



FETAKGOMO – TUBATSE  
LOCAL MUNICIPALITY

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**LIM 476**

**Fetakgomo Tubatse Local  
Municipality**

**4th Quarter Budget Performance  
Assessment Report (Section 52 Report)**

**30 June 2022**



# 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<sup>th</sup> of June 2022**

## **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 52 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 these report.

The financial result for the period ending **30 June 2022** is summarised as follows.

Statement of Financial Performance					
Description	ANNUAL BUDGET	ADJUSTED BUDGET	YTD Budget (R'000)	YTD Actual (R'000)	Variance% R'000
Total Revenue excluding capital receipts	734 041	750 041	750 041	606 026	19%
Reserves not committed for any other purpose	120 000	160 000			-
Total Revenue	854 041	910 041	910 041	700 266	90 015
Total Operating Expenditure	(775 518)	(835 325)	(835 325)	616 416	-26%
Operating surplus / (deficit)	<b>78 523</b>	<b>74 716</b>	<b>74 716</b>	<b>83 850</b>	<b>-8%</b>

The adjusted budget for 2021/22 has an operating surplus of R 74 million. Operating revenue excluding capital receipts amounted to R 606 026 million while operating expenditure amounted to R616 416 million. Thus, resulting in an operating deficit of R 10 million as at the end of the 4<sup>th</sup> quarter.

## 1.2 REVENUE PER SOURCE

The table below shows 4<sup>th</sup> quarter revenue performance per source.

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q4 Fourth Quarter										
Vote Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budoet	Adjusted Budoet	Monthly Actual	YearTD actual	YearTD budoet	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Revenue By Source</b>										
Property rates		109,904	139,269	139,269	11,839	104,257	139,269	(35,012)	-25%	139,269
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		22,881	25,921	25,921	3,687	32,705	25,921	6,784	26%	25,921
Rental of facilities and equipment		248	281	281	62	439	281	158	56%	281
Interest earned - external investments		7,099	7,285	7,285	1,016	9,389	7,285	2,104	29%	7,285
Interest earned - outstanding debtors		20,727	34,929	34,929	2,123	18,450	34,929	(16,479)	-47%	34,929
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		629	3,419	3,419	1	16	3,419	(3,403)	-100%	3,419
Licences and permits		4,856	16,529	16,529	1,013	5,878	16,529	(10,651)	-64%	16,529
Agency services		4,544	4,981	4,981	1,036	5,428	4,981	447	9%	4,981
Transfers and subsidies		560,832	482,685	482,685	1,553	209,608	482,685	(273,077)	-57%	482,685
Other revenue		16,954	18,742	34,742	182	778	34,742	(33,964)	-98%	34,742
Gains		32,057	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>780,731</b>	<b>734,041</b>	<b>750,041</b>	<b>22,513</b>	<b>386,949</b>	<b>750,041</b>	<b>(363,093)</b>	<b>-48%</b>	<b>750,041</b>

- 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 for the quarter amounts to R 660 026 million.
- The planned revenue collection target of R 750 041 million as at end of June 2022 underperformed by R90 015 million (12 percent).
- 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 25% as compared to the budgeted billed revenue.
- Service Charges shows an over performance of 26% on billed revenue. This emanated from under projections on budget made on refuse removal budget.
- On rental of facilities and equipment outperformed by 26% mainly due to high need identified on the use of this facilities.
- Interest Earned External Investment shows an over collection of 29%. This emanates from interest earned on reserves invested in the call account.
- Interest Earned Outstanding debtors underperformed by 47% as a result of interest charged on government debt which are long overdue.

- There is an under collection mainly on Licenses and permits of 64 % R10,6 million against the planned budget of R16,529 million. The variance is due to accounts which were not correctly allocated and will be allocated during April 2022.
- Agency fees overperformed by 7 % and within an acceptable norm of 10%.

### 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 quarter as a result of sale of stands projected to be sold in the current year but were not yet sold.

## 1.3 QUARTERLY OPERATING EXPENDITURE PERFORMANCE

The fourth quarter expenditure per type is as follows:

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q4 Fourth Quarter										
Vote Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Expenditure By Type</b>										
Employee related costs		194,084	201,658	225,273	4,485	193,980	225,273	(31,294)	-14%	225,273
Remuneration of councillors		33,603	35,685	35,547	3,288	34,824	35,547	(723)	-2%	35,547
Debt impairment		77,120	41,781	36,794	296	4,249	36,794	(32,545)	-88%	36,794
Depreciation & asset impairment		137,533	101,582	96,396	-	-	96,396	(96,396)	-100%	96,396
Finance charges		4,944	20	20	-	3	20	(17)	-87%	20
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		4,147	10,165	11,803	1,360	9,737	11,803	(2,065)	-17%	11,803
Contracted services		171,666	221,152	264,061	34,941	230,770	264,061	(33,291)	-13%	264,061
Transfers and subsidies		848	1,330	2,139	16	1,229	2,139	(911)	-43%	2,139
Other expenditure		73,082	162,146	163,292	10,549	141,624	163,292	(21,667)	-13%	163,292
Losses		15,725	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>712,753</b>	<b>775,518</b>	<b>835,325</b>	<b>54,935</b>	<b>616,416</b>	<b>835,325</b>	<b>(218,909)</b>	<b>-26%</b>	<b>835,325</b>

- The June actual expenditure amounts to R616 million whilst the planned expenditure was estimated at R835 million. This was due to non-cash items which were not taken into consideration as at the end of the quarter e.g. Depreciation, Debt impairment.
- The underspending of R 218 million on the operating expenditure is mainly due to the following:
- Employee Costs shows a variance of 14% as compared to the planned expenditure of 225 million.
- The expenditure is still within the planned spending pattern.

- Remuneration for Councilors shows an under spending of 2% which is the acceptable norm at this stage.
- Debt Impairment shows variance of 88 % 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 month due to migration of the old financial system to the new one .
- Finance costs shows a variance of 87% due to invoices being paid on time to avoid interest charged on overdue accounts. The finance costs (Interest on amortization of Building) under finance lease will be recognized in the 4<sup>th</sup> quarter.
- Inventory Consumed has a variance of 17%. 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 13% as compared to the planned year to date budget of R174 million. The under spending was mainly due to repairs and Maintenance of facilities and other operational projects due for implementation during the 4<sup>th</sup> quarter as per SDBIP targets and the stoppage of procurement and appointment of contract above 30 000.
- Transfers and Subsidies shows a variance of 27% 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 under spending of 13% as compared to the planned targets as results of under spending on operational costs which were not spend as at end of the quarter.

The operating costs results in a surplus of R 103 million which shows a saving on other operational expenditure as at the end of the quarter.

#### 1.4. Capital Budget Performance

LIM476 Tubatse Fetakgomo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q4										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		32,168	32,000	32,850	21,852	35,314	32,850	2,464	8%	32,850
Executive and council		-	2,450	4,150	693	693	4,150	(3,457)	-83%	4,150
Finance and administration		32,168	29,550	28,700	21,159	34,622	28,700	5,922	21%	28,700
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,597	7,950	3,550	941	941	3,550	(2,609)	-73%	3,550
Community and social services		1,597	6,450	2,850	941	941	2,850	(1,909)	-67%	2,850
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	1,500	700	-	-	700	(700)	-100%	700
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		59,126	150,678	199,110	4,551	115,304	199,110	(83,806)	-42%	199,110
Planning and development		-	1,500	-	-	-	-	-	-	-
Road transport		59,126	149,178	199,110	4,551	115,304	199,110	(83,806)	-42%	199,110
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		4,798	9,950	5,050	550	1,152	5,050	(3,898)	-77%	5,050
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		4,742	-	-	-	28	-	28	#DIV/0!	-
Waste management		57	9,950	5,050	550	1,124	5,050	(3,926)	-78%	5,050
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>97,690</b>	<b>200,578</b>	<b>240,560</b>	<b>27,894</b>	<b>152,711</b>	<b>240,560</b>	<b>(87,850)</b>	<b>-37%</b>	<b>240,560</b>

<b>Funded by:</b>										
National Government		55,194	114,278	111,904	4,232	67,816	111,904	(44,088)	-39%	111,904
Provincial Government		18,376	-	16,190	(43)	5,294	16,190	(10,896)	-67%	16,190
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		-	-	-	-	-	-	-		-
<b>Transfers recognised - capital</b>		<b>73,570</b>	<b>114,278</b>	<b>128,095</b>	<b>4,189</b>	<b>73,110</b>	<b>128,095</b>	<b>(54,985)</b>	<b>-43%</b>	<b>128,095</b>
<b>Borrowing</b>	6	-	-	-	-	-	-	-		-
<b>Internally generated funds</b>		<b>24,120</b>	<b>86,300</b>	<b>112,466</b>	<b>23,705</b>	<b>79,601</b>	<b>112,466</b>	<b>(32,865)</b>	<b>-29%</b>	<b>112,466</b>
<b>Total Capital Funding</b>		<b>97,690</b>	<b>200,578</b>	<b>240,560</b>	<b>27,894</b>	<b>152,711</b>	<b>240,560</b>	<b>(87,850)</b>	<b>-37%</b>	<b>240,560</b>

- The actual capital expenditure as at end of the quarter ended June 2022 shows an underspending of R 87 million (37 per cent) from planned target of R240 million, the aggregate actual expenditure amounted to R152 million exclusive of VAT.
- Capital grant expenditure MIG to date amounts to R 59 million excluding VAT and retention held and shows 75% spending of the total allocation of R76 million.
- National Treasury revised the 2022 allocation by revoking R25 million from the MIG grant because of non-spending on the grant.
- Magakala Access Bridge was part of the rollover application for current financial year amounting to R 9,8 million. The project was put on hold as a result of court interdict and the R9.8 million will be revert to national Treasury as rollover of rollover is not permitted. Project from own funding expenditure to date amounts to R79 million and percentage spent is 65% on the total budget of R121,250 million
- Capital grant expenditure INEG to date amounts to R15 million and percentage spend is 75% on total budget of R20 million
- Capital Distress Mining Town Grant expenditure amounts to R6 million and percentage spend is 60% of the total budget of R16 million.



## DETAILED CAPITAL EXPENDITURE PERFORMANCE

<b>MUNICIPAL INFRASTRUCTURE GRANT</b>			
PROJECT DESCRIPTION	Total Budget	Total Actual	
RING FENCED SPORTS FACILITIES	10,000,000.00	6,044,859.11	60%
CONSTRUCTION - LEBOENGACCESSROAD	11,444,283.00	11 444 283.00	100%
CONSTR-FETAKGOMO MUNIC FACILIT INT STR	38,517,306.00	26,476,872.39	69%
CONST-ACCESS BRIDGE-LEFAHLA	22,142,612.00	21,903,490.48	99%
MAGAKALA ACCESS BRIDGE	9,800,000.00	-	
<b>TOTAL</b>	<b>91,904,201.00</b>	<b>68,604,331.72</b>	<b>75%</b>

## ASSETS FROM OWN FUNDING

PROJECT DESCRIPTION	Total Budget	Total Actual	PERCENTAGE SPEND
APEL RECREATIONAL PARK	50,000.00	-	0%
MAKUA LIBRARY	2,500,000.00	-	-
REHABILITATION OF VTS - MABOPO	200,000.00	-	0%
MAPODILE SPORTS FACILITIES	1,900,000.00	1,031,878.54	54%
MOTODI SPORTS COMPLEX	600,000.00	633,006.53	106%
Parks Playing Equipment	500,000.00	285,000.00	57%
REHABILITATION OF APEL RECREATIONAL PARK	2,500,000.00	-	0%
CONSTRUCTION SPRAY PARK BURGERSFORT PARK	400,000.00	390,048.98	98%
ORGISTAD SPORTS COMPLEX - PHASE 2	800,000.00	767,914.02	96%
COMPUTER HARDWARES	2,200,000.00	1,822,645.00	83%
PLANNING ELECTRIFICATION PROJECTS	1,000,000.00	-	0%
ELECTRIFICATION OPERATION MABONE	55,000,000.00	46,039,761.93	84%
ELECTRIFICATION OPERATION MABONE	20,000,000.00	10,655,680.26	53%

<b>FURNITURE FURNITURE /OFFICE EQUIPMENTS</b>	<b>2,500,000.00</b>	<b>1,718,977.96</b>	<b>69%</b>
<b>COMMUNICATION INRASTRUCTURE</b>	<b>300,000.00</b>	<b>-</b>	<b>0%</b>
<b>UPGRADING OF CCTV CAMERAS</b>	<b>850,000.00</b>	<b>692,600.00</b>	<b>81%</b>
<b>PURCHASE OF MOBILE BAILING MACHINES</b>	<b>400,000.00</b>	<b>395,025.00</b>	<b>99%</b>
<b>FLEET DEPOT REFURBISHMENT</b>	<b>500,000.00</b>	<b>-</b>	<b>0%</b>
<b>MOBILE ROOM</b>	<b>1,600,000.00</b>	<b>1,499,999.90</b>	<b>94%</b>
<b>REHABILITATION OF BOPEDI</b>	<b>1,400,000.00</b>	<b>-</b>	<b>0%</b>
<b>PLANNING BOTHASHOEK RIVER</b>	<b>300,000.00</b>	<b>260,869.56</b>	<b>87%</b>
<b>PLANNING APPIESDORING</b>	<b>300,000.00</b>	<b>252,640.43</b>	<b>84%</b>
<b>PLANNING GAMAHLOPI</b>	<b>300,000.00</b>	<b>246,353.51</b>	<b>82%</b>
<b>PLANNING MASHAMOTANE</b>	<b>300,000.00</b>	<b>260,321.29</b>	<b>87%</b>
<b>PLANNING &amp; DESIGN GASELALA</b>	<b>300,000.00</b>	<b>-</b>	<b>0%</b>
<b>PLANNING STRDKRAAL</b>	<b>300,000.00</b>	<b>260,137.90</b>	<b>87%</b>
<b>PLANNIGN SEKHUKHUNE STREET</b>	<b>369,000.00</b>	<b>365,680.32</b>	<b>99%</b>
<b>COMPLETION MAGOTWANENG BRIDGE</b>	<b>500,000.00</b>	<b>152,203.62</b>	<b>30%</b>
<b>STRDKRAAL COMMUNITY HALL INTERNAL STREET</b>	<b>-</b>	<b>168,902.96</b>	

<b>ACCESS</b> ROAD AT MALOGENG LANDFILL SITE	<b>500,000.00</b>	<b>47,067.61</b>	<b>9%</b>
<b>PLANNING</b> PRAKTISEER ROAD	<b>300,000.00</b>	<b>206,623.32</b>	<b>69%</b>
<b>PLANNING</b> MAPODILE ROAD	<b>300,000.00</b>	<b>256,866.89</b>	<b>86%</b>
<b>PLANNING</b> ORGHISTAD ROAD	-	<b>260,869.56</b>	
<b>REHABILITATION</b> OF MASHILABELE ROAD	<b>2,500,000.00</b>	<b>2,743,751.05</b>	<b>110%</b>
<b>REHABILITATION</b> OF MABOCHA BRIDGE	<b>2,500,000.00</b>	<b>1,647,472.54</b>	<b>66%</b>
<b>REHABILITATION</b> OF ROADS	<b>4,500,000.00</b>	<b>1,821,051.57</b>	<b>40%</b>
<b>LEBOENG</b> ACCESS ROAD	<b>9,814,500.00</b>	<b>8,810,777.89</b>	<b>90%</b>
<b>TRANSFER</b> STATION	<b>1,500,000.00</b>	-	<b>0%</b>
<b>Mayor &amp; Speaker</b> CAR	<b>3,000,000.00</b>	-	<b>0%</b>
<b>FENCING</b> OF SEBIDIKANE CEMETRY	<b>700,000.00</b>	-	<b>0%</b>
<b>FENCING</b> OF STEELPOORT	<b>700,000.00</b>	<b>854,929.26</b>	<b>122%</b>
<b>DEVELOPMENT</b> OF REGIONAL CEMETRY	<b>200,000.00</b>	<b>86,000.00</b>	<b>43%</b>
<b>CONSTRUCTION</b> OF GUARD ROOM	<b>200,000.00</b>	-	<b>0%</b>
COMMERCIALISATION APEL PARK	50,000.00	-	0%
REHABILITATION BURGERSFORT PARK	250,000.00	148,900.00	60%

COMMERCIALISATION BURGERSFORT PARK	50,000.00	-	0%
REHABILITATION OF BURGERSFORT TAXI RANK	1,200,000.00	-	0%
PLANNING STREET LIGHTS	300,000.00	-	0%
REFURBISHMENT OF BULDINGS	2,500,000.00	2,429,466.06	97%
BURGERSFORT LANDFILL SITE(PPP)	1,500,000.00	549,975.27	37%
BURGERSFORT LANDFILL SITE	1,300,000.00	29,900.00	2%
<b>DRILLING</b> AND EQUIPING OF BOREHOLES	<b>232,000.00</b>	<b>232,000.00</b>	<b>100%</b>
	<b>131,965,500.00</b>	<b>88,025,298.73</b>	<b>67%</b>

<b>DISTRESS MINING TOWN GRANT</b>			
<b>PROJECT DESCRIPTION</b>	<b>Total Budget</b>	<b>Total Actual</b>	<b>PERCENTAGE SPEND</b>
BURGERSFORT EXT 58 ROAD	1,646,943.00	1,647,721.63	100%
BURGERSFORT EXT 54 ROAD	5,300,000.00	3,646,383.58	69%
ELECTRIFICATION OF EXTENSION 54;58;EXTENSION 71 AND 72	9,243,504.00	-	0%
<b>TOTAL</b>	<b>16,190,447.00</b>	<b>5,294,105.21</b>	<b>33%</b>
<b>MUNICIPAL INFRASTRUCTURE GRANT</b>			
<b>PROJECT DESCRIPTION</b>	<b>Total Budget</b>	<b>Total Actual</b>	
RING FENCED SPORTS FACILITIES	10,000,000.00	6,044,859.11	60%

CONSTRUCTION - LEBOENGACCESSROAD	11,444,283.00	2,734,825.74	24%
CONSTR-FETAKGOMO MUNIC FACILIT INT STR	38,517,306.00	26,476,872.39	69%
CONST-ACCESS BRIDGE-LEFAHLA	22,142,612.00	21,903,490.48	99%
MAGAKALA ACCESS BRIDGE	9,800,000.00	-	
<b>TOTAL</b>	<b>91,904,201.00</b>	<b>57,160,047.72</b>	<b>62%</b>

## 1.5 FINANCIAL POSITION

### LIM476 Tubatse Fetakgomo - Table C6 quarterly Budget Statement - Financial Position June 2022

LIM476 Tubatse Fetakgomo - Table C6 Monthly Budget Statement - Financial Position - Q4 Fourth Quarter						
Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		77,680	164,991	246,686	53,739	246,686
Call investment deposits		448,582	-	-	330,674	-
Consumer debtors		65,419	(37,521)	38,056	116,289	38,056
Other debtors		(177,969)	28,095	28,095	(168,994)	28,095
Current portion of long-term receivables		-	-	-	-	-
Inventory		1,044	724	1,674	1,178	1,674
<b>Total current assets</b>		<b>414,756</b>	<b>156,289</b>	<b>314,511</b>	<b>332,887</b>	<b>314,511</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		58,250	61,650	61,650	58,250	61,650
Investments in Associate		-	-	-	-	-
Property, plant and equipment		2,074,928	1,871,462	1,918,631	2,225,647	1,918,631
Biological		-	-	-	-	-
Intangible		965	(2,623)	(3,423)	172	(3,423)
Other non-current assets		220,673	184,079	182,879	220,673	182,879
<b>Total non current assets</b>		<b>2,354,816</b>	<b>2,114,567</b>	<b>2,159,736</b>	<b>2,504,742</b>	<b>2,159,736</b>
<b>TOTAL ASSETS</b>		<b>2,769,572</b>	<b>2,270,856</b>	<b>2,474,247</b>	<b>2,837,629</b>	<b>2,474,247</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		1,006	37,800	-	1,006	-
Consumer deposits		22,493	-	-	22,518	-
Trade and other payables		164,742	334,372	242,124	392,371	242,124
Provisions		21,307	18,995	18,995	21,307	18,995
<b>Total current liabilities</b>		<b>209,548</b>	<b>391,167</b>	<b>261,119</b>	<b>437,203</b>	<b>261,119</b>
<b>Non current liabilities</b>						
Borrowing		(1,006)	-	-	(1,006)	-
Provisions		5,836	(582)	(582)	5,836	(582)
<b>Total non current liabilities</b>		<b>4,830</b>	<b>(582)</b>	<b>(582)</b>	<b>4,830</b>	<b>(582)</b>
<b>TOTAL LIABILITIES</b>		<b>214,378</b>	<b>390,584</b>	<b>260,536</b>	<b>442,033</b>	<b>260,536</b>
<b>NET ASSETS</b>	<b>2</b>	<b>2,555,194</b>	<b>1,880,272</b>	<b>2,213,711</b>	<b>2,395,596</b>	<b>2,213,711</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		2,555,194	1,880,272	2,044,711	2,395,596	2,044,711
Reserves		-	-	169,000	-	169,000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>2,555,194</b>	<b>1,880,272</b>	<b>2,213,711</b>	<b>2,395,596</b>	<b>2,213,711</b>

- The net assets show a total of R 2,2 billion as at the end of the 4<sup>th</sup> quarter
- 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 Councillors Remuneration) as % of Total Operating Expenditure)**

- The employee costs show 33% as a percentage of total operating expenditure which is still within the acceptable norm which ranges between 25 and 40%.

### **4. Collection Rate**

- The collection rate shows that 84% of the billed revenue is collected which is below the acceptable norm of 95%. The reason is that the billing for non-ratable areas (Former Fetakgomo Municipality)



## 1.6 CASH FLOW STATEMENT

LIM476 Tubatse Fetakgomo - Table C7 Monthly Budget Statement - Cash Flow - Q4 Fourth Quarter										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		-	126,238	117,613	37,151	73,674	117,613	(43,939)	-37%	117,613
Service charges		-	24,324	22,470	4,813	15,149	22,470	(7,322)	-33%	22,470
Other revenue		-	42,933	74,933	(7,348)	19,508	74,933	(55,425)	-74%	74,933
Transfers and Subsidies - Operational		-	482,685	482,685	131,602	494,031	482,685	11,346	2%	482,685
Transfers and Subsidies - Capital		-	119,240	131,730	16,228	105,468	131,730	(26,262)	-20%	131,730
Interest		-	7,285	7,285	8,372	8,372	7,285	1,087	15%	7,285
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		-	(631,475)	(701,555)	(263,641)	(636,574)	(701,555)	(64,981)	9%	(701,555)
Finance charges		-	(680)	(680)	-	-	(680)	(680)	100%	(680)
Transfers and Grants		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	<b>170,550</b>	<b>134,482</b>	<b>(72,823)</b>	<b>79,629</b>	<b>134,482</b>	<b>54,853</b>	<b>41%</b>	<b>134,482</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		-	(181,722)	(185,956)	(51,907)	(156,876)	(185,956)	(29,081)	16%	(185,956)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	<b>(181,722)</b>	<b>(185,956)</b>	<b>(51,907)</b>	<b>(156,876)</b>	<b>(185,956)</b>	<b>(29,081)</b>	<b>16%</b>	<b>(185,956)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	(37,200)	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	<b>(37,200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	<b>(48,372)</b>	<b>(51,474)</b>	<b>(124,729)</b>	<b>(77,247)</b>	<b>(51,474)</b>			<b>(51,474)</b>
Cash/cash equivalents at beginning:		213,363	213,363	298,161		526,262	298,161			526,262
Cash/cash equivalents at month/year end:		213,363	164,991	246,686		449,015	246,686			474,788

- The cash and cash equivalents balance as at end of June 2022 shows R 449,015 million as per the financial system. This differs to cash and cash equivalent as at the end of the year of R186 million because of the error realized on the opening balance.
- Table C7(Cash flow) and C6(Financial Statement) differences of cash equivalents at the end of the month 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.

## 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 million of which R 470 million is more than 90 days old. The bulk of the debt relates to refuse removal and property rates.

LIM476 Tubatse Fetakgomo - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q4 Fourth Quarter														
Description	NT Code	Budget Year 2021/22										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			
<b>R thousands</b>														
<b>Debtors Age Analysis By Income Source</b>														
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	11,093	4,306	3,697	3,607	3,087	2,918	14,524	298,967	342,200	323,104	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	3,596	2,160	2,200	2,395	1,888	1,787	8,867	108,114	131,007	123,051	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	2,658	2,043	1,990	1,854	1,744	1,688	6,648	12,324	30,950	24,259	0	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	13	4	1	1	0	0	1	546	567	549	-	-	
<b>Total By Income Source</b>	<b>2000</b>	<b>17,361</b>	<b>8,512</b>	<b>7,888</b>	<b>7,858</b>	<b>6,720</b>	<b>6,393</b>	<b>30,040</b>	<b>419,950</b>	<b>504,723</b>	<b>470,962</b>	<b>0</b>	<b>-</b>	
<b>2021/22 - totals only</b>														
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	2200	1,313	945	941	910	759	675	3,465	117,016	126,023	122,825	-	-	
Commercial	2300	7,403	2,398	1,917	2,120	1,636	1,505	6,876	106,065	129,920	118,202	-	-	
Households	2400	8,645	5,169	5,031	4,829	4,326	4,213	19,699	196,869	248,780	229,935	0	-	
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total By Customer Group</b>	<b>2600</b>	<b>17,361</b>	<b>8,512</b>	<b>7,888</b>	<b>7,858</b>	<b>6,720</b>	<b>6,393</b>	<b>30,040</b>	<b>419,950</b>	<b>504,723</b>	<b>470,962</b>	<b>0</b>	<b>-</b>	

## 1.7 CREDITORS

LIM476 Tubatse Fetakgomo - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q4 Fourth Quarter												
Description	NT Code	Budget Year 2021/22									Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
R thousands												
<b>Creditors Age Analysis By Customer Type</b>												
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	-	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	-	-	-	-	-	-	-	-	-	-	-

- As at end of June 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 March indicates R103 million was invested in various Call accounts as stipulated above  
The Municipality has a cash and cash equivalent to the tune of 186 224 337 as at end of June 2022.

## **1.9 EXTERNAL LOAN REPAYMENT AND INTEREST**

- Loans were not applicable in the 3<sup>rd</sup> 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**

This report shows various risk which must be attended to. This includes the following.

- The migration from old SOLAR financial system to Munsoft showed various discrepancies to be corrected during the 4th 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 is expecting to receive R 30 million from Atlasa Mine and Tubatse estate in the 4<sup>th</sup> quarter after the engagement of the two clients.
- Debt collectors collect average of R 2 million on a monthly basis from the handed over debtors.
- Electronic Default notices are sent on a monthly basis
- The municipality is currently updating the indigent register in order to clean municipal debt book.

## **1.11 CONCLUSION**

- The 4<sup>th</sup> quarter report shows satisfactory performance of both operating revenue and expenditure. Savings has been realised on other expenditure items and thus shows good performance. Although the revenue streams showed minimal collection levels, the municipality has put control measures in place to ensure that realistic revenue is budgeted and collected accordingly.

## **1.12 RECOMMENDATION**

- 1.12.1 That the executive committee notes the Section 52 report for the quarter ended 30 June 2022.
- 1.12.2 That the report is made public in compliance to section 75 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