



FETAKGOMO – TUBATSE  
LOCAL MUNICIPALITY

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**LIM 476**

**Fetakgomo Tubatse Local  
Municipality**

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

**31 March 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 31st MARCH 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 **31 March 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	556 931	334 407	40%
Reserves not committed for any other purpose	120 000	160 000			-
Total Revenue	854 041	910 041	556 931	334 407	
Total Operating Expenditure	(775 518)	800 528 -	(591 645)	(437 752)	-41%
Operating surplus / (deficit)	<b>78 523</b>	<b>109 513 -</b>	<b>(34 714)</b>	<b>(103 345)</b>	<b>-8%</b>

The adjusted budget for 2021/22 has an operating surplus of R 109 million. Operating revenue excluding capital receipts amounted to R334 407 million while operating expenditure amounted to R437 752 million. Thus, resulting in an operating deficit of R 103 million as at the end of the third quarter.

## 1.2 REVENUE PER SOURCE

The table below shows third quarter revenue performance per source.

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		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		118,495	139,269	139,269	7,841	76,403	104,452	(28,049)	-27%	139,269
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		23,172	25,921	25,921	2,621	23,604	19,441	4,163	21%	25,921
Rental of facilities and equipment		248	281	281	28	266	211	56	26%	281
Interest earned - external investments		7,099	7,285	7,285	744	7,073	5,464	1,609	29%	7,285
Interest earned - outstanding debtors		23,956	34,929	34,929	1,541	12,887	26,197	(13,310)	-51%	34,929
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		629	3,419	3,419	5	11	2,564	(2,554)	-100%	3,419
Licences and permits		4,856	16,529	16,529	-	3,257	12,397	(9,140)	-74%	16,529
Agency services		4,544	4,981	4,981	-	3,118	3,736	(617)	-17%	4,981
Transfers and subsidies		560,832	482,685	482,685	855	207,331	362,014	(154,683)	-43%	482,685
Other revenue		854	18,742	34,742	44	457	20,456	(19,999)	-98%	34,742
Gains		35,906	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>780,590</b>	<b>734,041</b>	<b>750,041</b>	<b>13,680</b>	<b>334,407</b>	<b>556,931</b>	<b>(222,524)</b>	<b>-40%</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 month amounts to R 334 407 million.
- The planned revenue collection target of R 556 931 million as at end of March underperformed by R224 524million (40 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 month.
- Below are explanations on over/under performance on other sources of revenue:

### Revenue from exchange transaction

- Property Rates shows a variance of 27% as compared to the budgeted billed revenue.
- Service Charges shows an over performance of 21% 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 51% as a result of interest charged on government debt which are long overdue.

- There is an under collection mainly on Licenses and permits of 70 % R3,2 million against the planned budget of R11,019 million. The variance is due to accounts which were not correctly allocated and will be allocated during April 2022.
- Agency fees underperformed by 6 % and within an acceptable norm of 17%. The variance is due to accounts which were not correctly allocated and will be allocated during April 2022.

### Revenue from non-exchange transaction

- Fines, Penalties and forfeits under performed by 98%. 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 March 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 third quarter expenditure per type is as follows:

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third 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>Expenditure By Type</b>										
Employee related costs		194,084	201,658	201,658	15,420	146,622	151,244	(4,623)	-3%	201,658
Remuneration of councillors		33,603	35,685	35,685	3,003	25,164	26,764	(1,600)	-6%	35,685
Debt impairment		91,222	41,781	41,781	285	3,466	31,336	(27,869)	-89%	41,781
Depreciation & asset impairment		106,886	101,582	101,882	-	-	76,307	(76,307)	-100%	101,882
Finance charges		4,348	20	20	-	3	15	(12)	-82%	20
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		4,198	10,165	10,545	610	5,129	7,776	(2,647)	-34%	10,545
Contracted services		171,615	221,152	242,927	31,790	150,570	174,563	(23,993)	-14%	242,927
Transfers and subsidies		848	1,330	1,850	11	878	1,205	(328)	-27%	1,850
Other expenditure		73,082	162,146	164,181	18,655	105,920	122,435	(16,515)	-13%	164,181
Losses		15,725	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>695,611</b>	<b>775,518</b>	<b>800,528</b>	<b>69,773</b>	<b>437,752</b>	<b>591,645</b>	<b>(153,893)</b>	<b>-26%</b>	<b>800,528</b>

- The actual expenditure amounts to R437 million whilst the planned expenditure was estimated at R591 million. This was due to non-cash items which were not taken into consideration as at the end of month e.g., Depreciation, Debt impairment.
- The underspending of R 153 million on the operating expenditure is mainly due to the following:
- Employee Costs shows a variance of 3% as compared to the planned expenditure of R151 Million. The expenditure is still within the planned spending pattern.

- Remuneration for Councilors shows an under spending of 6% which is the acceptable norm at this stage.
  - Debt Impairment shows variance of 82 % due to provision not made on debtors as at end of the month.
  - 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 82% 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 4th quarter.
  - Inventory Consumed has a variance of 24%. 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.
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- Contracted Services shows a variance of 14% 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 4th quarter as per SDBIP targets and the stoppage of procurement of goods and services 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.

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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) - Q3										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budoet	Adjusted Budoet	Monthly actual	YearTD actual	YearTD budoet	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	38,950	4,082	9,088	26,780	(17,692)	-66%	38,950
Executive and council		-	2,450	5,550	-	-	3,078	(3,078)	-100%	5,550
Finance and administration		32,168	29,550	33,400	4,082	9,088	23,703	(14,615)	-62%	33,400
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,597	7,950	6,850	-	-	5,523	(5,523)	-100%	6,850
Community and social services		1,597	6,450	4,850	-	-	4,198	(4,198)	-100%	4,850
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	1,500	2,000	-	-	1,325	(1,325)	-100%	2,000
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		59,126	150,678	221,768	22,142	75,726	141,445	(65,719)	-46%	221,768
Planning and development		-	1,500	-	-	-	525	(525)	-100%	-
Road transport		59,126	149,178	221,768	22,142	75,726	140,920	(65,194)	-46%	221,768
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2,673	9,950	5,450	149	402	5,663	(5,260)	-93%	5,450
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		4,742	-	-	-	28	-	28	#DIV/0!	-
Waste management		(2,069)	9,950	5,450	149	374	5,663	(5,288)	-93%	5,450
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>95,564</b>	<b>200,578</b>	<b>273,018</b>	<b>26,373</b>	<b>85,216</b>	<b>179,410</b>	<b>(94,194)</b>	<b>-53%</b>	<b>273,018</b>

- The actual capital expenditure as at end of the quarter ended March 2022 shows an underspending of R 94 million (53 per cent) from planned target of R179 million, the aggregate actual expenditure amounted to R85 million exclusive of VAT.
- Capital grant expenditure MIG to date amounts to R 28 million excluding VAT and retention held and shows 29% spending of the total allocation of R96 million. Project from own funding expenditure to date amounts to R37 million and percentage spent is 14% on the total budget of R273,018million
- Capital grant expenditure INEG to date amounts to R18 million and percentage spend is 90% on total budget of R20 million.
- Capital Distress Mining Town Grant expenditure amounts to R4 million and percentage spend is 25% of the total budget of R16 million.



## DETAILED CAPITAL EXPENDITURE PERFORMANCE

### MIG PROJECTS

PROJECT DESCRIPTION	BUDGET 2022	YTD ACTUALS	% SPENT
MOTAGANENG ACCESS BRIDGE	26,596,086.57	8 450 063	31%
GA-DEBEILA TO MOHLALETSI INTERNAL STREET	57,681,913.43	15,127,584.59	26%
RING FENCED SPORTS FACILITIES	10 000 000.00	-	0%
<b>TOTAL</b>	<b>94 278 000</b>	<b>23,577,648.05</b>	<b>26%</b>

### ASSETS FROM OWN FUNDING

DESCRIPTION	BUDGET	YTD EXPENDITURE	% SPEND
MAYORAL CHAIN	1,200,000.00	-	0%
MAPODILE SPORTS FACILITIES	2,500,000.00	1,031,878.54	41%
MOTODI SPORTS COMPLEX	2,500,000.00	641,372.26	26%

Parks Playing Equipment	250,000.00	285,000.00	114%
REHABILITATION OF VTS - MABOPO	1,200,000.00	-	0%
APEL RECREATIONAL PARK	250,000.00	-	0%
REHABILITATION OF APEL RECREATIONAL PARK	2,000,000.00	-	0%
CONSTRUCTION SPRAY PARK BURGERSFORT PARK	1,500,000.00	390,048.98	26%
ORGISTAD SPORTS COMPLEX - PHASE 2	1,050,000.00	776,451.72	74%
MAKUA LIBRARY	1,000,000.00	-	0%
MOBILE ROOM	1,000,000.00	1,499,999.90	150%
FLEET DEPOT REFURBISHMENT	1,300,000.00	-	0%

LAND ACQUISITION	610,000.00	-	0%
PLANNING INTERNAL STREETS	400,000.00	-	0%
STRDKRAAL COMMUNITY HALL INTERNAL STREET	600,000.00	171,436.50	29%
ACCESS ROAD AT MALOGENG LANDFILL SITE	375,003.00	-	0%
PLANNING HOERAROEPE ROAD	300,000.00	-	0%
PLANNING PRAKTISEER ROAD	300,000.00	-	0%
PLANNING MAPODILE ROAD	300,000.00	-	0%
PLANNING ORGHISTAD ROAD	105,000.00	-	0%
MARESELENG BRIDGE	875,006.00	-	0%

PLANNING KOMANE ROAD	105,000.00	-	0%
PLANNING STOKKING ROAD	300,000.00	-	0%
REHABILITATION OF MASHILABELE ROAD	2,050,000.00	-	0%
REHABILITATION OF MABOCHA BRIDGE	2,050,000.00	-	0%
REHABILITATION OF ROADS	3,375,000.00	-	0%
REHABILITATION OF BOPEDI	500,000.00	-	0%
COMPLETION MAGOTWANENG BRIDGE	2,500,000.00	-	0%
Roads: CONSTRUCTION - LEBOENGACCESSROAD	4,600,000.00	-	0%
LEBOENG ACCESS ROAD	9 000 000	5,560,290.79	62%

PLANNING BOTHASHOEK RIVER	300,000.00	-	0%
PLANNING APPIESDORING	300,000.00	-	0%
PLANNING GAMAHLOPI	300,000.00	-	0%
PLANNING MASHAMOTANE	300,000.00	-	0%
PLANNING & DESIGN MARESELEMG	105,000.00	-	0%
PLANNING & DESIGN GASELALA	300,000.00	-	0%
PLANNING STRDKRAAL	300,000.00	-	0%
PLANNIGN SEKHUKHUNE STREET	300,000.00	-	0%
TRANSFER STATION	1,500,000.00	-	0%

CONSTRUCTION OF STORMWATER DRAINAGE	1,500,000.00	-	0%
Cemeteries/Crematoria: DEVELOPMENT OF REGIONAL CEMETRY	800,000.00	-	0%
FENCING OF STEELPOORT	700,000.00	-	0%
FENCING OF SEBIDIKANE CEMETRY	700,000.00	-	0%
CONSTRUCTION OF GUARD ROOM	150,003.00	-	0%
REHABILITATION OF BURGERSFORT TAXI RANK	2,600,006.00	-	0%
COMMERCIALISATION APEL PARK	250,000.00	-	0%
REHABILITATION BURGERSFORT PARK	250,000.00	148,900.00	60%
COMMERCIALISATION BURGERSFORT PARK	250,000.00	-	0%

REFURBISHMENT OF BULDINGS	3,000,000.00	1,388,557.42	46%
CONSTRUCTION OF TOILETS	150,000.00	-	0%
BURGERSFORT LANDFILL SITE	1,300,000.00	29,900.00	2%
BURGERSFORT LANDFILL SITE(PPP)	2,700,000.00	-	0%
MUNICIPAL ELECTRIFICSATION PROJECT	55,000,000.00	22,298,559.00	41%
REHABILITATION OF ROADFS	4,500,000.00		0%
CONSTRUCTION OF MAKUA LIBRARY	2,500,000.00		0%
CONSTRUCTION OF PRAKTISEER LIBRARY	2,500,000.00		0%
<b>TOTAL</b>	<b>121,250,018.00</b>	<b>37,723,836.11</b>	<b>31%</b>





## 1.5 FINANCIAL POSITION

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

LIM476 Tubatse Fetakgomo - Table C6 Monthly Budget Statement - Financial Position - Q3 Third 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	284,598	195,676	284,598
Call investment deposits		221,425	-	-	227,786	-
Consumer debtors		47,135	(37,521)	(43,043)	80,773	(43,043)
Other debtors		50,554	28,095	28,095	51,295	28,095
Current portion of long-term receivables		-	-	-	-	-
Inventory		1,044	724	1,024	1,309	1,024
<b>Total current assets</b>		<b>397,839</b>	<b>156,289</b>	<b>270,673</b>	<b>556,838</b>	<b>270,673</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		2,114,227	1,871,462	1,943,402	2,199,577	1,943,402
Biological		-	-	-	-	-
Intangible		965	(2,623)	(2,423)	172	(2,423)
Other non-current assets		202,933	184,079	184,079	202,933	184,079
<b>Total non current assets</b>		<b>2,376,375</b>	<b>2,114,567</b>	<b>2,186,708</b>	<b>2,460,931</b>	<b>2,186,708</b>
<b>TOTAL ASSETS</b>		<b>2,774,214</b>	<b>2,270,856</b>	<b>2,457,381</b>	<b>3,017,769</b>	<b>2,457,381</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		1,006	37,800	-	1,006	-
Consumer deposits		2,231	-	-	2,231	-
Trade and other payables		191,349	334,372	241,574	491,895	241,574
Provisions		16,944	18,995	18,995	16,944	18,995
<b>Total current liabilities</b>		<b>211,530</b>	<b>391,167</b>	<b>260,569</b>	<b>512,076</b>	<b>260,569</b>
<b>Non current liabilities</b>						
Borrowing		(2,906)	-	-	(2,906)	-
Provisions		5,836	(582)	(582)	5,836	(582)
<b>Total non current liabilities</b>		<b>2,929</b>	<b>(582)</b>	<b>(582)</b>	<b>2,929</b>	<b>(582)</b>
<b>TOTAL LIABILITIES</b>		<b>214,459</b>	<b>390,584</b>	<b>259,986</b>	<b>515,005</b>	<b>259,986</b>
<b>NET ASSETS</b>	<b>2</b>	<b>2,559,755</b>	<b>1,880,272</b>	<b>2,197,395</b>	<b>2,502,764</b>	<b>2,197,395</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		2,549,154	1,802,505	2,028,395	2,502,764	2,028,395
Reserves		-	-	169,000	-	169,000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>2,549,154</b>	<b>1,802,505</b>	<b>2,197,395</b>	<b>2,502,764</b>	<b>2,197,395</b>

- The net assets show a total of R 2,1 billion as at the end of the third 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.
- Discrepancies were noted and will be corrected at the end of April according to the current project plan.

## **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.

### **2. 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 52% of the billed revenue is collected which is below the acceptable norm of 95%. The reason is that the Municipality had dispute with other government departments and challenges with the system on handing over new matters/Debtors. The matter is now resolved, and it will be handed over in May 2022 and improved collection will be realized.

## 1.6 CASH FLOW STATEMENT

LIM476 Tubatse Fetakgomo - Table C7 Monthly Budget Statement - Cash Flow - Q3 Third 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	3,477	24,966	91,229	(66,263)	-73%	117,613
Service charges		-	24,324	22,470	748	8,481	17,502	(9,021)	-52%	22,470
Other revenue		-	42,933	74,933	18,805	24,717	45,000	(20,283)	-45%	74,933
Transfers and Subsidies - Operational		-	482,685	482,685	-	362,429	362,014	415	0%	482,685
Transfers and Subsidies - Capital		-	119,240	156,730	33,240	89,240	104,426	(15,186)	-15%	156,730
Interest		-	7,285	7,285	-	-	5,464	(5,464)	-100%	7,285
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		-	(631,475)	(656,186)	(129,704)	(262,581)	(483,491)	(220,910)	46%	(656,186)
Finance charges		-	(680)	(680)	-	-	(510)	(510)	100%	(680)
Transfers and Grants		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	<b>170,550</b>	<b>204,851</b>	<b>(73,434)</b>	<b>247,251</b>	<b>141,633</b>	<b>(105,618)</b>	<b>-75%</b>	<b>204,851</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)	(218,414)	(20,685)	(63,530)	(150,969)	(87,438)	58%	(218,414)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	-	<b>(181,722)</b>	<b>(218,414)</b>	<b>(20,685)</b>	<b>(63,530)</b>	<b>(150,969)</b>	<b>(87,438)</b>	<b>58%</b>	<b>(218,414)</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)	-	-	-	13,020	13,020	100%	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	-	<b>(37,200)</b>	-	-	-	<b>13,020</b>	<b>13,020</b>	<b>100%</b>	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	-	<b>(48,372)</b>	<b>(13,563)</b>	<b>(94,120)</b>	<b>183,721</b>	<b>3,685</b>			<b>(13,563)</b>
Cash/cash equivalents at beginning:	213,363	213,363	298,161		299,105	298,161			299,105
Cash/cash equivalents at month/year end:	213,363	164,991	284,598		482,826	301,845			285,542

- The cash and cash equivalents balance as at end of March 2022 shows R 482,826 million as per the financial system. During the migration to the new system Munsoft, an error was encountered wherein the operational receipts were receipted in an incorrect GUID or mSCOA segment thus resulting in an incorrect balance of cash flow at the end of the period. The operational expenditure as well as the capital expenditure was also paid in an incorrect GUID or mSCOA segment, therefore resulting in less expenditure on both operational and capex expenditure.
- The municipality is currently cleaning the budget data on an ongoing basis and project plan was developed where the misclassification is intended to be fixed by end of April.
- 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 errors encountered when receipting the operational receipts and payment of both operational expenditure and capital expenditure.

## 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 487 million of which R 458 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 - Q3 Third 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	7,886	4,698	3,925	3,640	3,693	3,304	24,969	284,734	336,847	320,339			
Receivables from Exchange Transactions - Waste Water Management	1500													
Receivables from Exchange Transactions - Waste Management	1600	3,086	2,252	1,914	1,800	1,821	1,791	8,959	103,604	125,226	117,974			
Receivables from Exchange Transactions - Property Rental Debtors	1700													
Interest on Arrear Debtor Accounts	1810	2,008	1,840	1,748	1,704	1,681	1,634	2,389	11,842	24,845	19,250			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820													
Other	1900	7	2	0		1	1	1	546	558	549			
<b>Total By Income Source</b>	<b>2000</b>	<b>12,986</b>	<b>8,791</b>	<b>7,587</b>	<b>7,143</b>	<b>7,196</b>	<b>6,729</b>	<b>36,317</b>	<b>400,725</b>	<b>487,476</b>	<b>458,111</b>			
<b>2021/22 - totals only</b>														
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	2200	1,150	1,132	1,125	1,126	1,349	1,078	7,452	111,745	126,157	122,750			
Commercial	2300	5,661	2,474	1,803	1,761	1,564	1,448	10,552	100,133	125,397	115,458			
Households	2400	6,176	5,185	4,659	4,256	4,283	4,204	18,312	188,847	235,922	219,902			
Other	2500													
<b>Total By Customer Group</b>	<b>2600</b>	<b>12,986</b>	<b>8,791</b>	<b>7,587</b>	<b>7,143</b>	<b>7,196</b>	<b>6,729</b>	<b>36,317</b>	<b>400,725</b>	<b>487,476</b>	<b>458,111</b>			

## 1.7 CREDITORS

LIM476 Tubatse Fetakgomo - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q3 Third Quarter												
Description	NT Code	Budget Year 2021/22								Total	Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year			
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 March 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 R227 million was invested in various Call accounts as stipulated above  
The Municipality has a cash and cash equivalent to the tune of 384,229,617.00 as at end of March 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 third 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 31 March 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