

BLM: PORTFOLIO COMMITTEE

16/01/2024

BLM: MAYORAL COMMITTEE

17/01/2024

BLM COUNCIL

25/01/2024

S72 MID YEAR REPORT FOR 2023/24 FINANCIAL YEAR

1. STRATEGIC TRUST

To ensure sound financial management and reporting in terms of the Municipal Financial Management Act.

2. OBJECTIVE

To present a report to council on the implementation of the approved budget.

3. SUMMARY

(a) Introduction

Section 72 MFMA- The accounting officer of a municipality must by 25 January of each year—

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

(i) the monthly 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

4. FINANCIAL IMPLICATIONS

The total budgeted revenue for the year as per the budget amounted to **R 2 031 103 000** with Operational Expenditure budgeted at **R 1 279 621 000** and Capital Expenditure at **R 751 483 000**.

- i) Actual revenue generated during the December months including DORA amounted to R 1 528 966 000 which is 75% of budgeted revenue.
- ii) Actual Operational Expenditure for the December months is R 729 371 000 which is 57% of budgeted expenditure.
- iii) Actual capital expenditure for the December months is R 294 976 000 which is 39% of budgeted expenditure which include capex from own funding.

5.1 REVENUE AND EXPENDITURE REPORT FOR DECEMBER 2023

- The Revenue for December 2023 is made up of the following:

Description	Budget year 2023/24		
	Budget	Revenue	%
Revenue By Source			
Property rates	250,631	178,414	71%
Service charges - water revenue	75,733	51,465	68%
Service charges - sanitation revenue	4,868	2,198	45%
Service charges - refuse revenue	10,144	4,810	47%
Rental of facilities and equipment	1,082	566	52%
Interest earned - external investments	19,160	13,042	68%
Interest earned - outstanding debtors	12,299	20,389	166%
Fines, penalties and forfeits	2,000	2,046	102%
Licences and permits	5,245	1,380	26%
Agency services	11,060	4,590	42%
Transfers and subsidies	1,629,374	1,245,800	76%
Other revenue	9,509	4,267	45%
Total Revenue (Including capital transfers)	2,031,103	1,528,966	75%

Notes:

Operating income: Include revenue such as hiring of stadium, Community Halls and proof of residence and purchasing of tender documents.

Transfers and subsidies: These are grants received from national treasury.

- Operational Expenditures for December 2023 consists of the following:

Description	Budget year 2023/24		
	Budget	Expenditure	%
Expenditure By Type			
Employee related costs	600,453	346,790	58%
Remuneration of councillors	29,411	18,114	62%
Debt impairment	100,557		0%
Depreciation & asset impairment	115,024	74,730	65%
Finance charges	770	132	17%
Other materials	31,323	10,923	35%
Contracted services	252,516	153,959	61%
Transfers and subsidies	2,319	807	35%
Other expenditure	147,249	123,915	84%
Total Expenditure	1,279,621	729,371	57%

NOTES:

Employee related costs – includes the Salaries for Employees, and all the contributions such as Medical Aid, Housing, Pensions, and other related deductions.

Councillor remuneration includes Salaries for all Councillors, and all the contributions such as Medical Aid, Housing, Pensions, and other related deductions.

Finance charges includes interest charges from our creditors.

Contracted services include Security services, legal fees, catering, and other service contracted by the municipality.

Other expenditure - includes expenses such as cleaning material, protective clothing, repairs and maintenance, stationery, etc.

5.2 GRANTS RECEIVED IN TERMS OF DORA, AND EXPENDITURES INCURRED DURING DECEMBER 2023:

Grants Allocated in terms of DORA	Amounts Allocated in terms of DORA	Adjustments	DORA allocation After Adjustment	Expenditure	variance / Budget	% Expenditure
Operational Grants	1 059 991	- 181	1 059 810	633 631	426 179	59.79%
Equitable Share	1 054 098		1 054 098	629 223	424 875	59.69%
FMG	2 650		2 650	1 346	1 304	50.78%
EPWP	3 243	- 181	3 062	3 062		100.00%
Capital Grants	569 183	- 43 176	569 107	316 162	252 945	55.55%
MIG	451 183	- 30 176	421 007	259 859	161 148	61.72%
WSIG	50 000		50 000	12 545	37 455	25.09%
MDG			43 100	39 600	3 500	91.88%
RBIG	40 000	- 10 000	30 000		30 000	0.00%
INEP	18 000	- 3 000	15 000	4 158	10 842	27.72%
NDG	10 000		10 000		10 000	0.00%
Total Grants	1 629 174	- 43 357	1 628 917	949 793	679 124	58.31%

Noes:

The Capital projects with zero expenditure are not yet appointed.

MIG include payments for unfinished projects and retention from 2022/23 Financial year.

Capital expenditure as per Department.

Vote no.	Budget	Actuals	%
Vote 1 - Dept 001 - Budget & Treasury Office	10,500,000	2,000,000	19%
Vote 2 - Dept 002 - Corporate Services	34,300,000	3,500,000	10%
Vote 3 - Dept 005 - Economic Development, Planning & Environmental	21,700,000	5,467,898	25%
Vote 4 - Dept 006- Community Support Services	26,660,000	1,897,123	7%
Vote 5 - Dept 008 - Office of the Municipal Manager	1,600,000	809,668.00	51%
Vote 6 - Dept 009 - Office of the Speaker	200,000	-	0%
Vote 7 - Dept 010 - Office of the Mayor	50,000	-	0%
Vote 8 - Dept 013 - Community Support Services - Traffic	3,500,000	345,678	10%
Vote 9 - Dept 014 - Technical Services - Public Works	23,791,000	3,809,760	16%
Vote 10 - Dept 015 - Technical Services - Water	332,282,000	190,899,008	57%
Vote 11 - Det 016 - Technical Services - Roads	188,800,000	81,177,811	43%
Vote 12 - Dept 017 - EDPE - Refuse		-	
Vote 13 - Dept 018 - Technical Services - Sewerage	28,000,000	3,034,456	11%
Vote 14 - Dapt 020 - Municipal Works - PMU	80,100,000	2,034,598.00	3%
Total	751,483,000	294,976,000	39%

5.3 OUTSTANDING DEBTORS REPORT

As at **December 2023** an amount of **R 2,746,086 000** was due to the municipality categorised as follows:

- i) Government R 918,730 000
- ii) Businesses R 243,750 000
- iii) Households R 814,381 000
- iv) Other R 769,225 000 (NGO'S, Churches, Public Service Infrastructure)

5.4 OUTSTANDING CREDITORS REPORT

The municipality owed suppliers (Eskom and Trade creditors) an amount of **R 215,595.59** as of 31 **December 2023**

5.5 FINANCIAL RISKS

- Achievement of targets as per SDBIP
- Attainment of healthy revenue management targets
- Monthly cash flow versus invoices submitted to meet set creditor repayment terms.
- Overall grants spending patterns.

6. LEGAL IMPLICATIONS

Compliance with Section 71 of the MFMA.

7. IMPLEMENTATION PLAN

As per the Approved IDP, Budget and SDBIP for 2023/24 FY.

8. COMMENTS BY THE MUNICIPAL MANAGER

The municipality is committed to recovering its long outstanding debt through implementation of revenue enhancement strategies. Financial prudence is exercised continuously to ensure the effective use of financial resources.

9. RECOMMENDATION

It is recommended that:

- Council takes note of the S72 Mid-year performance report for 2023/24 financial year.

Authors:

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