



FETAKGOMO – TUBATSE
LOCAL MUNICIPALITY

LIM 476

**Feta Kgomo Tubate Local
Municipality**

**Mid-Year Budget Performance
Assessment Report (Section 72 Report)**

31 December 2022

To : The Mayor
: Provincial Treasury
: National Treasury
: Cooperative Governance Human Settlement and Traditional Affairs
: All Strategic Managers
: Staff
: Interested Members of the Community
: Any other stakeholder

SUBJECT: MID-YEAR REPORT FOR THE PERIOD ENDED 31st of December 2022

PURPOSE

The purpose of this report is to comply with section 72 of the MFMA and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009 (Municipal Budgeting Monitoring and Reporting Regulations: **MBMRR**)

STRATEGIC OBJECTIVE

To provide up to date financial and non-financial information to all interested parties as prescribed by MFMA.

BACKGROUND

Section 72 of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003 **Municipal Budget and Reporting Regulations**” necessitates that specific financial particular be reported on and in the format prescribed, hence this report to meet legislative compliance.

“The accounting officer of a municipality must by 25 January of each year-

Assess the performance of the municipality during the first half of the financial year 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 financial year, and the service delivery targets, and performance indicators set in the service delivery and budget implementation plan

EXECUTIVE SUMMARY

1. INTRODUCTION

The quarterly budget statement is prescribed in the MFMA and seeks to report on the implementation of the adopted IDP and budget.

The report covers revenue performance, operating expenditure performance, capital expenditure performance, and grant received, and grants spend, cash flow, financial position, and investment portfolio, and external loans, debtors and creditors age analysis.

The tables are also prescribed by the MFMA with intention to bring comparability of financial and non-financial information across all municipalities. The report must be read together with the SDBIP for better understanding.

The budget monitoring and reporting office relies on various internal stakeholders to provide information for this report.

The financial result for the period ending **31 December 2022** is summarised as follows.

Description	ANNUAL BUDGET	YTD Budget (R'000)	YTD Actual (R'000)	Variance% R'000
Total Revenue excluding capital receipts	867 841 000	433 630 000	465 630 000	7%
Total Operating Expenditure	(798 816)	(399 408 000)	(358 106 000)	-10%
Operating surplus / (deficit)	69 024 000	107 524 000	34 512 000	32%

The Original budget for 2022/23 has an operating surplus of R 69 024 million. Operating revenue excluding capital receipts amounted to R465 630 million while operating expenditure amounted to R358 106 million. Thus, resulting in an operating surplus of R 34 512 million as at the end of 2nd quarter.

1.2 REVENUE PER SOURCE

The table below shows Mid-year performance report revenue performance per source.

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
Vote Description	Ref	Budget Year 2022/23								
		2021/22 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		104 916	139 269	-	37 800	59 795	69 635	(9 840)	-14%	139 269
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		21 118	28 921	-	1 969	11 196	14 461	(3 265)	-23%	28 921
Rental of facilities and equipment		439	281	-	23	151	141	11	8%	281
Interest earned - external investments		9 395	8 285	-	320	2 991	4 142	(1 151)	-28%	8 285
Interest earned - outstanding debtors		14 472	28 750	-	1 622	2 376	14 375	(11 999)	-83%	28 750
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 061	3 419	-	0	4	1 710	(1 706)	-100%	3 419
Licences and permits		5 976	16 529	-	-	2 507	8 264	(5 757)	-70%	16 529
Agency services		6 075	4 981	-	-	3 040	2 490	550	22%	4 981
Transfers and subsidies		482 586	545 664	-	168 902	382 588	272 832	109 755	40%	545 664
Other revenue		776	91 741	-	342	981	45 870	(44 889)	-98%	91 741
Gains		34	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		646 845	867 841	-	210 980	465 630	433 920	31 709	7%	867 841

- Revenue for property rate and refuse removal is based on an accounting concept called accrual basis where revenue is recognised as and when a transaction occurs not when actual cash is received.
- Operational revenue recognised excluding capital receipts as at the end of the second quarter amounted to R465 630 million.
- The planned revenue collection target of R 433 920 million as at end of second quarter ended December 2022 over performed by 7%.
- There has been satisfactory performance on revenue recognized on some of the revenue streams however some revenue streams did not perform as anticipated as at the end of the quarter.
- Below are explanations on over/under performance on other sources of revenue:

Revenue from exchange transaction

- Property Rates shows a variance of 14 % as compared to the budgeted billed revenue because the is no longer billing for properties on unproclaimed areas. The will be a need for write-offs of all properties on unproclaimed areas during the adjustment budget.
- Service Charges shows an under performance of 23% on billed revenue. This emanated from over projections on budget made on refuse removal budget. The budget will be revised according during adjustment budget to align with the current billed revenue.
- On rental of facilities and equipment outperformed by 8% and it is within an acceptable norm mainly due to high need identified on the use of this facilities.

- Interest Earned External Investment shows an under collection of 28%. However the Municipality had a fixed investment due to mature on the 31 January 2023 which interest was not accrued in the mid year. Interest earned on Investment will be accounted for during the third quarter .
- Interest Earned Outstanding debtors underperformed by 83% as a result of an error encountered on capturing of transactions and it will be corrected in January 2023. The interest on outstanding debtors also include those unproclaimed areas due for write off, Interest will then be adjusted accordingly to accommodate the write-offs,
- There is an under collection mainly on Licenses and permits of 70 % (R5, 757)million against the planned budget of R8,264 million. The variance is due to accounts which were not correctly allocated and will be allocated during January 2023.
- There is satisfactory collection on agency fees and it is evidenced by an over collection of 22%.

Revenue from non-exchange transaction

- Fines, Penalties and forfeits under performed by 100%. This emanates from late processing or raising of debtors to this revenue stream.
- The transfers recognized from operational grants no under collection on grants and subsidies.
- Other revenue shows an under collection of 98% as at end of the second quarter and it is as a result of sale of stands projected to be sold in the current year but were not yet sold. The collection will be realized as at the end of third quarter.

1.3 MID-YEAR EXPENDITURE PERFORMANCE

The Mid-year expenditure per type is as follows:

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		199 112	247 799	-	18 313	105 356	123 900	(18 543)	-15%	247 799
Remuneration of councillors		35 397	37 433	-	3 777	20 033	18 717	1 316	7%	37 433
Debt impairment		23 596	30 000	-	1	5 069	15 000	(9 931)	-66%	30 000
Depreciation & asset impairment		87 592	90 261	-	-	-	45 131	(45 131)	-100%	90 261
Finance charges		5 304	5 000	-	-	4 939	2 500	2 439	98%	5 000
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		2 172	3 445	-	139	1 052	1 723	(671)	-39%	3 445
Contracted services		248 963	233 191	-	19 255	125 331	116 596	8 736	7%	233 191
Transfers and subsidies		1 311	11 420	-	920	2 949	5 710	(2 761)	-48%	11 420
Other expenditure		108 469	140 266	-	5 033	93 377	70 133	23 244	33%	140 266
Losses		552	-	-	-	-	-	-	-	-
Total Expenditure		712 468	798 816	-	47 439	358 106	399 408	(41 302)	-10%	798 816
Surplus/(Deficit)		(65 623)	69 024	-	163 541	107 524	34 512	73 011	0	69 024

- The actual expenditure for the Mid-Year ended December 2022 amounted to R 358 ,106 million whilst the planned expenditure was estimated at R 399, 408 million. This resulted in a variance of R 41, 302 million and it is still within an acceptable norm.
- The variance of R41 302 million on the operating expenditure is mainly due to the following:
 - Employee Costs shows a variance of 15% as a result of vacant posts not yet filled and anticipating to fill the posts in the fourth quarter.
 - Remuneration for Councilors shows a variance of 7% and it is within an acceptable norm.

- Debt Impairment shows variance of 66 % due to provision not made on debtors as at end of the quarter.
- Depreciation and Asset Impairment were not provided for as at the end of the quarter due to non-integration of the asset system to Munsoft system
- Finance costs shows a over performance of 98% due to interest paid on court order on Electrification of households which the Municipality did not make any budget provision. The budget will be adjusted upward during adjustment to accommodate the expenditure already incurred.
- Inventory Consumed has a variance of 39%. included in the budgeted amount of inventory is allocation of contracted services for current asset management system which was erroneously budgeted under inventory GUIDS as per mSCOA classification.
- Contracted Services shows a variance of 7% and it is within an acceptable norm.
- Transfers and Subsidies shows a variance of 48% as a result of social relief expenditure which was not incurred as anticipated as there was no disaster which emerged as at end of the quarter.
- Other Expenditure shows that there is an over performance of 33%.

The operating costs results in a surplus of R107 524 million which shows a saving on other operational expenditure as at the end of the quarter.

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1.4. Capital Budget Performance

LIM476 Tubatse Fetakgomo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		24 252	33 650	-	5 328	9 120	16 825	(7 705)	-46%	33 650
Executive and council		2 651	3 450	-	-	114	1 725	(1 611)	-93%	3 450
Finance and administration		21 602	30 200	-	5 328	9 006	15 100	(6 094)	-40%	30 200
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 161	26 500	-	1 055	6 479	13 250	(6 771)	-51%	26 500
Community and social services		941	24 700	-	1 055	6 479	12 350	(5 871)	-48%	24 700
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		220	1 800	-	-	-	900	(900)	-100%	1 800
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		129 059	300 289	-	10 055	88 488	150 144	(61 656)	-41%	300 289
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		129 059	300 289	-	10 055	88 488	150 144	(61 656)	-41%	300 289
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		746	25 370	-	-	1 315	12 685	(11 370)	-90%	25 370
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		746	25 370	-	-	1 315	12 685	(11 370)	-90%	25 370
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	155 218	385 809	-	16 437	105 401	192 904	(87 503)	-45%	385 809
Funded by:										
National Government		69 249	119 759	-	8 489	62 999	59 879	3 120	5%	119 759
Provincial Government		5 005	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		74 254	119 759	-	8 489	62 999	59 879	3 120	5%	119 759
Borrowing	6	-	142 000	-	-	2 603	71 000	(68 397)	-96%	142 000
Internally generated funds		80 219	124 050	-	7 948	39 799	62 025	(22 226)	-36%	124 050
Total Capital Funding		154 473	385 809	-	16 437	105 401	192 904	(87 503)	-45%	385 809

- The actual capital expenditure for the mid-year ended December 2022 shows an underspending of R 87 503 million (43%) from planned target of R192, 904 million, the aggregate actual expenditure amounted to R105 401 million exclusive of VAT.
- Capital grant expenditure on MIG funded projects amounted to R51,779 million excluding VAT and retention held as at the end of the second quarter ended December 2022 and shows 56% spending of the total allocation of R91,759 million.
The expenditure on own funded projects amounted to R39 ,799 million as at end of the second quarter ended December 2022 and percentage spend is 32% on the total allocation of R124,050 million.
- There spending on projects funded from INEG amounted to 11,221 000 as at end of the quarter ended December 2022 and percentage spend is 40% on the total allocation of R28 million.

DETAILED CAPITAL EXPENDITURE PERFORMANCE

PROJECT DESCRIPTION	Total Budget	Total Actual	Percentage Spend
OWN FUNDED PROJECTS			
Testing Stations: REHABILITATION OF VTS - MABOPO	1 500 000.00	-	0%
Outdoor Facilities: COMPLETION ORGHISTAD SPORTS COMPLEX	1 400 004.00	-	0%
Outdoor Facilities: COMPLETION OF RADINGWANA SPORTS COMPLEX PHASE 2	2 000 004.00	21 200.00	1%
Cemeteries/Crematoria: FENCING OF STEELPOORT	500 004.00	-	0%
Cemeteries/Crematoria: FENCING OF SEBIDIKANE CEMETRY	1 299 996.00	798 954.85	61%
Cemeteries/Crematoria: COMPLETION OF NEW APIESDORING REGIONAL CEMETRY	300 000.00	-	0%
Libraries: PRAKTISEER LIABRARY	12 999 996.00	3 959 417.47	30%
Libraries: REFURBISHMENT OF BURGERSFORT MODULAR LIBRARY	200 004.00	-	0%
Libraries: MAKUA LIBRARY	6 500 004.00	2 519 303.75	39%
Computer Equipment: COMPUTER HARDWARES	2 000 004.00	146 627.22	7%
Furniture and Office Equipment: FURNITURE /OFFICE EQUIPMENTS	-	19 600.00	0%
Furniture and Office Equipment: SECURITY EQUIPMENTS	300 000.00	-	0%
Furniture and Office Equipment: UPGRADING OF CCTV CAMERAS	2 000 004.00	-	0%

Furniture and Office Equipment: COMMUNICATION INRASTRUCTURE	300 000.00	114 000.00	38%
Furniture and Office Equipment: Furniture and Office Equipment	1 500 000.00	440 155.00	29%
SURVEY OF MUNICIPAL BUILDING: DESIGNS OF VEHICLE POUND	300 000.00	-	0%
Roads: REHABILITATION OF MASHILABELE ROAD	3 000 000.00	1 389 431.67	46%
Roads: REHABILITATION OF MABOCHA BRIDGE	3 999 996.00	1 919 481.77	48%
Roads: REHABILITATION OF ROADS	5 000 004.00	1 752 217.70	35%
Roads: ACCESS ROAD AT MALOGENG LANDFILL SITE	4 049 996.00	277 229.27	7%
Road Structures: CONST-ACCESS BRIDGE-GAMALWANE	3 000 000.00	-	0%
Roads: PLANNING & DESIGN ACCESS ROAD TO MOSHATE PHASHA SELATOLE	300 000.00	-	0%
Roads: PLANNING & DESIGN MAEPA ACCESS ROAD	300 000.00	-	0%
Roads: PLANNING & DESIGN ACCESS ROAD MOSHATE GA KGOETE	300 000.00	-	0%
Roads: PLANNING & DESIGN OF PHIRING ACCESS ROAD	300 000.00	-	0%
Roads: PLANNING & DESIGN OF DRESTEN ACCESS ROAD	300 000.00	-	0%
Road Structures: PLANNING & DESIGN OF NKOTSANE PRIMARY SCHOOL ACCESS BRIGDE	300 000.00	-	0%
Roads: PLANNING AND DESIGN OF MPHANAMA INTERNAL STREET	500 004.00	-	0%
Roads: PLANNING & DESIGN ACCESS ROAD TO MOSHATE KGAUTSWANE	300 000.00	-	0%

Roads: PLANNING & DESIGN ACCESS ROAD TO MOSHATE MAKOFANE	300 000.00	-	0%
Roads: PLANNING & DESIGN ACCESS ROAD TO MOSHATE RANTO	300 000.00	-	0%
LV Networks: MUNICIPAL ELECTRIFICATION PROJECT(BRIDGING FINANCE FACILITY)	21 999 996.00	14 807 399.68	67%
Roads: DESIGNS AND IMPLEMENTATION OF E/W RING ROAD	3 999 996.00	-	0%
Road Structures: PLANNING & DESIGN OF TIDINTITSANE ACCESS BRIDGE	300 000.00	-	0%
Road Structures: PLANNING & DESIGN OF ACCESS BRIDGE SHUBUSHUBUG	300 000.00	-	0%
Roads: PLANNING & DESIGN OF MALOMANYE ACCESS ROAD	300 000.00	-	0%
Roads: LEBOENG ACCESS ROAD	-	2 807 995.83	
Waste Transfer Stations: CONSTRUCTION PF PENGE TRANSFER STATION	1 500 000.00	-	0%
Landfill Sites: CONSTRUCTION OF MALOGENG LANDFILL SITE CELL	4 500 000.00	-	0%
Waste Transfer Stations: CONSTRUCTION OF MPHANAMA TRANSFER STATION	1 500 000.00	-	0%
Landfill Sites: CLOSURE OF OLD BURGERSFORT LANDFILL SITE	1 299 996.00	-	0%
Transport Assets: MUNICIPAL HYBRID	18 999 996.00	7 040 258.17	37%
Taxi Ranks/Bus Terminals: REHABILITATION OF BURGERSFORT TAXI RANK	5 000 004.00	-	0%
Municipal Offices: REFURBISHMENT OF BULDINGS	6 999 996.00	1 358 899.05	19%
Landfill Sites: BURGERSFORT LANDFILL SITE(PPP)	1 500 000.00	-	0%
LV Networks: PLANNING & DESIGN OF STREETLIGHTS AT MAIN INTERSECTIONS			85%

	500 004.00	426 918.20	
TOTAL	124 050 008.00	39 799 089.63	32%
MIG FUNDED PROJECTS			
Roads: Ga-Dobriila to Mohalla's Internal Street	46 688 880.00	25 520 413.54	55%
Roads: MARESELENG ACCESS BRIDGE	15 000 000.00	24 943 816.22	166%
Roads: CONSTRUCTION APPIESDOORING TO MANOKE ROAD	15 000 000.00	-	0%
Landfill Sites: CONSTRUCTION BURGERSFORT NEW LANDFILL SITE	15 069 720.00	1 314 664.85	9%
TOTAL	91 758 600.00	51 778 894.61	56%
MUNICIPAL ELECTIFICATION PROJECTS			
LV Networks: ELECTRIFICATION OF TAUNG 700	14 700 000.00	-	0%
LV Networks: MANDELA CENTRAL 600	12 600 000.00	-	0%
LV Networks: MANDELA EAST AND WEST 1520	31 337 004.00	278 400.05	1%
LV Networks: STREET LIGHT INTERSECTION AND BURGERSFORT EXTENSIONS	9 999 996.00	-	0%
LV Networks: ELECTRIFICATION OF BURGERSFORT EXT 71;72;58 AND 54	11 403 000.00	-	0%
LV Networks: ELECTRIFICATION OPERATION OF LEBOENG; MOGABANE AND SELEPE	8 750 004.00	-	0%
LV Networks: ELECTRIFICATION OPERATION OF LEBOENG; MORABA AND NKOANA	27 999 996.00	11 220 595.10	40%
LV Networks: ELECTRIFICATION OPERATION OF MOUNTAIN SQUARE/MOGABA PARK 1900	29 900 004.00	-	0%

LV Networks: ELECTRIFICATION OF PHAHANENG PHASE 555	11 655 000.00	-	0%
LV Networks: ELECTRIFICATION OPERATION OF RIVERSIDE PHASE 2	11 655 000.00	2 324 363.40	20%
TOTAL	170 000 004.00	13 823 358.55	8%
TOTAL CAPITAL PROJECTS	385 808 612.00	105 401 342.79	27%

1.5 FINANCAL POSITION

LIM476 Tubate Feta Kgomo - Table C6 Mid-Year Budget Statement - Financial Position December 2022

LIM476 Tubatse Fetakgomo - Table C6 Monthly Budget Statement - Financial Position - Mid-Year						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		82 703	42 710	-	40 464	42 710
Call investment deposits		330 674	229 425	-	466 311	229 425
Consumer debtors		72 296	110 277	-	64 812	110 277
Other debtors		(168 961)	51 070	-	(181 215)	51 070
Current portion of long-term receivables		-	-	-	-	-
Inventory		3 147	1 044	-	3 207	1 044
Total current assets		319 860	434 527	-	393 579	434 527
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		60 150	58 250	-	60 150	58 250
Investments in Associate		-	-	-	-	-
Property, plant and equipment		2 154 723	2 408 358	-	2 257 149	2 408 358
Biological		-	-	-	-	-
Intangible		332	1 122	-	332	1 122
Other non-current assets		220 673	203 533	-	220 673	203 533
Total non current assets		2 435 878	2 671 263	-	2 538 304	2 671 263
TOTAL ASSETS		2 755 739	3 105 790	-	2 931 883	3 105 790
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		36 089	1 006	-	36 089	1 006
Consumer deposits		34 878	2 231	-	34 878	2 231
Trade and other payables		86 997	191 349	-	91 816	191 349
Provisions		25 288	16 944	-	25 288	16 944
Total current liabilities		183 252	211 530	-	188 072	211 530
Non current liabilities						
Borrowing		(66 519)	142 000	-	(66 519)	142 000
Provisions		6 078	5 836	-	6 078	5 836
Total non current liabilities		(60 442)	147 836	-	(60 442)	147 836
TOTAL LIABILITIES		122 811	359 366	-	127 630	359 366
NET ASSETS	2	2 632 928	2 746 424	-	2 804 253	2 746 424
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 632 928	2 746 424	-	2 804 253	2 746 424
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	2 632 928	2 746 424	-	2 804 253	2 746 424

- The net assets show a total of R 2,804 billion as at the end of the mid-year ended December 2022.

- There are other discrepancies identified during the migration of the financial position from SOLAR financial system to Munsoft with regards to the GUIDS or segment on both consumer debtors and intangible assets. The system migrated the segments as liabilities instead of assets as reflected above.

1.5 Financial Ratios

1. Cash Coverage Ratio

- The cash coverage ratio shows 1 to 4 months which shows that the municipality has the ability to meet its monthly fixed operating commitments from cash and short-term investments.

2. Liquidity Ratio

2. • The current ratio shows a ratio of 1:2 which is within the acceptable norm and shows that the municipality can pay its current or short-term obligation as and when they fall due.

3. Remuneration (Employee Related Costs and Councilors)

The above ratio could not be measured because of the non-integration between payroll system and Munsoft

4. . Collection Rate

- The collection rate shows that 63% of the billed revenue is collected.

1.6 CASH FLOW STATEMENT

LIM476 Tubatse Fetakgomo - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment										
Description	Ref	2021/22		Budget Year 2022/23						
		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										
Property rates		73 674	117 613	-	4 662	36 964	58 807	(21 843)	-37%	117 613
Service charges		15 149	20 245	-	742	6 889	10 123	(3 233)	-32%	20 245
Other revenue		19 508	81 866	-	1 926	26 475	40 933	(14 458)	-35%	81 866
Transfers and Subsidies - Operational		502 361	545 664	-	168 301	385 432	272 832	112 600	41%	545 664
Transfers and Subsidies - Capital		105 468	119 759	-	30 000	65 171	59 879	5 291	9%	119 759
Interest		8 372	8 285	-	-	-	4 142	(4 142)	-100%	8 285
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(440 269)	(673 555)	-	(49 773)	(326 724)	(338 253)	(11 530)	3%	(673 555)
Finance charges		-	(5 000)	-	-	-	(2 500)	(2 500)	100%	(5 000)
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		284 264	214 877	-	155 858	194 208	105 962	(88 245)	-83%	214 877
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	144,906	-	-	-	36,227	(36,227)	-100%	144,906
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(21,517)	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		35,083	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		13,566	144,906	-	-	-	36,227	36,227	100%	144,906
NET INCREASE/ (DECREASE) IN CASH HELD		140,955	(26,025)	-	(57,777)	68,509	(7,244)			(26,025)
Cash/cash equivalents at beginning:		526,259	298,161	-	-	413,377	298,161			413,377
Cash/cash equivalents at month/year end:		667,214	272,136	-	-	481,886	290,917			387,352

- The cash and cash equivalents balance as at end of the mid-year ended December 2022 shows R 481,886 million as per the financial system. This differs to cash and cash equivalent as at the end of the month of R285 737 million because of the error realized on the opening balance which needs to be corrected on the system to align the balances as per bank statement
- Table C7(Cash flow) and C6(Financial Statement) differences of cash equivalents at the end of the quarter does not tally to cash in the financial position as a result of outstanding payments awaiting to be cashed at the bank as at the end of the month.

LIM476 Tubatse Fetakgomo - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment Bad Debts i.t.o Council Policy	
		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	Total over 90 days			
R thousands														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	14 102	4 859	4 656	3 559	9 272	4 944	13 278	239 066	293 737	270 119	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	3 435	1 360	1 272	1 280	1 325	876	4 280	57 033	70 860	64 793	(1)	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	3 706	1 747	1 700	1 659	2 230	1 693	6 460	10 551	29 746	22 593	303	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	13	3	3	3	3	6	5	69	104	86	-	-	
Total By Income Source	2000	21 255	7 969	7 631	6 501	12 830	7 519	24 022	306 719	394 447	357 592	301	-	
2022/23 - totals only		17 361	8 512	7 888	7 858	6 720	6 393	30 040	419 950	504 723	470 962	-	-	
Debtors Age Analysis By Customer Group														
Organs of State	2200	2 411	1 055	1 053	1 013	4 825	800	3 469	119 472	134 098	129 579	5	-	
Commercial	2300	9 143	2 837	2 655	1 866	4 339	3 406	7 524	52 629	84 399	69 764	95	-	
Households	2400	9 701	4 076	3 923	3 621	3 667	3 314	13 029	134 618	175 950	158 248	202	-	
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	
Total By Customer Group	2600	21 255	7 969	7 631	6 501	12 830	7 519	24 022	306 719	394 447	357 592	301	-	

1.6 DEBTORS

The debtor's report has been prepared on the basis of the format required to be lodged electronically with the National Treasury. This format provides an extended aged analysis, as well as an aged analysis by debtor type. The summary report indicates that customers owe the municipality a staggering R 504, 723 million of which R470,962 million is more than 90 days old. The bulk of the debt relates to refuse removal and property rates.

1.7 CREDITORS

LIM476 Tubatse Fetakgomo - Supporting Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description	NT Code	Budget Year 2022/23							Total	Prior year totals for chart (same period)	
		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	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	-	-	-	-	-	-	-	-	-	-

- As at end of December 2022 the outstanding creditors were standing at R0 thousand as per financial system.

1.8 INVESTMENT PORTFOLIO

Council's investment portfolio as at end of mid-year ended December 2022 indicates that R138,639 million was invested in various Call accounts as stipulated above.

The Municipality has a cash and cash equivalent to the tune of R258 069 million as at end of December 2022.

1.9 EXTERNAL LOAN REPAYMENT AND INTEREST

- Loans were not applicable in the 2nd quarter since the Municipality did not have loan commitments, however included in the borrowings in terms of C6 (Financial Position) are finance lease for the office building.

1.10 Proposed solution to address financial sustainability

- The migration from old SOLAR financial system to Munsoft showed various discrepancies to be corrected during the 2nd quarter.
- Included in the debtors age analysis the significant debts are with regards to government debt, the office of the CFO had engagement with the national department of public works and provincial public works, the two departments agreed to settle their outstanding debts pending verification on the numbers by the municipality and them.
- The municipality has received 17 million from Atlanta mine in August 2022.
- Debt collectors collect average of R 2 million monthly from the handed over debtors.
- Electronic Default notices are sent monthly
- The municipality is currently updating the indigent register in order to clean municipal debt book.

1.11 CONCLUSION

- The mid-year report shows satisfactory performance of both operating revenue and expenditure. Savings has been realised on other expenditure items and thus shows good performance.

1.12 RECOMMENDATION

- 1.12.1 That the audit committee notes the Section 52 report for the quarter ended 31st December 2022.
- 1.12.2 That the report is made public in compliance to section 75 of the MFMA.
- 1.12.3 That audit committee take note that errors are being corrected on an ongoing basis to avoid non reliability of financial information.

PART 2

MONTHLY BUDGET STATEMENT TABLES

The monthly financial results for the period ended 31 December 2021 attached consisting of the following tables, in Annexure A: -

- (a) Table C1: Consolidated Monthly Budget Statement – Summary
- (b) Table C2: Consolidated Monthly Budget Statement – Financial Performance (standard Classification)
- (c) Table C3: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table C4: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure)
- (e) Table C5: Consolidated Monthly Budget Statement – Capital Expenditure by vote, standard classification and funding
- (f) Table C6: Consolidated Monthly Budget Statement – Financial Position
- (g) Table C7: Consolidated Monthly Budget Statement – Cash Flow

Part 2

- (a) Table SC1: Material variance explanations
- (b) Table SC2: Monthly Budget Statement – Performance Indicators
- (c) Table SC3: Monthly Budget Statement – Aged Debtors
- (d) Table SC4: Monthly Budget Statement – Aged Creditors
- (e) Table SC5: Monthly Budget Statement – Investment Portfolio
- (f) Table SC6: Monthly Budget Statement – Transfers and grant receipts
- (g) Table SC7: Monthly Budget Statement – Transfers and grant expenditures
- (h) Table SC8: Monthly Budget Statement – Councillor and Staff Benefits
- (i) Table SC9: Monthly Budget Statement – Actual and Revised targets for cash receipts
- (j)** Table SC12: Monthly Budget Statement – Capital Expenditure Trend
- (k) Table SC13a: Monthly Budget Statement – Capital expenditure on new assets by asset class
- (l) Table SC13c: Monthly Budget Statement – Capital expenditure on repairs and maintenance by asset class
- (m) Municipal manager's quality certification