



2021/2022 MID YEAR BUDGET AND PE



**MID YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR THE FINANCIAL  
YEAR 2021/2022**

**REPORT BY THE ACTING CHIEF FINANCIAL OFFICER**

**PURPOSE**

To submit to Council a report on the mid- year budget and performance assessment of the Municipality for the period July 2021 to December 2021 for consideration.

**BACKGROUND**

Section 72(1) (a) (b) of the Municipal Finance Management Act (MFMA) states: “The accounting officer of a municipality must by 25 January of each year assess the performance of the Municipality during the first half of the financial year and submit a report on such assessment to the Mayor, National Treasury and Provincial Treasury: ...”.

Sections 33 and 34 of the Municipal Budget and Reporting Regulations states: “A mid-year budget and performance assessment of a Municipality must be in the format specified in Schedule C, and within five working days of 25 January each year, the Municipal Manager must make the mid-year budget and performance assessment public by placing it on the municipal website. Below is the Executive Summary of the midyear budget & performance assessment report.

**DISCUSSION**

Summary Analysis of the report.

Description	Budget	Adjustment Budget	quarterly yearly actual Revenue/expen diture	Year to date Actual	Budget Revenue/Expen diture for the YTD	% Year to date Actual	% spend of Original Budget
Revenue	316 915		158 760	158 760	158 457	100%	50%
Expenditure	399 277		115 965	115 965	199 638	58%	29%
<b>Surplus/Deficit</b>	<b>(82 362)</b>	<b>-</b>	<b>42 795</b>	<b>42 795</b>	<b>(41 181)</b>	<b>42%</b>	<b>21%</b>
<b>Exclude Non Cash Items</b>							
Depreciation	68 808			-	34 404	0%	0%
Debt impairment	51 919				25 959	0%	0%
<b>Surplus/Deficit</b>	<b>38 365</b>	<b>-</b>	<b>42 795</b>	<b>42 795</b>	<b>(101 544)</b>	<b>42%</b>	<b>21%</b>
Capital transfers	72 094		19 398	19 398	36 047	54%	27%
Debtors			315 960				
Creditors			90 117				
Creditors Paid			17 642				

Table C1:Midyear Budget Statement Summary

For the first six months, revenue to the amount of R158.7 -million realized against the budgeted revenue of R158.4 million. This reflects a favorable of 100%.

- The municipality we are on track to meet its total revenue targets regardless the movement between the various sources of revenues

Operating expenditure to the amount of R115 million was appropriated for the first six months against the budgeted expenditure of R199 million. This reflects a unfavorable of -58% spent.

- The capital transfers recognized for the month amounts to R 19million, However we only

met R47 million on conditional grants. Be advised that capital transfers are recognized as revenue when the condition of the grant was met. This reflects favorable of 100% as per DORA payment schedule.

Taking the above into consideration the net operating surplus for half yearly amounts to 41.1million compared to the year-to-date budgeted deficit of R42.7million whilst the cash and cash equivalents amounts to R366 thousands.

As at 31 December 2021 creditors' amount to R90.1-million as per age analysis, compared to 31 December 2020 –R33.5million which reflects a unfavorable of 168% increase in creditors.

- Increase in our creditor's has been effected by the increase in our debtor's book that most of our communities has been hit by COVID 19.

As at 31 December 2021 the debtor's amount to R315-million as per age analysis, compared to December 2020 R261-million which reflects a unfavorable of 20.6% increase in debtors.

- Revenue enhancement strategy will be revised for our economical health.
- Do regular meter audit in order to identify the illegal connections and proposed writes off and settlement strategy

**Tables C4 will be used to provide explanations on deviations and reasons for deviations will only be provided in cases where the percentages differ with more than 10% and can be viewed in supporting table SC1.**

#### **Table C5:mid Budget Capital Expenditure by Vote**

Table C5 indicates the Quarterly actual on capital expenditure for all votes and measures the year-to-date actual against the year to date planning figures. For the half yearly of December 2021, capital expenditure amount of R53-million realized compared from the planned figure of R49.8 million which constitutes an favourable deviation of 6.4% spending for the first six months ended in December 2021. The Capex by vote is graphically presented in:

Financial Year	Project/Location	Function	Segment/Desc	AccType	Total Budget	2021.00	Total Actual	Available	% Monthly	Item/Lvl/05
2022	Capital:No	Developm	Poultry LED	A	249 996.00	-	-	249 996.00	0%	Additions
2022	Capital:No	Developm	Bakery Machadodorp LED	A	249 996.00	-	-	249 996.00	0%	Additions
2022	Capital:No	Developm	Brick Plant LED Projects	A	249 996.00	-	800.00	249 196.00	0%	Additions
2022	Capital:No	Developm	Bakery Watervalboven LED Projects	A	249 996.00	-	19 380.49	230 615.51	8%	Additions
2022	Capital:No	Municipal	LED PROJECTS( Financial and non financial smme's)	A	5 000 004.00	-	-	5 000 004.00	0%	Machinery
			LED		5 999 988.00	-	20 180.49	5 979 807.51	0%	
2022	Capital:No	Supply Cha	Furniture & Equip 026/305010	A	755 004.00	-	66 520.55	688 483.45	9%	Computer I
2022	Capital:No	Police For	Acquisitions	A	60 000.00	-	-	60 000.00	0%	Electrical Ir
2022	Capital:Inf	Electricity	Supply and Installation of High Mast Lighting inBelfast	A	1 156 908.00	-	-	1 156 908.00	0%	Electrical Ir
2022	Capital:Inf	Administra	ICT :Data Centre	A	2 499 996.00	2 140 156.00	2 140 156.00	359 840.00	86%	Informatio
2022	Capital:No	Road and	Audio visual cam camers and two way radios gunsafe & chainsaw	A	999 996.00	-	-	999 996.00	0%	Machinery
2022	Capital:No	Recreation	Brush cutters (016/305020)	A	350 004.00	-	-	350 004.00	0%	Machinery
2022	Capital:No	Fleet Man	Machinery and Equipment (035/305020)	A	399 996.00	-	-	399 996.00	0%	Machinery
2022	Capital:No	Police For	Security Services( CCTV & other)	A	731 496.00	-	-	731 496.00	0%	Machinery
2022	Capital:No	Recreation	Fencing Municipal Offices and Workshop	A	1 343 088.00	-	-	1 343 088.00	0%	Other Asse
2022	Capital:No	Solid Wast	Fencing Landfillsite ward 4 Dullstroom	A	999 996.00	-	-	999 996.00	0%	Other Asse
2022	Capital:No	Electricity	Solar System	A	1 500 000.00	-	-	1 500 000.00	0%	Other Asse
2022	Capital:Inf	Roads: Pul	capital roads	A	2 000 004.00	-	-	2 000 004.00	0%	Roads Infra
2022	Capital:Inf	Roads: Pul	Bhekumuzi Drive Road	A	2 000 004.00	-	3 477 218.70	1 477 214.70	174%	Roads Infra
2022	Capital:Inf	Road and	Height Restrictions	A	400 000.00	-	-	400 000.00	0%	Roads Infra
2022	Capital:No	Road and	Road Block Trailer	A	200 000.00	-	-	200 000.00	0%	Transport /
2022	Capital:No	Fleet Man	cherry picker	A	2 499 996.00	-	-	2 499 996.00	0%	Transport /
2022	Capital:No	Fleet Man	refuse truck	A	999 996.00	-	-	999 996.00	0%	Transport /
2022	Capital:No	Administra	4G/5G	A	966 996.00	-	-	966 996.00	0%	Computer I
2022	Capital:No	Administra	Computer Equipment ( 305012)	A	1 500 000.00	-	266 078.26	1 233 921.74	18%	Computer I
2022	Capital:No	Administra	Intern Cap: Vehicles (23/305022)	A	699 996.00	-	-	699 996.00	0%	Transport /
			<b>INTERNAL CAP</b>		<b>22 063 476.00</b>	<b>2 140 156.00</b>	<b>5 949 973.51</b>	<b>16 113 502.49</b>	<b>27%</b>	
2022	Capital:Inf	Electricity	install 132/11kva substation	A	30 000 000.00	1 595 530.17	31 668 011.17	1 668 011.17	106%	Electrical Ir
2022	Capital:Inf	Electricity	Electrification of household at Emthanjeni	A	3 999 996.00	-	-	3 999 996.00	0%	Electrical Ir
			<b>INEP</b>		<b>33 999 996.00</b>	<b>1 595 530.17</b>	<b>31 668 011.17</b>	<b>2 331 984.83</b>	<b>93%</b>	
2022	Capital:Inf	Electricity	Solar High mast in Madala new	A	1 156 908.00	-	-	1 156 908.00	0%	Electrical Ir
2022	Capital:Inf	Electricity	Solar High mast in Madala new	A	1 156 908.00	-	228 773.03	928 134.97	20%	Electrical Ir
2022	Capital:Inf	Roads: Pul	Siyathuthuka Road ward 1	A	2 199 996.00	-	1 017 770.07	1 182 225.93	46%	Roads Infra
2022	Capital:Inf	Roads: Pul	Siyathuthuka Ward 3 Road	A	2 779 884.00	194 129.69	1 080 193.37	1 699 690.63	39%	Roads Infra
2022	Capital:Inf	Roads: Pul	Madala access Road(new)	A	2 000 004.00	24 454.10	1 881 049.79	118 954.21	94%	Roads Infra
2022	Capital:Inf	Roads: Pul	Engwenya Ward 7 Road(new)	A	-	-	-	-	-	Roads Infra
2022	Capital:Inf	Roads: Pul	Sakhelwe Roads	A	-	-	-	-	-	Roads Infra
2022	Capital:Inf	Roads: Off	Paving Of Ward 4	A	2 499 996.00	-	-	2 499 996.00	0%	Roads Infra
2022	Capital:Inf	Roads: Pul	capital roads	A	-	-	1 153 161.46	1 153 161.46	-	Roads Infra
2022	Capital:Inf	Waste Wa	waterborne sewer emthanjeni & enkamini	A	-	-	-	-	-	Sanitation I
2022	Capital:Inf	Waste Wa	waterborne sanitation sakhelwe	A	-	-	-	-	-	Sanitation I
2022	Capital:Inf	Waste Wa	Upgrading of roman pump new	A	3 999 996.00	93 033.70	266 665.31	3 733 330.69	7%	Sanitation I
2022	Capital:Inf	Water Tre	water supply rural areas	A	2 300 004.00	-	316 065.00	1 983 939.00	14%	Water Sup
			<b>MIG</b>		<b>18 093 696.00</b>	<b>311 617.49</b>	<b>5 943 678.03</b>	<b>12 150 017.97</b>	<b>33%</b>	
2022	Capital:Inf	Waste Wa	Upgrading of sgwabula Sewer line	A	2 969 004.00	-	-	2 969 004.00	0%	Sanitation I
2022	Capital:Inf	Waste Wa	sewer pump station and rising main at Sakhel	A	-	-	400 000.00	400 000.00	-	Sanitation I
2022	Capital:Inf	Water Tre	install distribution in ward 7	A	-	-	-	-	-	Water Sup
2022	Capital:Inf	Water Dist	Water cart	A	-	-	-	-	-	Water Sup
2022	Capital:Inf	Water Tre	Upgrading of Machadodorp water treatment works ground rese	A	17 031 000.00	-	9 564 252.99	7 466 747.01	56%	Water Sup
2022	Capital:Inf	Water Tre	Upgrading of Machadodorp water treatment works	A	-	-	-	-	-	Water Sup
2022	Capital:Inf	Water Tre	Upgrade WTW 3 Mega Litres	A	-	-	-	-	-	Water Sup
			<b>WSIG</b>		<b>20 000 004.00</b>	<b>-</b>	<b>9 964 252.99</b>	<b>10 035 751.01</b>	<b>50%</b>	
<b>TOTAL CAPITAL BUDGET</b>					<b>100 157 160.00</b>	<b>4 047 303.66</b>	<b>53 546 096.19</b>	<b>46 611 063.81</b>	<b>53%</b>	
<b>CONDITIONAL GRANTS</b>					<b>72 093 696.00</b>	<b>1 907 147.66</b>	<b>47 575 942.19</b>	<b>24 517 753.81</b>	<b>66%</b>	

**Spending on our capital projects year to date is above 50% and the conditional grants are at 66%**

**Table C6: Mid Budget Statement Financial Position**

In general the community wealth or net assets of the municipality to amount to R 1.7 billion. Total net assets or community wealth is represented by total assets less total liabilities. Total liabilities amounts to R 184 million, whilst total assets amounts to R 1.9 billion.

**Table C7: Mid Budget Statement Cash Flow**

Table C7 provides detail of the projected cash in- and outflow. A net cash inflow from investing activities amounted to R53 million. Net cash inflows from operating activities consist of a primary bank account amounting to R153million and short term investment accounts amounting to R96 thousands.

**Table SC3**

Supporting table SC3 provides details on consumer debtors.

Debtors amounted to R315.9 million as at 31<sup>st</sup> December per age analysis. Outstanding debtor over 90 days amounts to R297.5 million.

**Table SC4**

Supporting table SC4 provides details on aged creditors. In terms of the Municipal Finance Management Act all creditors must be paid within 30 days of receiving the invoice or statement. Paid creditors for the month ending in December 2021 amounts to R 17 million.

For the month ended in December 2021creditors unpaid amounted to R90.1 million as per age analysis, and the bulk of the creditors relates to Eskom account with an amount of R53 million.

**Table SC2**

Supporting table SC2 provides detail on performance indicators and norms in particular to revenue management.

MP314 Emakhazeni - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	51 339	66 288	-	47 148	47 148	33 144	14 004	42%	66 288
Service charges	150 602	138 152	-	59 313	59 313	69 076	(9 763)	-14%	138 152
Investment revenue	977	3 181	-	98	98	1 590	(1 492)	-94%	8 404
Transfers and subsidies	84 208	77 219	-	49 996	49 996	38 610	11 387	29%	-
Other own revenue	8 325	32 074	-	2 205	2 205	16 037	(13 833)	-86%	104 071
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>295 452</b>	<b>316 915</b>	<b>-</b>	<b>158 760</b>	<b>158 760</b>	<b>158 457</b>	<b>303</b>	<b>0%</b>	<b>316 915</b>
Employee costs	107 589	113 912	-	40 959	40 959	56 956	(15 997)	-28%	113 912
Remuneration of Councillors	7 154	8 217	-	2 736	2 736	4 108	(1 372)	-33%	8 217
Depreciation & asset impairment	66 804	51 919	-	-	-	25 959	(25 959)	-100%	51 919
Finance charges	1 027	2 000	-	1 569	1 569	1 000	569	57%	2 000
Materials and bulk purchases	81 486	76 066	-	44 504	44 504	38 033	6 471	17%	76 066
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	131 787	147 164	-	26 196	26 196	73 582	(47 386)	-64%	147 164
<b>Total Expenditure</b>	<b>395 847</b>	<b>399 277</b>	<b>-</b>	<b>115 965</b>	<b>115 965</b>	<b>199 638</b>	<b>(83 674)</b>	<b>-42%</b>	<b>399 277</b>
<b>Surplus/(Deficit)</b>	<b>(100 395)</b>	<b>(82 362)</b>	<b>-</b>	<b>42 795</b>	<b>42 795</b>	<b>(41 181)</b>	<b>83 976</b>	<b>-204%</b>	<b>(82 362)</b>
Transfers and subsidies - capital (monetary allocations)	65 232	72 094	-	19 398	19 398	36 047	(16 648)	-46%	72 094
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(35 163)</b>	<b>(10 268)</b>	<b>-</b>	<b>62 194</b>	<b>62 194</b>	<b>(5 134)</b>	<b>67 328</b>	<b>-1311%</b>	<b>(10 268)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(35 163)</b>	<b>(10 268)</b>	<b>-</b>	<b>62 194</b>	<b>62 194</b>	<b>(5 134)</b>	<b>67 328</b>	<b>-1311%</b>	<b>(10 268)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>-</b>	<b>93 439</b>	<b>93 439</b>	<b>7 739</b>	<b>8 686</b>	<b>54 506</b>	<b>(45 820)</b>	<b>-84%</b>	<b>93 439</b>
Capital transfers recognised	-	72 094	-	47 576	47 576	30 039	17 537	58%	72 094
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	28 063	-	5 970	5 970	11 693	(5 723)	-49%	28 063
<b>Total sources of capital funds</b>	<b>-</b>	<b>100 157</b>	<b>-</b>	<b>53 546</b>	<b>53 546</b>	<b>41 732</b>	<b>11 814</b>	<b>28%</b>	<b>100 157</b>
<b>Financial position</b>									
Total current assets	121 547	202 179	-	-	322 334	-	-	-	317 098
Total non current assets	1 027 615	1 650 282	-	-	1 650 282	-	-	-	1 650 282
Total current liabilities	88 386	18 048	-	-	95 013	-	-	-	95 137
Total non current liabilities	102 854	89 516	-	-	89 516	-	-	-	89 516
Community wealth/Equity	<b>957 922</b>	<b>1 744 896</b>	<b>-</b>	<b>-</b>	<b>1 788 086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 782 726</b>
<b>Cash flows</b>									
Net cash from (used) operating	107 181	110 459	-	153 710	62 194	78 275	16 081	21%	110 459
Net cash from (used) investing	-	(100 157)	-	(53 546)	(53 546)	(41 732)	11 814	-28%	(100 157)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the month/year end</b>	<b>107 181</b>	<b>29 349</b>	<b>19 047</b>	<b>-</b>	<b>9 002</b>	<b>55 590</b>	<b>46 588</b>	<b>84%</b>	<b>10 656</b>
<b>Debtors &amp; creditors analysis</b>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	(35)	11 896	6 563	9 041	8 277	7 886	45 504	226 830	315 960
<b>Creditors Age Analysis</b>									
Total Creditors	28 782	7 214	9 534	9 188	17 570	17 830	-	-	90 117

MP314 Emakhazeni -Table C5 Monthly Budget Stateemtn - Capital Expenditure (Municipal vote,functional classification and funding) - Midyear Assessment

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Governance and administration</b>		-	6,600	6,600	1,153	1,153	3,300	(2,147)	-65%	6,600
Executive and council			3,000	3,000	40	40	1,500	(1,460)	-97%	3,000
Finance and administration			3,600	3,600	1,114	1,114	1,800	(686)	-38%	3,600
Internal audit								-		-
<b>Community and public safety</b>		-	-	-	1,820	1,820	-	1,820	#DIV/0!	-
Community and social services								-		
Sport and recreation					1,820	1,820		1,820	#DIV/0!	
Public safety								-		
Housing								-		
Health								-		
<b>Economic and environmental services</b>		-	32,490	32,490	18,253	18,253	16,245	2,008	12%	32,490
Planning and development			31,790	31,790	18,253	18,253	15,895	2,358	15%	31,790
Road transport		-	700	700			350	(350)	-100%	700
Environmental protection								-		
<b>Trading services</b>		-	54,349	54,349	2,374	2,374	27,174	(24,800)	-91%	54,349
Energy sources			18,400	18,400	586	586	9,200	(8,614)	-94%	18,400
Water management			23,449	23,449	571	571	11,724	(11,153)	-95%	23,449
Waste water management			10,900	10,900	1,217	1,217	5,450	(4,233)	-78%	10,900
Waste management			1,600	1,600			800	(800)	-100%	1,600
<b>Other</b>								-		-
<b>Total Capital Expenditure - Functional Classification</b>	3	-	93,439	93,439	23,601	23,601	46,720	(23,118)	-49%	93,439
<b>Funded by:</b>										
National Government			64,839	64,839	16,748	16,748	45,605	(28,857)	-63%	64,839
Provincial Government								-		
District Municipality								-		
Other transfers and grants								-		
<b>Transfers recognised - capital</b>		-	64,839	64,839	16,748	16,748	45,605	(28,857)	-63%	64,839
<b>Borrowing</b>	6							-		
Internally generated funds			28,600	28,600	11,675	11,675	14,300	(2,625)	-18%	28,600
<b>Total Capital Funding</b>		-	93,439	93,439	28,423	28,423	59,905	(31,482)	-53%	93,439

**MP314 Emakhazeni - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment**

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		21,848	21,848	21,848	536	536
Call investment deposits		16,000	16,000	16,000	17	17
Consumer debtors		80,301	80,301	80,301	261,083	261,083
Other debtors		1,048	1,048	1,048		
Current portion of long-term receivables		-	-	-		
Inventory		2,351	2,351	2,351	2,351	2,351
<b>Total current assets</b>		<b>121,547</b>	<b>121,547</b>	<b>121,547</b>	<b>263,987</b>	<b>263,987</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-		
Investments		-	-	-		
Investment property		166,830	166,830	166,830	166,830	166,830
Investments in Associate		-	-	-	-	-
Property, plant and equipment		860,248	860,248	860,248	860,248	860,248
Biological						
Intangible		423	423	423	423	423
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>1,027,501</b>	<b>1,027,501</b>	<b>1,027,501</b>	<b>1,027,501</b>	<b>1,027,501</b>
<b>TOTAL ASSETS</b>		<b>1,149,048</b>	<b>1,149,048</b>	<b>1,149,048</b>	<b>1,291,488</b>	<b>1,291,488</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft						
Borrowing						
Consumer deposits		1,878	1,878	1,878	1,878	1,878
Trade and other payables		84,969	84,969	84,969	33,873	33,873
Provisions		1,539	1,539	1,539	1,539	1,539
<b>Total current liabilities</b>		<b>88,386</b>	<b>88,386</b>	<b>88,386</b>	<b>37,290</b>	<b>37,290</b>
<b>Non current liabilities</b>						
Borrowing						
Provisions		51,539	51,539	51,539	51,539	51,539
<b>Total non current liabilities</b>		<b>51,539</b>	<b>51,539</b>	<b>51,539</b>	<b>51,539</b>	<b>51,539</b>
<b>TOTAL LIABILITIES</b>		<b>139,925</b>	<b>139,925</b>	<b>139,925</b>	<b>88,829</b>	<b>88,829</b>
<b>NET ASSETS</b>	2	<b>1,009,123</b>	<b>1,009,123</b>	<b>1,009,123</b>	<b>1,202,659</b>	<b>1,202,659</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		1,009,123	1,009,123	1,009,123	1,202,659	1,202,659
Reserves						
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>1,009,123</b>	<b>1,009,123</b>	<b>1,009,123</b>	<b>1,202,659</b>	<b>1,202,659</b>

MP314 Emakhazeni - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	2019/20		Budget Year 2020/21						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates			63,434	63,434	2,921	2,921	31,717	(28,796)	-91%	
Service charges			143,901	143,901	79,429	79,429	71,951	7,478	10%	
Other revenue			38,628	38,628	1,047	1,047	19,314	(18,267)	-95%	
Government - operating			73,995	73,995	59,375	59,375	36,998	22,377	60%	
Government - capital			64,839	64,839	23,070	23,070	32,420	(9,350)	-29%	
Interest			2,103	2,103	812	812	1,052	(240)	-23%	
Dividends										
<b>Payments</b>										
Suppliers and employees			(237,878)	(237,878)	(16,888)	(135,621)	(150,290)	(14,669)	10%	
Finance charges			(4,080)	(4,080)	(463)	(463)	(2,040)	(1,577)	77%	
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			<b>144,942</b>	<b>144,942</b>	<b>149,303</b>	<b>30,569</b>	<b>41,120</b>	<b>10,550</b>	<b>26%</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE										
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
<b>Payments</b>										
Capital assets			(93,439)	(93,439)	(28,423)	(28,423)	(59,905)	(31,482)	53%	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			<b>(93,439)</b>	<b>(93,439)</b>	<b>(28,423)</b>	<b>(28,423)</b>	<b>(59,905)</b>	<b>(31,482)</b>	<b>53%</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
<b>Payments</b>										
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			<b>51,502</b>	<b>51,502</b>	<b>120,879</b>	<b>2,146</b>	<b>(18,785)</b>			<b>-</b>
Cash/cash equivalents at beginning:			21,848	21,848		536	21,848			536
Cash/cash equivalents at month/year end:			73,350	73,350		2,682	3,062			536

## 1. PART 2 – SUPPORTING DOCUMENTATION

### 1. Material variances

1.1 Supporting table SC1 indicates the material variation between the year to-date budget and year-to-date actual with comments on the deviations.

### 1.2 The main deviations on operational revenue are:

MP314 Emakhazeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	2019/20		Budget Year 2020/21						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		51 339	66 288		47 148	47 148	33 144	14 004	42%	66 288
Service charges - electricity revenue		110 335	93 435		38 961	38 961	46 717	(7 756)	-17%	93 435
Service charges - water revenue		17 409	20 219		8 507	8 507	10 109	(1 602)	-16%	20 219
Service charges - sanitation revenue		12 751	13 074		6 698	6 698	6 537	161	2%	13 074
Service charges - refuse revenue		10 107	11 424		5 147	5 147	5 712	(565)	-10%	11 424
Rental of facilities and equipment		260	8 404		96	96	4 202	(4 106)	-98%	
Interest earned - external investments		977	3 181		98	98	1 590	(1 492)	-94%	8 404
Interest earned - outstanding debtors		-	3 804				1 902	(1 902)	-100%	3 181
Dividends received		-								3 804
Fines, penalties and forfeits		76	2 567		306	306	1 283	(978)	-76%	
Licences and permits		-	30				15	(15)	-100%	2 567
Agency services		-								30
Transfers and subsidies		84 208	77 219		49 996	49 996	38 610	11 387	29%	-
Other revenue		7 990	17 270		1 803	1 803	8 635	(6 832)	-79%	77 219
Gains on disposal of PPE										17 270
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>295 452</b>	<b>316 915</b>	<b>-</b>	<b>158 760</b>	<b>158 760</b>	<b>158 457</b>	<b>303</b>	<b>0%</b>	<b>316 915</b>

- ♣ **Property rates**(47 Million and more than YTD budget )- this project realized due correction of all transaction that were billed incorrectly.
- ♣ **Service Charges** (59 million and less than YTD budget) – Service charged will be corrected in the adjustment budget under water and electricity tariff setting needs to be corrected by munsoft.
- ♣ **Rental of facilities and equipment** (R96-thousand and less than YTD budget) – We unable to collect as anticipated in our debtor rentals.  
**Interest earned: external investments** (R98 thousand and less than YTD budget) –this segment vote did not yield positive results as planned  
**Interest earned: outstanding debtors** (R0.01 less than YTD budget) - error classification of votes in billing; however it will be corrected in the year end.
- ♣ **Fines, penalties and forfeits** (R306 thousand less than YTD budget) – Recognition of traffic fines will be done via journal .
- ♣ **Other revenue** (1.8 million less than YTD budget) \_ this line item did not yield positive results as planned.

### 1.3 The main deviations on operational expenditure are:

Expenditure By Type									
Employee related costs	107 589	113 912		40 959	40 959	56 956	(15 997)	-28%	113 912
Remuneration of councillors	7 154	8 217		2 736	2 736	4 108	(1 372)	-33%	8 217
Debt impairment	75 540	68 808				34 404	(34 404)	-100%	68 808
Depreciation & asset impairment	66 804	51 919				25 959	(25 959)	-100%	51 919
Finance charges	1 027	2 000		1 569	1 569	1 000	569	57%	2 000
Bulk purchases	62 534	60 000		40 225	40 225	30 000	10 225	34%	60 000
Other materials	18 952	16 066		4 279	4 279	8 033	(3 754)	-47%	16 066
Contracted services	36 882	45 084		19 061	19 061	22 542	(3 481)	-15%	45 084
Transfers and subsidies	–	–				–	–		–
Other expenditure	19 365	32 625		7 135	7 135	16 312	(9 177)	-56%	32 625
Loss on disposal of PPE		647				324	(324)	-100%	647
<b>Total Expenditure</b>	<b>395 847</b>	<b>399 277</b>	<b>–</b>	<b>115 965</b>	<b>115 965</b>	<b>199 638</b>	<b>(83 674)</b>	<b>-42%</b>	<b>399 277</b>

- ♣ **Employee related cost** (R40.9-million less than the YTD budget) – backlog data not captured fully
- ♣ **Remuneration of councillors** R2.7 – million less than the YTD budget) – not all cost were captured.
- ♣ **Depreciation and asset impairment** (R0.01 less than the YTD budget) - The auto journal will be uploaded in the 30 June 2022. Due to fact that we are still on implementation phase.
- ♣ **Finance charges** (R1.5–million less than YTD budget). – Only Eskom interest is the biggest factor on this vote.
- ♣ **Bulk purchase** (R40.2 – million more than YTD budget). – Increase in usage of electricity during summer rains was a biggest factor on the increase of this segment vote.
- ♣ **Other Materials** (R4.2-million less than YTD budget). – This project vote is based on service delivery service as when needed.
- ♣ **Contracted Services** (R19-million, less than YTD budget). – Due to cash constrained this segment does not perform as planned.
- ♣ **Other Expenditure** (R7.1-million, less than YTD budget). – Due to cash constrained this segment does not perform as planned.

## 2. Performance indicators supporting

Table SC2 provides detail on performance indicators in particular to revenue management. Payment rate for the first six months is 101% .

The graph below indicates the norms and percentage of year to date actual as at the end of December 2021 for the half yearly report.

**MP314 Emakhazeni - Supporting Table SC2 Monthly Budget Statement - performance indicators - Mid-Year Assessment**

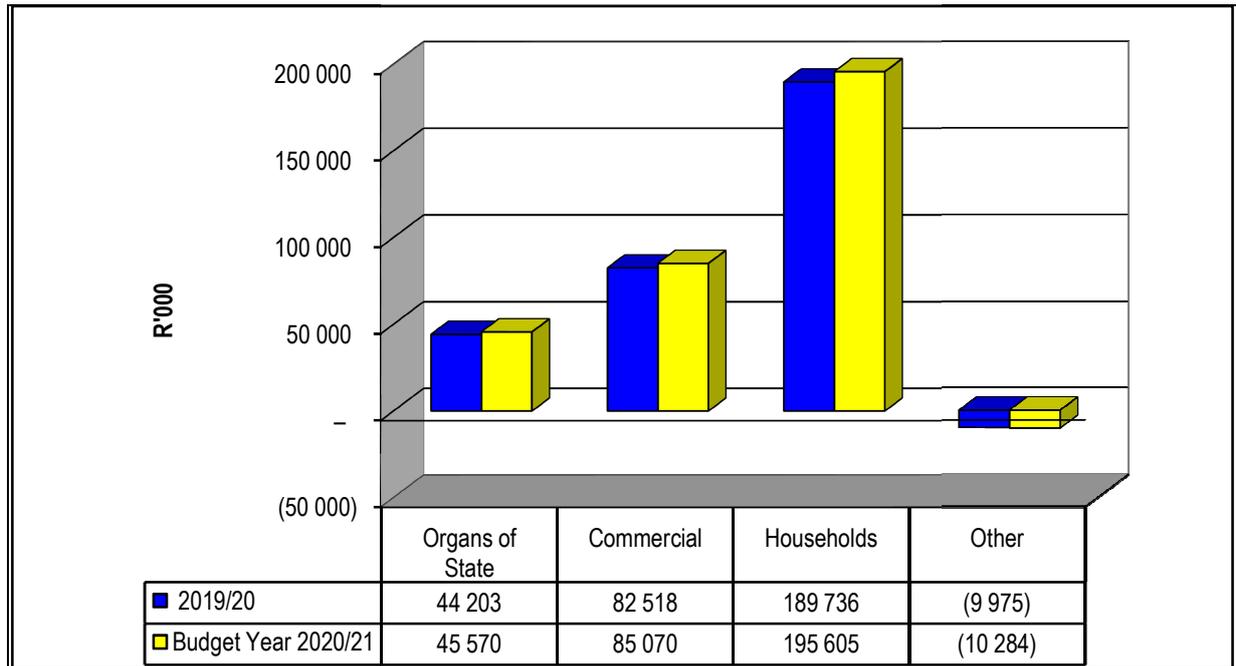
Description of financial indicator	Basis of calculation	Ref	2019/20	Budget Year 2020/21			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>Borrowing Management</b>							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0.0%	15.2%	15.2%	0.3%	3.1%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		8.4%	8.4%	8.4%	2.8%	2.8%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>							
Current Ratio	Current assets/current liabilities	1	137.5%	137.5%	137.5%	707.9%	707.9%
Liquidity Ratio	Monetary Assets/Current Liabilities		42.8%	42.8%	42.8%	1.5%	1.5%
<b>Revenue Management</b>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		0.0%	25.3%	24.5%	181.8%	81.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
<b>Funding of Provisions</b>							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
<b>Other Indicators</b>							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		0.0%	30.9%	29.9%	36.9%	30.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	4.0%	0.3%	1.9%	1.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0.0%	16.7%	16.2%	0.3%	3.4%
<b>IDP regulation financial viability indicators</b>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

MP314 Emakhazeni - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - Mid-Year Assessment									
Month	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July		8 296		2 784	2 784	8 296	5 512	66.4%	3%
August		8 296		3 931	6 715	16 593	9 878	59.5%	7%
September		8 296		5 021	11 736	24 889	13 153	52.8%	12%
October		8 296		4 062	15 798	33 186	17 388	52.4%	16%
November		8 296		32 215	48 013	41 482	(6 531)	-15.7%	48%
December		8 296		4 047	52 060	49 779	(2 282)	-4.6%	52%
January		8 296				58 075	-		
February		8 296				66 371	-		
March		8 296				74 668	-		
April		8 296				82 964	-		
May		8 296				91 261	-		
June		8 296				99 557	-		
<b>Total Capital expenditure</b>	<b>-</b>	<b>99 557</b>	<b>-</b>	<b>52 060</b>					

### 3. Debtors analysis Supporting

Table SC3 provides a breakdown of the debtors. The outstanding debtor at the end of December 2021 amounts to R315.9-million. Consumer debtors have increased.

MP314 Emakhazeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December													
Description	NT Code	Budget Year 2020/21											
		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 Lto Council Policy
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	(1)	1 344	1 153	1 073	983	1 017	5 027	32 579	43 176	40 679		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	(2)	2 926	2 226	1 911	1 861	1 628	8 342	41 931	60 824	55 674		
Receivables from Non-exchange Transactions - Property Rates	1400	(31)	3 736	2 970	2 482	2 263	2 153	19 596	87 045	120 214	113 538		
Receivables from Exchange Transactions - Waste Water Management	1500	(2)	1 009	617	553	511	478	2 416	17 449	23 033	21 408		
Receivables from Exchange Transactions - Waste Management	1600	(1)	756	628	576	536	508	2 667	18 678	24 348	22 964		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	693	660	613	598	586	3 337	5 898	12 385	11 032		
Interest on Arrear Debtor Accounts	1810	-	5	5	5	5	5	38	762	825	815		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	0	1 426	(1 696)	1 829	1 519	1 511	4 080	22 487	31 156	31 427		
<b>Total By Income Source</b>	<b>2000</b>	<b>(35)</b>	<b>11 896</b>	<b>6 563</b>	<b>9 041</b>	<b>8 277</b>	<b>7 886</b>	<b>45 504</b>	<b>226 830</b>	<b>315 960</b>	<b>297 537</b>	<b>-</b>	<b>-</b>
<b>2019/20 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	(0)	2 188	645	751	1 250	1 174	6 518	33 044	45 570	42 737		
Commercial	2300	(28)	3 459	(666)	2 954	2 165	1 980	15 358	59 848	85 070	82 305		
Households	2400	(7)	6 258	6 055	5 783	5 064	4 920	26 484	141 047	195 605	183 299		
Other	2500	0	(9)	529	(447)	(203)	(188)	(2 856)	(7 110)	(10 284)	(10 804)		
<b>Total By Customer Group</b>	<b>2600</b>	<b>(35)</b>	<b>11 896</b>	<b>6 563</b>	<b>9 041</b>	<b>8 277</b>	<b>7 886</b>	<b>45 504</b>	<b>226 830</b>	<b>315 960</b>	<b>297 537</b>	<b>-</b>	<b>-</b>

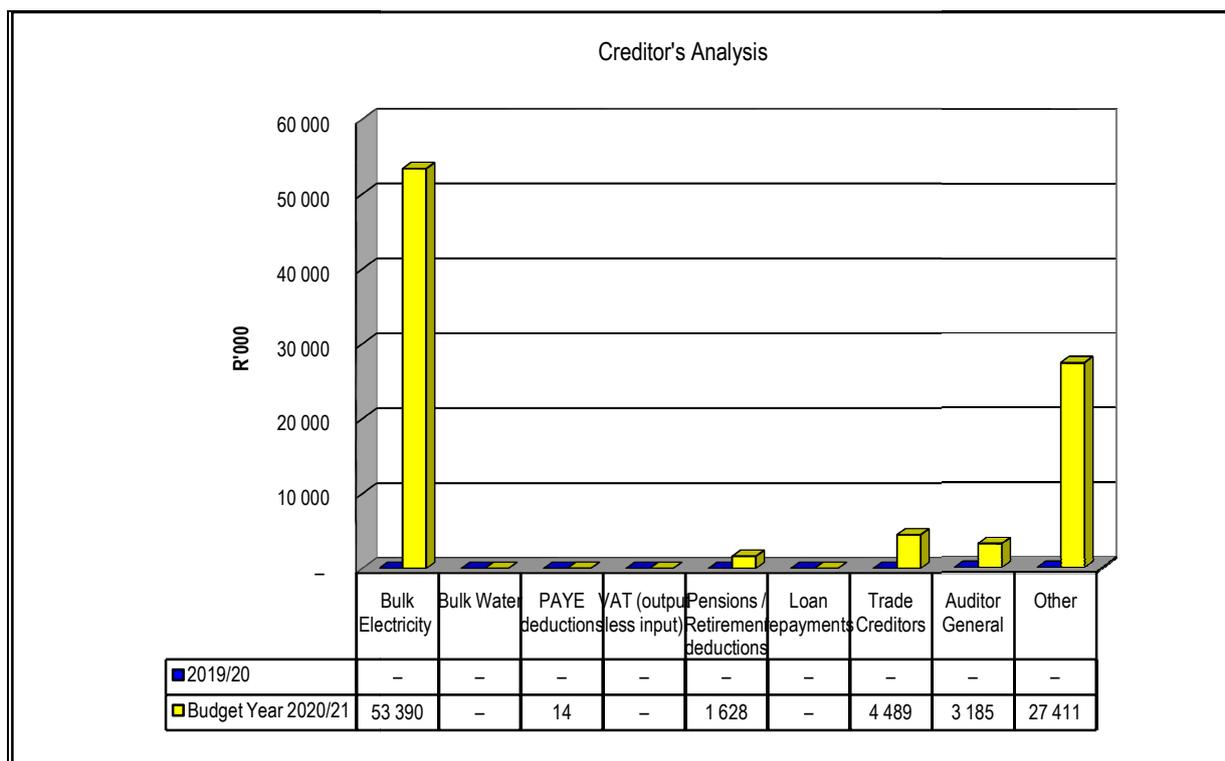


#### 4. Creditors analysis Supporting

Table SC4 provides detail on aged creditors. In terms of the MFMA all creditors are unpaid within thirty (30) days of receiving the invoice or statement. For the month of December amount to R90.1million.

MP314 Emakhazeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2020/21									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	5 904	5 940	5 719	7 291	10 707	17 830			53 390	
Bulk Water	0200									-	
PAYE deductions	0300	9		5						14	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500	1 628								1 628	
Loan repayments	0600									-	
Trade Creditors	0700	1 804	172	0	27	2 486				4 489	
Auditor General	0800			173		3 011				3 185	
Other	0900	19 437	1 101	3 637	1 870	1 366				27 411	
<b>Total By Customer Type</b>	<b>1000</b>	<b>28 782</b>	<b>7 214</b>	<b>9 534</b>	<b>9 188</b>	<b>17 570</b>	<b>17 830</b>	<b>-</b>	<b>-</b>	<b>90 117</b>	<b>-</b>



#### RECOMMENDATION OF THE ACTING CHIEF FINANCIAL OFFICER

1. That; the Midyear Budget Performance and Assessment report for period ending 31st December 2021 be noted from table C1 to table C7 and its supporting tables SC2, SC4 – SC12.
2. That, all projects be implemented according to the approved procurement plan especially those that are conditional, in order to restrained from roll overs.
3. That; 6.4% spent on the capital budget under C5 be noted and that all project under operational transfers that are not performing be verified for the upcoming adjustment budget
4. That, the budget adjustment processes be considered.
5. That, the report be submitted to National and Provincial Treasury
6. That; the report be published.

#### RECOMMENDATION BY THE SECTION 80 COMMITTEE

1. That; the Midyear Budget Performance and Assessment report for period ending 31st December 2021 be noted from table C1 to table C7 and its supporting tables SC2, SC4 – SC12.
2. That, all projects be implemented according to the approved procurement plan especially those that are conditional, in order to restrained from roll overs.
3. That; 6.4% spent on the capital budget under C5 be noted and that all project under operational transfers that are not performing be verified for the upcoming adjustment budget
4. That, the budget adjustment processes be considered.
5. That, the report be submitted to National and Provincial Treasury

6. That; the report be published.

**FOR NOTING**