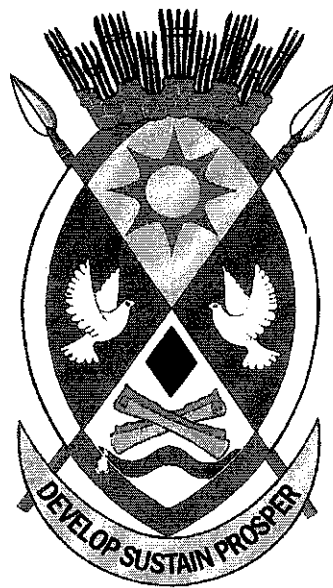


LEPHALALE

LOCAL Municipality



**MID-YEAR FINANCIAL REPORT AS AT
31 DECEMBER 2021**

ITEM A21/2022[1]

MID - YEAR FINANCIAL REPORT AS AT 31 DECEMBER 2021

5/17/2

COUNCIL: 28 JANUARY 2022

RESOLVED

1. That the Mid-year Financial report be noted in terms of Section 72, 52,71, and Section 66 of the MFMA.
2. That the Municipality continue to implement and monitor the Cost containment, Revenue enhancement and UIFW reduction Strategies.
3. That the budget be adjusted and tabled to Council in terms of Section 28 of MFMA.
4. That the Financial report be submitted to National and Provincial Treasury.
5. That the report be referred to MPAC for further scrutiny.

CFO

ITEM A21/2022[1]**MID - YEAR FINANCIAL REPORT AS AT 31 DECEMBER 2021**

5/17/2

EXCO: 25 JANUARY 2022**REPORT OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE OF GOVERNANCE, ADMINISTRATION, BUDGET AND TREASURY****1. PURPOSE**

The purpose of this report is to table the Mid- Year Financial Report as per Section 72, 52, 71, and Section 66 of the MFMA.

2. LEGAL REQUIREMENTS

Municipal Finance Management Act 56 of 2003

3. BACKGROUND

In terms of Section 52 of the Municipal Finance Management Act 56 of 2003(MFMA) "The Mayor of a Municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality".

In terms of Section 66 of the Municipal Finance Management Act 56 of 2003 (MFMA), "The Accounting Officer of a municipality must, in a format and for periods as may be prescribed, report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits and in a manner that discloses such expenditure per type of expenditure.

In terms of Section 71 of the Municipal Finance Management Act 56 of 2003 (MFMA) "The Accounting Officer of a Municipality must no later than 10 working days after the end of each month submit to the mayor of the Municipality and the relevant Provincial Treasury a statement in the prescribed format on the state of the Municipality's budget

In terms of Section 72 of the Municipal Finance Management Act 56 of 2003(MFMA) "The Accounting Officer of a Municipality must, by 25 January of each year:

(a) assess the performance of the municipality during the first half of the financial year, taking into account –

(i) The monthly statement referred to in Section 71 for the first half of the financial year.

(b) Submit a report on such assessment to -

- (i) The Mayor of the Municipality
- (ii) The National Treasury and
- (iii) The relevant Provincial Treasury

The Accounting Officer must as part of the review-

- (a) Make recommendations as to whether an adjustment budget is necessary; and
- (b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

3.1 MUNICIPAL BUDGET AND REPORTING REGULATIONS

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and enhancing medium term planning and policy choices on service delivery.

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process, and other relevant matters as required by the Act.

3.2 FINANCIAL OVERVIEW

The Mid Year Budget statement summary shown in the table below is prepared on a similar basis to the prescribed budget format, detailing Operating Revenue, Expenditure and Capital Expenditure.

- The YTD actual revenue billed is below the YTD budget by 4% and is at 40% of the YE Budget. The YTD operating expenditure is below the YTD budget by 2% and the actual is 41% of the YE budget. The YTD expenditure of the capital budget reflects 27% variance against the YE budget as 31 December 2021

Key Financial drivers

- The Impact of Covid 19 Lock down has led to the reduction on consumption of services due to close of business, Increased unemployment and some consumers who moved to Rural areas and some employees from the private sector are working from Home outside Lephalale.
- The municipality has aligned the billing cycle to the pay date to improve on revenue collection.
- Municipality also offered interest relief for in the September 2021 billing to accommodate consumers to align to the new billing dates.

- The debt amounting to R73 million that is owed by Limpopo Provincial Government for the 5025 vacant stands located at Altoostyd, has been written-off as per the Council Resolution of 28 October 2021 (See item A165/2021[10]). The Debtors Book of the Municipality has been reduced by 12%.
- Municipality has revised the implementation plan and is accelerating Projects to improve on capital spending.
- The implementation of strategies to improve revenue collection, cost containment and reduction of UIFW'S are in progress.

3.2.1 OPERATING REVENUE

Description	Budget Year 2021/22							YE variance
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast	
R thousands						%		%
Revenue By Source						%		%
Property rates	106 591	106 591	49 788	53 296	(3 508)	-7%	106 591	47%
Service charges - electricity revenue	237 207	237 207	82 586	118 603	(36 017)	-30%	237 207	35%
Service charges - water revenue	49 578	49 578	30 910	24 789	6 121	25%	49 578	62%
Service charges - sanitation revenue	24 388	24 388	11 446	12 194	(748)	-6%	24 388	47%
Service charges - refuse revenue	19 491	19 491	7 521	9 746	(2 225)	-23%	19 491	39%
Rental of facilities and equipment	317	317	343	159	185	116%	317	108%
Interest earned - external investments	2 168	2 168	1 418	1 084	334	31%	2 168	65%
Interest earned - outstanding debtors	34 621	34 621	20 540	17 310	3 230	19%	34 621	59%
Fines, penalties and forfeits	686	686	125	343	(218)	-64%	686	18%
Licences and permits	8 218	8 218	8 946	4 109	4 837	118%	8 218	109%
Transfers and subsidies	179 917	179 917	135 149	89 958	45 191	50%	179 917	75%
Other revenue	3 774	3 774	1 415	1 887	(472)	-25%	3 774	37%
Total Revenue (excluding capital transfers and contributions)	666 957	666 957	350 193	333 479	16 715	5%	666 957	53%

SUMMARY OPERATING REVENUE

Total revenue reflects the YTD variance of 5% against the YTD budget and is at 53% below the YE budget mainly due to the following:

- **Property rates:** A negative variance of 7% at YTD and is at 47% below the YE Budget.
The Municipality has from 1 July 2020 implemented the new general valuation roll which brought an average increase on property values and property rates charges.
Additional 5025 stands for Altoostyd were added on for billing and collection. The stands belong to Limpopo Provincial Government. CoGHSTA has applied for the exemption which was granted by council.
- **Electricity** has reduced due to impact of Covid 19, businesses have closed, and some consumers are unemployed have left town to go to villages. Some employees from public sectors are working from home outside Lephalale.
- **Water** has increased due to the supply and delivery of water at the informal settlements to curb the spread of Covid 19. The Municipality does not collect revenue in that regard. Municipality should introduce flat rate and Villages to sustain the sustainability of Services.

- **Investment revenue** - A positive variance of 31% is recorded at YTD and 65 % at the YE budget due low spending on Grant Funded Projects. The municipality has taken short term investments for the working capital and Grants received which has yield investment revenue.
- **Transfers and subsidies** - YTD Positive variance of 50% and 75% at YE due to incorrect monthly projections. All the 2nd tranches of Grants has been received.
- **Licence and permit** - YTD Positive variance due to incorrect monthly projections and System allocation of Department of Roads and Transport payments.
- **Other Revenue** – YTD positive variance of 25% and 37 % of the YE budget. The current relaxation of Lockdown regulations result in the slowly recovery of the Economy, revenue was realised on the rental of facilities and other sundry income.

3.2.2 OPERATING EXPENSES

Description	Budget Year 2021/22						YE variance
	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance	
R thousands						%	%
Expenditure By Type							
Employee related costs	228 865	228 865	105 319	114 417	(9 098)	-8%	46%
Remuneration of councillors	11 687	11 687	5 568	5 837	(269)	-5%	48%
Debt impairment	13 583	13 583	172	6 791	(6 619)	-97%	1%
Depreciation & asset impairment	92 705	92 705	66 330	46 322	20 008	43%	72%
Finance charges	19 213	19 213	3 964	9 607	(5 643)	-59%	21%
Bulk purchases - electricity	148 649	148 649	64 090	74 324	(10 235)	-14%	43%
Inventory consumed	23 154	23 154	10 292	15 598	(5 306)	-34%	44%
Contracted services	55 966	55 966	23 563	28 425	(4 862)	-17%	42%
Transfers and subsidies	977	977	275	721	(445)	-62%	28%
Other expenditure	68 315	68 315	34 840	31 001	3 838	12%	51%
Total Expenditure	663 113	663 113	314 438	333 043	(18 605)	-6%	47%

Employee Costs and Remuneration of Councillors

Employees related costs: The YTD actual variance is 8% lower than the YTD budget and 46% of the YE Budget mainly due to delays in filling of vacant positions and the impact of overspending on Overtime.

The remuneration of councillor's: YTD actual variance is 5% lower than the YTD budget and 48% against the YE Budget which is within the norm.

Finance Charges:

YTD actuals shows the variance of 59 % which lower than the YTD budget and 21% of the YE budget. The Bulk of the re- payment is directed to repayment loans other than on interest on long term loan.

Bulk purchases:

The negative YTD variance is 14% against the YTD budget and 43% of the YE budget due reduction on the service consumptions of electricity.

Eskom invoices has increased due to the spike on the Notifying Maximum Demand of the Transformer from 6 MVA to 19MVA. The municipality has lodged a dispute with Eskom on the effected invoice. Eskom has agreed to effect corrections in the Invoice December 2021 to be received in January 2022.

Inventory Consumed

Inventory consumed included Bulk water and has been accounted for in line with treasury guidelines. The expenditure is manly affected by the supply of free water to meet the basic service needs for Rural Communities and Informal settlements.

Transfer and subsidies

YTD actuals shows the variance of 62% which is lower than the YTD budget and 28% of the YE budget. Mainly due late finalisation of the financial statements of the Beneficiaries for social responsibility.

Contracted Services

YTD actuals shows the variance of 17% which is lower than the YTD budget and 42% of the Total Budget .This is mainly due Legal fees as a result of active cases on contract management ,Accounting and auditing due finalisation of asset verification Process, sanitation due to installation and maintenance of pumps to address sewage spillages and acceleration of debt Collection and full implementation credit control and debt collection policy and also security services to prevent sabotage at pump stations.

DESCRIPTION	2021/22	Actual 2021/22 Q2	VARIANCE	% variance
Consultants and Professional Services				
Accounting and auditing Services	3 920 459	1 371 151	2 549 308	35%
Valuer	1 672 000	756 314,00	915 686	45%
EAP and Medical Services	260 493	19 360	241 133	7%
Legal Services	5 032 916	4 600 148	432 768	91%
Total Consultants and professional Service	11 626 773	6 746 973	4 879 800	58%
Contractors				
Maintenance services -Sanitation	4 691 346	2 474 073	2 217 273	53%
Maintenance services -Water	3 467 700	1 144 000	2 323 700	33%
Maintenance services -Electricity	3 048 200	822 724	2 225 476	27%
Maintenance services -Roads & Storm water	548 154	262 890	285 264	48%
Maintenance services -Road maintenance	3 315 765	771 900	2 543 865	23%
Maintenance services -Vehicles	2 910 955	549 424	2 361 531	19%
Total Repairs and maintenance	17 982 120	6 025 011	11 957 109	34%
Outsourced Services				
Prepaid vendors	10 567 040	2 782 727	7 784 313	26%
Security	12 464 944	6 509 453	5 955 491	52%
Hygiene services	513 033	209 148	303 885	41%
Water Meter reading	1 081 154	273 406	807 748	25%
Collection Cost	1 730 520	1 316 284	414 236	76%
Total Outsourced Services	26 356 691	11 091 019	15 265 672	42%
TOTAL	55 965 584	23 863 003	32 102 581	43%

Depreciation

YTD actual variance is 43 % against the YTD Budget and 72% against the YE budget. Depreciation is based on straight-line method over the useful life of the assets. Infrastructure assets account for most of the amount. The assets include movable assets i.e., office furniture, vehicles, equipment, and Immovable assets includes Community Assets, Smart meters etc.

Asset management module has been implemented and Depreciation is now system generated.

The variance is mainly due to the re- assessment of the useful lives on the asset which was conducted at YE after the budget was approved.

Other Expenditure: The YTD variance is 12% and 51% at YE due to new norm as a result of Covid i.e. less travelling and subsistence costs due to the impact of Covid. The 12% variance is due incorrect monthly projections.

4. CAPITAL EXPENDITURE

SUMMARY ORIGINAL BUDGET - ROLL OVER	2021/2022	ACTUAL	VARIANCE	VARIANCE%
CAPITAL PROJECTS - MIG	48 916 428	23 256 381	25 660 047	84%
CAPITAL PROJECTS - WSIG	65 398 261	19 062 514	46 335 748	32%
CAPITAL PROJECTS DOE	26 500 000	7 666 410	18 833 590	29%
CAPITAL PROJECTS - EQUITABLE SHARES	5 695 357	4 198 221	1 497 136	74%
CAPITAL PROJECTS - OWN FUNDING	44 240 069	5 553 164	38 686 905	25%
GRANT TOTAL	190 750 115	59 736 689	131 013 425	31%

The total capital expenditure is 31% of the budget including the roll overs and Budget adjustment. The amount spent is R59 million against the budget of R191 million which include 60Million for schedule 6b for water Project.

ROLLOVER PROJECTS

SUMMARY ROLL OVER	2021/2022	ACTUAL	VARIANCE	VARIANCE%
CAPITAL PROJECTS - EQUITABLE SHARES ROLL OVER	5 695 357	4 198 221	1 497 136	74%
CAPITAL PROJECTS - MIG ROLL OVER	5 203 128	1 793 654	3 409 474	34%
CAPITAL PROJECTS - WSIG ROLL OVER	5 398 261		-	0%
CAPITAL PROJECTS - OWN FUNDING ROLL OVER	21 947 069	5 553 164	16 393 905	25%
SUB TOTAL	38 243 815	11 545 039	26 698 776	30%

Equitable share Projects

The Yellow Plant Equipment which includes the Skip Loader Truck, 40X 1,75 Cubic bind Metre Bins and honey Sucker has been delivered only the compactor truck will be delivered in the 3rd quarter. Most of purchases has been made through the RTS Contracts

WSIG – relates resuscitation of Mokuruanyane RWS Bulk Pipeline Phase 1&2 Construction. The service Provider has been appointed and construction is on progress. The rollover amount of R5,3 million has been has not been approved and the money has been paid back to National Treasury.

MIG – Relates to Thabo Mbeki Sewer Network Sanitation and Ga-Seleka and Witpoort RWS Phase 4&5, The service Providers has been appointed.

Own Funding - Marapong cemetery phase 1 has been completed, Construction of Strong Room is on progress and Steve Biko Water Supply, awaiting electrification, Mmaletswai and Seleka 4 Refurbishment of water network System.

CURRENT YEAR CAPITAL PROJECTS

SUMMARY ORIGINAL BUDGET	2021/2022	ACTUAL	VARIANCE	VARIANCE%
CAPITAL PROJECTS - MIG	43 713 300	21 462 727	22 250 573	49%
CAPITAL PROJECTS - WSIG	60 000 000	19 062 514	40 937 486	32%
CAPITAL PROJECTS DOE	26 500 000	7 666 410	18 833 590	29%
CAPITAL PROJECTS -OWN FUNDING	22 293 000	-	22 293 000	0%
SUB TOTAL	152 506 300	48 191 650	104 314 649	32%

MIG Projects

Thabo Mbeki Sewer Network Sanitation phase 2 and Installation of 12 and 20 High mast lights. Service Providers are on site and construction on progress.

WSIG projects

The construction of Mokuruanyane Bulk and Marapong Bulk Projects are on progress. The projects are funded on DORA Schedule 6 B which has effect on the payment process.

DOE Project

The service provide has been appointed for electrification at various villages The construction is in Progress.

Own Funding Projects

Most of the contracts are on specification stage. Some of the Purchases will made through the RT Contracts for National Treasury. Funds will be spent on the 3rd and 4th quarter. Six tenders have been advertised will be closed in January 2022.

5. CASH FLOW

The Municipality has the positive cash balance of R135 million including the unspent conditional grants. Strategic decisions/resolutions to improve the cash Flow position to be implemented effectively.

GRANT SPENDING

DESCRIPTION	TOTAL BUDGET INC ROLL OVER	GRANTS RECEIVED	TOTAL SPENT	PERCENTAGE SPENT/BUDGET
	'000	'000	'000	%
FMG (FINANCIAL MANAGEMENT GRANT)	1 650	1 650	798	48%
INEG (INTERGRATED NATIONAL ELECTRIFICATION)	26 500	26 500	7 666	29%
DWS (WATER SERVICES INFRASTRUCTURE GRANT)	60 000	15 406	16 576	28%
MIG (MUNICIPAL INFRASTRUCTURE GRANT)	43 713	29 667	27 610	63%
EPWP EXPANDED PUBLIC WORKS PROGRAMME	1 220	854	644	53%
TOTAL	133 083	74 077	53 295	40%

The Municipality has received all the grants allocation as per DORA.

Revenue Management

The Municipality generates its operating revenue from property rates and service charges and in return the Consumers are expected to pay for the services rendered to them by the Municipality.

The collection rates are as follows:

- The YTD collection rate as of 31st December 2021 has improved from 78% in Q1 to 112% in the Mid-Year
- The collection rate as prescribed by National Treasury is 95%.

The reason for over- collection is mainly due the reduction of debts as a result of the reversal of Property Rates and Service Charges and exemption of charges on 5025 Altoostyd properties from the debtor's book.

The Municipality has aligned the billing cycle to the pay date to improve on revenue collection.

Strategies are explored to implement other revenue stream

The debt collector is appointed to assist the Municipality with collection of long outstanding debts (Account 90 days and older) for a period of three years. Internal credit control strategies are in place and cuts offs are performed on monthly basis to ensure that all outstanding debts on accounts for 30 – 60 days are collected on time. Municipality has revised the Valuation roll to ensure that properties are properly billed.

The Revenue Enhancement Strategy has been developed and presented to Council for implementation in 2021/22 Financial Year. The of strategy is to ensure municipality remains financially viable while facing the uncertainty economic conditions and impact of Covid 19.

Below is the table depicting the total revenue billed and collected for the period July 2021 to December 2021.

Collection Rate as at 31 December 2021 is as follows

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Average
Collection Rate	61%	89%	86%	68%	105%	263%	112%

SERVICE TYPE	AMOUNT BILLED	AMOUNT COLLECTED	COLLECTION RATE
Rates	14 106 536.85	46 280 334.65	328%
Electricity	62 008 148.06	57 354 251.52	92%
Water	26 370 342.03	18 296 580.94	69%
Sewerage	5 343 183.70	9 756 752.40	183%
Refuse	11 124 276.61	5 105 682.96	46%
Prepaid Electricity	34 350 116.00	34 350 116.00	100%
Total	153 302 603.25	171 143 718.47	112%

The Municipality uses preferential allocation method on payments received for rates and service charges. The first preference is allocated to rates, followed by sewerage, refuse, water and electricity. Electricity allocation rate is higher than those of the other service charges as it is controllable via disconnection on non-payment.

The collection rate of other service types are comparatively low as they fall in the accounts of consumers who reside in farms, Marapong, Thabo Mbeki and vacant stands that do not pay their accounts regularly.

The differences in the collection rate percentages is because some of the consumers in Marapong Township for example, are on Eskom's prepaid electricity and do not pay the municipality for water, refuse removal and sanitation services. Municipality intends to engage Eskom to enter a Memorandum of Understanding (MOU) for Eskom to suspend purchase of electricity for account holders who defaulted on rates and taxes payment of the municipality.

The Municipality is also providing refuse removal and water services to informal settlements and rural areas to comply with national legislation. The Municipality is however, not billing these services. Consumer awareness notices has been issued to encourage residents to pay for the services. The municipality will explore the option to introduce flat rate enable the municipality to sustain services provided to the villages.

The municipality is in the process of replacing the malfunctioning metres which are resulting in water losses. The Service Provider has been appointed for the supply, delivery and offloading of domestic and bulk water meters on as and when required for a period of three (3) years.

Furthermore, all new applications for electricity are switched to prepaid electricity on connection, and conventional electricity clients who are disconnected due to non-payment are forced to switch to prepaid after they have made payment and payment arrangements.

The municipality to strengthen controls on the credit control and debt collection value chain to improve efficiency

6. FINANCIAL ANALYSIS – PERFORMANCE

The Municipality's financial position by end of December 2021 had a positive net asset to the value R1.6 billion. The assets comprise mainly of Property, Plant and Equipment: R1,5 Current Assets: R443m

Current Ratio – 2,4: 1

The current ratio is above the norm which means the municipality is capable to cover its short-term liabilities more than 2,4 times with its current assets.

Cash/Cost Coverage ratio 5,4 :1

The ratio indicates the municipality's ability to meet its monthly fixed operating commitments from cash and short-term investments, i.e for how many months cash is available to cover the fixed monthly commitments. Percentage Cost coverage (R-value all cash at a particular time plus R-value investments, divided by R-value monthly fixed operating expenditure) YTD.

Employee related Costs as a percentage of Total operating Expenditure

Employee related cost is sitting at 35% which is at peak as opposed to 25 – 40%. This may indicate inefficiencies and overstaffing. Overtime constitutes 6,2% of the salary bill. The Municipality must implement the shift system and conduct skills audit to improve operational efficiency.

Actual Borrowings

The total outstanding borrowings as of 31 December 2021 is R 59 445 683,00 which includes Loan for DBSA Loan and Outstanding lease for Zeeland.

7. DEBTORS REPORT

7.1 METER READING CYCLE AND DATE OF THE ACCOUNT

The meter reading cycle run from the 25th of the current month till the 5th of the following month. Accounts are sent electronically on the same day billing is completed. Within 14 days accounts are sent Electronically to the consumers. Invoices for Institution accounts are prepared within 3 days after billing. Awareness campaigns are done on the website and Newspapers for consumers to pay their accounts regularly. As when and when required notices are sent to consumers via Local Newspapers. Accounts are payable immediately on receipt of the account with a final payment date month end. Interest is charged on debt over 30 days and older. Accounts statement are forwarded to clients monthly after Billing.

The Municipality has changed the billing dates from the usual date of month end to around the 26th of every month effective from September 2021 billing. The move is intended to assist the Municipality to report the quarterly reports timeously and ensure that all customers with their different salary / payment dates are catered for when billing in line the consumer pay dates

The change of dates is the ideal least cost option to benefit both the municipality and consumers as it gives preference to municipal account payments to boost and accelerate revenue collection and also reduces the burden of interest on taxpayers by accommodation salary dates categories for the 15th, 25th and 30th. This also address the prevailing negative economic conditions as payment will be due when the account holders have got money to pay services. The account holders will prioritise the payment of Municipal Account when they run their month end

The change will bring the following impact:

ACTIVITY	OLD DATES	APPROVED DATES
METER READING	25TH TO 5TH	15 TH TO 22 ND OF THE SAME MONTH
RECEIVING OF FILE	15TH OF THE MONTH	10TH OF THE MONTH
BILLING DATE	1 ST OF THE MONTH	26TH OF THE MONTH
STATEMENT DUE DATE	30 TH OF EVERY MONTH	25th OF THE MONTH
EMAILING OF STATEMENTS	1 ST OF THE MONTH	26th OF THE MONTH
POSTING OF ACCOUNTS	WITHIN 7 DAYS AFTER BILLING	WITHIN 7 DAYS AFTER BILLING
SERVICE DISCONNECTION DATE	20TH OF THE MONTH	10- 12 TH OF THE SAME MONTH

The interest is charged at 18% per annum on outstanding balance

7.2 DEBTORS AGE ANALYSIS

The current debtors balance is R 416 million of which R 368 million is for accounts that are older than 90 days and has been handed to the debt collectors. Internal credit control strategies are in place and cut offs are performed on monthly basis to ensure that all outstanding debts on accounts within 30 – 60 days are collected on time. The cleansing of the debt book is in progress to improve the debt collection ratio.

Debtors by Income Source

	Sum of Balance	Sum of CURRENT	Sum of 30-60 DAYS	Sum of 90 DAYS	Sum of OVER 90 DAYS
Advance Payment	28 402 499.04	28 402 499.04	-	-	-
Electricity	75 613 004.47	12 358 825.95	8 626 383.11	2 435 515.93	52 192 279.48
Other	8 177 644.63	59 330.66	120 735.85	6 229.47	7 991 348.65
Property Rates	127 337 231.36	8 269 255.79	12 734 452.04	2 599 287.22	103 734 236.31
Sanitation Basic	55 991 220.88	2 485 547.42	3 106 345.15	844 411.12	49 554 917.19
Waste Disposal	61 437 704.43	1 938 563.86	2 736 802.90	653 315.74	56 109 021.93
Water	115 123 147.92	5 844 742.94	8 074 990.65	2 509 858.12	98 693 556.21
Grand Total	415 277 454.65	2 553 767.58	35 399 709.70	9 048 617.60	368 275 359.77

Debtors by Customer Category

	Balance	CURRENT	30-60 DAYS	90 DAYS	OVER 90 DAYS
Government	5 247 122.50	7 875 737.61	2 661 987.17	911 601.21	9 549 271.73
Farms	52 022 211.72	100 606.16	6 534 103.33	1 026 309.11	44 562 405.44
Business	122 341 035.61	7 566 728.28	11 947 831.17	3 460 979.21	99 365 496.95
Residential	235 667 084.82	2 963 383.07	14 255 788.03	3 649 728.07	214 798 185.65
	415 277 454.65	2 553 767.58	35 399 709.70	9 048 617.60	368 275 359.77

7.3 GOVERNMENT DEBTS

Name of Department	Balance	CURRENT	30-60 DAYS	90 DAYS	OVER 90 DAYS
Department Of Agriculture	275 373.31	11 209.29	23 826.69	17 876.04	222 461.29
Department Of Education	202 568.51	22 015.38	38 396.94	14 332.11	127 824.08
Department Of Health	1 594 693.20	251 435.80	1 018 907.96	259 595.01	64 754.43
Department Of Land Affairs	72 607.69	981.46	3 759.37	1 086.40	66 780.46
Department of Nature Conservation	39 082.64	2 179.92	2 424.90	697.54	33 780.28
Department Social Development	87 363.79	2 127.04	10 963.60	53 878.65	20 394.50
Department of Economic Development	1 764.16	1 248.38	515.78	-	-
Department of Justice	498 580.05	6 357.22	10 740.74	1 680.88	479 801.21
Department of Public Works	2 470 036.70	8 173 350.74	1 551 167.64	561 869.15	8 530 350.65
Department of Transport	5 052.45	58.64	1 283.55	585.43	3 124.83
Total	5 247 122.50	7 875 737.61	2 661 987.17	911 601.21	9 549 271.73

The amount owed by Government Department is R 5,2 M

The Government debt as of 31 December 2021 is sitting at R 5,2 Million. The main contributors are public works the are finalising the asset verification and will affect the payment upon finalisation. Department of Health exhausted budget and has escalated the matter to senior management for corrective action. CoGHSTA has

applied for exemption debt related to 5025 vacant stands at Altoostyd. Council has since approved the exemption and the amount has been written off.

Amount of R3 million has been paid by Public works as at 10/01/2022

Process of Expediting payments

Invoices for Government Institution accounts are prepared and forwarded within 3 days after billing is done. Credit control department is expediting the account on weekly basis. A standing meeting is scheduled on the 3rd working day to accelerate debt collection and to encourage Government Department to honour Commitments. Where there are challenges, Government debts are forwarded to CoGHSTA to assist Municipality with Debt collection. Credit control department is expediting the account on weekly basis in line their disbursement timelines. To date all the departments are paying on monthly basis the challenge remains Public Works, they are busy with the asset verification as some of the properties are not on their asset register. The Revenue Department is busy verifying ownership the Properties with the deeds Officer. Department of Health exhausted budget and has escalated the matter to senior management for corrective action

7.4 DEBT COLLECTORS PROGRESS

Summary of Collections

Description	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 4	TOTAL
	21-Jul	21-Aug	21-Sep	21-Oct	21-Nov	Jun- Nov 21
COLLECTIONS	730 595	3 083 027	5 418 671	3 237 497	3 709 037	16 178 828

The debt collector (NICS) has during the period July to November 2021 collected the amount of R 16 178 828 which is an improvement from the previous Month.

Low collection rate is still concerning the following initiatives are in place to improve the collection rate

- Monthly Revenue enhancement meetings are held with debt collector and all stakeholders to review debt collection performance, share all challenges and strategies to improve the collection rate.
- The standard operating procedure has been reviewed to improve efficiency and full implementation of credit control cut off date within 44 Days effective from September 2021.
- Appointment of Customer care unit Clerk on progress to Improve of customer care and timeous resolving of customer queries.
- Indigent registration is on progress
- Data Cleaning has been embedded in daily operations.
- Strengthening and improving working relationship between municipality and debt collector with the common goal of improving revenue collection.
- Monitoring and evaluation of performance at taking corrective action for continuous improvement.

- The Municipality has on 25 June 2021 reappointed New Integrated Credit Solutions (NICS) to collect on long outstanding debts (debts over 90 days).

7.5 DATA CLEANSING

Data Cleansing

The municipality is currently busy with the data cleansing project. This process investigates all the accounts that are inactive and closed by the municipality. The municipality is reviewing the credit control and debt collection value chain to improve efficiency.

- **Deceased Accounts** - Confirmation has been received from the Home Affairs and the debt collector. The process flow to deal with write off of the deceased has been discussed with the debt collector in the meeting held on the 28 June 2021 in order to close all the loopholes and cover all aspect necessary to optimise the process of write- off of the deceased for continues improvement.

A further follow-up is made with the debt collector to see if the amount can be collected from deceased estate, and if there is an Executor nominated to administer the account in order to collect outstanding debt. The time frame to claim from the estate is 9 – 12 months.

- **Prescribed debts**

The current debt book includes the debts that more than three years and has prescribed. Prescription of debts occurs when the debt is over 3 years, and such debtors are untraceable even after been handed over to the debt collector. With the assistance of the debt collector the prescribed debt will be identified, extracted and presented to council for write off once all the process has been followed.

- **Write-off of Altoostyd debt**

The Council had on the sitting of 28 October 2021 resolved to stop charging property rates and municipal services, and also write-off an amount of R 69 528 934.19 which pertains to the debt owed by Limpopo Provincial Government on the 5 025 vacant stands located at altoist. The summary of the write-off is as follows:

SERVICE TYPES	CHARGES	INTEREST	TOTAL
ELECTRICITY BASIC	- 5 818 726.25	- 684 314.44	- 6 503 040.69
PROPERTY RATES	- 41 712 461.59	- 7 932 924.69	- 49 645 386.28
SANITATION BASIC	- 10 386 099.10	- 1 684 748.46	- 12 070 847.56
WATER BASIC	- 4 870 740.95	- 282 943.30	- 5 153 684.25
TOTAL	- 62 788 027.89	- 10 584 930.89	- 73 372 958.78

The journals to reverse the above debt will reflect on December 2021 billing and the age analysis will be decreased by R 73m. The total Debt will be reduced to R415 Million.

7.6 INDIGENTS HOUSEHOLDS

Indigent Accounts - No one should be denied access to basic services because of their inability to pay, households with combined income of less than R4 000 qualify to apply for indigent status. In return treasury is giving Equitable shares.

The Municipality has embarked on indigent registration process for 2021/2022. Upon Finalisation of the indigent registration process the debt collector will utilise the credit

check system to verify that the applicant in-deed has combined households of less than R4 000 Income per month.

8 STRATEGIES TO ENHANCEMENT REVENUE

- The municipality is part of the support Programme for DBSA, a Tender for revenue enhancement Project has been advertised on the 16/11/2021, closing date is the 30/11/2021.
- DBSA provide capacity support on revenue enhancement and to exploit long financial sustainability strategies
- Implementation of sub system that to enhance collection of revenue through the internal credit Control Office.
- Revision of the billing cycle and Standard operating procedure to improve efficiency.
- Application of water restriction at Marapong.
- Consumer awareness about cut of dates for payment of services.
- Effective monitoring of billing system to improve credit control.
- Installation of water smart metres.
- Continuous update of the system with the supplementary valuation Roll to ensure accurate billing of Property rates.
- Implementation of Revenue collection on Weighbridge at Landfill site.
- Explore and implement the PPP projects (Grey Water and Zeeland Water treatment Plant).

9 COST CONTAINMENT

DESCRIPTION	BUDGET	FIRST-QUARTER	FIRST-QUARTER	YTD EXPENDITURE	REMAINING BUDGET	%YTD Actual
OVERTIME	9 601 013	3 556 782	3 308 760	6 865 543	2 735 470	72%
CONSULTANTS	13 457 314	4 936 837	3 151 176	8 088 013	5 369 301	60%
TRAVELLING	2 338 515	83 208	141 938	225 146	2 113 369	10%
ACCOMODATION	1 626 981	84 653	174 047	258 701	1 368 280	16%
TOTAL	27 023 823	8 661 481	6 775 922	15 437 403	11 586 420	57%

The municipality has implemented the cost containment strategies Savings were realised on the subsistence, traveling and accommodation is mainly due to less travelling to compliance with national lockdown restrictions to comply with Covid-19 regulations.

The use of consultants includes Legal cost for litigations and Service provide for assets and Meter reading.

Overtime is still a challenge the key spenders are Service Delivery Departments Electrical, Waste, Sanitation and Traffic Department due repairs and maintenance of aging Infrastructure and impact of Covid 19. BTO have spent Over time in the 1st quarter on AFS preparation and full Implementation of the EMS module.

The Municipality has revised Overtime Policy for implementation in 2021/22 Financial year. The policy will assist in the reduction of excessive spending on overtime. Internal control measures have been implemented to curb Overtime.

The Municipality also implemented a clocking-in system which has an interface with time and attendance. Full implementation of clocking system has been implemented effective from January 2022.

10 STRATEGIES FOR COST CONTAINMENT

- Staff expected to bring tea and coffee.
- Booking for accommodation 3 Star.
- Telephone reduce to R200 per employee where applicable.
- Pool cars to be used by official without car allowance.
- No catering for meeting : Meetings reduced to 2hours .
- Attend Team and Zoom Meetings.
- Online and onsite training where possible.
- Paperless for council /EXCO /MPAC Items Agenda save on printing and overtime and transport costs .
- Rapid response to queries, overtime only allocated for emergencies Threatening life and Health.
- Filling for some vacant position delayed and staggered to save employee related costs and align to treasury regulations.
- Parking of fleet outside working hours.
- Full Implementation of time and attendance.
- Attach attendance register for offsite meetings and training.
- Pre authorisation of Trips.

11 WITHDRAWAL REPORT

The Total payment of creditors as 31 December 2021 amounts to R356 Million . The creditors consist of suppliers which are providing services within the municipal area. Section 65 of MFMA requires the Municipality to pay suppliers within 30 days .BTO department is following up with end users on Monthly basis to adhere to month end deadlines and ensure that invoices due for payment are timeously forwarded to expenditure Department for Payment.

SUMMARY SECTION 65 REPORTS: WITHDRAWAL REPORT

DESCRIPTION	1 ST QUARTER	2 ND QUARTER	TOTAL
Bulk Services	39 867 694,57	60 713 063,36	100 580 757,93
Contracts	20 832 802,88	16 241 804,25	37 074 607,13
Creditors	23 830 147,58	36 365 471,81	60 195 619,39
Capital Projects	16 738 779,73	38 104 375,91	54 843 155,64
Salaries	45 979 022,45	56 997 422,66	102 976 445,11
			-
Total	147 248 447,21	208 423 137,99	355 671 585,20

TOP 20 SUPPLIERS

SupplierName	AMOUNT PAID
ESKOM	12 486 128,19
LB PIPES	5 130 401,75
RAPIDUS CONSTRUCTION	4 873 852,97
TSHASHU CONSULTING AND PROJECTS MANAGERS	4 727 845,07
EXXARO COAL	2 962 153,06
LPG: PMG ROAD & TRANSPORT	2 616 540,67
VOLTEX	2 107 436,72
AMAWAKAWAKA PROJECTS	1 857 221,33
Auditor-General of South Africa - National	1 429 467,23
GLOBAL STRAKE SECURITY	1 155 401,78
SPATIAL PLANNING AGENCY OF SOUTHERN AFRICA	917 035,85
TIVA-TEBO TRADING AND PROJECTS	884 657,94
SEBATA MUNICIPAL SOLUTIONS	844 920,41
JERRY TRADING AND ENTERPRISE	785 040,00
NTSHIANA TRADING ENTERPRISE	688 620,00
LOUIS GEORGE VERVEEN	620 552,31
BEKA SCHREDER	505 080,00
VIGILTORQUE TOWN PLANNERS	488 218,70

12 SUPPLY CHAIN MANAGEMENT REPORTS

The municipality utilising bid committee system in line with Supply chain management policy to source good and services from suppliers Procurement department is centralised to ensure transparency and segregation of duties. Inzalo Financial system is utilised with workflows in line with system of delegations to instil the culture of Governance and Control.

Below is a table that summarises the Supply Chain Management process in terms of quotations and bids against the capital expenditure: The Lephalale Municipality has developed a procurement plan and weekly meetings as an endeavour to accelerate the execution of the plans and acceleration of service delivery.

Summary of Procurement

REPORT	ADVERTISED	AWARDED	NON REPOSE & READVERT	CANCELLED	TO BE CLOSED/ EVALUATED	TO BE ADJUDICATED
TENDER REPORT	21	11	4	0	6	0
RFQ	22	15	4	2	1	
TOTAL	43	26	8	2	7	0

B- BBBE level Contributor Report

DESCRIPTION	Total awarded	B-BBBE LEVEL		GENDER			LOCALISATION					
		100% Black Owned	At least 51% Black Owned	Female	Male	Female & Male	Lephalale	Waterberg	Capricorn	Vembe	Gauteng	Mpumalanga
RFQ AWARDED	16	16	0	1	13	2	11	0	3	1	1	0
TENDERS AWARDED	15	14	1	0	15	0	4	1	5	0	4	1
TOTAL	31	30	1	1	28	2	15	1	8	1	5	1

NB: One tender awarded to a panel of 5 Consultants

13 GOVERNANCE/PRIORITIES FEEDBACK ON 2020/21 YE AUDITS

Municipality submitted AFS and APR for 2020/21 Financial Year on the 31 August 2021 in accordance with the legislative time frames. The legislative due date of the Audit report for Municipality was 30 November 2021 however AG was unable to complete the audit as expected.

AGSA requested further extension to finalise the Audit in January 2022 as the audit team was working remotely as some of the member tested positive of covid 19. Their Office are closed from 15th December 2021 to the 10 of January 2022. The audit is still in progress.

14 UIFW'S REDUCTION STRATEGY

The Municipality has developed and implemented a UIFW reduction strategy. The strategy has been approved by Council. A panel of consultant has been appointed to support MPAC to investigate the UIFW's.

Training will be arranged with SALGA and CoGTA to support MPAC to perform Inhouse investigation.

The emphasis has been made by Circulars to ensure measures are introduced to reduce irregular expenditure by 75% and to eliminate fruitless and wasteful expenditure by 100% during this period in line with MFMA Circular 68 and 111.

3.1 CHALLENGES

- Under expenditure on Capex may lead to National Treasury and Department withholding funds.
- The uncertainty of Covid 19 Impact remains a challenge and Management must monitor Revenue and Expenditure closely and apply strategies to sustain the Business.
- Suppliers charging interest on late payments.
- Supply of free Basic Services to Rural areas putting pressure on operating revenue.
- High Employee related Costs 35% vs the norm of 25 to 40%.

3.2 WAY FORWARD

- Implementation of Cost Containment Strategies.
- Implementation of Revenue Enhancement Strategy.
- The implementation of UIFW reduction Strategy.
- Centralise invoices to Expenditure Department to Ensure suppliers are paid within 30 days.
- Fast tracking Capex Expenditures.
- The Municipality must implement the shift system.
- The Municipality must conduct skills audit to improve operational efficiency.
- Implementation of Covid regulations.
- Municipality must conduct Overtime audit.

4. STAFF IMPLICATIONS

None

5. FINANCIAL IMPLICATIONS

Municipality is fast tracking capital spending to avoid the withdrawal of funding by National Treasury. The Municipality will also continue to implement the revenue enhancement initiatives and cost containment strategies to remain financially viable. Budgeted expenditure

6. OTHER PARTIES CONSULTED

Management

7. ATTACHMENTS

Financial Report C – Schedule is attached as an **ANNEXURE.1**

RECOMMENDED

1. That the Mid Year Financial Report be noted in terms of Section 72, 52,71, and Section 66 of the MFMA.
2. That the municipality continue to implement and monitor the Cost containment, Revenue enhancement and UIFW reduction Strategies.
3. That the budget be adjusted and tabled to Council in terms of Section 28 of MFMA.
4. That the Financial report be submitted to National and Provincial Treasury.

ITEM A21/2022 []
ANNEXURE 1

ITEM GA \$ BTD16/2022 []
ANNEXURE 1

LIM362 Lephalale - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

Description	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									
Financial Performance									
Property rates	101 683	106 591	106 591	8 248	49 788	53 296	(3 508)	-7%	106 591
Service charges	264 290	330 664	330 664	15 001	132 462	165 332	(32 870)	-20%	330 664
Investment revenue	4 551	2 168	2 168	170	1 418	1 084	334	31%	2 168
Transfers and subsidies	190 087	179 917	179 917	58 292	135 149	89 958	45 191	50%	179 917
Other own revenue	51 629	47 617	47 617	2 250	31 376	23 808	7 567	32%	47 617
Total Revenue (excluding capital transfers and contributions)	612 240	666 957	666 957	83 982	350 193	333 478	16 715	5%	666 957
Employee costs	226 408	228 865	228 865	18 708	105 319	114 417	(9 098)	-8%	228 812
Remuneration of Councillors	10 912	11 687	11 687	1 151	5 568	5 837	(269)	-5%	11 663
Depreciation & asset impairment	83 170	92 705	92 705	6 485	66 330	46 322	20 008	43%	92 643
Finance charges	19 517	19 213	19 213	1 283	3 964	9 607	(5 643)	-59%	19 213
Inventory consumed and bulk purchases	162 909	171 803	171 803	1 899	74 382	89 923	(15 541)	-17%	181 122
Transfers and subsidies	681	977	977	108	275	721	(445)	-62%	1 624
Other expenditure	125 093	137 864	137 864	10 945	58 600	66 218	(7 618)	-12%	134 997
Total Expenditure	628 691	663 113	663 113	40 579	314 438	333 043	(18 605)	-6%	670 075
Surplus/(Deficit)	(16 451)	3 843	3 843	43 383	35 755	435	35 320	8115%	(3 118)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	112 085	90 868	90 868	18 809	48 677	45 434	3 243	7%	90 868
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	95 634	94 712	94 712	62 192	84 432	45 869	38 563	84%	87 750
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	95 634	94 712	94 712	62 192	84 432	45 869	38 563	84%	87 750
Capital expenditure & funds sources									
Capital expenditure	145 388	113 661	113 661	22 317	142 208	55 544	86 664	156%	162 618
Capital transfers recognised	116 001	90 868	90 868	18 040	42 251	42 571	(320)	-1%	134 649
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	29 309	22 793	22 793	-	1 496	12 009	(10 513)	-88%	24 704
Total sources of capital funds	145 310	113 661	113 661	18 040	43 748	54 580	(10 833)	-20%	159 353
Financial position									
Total current assets	738 359	354 004	354 004		441 558				354 004
Total non current assets	5 225 494	1 652 800	1 652 800		1 462 086				1 701 756
Total current liabilities	146 756	56 007	56 007		182 577				81 307
Total non current liabilities	198 771	176 557	176 557		198 771				176 557
Community wealth/Equity	1 453 748	1 776 747	1 776 747		1 567 773				1 776 747
Cash flows									
Net cash from (used) operating	254 699	101 824	101 824	73 497	241 926	(9 105)	(251 031)	2757%	(62 210)
Net cash from (used) investing	-	(113 649)	(113 649)	(20 746)	(52 919)	(56 825)	(3 906)	7%	(113 649)
Net cash from (used) financing	-	18 214	18 214	(8)	219	3 991	3 772	95%	7 983
Cash/cash equivalents at the month/year end	434 531	154 953	154 953	-	116 723	86 626	(30 097)	-35%	(240 379)
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	49 044	16 650	8 921	9 887	16 319	8 333	9 418	310 168	428 739
Creditors Age Analysis									
Total Creditors	150	2	30	-	19	-	6	46	253

LIM362 Lephalale - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment

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									
Revenue - Functional										
<i>Governance and administration</i>		311 827	341 472	341 472	66 653	196 943	170 736	26 207	15%	341 472
Executive and council		188 658	3 948	3 948	283	1 281	1 974	(693)	-35%	3 948
Finance and administration		123 169	337 524	337 524	66 371	195 661	168 762	26 900	16%	337 524
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10 216	9 003	9 003	95	9 298	4 502	4 797	107%	9 003
Community and social services		88	217	217	52	306	108	198	183%	217
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		10 127	8 787	8 787	43	8 992	4 393	4 599	105%	8 787
Housing		-	0	0	-	-	-	-	-	0
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		38 323	1 621	1 621	6 120	23 720	811	22 909	2826%	1 621
Planning and development		770	923	923	6	183	462	(278)	-60%	923
Road transport		37 553	698	698	6 114	23 537	349	23 188	6643%	698
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		363 959	405 729	405 729	29 903	168 909	202 864	(33 955)	-17%	405 729
Energy sources		192 935	275 717	275 717	10 927	93 225	137 858	(44 634)	-32%	275 717
Water management		116 681	76 674	76 674	16 888	50 687	38 337	12 350	32%	76 674
Waste water management		33 724	29 348	29 348	148	13 969	14 674	(705)	-5%	29 348
Waste management		20 620	23 990	23 990	1 941	11 028	11 995	(967)	-8%	23 990
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	724 325	757 825	757 825	102 772	398 870	378 913	19 958	5%	757 825
Expenditure - Functional										
<i>Governance and administration</i>		285 375	201 338	201 593	14 371	115 415	100 137	15 278	15%	201 593
Executive and council		164 995	77 032	73 129	3 858	51 307	36 361	14 945	41%	73 129
Finance and administration		118 709	122 305	126 462	10 330	63 202	62 775	427	1%	126 462
Internal audit		1 671	2 001	2 001	182	906	1 001	(94)	-9%	2 001
<i>Community and public safety</i>		46 214	60 616	60 493	4 397	24 823	30 205	(5 382)	-18%	60 493
Community and social services		21 988	29 520	29 203	2 152	12 202	14 591	(2 390)	-16%	29 203
Sport and recreation		51	-	116	2	51	58	(7)	-12%	116
Public safety		20 371	26 866	26 946	1 878	10 570	13 441	(2 872)	-21%	26 946
Housing		3 804	4 229	4 229	364	2 002	2 115	(113)	-5%	4 229
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		32 651	74 704	78 053	6 077	30 231	38 967	(8 736)	-22%	78 053
Planning and development		16 601	16 025	17 630	1 643	7 457	8 414	(957)	-11%	17 630
Road transport		16 049	58 678	60 423	4 434	22 774	30 553	(7 779)	-25%	60 423
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		264 452	326 456	329 935	15 735	143 969	163 734	(19 766)	-12%	329 935
Energy sources		160 192	189 302	191 161	2 758	79 266	95 233	(15 966)	-17%	191 161
Water management		68 385	83 957	83 957	7 487	39 020	41 818	(2 798)	-7%	83 957
Waste water management		13 823	32 226	32 773	2 252	12 092	16 045	(3 952)	-25%	32 773
Waste management		22 052	20 972	22 044	3 237	13 590	10 639	2 951	28%	22 044
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	628 691	663 113	670 075	40 579	314 438	333 043	(18 605)	-6%	670 075
Surplus/ (Deficit) for the year		95 634	94 712	87 750	62 192	84 432	45 869	38 563	84%	87 750

LIM362 Lephalale - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year Assessment

LIM362 Lephale - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year Assessment										
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										
Revenue by Vote	1									
Vote 1 - Office of Municipal Manager		190 415	567	567	184	1 511	284	1 227	432.9%	567
Vote 2 - Budget and Treasury		119 417	340 905	340 905	66 469	192 252	170 452	21 799	12.8%	340 905
Vote 3 - Corporate Services		-	0	0	-	-	-	-	-	0
Vote 4 - Social Service		30 836	32 993	32 993	2 036	20 327	16 496	3 830	23.2%	32 993
Vote 5 - Technical and Engineering Services		382 887	382 437	382 437	34 077	184 598	191 219	(6 621)	-3.5%	382 437
Vote 6 - Property, Planning & Development		770	923	923	6	183	462	(278)	-60.3%	923
Vote 7 - Office of the Mayor/Strategic Office		-	-	-	-	-	-	-	-	-
Vote 8 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	724 325	757 825	757 825	102 772	398 870	378 913	19 958	5.3%	757 825
Expenditure by Vote	1									
Vote 1 - Office of Municipal Manager		156 635	54 116	56 135	2 579	48 952	27 851	21 101	75.8%	56 135
Vote 2 - Budget and Treasury		58 664	62 767	57 060	5 684	28 945	28 533	412	1.4%	57 060
Vote 3 - Corporate Services		34 111	36 029	39 372	3 609	23 238	19 350	3 888	20.1%	39 372
Vote 4 - Social Service		76 488	97 325	98 274	8 444	43 903	48 713	(4 810)	-9.9%	98 274
Vote 5 - Technical and Engineering Services		264 475	377 151	381 303	17 272	155 120	190 142	(35 022)	-18.4%	381 303
Vote 6 - Property, Planning & Development		15 434	16 659	18 264	1 625	7 765	8 721	(956)	-11.0%	18 264
Vote 7 - Office of the Mayor/Strategic Office		22 884	19 067	19 667	1 367	7 861	9 733	(1 873)	-19.2%	19 667
Vote 8 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	628 691	663 113	670 075	40 579	315 784	333 043	(17 259)	-5.2%	670 075
Surplus/ (Deficit) for the year	2	95 634	94 712	87 750	62 192	83 086	45 869	37 217	81.1%	87 750

LIM362 Lephalale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Municipal Performance (Revenue and Expenditure) - Mid-Year Assessment										
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										
Revenue By Source										
Property rates		101 883	106 591	106 591	8 248	49 788	58 296	(3 508)	-7%	106 591
Service charges - electricity revenue		175 908	237 207	237 207	10 512	82 586	118 603	(36 017)	-30%	237 207
Service charges - water revenue		44 695	49 578	49 578	3 233	30 910	24 789	6 121	25%	49 578
Service charges - sanitation revenue		29 001	24 388	24 388	4	11 446	12 194	(748)	-6%	24 388
Service charges - refuse revenue		14 687	19 491	19 491	1 251	7 521	9 746	(2 225)	-23%	19 491
Rental of facilities and equipment		145	317	317	52	343	159	185	116%	317
Interest earned - external investments		4 551	2 168	2 168	170	1 418	1 084	334	31%	2 168
Interest earned - outstanding debtors		37 609	34 621	34 621	1 867	20 540	17 310	3 230	19%	34 621
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 039	686	686	2	125	343	(218)	-64%	686
Licences and permits		9 195	8 218	8 218	41	8 946	4 109	4 837	118%	8 218
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		190 087	179 917	179 917	58 292	135 149	89 958	45 191	50%	179 917
Other revenue		3 842	3 774	3 774	288	1 415	1 887	(472)	-25%	3 774
Gains		-	(0)	(0)	-	5	-	6	#DIV/0!	(0)
Total Revenue (excluding capital transfers and contributions)		612 240	666 957	666 957	83 962	350 193	333 479	16 715	5%	666 957
Expenditure By Type										
Employee related costs		226 408	228 865	228 865	18 708	105 319	114 417	(9 098)	-8%	228 812
Remuneration of councillors		10 942	11 687	11 687	1 151	5 568	5 837	(269)	-5%	11 663
Debt impairment		29 635	13 583	13 583	-	172	6 791	(6 619)	-97%	13 583
Depreciation & asset impairment		83 170	92 705	92 705	6 485	66 330	46 822	20 008	43%	92 643
Finance charges		19 517	19 213	19 213	1 285	3 964	9 607	(5 643)	-59%	19 213
Bulk purchases - electricity		150 251	148 649	148 649	81	64 090	74 324	(10 235)	-14%	148 649
Inventory consumed		12 658	23 154	23 154	1 819	10 292	15 598	(5 306)	-34%	32 474
Contracted services		43 609	55 966	55 966	4 895	23 563	28 425	(4 862)	-17%	58 217
Transfers and subsidies		681	977	977	108	275	721	(445)	-62%	1 624
Other expenditure		51 850	68 315	68 315	6 050	34 840	31 001	3 838	12%	63 197
Losses		-	0	(0)	-	25	0	25	363843%	(0)
Total Expenditure		628 891	663 113	663 113	40 579	314 438	333 043	(18 605)	-6%	670 075
Surplus/(Deficit)		(16 451)	3 843	3 843	43 383	35 755	435	35 320	0	(3 118)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		112 085	90 868	90 868	18 809	48 677	45 434	3 243	0	90 868
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		95 634	94 712	94 712	62 192	84 432	45 869			87 750
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		95 634	94 712	94 712	62 192	84 432	45 869			87 750
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		95 634	94 712	94 712	62 192	84 432	45 869			87 750
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		95 634	94 712	94 712	62 192	84 432	45 869			87 750

LIM352 Lephalala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment

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									
Multi-Year expenditure appropriation	2									
Vote 1 - Office of Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	0	0	-	-	-	-	-	0
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Social Service		19 756	28 823	28 623	-	6 333	3 205	3 128	98%	8 818
Vote 5 - Technical and Engineering Services		57 419	26 500	26 500	-	8 031	13 290	(5 259)	-40%	26 680
Vote 6 - Property, Planning & Development		-	-	-	-	-	-	-	-	-
Vote 7 - Office of the Mayor/Strategic Office		-	-	-	-	-	-	-	-	-
Vote 8 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	77 175	55 123	55 123	-	14 364	16 493	(2 131)	-13%	35 478
Single Year expenditure appropriation	2									
Vote 1 - Office of Municipal Manager		271	0	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	500	500	-	-	250	(250)	-100%	500
Vote 3 - Corporate Services		12 808	-	-	-	1 321	238	1 084	458%	782
Vote 4 - Social Service		6 500	500	500	-	5 575	6 020	(446)	-7%	14 085
Vote 5 - Technical and Engineering Services		48 202	47 213	47 213	22 317	120 949	27 380	93 569	342%	101 437
Vote 6 - Property, Planning & Development		(299)	8 925	8 925	-	-	4 463	(4 463)	-100%	8 925
Vote 7 - Office of the Mayor/Strategic Office		631	1 400	1 400	-	-	700	(700)	-100%	1 400
Vote 8 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	68 213	58 538	58 538	22 317	127 844	39 049	88 795	227%	127 139
Total Capital Expenditure		145 388	113 661	113 661	22 317	142 208	55 544	88 664	158%	162 618
Capital Expenditure - Functional Classification										
Governance and administration		19 178	1 900	1 900	-	1 687	1 687	20	1%	4 383
Executive and council		848	1 400	1 400	-	-	700	(700)	-100%	1 400
Finance and administration		18 334	500	500	-	1 687	1 187	720	62%	2 983
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6 042	0	0	-	2 721	3 750	(1 028)	-27%	7 500
Community and social services		6 042	0	0	-	2 721	3 750	(1 028)	-27%	7 500
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		(140)	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		29 218	13 185	13 185	-	1 155	7 632	(6 477)	-85%	15 319
Planning and development		(289)	8 925	8 925	-	-	4 463	(4 463)	-100%	8 925
Road transport		29 517	4 260	4 260	-	1 155	3 189	(2 014)	-84%	6 390
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		90 871	88 576	88 576	18 040	39 752	42 285	(2 543)	-6%	135 420
Energy sources		14 642	45 769	45 769	2 524	13 344	20 731	(7 388)	-36%	41 684
Water management		68 880	20 655	20 655	11 039	14 518	11 768	2 750	23%	61 218
Waste water management		2 552	3 029	3 029	4 477	6 441	6 001	3 440	60%	18 605
Waste management		14 797	28 123	28 123	-	3 448	4 795	(1 348)	-28%	13 712
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	145 310	113 661	113 661	18 040	45 515	55 544	(10 028)	-18%	162 618
Funded by:										
National Government		116 001	90 868	90 868	18 040	42 251	42 571	(320)	-1%	134 649
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-	-	-
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		116 001	90 868	90 868	18 040	42 251	42 571	(320)	-1%	134 649
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		29 309	22 793	22 793	-	1 495	12 009	(10 513)	-88%	24 704
Total Capital Funding		145 310	113 661	113 661	18 040	43 746	54 580	(10 833)	-20%	159 353

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment
- Capital expenditure by functional classification must reconcile to the total of multi-year and single year appropriations
- Include expenditure on investment property, intangible and biological assets

6. include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

LIM362 Lephalale - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		(140 888)	83 745	83 745	(180 097)	83 745
Call investment deposits		416 712	45 000	45 000	164 776	45 000
Consumer debtors		306 050	191 907	191 907	357 337	191 907
Other debtors		154 336	10 557	10 557	96 763	10 557
Current portion of long-term receivables		-	7 820	7 820	-	7 820
Inventory		2 149	14 975	14 975	2 778	14 975
Total current assets		738 359	354 004	354 004	441 558	354 004
Non current assets						
Long-term receivables		-	0	0	-	0
Investments		-	-	-	-	-
Investment property		-	-	-	-	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		5 219 618	1 651 591	1 651 591	1 461 789	1 700 547
Biological		-	-	-	-	-
Intangible		5 798	879	879	220	879
Other non-current assets		77	329	329	77	329
Total non current assets		5 225 494	1 652 800	1 652 800	1 462 086	1 701 756
TOTAL ASSETS		5 963 853	2 006 804	2 006 804	1 903 643	2 055 760
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		8 743	7 334	7 334	6 080	7 334
Consumer deposits		9 818	11 076	11 076	9 598	11 076
Trade and other payables		125 320	33 640	33 640	164 024	58 940
Provisions		2 875	3 956	3 956	2 875	3 956
Total current liabilities		146 756	56 007	56 007	182 577	81 307
Non current liabilities						
Borrowing		53 945	72 646	72 646	53 945	72 646
Provisions		144 826	103 910	103 910	144 826	103 910
Total non current liabilities		198 771	176 557	176 557	198 771	176 557
TOTAL LIABILITIES		345 527	232 564	232 564	381 349	257 864
NET ASSETS	2	5 618 326	1 774 240	1 774 240	1 522 295	1 797 896
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 453 748	1 745 577	1 745 577	1 567 773	1 745 577
Reserves		-	31 170	31 170	-	31 170
TOTAL COMMUNITY WEALTH/EQUITY	2	1 453 748	1 776 747	1 776 747	1 567 773	1 776 747

LIM362 Lephalale - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	90 602	90 602	1 585	91 529	45 301	(13 772)	-30%	90 602
Service charges		315 079	280 614	280 614	18 519	104 495	140 307	(35 812)	-26%	280 614
Other revenue		49 826	12 980	12 980	15 097	144 777	6 480	138 287	2131%	12 980
Transfers and Subsidies - Operational		252 635	179 917	179 917	58 151	133 466	89 959	43 507	48%	179 917
Transfers and Subsidies - Capital		116 001	90 868	90 868	11 715	71 573	45 434	26 139	58%	90 868
Interest		36 234	3 668	3 668	2 524	3 997	1 834	2 163	118%	3 668
Dividends		810	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(495 688)	(536 636)	(536 636)	(32 703)	(243 671)	(328 335)	(84 664)	26%	(700 670)
Finance charges		(19 517)	(19 213)	(19 213)	(1 283)	(3 964)	(9 607)	(5 643)	59%	(19 213)
Transfers and Grants		(681)	(977)	(977)	(108)	(275)	(488)	(213)	44%	(977)
NET CASH FROM/(USED) OPERATING ACTIVITIES		254 699	101 824	101 824	73 497	241 925	(9 105)	(251 031)	2757%	(62 210)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	12	12	-	-	6	(6)	-100%	12
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		-	(113 661)	(113 661)	(20 746)	(52 919)	(56 831)	(3 912)	7%	(113 661)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(113 649)	(113 649)	(20 746)	(52 919)	(56 825)	(3 906)	7%	(113 649)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	(845)	(845)	(8)	219	(5 538)	5 757	-104%	(11 076)
Payments										
Repayment of borrowing		-	19 059	19 059	-	-	9 529	9 529	100%	19 059
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	18 214	18 214	(8)	219	3 991	3 772	95%	7 983
NET INCREASE/ (DECREASE) IN CASH HELD		254 699	6 388	6 388	52 742	189 227	(61 938)			(167 876)
Cash/cash equivalents at beginning:		179 833	148 564	148 564		(72 503)	148 564			(72 503)
Cash/cash equivalents at month/year end:		434 531	154 953	154 953		116 723	86 626			(240 379)