



**FETAKGOMO – TUBATSE  
LOCAL MUNICIPALITY**

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**LIM 476**

**Fetakgomo Tubatse Local  
Municipality**

**1<sup>st</sup> Quarter Budget Performance  
Assessment Report (Section 52 Report)**

**30 September 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 September 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 this report.

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

Description	ANNUAL BUDGET	YTD Budget (R'000)	YTD Actual (R'000)	Variance% R'000
Total Revenue excluding capital receipts	867 841 000	225 523	216 960	4%
Total Operating Expenditure	(798 816)	(199 704 000)	(95 429 000)	-52%
Operating surplus / (deficit)	<b>69 024 000</b>	<b>17 256 000</b>	<b>130 094</b>	<b>13%</b>

The Original budget for 2022/23 has an operating surplus of R 69 024 million. Operating revenue excluding capital receipts amounted to R225 523 million while operating expenditure amounted to R95 429 million. Thus, resulting in an operating surplus of R 130 094 million as at the end of 1<sup>st</sup> quarter.

## 1.2 REVENUE PER SOURCE

The table below shows 1<sup>ST</sup> quarter revenue performance per source.

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter										
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
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		104,916	139,269	-	(19,053)	4,006	34,817	(30,811)	-88%	139,269
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		21,118	28,921	-	1,969	5,881	7,230	(1,349)	-19%	28,921
Rental of facilities and equipment		439	281	-	25	77	70	6	9%	281
Interest earned - external investments		9,395	8,285	-	667	2,087	2,071	16	1%	8,285
Interest earned - outstanding debtors		14,472	28,750	-	(5,221)	(2,371)	7,187	(9,558)	-133%	28,750
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,061	3,419	-	2	2	855	(853)	-100%	3,419
Licences and permits		5,976	16,529	-	1,540	1,540	4,132	(2,592)	-63%	16,529
Agency services		6,075	4,981	-	1,795	1,795	1,245	550	44%	4,981
Transfers and subsidies		482,586	545,664	-	2,710	212,140	136,416	75,724	56%	545,664
Other revenue		776	91,741	-	63	365	22,935	(22,570)	-98%	91,741
Gains		34	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>646,845</b>	<b>867,841</b>	<b>-</b>	<b>(15,503)</b>	<b>225,523</b>	<b>216,960</b>	<b>8,563</b>	<b>4%</b>	<b>867,841</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 as at the end of the first quarter amounted to R225 523 million.
- The planned revenue collection target of R 216 960 million as at end of 1<sup>st</sup> quarter ended September 2022 over performed by 4%.
- 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 88 % as compared to the budgeted billed revenue because there has been an error on capturing of some of property rates transaction and therefore resulted in negative figure, the error will be corrected in October 2022.
- Service Charges shows an under performance of 19% on billed revenue. This emanated from under projections on budget made on refuse removal budget.
- On rental of facilities and equipment outperformed by 9% and it is within an acceptable norm mainly due to high need identified on the use of these facilities.
- Interest Earned External Investment shows an over collection of 1% and is within an acceptable norm%. This emanates from interest earned on reserves invested in the call account.

- Interest Earned Outstanding debtors underperformed by 100% as a result of an error encountered on capturing of transactions and it will be corrected in October 2022.
- There is an under collection mainly on Licenses and permits of 63 % ( R2 582 )million against the planned budget of R4,132 million. The variance is due to accounts which were not correctly allocated and will be allocated during October 2022.
- There is satisfactory collection on agency fees and it is evidenced by an over collection of 44%

### 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 1<sup>st</sup> quarter and it is as a result of sale of stands projected to be sold in the current year but were not yet sold. The collection will be realized as at the end of third quarter.

## 1.3 QUARTERLY OPERATING EXPENDITURE PERFORMANCE

The 1<sup>st</sup> quarter expenditure per type is as follows:

LIM476 Tubatse Fetakgomo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter										
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										
<b>Expenditure By Type</b>										
Employee related costs		199,058	247,799	-	1	1	61,950	(61,948)	-100%	247,799
Remuneration of councillors		35,397	37,433	-	-	-	9,358	(9,358)	-100%	37,433
Debt impairment		23,596	30,000	-	12,277	4,987	7,500	(2,513)	-34%	30,000
Depreciation & asset impairment		86,280	90,261	-	-	-	22,565	(22,565)	-100%	90,261
Finance charges		5,304	5,000	-	-	-	1,250	(1,250)	-100%	5,000
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		-	3,445	-	111	491	861	(370)	-43%	3,445
Contracted services		238,281	233,191	-	24,385	53,397	58,298	(4,901)	-8%	233,191
Transfers and subsidies		1,311	11,420	-	526	1,045	2,855	(1,810)	-63%	11,420
Other expenditure		108,469	140,266	-	8,649	35,508	35,066	441	1%	140,266
Losses		124	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>697,820</b>	<b>798,816</b>	<b>-</b>	<b>45,949</b>	<b>95,429</b>	<b>199,704</b>	<b>(104,275)</b>	<b>-52%</b>	<b>798,816</b>

- The actual expenditure for the period ended September 2022 amounted to R95 429 million whilst the planned expenditure was estimated at R199 704 million. This resulted in a variance of R104 275million because items such as non-cash items and Employee related costs were not integrated from one system to another e.g., asset system and payday system to Munsoft system.
- The underspending of R104 275 million on the operating expenditure is mainly due to the following:
- Employee Costs shows a variance of 100% as there were no integration between the payroll system and Munsoft.

- Remuneration for Councilors shows a variance of 100% there were no integration between Payday system and Munsoft.
- Debt Impairment shows variance of 100 % 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 variance of 100% 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 4<sup>th</sup> quarter.
- Inventory Consumed has a variance of 43%. 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% as compared to the planned year to date budget of R58 298 million.
- Transfers and Subsidies shows a variance of 63% 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 1% and is within an acceptable norm.

The operating costs results in a surplus of R130 094 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) - Q1										
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									
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		24,235	33,650	-	465	720	8,412	(7,692)	-91%	33,650
Executive and council		2,651	3,450	-	-	-	863	(863)	-100%	3,450
Finance and administration		21,584	30,200	-	465	720	7,550	(6,830)	-90%	30,200
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,161	26,500	-	551	1,630	6,625	(4,995)	-75%	26,500
Community and social services		941	24,700	-	551	1,630	6,175	(4,545)	-74%	24,700
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		220	1,800	-	-	-	450	(450)	-100%	1,800
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		129,059	300,289	-	8,589	13,583	75,072	(61,489)	-82%	300,289
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		129,059	300,289	-	8,589	13,583	75,072	(61,489)	-82%	300,289
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		699	25,370	-	-	-	6,342	(6,342)	-100%	25,370
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		699	25,370	-	-	-	6,342	(6,342)	-100%	25,370
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>155,154</b>	<b>385,809</b>	<b>-</b>	<b>9,605</b>	<b>15,933</b>	<b>96,452</b>	<b>(80,520)</b>	<b>-83%</b>	<b>385,809</b>
<b>Funded by:</b>										
National Government		69,249	119,759	-	5,991	7,424	29,940	(22,515)	-75%	119,759
Provincial Government		5,005	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>74,254</b>	<b>119,759</b>	<b>-</b>	<b>5,991</b>	<b>7,424</b>	<b>29,940</b>	<b>(22,515)</b>	<b>-75%</b>	<b>119,759</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>142,000</b>	<b>-</b>	<b>1,619</b>	<b>2,312</b>	<b>35,500</b>	<b>(33,188)</b>	<b>-93%</b>	<b>142,000</b>
<b>Internally generated funds</b>		<b>80,155</b>	<b>124,050</b>	<b>-</b>	<b>1,996</b>	<b>6,196</b>	<b>31,013</b>	<b>(24,816)</b>	<b>-80%</b>	<b>124,050</b>
<b>Total Capital Funding</b>		<b>154,408</b>	<b>385,809</b>	<b>-</b>	<b>9,605</b>	<b>15,933</b>	<b>96,452</b>	<b>(80,520)</b>	<b>-83%</b>	<b>385,809</b>

- The actual capital expenditure for the 1<sup>st</sup> quarter ended September 2022 shows an underspending of R 80 520 million (83%) from planned target of R96 452 million, the aggregate actual expenditure amounted to R15 933 million exclusive of VAT.
- Capital grant expenditure on MIG funded projects amounted to R9 253 million excluding VAT and retention held as at the end of the 1<sup>st</sup> quarter ended September 2022 and shows 10% spending of the total allocation of R96 588 million. The expenditure on own funded projects amounted to R6 196 million as at end of the 1<sup>st</sup> quarter ended September 2022 and percentage spend is 5% on the total allocation of R124,050 million.
- There is no spending on projects funded from INEG as at end of the quarter ended September 2022 from the allocation of R28 million.

## DETAILED CAPITAL EXPENDITURE PERFORMANCE

<b>OWN REVENUE FUNDED PROJECTS</b>			
<b>ProjectShortDesc</b>	<b>TotalBudget</b>	<b>TotalActual</b>	<b>PERCENTAGE SPEND</b>
Computer Software and Applications:PURCHASE OF RECORDS MANAGEMENT SYSTEM	700,000.00	-	-
Computer Software and Applications:ALARM CONTROL SYSTEM	250,000.00	-	-
Cemeteries/Crematoria:FENCING OF SEBIDIKANE CEMETRY	1,300,000.00	-	-
Cemeteries/Crematoria:FENCING OF STEELPOORT	500,004.00	-	-
Outdoor Facilities:COMPLETION OF RADINGWANA SPORTS COMPLEX PHASE 2	2,000,004.00	21,200.00	0.01
Outdoor Facilities:COMPLETION ORGHISTAD SPORTS COMPLEX	1,400,004.00	-	-
Testing Stations:REHABILITATION OF VTS - MABOPO	1,500,000.00	-	-
Cemeteries/Crematoria:COMPLETION OF NEW APIESDORING REGIONAL CEMETRY	300,000.00	-	-
Libraries:PRAKTISEER LIABRARY	13,000,000.00	549,105.00	0.04
Libraries:REFURBISHMENT OF BURGERSFORT MODULAR LIBRARY	200,004.00	-	-
Libraries:MAKUA LIBRARY	6,500,004.00	1,080,539.17	0.17
Computer Equipment:COMPUTER HARDWARES	2,000,004.00	-	-
LV Networks:MUNICIPAL ELECTRIFICATION PROJECT(BRIDGING FINANCE FACILITY )	21,999,996.00	430,557.23	0.02
LV Networks:PLANNING & DESIGN OF STREETLIGHTS AT MAIN INTERSECTIONS	500,004.00	426,918.20	0.85



Furniture and Office Equipment:Furniture and Office Equipment	1,500,000.00	181,355.00	0.12
Furniture and Office Equipment:SECURITY EQUIPMENTS	300,000.00	-	-
Furniture and Office Equipment:UPGRADING OF CCTV CAMERAS	2,000,004.00	-	-
Furniture and Office Equipment:COMMUNICATION INRASTRUCTURE	300,000.00	-	-
SURVEY OF MUNICIPAL BUILDING:DESIGNS OF VEHICLE POUND	300,000.00	-	-
Roads:PLANNING AND DESIGN OF MPHANAMA INTERNAL STREET	500,004.00	-	-
Roads:PLANNING & DESIGN ACCESS ROAD TO MOSHATE KGAUTSWANE	300,000.00	-	-
Roads:PLANNING & DESIGN ACCESS ROAD TO MOSHATE MAKOFANE	300,000.00	-	-
Roads:PLANNING & DESIGN ACCESS ROAD TO MOSHATE RANTO	300,000.00	-	-
Roads:DESIGNS AND IMPLEMENTATION OF E/W RING ROAD	4,000,000.00	-	-
Road Structures:PLANNING & DESIGN OF TIDINTITSANE ACCESS BRIDGE	300,000.00	-	-
Road Structures:PLANNING & DESIGN OF ACCESS BRIDGE SHUBUSHUBUG	300,000.00	-	-
Roads:PLANNING & DESIGN OF MALOMANYE ACCESS ROAD	300,000.00	-	-
Road Structures:CONST-ACCESS BRIDGE-GAMALWANE	3,000,000.00	-	-
Roads:PLANNING & DESIGN ACCESS ROAD TO MOSHATE PHASHA SELATOLE	300,000.00	-	-
Roads:PLANNING & DESIGN MAEPA ACCESS ROAD	300,000.00	-	-

Roads:PLANNING & DESIGN ACCESS ROAD MOSHATE GA KGOETE	300,000.00	-	-
Roads:PLANNING & DESIGN OF PHIRING ACCESS ROAD	300,000.00	-	-
Roads:PLANNING & DESIGN OF DRESTEN ACCESS ROAD	300,000.00	-	-
Road Structures:PLANNING & DESIGN OF NKOTSANE PRIMARY SCHOOL ACCESS BRIGDE	300,000.00	-	-
Roads:ACCESS ROAD AT MALOGENG LANDFILL SITE	2,500,000.00	277,229.27	0.11
Roads:REHABILITATION OF MASHILABELE ROAD	3,000,000.00	1,389,431.67	0.46
Roads:REHABILITATION OF MABOCHA BRIDGE	4,000,000.00	280,170.00	0.07
Roads:REHABILITATION OF ROADS	5,000,004.00	1,021,140.13	0.20
Landfill Sites:CONSTRUCTION OF MALOGENG LANDFILL SITE CELL	4,500,000.00	-	-
Landfill Sites:CLOSURE OF OLD BURGERSFORT LANDFILL SITE	1,300,000.00	-	-
Waste Transfer Stations:CONSTRUCTION PF PENGE TRANSFER STATION	1,500,000.00	-	-
Waste Transfer Stations:CONSTRUCTION OF MPHANAMA TRANFER STATION	1,500,000.00	-	-
Transport Assets:MUNICIPAL HYBRID	19,000,000.00	-	-
Taxi Ranks/Bus Terminals:REHABILITATION OF BURGERSFORT TAXI RANK	5,000,004.00	-	-
Municipal Offices:REFURBISHMENT OF BULDINGS	7,000,000.00	538,750.00	0.08
Landfill Sites:BURGERSFORT LANDFILL SITE(PPP)	1,500,000.00	-	-

TOTAL	<b>123,450,040.00</b>	<b>6,196,395.67</b>	<b>2.14</b>
PROJECTS FUNDED FROM MIG			
Roads:MARESELENG ACCESS BRIDGE	15,000,000.00	1,112,896.13	0.07
Roads:Ga-Debeila to Mohlaletse Internal Street	46,688,880.00	6,311,291.27	0.14
Landfill Sites:CONSTRUCTION BURGERSFORT NEW LANDFILL SITE	15,069,720.00	-	-
Roads:CONSTRUCTION APPIESDOORING TO MANOKE ROAD	15,000,000.00	-	-
<b>TOTAL</b>	<b>91,758,600.00</b>	<b>7,424,187.40</b>	<b>0.21</b>
PROJECTS FUNDED FROM INEG			
LV Networks:ELECTRIFICATION OF BURGERSFORT EXT 71;72;58 AND 54	11,403,000.00	-	-
LV Networks:STREET LIGHT INTERSECTION AND BURGERSFORT EXTENSIONS	9,999,996.00	-	-
LV Networks:ELECTRIFICATION OPERATION OF LEBOENG;MOGABANE AND SELEPE	8,750,004.00	-	-
LV Networks:ELECTRIFICATION OPERATION OF LEBOENG;MORABA AND NKOANA	27,999,996.00	-	-
LV Networks:ELECTRIFICATION OPERATION OF MOUNTAIN SQUARE/MOGABA PARK 1900	29,900,004.00	-	-
LV Networks:ELECTRIFICATION OF PHAHANENG PHASE 555	11,655,000.00	1,618,504.52	0.14
LV Networks:ELECTRIFICATION OPERATION OF RIVERSIDE PHASE 2	11,655,000.00	693,466.09	0.06
LV Networks:ELECTRIFICATION OF TAUNG 700	14,700,000.00	-	-
LV Networks:MANDELA CENTRAL 600	12,600,000.00	-	-

LV Networks:MANDELA EAST AND WEST 1520	31,337,004.00	-	-
<b>TOTAL</b>	<b>170,000,004.00</b>	<b>2,311,970.61</b>	<b>0.20</b>

## 1.5 FINANCIAL POSITION

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

LIM476 Tubatse Fetakgomo - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter						
Description	Ref	2021/22	Budget Year 2022/23			
		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		82,703	42,710	-	156,558	42,710
Call investment deposits		330,674	229,425	-	410,718	229,425
Consumer debtors		71,022	110,277	-	23,974	110,277
Other debtors		(168,961)	51,070	-	(186,389)	51,070
Current portion of long-term receivables		-	-	-	-	-
Inventory		3,147	1,044	-	3,019	1,044
<b>Total current assets</b>		<b>318,586</b>	<b>434,527</b>	<b>-</b>	<b>407,879</b>	<b>434,527</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		60,150	58,250	-	60,150	58,250
Investments in Associate		-	-	-	-	-
Property, plant and equipment		2,155,920	2,408,358	-	2,168,877	2,408,358
Biological		-	-	-	-	-
Intangible		332	1,122	-	332	1,122
Other non-current assets		220,673	203,533	-	220,673	203,533
<b>Total non current assets</b>		<b>2,437,075</b>	<b>2,671,263</b>	<b>-</b>	<b>2,450,032</b>	<b>2,671,263</b>
<b>TOTAL ASSETS</b>		<b>2,755,661</b>	<b>3,105,790</b>	<b>-</b>	<b>2,857,911</b>	<b>3,105,790</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		36,089	1,006	-	36,089	1,006
Consumer deposits		15,903	2,231	-	15,903	2,231
Trade and other payables		99,988	191,349	-	63,036	191,349
Provisions		25,143	16,944	-	25,143	16,944
<b>Total current liabilities</b>		<b>177,124</b>	<b>211,530</b>	<b>-</b>	<b>140,172</b>	<b>211,530</b>
<b>Non current liabilities</b>						
Borrowing		(66,519)	142,000	-	(66,519)	142,000
Provisions		5,853	5,836	-	5,853	5,836
<b>Total non current liabilities</b>		<b>(60,666)</b>	<b>147,836</b>	<b>-</b>	<b>(60,666)</b>	<b>147,836</b>
<b>TOTAL LIABILITIES</b>		<b>116,458</b>	<b>359,366</b>	<b>-</b>	<b>79,506</b>	<b>359,366</b>
<b>NET ASSETS</b>	<b>2</b>	<b>2,639,204</b>	<b>2,746,424</b>	<b>-</b>	<b>2,778,405</b>	<b>2,746,424</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		2,404,701	2,746,424	-	2,778,405	2,746,424
Reserves		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>2,404,701</b>	<b>2,746,424</b>	<b>-</b>	<b>2,778,405</b>	<b>2,746,424</b>

- The net assets show a total of R 2,778 billion as at the end of the 1<sup>st</sup> quarter ended September 2022.
- There are other discrepancies identified during the migration of the financial position from SOLAR financial system to Munsoft with regards to the GUIDS or segment on

both consumer debtors and intangible assets. The system migrated the segments as liabilities instead of assets as reflected above.

## **1.5. Financial Ratios**

### **1. Cash Coverage Ratio**

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

### **2. Liquidity Ratio**

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

### **3. Remuneration (Employee Related Costs and Councilors**

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

### **4. Collection Rate**

- The collection rate shows that 95% of the billed revenue is collected which is within the acceptable norm of 95%.

## 1.6 CASH FLOW STATEMENT

LIM476 Tubatse Fetakgomo - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter										
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									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		73,674	117,613	-	7,713	19,462	29,403	(9,941)	-34%	117,613
Service charges		15,149	20,245	-	1,104	4,225	5,061	(836)	-17%	20,245
Other revenue		19,508	81,866	-	16,922	20,066	20,466	(400)	-2%	81,866
Transfers and Subsidies - Operational		502,361	545,664	-	2,550	211,980	136,416	75,564	55%	545,664
Transfers and Subsidies - Capital		105,468	119,759	-	-	-	29,940	(29,940)	-100%	119,759
Interest		8,372	8,285	-	-	-	2,071	(2,071)	-100%	8,285
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(440,269)	(673,555)	-	(75,921)	(170,568)	(169,127)	1,441	-1%	(673,555)
Finance charges		-	(5,000)	-	-	-	(1,250)	(1,250)	100%	(5,000)
Transfers and Grants		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>284,264</b>	<b>214,877</b>	<b>-</b>	<b>(47,632)</b>	<b>85,165</b>	<b>52,981</b>	<b>(32,184)</b>	<b>-61%</b>	<b>214,877</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	144,906	-	-	-	36,227	(36,227)	-100%	144,906
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(21,517)	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		35,083	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>13,566</b>	<b>144,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,227</b>	<b>36,227</b>	<b>100%</b>	<b>144,906</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>140,955</b>	<b>(26,025)</b>	<b>-</b>	<b>(57,777)</b>	<b>68,509</b>	<b>(7,244)</b>			<b>(26,025)</b>
Cash/cash equivalents at beginning:		526,259	298,161	-	-	413,377	298,161			413,377
Cash/cash equivalents at month/year end:		667,214	272,136	-	-	481,886	290,917			387,352

- The cash and cash equivalents balance as at end of the quarter ended September 2022 shows R 481,886 million as per the financial system. This differs to cash and cash equivalent as at the end of the month of R285 737 million because of the error realized on the opening balance which needs to be corrected on the system to align the balances as per bank statement
- Table C7(Cash flow) and C6(Financial Statement) differences of cash equivalents at the end of the 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 382 508 million of which R348 035 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 - Q1 First Quarter													
Description	NT Code	Budget Year 2022/23									Total over 90 days	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			
<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	8,956	4,566	10,261	5,633	3,541	3,062	14,076	239,393	289,489	265,706	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	1,898	1,434	1,486	1,476	879	941	4,068	55,868	68,050	63,233	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	1,835	1,726	2,298	1,773	1,448	1,415	6,074	8,305	24,875	19,016	(0)	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	7	4	3	7	3	1	2	69	94	81	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>12,696</b>	<b>7,730</b>	<b>14,048</b>	<b>8,889</b>	<b>5,871</b>	<b>5,419</b>	<b>24,220</b>	<b>303,636</b>	<b>382,508</b>	<b>348,035</b>	<b>(0)</b>	<b>-</b>
<b>2022/23 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	1,298	1,283	5,207	1,031	942	939	3,901	118,273	132,874	125,087	0	-
Commercial	2300	6,173	2,443	4,859	3,674	2,136	1,764	7,521	54,229	82,799	69,324	0	-
Households	2400	5,225	4,004	3,981	4,183	2,793	2,716	12,797	131,134	166,835	153,625	(0)	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>12,696</b>	<b>7,730</b>	<b>14,048</b>	<b>8,889</b>	<b>5,871</b>	<b>5,419</b>	<b>24,220</b>	<b>303,636</b>	<b>382,508</b>	<b>348,035</b>	<b>(0)</b>	<b>-</b>



## 1.7 CREDITORS

LIM476 Tubatse Fetakgomo - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter											
Description	NT Code	Budget Year 2022/23									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 September 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 1<sup>ST</sup> quarter ended September 2022 indicates that R182 457 million was invested in various Call accounts as stipulated above.

The Municipality has a cash and cash equivalent to the tune of R285 737million as at end of September 2022.

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

- Loans were not applicable in the 1<sup>st</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**

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

### **1.11 CONCLUSION**

- The 1<sup>st</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.

### **1.12 RECOMMENDATION**

- 1.12.1 That the audit committee notes the Section 52 report for the quarter ended 30 September 2022.
- 1.12.2 That the report is made public in compliance to section 75 of the MFMA.
- 1.12.3 That audit committee take note that errors are being corrected on an ongoing basis to avoid non reliability of financial information.

## **PART 2**

### **MONTHLY BUDGET STATEMENT TABLES**

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

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

#### *Part 2*

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