



FETAKGOMO – TUBATSE
LOCAL MUNICIPALITY

LIM 476

**Feta Kgomo Tubate Local
Municipality**

**3rd Quarter Budget Performance
Assessment Report (Section 52 Report)**

30 March 2023

BUDGET AND TREASURY OFFICE

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: SECTION 52 REPORT FOR THE PERIOD ENDED 30 MARCH 2023

PURPOSE

The purpose of this report is to comply with section 52 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 **30 March 2023** is summarised as follows.

Description	Annual Budget (R'000)	Adjustment budget (R'000)	YTD Budget (R'000)	YTD Actual (R'000)	Variance% R'000
Total Revenue excluding capital receipts	867 841	867 841	650 881	662 020	2%
Total Operating Expenditure	(798 816)	(862 372)	(624 537)	(526 978)	-10%
Operating surplus / (deficit)	69 024	5 469	26 346	135 142	19%

The adjusted budget for 2022/23 has an operating actual surplus of R 135 142 million. Actual Operating revenue excluding capital receipts amounted to R662 020 million while actual

operating expenditure amounted to R526 978 million. Thus, resulting in an operating surplus of R 135 142 million as at the end of 3rd quarter.

1.2 REVENUE PER SOURCE

The table below shows 3rd Quarter revenue performance per source.

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

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	139,269	8,936	86,315	104,452	(18,137)	-17%	139,269
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		21,118	28,921	28,921	1,757	16,818	21,691	(4,873)	-22%	28,921
Rental of facilities and equipment		439	281	281	118	315	211	104	49%	281
Interest earned - external investments		9,395	8,285	8,285	931	8,742	6,214	2,529	41%	8,285
Interest earned - outstanding debtors		14,472	28,750	28,750	1,488	6,955	21,562	(14,607)	-68%	28,750
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,061	3,419	3,419	5	12	2,564	(2,552)	-100%	3,419
Licences and permits		5,976	16,529	16,529	-	3,839	12,397	(8,558)	-69%	16,529
Agency services		6,075	4,981	4,981	-	4,951	3,736	1,215	33%	4,981
Transfers and subsidies		482,586	545,664	545,664	141,796	526,034	409,248	116,786	29%	545,664
Other revenue		776	91,741	91,741	6,131	8,039	68,806	(60,766)	-88%	91,741
Gains		34	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		646,845	887,841	887,841	161,162	662,020	650,881	11,139	2%	887,841

- 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 R 662 020 million.
- The planned revenue collection target of R 650 881 million as at end of third quarter ended March 2023 over performed by 2 %.
- 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 17 % as compared to the budgeted billed revenue because there is no longer billing for properties on unproclaimed areas. There will be a need for write-offs of all properties on unproclaimed areas during the adjustment budget.
- Service Charges shows an under performance of 22% 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 49% and mainly due to high need identified on the use of this facilities the revenue stream has to be revised during the special adjustment budget in May 2023.

- Interest Earned External Investment outperformed by 41% due to fixed investment made which yield higher interests. The revenue stream will be revises during the special adjustment budget.
- Interest Earned Outstanding debtors underperformed by 68% as a result of interest on outsatanding 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 69 % against the planned budget of R 12 397 million.The variance is due to over projection on this revenue stream and will be revised as per current and previous collection rates.
- There is satisfactory collection on agency fees and it is evidenced by an over collection of 33%, however the revenue stream will be revised to accommodate the outperformance.

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 88% as at end of the third 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 fourth 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) - M09 March

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	247,749	17,921	158,340	185,830	(27,490)	-15%	247,749
Remuneration of councillors		35,397	37,433	37,433	3,367	29,693	28,075	1,618	6%	37,433
Debt impairment		23,596	30,000	30,000	3,259	33,558	22,500	11,058	49%	30,000
Depreciation & asset impairment		87,592	90,261	87,059	-	-	66,415	(66,415)	-100%	87,059
Finance charges		5,304	5,000	5,000	-	4,941	3,750	1,191	32%	5,000
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		2,172	3,445	3,145	158	1,549	2,464	(915)	-37%	3,145
Contracted services		248,963	233,191	277,636	17,809	177,278	192,613	(15,335)	-8%	277,636
Transfers and subsidies		1,311	11,420	9,470	666	4,208	7,653	(3,445)	-45%	9,470
Other expenditure		108,469	140,266	164,880	7,883	117,412	115,235	2,176	2%	164,880
Losses		552	-	-	-	-	-	-	-	-
Total Expenditure		712,468	798,816	862,372	51,054	526,978	624,535	(97,557)	-16%	862,372

- The actual expenditure for the 3rd quarter ended March 2023 amounted to R 526,978 million whilst the planned expenditure was estimated at R 624, 535 million. This resulted in a variance of R 97, 557 .
- The variance of R 97,557 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 forth quarter.

- Remuneration for Councilors shows a variance of 6% 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 32% 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 37%. 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 8% and it is within an acceptable norm.
- Transfers and Subsidies shows a variance of 45% 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 2%.

The operating costs results in a surplus of R135,042 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) - M09 March

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										
Governance and administration		24,252	33,850	43,450	3,128	14,577	29,158	(14,580)	-50%	43,450
Executive and council		2,651	3,450	3,900	140	518	2,768	(2,250)	-81%	3,900
Finance and administration		21,602	30,200	39,550	2,989	14,059	26,390	(12,331)	-47%	39,550
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1,161	28,500	20,550	-	9,501	17,495	(7,994)	-46%	20,550
Community and social services		941	24,700	19,200	-	9,501	16,325	(6,824)	-42%	19,200
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		220	1,800	1,350	-	-	1,170	(1,170)	-100%	1,350
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		129,059	300,289	192,761	5,301	118,780	182,206	(63,425)	-35%	192,761
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		129,059	300,289	192,761	5,301	118,780	182,206	(63,425)	-35%	192,761
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		746	25,370	8,000	216	1,531	12,079	(10,548)	-87%	8,000
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		746	25,370	8,000	216	1,531	12,079	(10,548)	-87%	8,000
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	155,218	385,809	284,761	8,648	144,389	240,937	(96,548)	-40%	284,761
Funded by:										
National Government		69,249	119,759	124,267	1,470	84,705	91,622	(6,917)	-8%	124,267
Provincial Government		5,005	-	10,311	-	1,658	4,125	(2,467)	-60%	10,311
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		74,254	119,759	134,579	1,470	86,363	95,747	(9,384)	-10%	134,579
Borrowing	6	-	142,000	-	-	642	49,700	(49,058)	-99%	-
Internally generated funds		80,219	124,050	130,183	7,176	56,131	95,491	(39,359)	-41%	130,183
Total Capital Funding		154,473	385,809	284,761	8,648	143,138	240,937	(97,802)	-41%	284,761

- The actual capital expenditure for the quarter ended March 2023 shows an underspending of R 96 543 000 (40%) from planned target of R240 937 000, the aggregate actual expenditure amounted to R144 389 000 exclusive of VAT.
- Capital grant expenditure on MIG and INEP funded projects amounted to R84 705 000 excluding VAT and retention held as at the end of the third quarter ended March 2023 and shows 78% spending of the total allocation of R124 267 000. The expenditure on own funded projects amounted to R56 161 000 as at end of the third quarter ended March 2023 and percentage spend is 59% on the total allocation of R130 183 000.

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 TRANFER 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	50 078 313	39 167 983	78%
Roads: MARESELENG ACCESS BRIDGE	41 680 287	30 215 089	72%
TOTAL	91 758 600.00	69 382 981	76%
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			8%

	170 000 004.00	13 823 358.55	
TOTAL CAPITAL PROJECTS	385 808 612.00	105 401 342.79	27%

1.5 FINANCIAL POSITION

LIM476 Tubate Feta Kgomo - Table C6 3rd Quarter Budget Statement - Financial Position March 2023

LIM476 Tubatse Fetakgomo - Table C6 Monthly Budget Statement - Financial Position - M09 March

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	(60,418)	279,098	(60,418)
Call investment deposits		330,674	229,425	338,674	161,853	338,674
Consumer debtors		72,296	110,277	135,438	41,657	135,438
Other debtors		(168,961)	51,070	(167,935)	28,311	(167,935)
Current portion of long-term receivables		-	-	-	-	-
Inventory		3,147	1,044	3,654	3,317	3,654
Total current assets		319,860	434,527	249,413	514,237	249,413
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		60,150	58,250	60,150	60,150	60,150
Investments in Associate		-	-	-	-	-
Property, plant and equipment		2,154,723	2,408,358	2,331,726	2,603,649	2,331,726
Biological		-	-	-	-	-
Intangible		332	1,122	1,032	332	1,032
Other non-current assets		220,673	203,533	220,673	1,068	220,673
Total non current assets		2,435,878	2,671,263	2,613,581	2,665,200	2,613,581
TOTAL ASSETS		2,755,739	3,105,790	2,862,994	3,179,436	2,862,994
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		36,089	1,006	36,089	36,089	36,089
Consumer deposits		34,878	2,231	34,878	34,878	34,878
Trade and other payables		86,997	191,349	(75,882)	200,579	(75,882)
Provisions		25,288	16,944	25,288	23,014	25,288
Total current liabilities		183,252	211,530	20,374	294,560	20,374
Non current liabilities						
Borrowing		(66,519)	142,000	78,387	13,729	78,387
Provisions		6,078	5,836	6,078	16,011	6,078
Total non current liabilities		(60,442)	147,836	84,465	29,741	84,465
TOTAL LIABILITIES		122,811	359,366	104,839	324,301	104,839
NET ASSETS	2	2,632,928	2,746,424	2,758,155	2,855,135	2,758,155
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2,632,928	2,746,424	2,758,155	2,855,135	2,758,155
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	2,632,928	2,746,424	2,758,155	2,855,135	2,758,155

References

1. Material variances to be explained in Table SC1

- The net assets show a total of R 2,855 billion as at the end of the 3rd quarter ended March 2023.
- 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

- 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.
- **Collection Rate**
The collection rate shows that 75% of the billed revenue is collected.

1.6 CASH FLOW STATEMENT

LIM476 Tubatse Fetakgomo - Table C7 Monthly Budget Statement - Cash Flow - M09 March

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										
1										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		73,674	117,613	117,613	5,666	54,087	88,210	(34,123)	-39%	117,613
Service charges		15,149	20,245	20,245	1,045	10,075	15,184	(5,109)	-34%	20,245
Other revenue		19,508	81,866	81,866	10,433	45,599	61,399	(15,800)	-26%	81,866
Transfers and Subsidies - Operational		502,361	545,664	545,664	140,917	526,734	409,248	117,486	29%	545,664
Transfers and Subsidies - Capital		105,468	119,759	119,759	107,588	199,760	89,819	109,942	122%	119,759
Interest		8,372	8,285	8,285	-	-	6,214	(6,214)	-100%	8,285
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(440,269)	(673,555)	(649,076)	(35,613)	(454,689)	(494,178)	(39,489)	8%	(649,076)
Finance charges		-	(5,000)	(5,000)	-	-	(3,750)	(3,750)	100%	(5,000)
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		284,264	214,877	239,358	230,036	381,568	172,146	(209,422)	-122%	239,358
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(156,876)	(385,809)	(519,383)	(10,428)	(158,617)	(343,526)	(184,909)	54%	(519,383)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(156,876)	(385,809)	(519,383)	(10,428)	(158,617)	(343,526)	(184,909)	54%	(519,383)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	144,906	144,906	-	-	108,680	(108,680)	-100%	144,906
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(2,542)	-	-	-	-	(34,878)	34,878	-100%	-
Payments										
Repayment of borrowing		35,083	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		32,542	144,906	144,906	-	-	73,802	73,802	100%	144,906
NET INCREASE/ (DECREASE) IN CASH HELD		159,930	(26,025)	(135,121)	219,608	222,950	(97,579)			(135,121)
Cash/cash equivalents at beginning:		526,259	298,161	413,377		186,220	413,377			186,220
Cash/cash equivalents at month/year end:		686,189	272,136	278,256		409,171	315,798			51,099

References

- The cash and cash equivalents balance as at end of the 3rd Quarter ended March 2023 shows R 315,796 million as per the financial system.

1.6 DEBTORS

LIM476 Tubatse Fetakgomo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March

Description	NT Code	Budget Year 2022/23										Total over 60 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts (Lo/Over) Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days - 1 Yr	Over 1Yr	Total					
R thousands															
Debtors Age Analysis By Income Source															
Trade and Other Receivables from Discharge Transactions - Water	1200	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Trade and Other Receivables from Discharge Transactions - Electricity	1300	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Receivables from Non-exchange Transactions - Property Rates	1400	6,881	5,119	4,320	4,117	4,183	4,142	23,938	229,946	282,295	262,968	(21)	--		
Receivables from Discharge Transactions - Waste Water Management	1500	--	--	--	--	--	--	--	--	--	--	--	--	--	
Receivables from Discharge Transactions - Waste Management	1600	1,718	1,279	1,036	1,017	991	965	4,337	44,269	56,142	52,148	--	--		
Receivables from Discharge Transactions - Property Rental Debtors	1700	--	--	--	--	--	--	--	--	--	--	--	--	--	
Interest on Asset Debtor Accounts	1810	1,520	1,660	1,811	1,886	1,889	1,822	7,561	12,838	35,276	29,194	0	--		
Receivables unauthorised, regular, helpline and societal expenditure	1820	--	--	--	--	--	--	--	--	--	--	--	--	--	
Other	1900	18	9,127	9	9	7	1	9	80	9,228	88	--	--		
Total By Income Source	2800	13,438	13,188	6,821	6,124	6,149	6,821	25,618	286,411	372,863	348,217	(21)	--		
2022/23 - totals only															
Total		17,381	9,512	7,888	7,839	6,726	6,260	33,046	418,820	504,721	479,962	--	--		
Debtors Age Analysis By Customer Group															
Organic of State	2200	2,481	1,324	1,044	1,040	1,088	1,038	7,638	117,373	123,525	128,478	--	--		
Commercial	2300	5,034	6,138	2,467	2,275	2,223	2,223	13,448	25,521	87,247	72,861	--	--		
Households	2400	4,619	2,725	2,469	2,411	2,233	2,270	14,423	114,204	152,980	138,638	(21)	--		
Other	2500	--	--	--	--	--	--	--	--	--	--	--	--		
Total By Customer Group	2800	12,743	13,188	6,821	6,124	6,149	6,821	25,618	286,411	372,863	348,217	(21)	--		

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 Table SC4 Monthly Budget Statement - aged creditors - M09 March

Description	NT Code	Budget Year 2022/23								
		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	--	--	--	--	--	--	--	--	--
Bulk Water	0200	--	--	--	--	--	--	--	--	--
PAYE deductions	0300	--	--	--	--	--	--	--	--	--
VAT (output less input)	0400	--	--	--	--	--	--	--	--	--
Pensions / Retirement deductions	0500	--	--	--	--	--	--	--	--	--
Loan repayments	0600	--	--	--	--	--	--	--	--	--
Trade Creditors	0700	76	--	--	--	--	--	--	--	76
Auditor General	0800	--	--	--	--	--	--	--	--	--
Other	0900	--	--	--	--	--	--	--	--	--
Total By Customer Type	1000	76	--	--	--	--	--	--	--	76

- As at end of the 3rd Quarter outstanding creditors were standing at R76 thousand as per financial system.

1.8 INVESTMENT PORTFOLIO

LIM476 Tubatse Fetakgomo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M05 March

Investments by maturity Name of institution & investment ID	Ref	Period of investment	Type of investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premium Withdrawal (R)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
FNB-6160000807		MONTHS	CALL	YES	VARIABLE					85	1			86
STANDARD BANK-000		MONTHS	CALL	YES	VARIABLE					34,852	940		4,111	38,662
STANDARD BANK-001		MONTHS	CALL	YES	VARIABLE					103,604	1,773	(90,000)	153,000	118,378
STANDARD BANK-002/01		MONTHS	CALL	YES	VARIABLE									
STD-003/01/02-005		MONTHS	CALL	YES	VARIABLE									
STD-003/01/02-005		MONTHS	CALL	YES	VARIABLE									
Municipality sub-total														
														158,064
Entities														
Entities sub-total														
TOTAL INVESTMENTS AND INTEREST														158,064

Council's investment portfolio as March 2023 indicates that R158,064 million was invested in various Call accounts as stipulated above.

The Municipality has a cash and cash equivalent to the tune of R 373,589 million as at end of March 2023.

1.9 EXTERNAL LOAN REPAYMENT AND INTEREST

- Loans were not applicable in the 3rd Quarter ended March 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.

- 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.

1.11 CONCLUSION

- The 3rd Quarter 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 March 2023.

1.12.2 That the report is made public in compliance to section 52 of the MFMA.

1.12.3 That Executive committee take note that errors are been 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