!Kheis
Munisipaliteit
Municipality

Mid-Year Budget & Performance Assessment for the period 01 July 2023 to 31 December 2024

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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 2023/24 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 2023 (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 2023.

(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 25st of January 2024, where after the complete performance report for the first six months will be tabled to Council on the 25 of January 2024

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 41 950 mil. This amount reflect surplus of 30 068 000 mil. However, the figures shows a variance of 7%, which can be attributed to the deduction of R4,8mil withheld for non-compliance in terms of conditional grants. The budgeted amount for property rates is R 9,115 million and the actual figure billed is R 2,274 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 616 000 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 30 068 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 70 514 mil for the year 2023/2024. The year to date expenditure reflects negative variances on most expenditure items/votes which is an indication of under expenditure on most votes. The year to date expenditure versus the budgeted figure of R 21 831 shows a negative variance of –R 13 425 000. 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 8,575m and actual to date R 1,983m – -23%
- Contracted services was budgeted for R 5.1m and actual R 512k – -10%(AFS was compiled inhouse)
- Inventory consumed was budgeted for R 1,546 mil and actual is R 988k – -63%

Provision was made for a depreciation accrual of R 9 569 000 for the financial year and is not amortised

Capital expenditure

The municipality made provision for a Capital Expenditure budget of R 21 331 000 comprising the following projects;

	BUDGETED	SPENT
MIG		
1. Constuction of sewer reticulation, pump station and rising main to oxidation ponds in Wegdraai	--R11 881 000	R 8 694 254
WSIG		
1. Upgrading of bulk water supply - Topline	- R 9 450 000	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		
Project	-	750 000

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Cash Flow

The municipality started the year with a bank balance of R 31 834,96 on 1 July 2023 and ended at R 87 758.58 at the end of December 2023.

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 R4.8 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 2023/24 will be required, and this must be approved by Council by no later than 28 February 2024.

(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 2023 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	2022/23	Budget Year 2023/24							
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	5 933	11 212	11 212	42	5 482	5 606	(124)	-2%	11 212
Service charges	9 364	15 353	15 353	1 032	5 922	7 676	(1 754)	-23%	15 353
Investment revenue	35	542	542	6	33	271	(238)	-88%	542
Transfers and subsidies - Operational	38 466	39 150	39 150	10 669	26 369	19 575	6 794	35%	39 150
Other own revenue	6 843	11 876	11 876	739	4 144	5 938	(1 794)	-30%	11 876
Total Revenue (excluding capital transfers and contributions)	**60 640**	**78 134**	**78 134**	**12 488**	**41 950**	**39 067**	**2 883**	**7%**	**78 134**
Employee costs	30 424	34 735	34 735	2 634	15 927	17 367	(1 440)	-8%	34 735
Remuneration of Councillors	4 600	4 634	4 634	387	2 421	2 317	104	4%	4 634
Depreciation and amortisation	6 806	9 569	9 569	–	–	4 785	(4 785)	-100%	9 569
Interest	–	–	–	–	–	–	–		–
Inventory consumed and bulk purchases	1 701	1 546	1 546	167	988	773	215	28%	1 546
Transfers and subsidies	(3 266)	47	47	–	–	23	(23)	-100%	47
Other expenditure	13 971	19 983	19 983	346	2 495	9 991	(7 496)	-75%	19 983
Total Expenditure	**54 236**	**70 514**	**70 514**	**3 534**	**21 831**	**35 256**	**(13 425)**	**-38%**	**70 514**
Surplus/(Deficit)	**6 404**	**7 620**	**7 620**	**8 954**	**20 118**	**3 811**	**16 308**	**428%**	**7 620**
Transfers and subsidies - capital (monetary allocations)	11 763	21 333	21 333	2 750	9 950	10 667	(717)	-7%	21 333
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**18 167**	**28 953**	**28 953**	**11 704**	**30 068**	**14 477**	**15 591**	**108%**	**28 953**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**18 167**	**28 953**	**28 953**	**11 704**	**30 068**	**14 477**	**15 591**	**108%**	**28 953**
Capital expenditure & funds sources									
Capital expenditure	**12 533**	**21 331**	**21 331**	**2 819**	**8 471**	**10 665**	**(2 195)**	**-21%**	**21 331**
Capital transfers recognised	11 583	21 331	21 331	2 819	8 471	10 665	(2 195)	-21%	21 331
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	1 064	–	–	–	–	–	–		–
Total sources of capital funds	**12 647**	**21 331**	**21 331**	**2 819**	**8 471**	**10 665**	**(2 195)**	**-21%**	**21 331**
Financial position									
Total current assets	21 102	70 326	70 326		51 286				70 326
Total non current assets	4 231	210 457	210 457		12 701				210 457
Total current liabilities	13 500	131 060	131 060		18 986				131 060
Total non current liabilities	17	3 635	3 635		17				3 635
Community wealth/Equity	**14 810**	**146 333**	**146 333**		**14 915**				**146 333**
Cash flows									
Net cash from (used) operating	44 466	34 279	34 279	(22)	12 881	17 140	4 259	25%	81 840
Net cash from (used) investing	(9 751)	(21 331)	(21 331)	(2 819)	(4 881)	10 665	15 546	146%	21 331
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**32 142**	**13 564**	**13 564**	**–**	**13 666**	**28 421**	**14 756**	**52%**	**108 837**
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	(772)	1 173	1 189	4 811	1 178	938	5 675	127 727	141 919
Creditors Age Analysis									
Total Creditors	119	213	330	371	395	3 984	4 375	55 414	65 202

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	2022/23	Budget Year 2023/24							
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		**52 264**	**72 363**	**72 363**	**14 179**	**43 689**	**36 181**	7 508	21%	**72 363**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		52 264	72 363	72 363	14 179	43 689	36 181	7 508	21%	72 363
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**954**	**1 044**	**1 044**	**–**	**522**	**522**	(0)	0%	**1 044**
Community and social services		954	1 044	1 044	–	522	522	(0)	0%	1 044
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**10**	**692**	**692**	**2**	**91**	**346**	(255)	-74%	**692**
Planning and development		–	–	–	–	–	–	–		–
Road transport		10	692	692	2	91	346	(255)	-74%	692
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**19 175**	**25 368**	**25 368**	**1 058**	**7 598**	**12 684**	(5 086)	-40%	**25 368**
Energy sources		–	–	–	–	–	–	–		–
Water management		8 914	18 565	18 565	448	2 884	9 283	(6 399)	-69%	18 565
Waste water management		3 575	2 923	2 923	238	2 208	1 461	747	51%	2 923
Waste management		6 686	3 880	3 880	372	2 507	1 940	567	29%	3 880
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**72 403**	**99 467**	**99 467**	**15 238**	**51 900**	**49 733**	**2 166**	**4%**	**99 467**
Expenditure - Functional	-									
Governance and administration		**33 320**	**44 504**	**44 504**	**2 475**	**14 594**	**22 251**	(7 658)	-34%	**44 504**
Executive and council		7 942	11 490	11 490	514	3 163	5 745	(2 582)	-45%	11 490
Finance and administration		25 378	33 014	33 014	1 961	11 431	16 506	(5 076)	-31%	33 014
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**1 153**	**1 290**	**1 290**	**89**	**582**	**645**	(62)	-10%	**1 290**
Community and social services		1 153	1 290	1 290	89	582	645	(62)	-10%	1 290
Sport and recreation		–	–	–	–	–	–	–		–
Economic and environmental services		**621**	**1 137**	**1 137**	**72**	**349**	**569**	(219)	-39%	**1 137**
Planning and development		599	950	950	70	339	475	(136)	-29%	950
Road transport		22	187	187	2	10	94	(83)	-89%	187
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**19 142**	**23 583**	**23 583**	**898**	**6 306**	**11 791**	(5 486)	-47%	**23 583**
Energy sources		2 599	2 690	2 690	17	746	1 345	(599)	-45%	2 690
Water management		8 787	11 106	11 106	608	4 278	5 553	(1 275)	-23%	11 106
Waste water management		1 623	5 262	5 262	95	688	2 631	(1 943)	-74%	5 262
Waste management		6 133	4 525	4 525	178	593	2 262	(1 669)	-74%	4 525
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	**54 236**	**70 514**	**70 514**	**3 534**	**21 831**	**35 256**	**(13 425)**	**-38%**	**70 514**
Surplus/ (Deficit) for the year		**18 167**	**28 953**	**28 953**	**11 704**	**30 068**	**14 477**	**15 591**	**108%**	**28 953**

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 R thousands	Ref	2022/23 Audited Outcome	Budget Year 2023/24 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		66 463	98 424	98 424	15 238	48 668	49 212	(544)	-1,1%	98 424
Vote 4 - COMMUNITY SERVICES		1 147	1 043	1 043	–	522	521	0	0,0%	1 043
Vote 5 - TECHNICAL SERVICES		4 794	–	–	–	2 710	–	2 710		–
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–		–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**72 403**	**99 467**	**99 467**	**15 238**	**51 900**	**49 733**	**2 166**	**4,4%**	**99 467**
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		984	3 457	3 457	67	436	1 729	(1 293)	-74,8%	3 457
Vote 2 - CORPORATE SERVICE		5 289	8 217	8 217	469	2 567	4 109	(1 542)	-37,5%	8 217
Vote 3 - FINANCIAL MANAGEMENT SERVICES		9 099	21 404	21 404	939	5 372	10 702	(5 330)	-49,8%	21 404
Vote 4 - COMMUNITY SERVICES		10 498	4 785	4 785	425	2 642	2 392	250	10,4%	4 785
Vote 5 - TECHNICAL SERVICES		20 781	23 666	23 666	1 114	7 728	11 833	(4 104)	-34,7%	23 666
Vote 6 - EXECUTIVE AND COUNCIL		6 986	8 034	8 034	451	2 747	4 017	(1 270)	-31,6%	8 034
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**53 637**	**69 564**	**69 564**	**3 464**	**21 492**	**34 781**	**(13 289)**	**-38,2%**	**69 564**
Surplus/ (Deficit) for the year	2	**18 767**	**29 903**	**29 903**	**11 774**	**30 407**	**14 952**	**15 455**	**103,4%**	**29 903**

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 2023/24 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) - M06 December

Description R thousands	Ref	2022/23 Audited Outcome	Budget Year 2023/24 Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Revenue										
Exchange Revenue		16 092	25 514	25 514	1 715	10 010	12 757	(2 747)	-22%	25 514
Service charges - Electricity		–	–	–	–	–	–	–		–
Service charges - Water		3 505	9 115	9 115	448	2 274	4 558	(2 283)	-50%	9 115
Service charges - Waste Water Management		2 443	2 913	2 913	241	1 497	1 457	41	3%	2 913
Service charges - Waste management		3 416	3 324	3 324	343	2 150	1 662	488	29%	3 324
Sale of Goods and Rendering of Services		817	1 253	1 253	38	216	627	(410)	-65%	1 253
Agency services		10	376	376	2	91	188	(97)	-52%	376
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		5 568	5 667	5 667	619	3 619	2 834	785	28%	5 667
Interest earned from Current and Non Current Assets		35	542	542	6	33	271	(238)	-88%	542

Dividends		–	–	–	–	–	–	–		–
Rent on Land		15	21	21	0	1	10	(9)	-89%	21
Rental from Fixed Assets		168	1 827	1 827	19	125	913	(788)	-86%	1 827
Licence and permits		0	58	58	–	–	29	(29)	-100%	58
Operational Revenue		117	417	417	–	2	208	(206)	-99%	417
Non-Exchange Revenue		44 548	52 620	52 620	10 773	31 939	26 310	5 630	21%	52 620
Property rates		5 933	11 212	11 212	42	5 482	5 606	(124)	-2%	11 212
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		–	316	316	–	–	158	(158)	-100%	316
Licence and permits		–	–	–	–	–	–	–		–
Transfer and subsidies - Operational		38 466	39 150	39 150	10 669	26 369	19 575	6 794	35%	39 150
Interest		4	1 478	1 478	0	2	739	(737)	-100%	1 478
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Assets		145	463	463	61	87	232	(145)	-63%	463
Other Gains		–	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**60 640**	**78 134**	**78 134**	**12 488**	**41 950**	**39 067**	**2 883**	**7%**	**78 134**
Expenditure By Type	-									
Employee related costs		30 424	34 735	34 735	2 634	15 927	17 367	(1 440)	-8%	34 735
Remuneration of councillors		4 600	4 634	4 634	387	2 421	2 317	104	4%	4 634
Bulk purchases - electricity		–	–	–	–	–	–	–		–
Inventory consumed		1 939	1 546	1 546	167	988	773	215	28%	1 546
Debt impairment		112	6 288	6 288	–	–	3 144	(3 144)	-100%	6 288
Depreciation and amortisation		6 806	9 569	9 569	–	–	4 785	(4 785)	-100%	9 569
Interest		–	–	–	–	–	–	–		–
Contracted services		2 240	5 120	5 120	268	512	2 560	(2 048)	-80%	5 120
Transfers and subsidies		(3 266)	47	47	–	–	23	(23)	-100%	47
Irrecoverable debts written off		–	–	–	–	–	–	–		–
Operational costs		11 518	8 575	8 575	78	1 983	4 287	(2 304)	-54%	8 575
Losses on Disposal of Assets		–	–	–	–	–	–	–		–
Other Losses		–	–	–	–	–	–	–		–
Total Expenditure		**54 372**	**70 514**	**70 514**	**3 534**	**21 831**	**35 256**	**(13 425)**	**-38%**	**70 514**
Surplus/(Deficit)		**6 269**	**7 620**	**7 620**	**8 954**	**20 118**	**3 811**	**16 308**	**0**	**7 620**
Transfers and subsidies - capital (monetary allocations)		11 763	21 333	21 333	2 750	9 950	10 667	(717)	**(0)**	21 333
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**18 032**	**28 953**	**28 953**	**11 704**	**30 068**	**14 477**			**28 953**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**18 032**	**28 953**	**28 953**	**11 704**	**30 068**	**14 477**			**28 953**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–			–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**18 032**	**28 953**	**28 953**	**11 704**	**30 068**	**14 477**			**28 953**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**18 032**	**28 953**	**28 953**	**11 704**	**30 068**	**14 477**			**28 953**

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 2,274 mil out of a budgeted amount of R 9,115 mil which is 24% of the target.
- The actual revenue for Agency Services is R376 000 out of budgeted amount of R 91 000 which account for 24%.
- Rental of facilities and equipment is R 125 000 out of a budget amount R 1,827 mil which amount for 0.47%.

- Other revenue is R2 000 out of a budget amount R 417 000 which amount for 0.47%.
- Gains on disposal of PPE is R 87 000 out of a budget amount R 463 000 which amount for 38%.
- Interest Earned – external investments is R 33 000 out of a budget amount R 542 000 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 49% of the Operating Expenditure budget which is 14% 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 (28%) – 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 (80%) – 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. Municipallity recently purchased new trucks.
- Other Expenditure (54%) – 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	2022/23	Budget Year 2023/24							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICE		–	–	–	–	–	–	–		–
Vote 3 - FINANCIAL MANAGEMENT SERVICES		304	–	–	–	–	–	–		–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–		–
Vote 5 - TECHNICAL SERVICES		9 489	21 331	21 331	2 819	8 471	10 665	(2 195)	-21%	21 331
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–		–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	**9 793**	**21 331**	**21 331**	**2 819**	**8 471**	**10 665**	**(2 195)**	**-21%**	**21 331**
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		2 741	–	–	–	–	–	–		–
Vote 6 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–		–
Vote 7 - STRATEGIC PLANNING		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	2 741	–	–	–	–	–	–		–
Total Capital Expenditure	3	**12 533**	**21 331**	**21 331**	**2 819**	**8 471**	**10 665**	**(2 195)**	**-21%**	**21 331**
Capital Expenditure - Functional Classification										
Governance and administration		**304**	–	–	–	–	–	–		–
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		304	–	–	–	–	–	–		–
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**2 088**	–	–	–	–	–	–		–
Community and social services		–	–	–	–	–	–	–		–
Sport and recreation		2 088	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**(417)**	–	–	–	–	–	–		–
Planning and development		–	–	–	–	–	–	–		–
Road transport		(417)	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**10 559**	**21 331**	**21 331**	**2 819**	**8 471**	**10 665**	(2 195)	-21%	**21 331**
Energy sources		–	–	–	–	–	–	–		–
Water management		1 934	9 450	9 450	–	–	4 725	(4 725)	-100%	9 450
Waste water management		–	–	–	–	–	–	–		–
Waste management		8 624	11 881	11 881	2 819	8 471	5 940	2 530	43%	11 881
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**12 533**	**21 331**	**21 331**	**2 819**	**8 471**	**10 665**	**(2 195)**	**-21%**	**21 331**
Funded by:										
National Government		11 583	21 331	21 331	2 819	8 471	10 665	(2 195)	-21%	21 331
Transfers recognised - capital		**11 583**	**21 331**	**21 331**	**2 819**	**8 471**	**10 665**	**(2 195)**	**-21%**	**21 331**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		1 064	–	–	–	–	–	–		–
Total Capital Funding	7	**12 647**	**21 331**	**21 331**	**2 819**	**8 471**	**10 665**	**(2 195)**	**-21%**	**21 331**

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	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD Actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		(4 086)	12 100	12 100	10 306	12 100
Trade and other receivables from exchange transactions		15 688	26 716	26 716	24 379	26 716
Receivables from non-exchange transactions		3 924	14 613	14 613	10 570	14 613
Current portion of non-current receivables		–	(817)	(817)	–	(817)
Inventory		2	20	20	2	20
VAT		5 574	17 693	17 693	6 029	17 693
Other current assets		–	–	–	–	–
Total current assets		**21 102**	**70 326**	**70 326**	**51 286**	**70 326**
Non current assets						
Investments		–	–	–	–	–
Investment property		–	–	–	–	–
Property, plant and equipment		4 130	208 592	208 592	12 600	208 592
Biological assets		101	–	–	101	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		–	–	–	–	–
Trade and other receivables from exchange transactions		–	1 865	1 865	–	1 865
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		**4 231**	**210 457**	**210 457**	**12 701**	**210 457**
TOTAL ASSETS		**25 333**	**280 783**	**280 783**	**63 987**	**280 783**
LIABILITIES						
Current liabilities	-					
Bank overdraft		–	–	–	–	–
Financial liabilities		–	(4 013)	(4 013)	–	(4 013)
Consumer deposits		–	117	117	–	117
Trade and other payables from exchange transactions		12 138	53 704	53 704	16 687	53 704
Trade and other payables from non-exchange transactions		(507)	11 454	11 454	(507)	11 454
Provision		(1 436)	55 410	55 410	(1 435)	55 410
VAT		3 305	14 388	14 388	4 241	14 388
Other current liabilities		–	–	–	–	–
Total current liabilities		**13 500**	**131 060**	**131 060**	**18 986**	**131 060**
Non current liabilities						
Financial liabilities		–	1 560	1 560	–	1 560
Provision		17	2 075	2 075	17	2 075
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		**17**	**3 635**	**3 635**	**17**	**3 635**
TOTAL LIABILITIES		**13 517**	**134 694**	**134 694**	**19 003**	**134 694**
NET ASSETS	2	**11 816**	**146 089**	**146 089**	**44 984**	**146 089**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		14 810	146 333	146 333	14 915	146 333
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**14 810**	**146 333**	**146 333**	**14 915**	**146 333**

1.1.7 Table C7: Monthly Budget Statement – Cash Flow

NC084 !Kheis - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2022/23	Budget Year 2023/24							
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		–	9 530	9 530	17	2 256	4 765	(2 509)	-53%	9 530
Service charges		1 344	10 838	10 838	44	442	5 419	(4 977)	-92%	10 838
Other revenue		3 538	4 231	4 231	34	259	2 115	(1 857)	-88%	4 231
Transfers and Subsidies - Operational		30 826	39 150	39 150	–	15 700	19 575	(3 875)	-20%	39 150
Transfers and Subsidies - Capital		16 567	21 331	21 331	–	7 200	10 665	(3 465)	-32%	21 331
Interest		13	1 084	1 084	–	2	542	(539)	-100%	1 084
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(7 925)	(51 885)	(51 885)	(117)	(12 978)	(25 942)	(12 965)	50%	(4 324)
Interest		–	–	–	–	–	–	–		–
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**44 363**	**34 279**	**34 279**	**(22)**	**12 881**	**17 140**	**4 259**	**25%**	**81 840**
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		(9 751)	(21 331)	(21 331)	(2 819)	(4 881)	10 665	15 546	146%	21 331
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(9 751)**	**(21 331)**	**(21 331)**	**(2 819)**	**(4 881)**	**10 665**	**15 546**	**146%**	**21 331**
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		**34 612**	**12 948**	**12 948**	**(2 841)**	**8 000**	**27 805**			**103 171**
Cash/cash equivalents at beginning:		(2 573)	616	616		5 665	616			5 665
Cash/cash equivalents at month/year end:		32 039	13 564	13 564		13 666	28 421			108 837

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 616 thousand.

The municipality has a cash inflow of R 25 million and a cash outflow of R 17 million. Our cash flow problems have a negative impact on service delivery within the communities.

The total outstanding creditors are R 33 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 140 million as the R 140 million will not be collected within one month. whereas the abovementioned amount is only 23% 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 2023

NC084 !Kheis - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2023/24											
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	836	416	389	363	357	291	1 697	25 663	30 012	28 371	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	(1 927)	39	42	3 671	–	35	211	19 546	21 617	23 463	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	511	267	279	282	299	219	1 305	15 714	18 876	17 819	–	–
Receivables from Exchange Transactions - Waste Management	1600	753	385	404	407	431	302	1 791	22 613	27 086	25 544	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	1810	9	18	26	40	42	37	347	32 073	32 592	32 540	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(954)	49	49	49	49	54	324	12 117	11 737	12 593	–	–
Total By Income Source	**2000**	**(772)**	**1 173**	**1 189**	**4 811**	**1 178**	**938**	**5 675**	**127 727**	**141 919**	**140 329**	**–**	**–**
2022/23 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(5)	0	0	53	0	0	2	332	383	388	–	–
Commercial	2300	(182)	88	79	561	60	73	377	7 707	8 763	8 778	–	–
Households	2400	739	346	393	689	445	354	2 184	38 115	43 266	41 788	–	–
Other	2500	(1 324)	739	716	3 508	672	511	3 112	81 573	89 507	89 375	–	–
Total By Customer Group	**2600**	**(772)**	**1 173**	**1 189**	**4 811**	**1 178**	**938**	**5 675**	**127 727**	**141 919**	**140 329**	**–**	**–**

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 24%, this is a sign of cash flow problems. This proposed collection percentage was based on past collection rates.

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

REVENUE COLLECTION SUMMARY 2023-2024					
PRPERTY RATES	**VOTE**	**BILLED**	**VOTE**	**COLLECTIONS**	**CATEGORY**
QUARTER 1	4101040601	2 424 904,72	4101040604	- 52 534,34	LAND
	4101040661	1 129 365,54	4101040664	- 21 324,05	BESIG
	4101040611	177 585,52	4101040614	- 5 000,00	STAAT
	4101040581	1 553 765,24	4101040584	- 92 668,06	RES
QUARTER 2	4101040601	2 396,76	4101040604	- 394 588,34	LAND
	4101040661	14 238,36	4101040664	- 1 276 840,08	BESIG
	4101040611	687,48	4101040614	- 3 849,20	STAAT
	4101040581	151 098,40	4101040584	- 399 750,80	RES
TOTAL		5 454 042,02		- 2 246 554,87	
WATER					
QUARTER 1	41001100231	1 060 471,50	41001100234	- 88 118,41	
QUARTER 2	41001100231	1 214 134,76	41001100234	- 126 777,67	
		2 274 606,26		- 214 896,08	
SEWEAGE					
QUARTER 1	41001100201	768 089,01	41001100204	25 636,08	
QUARTER 2	41001100201	713 816,01	41001100204	- 31 831,10	
		1 481 905,02		- 6 195,02	
REFUSE					
QUARTER 1	41001100021	1 119 050,20	41001100024	- 64 269,02	
QUARTER 2	41001100021	1 031 225,54	41001100024	- 100 271,30	
		2 150 275,74		- 164 540,32	
RENTALS					
QUARTER 1	41001100371	54 442,98	41001100374	- 4 765,29	
QUARTER 2	41001100371	54 442,98	41001100374	- 97 517,09	
		108 885,96		- 102 282,38	
TOTAL		**11 469 715,00**		**- 2 734 468,67**	

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

	Account numbe	r Debt	or's Name	Future/	Dec-23	Nov-23	Oct-23	Sep-23	Older than	Total
1	313089	NOMAC PTY LTD		-	-	-	-	-	1 194 654,09	1 194 654,09
2	305329	ANC RAADSLEDE		-	-	-	-	-	880 866,00	880 866,00
3	55983	De Wee(Lykshuis)	A	-	-	-	-	-	473 336,74	473 336,74
4	13002	Visagie	P	-	638,82	664,90	1 382,60	1 288,05	392 380,78	396 355,15
5	282008	REPUBLIEK VAN SU	ID A	-	-	-	-	-	387 183,24	387 183,24
6	305185	KALAHARI KID COR	P (P	- 80 476,10	-	-	-	-	400 841,37	320 365,27
7	302261	JOHMA TRUST		-	-	-	-	-	257 940,92	257 940,92
8	189981	Kordom	AD	-	643,07	679,92	1 341,56	820,26	243 836,42	247 321,23
9	3054	Sass	W	-	472,68	479,54	482,97	486,40	228 589,54	230 511,13
10	197854	JJ's Begrafnisdi	enst	-	3 181,25	3 204,30	3 227,35	3 250,40	211 818,41	224 681,71
11	301497	MAERIEN	MG	-	-	-	-	-	223 724,76	223 724,76
12	1041	Jonas	E	-	645,23	535,75	1 368,55	1 075,88	208 140,07	211 765,48
13	3157	Boer	T	-	472,68	479,54	482,97	486,40	202 842,11	204 763,70
14	3155	Boer	G	-	572,76	581,08	585,24	589,40	199 948,97	202 277,45
15	6063	De Wee	S	-	472,68	476,11	479,54	482,97	198 715,67	200 626,97
16	5265	Phike	R	- 9,37	472,68	476,11	479,54	482,97	190 715,16	192 617,09
17	11426	Groblershoop Bri	ck&B	-	721,82	1 426,32	1 708,78	1 459,90	178 769,43	184 086,25
18	6051	Pretorius	P	-	423,74	426,82	429,90	432,98	179 420,96	181 134,40
19	8294	Freeman	B	-	786,46	791,76	797,06	802,36	176 735,56	179 913,20
20	306272	REPUBLIEK VAN SU	ID A	-	-	-	-	-	179 148,11	179 148,11
21	2528	NEELS	LJ	-	472,68	479,54	482,97	486,40	176 346,80	178 268,39
22	6005	J,G, Jansen Inte	rmid	-	-	-	-	-	175 690,37	175 690,37
23	72500	BEZUIDENHOUT	P	-	472,68	476,11	479,54	482,97	172 319,08	174 230,38
24	3293	Blaauw	R	-	472,68	476,11	479,54	482,97	171 452,86	173 364,16
25	8203	Springbok	B	-	10,64	10,72	10,80	10,88	173 249,54	173 292,58
26	6069	Tieties	W	-	472,68	476,11	479,54	482,97	169 219,26	171 130,56
27	8320	Booysen	A	-	472,68	476,11	479,54	482,97	167 693,20	169 604,50
28	7123	Links	M	-	973,11	980,17	987,23	994,29	165 182,13	169 116,93
29	23582	REPUBLIEK VAN SU	ID-A	-	-	-	-	-	168 280,70	168 280,70
30	5030	SKEFFERS	J	-	472,68	476,11	479,54	482,97	161 909,24	163 820,54
31	1128	UYS	AM	-	400,30	589,77	1 185,78	1 312,54	158 716,12	162 204,51
32	1070	Kheis Beleggings	BK	-	306,61	330,48	1 146,61	1 207,37	158 350,14	161 341,21
33	8291	OLYN	A	-	472,68	476,11	479,54	482,97	157 970,28	159 881,58
34	8002	Van Kradenburg	H	-	10,64	10,72	10,80	10,88	159 069,12	159 112,16
35	6040	Boer	J	-	472,68	476,11	479,54	482,97	156 866,36	158 777,66
36	6073	Van Der Westhuiz	en A/HL	-	472,68	476,11	479,54	482,97	155 610,93	157 522,23
37	31352	Van Wyk	NH	-	472,68	476,11	479,54	482,97	155 105,21	157 016,51
38	306423	REPUBLIEK VAN SU	ID A	-	-	-	-	-	156 302,98	156 302,98
39	6002	Ntlokwana	P	-	472,68	476,11	479,54	482,97	153 429,13	155 340,43
40	326184	Van Wyk	P	-	641,49	645,65	649,81	653,97	151 984,29	154 575,21
41	1063	KYTO OPERATIONS	(PTY	- 80 868,42	6 885,73	6 813,19	6 630,41	7 230,97	207 844,17	154 536,05
42	3140	Malo	J	-	472,68	479,54	482,97	486,40	151 889,58	153 811,17
43	2365453	REPUBLIEK VAN SU	ID-A	-	-	-	-	-	152 829,33	152 829,33
44	2720	VAN WYK	CPA	-	683,52	693,42	698,37	703,32	149 730,35	152 508,98
45	6167	Mowers	J	-	567,18	570,61	574,04	577,47	150 107,69	152 396,99
46	2576	Bosman	A	-	115 765,06	105,30	105,38	105,46	34 117,29	150 198,49
47	6079	Mienies	A	-	472,68	476,11	479,54	482,97	147 424,30	149 335,60
48	3139	Lings	J	-	472,68	479,54	515,61	486,40	147 286,35	149 240,58
49	2637	Boer	KS	-	472,68	479,54	482,97	486,40	146 997,13	148 918,72

50	32009	Feni	B S	-	472,68	476,11	479,54	482,97	146 798,09	148 709,39
				- 161 353,89	143 311,03	28 603,66	32 484,29	32 206,36	11 309 380,33	11 384 631,78

3.1.9 Creditors Information

CREDITORS AGE ANALYSIS FOR DEC 2023										
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	*129 265,05*	*129 265*	*231 896*	*229 044*	*226 227*	*219 218*	*6 559 628*		-	*7 724 543*
PAYE deductions	*443 742*	-	-	-	-	-	-	-	-	*443 742*
VAT (output less input)	*0*	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	*387 637*	-	-	-	-	-	-	-	-	*387 637*
Loan repayments	*0*	-	-	-	-	-	-	-	-	-
Trade Creditors	*134 222,84*	*307 483*	*602 202*	*1 118 238*	*548 415*	*2 326 067*	*336 608*	*14 453 496*	-	*19 826 732*
Auditor General		*1 608 344*	*1 167 574*	*154 342*	*67 019*	*58 189*	*69 278*	*5 297 402*		*8 422 147*
Other	*139 909,10*			-		-			-	*139 909*
Total	***1 234 776,29***	***2 045 092***	***2 001 671***	***1 501 624***	***841 661***	***2 603 474***	***6 965 514***	***19 750 898***	-	***36 944 711***

CREDITORS AGE ANALYSIS FOR DEC 2023 – TOP 10 CREDITORS										
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		*1 608 344*	*1 167 574*	*154 342*	*67 019*	*58 189*	*69 278*	*5 297 402*		*8 422 147*
Cape Pension Fund	*387 637*	-	-	-	-	-	-	-	-	*387 637*
Salga		-	-	*500 000,00*				*3 392 157*		*3 892 157*
Dept. of Safety & Liason			-	-	-			*3 597 757*		*3 597 757*
Boegoeberg water users	*129 265,05*	*129 265*	*231 896*	*229 044*	*226 227*	*219 218*	*6 559 628*		-	*7 724 543*
Eskom	*101 339,90*	*239 458*	*235 875*	*239 331*	*301 135*	*262 393*	*238 953*	*3 517 505*	-	*5 135 989*
Towell & Groenewaldt	-	-	-	-	-	-	-	*2 606 710*		*2 606 710*
SMEC			*279 717*		-	*204 700*	-	*518 827*		*1 003 244*
Tgis	*656,94*	*651*	*644*	*638*	*632*	*1 196*	*1 185*	*62 143*	-	*67 746*
Samras Solvem				*321 562*	-			*680 955*		*1 002 517*
Total	***618 899***	***1 977 717***	***1 915 706***	***1 444 917***	***595 013***	***745 696***	***6 869 044***	***19 673 457***	**-**	***33 840 449***

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 2023 are R 33.8 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

INVESTMENT REGISTER OF DEC 2023

ACCOUNT NR.	NAME OF ACCOUNTS	SALDO ON 31/07/2020	WITHDRAWALS	RECEIPTS	INTEREST RECEIVED	SALDO @ MONTH END
-	-	-	-	-	-	-
62150559486	FMG/MSIG MONEY MARKET	R 371 013,67	R 20 807 000,00	R 20 417 000,00	R 26 706,97	7 720,64
62364746986	PULA NALA	-	-	-	-	-
62102417567	MIG DAILY ACCOUNT	R 74,20	R 2 000 000,00	R 2 010 000,00	R 580,72	10 654,92
62304432123	LOTTO	R 1 081,69	R 6 000,00	R 10 000,00	R 240,42	5 322,11
62304431828	LIBRARY	R 5 749,62	R 534 000,00	R 531 500,00	R 1 841,61	5 091,23
62364746580	EPWP	R 341,27	R 5 000,00	R 10 000,00	R 204,16	5 545,43
71129793876	FIXED DEPOSITO	R 143 371,77	R 0,00	R 0,00	R 0,00	143 371,77
71197351979	FIXED DEPOSITO	R 0,00	R 0,00	R 0,00	R 0,00	-
		R 521 632,22	**R 23 352 000,00**	**R 22 978 500,00**	**R 29 573,88**	**R 177 706,10**

The municipality's investments as at 31 December 2023 are set out in Table above. The municipality started the beginning of the month with an investment valued at R 521 632.22. These investments however qualify as cash and cash equivalents. Therefore our total investment value at month end is R 177 706.10.

Conditional grants received are not invested. These funds should only be available to pay capital projects which are funded by MIG, 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 2023 - 31 December 2023

GRANT DESCRIPTION	*OPENING BALANCE*	*REVENUE ALLOCATED 2023/2024*	*RECEIVED DEC 2023*	*TOTAL INCOME*	*THIS MONTH EXPENDITURE*	*EXPENDITURE 2023/2024*	*VARIANCE*	*UNSPENT / OVERSPENT (-) 2023/2024*
Equitable Share	-	*35 007 000,00*	*10 669 000*	*22 747 000,00*	*10 669 000,00*	*22 747 000,00*	*24 338 000*	*100%*
Financial Management Grant (FMG)	-	- *3 100 000*	-	*3 100 000*	*1 040 529*	*1 795 717*	- *3 100 000*	*58%*
Library Grant	-	*1 043 000*	-	*521 500*	*72 779*	*491 442*	*1 043 000*	*94%*
MIG	-	*11 086 000*	*2 750 000*	*9 950 000*	*4 202 553*	*8 694 254*	*8 336 000*	*87%*
Total	-	***44 036 000***	***13 419 000***	***36 318 500***	***15 984 862***	***33 728 413***	***30 617 000***	*93%*

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 13 419 000 million were received (Roll overs excluded), capital and operational expenditure to the value of R 33 million were reported as at 31 December 2023. However the rollover of R4.8 mil have been declined. It should be noted that unspent grants money have been used for operational expensed due to the municipality's position.

3.1.12 Expenditure on councillor allowances and employee benefits

Employee related costs for quarter 2 ended 31 December 2023 are set out below.

NC084 !Kheis - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration R thousands	Ref	2022/23	Budget Year 2023/24							
		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		3 294	3 331	3 331	278	1 744	1 665	79	5%	3 331
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		821	815	815	69	433	408	25	6%	815
Cellphone Allowance		485	488	488	41	244	244	–		488
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Sub Total - Councillors		**4 600**	**4 634**	**4 634**	**387**	**2 421**	**2 317**	**104**	**4%**	**4 634**
% increase	4		**0,8%**	**0,8%**						**0,8%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		2 062	3 941	3 941	241	1 444	1 971	(526)	-27%	3 941
Pension and UIF Contributions		457	557	557	40	243	279	(36)	-13%	557
Medical Aid Contributions		23	69	69	7	41	35	6	18%	69
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		109	172	172	–	152	86	66	76%	172
Motor Vehicle Allowance		627	1 292	1 292	75	453	646	(193)	-30%	1 292
Cellphone Allowance		30	103	103	5	31	52	(20)	-40%	103
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Payments in lieu of leave		–	13	13	–	–	6	(6)	-100%	13
Sub Total - Senior Managers of Municipality		**3 307**	**6 147**	**6 147**	**369**	**2 364**	**3 074**	**(710)**	**-23%**	**6 147**
% increase	4		**85,9%**	**85,9%**						**85,9%**
Other Municipal Staff										
Basic Salaries and Wages		19 288	20 017	20 017	1 576	9 597	10 009	(411)	-4%	20 017
Pension and UIF Contributions		2 813	3 005	3 005	234	1 404	1 502	(98)	-7%	3 005
Medical Aid Contributions		694	1 060	1 060	62	381	530	(149)	-28%	1 060
Overtime		136	171	171	12	70	86	(16)	-19%	171
Performance Bonus		697	877	877	104	477	439	39	9%	877
Motor Vehicle Allowance		2 001	1 907	1 907	176	1 012	954	58	6%	1 907
Cellphone Allowance		176	173	173	15	89	86	2	3%	173
Housing Allowances		142	127	127	14	82	64	18	29%	127
Other benefits and allowances		896	878	878	73	435	439	(4)	-1%	878
Payments in lieu of leave		156	309	309	–	16	154	(139)	-90%	309
Long service awards		119	26	26	–	–	13	(13)	-100%	26
Post-retirement benefit obligations	2	–	37	37	–	–	18	(18)	-100%	37
Sub Total - Other Municipal Staff		**27 117**	**28 588**	**28 588**	**2 265**	**13 563**	**14 294**	**(730)**	**-5%**	**28 588**
% increase	4		**5,4%**	**5,4%**						**5,4%**
Total Parent Municipality		**35 024**	**39 369**	**39 369**	**3 022**	**18 348**	**19 684**	**(1 336)**	**-7%**	**39 369**
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		**35 024**	**39 369**	**39 369**	**3 022**	**18 348**	**19 684**	**(1 336)**	**-7%**	**39 369**
% increase	4		**12,4%**	**12,4%**						**12,4%**
TOTAL MANAGERS AND STAFF		**30 424**	**34 735**	**34 735**	**2 634**	**15 927**	**17 367**	**(1 440)**	**-8%**	**34 735**

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 - M06 December

Description	Ref	Budget Year 2023/24												2023/24 Medium Term Revenue & Expenditure Framework		
R thousands	1	July Outcome	August Budget	September Budget	October Budget	November Budget	December Budget	January Budget	February Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cash Receipts By Source																
Property rates		–	794	794	794	794	794	794	794	794	794	794	1 588	9 530	9 997	10 467
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		31	539	539	539	539	539	539	539	539	539	539	1 048	6 472	6 789	7 108
Service charges - Waste Water Management		2	170	170	170	170	170	170	170	170	170	170	338	2 039	2 139	2 240
Service charges - Waste Mangement		32	194	194	194	194	194	194	194	194	194	194	356	2 327	2 441	2 556
Rental of facilities and equipment		1	7	7	7	7	7	7	7	7	7	7	14	88	92	97
Interest earned - external investments		–	90	90	90	90	90	90	90	90	90	90	181	1 084	1 137	1 190
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	26	26	26	26	26	26	26	26	26	26	53	316	331	347
Licences and permits		–	23	23	23	23	23	23	23	23	23	23	45	272	285	298
Agency services		–	14	14	14	14	14	14	14	14	14	14	27	163	170	178
Transfers and Subsidies - Operational		–	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	3 262	6 525	39 150	41 076	40 920
Other revenue		29	283	283	283	283	283	283	283	283	283	283	537	3 393	3 563	3 731
Cash Receipts by Source		**94**	**5 403**	**5 403**	**5 403**	**5 403**	**5 403**	**5 403**	**5 403**	**5 403**	**5 403**	**5 403**	**10 712**	**64 833**	**68 022**	**69 133**
Other Cash Flows by Source													–			
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	1 778	3 555	21 331	23 590	24 678
Total Cash Receipts by Source		**94**	**7 180**	**7 180**	**7 180**	**7 180**	**7 180**	**7 180**	**7 180**	**7 180**	**7 180**	**7 180**	**14 267**	**86 164**	**91 612**	**93 811**
Cash Payments by Type													–			
Employee related costs		(1 438)	3 729	3 729	3 729	3 729	3 729	3 729	3 729	3 729	3 729	3 729	8 895	44 743	46 756	46 756
Remuneration of councillors		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases - Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisitions - water & other inventory		163	142	142	142	142	142	142	142	142	142	142	121	1 703	1 780	1 780
Contracted services		93	453	453	453	453	453	453	453	453	453	453	813	5 438	5 683	5 683
Transfers and subsidies - other municipalities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cash Payments by Type		**(1 182)**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**9 829**	**51 885**	**54 220**	**54 220**
Other Cash Flows/Payments by Type																
Capital assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Cash Flows/Payments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type		**(1 182)**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**4 324**	**9 829**	**51 885**	**54 220**	**54 220**
NET INCREASE/(DECREASE) IN CASH HELD		**1 275**	**2 857**	**2 857**	**2 857**	**2 857**	**2 857**	**2 857**	**2 857**	**2 857**	**2 857**	**2 857**	**4 438**	**34 279**	**37 392**	**39 591**
Cash/cash equivalents at the month/year beginning:		–	1 275	4 132	6 989	9 845	12 702	15 558	18 415	21 272	24 128	26 985	29 841	–	34 279	71 672
Cash/cash equivalents at the month/year end:		1 275	4 132	6 989	9 845	12 702	15 558	18 415	21 272	24 128	26 985	29 841	34 279	34 279	71 672	111 263

4.2.2 Progress on the implementation of the capital program 2023/24

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 - M06 December

Description	Ref	2022/23	Budget Year 2023/24							
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		**7 972**	**11 881**	**11 881**	**2 819**	**8 471**	**5 940**	2 530	**42,6%**	**11 881**
		–	–	–	–	–	–	–		–
Sanitation Infrastructure		7 972	11 881	11 881	2 819	8 471	5 940	2 530	**42,6%**	11 881
Pump Station		7 972	11 881	11 881	2 819	8 471	5 940	2 530	**42,6%**	11 881
Reticulation		–	–	–	–	–	–	–		–
Community Assets		**(7 839)**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Community Facilities		–	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–
Sport and Recreation Facilities		(7 839)	–	–	–	–	–	–		–
Indoor Facilities		–	–	–	–	–	–	–		–
Outdoor Facilities		(7 839)	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	–		–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Other assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Operational Buildings		–	–	–	–	–	–	–		–
Municipal Offices		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Servitudes		–	–	–	–	–	–	–		–
Total Capital Expenditure on new assets	1	**133**	**11 881**	**11 881**	**2 819**	**8 471**	**5 940**	**(2 530)**	**-42,6%**	**11 881**

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 - M06 December

Description R thousands	Ref 1	2022/23 Audited Outcome	Budget Year 2023/24 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		–	–	–	–	–	–	–		–
Community Assets		–	–	–	–	–	–	–		–
Community Facilities		–	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	–		–
Investment properties		–	–	–	–	–	–	–		–
Revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Other assets		–	–	–	–	–	–	–		–
Operational Buildings		–	–	–	–	–	–	–		–
Municipal Offices		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Intangible Assets		–	–	–	–	–	–	–		–
Servitudes		–	–	–	–	–	–	–		–
Computer Equipment		–	–	–	–	–	–	–		–
Computer Equipment		–	–	–	–	–	–	–		–
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 - M06 December

Description	Ref	2022/23	Budget Year 2023/24							
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		**36**	**215**	**215**	**–**	**6**	**108**	(101)	**-94,2%**	**215**
Roads Infrastructure		–	44	44	–	–	22	(22)	**-100,0%**	44
Roads		–	44	44	–	–	22	(22)	**-100,0%**	44
Water Supply Infrastructure		7	40	40	–	2	20	(18)	**-90,0%**	40
Reservoirs		3	10	10	–	2	5	(3)	**-66,4%**	10
Distribution		4	31	31	–	0	15	(15)	**-97,2%**	31
Sanitation Infrastructure		29	131	131	–	4	66	(61)	**-93,6%**	131
Waste Water Treatment Works		29	131	131	–	4	66	(61)	**-93,6%**	131
Community Assets		**–**	**13**	**13**	**–**	**–**	**6**	**(6)**	**-100,0%**	**13**
Community Facilities		–	13	13	–	–	6	(6)	**-100,0%**	13
Cemeteries/Crematoria		–	13	13	–	–	6	(6)	-100,0%	13
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	–		**–**
Other assets		**8**	**216**	**216**	**2**	**13**	**108**	**(95)**	**-88,2%**	**216**
Operational Buildings		8	216	216	2	13	108	(95)	**-88,2%**	216
Municipal Offices		8	216	216	2	13	108	(95)	-88,2%	216
Computer Equipment		**2**	**20**	**20**	**–**	**–**	**10**	**(10)**	-100,0%	**20**
Computer Equipment		2	20	20	–	–	10	(10)	-100,0%	20
Furniture and Office Equipment		**10**	**71**	**71**	**–**	**1**	**36**	**(35)**	-98,0%	**71**
Furniture and Office Equipment		10	71	71	–	1	36	(35)	-98,0%	71
Machinery and Equipment		**10**	**101**	**101**	**–**	**21**	**50**	**(30)**	-58,8%	**101**
Machinery and Equipment		10	101	101	–	21	50	(30)	-58,8%	101
Transport Assets		**17**	**129**	**129**	**–**	**29**	**64**	**(35)**	-54,2%	**129**
Transport Assets		17	129	129	–	29	64	(35)	-54,2%	129
Total Repairs and Maintenance Expenditure	1	**83**	**765**	**765**	**2**	**70**	**382**	**312**	**81,7%**	**765**

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 developing the responses to the action plan that had been develop for the audit carried out by the Auditor General. The action plan should be completed by 31 March 2024, with the necessary POE's and

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
7. Performance Management

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 additions 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 2023/24 be prepared and approved by Council by no later than 28 February 2024;

(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, Moeketsi Dichaba, 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 2023 of 2023/24 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 debtor's reconciliation is up to date by 31 December 2023.
- The bank reconciliation is up to date by 31 December 2023.
- Valuation roll reconciliation 2024

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MOEKETSI DICHABA
Acting Municipal Manager of !Kheis Municipality (NC084)

25 January 2024