

1/25/2021

Mid-Year Budget and Performance Report



2020/2021 FINANCIAL YEAR

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Glossary

Adjustment 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.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy and rates policy

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 scores 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 piece of legislation that shows the amount of allocations from national to local government.

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

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

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.

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

Rates – Local Government taxation based on an 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.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Vote – One of the main segments into which a budget is divided, usually at directorate/ department level.

To: Mayor: Letsemeng Local Municipality
Cllr. Lebaka

From: Municipal Manager
Mr. Mkhwane

Subject: Submission of the 2020/21 mid-year budget and
performance assessment of Letsemeng Local
Municipality

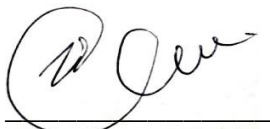
Honourable Mayor

In accordance with section 72 of the Municipal Finance Management Act [MFMA], I submit the required statement assessing the performance of Letsemeng Local Municipality during the first half of the 2020/21 financial year.

Section 54 of the MFMA requires the Mayor of a municipality to take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

The information contained in this report has been reviewed and it is evident that adjustments to the SDBIP will be necessary. Furthermore, adjustments to the capital and operating budgets will also be necessary.

In terms of section 72 of the MFMA the SDBIP projections will have to be revised and the Budgets amended to ensure that the planned services will be rendered. Therefore, the recommendations that are linked to the responsibilities of the Mayor under Sec 54 of the MFMA are also included in this report for your consideration.



Mr. TL. Mkhwane
Municipal Manager

Date: 25 January 2021

1 PART 1 – IN YEAR REPORT

1.1. Mayor's report

To be included once tabled to Council

1.2. Resolution

To be included once Council has resolved on the item

1.3. Executive Summary

The assessment of the budget and performance of the municipality for the first six months of the financial year was undertaken in line with the above legislative imperatives and as part of the municipality's internal performance management processes. The assessment includes a detailed review of:

1. the actual revenue collected from all main sources for the period 1 July 2020 till 31 December 2020;
2. the actual operating expenditure incurred for all votes and types expenditure for the period 1 July 2020 till 31 December 2020;
3. the actual and projected expenditure on all capital projects for the period 01 July 2020 till 31 December 2020,
4. debtors age analysis as at 31 December 2020;
5. creditors age analysis as at 31 December 2020;
6. actual cash-flow for the period ended 31 December 2020;

Operating Revenue

It should be noted that the figures for property rates and service charges relates to billed income and not cash collected.

The approved operating revenue budget amounted to R152 million and it was adjusted to R163 million. The following is a summary of the 2020/21 budget (classified by main revenue source):

PROPERTY RATES AND SERVICE CHARGES AS AT 31 DECEMBER 2020										
Revenue Source	Original Budget	Adjusted Budget	July 20	August 20	September 20	October 20	November 20	December 20	Total Billing	
			Billed	Billed	Billed	Billed	Billed	Billed	R	%
Property rates	23;504;140	23;504;140	1;916;280.52	1;915;185	2;253;702	2;071;127	2;071;838	2;078;807	12;306;940	52%
Service charges: electricity:consumption	21;954;962	21;954;962	1;856;814.23	1;896;576	495;189	596;710	712;124	1;890;681	7;448;093	34%
Service charges: water	8;576;171	8;576;171	757;533.95	752;193	693;536	840;905	712;781	642;514	4;399;463	51%
Service charges: waste water management	10;347;726	10;347;726	710;357.83	711;530	711;965	716;024	715;906	715;552	4;281;334	41%
Service charges: waste management	10;632;085	10;632;085	729;612.87	729;517	729;591	724;973	742;230	733;545	4;389;468	41%
Total	75;015;084	75;015;084	5;970;599.40	6;005;000	4;883;982	4;949;740	4;954;878	6;061;099	32;825;298	44%

Revenue generated from property rates and service charges form a significant percentage of the revenue source of the municipality. The approved budget for property rates and service charges amount to R75 million. For the period under review the actual billed revenue on property rates and service charges to date amounts to R32 million.

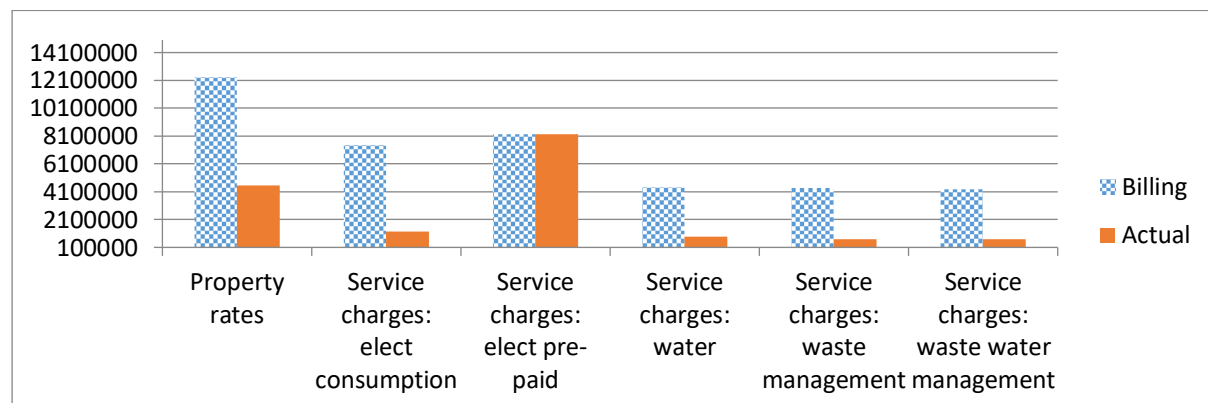
The billing of the municipality is satisfactorily on certain revenue sources. On average, at least 50% of the budgeted amount should have been billed as of the 31st December 2020. However, as depicted by the table above there are revenue sources that are above the average which is property rates and Water. Electricity consumption, waste water management and waste management billing are below the average of 50% this is due to under budgeting, therefore there will have to be adjustments on those revenue sources.

The table below indicates the actual collection / receipts versus billed amounts for the period under review.

BILLING VS ACTUAL PROPERTY RATES AND SERVICE CHARGES AS AT 31 DECEMBER 2020									
Revenue Source	Year to date Billing	July 20	August 20	September 20	October 20	November 20	December 20	Total Actual	
		Actual	Actual	Actual	Actual	Actual	Actual	R	%
Property Rates	12;306;940	1;759;398	546;689	549;122	544;686	729;120	426;682	4;555;697	37%
Service charges electricity Consumption	7;448;093	177;638	181;978	168;501	190;718	193;381	331;495	1;243;710	17%
Service charges electricity Pre-Paid	8;245;058	1;513;911	1;442;733	1;252;460	1;312;218	1;252;640	1;471;096	8;245;058	100%
Service charges: Water	4;399;463	138;487	124;995	119;722	139;471	184;007	148;808	855;490	19%
Service charges: Waste Water Management	4;281;334	122;667	85;486	72;417	180;358	147;693	97;221	705;842	16%
Service charges: Waste Management	4;389;468	123;009	85;952	67;554	145;602	136;642	95;586	654;345	15%
Total	41;070;356	3;835;110.00	2;467;833	2;229;776	2;513;053	2;643;482	2;570;888	16;260;142	40%

Property rates collected amounts to R4 million which is 37% of the billed amount, which is below the average of 50%. Electricity consumption is 17% of billed amount and pre-paid electricity is at 100%. There is no billing on pre-paid electricity; revenue

is recognised once the electricity sold has been utilised by the consumer however we are still unable to accurately account for the electricity losses and this need to be remedied. The collection rates are still low for other services i.e. Waste Management, Waste Water Management and Water ranging between 16% - 19%. The low collection is due to non-payment of services by the consumers and also the pandemic that the country is facing. Below is the graph showing the movements between the billing and actual collection.



The table above shows low collection rates that have been realised by the municipality during the period under review. The municipality was able to collect about 40% of the billed revenue which is not satisfactory, as per circular 71 of MFMA, for a municipality to deliver services as outlined in the constitution of the republic the payment rate must be at 95%. Municipality should be working on gradually obtaining this payment rate.

There is poor collection on Property rates of 37%, Water 19%, Waste Management 16% and Waste Water Management 16%. The municipality is going to embark on the revenue enhancement strategy to try to increase the municipality's revenue collection, there is going to be a committee formed that will drive the project.

The table below shows the income from other sources (other than property rates and service charges):

OTHER INCOME AS AT 31 DECEMBER 2020										
Revenue Source	Original Budget	Adjusted Budget	July 20	August 20	September 20	October 20	November 20	December 20	Total	
									R	%
Rent of facilities and equipment	296;822	296;822	24;665.00	20;287	20;287	19;109	19;109	23;516	126;973	43%
Interest earned - external investments	407;490	407;490	8;460.35	37;516.94	63;287.06	53;318	35;595	2;117	200;294	49%
Interest earned - outstanding debtors	4;252;875	4;252;875	1;230;466.00	1;244;278.00	1;209;993	1;275;655	1;230;293	1;305;920	7;496;605	176%
Dividends received	10;450	10;450	-	-	-	-	-	2;300	2;300	22%
Fines	33;233	33;233	300.00	1;200	-	1,600	2,000	-	5,100	15%
Licenses and permits	4;946	4;946	-	-	-	-	-	-	-	0%
Grants and subsidies received - operating	71;888;000	82;673;000	22;076;000.00	3,050;000	-	-	-	23,000;000	48;126;000	58%
Other revenue	569;000	569;000	136;272.14	91;446	106;578	11;517	23572	13;723	383;108	67%
Total	77;462;816	88;247;816	23;476;163.49	4;444;727	1;400;145	1;361;199	1;310;569	24;347;576	56;340;380	73%

The original budget for other income is R77 million and adjusted budget amount to R88 million. The year to date collection is at 73% of the budget. The performance on the other sources of revenue is satisfactory and there is a need for adjustment as some revenue items have been inadequately projected i.e. rent of facilities and equipment, Interest on outstanding debtors, licences and permits, dividends received, and other revenue. Note should be taken that the above are actual receipts and not billed amounts.

Rental of equipment and facilities is at 43% there is an improvement from the previous financial year. And the interest earned on internal investments is at 49%. Municipality received dividends from senwes, over budgeting was made on this transaction. The amount will be adjusted accordingly during the adjustment budget process.

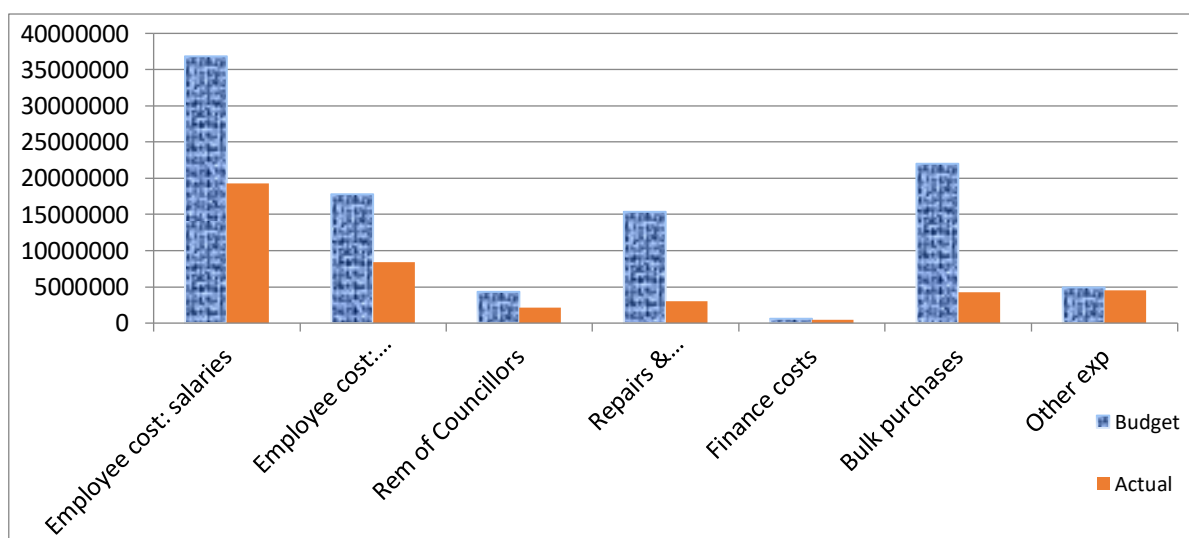
Fines are at 15% of the budgeted amount, this show that few payments of fines were made during the period under review. Licenses and permits are at 0% of the budgeted amount there was no movement. Operating grants and subsidies received amounts to 58% of the budgeted amount; the last trench of the grants will be received in March 2021. Other revenue stands at 67% of the budgeted amount, there is a need for adjustment.

Operating Expenditure

In terms of section 15 of the MFMA, a municipality may, except where otherwise provided in this Act (MFMA), incur expenditure only in terms of the approved budget and within the limits of the amounts appropriated for the different votes in the approved Budget. The municipality approved an operating expenditure budget of R204 million and it was adjusted to R198 million.

OPERATING EXPENDITURE AS AT 31 DECEMBER 2020										
Expenditure by type	Original Budget	Adjusted Budget	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	Total	
									R	%
Employee related costs- wages & salaries	36,830,810	36,830,810	3,194,753	3,316,391	3,143,761	3,182,054	3,261,054	3,226,071	19,324,085	52%
Employee related costs- social contributions	17,787,187	17,787,187	1,438,104	1,209,620	1,493,244	1,396,925	1,407,722	1,497,688	8,443,303	47%
Remuneration of councillors	4,313,165	4,313,165	354,238	350,563	350,563	344,755	334,997	369,526	2,104,643	49%
Repairs and maintenance - municipal assets	14,864,118	15,364,118	226,000	231,100	10,467	423,648	1,398,967	684,632	2,974,814	19%
Debt impairment	50,000,000	50,000,000	-	-	-	-	-	-	-	0%
Depreciation and asset impairment	47,139,649	47,139,649	-	-	-	-	-	-	-	0%
Finance costs	600,000	600,000	82	196,336	2,302	227,289	-	1,169	427,178	71%
Bulk purchases	28,000,000	22,000,000	915,792	300,000	-	2,219,116	-	811,087	4,245,995	19%
General expenses - other	4,921,998	4,921,998	2,424,928.57	234,054	75,784	824,635	455,445	540,242	4,555,089	93%
Total	204,456,927	198,956,927	8,553,898.15	5,838,065	5,076,122	8,618,423	6,858,185	7,130,416	42,075,108	21%

The year-to-date expenditure amounts to R42 million which is 21% of the budget. The year-to-date expenditure is still within the budget but the spending is very low due to the financial constraints that the municipality is facing. The spending on employee costs is at 52% which is above the budget by 2% an adjustment needs to be made as there will be vacant posts that are going to be filled in the current financial year. There is no need to adjust the original budget for social contribution as the expenditure is below the target amount by 3%.



Remuneration of councillors is at 47%, there will be a need to adjust the budget based on the upper limits that will be received in the current financial period.

Finance costs are at 71% of the budget and this due to late payment of suppliers like Eskom and water board accounts which were caused by the financial constraint the municipality is facing, the amount needs to be adjusted. Bulk purchases are at 19%, an arrangement is made with Eskom and Kalkfontein Water Board in order to reduce the outstanding balance. The payment need to be monitored to ensure that we reduce

the finance costs on the electricity and water accounts. The spending on repairs and maintenance at 19%, an adjustment will have to be made. The spending on other expenses is at 93% this is due to the insurance premium which was under budgeted, there is a need for an adjustment.

There are no amounts for depreciation and debt impairment for period under review, the calculation for the estimates for this financial period will be made at the end of the financial period, the final estimates will be disclosed on the annual report.

Capital Expenditure

Council has approved the capital expenditure budget of R59 million, R5 million is from internally generated funds. . The year to date spending is at R32 million which is approximately 55% of the budget. The expenditure was funded from the grants and subsidies from national government and internally generated funds.

1.4. In Year budget Statement Tables

In terms of Municipal Budget and Reporting Regulations as per government gazette No. 32141 of 2009, the Municipality is required to report on the following tables:

- a. Table C1 MFMA sec 71 monthly budget statement summary,
- b. Table C2 monthly budget statement – Financial performance(Revenue and expenditure by standard classification),
- c. Table C4 monthly budget statement – Financial Performance(Revenue and expenditure),
- d. Table C5 monthly budget statement – Capital Expenditure(standard classification and funding),
- e. Table C6 monthly budget statement – Financial position
- f. Table C7 monthly budget statement – Cash flow statement
- g. Table C9 capital expenditure by asset class

The above tables are explained below.

- Explanatory notes to table C1

Table C1 gives a summary of the overall performance of the Municipality for the first 6 months of the financial year. This gives a brief overview of capital expenditure and funding sources, financial position, cash flow and collection rate

- Explanatory notes to table C2

Table C2 is the financial performance per standard classification. Total Revenue includes capital revenues (Transfers recognised – capital)

- Explanatory notes to table C4

Table C4 is the financial performance (that is revenue and expenditure)

- Explanatory notes to Table C5

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations), capital expenditure by standard classification and the funding sources necessary to fund the capital expenditure, including information on capital transfers from national and provincial departments.

- Explanatory notes to Table C6

Table C6 presents the statement of financial position as aligned to GRAP1 (Generally Recognized Accounting Practices). This section is to improve the understanding by Councillors and Management on the impact of the budget on the statement of financial position.

- Explanatory notes to Table C7

This section determines if the municipality has enough cash and cash equivalent to fund operations.

- Explanatory notes to Table C9

This section deals with the assets of the municipality and its repairs and maintenance.

- MBRR Schedule C Report

FS161 Letsemeng - Table C1 Monthly Budget Statement Summary - M06 December

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
R thousands									
Financial Performance									
Property rates	25,871	23,504	23,504	2,079	12,307	11,752	555	5%	23,504
Service charges	49,305	51,511	51,511	3,982	24,095	25,755	(1,661)	-6%	51,511
Investment revenue	21,383	407	407	5	19,281	204	19,077	9363%	407
Transfers and subsidies	79,203	71,888	82,673	23,000	45,326	35,944	9,382	26%	71,888
Other own revenue	16,083	5,167	5,167	1,345	13,522	2,584	10,938	423%	5,167
Total Revenue (excluding capital transfers and contributions)	191,845	152,478	163,263	30,411	114,530	76,239	38,291	50%	152,478
Employee costs	54,144	58,918	58,918	4,724	27,767	29,572	(1,805)	-6%	59,144
Remuneration of Councillors	4,200	4,313	4,313	370	2,105	2,157	(52)	-2%	4,313
Depreciation & asset impairment	52,416	47,140	47,140	-	-	23,570	(23,570)	-100%	47,140
Finance charges	1,195	600	600	1	427	300	127	42%	600
Materials and bulk purchases	43,450	33,940	28,440	200	6,605	16,970	(10,365)	-61%	33,940
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	60,851	63,846	63,846	1,195	32,653	31,923	730	2%	63,846
Total Expenditure	216,257	208,757	203,257	6,490	69,557	104,491	(34,934)	-33%	208,983
Surplus/(Deficit)	(24,412)	(56,279)	(39,994)	23,921	44,973	(28,253)	73,226	-259%	(56,505)
Transfers and subsidies - capital (monetary alloc	21,756	54,109	54,109	-	-	27,055	(27,055)	-100%	54,109
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(2,656)	(2,170)	14,115	23,921	44,973	(1,198)	46,171	-3854%	(2,396)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(2,656)	(2,170)	14,115	23,921	44,973	(1,198)	46,171	-3854%	(2,396)
Capital expenditure & funds sources									
Capital expenditure	1,404,073	59,179	59,179	1,295	13,059	29,590	(16,530)	-56%	59,179
Capital transfers recognised	74,453	53,381	53,381	826	9,570	26,691	(17,120)	-64%	53,381
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	1,329,620	5,798	5,798	469	3,489	2,899	590	20%	5,798
Total sources of capital funds	1,404,073	59,179	59,179	1,295	13,059	29,590	(16,530)	-56%	59,179
Financial position									
Total current assets	-	163,291	177,274		9,065				163,291
Total non current assets	-	81,797	81,797		-				81,797
Total current liabilities	-	-	-		(63)				-
Total non current liabilities	-	-	-		-				-
Community wealth/Equity	-	235,773	239,471		-				(235,773)
Cash flows									
Net cash from (used) operating	(83,844)	1,509	7,009	(5,094)	(56,336)	641	56,978	8882%	1,283
Net cash from (used) investing	-	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	(83,844)	1,509	7,009	-	(56,336)	641	56,978	8882%	1,283
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	6,130	5,991	5,824	8,393	5,225	5,037	39,160	184,015	259,775
Creditors Age Analysis									
Total Creditors	-	(6,192)	(3,541)	(6,075)	4,070	(16,019)	37,721	55,320	65,284

FS161 Letsemeng - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

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
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		108;970	101;878	112;663	26;236	89;725	50;939	38;786	76%	101;878
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		108;970	101;878	112;663	26;236	89;725	50;939	38;786	76%	101;878
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		608	-	-	18	110	-	110	#DIV/0!	-
Community and social services		27	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		581	-	-	18	110	-	110	#DIV/0!	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1;000	-	-	-	250	-	250	#DIV/0!	-
Planning and development		1;000	-	-	-	250	-	250	#DIV/0!	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		60;257	104;709	104;709	4;157	24;445	52;354	(27;909)	-53%	104;709
Energy sources		8;112	35;865	35;865	142	734	17;933	(17;199)	-96%	35;865
Water management		13;838	44;188	44;188	1;180	7;553	22;094	(14;541)	-66%	44;188
Waste water management		28;133	12;960	12;960	1;998	11;146	6;480	4;666	72%	12;960
Waste management		10;175	11;695	11;695	837	5;013	5;848	(835)	-14%	11;695
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	170;835	206;587	217;372	30;411	114;530	103;293	11;237	11%	206;587
Expenditure - Functional										
<i>Governance and administration</i>		134;289	148;940	144;403	4;199	49;295	74;430	(25;135)	-34%	148;860
Executive and council		20;658	10;107	9;974	879	7;707	5;053	2;653	53%	10;107
Finance and administration		111;907	137;276	132;951	3;184	40;755	68;638	(27;883)	-41%	137;276
Internal audit		1;724	1;558	1;478	136	834	739	95	13%	1;478
<i>Community and public safety</i>		4;470	1;850	3;037	11	583	925	(342)	-37%	1;850
Community and social services		4;085	950	1;000	11	580	475	105	22%	950
Sport and recreation		301	400	400	-	-	200	(200)	-100%	400
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	400	1;537	-	-	200	(200)	-100%	400
Health		83	100	100	-	3	50	(47)	-94%	100
<i>Economic and environmental services</i>		8;704	9;198	9;728	786	4;579	4;599	(20)	0%	9;198
Planning and development		867	5;050	5;580	78	382	2;525	(2;143)	-85%	5;050
Road transport		7;837	4;148	4;148	709	4;197	2;074	2;123	102%	4;148
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		56;380	48;769	46;088	1;493	15;100	24;537	(9;437)	-38%	49;075
Energy sources		39;622	26;318	26;418	424	8;321	13;159	(4;838)	-37%	26;318
Water management		5;694	13;708	7;708	207	794	6;854	(6;060)	-88%	13;708
Waste water management		11;060	8;601	8;882	863	5;986	4;454	1;532	34%	8;907
Waste management		4	141	3;080	-	-	71	(71)	-100%	141
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	203;842	208;757	203;257	6;490	69;557	104;491	(34;934)	-33%	208;983
Surplus/ (Deficit) for the year		(33;007)	(2;170)	14;115	23;921	44;973	(1;198)	46;171	-3854%	(2;396)

FS161 Letsemeng - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

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
R thousands										
Revenue by Vote	1									
Vote 1 - Finance & Admin		15,611	12,049	12,049	1,192	11,954	6,024	5,930	98.4%	12,049
Vote 2 - Executive & Council		—	—	—	—	—	—	—		—
Vote 3 - Community and Social Services		27	—	—	—	—	—	—		—
Vote 4 - Internal Audit		—	—	—	—	—	—	—		—
Vote 5 - Water Management		13,838	44,188	44,188	1,180	7,553	22,094	(14,541)	-65.8%	44,188
Vote 6 - Waste Water Management		28,133	12,960	12,960	1,998	11,146	6,480	4,666	72.0%	12,960
Vote 7 - Waste Management		—	11,695	11,695	—	—	5,848	(5,848)	-100.0%	11,695
Vote 8 - Energy Sources		8,112	35,865	35,865	142	734	17,933	(17,199)	-95.9%	35,865
Vote 9 - Planning and Development		1,000	—	—	—	250	—	250	#DIV/0!	—
Vote 10 - Sports & Recreation		—	—	—	—	—	—	—		—
Vote 11 - Road Transport		—	—	—	—	—	—	—		—
Vote 12 - Health		—	—	—	—	—	—	—		—
Vote 13 - Housing.		581	—	—	18	110	—	110	#DIV/0!	—
Vote 14 - Public Safety		10,175	—	—	837	5,013	—	5,013	#DIV/0!	—
Vote 15 - Finance & Admin 2		93,359	89,829	100,614	25,044	77,771	44,915	32,856	73.2%	89,829
Total Revenue by Vote	2	170,835	206,587	217,372	30,411	114,530	103,293	11,237	10.9%	206,587
Expenditure by Vote	1									
Vote 1 - Finance & Admin		16,271	93,216	94,426	1,234	7,567	46,608	(39,041)	-83.8%	93,216
Vote 2 - Executive & Council		20,658	10,107	9,974	879	7,707	5,053	2,653	52.5%	10,107
Vote 3 - Community and Social Services		3,781	450	500	11	580	385	195	50.6%	610
Vote 4 - Internal Audit		1,724	1,558	1,478	136	834	739	95	12.8%	1,478
Vote 5 - Water Management		5,694	13,708	7,708	207	794	6,854	(6,060)	-88.4%	13,708
Vote 6 - Waste Water Management		11,060	8,601	8,882	863	5,986	4,454	1,532	34.4%	8,907
Vote 7 - Waste Management		4	141	3,080	—	—	71	(71)	-100.0%	26,318
Vote 8 - Energy Sources		39,622	26,318	26,418	424	8,321	13,159	(4,838)	-36.8%	—
Vote 9 - Planning and Development		867	5,050	5,580	78	382	2,525	(2,143)	-84.9%	—
Vote 10 - Sports & Recreation		301	400	400	—	—	200	(200)	-100.0%	—
Vote 11 - Road Transport		7,837	4,148	4,148	709	4,197	2,074	2,123	102.3%	—
Vote 12 - Health		83	100	100	—	3	50	(47)	-93.9%	—
Vote 13 - Housing.		—	400	1,537	—	—	200	(200)	-100.0%	—
Vote 14 - Public Safety		304	500	500	—	—	90	(90)	-100.0%	—
Vote 15 - Finance & Admin 2		95,636	44,060	38,525	1,950	33,188	22,030	11,157	50.6%	—
Total Expenditure by Vote	2	203,842	208,757	203,257	6,490	69,557	104,491	(34,934)	-33.4%	154,344
Surplus/ (Deficit) for the year	2	(33,007)	(2,170)	14,115	23,921	44,973	(1,198)	46,171	-3853.9%	52,243

FS161 Letsemeng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

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
R thousands										
Revenue By Source										
Property rates		25;871	23;504	23;504	2;079	12;307	11;752	555	5%	23;504
Service charges - electricity revenue		20;079	21;955	21;955	1;891	11;022	10;977	44	0%	21;955
Service charges - water revenue		10;875	8;576	8;576	643	4;402	4;288	114	3%	8;576
Service charges - sanitation revenue		9;121	10;348	10;348	716	4;281	5;174	(893)	-17%	10;348
Service charges - refuse revenue		9;230	10;632	10;632	734	4;389	5;316	(927)	-17%	10;632
Rental of facilities and equipment		256	297	297	24	134	148	(14)	-9%	297
Interest earned - external investments		21;383	407	407	5	19;281	204	19;077	9363%	407
Interest earned - outstanding debtors		14;634	4;253	4;253	1;306	7;496	2;126	5;370	253%	4;253
Dividends received		676	10	10	2	5	5	(1)	-13%	10
Fines, penalties and forfeits		28	33	33	-	5;144	17	5;127	30858%	33
Licences and permits		-	5	5	-	-	2	(2)	-100%	5
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		79;203	71;888	82;673	23;000	45;326	35;944	9;382	26%	71;888
Other revenue		489	569	569	14	743	284	458	161%	569
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		191;845	152;478	163;263	30;411	114;530	76;239	38;291	50%	152;478
Expenditure By Type										
Employee related costs		54;144	58;918	58;918	4;724	27;767	29;572	(1;805)	-6%	59;144
Remuneration of councillors		4;200	4;313	4;313	370	2;105	2;157	(52)	-2%	4;313
Debt impairment		38;650	50;000	50;000	-	-	25;000	(25;000)	-100%	50;000
Depreciation & asset impairment		52;416	47;140	47;140	-	-	23;570	(23;570)	-100%	47;140
Finance charges		1;195	600	600	1	427	300	127	42%	600
Bulk purchases		37;340	28;000	22;000	170	6;406	14;000	(7;594)	-54%	28;000
Other materials		6;109	5;940	6;440	30	198	2;970	(2;772)	-93%	5;940
Contracted services		14;359	8;924	8;924	655	5;623	4;302	1;321	31%	8;764
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		6;508	4;922	4;922	540	27;030	2;621	24;409	931%	5;082
Loss on disposal of PPE		1;333	-	-	-	-	-	-	-	-
Total Expenditure		216;257	208;757	203;257	6;490	69;557	104;491	(34;934)	-33%	208;983
Surplus/(Deficit)		(24;412)	(56;279)	(39;994)	23;921	44;973	(28;253)	73;226	(0)	(56;505)
Transfers and subsidies - capital (financially motivated) (National / Provincial and District)		21;756	54;109	54;109	-	-	27;055	(27;055)	(0)	54;109
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(2;656)	(2;170)	14;115	23;921	44;973	(1;198)			(2;396)
Taxation								-		
Surplus/(Deficit) after taxation		(2;656)	(2;170)	14;115	23;921	44;973	(1;198)			(2;396)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(2;656)	(2;170)	14;115	23;921	44;973	(1;198)			(2;396)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(2;656)	(2;170)	14;115	23;921	44;973	(1;198)			(2;396)

FS161 Letsemeng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Single Year expenditure appropriation	2									
Vote 1 - Finance & Admin		(4;012)	1;546	1;546	204	225	773	(548)	-71%	1;546
Vote 2 - Executive & Council		108	70	70	–	93	35	58	166%	70
Vote 3 - Community and Social Services		12;261	–	–	–	1;241	–	1;241	#DIV/0!	–
Vote 4 - Internal Audit		7	15	15	–	–	8	(8)	-100%	15
Vote 5 - Water Management		46;070	38;520	38;520	1;080	11;295	19;260	(7;965)	-41%	38;520
Vote 6 - Waste Water Management		7;150	1;334	1;334	–	65	667	(602)	-90%	1;334
Vote 7 - Waste Management		1;511	390	390	–	–	195	(195)	-100%	390
Vote 8 - Energy Sources		6;072	13;899	13;899	–	–	6;949	(6;949)	-100%	13;899
Vote 9 - Planning and Development		1;770	126	126	–	–	63	(63)	-100%	126
Vote 10 - Sports & Recreation		–	2;414	2;414	–	–	1;207	(1;207)	-100%	2;414
Vote 11 - Road Transport		(4;756)	100	100	–	–	50	(50)	-100%	100
Vote 12 - Health		–	–	–	–	–	–	–	–	–
Vote 13 - Housing.		–	–	–	–	–	–	–	–	–
Vote 14 - Public Safety		–	–	–	–	–	–	–	–	–
Vote 15 - Finance & Admin 2		1;337;892	765	765	11	139	383	(243)	-64%	765
Total Capital single-year expenditure	4	1;404;073	59;179	59;179	1;295	13;059	29;590	(16;530)	-56%	59;179
Total Capital Expenditure		1;404;073	59;179	59;179	1;295	13;059	29;590	(16;530)	-56%	59;179
Capital Expenditure - Functional Classification										
Governance and administration		1;333;995	2;396	2;396	215	458	1;198	(740)	-62%	2;396
Executive and council		108	70	70	–	93	35	58	166%	70
Finance and administration		1;333;880	2;311	2;311	215	365	1;156	(791)	-68%	2;311
Internal audit		7	15	15	–	–	8	(8)	-100%	15
Community and public safety		12;261	2;414	2;414	–	1;241	1;207	34	3%	2;414
Community and social services		12;261	–	–	–	1;241	–	1;241	#DIV/0!	–
Sport and recreation		–	2;414	2;414	–	–	1;207	(1;207)	-100%	2;414
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		(2;986)	226	226	–	–	113	(113)	-100%	226
Planning and development		1;770	126	126	–	–	63	(63)	-100%	126
Road transport		(4;756)	100	100	–	–	50	(50)	-100%	100
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		60;803	54;143	54;143	1;080	11;360	27;072	(15;711)	-58%	54;143
Energy sources		6;072	13;899	13;899	–	–	6;949	(6;949)	-100%	13;899
Water management		46;070	38;520	38;520	1;080	11;295	19;260	(7;965)	-41%	38;520
Waste water management		7;150	1;334	1;334	–	65	667	(602)	-90%	1;334
Waste management		1;511	390	390	–	–	195	(195)	-100%	390
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	3	1;404;073	59;179	59;179	1;295	13;059	29;590	(16;530)	-56%	59;179
Funded by:										
National Government		74;453	53;381	53;381	826	9;570	26;691	(17;120)	-64%	53;381
Provincial Government		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		74;453	53;381	53;381	826	9;570	26;691	(17;120)	-64%	53;381
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		1;329;620	5;798	5;798	469	3;489	2;899	590	20%	5;798
Total Capital Funding		1;404;073	59;179	59;179	1;295	13;059	29;590	(16;530)	-56%	59;179

FS161 Letsemeng - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		–	160;489	171;274	6;043	160;489
Call investment deposits		–	–	–	–	–
Consumer debtors		–	–	–	–	–
Other debtors		–	–	–	3;246	–
Current portion of long-term receivables		–	–	–	49	–
Inventory		–	2;802	6;000	(273)	2;802
Total current assets		–	163;291	177;274	9;065	163;291
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		–	81;191	81;191	–	81;191
Investments in Associate		–	–	–	–	–
Property, plant and equipment		–	–	–	–	–
Biological		–	–	–	–	–
Intangible		–	606	606	–	606
Other non-current assets		–	–	–	–	–
Total non current assets		–	81;797	81;797	–	81;797
TOTAL ASSETS		–	245;088	259;071	9;065	245;088
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		–	–	–	(63)	–
Trade and other payables		–	–	–	–	–
Provisions		–	–	–	–	–
Total current liabilities		–	–	–	(63)	–
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		–	–	–	–	–
Total non current liabilities		–	–	–	–	–
TOTAL LIABILITIES		–	–	–	(63)	–
NET ASSETS	2	–	245;088	259;071	9;128	245;088
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		–	235;773	239;471	–	(235;773)
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	235;773	239;471	–	(235;773)

FS161 Letsemeng - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2019/20	Budget Year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	23;504	23;504	427	4;556	11;752	(7;196)	-61%	23;504
Service charges		5;741	51;511	51;511	2;144	19;416	25;755	(6;339)	-25%	51;511
Other revenue		364	866	866	37	510	-	510	#DIV/0!	866
Government - operating		15;492	71;888	82;673	23;000	48;126	532	47;594	8953%	1;063
Government - capital		5;569	37;048	37;048	-	31;814	18;524	13;290	72%	37;048
Interest		-	4;660	4;660	1;308	7;697	-	7;697	#DIV/0!	-
Dividends		-	10	10	-	-	-	-		-
Payments										
Suppliers and employees		(109;815)	(111;017)	(105;517)	(11;356)	(69;135)	(55;622)	13;513	-24%	(111;243)
Finance charges		(1;195)	(600)	(600)	(427)	(427)	(300)	127	-42%	(600)
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(83;844)	77;870	94;155	15;133	42;557	641	(41;916)	-6534%	2;149
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		-	(54;609)	(54;609)	(4;825)	(32;249)	-	32;249	#DIV/0!	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(54;609)	(54;609)	(4;825)	(32;249)	-	32;249	#DIV/0!	-
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		(83;844)	23;261	39;546	10;308	10;308	641			2;149
Cash/cash equivalents at beginning:		1;203	-	-		-	-			-
Cash/cash equivalents at month/year end:		(82;641)	23;261	39;546		10;308	641			2;149

2 PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Age Analysis

The debtors of the municipality arise from the households, government, business and other consumers. These debtors arise from the following services, water, electricity, sewerage and refuse removals that are provided by the municipality. The table below shows the total outstanding debtors of the municipality as at 31 December 2020 which was standing at R259 million.

DEBTORS AGE ANALYSIS BY SERVICE AS AT 31 DECEMBER 2020										
Details	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121-150 Days	151-180 Days	181Days- 1 year	Over a year	Total	%
Water Tariffs	799;695	788;821	854;075	766;572	817;373	791;891	4;615;648	26;918;661	36;352;735.64	14%
Electricity Tariffs	586;049	631;177	529;983	379;186	373;608	345;044	1;562;172	3;909;749	8;316;967.94	3%
Rates (Property Rates)	1;881;641	1;776;562	1;669;502	4;560;895	1;279;223	1;208;740	7;378;241	24;721;568	44;476;372.47	17%
Sewerage / Sanitation Tariffs	846;786	819;250	798;352	803;037	802;430	786;339	4;231;958	24;174;747	33;262;898.13	13%
Refuse Removal Tariffs	816;711	807;436	743;937	771;137	772;326	750;169	4;890;195	20;722;104	30;274;015.72	12%
Housing (Rental Income)	25;468	23;228	21;356	18;802	23;588	23;670	77;471	1;517;155	1;730;736.79	1%
Accounts	1;173;391	1;146;754	1;204;777	1;083;202	1;158;464	1;127;907	16;017;541	82;109;228	105;021;262.62	40%
Other	13;392	10;488	8;899	19;621	11;133	9;325	389;937	-55;530	407;265.12	0%
Total debtor per service	6;143;133	6;003;716.41	5;830;882	8;402;450	5;238;144	5;043;084	39;163;163	184;017;682	259;842;254.43	100%

DEBTORS AGE ANALYSIS BY CUSTOMER GROUP AS AT DECEMBER 2020										
Details	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121-150 Days	151-180 Days	181Days- 1 year	Over a year	Total	%
Government	360;736	358;846	366;060	374;978	361;507	315;661	1;163;321	2;164;448	5;465;556	2%
Business	678;378	583;673	388;950	505;383	303;252	259;940	1;685;660	5;272;927	9;678;162	4%
Households	4;619;533	4;594;682	4;633;083	7;188;800	4;188;090	4;075;130	33;633;063	163;699;537	226;631;918	87%
Other	484;487	466;515	442;789	333;290	385;296	392;353	2;681;118	12;880;770	18;066;617	7%
Total By Customer Group	6;143;133	6;003;716.41	5;830;882	8;402;450	5;238;144	5;043;084	39;163;163	184;017;682	259;842;254	100%

The table above indicates that 87% of the debtors is outstanding from household consumers (which is the high risk in terms of none payment for services).

The growth in debtors can be attributed to a number of factors (both internal and external) like the high unemployment rate within the municipal area and inadequate credit control measures. The municipality started with the effective implementation of the credit control policy in February 2020, while busy with the process then the pandemic affecting the whole country happened. This going to embark on the revenue collection project which will start in this financial period, the team will consist of representatives from different departments.

2.2 Creditors Age Analysis

The creditors of the municipality were standing at R70 million as at 31 December 2020. This amount includes invoices or statements received by the municipality for the services rendered. 70% of the total outstanding debt relates to Eskom debt, and the other creditors accounts for the remaining 30%. Municipality has entered into payment arrangement with some of the creditors, particularly those that have direct impact on service delivery matters.

2.3 Investment Portfolio

The municipality has 3 investment accounts with ABSA (2 accounts) and Nedbank, quotations were requested from different bank sectors and the bank with the highest interest rate was appointed for investment:

ABSA Bank						
Account Number	Date	Balance brought forward	Deposits / Investments	Withdrawals / Transfers	Interest	Balance as per statement
40-9262-2218	01/07/2020					R 184;710.41
	01/07/2020	R 184;710.41	R -	R -	R 8;488.85	R 193;199.26
	01/08/2020	R 193;199.26	R -	R -	R 596.54	R 193;795.80
	01/09/2020	R 193;795.80	R -	R -	R 567.85	R 194;363.65
	01/10/2020	R 194;363.65	R -	R -	R 551.14	R 194;914.79
	01/11/2020	R 194;914.79	R -	R -	R 571.13	R 195;485.92
	17/11/2020	R 195;485.92	R -	R -	R (4;900.00)	R 190;585.92
	01/12/2020	R 190;585.92	R -	R -	R 547.84	R 191;133.76
	01/01/2021	R 191;133.76	R -	R -	R 560.05	R 191;693.81

Nedbank						
Account Number	Date	Balance brought forward	Deposits / Investments	Withdrawals / Transfers	Interest	Balance as per statement
03/7881110481/000003	01/11/2020	R 15;990.91	R -	R -	R 44.10	R 16;035.01
	30/11/2020	R 16;035.01	R -	R -	R 44.10	R 16;079.11
	01/12/2020	R 16;079.11			R (44.10)	R 16;035.01

ABSA						
Account Number	Date	Balance brought forward	Deposits / Investments	Withdrawals / Transfers	Interest	Balance as per statement
93-5898-3129	17/07/2020	R -	R 11;000;000.00	R -	R -	R 11;000;000.00
	30/07/2020	R 11;000;000.00	R -	R (6;000;000.00)	R (75.00)	R 4;999;925.00
	31/07/2020	R 4;999;925.00	R 11;000;000.00	R -	R -	R 15;999;925.00
	01/08/2020	R 15;999;925.00	R -	R -	R 36;947.92	R 16;036;872.92
	08/08/2020	R 16;036;872.92	R -	R (1;000;000.00)	R (75.00)	R 15;036;797.92
	01/09/2020	R 15;036;797.92	R -	R -	R 62;794.21	R 15;099;592.13
	23/09/2020	R 15;099;592.13	R -	R (5;000;000.00)	R (75.00)	R 10;099;517.13
	01/10/2020	R 10;099;517.13	R -	R -	R 52;916.44	R 10;152;433.57
	09/10/2020	R 10;152;433.57	R -	R (1;000;000.00)	R (75.00)	R 9;152;358.57
	22/10/2020	R 9;152;358.57	R -	R (5;000;000.00)	R (75.00)	R 4;152;283.57
	01/11/2020	R 4;152;283.57	R -	R -	R 30;124.28	R 4;182;407.85
	30/12/2020	R 4;182;407.85	R -	R (1;200;000.00)	R (75.00)	R 2;982;332.85
	01/12/2020	R 2;982;332.85	R -	R -	R 15;244.30	R 2;997;577.15
	01/01/2021	R 2;997;577.15	R -	R -	R 10;947.32	R 3;008;524.47

2.4 Transfers and Grants Receipt and Spending

The municipality has been allocated conditional grants and subsidies to the value of R54 million from national government for the 2020-21 financial year. All expected transfers have been received with the exception for the Municipal Infrastructure Grant which is now on the cost reimbursement plan, the amount for November and December 2020 is paid. Water Service Infrastructure Grant last trench is expected in March 2021. The table below shows an actual amount of R32 million that was spent

as at 31 December 2020. This is 92% of the actual transfers of R34 million. There is an unspent portion of R2 million.

PERFORMANCE ON CONDITIONAL GRANTS AS AT 31 DECEMBER 2020											
GRANT NAME	GAZETTED: DoRA	YTD TRANSFER	ACTUAL SPENDING						YEAR TO DATE SPENDING		UNSPENT
			July '20	August '20	September '20	October '20	November '20	December '20	R	%	
Finance Management Grant	2,800;000.00	2,800;000.00	59,248.46	198,492.06	250,949.03	196,878.91	306,264.13	880,228.61	1,892,061.20	68%	907,939
Municipal Infrastructure Grant	17,061;000.00	12,974;000.00	1,960,726.48	1,514,942.66	1,680,110.06	1,002,230.39	2,006,496.79	784,384.19	8,948,890.57	69%	4,025,109
Water Service Infrastructure Grant	24,201;000.00	11,500;000.00	7,412,396.10	-	4,859,706.77	1,624,124.75	-	2,375,020.42	16,271,248.04	141%	-4,771,248
Expanded Public Works Incentive	1,000;000.00	250;000.00	-	-	-	-	83,520.00	79,680.00	163,200.00	65%	86,800
Integrated National Electrification Programme	9,547;000.00	7,343;000.00	-	-	-	3,538,843.36	728,448.30	706,169.12	4,973,460.78	68%	2,369,539
Total Grants	54,609;000.00	34,867;000.00	9,432,371.04	1,713,434.72	6,790,765.86	6,362,077.41	3,124,729.22	4,825,482.34	32,248,860.59	92%	2,618,139

There is an amount of R7 million unspent for Water Service Infrastructure Grant for the current financial year. The current spending on Municipal Infrastructure is at 46%. Finance management grant is at 68% which is satisfactorily. There is a support plan for the financial year, the grant will be spent in full at the end of the financial year. Municipal water service infrastructure grant is at 69% the implementation agency for this grant is Sedibeng Waters. INEP spending is at 68% which is satisfactorily.

Expanded Public Work Programme grant is at 65%, this grant is utilised for hiring of Caretakers, cleaners and Security Guards.

2.5 Councillors and Board Members Allowances and Employee Benefits

Councillors are remunerated in accordance to the gazette on upper limits, and to date the expenditure on councillors is 48% of the approved budget, this is an indication that the budget for Councillors remuneration must be adjustment to cater for anticipated increases on Councillors remunerations.

The employee related costs is at 52% of the budgeted amount, Municipality anticipates filling in vacant position, and therefore there is a need to adjust the budget to cater for the filling of vacant positions.

2.6 Material variance to the service delivery and budget implementation plan

The performance indicators as outlined on the SDBIP are not materially different from the actual performance, however, the lockdown has had an impact on some of the target not being achieved, there is therefore a need to adjust SDBIP to be in line with the adjustment to be made on budget and to also ensure plan around COVID-19 lockdown situation.

2.7 Municipal Entity Financial Performance

Letsemeng Local Municipality does not have Municipal Entities

2.8 Capital Programme Performance

The capital Budget of the Municipality is R 59 million, R 5 million of this is funded internally, and the rest is funded from the Grants.

The following grants are used to fund the Capital expenditure of the Municipality:

- INEP
- MIG
- WSIG

MIG and WSIG projects are focusing on water and sanitation issues to address some of the backlogs relating to this areas particularly now that we are dealing with COVID-19 issues.

INEP is focusing on electrifying households in Jacobsdal and Koffiefontein, and to also deal with bulk meters to correctly measure our consumption.

The progress on all the capital projects implemented this year is satisfactory, and we anticipated that the entire allocation will be spent fully on all the projects, to date we have spent around R 32 million on Capital projects, which is roughly 55% of the entire allocation for the year under review.

2.9 Other Information

2.9.1. Expenditure Classification

This section of the report classifies the expenditure for the period under review in terms of unauthorized, irregular and fruitless and wasteful expenditure. The details of this expenditure items are summarized below.

2.9.2. Unauthorized Expenditure

Unauthorized expenditure is an expenditure that has not been budgeted for, expenditure that is not in terms of conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act. There was an overspending of budget on certain votes for the period under review, therefore there is a need for an adjustment on the votes.

2.9.3. Irregular Expenditure

Irregular expenditure is an expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Finance Management Act (Act No. 56 of 2003), Municipal Systems Act (Act No.32 of 2000) and Public Office-Bearers Act (Act No. 20 of 1998) and which has not been condoned in terms of these acts.

The Accounting Officer must promptly inform the Mayor, the MEC for Local government in the province and the Auditor General, in writing of any unauthorized, irregular or fruitless and wasteful expenditure incurred by the municipality. There was irregular expenditure which was incurred during the implementation of the Supply Chain Management Policy, the list will be submitted to finance committee for investigation and further recommendation to Council.

2.9.4. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is an expenditure that was made in vain and would have been avoided had reasonable care been exercised. There was fruitless and wasteful expenditure which incurred during the implementation of the Supply Chain Management Policy. This expenditure is currently being investigated and a detailed report will be submitted to finance committee for further discussion and recommendation to Council.

2.9.5. MSCOA

Municipality is using CCG systems for MSCOA transacting, the system is user friendly and majority of the transactions are made on the system, however, Provincial Treasury has had issues with the quality of data string submitted. The matter was taken up with the service provider and some changes were implemented to improve the quality of data strings submitted to National Treasury. Letsemeng is submitting the data string on a monthly basis to National treasury database as the requirement of MSCOA regulations.

2.9.6. Supply Chain Management

The municipality has a fully functional SCM Unit, we have staff compliment of three (3) employees made up of SCM Manager, SCM Officer and Acquisition Clerk. The Procurement is centralised in the SCM unit, any procurement made by the Municipality must go through the SCM office. The SCM unit keeps the register for all bids issues during the year.

The SCM unit keeps a register off all the contracts awarded during the year.

For period 1 July 2020 – 31 December 2020 there were no SCM R 32 contracts awarded, all the contracts were awarded using competitive bidding process other than those procured using emergency procurement.

SCM quarterly report in line with SCM regulations is prepared outlining all the issues pertaining to SCM, i.e. number of tenders awarded, number of tenders cancelled, staff composition in the SCM unit, etc.

2.10. In year reports of municipal entity

Municipality does not municipal entities.

3. Municipal Manager's quality certification

I, **Tshemedi Lucas Mkhwane**, the Municipal Manager of **LETSEMENG LOCAL MUNICIPALITY (FS 161)**, hereby certify that –

- Mid-year budget and performance assessment

For the month of **July 2020** to **December 2020** has been prepared in accordance with Municipal Finance Management Act and regulations made under the act

Name : Tshemedi Lucas Mkhwane

Signature



Date : 25 January 2021