



GREATER LETABA MUNICIPALITY
MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT
REPORT FOR 2022/23 FINANCIAL YEAR

1. MOTIVATION AND POLICY

The MFMA No.56 of 2003 Section 72 states that the accounting officer of the 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;

(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 an assessment to:-

(i) The Mayor of the municipality;

(ii) The National Treasury; and

(iii) The relevant Provincial Treasury.

2. INCOME AND EXPENDITURE

LIM332 Greater Letaba - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

| Vote Description | Ref | 2021/22 | | Budget Year 2022/23 | | | | | | |
|--|-----|-----------------|-----------------|---------------------|-------------------|----------------|----------------|---------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Half Year Actuals | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | |
| Property rates | | 12 832 | 11 789 | - | 5 009 | 5 009 | 5 895 | (886) | -15% | 11 789 |
| Service charges - electricity revenue | | 18 406 | 18 868 | - | 8 568 | 8 568 | 9 434 | (866) | -9% | 18 868 |
| Service charges - water revenue | | - | - | - | 5 | 5 | - | 5 | #DIV/0! | - |
| Service charges - sanitation revenue | | - | - | - | 1 | 1 | - | 1 | #DIV/0! | - |
| Service charges - refuse revenue | | 5 083 | 5 254 | - | 2 700 | 2 700 | 2 627 | 73 | 3% | 5 254 |
| Rental of facilities and equipment | | 123 | 237 | - | 93 | 93 | 118 | (25) | -21% | 237 |
| Interest earned - external investments | | 1 201 | 1 308 | - | 978 | 978 | 654 | 322 | 49% | 1 308 |
| Interest earned - outstanding debtors | | 3 820 | 6 030 | - | 2 308 | 2 308 | 3 015 | (707) | -23% | 6 030 |
| Dividends received | | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 561 | 193 | - | 39 | 39 | 96 | (57) | -60% | 193 |
| Licences and permits | | 16 757 | 20 440 | - | 10 088 | 10 088 | 10 220 | (132) | -1% | 20 440 |
| Agency services | | 3 207 | 3 561 | - | 209 | 209 | 1 781 | (1 572) | -88% | 3 561 |
| Transfers and subsidies | | 324 221 | 373 944 | - | 258 671 | 258 671 | 186 972 | 71 699 | 38% | 373 944 |
| Other revenue | | 671 | 21 150 | - | 2 139 | 2 139 | 10 575 | (8 436) | -80% | 21 150 |
| Gains | | 751 | 2 000 | - | - | - | 1 000 | (1 000) | -100% | 2 000 |
| Total Revenue (excluding capital transfers and contributions) | | 387 631 | 464 773 | - | 290 807 | 290 807 | 232 386 | 58 421 | 25% | 464 773 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | | 121 858 | 137 798 | - | 64 451 | 64 451 | 68 899 | (4 448) | -6% | 137 798 |
| Remuneration of councillors | | 22 892 | 24 052 | - | 14 425 | 14 425 | 12 028 | 2 399 | 20% | 24 052 |
| Debt impairment | | 48 572 | 21 092 | - | 3 | 3 | 10 546 | (10 543) | -100% | 21 092 |
| Depreciation & asset impairment | | 41 927 | 20 000 | - | 20 680 | 20 680 | 10 000 | 10 680 | 107% | 20 000 |
| Finance charges | | 466 | 73 | - | - | - | 37 | (37) | -100% | 73 |
| Bulk purchases - electricity | | 17 647 | 16 400 | - | 11 541 | 11 541 | 8 200 | 3 341 | 41% | 16 400 |
| Inventory consumed | | 12 022 | 10 427 | - | 6 333 | 6 333 | 5 213 | 1 120 | 21% | 10 427 |
| Contracted services | | 82 541 | 91 140 | - | 57 751 | 57 751 | 45 570 | 12 181 | 27% | 91 140 |
| Transfers and subsidies | | - | - | - | - | - | - | - | - | - |
| Other expenditure | | 70 915 | 68 907 | - | 37 795 | 37 795 | 34 453 | 3 341 | 10% | 68 907 |
| Losses | | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 418 841 | 389 889 | - | 212 979 | 212 979 | 194 944 | 18 035 | 9% | 389 889 |
| Surplus/(Deficit) | | | | | | | | | | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | (31 209) | 74 884 | - | 77 828 | 77 828 | 37 442 | 40 386 | 0 | 74 884 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | 66 451 | 62 422 | - | 45 218 | 45 218 | 31 211 | 14 007 | 0 | 62 422 |
| Transfers and subsidies - capital (in-kind - all) | | 12 | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 35 254 | 137 306 | - | 123 046 | 123 046 | 68 653 | | | 137 306 |
| Taxation | | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 35 254 | 137 306 | - | 123 046 | 123 046 | 68 653 | | | 137 306 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 35 254 | 137 306 | - | 123 046 | 123 046 | 68 653 | | | 137 306 |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | | 35 254 | 137 306 | - | 123 046 | 123 046 | 68 653 | | | 137 306 |

2.1. REVENUE

- Overall revenue at mid-year inclusive of operational grants is at 62.5% and exclusive of grants is 29%.
- Property rates billed is at 42% in the second quarter.
- Electricity billed is at 45%.
- Refuse removal is at 51% in the second quarter

- Interest on outstanding debtors is at 38% in the second quarter.
- Fines is at 20% at mid-year.
- Operational grants are at 69% at mid-year, all the grants have been received according to the allocation schedule.

2.2. EXPENDITURE

- The overall operational expenditure is at 55% at Mid-year.
- Employee related cost is at 47% and remuneration of councillors is at 40% at mid-year.
- Contracted services is at 63% at mid-year.
- Bulk purchases is at 70% at Mid-year, an increase in the budget of bulk purchases should be considered in the adjustment budget.
- Repairs and Maintenance is at 66% in December 2022 (Budget R21 949 000/ Spending R14 379 000).
- FBE is at 46% at mid year (Budget R500 000/ Spending R232 282).
- Depreciation is above 100% at mid-year, the budget should be increased in the adjustment budget to avoid authorised expenditure.

3. CAPITAL ASSETS

Assessment

| Vote Description R thousands | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|--|----------|-----------------|---------------------|-----------------|-------------------|---------------|---------------|--------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Half Year Actuals | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| Governance and administration | | 3,709 | 5,600 | - | (598) | (598) | 2,800 | (3,398) | -121% | 5,600 |
| Executive and council | | - | 1,200 | - | - | - | 600 | (600) | -100% | 1,200 |
| Finance and administration | | 3,709 | 4,400 | - | (598) | (598) | 2,200 | (2,798) | -127% | 4,400 |
| Internal audit | | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 26,242 | 6,327 | - | 4,204 | 4,204 | 3,164 | 1,041 | 33% | 6,327 |
| Community and social services | | 24,930 | 5,427 | - | 4,204 | 4,204 | 2,714 | 1,491 | 55% | 5,427 |
| Sport and recreation | | 1,311 | 900 | - | - | - | 450 | (450) | -100% | 900 |
| Public safety | | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 72,891 | 113,062 | - | 59,890 | 59,890 | 56,531 | 3,359 | 6% | 113,062 |
| Planning and development | | - | - | - | - | - | - | - | - | - |
| Road transport | | 72,891 | 113,062 | - | 59,890 | 59,890 | 56,531 | 3,359 | 6% | 113,062 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 2,784 | 11,203 | - | 5,026 | 5,026 | 5,601 | (575) | -10% | 11,203 |
| Energy sources | | 1,362 | 11,203 | - | 5,026 | 5,026 | 5,601 | (575) | -10% | 11,203 |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 1,422 | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Functional Classification | 3 | 105,626 | 136,192 | - | 68,523 | 68,523 | 68,096 | 427 | 1% | 136,192 |

- The overall capital spending at mid-year is at 50%
- Own funding projects is at 40% at mid-year.
- MIG funded projects have spent 62% at mid-year.

4. DEBTORS MANAGEMENT

LIM332 Greater Letaba - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

| Description | NT Code | Budget Year 2022/23 | | | | | | | | | |
|---|-------------|---------------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|----------------|--------------------|
| | | 9-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1 Yr | Total | Total over 90 days |
| R thousands | | | | | | | | | | | |
| Debtors Age Analysis By Income Source | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 1200 | 532 | 1 450 | 412 | 413 | 402 | 442 | 1 801 | 22 527 | 37 980 | 35 587 |
| Trade and Other Receivables from Exchange Transactions - Electricity | 1300 | 1 259 | 964 | 737 | 669 | 751 | 720 | 2 093 | 17 966 | 25 166 | 22 207 |
| Receivables from Non-exchange Transactions - Property Rates | 1400 | 1 006 | 699 | 676 | 667 | 1 635 | 645 | 2 994 | 32 368 | 40 690 | 38 310 |
| Receivables from Exchange Transactions - Waste Water Management | 1500 | 240 | 233 | 229 | 226 | 220 | 221 | 1 215 | 33 902 | 36 284 | 35 553 |
| Receivables from Exchange Transactions - Waste Management | 1600 | 529 | 491 | 481 | 471 | 470 | 454 | 2 505 | 58 799 | 64 210 | 62 710 |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | - | - | - | - | - | - | - | - | - | - |
| Interest on Arrear Debtor Accounts | 1810 | 614 | 512 | 509 | 507 | 503 | 498 | 2 444 | 110 384 | 115 870 | 114 836 |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | - | - | - | - | - | - | - | - | - | - |
| Other | 1900 | 0 | 0 | 1 | 1 | 1 | 1 | 2 | 15 202 | 15 208 | 15 206 |
| Total By Income Source | 2698 | 4 879 | 4 368 | 3 843 | 2 555 | 3 982 | 2 995 | 12 854 | 391 148 | 335 429 | 323 938 |
| 2022/23 - totals only | | 4 009 | 3 008 | 2 710 | 2 015 | 3 001 | 2 755 | 12 917 | 293 435 | 324 849 | 315 124 |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | |
| Organs of State | 2200 | 551 | 1 014 | 166 | 168 | 1 073 | 175 | 702 | 14 881 | 18 729 | 18 959 |
| Commercial | 2300 | 908 | 873 | 660 | 704 | 834 | 799 | 2 444 | 29 490 | 36 702 | 34 261 |
| Households | 2400 | 2 620 | 2 482 | 2 217 | 2 083 | 2 075 | 2 025 | 9 707 | 256 787 | 279 997 | 272 679 |
| Other | 2500 | - | - | - | - | - | - | - | - | - | - |
| Total By Customer Group | 2698 | 4 079 | 4 368 | 3 843 | 2 555 | 3 982 | 2 995 | 12 854 | 391 148 | 335 429 | 323 938 |

The Debtor report provides an extended aged analysis, as well as aged analysis by debtor type. Outstanding debtors as at 31 December 2022 amounts to R335 429 000.

5. Creditors Ageing

LIM332 Greater Letaba - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

| Description | NT Code | Budget Year 2022/23 | | | | | | | | |
|--|-------------|---------------------|--------------|--------------|---------------|----------------|----------------|-------------------|-------------|--------------|
| | | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | Total |
| R thousands | | | | | | | | | | |
| Creditors Age Analysis By Customer Type | | | | | | | | | | |
| Bulk Electricity | 0100 | - | - | - | - | - | - | - | - | - |
| Bulk Water | 0200 | - | - | - | - | - | - | - | - | - |
| PAYE deductions | 0300 | - | - | - | - | - | - | - | - | - |
| VAT (output less input) | 0400 | - | - | - | - | - | - | - | - | - |
| Pensions / Retirement deductions | 0500 | 159 | - | - | - | - | - | - | - | 159 |
| Loan repayments | 0600 | - | - | - | - | - | - | - | - | - |
| Trade Creditors | 0700 | 1 832 | - | 25 | 1 406 | 461 | - | 49 | 3 | 3 777 |
| Auditor General | 0800 | - | - | - | - | - | - | - | - | - |
| Other | 0900 | - | - | - | - | - | - | - | - | - |
| Total By Customer Type | 1000 | 1 992 | - | 25 | 1 406 | 461 | - | 49 | 3 | 3 936 |

The report shows the ageing of the municipality creditors. The total creditors as at 31 December 2022 amount to R3 936 000.

6. Grants

| Expenditure on Grants and Subsidies | | | | |
|--|-----------------------|-------------------------|----------------------|----------------|
| | Budget | Received to date | Spent to date | % Spent |
| National Government: | | | | |
| Local Government Equitable Share | 341 960 000.00 | 247 351 000.00 | - | |
| Finance Management Grant | 2 000 000.00 | 2 000 000.00 | 812 000.00 | 40.60 |
| EPWP Incentive | 2 139 000.00 | 1 498 000.00 | 885 000.00 | 41.37 |
| Municipal Infrastructure Grant | 65 707 000.00 | 53 182 000.00 | 40 360 000.00 | 61.42 |
| Energy Efficiency | 4 000 000.00 | 3 000 000.00 | 4 000 000.00 | 100.00 |
| Intergrated Natioanl Electrification Programme | 20 560 000.00 | 7 000 000.00 | 8 779 000.00 | 42.70 |
| Total: | 436 366 000.00 | 314 031 000.00 | 54 836 000.00 | |

7. OVERALL FINANCIAL PERFORMANCE

| Description | Budget | YTD Actual | Percentage |
|-------------------------------|----------------|-------------------|-------------------|
| Total Revenue (Billed) | 464 773 000.00 | 290 807 000.00 | 62.57 |
| Total Expenditure | 389 889 000.00 | 212 979 000.00 | 54.63 |
| Total Capital assets | 136 192 000.00 | 68 523 000.00 | 50.31 |
| Surplus/Deficit | - | 9 305 000.00 | - |

The total spending on the overall capital and operational budget of 2022/2023 financial year is 50% and 55% respectively, as at 31 December 2022.

5.PERFORMANCE ASSESSMENT

5.1 PERFORMANCE PER KEY PERFORMANCE AREA AND OVERALL MUNICIPAL PERFORMANCE

| MID YEAR PERFORMANCE REPORT SUMMARY FOR 2022/2023 | | | | | |
|---|--|--------------------------------|------------------------------------|--------------------------|------------------------------|
| KPA's Performance Indicators | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved | % Target Not Achieved |
| Municipal Transformation and Organisational Development | 6 | 3 | 3 | 50% | 50% |
| Basic Service Delivery | 6 | 4 | 2 | 67% | 33% |
| Local Economic Development | 17 | 14 | 3 | 82% | 18% |
| Municipal Finance Management Viability | 16 | 7 | 9 | 44% | 56% |
| Good Governance and Public Participation | 8 | 6 | 2 | 63% | 37% |
| | 53 | | | 64% | |
| KPA's Projects | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved | % Target Not Achieved |
| Municipal Transformation and Organisational Development | 4 | 3 | 1 | 75,00% | 25,00% |
| Basic Service Delivery | 43 | 33 | 10 | 67,00% | 23,00% |
| Local Economic Development | 2 | 1 | 1 | 50,00% | 50,00% |
| Municipal Finance Management Viability | 0 | 0 | 0 | 0,00% | 0,00% |
| Good Governance and Public Participation | 9 | 5 | 4 | 56,00% | 44,00% |
| | 58 | | | 72% | |
| KPA's Performance Indicators and Projects | No. of Applicable Indicators including projects | No. of targets achieved | No. of targets not achieved | % Target achieved | % Target Not Achieved |
| Municipal Transformation and Organisational Development | 10 | 6 | 4 | 60% | 40% |
| Basic Service Delivery | 49 | 37 | 12 | 78% | 12,00% |
| Local Economic Development | 19 | 15 | 4 | 79% | 21,00% |
| Municipal Finance Management Viability | 16 | 7 | 9 | 44% | 56,00% |
| Good Governance and Public Participation | 17 | 11 | 6 | 59% | 41,00% |
| | 111 | | | 68% | |
| 68% | | | | | |

Overall institutional performance = 68%

5.2 2020/21 Annual Report Remedial Action

- ✓ Implementation of credit control policy
- ✓ Indigent registration programme
- ✓ Adherence to procurement policy

5.3 Challenges and Remedial Actions from Prior Year Annual Report

| Challenges | Remedial Action |
|----------------------------------|---|
| Low revenue collection | Implementation of Credit control policy |
| Money owed by sector departments | Engagements at IGR level |
| FBS not fully spent | Indigent registration programme |
| Unfunded Budget | Realistic budgeting |

5.4 Conclusion

After considerations of the above factors, it is thus recommended that the municipality adjust the 2022/23 budget:

- Revise the revenue projections and adjust the operational and capital projects accordingly.
- Adjust the Service Delivery and Budget Implementation Plan

2022/23 Mid-Year Budget and Performance Assessment Report is signed by:



Mr Sewape M.O

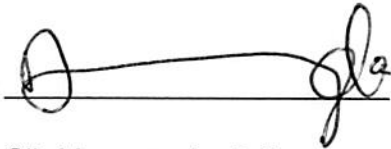
Acting Municipal Manager

Greater Letaba Municipality



Date

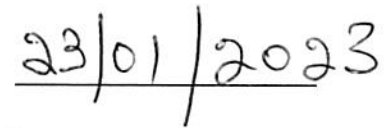
2022/23 Mid-Year Budget and Performance Assessment Report is approved by:



Cllr. Mamanyoha T.D

Mayor

Greater Letaba Municipality



Date