!Kheis
Munisipaliteit
Municipality

Mid-Year Budget & Performance Assessment for the period 01 July 2022 to 31 December 2022

Table of Contents

Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Vote – One of the main segments into which a budget. In !Kheis Municipality this means at directorate level.

Section 1 – Introduction

1.1 Purpose

To inform Council of progress made in the implementation of the Service Delivery and Budget Implementation Plans (SDBIP) and the performance outcomes in respect of the first six months of the 2022/23 financial year, and to recommend whether an adjustments budget is necessary.

1.2 Legal requirements

In terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003):

(1) 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 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;

(iii) the past year's annual report, and progress on resolving problems identified in the annual report; and

(iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

(b) submit a report on such assessment to –

(i) the mayor of the municipality

(ii) the National Treasury; and

(iii) the relevant Provincial Treasury.

(2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.

(3) The accounting officer must, as part of the review -

(a) make recommendations as to whether an adjustments budget is necessary; and

(b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Thereafter, the mayor must, in terms of Section 54(1):

(a) Consider the report;

(b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;

(c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;

(d) Issue any appropriate instructions to the accounting officer to ensure-

(i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and

(ii) That spending of funds and revenue collection proceed in accordance with the budget;

(e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and

(f) Submit the report to the council by 31 January of each year.

1.3 Contents of this report

With the concurrence of the Municipal Manager , appointed in terms of Section 57 1(a), it was agreed that:

(a) The Budget and Treasury Office (BTO) established in terms of Section 80 of the MFAM prepared a report complying with the financial requirements of MFMA section 72. The mid-year budget statement for December 2022 (Section 72) will be submitted to all legislated parties after 25 January and prepared for submission to Provincial Treasury.

(b) The Performance Management Section in the Office of the Municipal Manager has been reviewed as the PMS Unit is functional since the first quarter of the financial year 2022.

(c) The Accounting Officer (Municipal Manager) has reviewed the Annual Report and issues that were raised in the Audit Report and final management letter of the Auditor-General and have included these in a section in this assessment.

(d) The outcomes of the above mentioned reports and reviews form the basis of the mid-year budget and performance assessment of !Kheis Municipality.

(e) The summarised version of the Section 72 Report will be submitted to council through the Mayor on the 21st of January 2023, where after the complete performance report for the first six months will be tabled to Council on the 31 of January 2023

Section 2 – Report of the Executive Mayor

2.1 High level assessment of MFMA S71 financial reports for the past 6 months

2.1.1 Against annual budget (original approved and latest adjustments)

Revenue by Source

The period under review total revenue actuals inclusive of grants is R 39 378 403. This amount reflect surplus of R27 300 159 mil. However, the figures shows a variance of 7%, which can be attributed to the deduction of R7.2mil withheld for non-compliance in terms of conditional grants. The budgeted amount for property rates is R 10 648 million and the actual figure billed is R 5 898 million. This is due to annual property rates levies adjustment during July of each year on agricultural properties. It should be noted that the amounts for service charges in Table C4 are the actual amounts billed / levied and not the amount that is received. The amount received of R 512 000 in Table C7 is far less than the billed amount which attributed to our cash flow problems.

!Kheis Municipality is facing a surplus of R 27 300 million (this surplus is not cash based, but more on the accrual revenue on revenue from exchange and non-exchange transactions for the period under review. A lot of transactions had been captured with errors, which had only been corrected after the closing of the mid-term report) for the period under review. This will be corrected with the Adjustment Budget

Operating expenditure by type

The municipality made provision for an Operating Expenditure budget of R 73 047 mil for the year 2022/2023. The year todate expenditure reflects negative variances on most expenditure items/votes which is an indication of under expenditure on most votes. The year todate expenditure versus the budgeted figure of R 36 522 696 shows a negative variance of –R 16 085 000. This variance can be attributed to the withholding of grants as well as the weak revenue collection. The following are some of the expenditure items that we would like to highlight for the purpose of this Report;

- Other Expenditure was budgeted for R 7.6m and actual to date R 1.7m – -55%
- Contracted services was budgeted for R 3.7m and actual R 471k – -75%(AFS was compiled inhouse)
- Bulk purchases was budgeted for R 1,340 mil and actual is R 212k – -86%

Provision was made for a depreciation accrual of R 9 088 000 for the financial year and is not amortised

Capital expenditure

The municipality made provision for a Capital Expenditure budget of R 22 680 000 comprising the following projects;

	BUDGETED	SPENT
MIG		
1. Constuction of sewer reticulation, pump station and rising main to oxidation ponds in Wegdraai	--R11 567 000	R 3 315 662
WSIG		
1. Upgrading of bulk water supply - Topline	- R 5 000 000	R 0.00

Total allocation for Capital Grants for the year was R 16 567 000 and R 8 359 000 was transferred for the period under review

Own funding		
2. Grootdrink Sport Facilities	- R 0	R 1 177 676
3. Upgrading of bulk water supply – Brandboom	- R 0	R 1 031 400

The WSIG allocation received were for Topline bulk water upgrade, but the business plan had been reviewed for Brandboom bulk water. Budget will be reallocated with the adjustment budget. Budget for Grootdrink sport facility will also be amended with the adjustment budget.

Cash Flow

The municipality started the year with a bank balance of R -1 380.61 on 1 July 2022 and ended at R 517.16 at the end of December 2022.

Conditional grants received should be ringfenced and invested, because these funds can only be used for capital projects in terms of an approved business plan. The funds may not be used for operational expenditure and therefore it is critical that the Municipality levy and collect sufficient funds to pay for operational expenditure.

Poor revenue collection and over expenditure, result in cash flow problems and non-payment of creditors, which are in contravention with Section 65 (2) (e) of the MFMA.

2.2 High level SDBIP overall performance

The SDBIP is functional and the implementation of PMS's is fully functional for the financial year. The Auditor-General raised several significant issues with regarding to service delivery and budget implementation plan for implementing the delivery of municipal services and the annual budget that did not indicate service delivery targets and performance indicators for each quarter as required by section 1 & 53 of the MFMA. In terms of the Auditors findings in prior years regarding PMS's they raise a lot of issues on which the municipality did not comply with the MFMA. The Annual Report is not in line with the IDP and the SDBIP which make it difficult to meet the predetermined objectives. Steps have been taken to review the current SDBIP and in particular the Predetermined Objectives so that thy comply with the National Key Focus areas, are aligned to the IDP and Budget as well as being SMART

2.3 Potential impact of the national and provincial adjustments budget

The municipality did apply for the rollover of R7.2 mil (MIG) however it was not approved by National Treasury. The amount had been offset from the December tranche by National Treasury as part of the non-compliance order that had been issued to the municipality. However, the municipality applied that the amount be spread into three equal instalments. No correspondence had been received from National Treasury with regards to the request of the municipality.

2.4 Conclusion

The mid-year budget and performance assessment indicates that:

(a) An adjustments budget for 2022/23 will be required, and this must be approved by Council by no later than 28 February 2023.

(b) The Municipality did adhere by the request of the Auditor –General by implementing the PMS system.

(c) The revised IDP, taking into account revisions as a result of the adjustments budget and revised SDBIP, must be approved by Council.

Section 3 – Financial Performance

3.1 Monthly budget statements

The tables included in section 3 are from the Section 71 December 2022 in-year monthly budget statements which were used to compile the Section 72 budget statement. The full year forecasts have been revised as part of the mid-year assessment. The revised forecasts will inform the adjustments that are tabled for Council approval.

NC084 !Kheis - Table C1 Monthly Budget Statement Summary -

Description	2021/22	Budget Year 2022/23							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	5 147	10 648	10 648	20	5 898	5 324	574	11%	10 648
Service charges	10 830	14 572	14 572	739	4 580	7 286	(2 706)	-37%	14 572
Investment revenue	59	515	515	0	4	257	(253)	-98%	515
Transfers and subsidies	32 137	38 270	38 270	8 762	25 509	19 135	6 374	33%	38 270
Other own revenue	6 969	9 829	9 829	587	3 388	4 914	(1 527)	-31%	9 829
Total Revenue (excluding capital transfers and contributions)	**55 142**	**73 833**	**73 833**	**10 109**	**39 378**	**36 916**	**2 462**	**7%**	**73 833**
Employee costs	29 686	33 418	33 418	2 606	15 562	16 709	(1 146)	-7%	33 418
Remuneration of Councillors	3 795	4 634	4 634	356	2 139	2 317	(178)	-8%	4 634
Depreciation & asset impairment	5 359	9 088	9 088	–	–	4 544	(4 544)	-100%	9 088
Finance charges	1 973	–	–	–	–	–	–		–
Materials and bulk purchases	2 230	1 340	1 340	112	212	670	(457)	-68%	1 340
Transfers and subsidies	(1 061)	1 112	1 112	165	342	556	(214)	-38%	1 112
Other expenditure	23 413	23 455	23 455	199	2 182	11 727	(9 546)	-81%	23 455
Total Expenditure	**65 395**	**73 047**	**73 047**	**3 438**	**20 438**	**36 523**	**(16 085)**	**-44%**	**73 047**
Surplus/(Deficit)	**(10 253)**	**786**	**786**	**6 670**	**18 941**	**394**	**18 547**	**4710%**	**786**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	6 648	16 567	16 567	–	8 359	8 283	76	1%	16 567
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**(3 605)**	**17 353**	**17 353**	**6 670**	**27 300**	**8 677**	**18 623**	**215%**	**17 353**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(3 605)**	**17 353**	**17 353**	**6 670**	**27 300**	**8 677**	**18 623**	**215%**	**17 353**
Capital expenditure & funds sources									
Capital expenditure	**7 814**	**16 567**	**16 567**	**–**	**3 326**	**8 283**	**(4 957)**	**-60%**	**16 567**
Capital transfers recognised	7 463	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	–	–	–	–	–	–		–
Total sources of capital funds	**7 463**	**16 567**	**16 567**	**–**	**3 326**	**8 283**	**(4 957)**	**-60%**	**16 567**
Financial position									
Total current assets	6 158	93 250	93 250		21 245				93 250
Total non current assets	3 231	192 923	192 923		3 326				192 923
Total current liabilities	12 995	89 459	89 459		(2 729)				89 459

Total non current liabilities	–	2 025	2 025		–				2 025
Community wealth/Equity	**–**	**205 063**	**205 063**		**–**				**205 063**
Cash flows									
Net cash from (used) operating	47 195	22 849	22 849	11 967	27 086	11 425	(15 662)	-137%	22 849
Net cash from (used) investing	(768)	(16 567)	(16 567)	–	2 497	(8 283)	(10 780)	130%	(16 567)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**46 427**	**1 473**	**1 473**	**–**	**29 583**	**(1 669)**	**(31 252)**	**1873%**	**6 282**

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	(2 732)	919	934	984	2 455	4 915	7 372	106 601	121 448
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

3.1.2 Table C2: Monthly Budget Statement - Financial Performance (standard classification)

This table reflects the operating budget in the standard classifications which are the Government Finance Statistics Functions and Sub-functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions.

The main functions are Governance and administration; Community and public safety; Economic and environmental services; and Trading services.

It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3.

NC084 !Kheis - Table C2 Monthly Budget Statement - Financial Performance (functional classification) -

Description	Ref	2021/22	Budget Year 2022/23							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		**44 868**	**68 122**	**68 122**	**8 863**	**37 323**	**34 061**	3 262	10%	**68 122**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		44 868	68 122	68 122	8 863	37 323	34 061	3 262	10%	68 122
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**871**	**1 001**	**1 001**	–	**500**	**500**	(0)	0%	**1 001**
Community and social services		871	1 001	1 001	–	500	500	(0)	0%	1 001
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**185**	**772**	**772**	**–**	**11**	**386**	(375)	-97%	**772**
Planning and development		–	–	–	–	–	–	–		–
Road transport		185	772	772	–	11	386	(375)	-97%	772
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**15 866**	**20 505**	**20 505**	**1 246**	**9 904**	**10 253**	(348)	-3%	**20 505**
Energy sources		–	–	–	–	–	–	–		–
Water management		5 620	13 047	13 047	478	5 144	6 523	(1 380)	-21%	13 047
Waste water management		3 911	2 776	2 776	313	1 792	1 388	404	29%	2 776
Waste management		6 335	4 683	4 683	455	2 968	2 341	627	27%	4 683
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**61 790**	**90 400**	**90 400**	**10 109**	**47 738**	**45 200**	**2 538**	**6%**	**90 400**

Expenditure - Functional	-									
Governance and administration		43 935	51 853	51 853	2 205	12 919	25 926	(13 007)	-50%	51 853
Executive and council		8 246	10 589	10 589	523	2 848	5 294	(2 446)	-46%	10 589
Finance and administration		35 689	41 265	41 265	1 682	10 070	20 632	(10 562)	-51%	41 265
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		1 044	1 201	1 201	84	552	601	(48)	-8%	1 201
Community and social services		1 041	1 201	1 201	84	552	601	(48)	-8%	1 201
Sport and recreation		3	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		1 227	1 063	1 063	69	325	531	(207)	-39%	1 063
Planning and development		613	884	884	67	315	442	(127)	-29%	884
Road transport		614	179	179	2	10	89	(79)	-89%	179
Environmental protection		–	–	–	–	–	–	–		–
Trading services		19 188	18 931	18 931	1 081	6 642	9 465	(2 823)	-30%	18 931
Energy sources		2 791	2 359	2 359	65	1 037	1 180	(143)	-12%	2 359
Water management		8 531	8 860	8 860	715	3 287	4 430	(1 142)	-26%	8 860
Waste water management		2 321	4 241	4 241	128	810	2 121	(1 310)	-62%	4 241
Waste management		5 545	3 471	3 471	174	1 507	1 735	(228)	-13%	3 471
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	65 395	73 047	73 047	3 438	20 438	36 523	(16 085)	-44%	73 047
Surplus/ (Deficit) for the year		(3 605)	17 353	17 353	6 670	27 300	8 677	18 623	215%	17 353

3.1.3 Table C3: Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)

NC084 !Kheis - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) -

Vote Description	Ref	2021/22	Budget Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–		–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		56 671	89 400	89 400	9 636	44 822	44 700	122	0,3%	89 400
Vote 4 - COMMUNITY SERVICES		871	1 000	1 000	–	500	500	0	0,0%	1 000
Vote 5 - TECHNICAL SERVICES		4 248	–	–	472	2 416	–	2 416	#DIV/0!	–
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–		–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	61 790	90 400	90 400	10 109	47 738	45 200	2 538	5,6%	90 400
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		1 714	2 710	2 710	112	563	1 355	(792)	-58,4%	2 710
Vote 2 - CORPORATE SERVICE		5 407	6 560	6 560	370	2 372	3 280	(908)	-27,7%	6 560
Vote 3 - FINANCIAL MANAGEMENT SERVICES		24 150	26 714	26 714	787	4 925	13 357	(8 432)	-63,1%	26 714
Vote 4 - COMMUNITY SERVICES		9 272	5 057	5 057	410	3 007	2 529	478	18,9%	5 057
Vote 5 - TECHNICAL SERVICES		17 679	23 236	23 236	1 278	6 954	11 618	(4 664)	-40,1%	23 236
Vote 6 - EXECUTIVE AND COUNCIL		6 559	7 886	7 886	414	2 302	3 943	(1 641)	-41,6%	7 886
Vote 7 - STRATEGIC PLANNING		613	884	884	67	315	442	(127)	-28,8%	884
Total Expenditure by Vote	2	65 395	73 047	73 047	3 438	20 438	36 523	(16 085)	-44,0%	73 047
Surplus/ (Deficit) for the year	2	(3 605)	17 353	17 353	6 670	27 300	8 677	18 623	214,6%	17 353

The operating expenditure budget is approved by Council at the municipal vote level.

The municipal votes reflect the organisational structure of the municipality which is made up of the following directorates: Council; Municipal Manager; Corporate Services; Budget and Treasury Office; Community Services, Technical Services; Strategical Planning. Unauthorised expenditure incurred for the financial year will be rectified in the Adjusted Budget.

The fact that there is a budgeted amount for expenditure does not necessarily mean that there are funds available to pay for the expenditure incurred. Therefore, the incurrence of expenditure should be considered carefully.

Virements should be affected in accordance with the approved Virement Policy. This is an internal control measure to prevent unauthorised expenditure. The unauthorised expenditure will be disclosed in the 2022/23 annual financial statements.

3.1.4 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)

NC084 !Kheis - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) -

Description	Ref	2021/22	Budget Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		5 147	10 648	10 648	20	5 898	5 324	574	11%	10 648
Service charges - electricity revenue		–	–	–	–	–	–	–		–
Service charges - water revenue		3 933	8 648	8 648	264	1 574	4 324	(2 750)	-64%	8 648
Service charges - sanitation revenue		2 953	2 767	2 767	198	1 251	1 383	(133)	-10%	2 767
Service charges - refuse revenue		3 945	3 157	3 157	277	1 755	1 579	177	11%	3 157
Rental of facilities and equipment		206	1 735	1 735	0	65	867	(802)	-92%	1 735
Interest earned - external investments		59	515	515	0	4	257	(253)	-98%	515
Interest earned - outstanding debtors		5 906	5 850	5 850	557	2 959	2 925	34	1%	5 850
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		–	300	300	–	–	150	(150)	-100%	300
Licences and permits		2	55	55	–	0	28	(27)	-100%	55
Agency services		185	472	472	–	11	236	(225)	-95%	472
Transfers and subsidies		32 137	38 270	38 270	8 762	25 509	19 135	6 374	33%	38 270
Other revenue		441	977	977	13	184	488	(304)	-62%	977
Gains		228	440	440	17	169	220	(51)	-23%	440
Total Revenue (excluding capital transfers and contributions)		**55 142**	**73 833**	**73 833**	**10 109**	**39 378**	**36 916**	**2 462**	**7%**	**73 833**
Expenditure By Type	-									
Employee related costs		29 686	33 418	33 418	2 606	15 562	16 709	(1 146)	-7%	33 418
Remuneration of councillors		3 795	4 634	4 634	356	2 139	2 317	(178)	-8%	4 634
Debt impairment		12 015	12 085	12 085	–	–	6 042	(6 042)	-100%	12 085
Depreciation & asset impairment		5 359	9 088	9 088	–	–	4 544	(4 544)	-100%	9 088
Finance charges		1 973	–	–	–	–	–	–		–
Bulk purchases - electricity		–	–	–	–	–	–	–		–
Inventory consumed		2 230	1 340	1 340	112	212	670	(457)	-68%	1 340
Contracted services		2 501	3 748	3 748	33	471	1 874	(1 403)	-75%	3 748
Transfers and subsidies		(1 061)	1 112	1 112	165	342	556	(214)	-38%	1 112
Other expenditure		8 897	7 622	7 622	167	1 711	3 811	(2 100)	-55%	7 622
Losses		–	–	–	–	–	–	–		–
Total Expenditure		**65 395**	**73 047**	**73 047**	**3 438**	**20 438**	**36 523**	**(16 085)**	**-44%**	**73 047**
Surplus/(Deficit)		**(10 253)**	**786**	**786**	**6 670**	**18 941**	**394**	**18 547**	**0**	**786**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 648	16 567	16 567	–	8 359	8 283	76	0	16 567
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**(3 605)**	**17 353**	**17 353**	**6 670**	**27 300**	**8 677**			**17 353**
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		**(3 605)**	**17 353**	**17 353**	**6 670**	**27 300**	**8 677**			**17 353**

Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		(3 605)	17 353	17 353	6 670	27 300	8 677			17 353
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		(3 605)	17 353	17 353	6 670	27 300	8 677			17 353

Revenue

The annual budget is approved for 'Total Revenue by Source'.

The year to date actual reflects a deficit of 7% of the mid- year to date budget of R 36 916 million.

The following revenue sources have negative variances and is not in line with the excess of 5% –

- The Actual for Water revenue for the period reflect R 1 573 666 out of a budgeted amount of R 4 323 960 which is 36% of the target.
- The actual revenue for Agency Services is R11 000 out of budgeted amount of R 472 000 which account for 2.3%.
- Rental of facilities and equipment is R 65 216 out of a budget amount R 1 734 965 which amount for 3.7%.
- Other revenue is R184 150 out of a budget amount R 976 999 which amount for 18.8%.
- Gains on disposal of PPE is R 169 569 out of a budget amount R 439 725 which amount for 38%.
- Interest Earned – external investments is R 4 076 out of a budget amount R 514 686 which amount for 0.8%.

It is noted that some revenue sources have positive variances in excess of 5% -

- Service charges – refuse revenue– 11%

Expenditure

For the period under review all expenditure items that show negative variances on the C schedules, indicate a saving on that specific expenditure item and where they show positive variances, an underspending is indicated on that specific expenditure item.

Salaries and wages paid to employees for this period account for 47% of the Operating Expenditure budget which is 11% above the 35% threshold. The municipalities water infrastructure and fleet is ageing resulting in more frequent repairs putting a further strain on the operational costs which have increased by approximately 50% year on year. **This is a big concern for the municipality.** At this stage the ongoing increase in employee related costs are contributing to the following:

- Liquidity crisis which can lead to the municipality satisfying requirement for Section 136 of the MFMA.
- Poor service delivery
- Litigation against the municipality – Fleet been impounded
- Pension funds in arears

The following expenditure sources have negative variances in excess of 21% –

- Depreciation and asset impairment (100%) – Will only be amortized at year end.
- Inventory consumed (68%) – this increase and had a negative effect on our actual expenditure for the year to date according our annual budget. Although the municipality have an agreement with the relevant stakeholders eg (BOEGOEBERG WATER) it remain a concern because it will always reflect a negative.
- Contracted services (75%) – AFS compilation was done inhouse, thus the municipality saved on the compilation of AFS. Budget constraints due to cash flow problems resulting in less expenditure; poor revenue

collection the municipality was unable to maintain the fleet according to the asset maintenance plan. Fleet has been impounded since November 2021

- Other Expenditure (55%) – Budget constraints due to cash flow problems resulting in less expenditure occurred.

3.1.5 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

NC084 !Kheis - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) -

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									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–		–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	–	–	–	–	–	–		–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–		–
Vote 5 - TECHNICAL SERVICES		(33)	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–		–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	(33)	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–		–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		–	–	–	–	–	–	–		–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–		–
Vote 5 - TECHNICAL SERVICES		7 847	–	–	–	–	–	–		–
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–		–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	7 847	–	–	–	–	–	–		–
Total Capital Expenditure	3	7 814	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567
Capital Expenditure - Functional Classification										
Governance and administration		–	–	–	–	–	–	–		–
Executive and council		–	–	–	–	–	–	–		–
Community and public safety		–	–	–	–	–	–	–		–
Community and social services		–	–	–	–	–	–	–		–
Economic and environmental services		(424)	–	–	–	–	–	–		–
Road transport		(424)	–	–	–	–	–	–		–
Trading services		8 238	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567
Energy sources		–	–	–	–	–	–	–		–
Water management		–	5 000	5 000	–	–	2 500	(2 500)	-100%	5 000
Waste water management		–	–	–	–	–	–	–		–
Waste management		8 238	11 567	11 567	–	3 326	5 783	(2 457)	-42%	11 567
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	7 814	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567
Funded by:										
National Government		8 238	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567
Provincial Government		(774)	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Other transfers and grants		–	–	–	–	–	–	–		–
Transfers recognised - capital		7 463	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567
Public contributions & donations	5	–	–	–	–	–	–	–		–
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		–	–	–	–	–	–	–		–
Total Capital Funding		7 463	16 567	16 567	–	3 326	8 283	(4 957)	-60%	16 567

Year-to-date capital expenditure shows a -60% negative variance of the year-to-date budget.

3.1.6 Table C6: Monthly Budget Statement - Financial Position

NC084 !Kheis - Table C6 Monthly Budget Statement - Financial Position -

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		(2 573)	(29 285)	(29 285)	8 786	(29 285)
Call investment deposits		–	546	546	–	546
Consumer debtors		4 625	114 359	114 359	11 035	114 359
Other debtors		4 105	7 335	7 335	1 424	7 335
Current portion of long-term receivables		–	110	110	–	110
Inventory		1	185	185	–	185
Total current assets		6 158	93 250	93 250	21 245	93 250
Non current assets						
Long-term receivables		–	1 938	1 938	–	1 938
Investments		–	–	–	–	–
Investment property		–	–	–	–	–
Investments in Associate		–	–	–	–	–
Property, plant and equipment		3 130	190 984	190 984	3 326	190 984
Agricultural		–	–	–	–	–
Biological assets		101	–	–	–	–
Intangible assets		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		3 231	192 923	192 923	3 326	192 923
TOTAL ASSETS		9 390	286 172	286 172	24 571	286 172
LIABILITIES						
Current liabilities	-					
Bank overdraft		–	–	–	–	–
Borrowing		–	2 391	2 391	–	2 391
Consumer deposits		–	98	98	–	98
Trade and other payables		12 316	77 492	77 492	(2 629)	77 492
Provisions		679	9 478	9 478	(100)	9 478
Total current liabilities		12 995	89 459	89 459	(2 729)	89 459
Non current liabilities						
Borrowing		–	1 621	1 621	–	1 621
Provisions		–	404	404	–	404
Total non current liabilities		–	2 025	2 025	–	2 025
TOTAL LIABILITIES		12 995	91 484	91 484	(2 729)	91 484
NET ASSETS	2	(3 605)	194 688	194 688	27 300	194 688
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		–	205 063	205 063	–	205 063
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	205 063	205 063	–	205 063

1.1.7 Table C7: Monthly Budget Statement – Cash Flow

NC084 !Kheis - Table C7 Monthly Budget Statement - Cash Flow -

Description	Ref	2021/22	Budget Year 2022/23							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		4 463	6 544	6 544	–	–	3 272	(3 272)	-100%	6 544
Service charges		1 537	7 445	7 445	25	512	3 722	(3 210)	-86%	7 445
Other revenue		924	3 576	3 576	21	2 952	1 788	1 164	65%	3 576
Transfers and Subsidies - Operational		24 638	38 270	38 270	8 755	22 405	19 135	3 270	17%	38 270
Transfers and Subsidies - Capital		9 077	16 567	16 567	–	8 359	8 283	76	1%	16 567
Interest		14	658	658	0	3	329	(326)	-99%	658
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		6 542	(49 698)	(49 698)	3 166	(7 144)	(24 849)	(17 705)	71%	(49 698)
Finance charges		–	–	–	–	–	–	–		–
Transfers and Grants		–	(512)	(512)	–	–	(256)	(256)	100%	(512)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**47 195**	**22 849**	**22 849**	**11 967**	**27 086**	**11 425**	**(15 662)**	**-137%**	**22 849**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables	-	–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(768)	(16 567)	(16 567)	–	2 497	(8 283)	(10 780)	130%	(16 567)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(768)**	**(16 567)**	**(16 567)**	**–**	**2 497**	**(8 283)**	**(10 780)**	**130%**	**(16 567)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**46 427**	**6 282**	**6 282**	**11 967**	**29 583**	**3 141**			**6 282**
Cash/cash equivalents at beginning:		–	(4 810)	(4 810)		–	(4 810)			–
Cash/cash equivalents at month/year end:		46 427	1 473	1 473		29 583	(1 669)			6 282

Table C7 provides a comprehensive picture of the cash position of the municipality which includes non-current investments and commitments against available cash resources. Table C7 includes all cash and cash equivalents (cashbook balances, petty cash balances and short-term investment deposits).

The cash flow statement reflects a positive cash and cash equivalents opening balance of R 517 thousand.

The municipality has a cash inflow of R 34 million and a cash outflow of R 7 million. Our cash flow problems have a negative impact on service delivery within the communities.

The total outstanding creditors are R 35.5 million apart from that, there is a obligation of R7.2mil payable to National Treasury regarding non-compliance of conditional grants. This figure cannot be offset against the R 121.4 million as the R 121.4 million will not be collected within one month. whereas the abovementioned amount is only 29% of total creditors. However, the municipality is currently having vacant erven that can be sold for possible enhancement of the cash flow of the municipality. At this stage our operational expenditure exceeds our operational income as our cash collection rate is below the projected rate.

3.1.8 Debtors Information

3.1.8.1 Debtors Age Analysis as at 31 December 2021

NC084 !Kheis - Supporting Table SC3 Monthly Budget Statement - aged debtors -

Description	NT Code	Budget Year 2022/23											
R thousands		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	233	290	300	347	332	327	2 217	22 393	26 439	25 616	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	(2 384)	35	35	35	1 459	3 917	736	15 336	19 169	21 483	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	200	222	223	227	249	248	1 612	13 101	16 083	15 437	–	–
Receivables from Exchange Transactions - Waste Management	1600	301	309	308	315	349	350	2 221	19 057	23 209	22 292	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	1810	4	6	12	19	27	34	398	24 853	25 353	25 331	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(1 087)	57	57	40	39	39	189	11 861	11 195	12 169	–	–
Total By Income Source	**2000**	**(2 732)**	**919**	**934**	**984**	**2 455**	**4 915**	**7 372**	**106 601**	**121 448**	**122 327**	**–**	**–**
2021/22 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	0	0	0	0	31	51	54	398	536	535	–	–
Commercial	2300	(280)	70	58	76	278	1 075	567	6 198	8 043	8 195	–	–
Households	2400	319	358	397	382	719	767	3 381	38 920	45 242	44 168	–	–
Other	2500	(2 772)	491	478	526	1 427	3 022	3 370	61 085	67 627	69 429	–	–
Total By Customer Group	**2600**	**(2 732)**	**919**	**934**	**984**	**2 455**	**4 915**	**7 372**	**106 601**	**121 448**	**122 327**	**–**	**–**

The total outstanding debtors for quarter 2 of 2021 are R 103.5 million. Debtors outstanding from 31 days to over 1 year increased with more than R 1 million, when compared with quarter 2 of 2021. Non-collection of outstanding debtors results in cash flow problems. Council need adopt a resolution where the municipality can review the by-laws and policies of billing.The debtor department must ensure that all outstanding debt of employees and councillors are collected and monitored.

3.1.8.2 Payment levels

Collection Rates (payment levels) reflect the total income collected for the period 01 July 2022 – 31 December 2022. The budgeted collection rate is 50%, actual collection 28%, this is a sign of cash flow problems. This percentage was based on past collection rates.

The table below reflects the total income billed and received per service group.

Service group	Billed	Received
Property tax		
Quarter 1	6 741 688	1 238 422
Quarter 2	-843 671	625 429
Water		
Quarter 1	1 038 187	237 189
Quarter 2	790 634	46 301
Sewage		
Quarter 1	644 824	39 507
Quarter 2	590 580	22 091
Refuse Removal		
Quarter 1	923 157	90 085
Quarter 2	832 170	52 647
Total	***3 975 882***	***1 113 248***

The total outstanding debtors for quarter 2 of 2022 as at 31 December 2022 are R 121.4 million which indicates an increase of R 5.22 million, when compared with quarter 1, 31 July 2022. Non-collection of outstanding debtors results in cash flow problems. The total indigents that was registered was less than the previous financial year. Due to municipality not able to pay Eskom, indigents are not receiving full benefits such free electricity.

The table indicates the total outstanding debt per service group. The main concern is the increase in outstanding debt of businesses and residential debtors.

Additional Table SC3-8: Age Analyses of 50 highest consumer accounts

<u>TOP 50 DEBTORS</u>

<u>DECEMBER 2022</u>

Num	Account		Current	30 Days	60 Days	90 Days	120 Days	> 120 Days	Total
1	305329	ANC RAADSLEDE	0.00	0.00	0.00	0.00	0.00	880 866,00	880 866,00
2	305185	KALAHARI KID	0.00	0.00	0.00	0.00	0.00	560 581,93	560 581,93
3	55983	A DE WEE LYKSHUIS	0.00	0.00	0.00	0.00	0.00	451 645,76	451 645,76
4	282008	REPUBLIEK VAN SUID AFRIKA	0.00	0.00	0.00	0.00	0.00	369 988,10	369 988,10
5	305862	REPUBLIEK VAN SUID AFRIKA	0.00	0.00	0.00	0.00	0.00	318 308,52	318 308,52
6	13002	P VISAGIE	10115.20	10198.52	10181.74	10185.33	10261.72	250 165,45	301 107,96
7	302261	JOHMA TRUST	0.00	0.00	0.00	0.00	0.00	253 397,63	253 397,63
8	189981	AD KORDOM	521.95	503.12	527.26	531.03	462.00	220 139,58	222 684,94
9	301497	MG MAERIEN	0.00	0.00	0.00	0.00	0.00	217 633,07	217 633,07
10	1063	KYTO OPERATIONS	77691.17-	6013.16	1202.17	8298.24	8852.37	263 585,52	210 260,29
11	3054	W SASS	451.19	452.22	455.48	458.74	462.00	207 822,37	210 102,00
12	1041	E JONAS	371.37	321.86	334.43	398.79	7139.62	177 352,62	185 918,69
13	3157	T BOER	592.71	452.22	722.10	458.74	1855.76	180 928,70	185 010,23
14	6063	S DE WEE	451.19	452.22	455.48	458.74	961.98	179 734,18	182 513,79
15	1036	KYTO OPERATIONS	7159.12	9292.35	5179.96	7213.04	7162.22	143 992,22	179 998,91
16	10391	MQ RATHEBE	451.19	452.22	537.51	531.03	482.78	173 341,12	175 795,85
17	3155	G BOER	1891.36	1650.48	1654.43	1658.38	1662.33	166 646,36	175 163,34
18	5265	R PHIKE	441.82	452.22	455.48	458.74	471.37	172 071,39	174 351,02
19	197854	JJ s BEGRAFNISDIENSTE	3043.04	3043.04	3064.93	3086.82	3108.71	157 965,74	173 312,28
20	306423	REPUBLIEK VAN SUID AFRIKA	0.00	0.00	0.00	0.00	0.00	170 022,90	170 022,90
21	6051	P PRETORIUS	404.65	405.34	408.26	411.18	1055.10	162 082,53	164 767,06

22	2528	LJ NEELS	10.11	10.18	10.25	10.32	971.89	162 609,93	163 622,68
23	306272	REPUBLIEK VAN SUID AFRIKA	0.00	0.00	0.00	0.00	0.00	162 523,90	162 523,90
24	8203	B SPRINGBOK	0.00	10.18	10.25	10.32	241.15	161 636,24	161 908,14
25	11426	GROBLERSHOOP BRICKS & BUILDING	760.32	771.97	767.27	772.75	809.44	157 378,24	161 259,99
26	8294	H TIETIES	750.95	751.98	757.02	762.06	767.10	157 168,11	160 957,22
27	3293	R BLAAUW	562.38	604.95	455.48	458.74	2719.23	151 640,01	156 440,79
28	6069	W TIETIES	451.19	452.22	475.98	458.74	1385.04	151 321,77	154 544,94
29	8002	H VAN KRADENBURG	10.11	10.18	10.25	10.32	513.98	149 586,23	150 141,07
30	23582	REPUBLIEK VAN SUID AFRIKA	0.00	0.00	0.00	0.00	0.00	150 049,00	150 049,00
31	7123	M LINKS	581.09	584.61	588.82	593.03	1365.10	145 557,15	149 269,80
32	5030	J SKEFFERS	451.19	452.22	455.48	458.74	820.96	145 530,12	148 168,71
33	72500	P BEZUIDENHOUT	451.19	452.22	455.48	458.74	462.00	144 215,31	146 494,94
34	8291	A OLYN	451.19	452.22	455.48	458.74	692.76	141 738,50	144 248,89
35	6040	J BOER	451.19	452.22	455.48	458.74	692.76	140 823,27	143 333,66
36	6005	JG JANSEN INTERM SKOOL	0.00	0.00	0.00	0.00	31101.32	111 838,05	142 939,37
37	6002	P NTLOKWANA	451.19	452.22	455.48	458.74	462.00	140 109,95	142 389,58
38	6073	K BEUKES	451.19	452.22	465.73	458.74	820.96	139 541,59	142 190,43
39	1128	AM UYS	593.76	1048.91	457.49	378.12	3138.79	136 494,25	142 111,32
40	301514	RURAL DEVELOPMENT & LAND REFORM	0.00	0.00	0.00	0.00	0.00	141 328,30	141 328,30
41	2365453	REPUBLIEK VAN SUID AFRIKA	0.00	0.00	0.00	0.00	0.00	141 091,62	141 091,62
42	31352	NH VAN WYK	501.73	533.67	455.48	458.74	462.00	138 679,61	141 091,23
43	8320	A BOOYSEN	2599.75	2599.82	2599.89	2599.96	2610.46	127 085,79	140 095,67
44	326184	P VAN WYK	606.89	547.96	551.91	555.86	559.81	135 964,86	138 787,29
45	3140	J MALO	633.14	503.12	455.48	458.74	462.00	135 487,35	137 999,83
46	6167	J MOWERS	451.19	452.22	455.48	458.74	551.74	134 758,53	137 127,90
47	2720	CPA VAN WYK	653.82	653.82	658.52	663.22	667.92	131 846,51	135 143,81
48	3143	K PRICE	60.65	10.18	10.25	458.74	1564.52	132 346,89	134 451,23
49	6079	A MIENIES	451.19	452.22	455.48	458.74	462.00	131 900,55	134 180,18
50	1070	KHEIS BELEGGINGS	371.37	321.86	416.48	419.46	16188.35	116 365,03	134 082,55
51	32009	BS FENI	612.93	523.49	455.48	458.74	462.00	131 373,07	133 885,71
52	2637	KS BOER	451.19	452.22	455.48	458.74	782.50	130 732,66	133 332,79
53	3139	J LINGS	542.17	462.40	455.48	458.74	1564.52	129 667,64	133 150,95
			-	-	-	-	-	10 186 661,72	10 401 773,76

3.1.9 Creditors Information

CREDITORS AGE ANALYSIS FOR DEC 2022

Detail	Current	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 -
Bulk Electricity		-	-	-	-	-	-	-	-	-
Bulk Water	201 029,98	199 937	197 478	195 050	5 515 584	-	-			6 309 079
PAYE deductions	424 608	-	-	-	-	-	-	-	-	424 608
VAT (output less input)		-								-
Pensions / Retirement deductions	383 226	-								383 226
Loan repayments		-	-	-	-	-	-	-	-	-
Trade Creditors	281 478,31	284 533	274 032	2 660 099	560 938	678 679	363 574	554 517	13 018 427	18 676 277
Auditor General	665 360,68	1 213 643	1 093 629	484 917	60 668	41 573	5 933 206	-	-	9 492 997
Other	157 529,79	1 131	1 001		11 627				10 626	181 914
Total	**2 113 232,44**	**1 699 244**	**1 566 140**	**3 340 066**	**6 148 817**	**720 252**	**6 296 780**	**554 517**	**13 029 053**	**35 468 102**

CREDITORS AGE ANALYSIS FOR DEC 2022

Creditors details	Current	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 -
Auditor General	665 360,68	1 213 643	1 093 629	484 917	60 668	41 573	5 933 206	-	-	9 492 997
Cape Pension Fund	383 226	-								383 226
Salga							-		2 884 952	2 884 952
Dept. of Safety & Liason			-	-	-		11 224	11 489	3 575 044	3 597 757
Boegoeberg water users	201 029,98	199 937	197 478	195 050	5 515 584	-	-			6 309 079
Nashua					-				1 225 953	1 225 953
Towell & Groenewaldt	-	-	-	-	-	170 375	-		2 436 335	2 606 710
Eskom	255 808,98	239 440	220 282	344 054	160 026	165 254	149 203	166 450	666 785	2 367 302
Tgis	-	22 630				-	-	-	-	22 630
Samras Solvem	0	-	-	299 127					664 293	963 420
Total	**1 505 425**	**1 675 650**	**1 511 390**	**1 323 148**	**5 736 277**	**377 202**	**6 093 633**	**177 939**	**11 453 363**	**29 854 027**

The municipality is experiencing cash flow problems which results in the non-payment or creditor accounts in excess of 30 days, which is a non-compliance in terms of Section 65 (2)(e) of the MFMA. The outstanding creditors for quarter 2 of 2021 are R 45,9 million. The main creditors of the municipality are listed as follows; SARS, Cape Joint Retirement Fund, Auditor – General and Boegoeberg Water Users Association. The Auditor General remain a challenge, with the municipality having a dispute with National Treasury in the payment of this account where by municipality had to pay 1% of the outstanding debt.

Non-payment of creditors can also result in creditors levying interest and possibly taking legal actions against the municipality. This action may result in fruitless and wasteful expenditure.

3.1.10 Cash and Investments

ACCOUNT NR.	NAME OF ACCOUNTS	SALDO ON 31/07/2020	WITHDRAWALS	RECEIPTS	INTEREST RECEIVED	SALDO @ MONTH END
-	-	-	-	-	-	
62150559486	FMG/MSIG MONEY MARKET	R 411 671,61	R 665 343,43	R 289 600,00	R 638,14	36 566,32
62364746986	PULA NALA	-	R 0,00	R 0,00	R 0,00	-
62102417567	MIG DAILY ACCOUNT	R 168,36	R 3 359 319,39	R 3 359 000,00	R 265,93	74,20
62304432123	LOTTO	R 1 081,69	R 0,00	R 0,00	R 0,00	1 081,69
62304431828	LIBRARY	R 2 627,94	R 166 000,00	R 168 000,00	R 529,93	5 157,87
62364746580	EPWP	R 1 833,22	R 0,00	R 0,00	R 0,00	1 833,22
71129793876	FIXED DEPOSITO	R 136 259,05	R 0,00	R 0,00	R 0,00	136 259,05
71197351979	FIXED DEPOSITO	R 0,00	R 0,00	R 0,00	R 0,00	-
		R 553 641,87	R 4 190 662,82	R 3 816 600,00	R 1 434,00	R 180 972,35

The municipality's investments as at 31 December 2022 are set out in Table above. The municipality started the beginning of the month with an investment valued at R 553 642. These investments however qualify as cash and cash equivalents. Therefore our total investment value at month end is R 180 972.

Conditional grants received are not invested. These funds should only be available to pay capital projects which are funded by MIG, EPWP in terms of an approved business plan. These funds may not be used for operational expenditure.

3.1.11 Allocation and Grant Receipts and Expenditure

GRANT REGISTER FROM 01 July 2022 - 31 December 2022

GRANT DESCRIPTION	OPENING BALANCE	REVENUE ALLOCATED 2022/2023	RECEIVED DEC 2022	TOTAL INCOME	THIS MONTH EXPENDITURE	EXPENDITURE 2022/2023	VARIANCE	UNSPENT / OVERSPENT (-) 2022/2023
Equitable Share	-	*33 197 000,00*	*8 755 000*	*21 703 000,00*	*8 755 000,00*	*21 703 000,00*	*11 494 000*	*100%*
EPWP Incentive Grant	-	*1 073 000*	-	*269 000*	*70 432*	*548 081*	*524 919*	*204%*
Financial Management Grant (FMG)	-	*3 000 000*	-	*3 000 000*	*363 537*	*960 176*	*2 039 824*	*32%*
Library Grant	-	*1 000 000*	-	*500 000*	*80 815*	*483 351*	*516 649*	*97%*
MIG	-	*11 567 000*	*2 500 000*	*5 859 000*	*1 261 219*	*3 315 662*	*2 543 338*	*57%*
WSIG	-	*5 000 000*	-	*2 500 000*	*1 031 400*	*1 031 400*	*- 1 031 400*	*41%*
Total	**-**	***54 837 000***	***11 255 000***	***33 831 000***	***11 562 403***	***28 041 671***	***26 795 329***	*83%*

The municipality's position with regard to grant allocations received and the actual expenditure on the grant allocations received are set out in the table below. During quarter 2 grants to the value of R 33.8 million were received (Roll overs excluded), capital and operational expenditure to the value of R 28 million were reported as at 31 December 2022. However the rollover of R7.2mil have been declined. It should be noted that unspent grants money have been used for operational expensed due to the municipality's position. Further more we received our first tranche of EQ, but was unfortunately taken by SARS, it left the municipality with a backlog R12 million. We were unable honour our commitments towards creditors, employee salaries and third party payments.

3.1.12 Expenditure on councillor allowances and employee benefits

Employee related costs for quarter 2 ended 31 December 2022 are set out below.

NC084 !Kheis - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits -

Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 687	3 331	3 331	255	1 537	1 665	(128)	-8%	3 331
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		734	815	815	64	383	408	(25)	-6%	815
Cellphone Allowance		374	488	488	37	219	244	(25)	-10%	488
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Sub Total - Councillors		**3 795**	**4 634**	**4 634**	**356**	**2 139**	**2 317**	**(178)**	**-8%**	**4 634**
% increase	4		**22,1%**	**22,1%**						**22,1%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		2 546	3 062	3 062	168	1 012	1 531	(519)	-34%	3 062
Pension and UIF Contributions		420	527	527	37	229	264	(35)	-13%	527
Medical Aid Contributions		20	21	21	2	11	10	0	4%	21
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		100	102	102	–	86	51	35	69%	102
Motor Vehicle Allowance		716	990	990	51	307	495	(188)	-38%	990
Cellphone Allowance		56	80	80	4	23	40	(17)	-41%	80
Housing Allowances		42	72	72	–	–	36	(36)	-100%	72
Other benefits and allowances		–	–	–	–	–	–	–		–
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		**3 900**	**4 853**	**4 853**	**262**	**1 669**	**2 427**	**(758)**	**-31%**	**4 853**
% increase	4		**24,4%**	**24,4%**						**24,4%**
Other Municipal Staff										
Basic Salaries and Wages		18 703	20 309	20 309	1 624	9 864	10 154	(290)	-3%	20 309
Pension and UIF Contributions		2 754	2 968	2 968	235	1 428	1 484	(56)	-4%	2 968
Medical Aid Contributions		767	1 112	1 112	63	368	556	(188)	-34%	1 112
Overtime		127	173	173	11	68	87	(18)	-21%	173
Performance Bonus		749	856	856	99	408	428	(20)	-5%	856
Motor Vehicle Allowance		1 773	1 853	1 853	167	996	926	69	7%	1 853
Cellphone Allowance		181	167	167	18	109	84	26	31%	167

Housing Allowances		113	88	88	12	69	44	25	57%	88
Other benefits and allowances		524	902	902	85	519	451	67	15%	902
Payments in lieu of leave		95	75	75	30	52	38	14	38%	75
Long service awards		–	25	25	–	13	13	0	2%	25
Post-retirement benefit obligations	2	–	37	37	–	–	18	(18)	-100%	37
Sub Total - Other Municipal Staff		**25 786**	**28 565**	**28 565**	**2 344**	**13 894**	**14 282**	**(388)**	**-3%**	**28 565**
% increase	4		**10,8%**	**10,8%**						**10,8%**
Total Parent Municipality		**33 481**	**38 052**	**38 052**	**2 962**	**17 701**	**19 026**	**(1 325)**	**-7%**	**38 052**
Unpaid salary, allowances & benefits in arrears:										
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–		–
% increase	4									
Total Municipal Entities		–	–	–	–	–	–	–		–
TOTAL SALARY, ALLOWANCES & BENEFITS		**33 481**	**38 052**	**38 052**	**2 962**	**17 701**	**19 026**	**(1 325)**	**-7%**	**38 052**
% increase	4		**13,7%**	**13,7%**						**13,7%**
TOTAL MANAGERS AND STAFF		**29 686**	**33 418**	**33 418**	**2 606**	**15 562**	**16 709**	**(1 146)**	**-7%**	**33 418**

3.1.13 The table below reflects the monthly budget statement, actuals and revised targets for cash receipts

NC084 !Kheis - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts -

Description	Ref	Budget Year 2022/23												2022/23 Medium Term Revenue & Expenditure Framework		
R thousands	1	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Cash Receipts By Source																
Property rates		–	–	–	–	–	–	–	–	–	–	–	6 544	6 544	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		(18)	(55)	(164)	(28)	(14)	(7)	–	–	–	–	–	4 887	4 601	(7)	(286)
Service charges - sanitation revenue		(6)	(3)	(1)	(3)	(0)	(2)	–	–	–	–	–	1 398	1 383	(2)	(15)
Service charges - refuse		(15)	(73)	(44)	(42)	(21)	(16)	–	–	–	–	–	1 672	1 461	(16)	(211)
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	(0)	–	–	(0)	–	–	–	–	–	84	83	(0)	(1)
Interest earned - external investments		(1)	(1)	(0)	(1)	–	(0)	–	–	–	–	–	661	658	(0)	(3)
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	300	300	–	–
Licences and permits		–	(11)	(0)	–	–	–	–	–	–	–	–	312	302	–	(11)
Agency services		–	–	–	–	–	–	–	–	–	–	–	226	226	–	–
Transfer receipts - operating		(12 946)	(269)	(435)	–	–	(8 755)	–	–	–	–	–	60 675	38 270	(8 755)	(22 405)
Other revenue		(74)	(2 711)	(29)	(71)	(34)	(21)	–	–	–	–	–	5 606	2 665	(21)	(2 940)
Cash Receipts by Source		**(13 060)**	**(3 123)**	**(673)**	**(145)**	**(69)**	**(8 801)**	**–**	**–**	**–**	**–**	**–**	**82 364**	**56 493**	**(8 801)**	**(25 871)**
													–			
Other Cash Flows by Source													–			
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(3 359)	(0)	–	(2 500)	(2 500)	–	–	–	–	–	–	24 926	16 567	–	(8 359)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on Disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–	–	98	98	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–	–	(1 938)	(1 938)	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source		**(16 419)**	**(3 123)**	**(673)**	**(2 645)**	**(2 569)**	**(8 801)**	**–**	**–**	**–**	**–**	**–**	**105 451**	**71 220**	**(8 801)**	**(34 231)**
													–			

														–			
Cash Payments by Type																	
Employee related costs		14 122	3 882	(4 637)	(310)	(3 101)	(1 965)	–	–	–	–	–	28 248	36 240	(1 965)	7 992
Remuneration of councillors		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest paid		–	–	(0)	–	–	–	–	–	–	–	–	0	–	–	(0)
Bulk purchases - Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisitions - water & other inventory		–	–	1	60	41	97	–	–	–	–	–	1 433	1 632	97	198
Contracted services		–	–	23	26	192	199	–	–	–	–	–	4 769	5 209	199	440
Grants and subsidies paid - other municipalities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grants and subsidies paid - other		(1 303)	(1 496)	395	2 175	239	(1 498)	–	–	–	–	–	8 616	7 130	(1 498)	(1 486)
General expenses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cash Payments by Type		**12 820**	**2 386**	**(4 218)**	**1 951**	**(2 629)**	**(3 166)**	**–**	**–**	**–**	**–**	**–**	**43 066**	**50 210**	**(3 166)**	**7 144**
													–			
Other Cash Flows/Payments by Type																
Capital assets		–	(965)	(1 532)	–	–	–	–	–	–	–	–	19 064	16 567	–	(2 497)
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type		**12 820**	**1 421**	**(5 750)**	**1 951**	**(2 629)**	**(3 166)**	**–**	**–**	**–**	**–**	**–**	**62 130**	**66 777**	**(3 166)**	**4 647**
													–			
NET INCREASE/(DECREASE) IN CASH HELD		**(29 239)**	**(4 545)**	**5 077**	**(4 596)**	**60**	**(5 636)**	**–**	**–**	**–**	**–**	**–**	**43 321**	**4 443**	**(5 636)**	**(38 878)**
Cash/cash equivalents at the month/year beginning:			(29 239)	(33 784)	(28 706)	(33 302)	(33 243)	(38 878)	(38 878)	(38 878)	(38 878)	(38 878)	(38 878)	–	4 443	(1 193)
Cash/cash equivalents at the month/year end:		(29 239)	(33 784)	(28 706)	(33 302)	(33 243)	(38 878)	(38 878)	(38 878)	(38 878)	(38 878)	(38 878)	4 443	4 443	(1 193)	(40 071)

4.2.2 Progress on the implementation of the capital program 2022/23

4.2.2.1. *Projected capital expenditure reported per regulation 13(a) - 13(c)*

NC084 !Kheis - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class -

Description	Ref	2021/22	Budget Year 2022/23							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure on new assets by Asset Class/Sub-class										
- **Infrastructure**		157	11 567	11 567	–	3 326	5 783	2 457	42,5%	11 567
Roads Infrastructure		–	–	–	–	–	–	–		–
Roads		–	–	–	–	–	–	–		–
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Electrical Infrastructure		(235)	–	–	–	–	–	–		–
Power Plants		–	–	–	–	–	–	–		–
LV Networks		–	–	–	–	–	–	–		–
Capital Spares		(235)	–	–	–	–	–	–		–
Water Supply Infrastructure		–	–	–	–	–	–	–		–
Dams and Weirs		–	–	–	–	–	–	–		–
Sanitation Infrastructure		391	11 567	11 567	–	3 326	5 783	2 457	42,5%	11 567
Pump Station		391	11 567	11 567	–	3 326	5 783	2 457	42,5%	11 567
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites		–	–	–	–	–	–	–		–
Waste Transfer Stations		–	–	–	–	–	–	–		–
Community Assets		6 133	–	–	–	–	–	–		–
Community Facilities		–	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–
Sport and Recreation Facilities		6 133	–	–	–	–	–	–		–
Indoor Facilities		–	–	–	–	–	–	–		–
Outdoor Facilities		6 133	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	–		–
								–		
Computer Equipment		–	–	–	–	–	–	–		–
Computer Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment		–	–	–	–	–	–	–		–
Machinery and Equipment		–	–	–	–	–	–	–		–
Machinery and Equipment		–	–	–	–	–	–	–		–
Transport Assets		–	–	–	–	–	–	–		–
Transport Assets		–	–	–	–	–	–	–		–
Land		–	–	–	–	–	–	–		–
Land		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Total Capital Expenditure on new assets	1	6 290	11 567	11 567	–	3 326	5 783	2 457	42,5%	11 567

4.2.2.2 *The table reflects capital expenditure on new assets.*

NC084 !Kheis - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class -

Description	Ref	2021/22	Budget Year 2022/23							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
-										
Infrastructure		–	–	–	–	–	–	–		–
Roads Infrastructure		–	–	–	–	–	–	–		–
Roads		–	–	–	–	–	–	–		–
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Electrical Infrastructure		–	–	–	–	–	–	–		–
Power Plants		–	–	–	–	–	–	–		–
Water Supply Infrastructure		–	–	–	–	–	–	–		–
Dams and Weirs		–	–	–	–	–	–	–		–
Sanitation Infrastructure		–	–	–	–	–	–	–		–
Pump Station		–	–	–	–	–	–	–		–
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites		–	–	–	–	–	–	–		–
Rail Infrastructure		–	–	–	–	–	–	–		–
Rail Lines		–	–	–	–	–	–	–		–
Coastal Infrastructure		–	–	–	–	–	–	–		–
Sand Pumps		–	–	–	–	–	–	–		–
Information and Communication Infrastructure		–	–	–	–	–	–	–		–
Data Centres		–	–	–	–	–	–	–		–
Community Assets		–	–	–	–	–	–	–		–
Community Facilities		–	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–
Sport and Recreation Facilities		–	–	–	–	–	–	–		–
Indoor Facilities		–	–	–	–	–	–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	–		–
								–		
Investment properties		–	–	–	–	–	–	–		–
Revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Non-revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–

Other assets		–	–	–	–	–	–	–		–
Operational Buildings		–	–	–	–	–	–	–		–
Municipal Offices		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Staff Housing		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Intangible Assets		–	–	–	–	–	–	–		–
Servitudes		–	–	–	–	–	–	–		–
Licences and Rights		–	–	–	–	–	–	–		–
Water Rights		–	–	–	–	–	–	–		–
Computer Equipment		–	–	–	–	–	–	–		–
Computer Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment		–	–	–	–	–	–	–		–
Machinery and Equipment		–	–	–	–	–	–	–		–
Machinery and Equipment		–	–	–	–	–	–	–		–
Transport Assets		–	–	–	–	–	–	–		–
Transport Assets		–	–	–	–	–	–	–		–
Land		–	–	–	–	–	–	–		–
Land		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Total Capital Expenditure on renewal of existing assets	1	–	–	–	–	–	–	–		–

The table reflects capital expenditure on renewal assets. The capital expenditure on the renewal of assets is too maintained and safe guarded. This means existing assets that should have been replaced. If high it raises concerns about whether assets are sufficiently.
Due to cash flow problems repairs and maintenance are very low for the 2 quarter.

4.2.2.3 The table reflects expenditure and repairs and maintenance by asset class

NC084 !Kheis - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class -

Description	Ref	2021/22	Budget Year 2022/23							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Repairs and maintenance expenditure by Asset Class/Sub-class										
-										
Infrastructure		66	202	202	2	14	101	87	85,9%	202
Roads Infrastructure		–	41	41	–	–	21	21	100,0%	41
Roads		–	41	41	–	–	21	21	100,0%	41
Water Supply Infrastructure		24	37	37	2	2	18	17	91,5%	37
Reservoirs		13	22	22	–	–	11	11	100,0%	22
Distribution		11	15	15	2	2	7	6	78,8%	15
Sanitation Infrastructure		42	124	124	–	13	62	49	79,6%	124
Waste Water Treatment Works		42	124	124	–	13	62	49	79,6%	124
Community Assets		–	12	12	–	–	6	6	100,0%	12
Community Facilities		–	12	12	–	–	6	6	100,0%	12
Cemeteries/Crematoria		–	12	12	–	–	6	6	100,0%	12
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	– –		–
Other assets		29	233	233	–	4	116	113	96,6%	233
Operational Buildings		29	233	233	–	4	116	113	96,6%	233
Municipal Offices		29	233	233	–	4	116	113	96,6%	233
Computer Equipment		0	23	23	–	2	11	10	86,1%	23
Computer Equipment		0	23	23	–	2	11	10	86,1%	23
Furniture and Office Equipment		4	77	77	–	5	39	34	87,4%	77
Furniture and Office Equipment		4	77	77	–	5	39	34	87,4%	77
Machinery and Equipment		65	103	103	–	4	51	48	93,0%	103
Machinery and Equipment		65	103	103	–	4	51	48	93,0%	103
Transport Assets		47	113	113	–	8	56	48	85,3%	113
Transport Assets		47	113	113	–	8	56	48	85,3%	113
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Total Repairs and Maintenance Expenditure	1	211	763	763	2	37	381	345	90,4%	763

The table reflects repairs and maintenance by asset class. The norm for total repairs and maintenance as a percentage of total book value (written down value) is 5% – 8% !Kheis Municipality's ratio is 0%.

Section 5 – Progress on resolving problems identified in the 2022/23 Audit Report

5.1 Introduction

The Municipality is still in the process of being audited by the Auditor General, however they are planning to complete the audit by 31 March 2023.

5.2 Shortcomings and recommendations to address findings of 2022/23 was done

The municipality has an internal audit unit, complimented by a functional Audit Committee to ratify and enforce the units findings. We did appoint requisite individuals who serve on the Audit & Risk Committee.

5.2.1 Performance issues raised in the Audit Report included in the Annual Report

5.2.1.1 Predetermined Objectives

The problems have not been resolved as the PDOs had not been aligned with the SDBIP and are not SMART.

5.2.1.2 Additional matters

The ability of the municipality to be a going concern given its financial and liquidity status

5.2.2 Financial issues raised in the Audit Report

1. Revenue
2. Asset management
3. Financial instruments
4. Debtors control
5. SCM
6. Payroll

Section 6 – Recommendations

6.1 Motivations

6.1.1 Adjustment Budget

As required by section 72(3) of the MFMA, an adjustments budget is needed to deal with items listed in section 28(2) of the MFMA. The adjustments budget will have to consider minimum change in the national and provincial.
Adjustment budget; effects of implementation of the capital programme; unforeseen and unavoidable expenditure and adjustments required as a result of the increased revenue estimates.

6.1.2 SDBIP Top Level

Revisions to the SDBIP will have to be made taking into consideration the review of performance indicators and the effects of the adjustments budget. These revisions must be approved following the approval of the adjustment budget as required by section 54(1) of the MFMA.

6.1.3 IDP

Revisions to the IDP will have to be made as a result of changed priorities of certain capital projects and the changes in ward projects which will be reflected in the adjustments budget; outcomes of the Auditor-General report and changes effected to the SDBIP.

RECOMMENDATION:

That:

(1) An adjustments budget for 2022/23 be prepared and approved by Council by no later than 28 February 2023;

(2) Following the approval of the adjustments budget the revised SDBIP which forms the basis of the mid-year assessments be approved by Council;

(3) Following the approval of the adjustments budget the revised IDP be approved by Council.

Section 7 – Municipal Manager's quality certification

QUALITY CERTIFICATE

I, Desmond Dolopi, the Acting Municipal Manager of !Kheis Municipality, hereby certify that -

(mark as appropriate)

- [ ] the monthly budget statement
- [ ] the quarterly report on the implementation of the budget and financial state of affairs of the municipality
- [x] the mid-year budget and performance assessment

for the six months ending December 2020 of 2020/21 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act, however I could not establish whether it's a true reflection of the activities of the municipality for the following salient reason;

- The debtors reconciliation is up to date by 31 December 2022.
- The bank reconciliation is up to date by 31 December 2022.

....

DESMOND DOLOPI
Acting Municipal Manager of !Kheis Municipality (NC084)

25 January 2023