11	-
Kestell (Residential)	30	572 097,15	-
Industrial 1(Business)	44	1 384 511,08	-
Industrial 2(Business)	30	1 466 387,42	-
Industrial 3(Business)	63	3 834 561,90	-
Transnet(Harrismith and Kestell)	21	1 501 583,18	-
Setsing	10	380 972,14	207 737,56
Naledi Mall	9	447 571,67	79 681,72
SETSING	23	3 641 795,60	1 465 617,79
BUSINESS AT RURAL	10	1 368 943,94	531 533,20
HARRISMITH	62	20 545 174,52	6 356 958,30
INDUSTRIAL	27	2 714 732,04	716 509,75
HARRISMITH	134	15 840 310,75	18 000,00
KESTEL	9	343 872,78	57 476,99
NALEDI MALL	2	302 167,42	-
SETSING	5	197 508,11	11 974,56
PHUTHADITJHABA	20	1 723 549,95	52 940,97
INDUSTRIAL	19	1 623 132,57	64 291,00
KESTEL	5	287 363,17	-
NALEDI MALL	2	305 180,32	-
SETSING	5	187 561,37	-
PHUTHADITJHABA	20	1 606 776,11	-
INDUSTRIAL	19	1 637 758,60	-
	678	71 962 147	9 562 722

- Several cut offs were prepared for the 2nd quarter to the value of R71 962 147
- There are many business accounts which were closed with balances and can't be traced. They are part of the debt book and they complicate the compilation of cut offs
- There are property owners owing rates and taxes, rent out their properties to tenants who service their services accounts; so it becomes hard to implement cut offs on those properties
- The Municipality should consider handing those debts to the debt collectors for collection

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3.2 Clearances & Valuation Certificates issued (TABLE13)

REQUEST FOR CLEARANCES AND VALUATION CERTIFICATES				
CLEARANCE FIGURES REQUESTED			FIGURES PAID AND CERTIFICATE ISSUED	
MONTH	NUMBER OF PROPERTIES	AMOUNT	NUMBER OF PROPERTIES	AMOUNT
July	57	2 280 817,20	58	279 751,77
August	57	7 796 024,11	23	492 373,67
September	73	1 998 060,69	60	526 650,13
October	149	6 881 427,54	42	378 416,14
November	62	422 481,70	63	223 324,42
December	14	314 988,84	3	91 568,68
		19 693 800,08		1 992 084,81

- Clearances that are issued on line through the clearance rates system are now more than the manual ones

3.3 Change of Ownership Applications processed (TABLE14)

CHANGE OF OWNERSHIP APPLICATIONS PROCESSED FOR MID YEAR 2016			
Month	Clearance Certificate Issued		Zoning
July	Issued on line	9	Residential
	Issued manually	10	
August	Issued on line	12	Residential
	Issued manually	11	
September	Issued on line	10	Residential, 1 Farm
	Issued manually	16	
October	Issued on line	10	Residential
	Issued manually	20	
November	Issued on line	4	Residential & Farms
	Issued manually	21	
December	Issued on line	0	
	Issued manually	0	

- There is a huge delay of information processing from the Deeds office.
- Applications are made for at least three months to allow transfer processes to take place.



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3.4 Customer Visits Report (TABLE15)

CUSTOMER VISITS REPORT : MID YEAR					
Month	Number of Balance Enquiry	E-Mails collected	Personal Details changes	Opened Customers Files	Water Queries
July	364	388	26	299	7
August	421	220	19	299	6
September	892	158	7	1156	17
October	3294	232	9	0	12
November	2541	118	4	0	8
December	502	134	4	0	15
Total	8 014	1 250	69	1 754	65

- These were all water related queries and were forwarded to map water.
- Most queries were resolved by map water through physical verification.
- Personal details of consumers are updated regularly at front desk
- This is also part of Data cleansing



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3.6 Debt Collectors Report (TABLE16)

DEBT COLLECTORS REPORT FOR MID YEAR				
DATE	NAMES OF DEBT COLLECTORS	COLLECTED AMOUNT	COMMISSION	AMOUNT CLAIMED
July	NICS	730 047,15	15% ON COLLECTION	109 507,04
		586 261,06		87 939,13
		422 937,48		63 440,60
August	NICS	116 726,31		17 508,95
September	Cloete & neveling	403 529,30		60 529,38
		424 500,67		63 675,05
		403 010,55		60 451,56
		651 087,34		97 663,07
	MBD	514 641,83		77 196,25
October	Cloete & neveling	410 580,21		61 596,89
		752 062,56		112 827,43
		324 842,62		48 734,19
		1 124 248,32		168 664,23
	MBD	198 591,13		29 793,44
	NICS	116 726,31		17 508,95
		132 202,55		19 830,38
		126 146,65		18 921,99
November	Cloete & neveling	410 580,21		61 596,89
		752 062,56		112 827,43
		324 842,62		48 734,19
		1 124 248,32		168 664,23
		502 205,39		75 342,86
	NICS	713 931,14		107 106,81
		116 726,31		17 508,95
		132 202,55		19 830,38
		126 146,65		18 921,99
	MBD	198 591,13		29 793,44
		372 335,30		55 859,24
		468 091,19		70 224,91
December	Cloete &	468 091,19		70 224,91
12 680 105,41				1 902 199,85



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- Maluti-A-Phofung appointed three debt collectors namely:
 - a) MBD Credit Solution
 - b) Cloete and Neveling
 - c) New Intergrated Credit Solution
- They were appointed on the 24th of August 2012, accounts were uploaded on the 15 August 2014 on Evenus but only started in 01 January 2015
- Their contracts were awarded for three years which means they should end on the 31st of December 2017
- They claim 13.16% plus vat of 1.84% which equals to 15% commission on residential collections followed up by them.