



MATATIELE
LOCAL MUNICIPALITY

2021/2022 MID TERM BUDGET PERFORMANCE ASSESSMENT REPORT

TABLE OF CONTENTS

| | PAGE |
|--|-------|
| Glossary | 3 |
| Legislative Framework | 4 |
| SECTION 1 _In- year Budget statements | |
| Executive summary | 5-6 |
| In-year budget statement tables | 7-21 |
| SECTION 2_Supporting documents | |
| Debtors Analysis | 22-23 |
| Creditors Analysis | 24 |
| Investment Portfolio | 24 |
| Grants Management | 25-26 |
| Employee Related Costs & Remuneration of Councillors | 26-28 |
| Recommendations | 28 |
| Municipal Manager's quality certificate | 29 |
| Annextures | 30 |

GLOSSARY

Annual Budget – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

Adjustment Budget – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.

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 and must be included in the asset register.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings – for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

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

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

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

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.

MFMA – The Municipal Finance Management Act – Act No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

mSCOA – Municipal Standard Chart of Accounts.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years' budget allocations. Also includes details of the previous and current years' financial position.

Vote – One of the main segments into which a budget is divided.



PURPOSE & LEGISLATIVE REQUIREMENT

The purpose of the report is to inform council of the municipality's mid-year actual performance for the Mid-year financial year against the approved budget in compliance with section 72 of the Municipal Finance Management Act, 56 of 2003.

As instructed by the Local Government: Municipal Finance Management Act No.56 of 2009, Chapter 8 on roles of municipal officials, section 72, the Accounting officer must assess the half yearly performance of the municipality and this is required to be done by 25th January every year to be submitted to the Mayor, National and Provincial Treasuries.

The strategic objective of this report is to ensure good governance, financial viability and management of optimal organisational development and transformation to execute its mandate.

In terms of Section 72 of the Municipal Finance Management Act, 56 of 2003

1. "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.
 - b) Submit a report on such assessment to-
 - i) the mayor of the municipality
 - ii) the National Treasury and
 - iii) the relevant provincial treasury
2. The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

The accounting officer must, as part of the review-

- (a) make recommendations as to whether an adjustments budget is necessary; and
- (b) Recommend revised projections for the revenue and expenditure to the extent that this may be necessary.

S
Lime

PART 1 - EXECUTIVE SUMMARY

1.1 Introduction

The figures presented in this report are for the first six months ended 31 December 2021.

1.2 Consolidated Performance

Revenue by source

The total revenue received for the first six months ended 31 December 2021 amounts to **R 391,721,242** against original budget of **R573,218,160 (including capital transfers)** representing **68%** of the original budgeted revenue.

As at 31 December 2021 the municipality received revenue above the 50% performance that is expected for the first six month of the financial year.

Operating Expenditure by type

The municipality's approved operating budget amounted to **R 430,345,896**, operating expenditure incurred as at 31 December 2021 amounted to **R 202,493,158**. This represents **47%** of the approved operating budget. The performance is below 50% at midterm mainly due to non-cash items i.e. Asset impairment and debt impairment that are accounted for at the end of the financial year. Major variance reasons will be detailed further on the report on contracted services and other expenditure.

Capital Expenditure

The approved original capital budget amounted **R 192,872,520**, capital expenditure incurred as at 31 December 2021 amounted to **R 99,811,376**. This represents **52%** of the capital expenditure budget. The performance is within the expected performance at midterm.



1.3 Material variances from SDBIP (Service Delivery and Budget Implementation Plan).

The Service Delivery and Budget Implementation Plan (SDBIP) performance of the municipality will be explained in a report prepared by the performance unit, situated in the Office of the Municipal Manager.

The variances on the SDBIP will also be part of this report on non-financial information for the period started 1 July 2021 to 31 December 2021.

1.4 Annual Report

The draft annual report for the 2020/2021 will be tabled to Council by the on the 27th January 2022.

1.5 Remedial or corrective steps

After assessing the performance of the municipality for the six months, an adjustments budget will be tabled to Council in February on the operational revenue and expenditure to address major variances that have been noted at midterm.

Together with the adjustments budget a report on the revised Service Delivery and Budget implementation Plan will also be taken to council for approval.

S
lin

PART 2- IN YEAR BUDGET STATEMENT TABLES

2.1 Monthly budget statements

2.1.1 Table C1: Monthly Budget Statement Summary

S
L. m.

EC441 Matatiele - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

| Description | 2020/21 | Budget Year 2021/22 | | | | | | | |
|--|------------------|---------------------|-------------------|--------------------|---------------------|---------------------|----------------------|-----------------|--------------------|
| | 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 | 46 575 | 54 088 | — | 1 689 | 42 147 | 27 044 | 15 103 | 56% | 54 088 |
| Service charges | 68 589 | 70 532 | — | 4 822 | 31 906 | 35 266 | (3 360) | -10% | 70 532 |
| Investment revenue | 8 835 | 14 650 | — | 647 | 4 069 | 7 325 | (3 256) | -44% | 14 650 |
| Transfers and subsidies | 306 535 | 267 313 | — | 87 114 | 196 116 | 133 656 | 64 459 | 48% | 267 313 |
| Other own revenue | 21 978 | 21 163 | — | 10 479 | 11 887 | 10 582 | 1 305 | 12% | 21 163 |
| Total Revenue (excluding capital transfers and contributions) | 452 512 | 427 747 | — | 104 752 | 288 126 | 213 874 | 74 252 | 35% | 427 747 |
| Employee costs | 117 964 | 132 261 | — | 11 435 | 63 462 | 66 130 | (2 669) | -4% | 132 261 |
| Remuneration of Councilors | 19 979 | 21 690 | — | 1 868 | 9 071 | 10 845 | (1 774) | -16% | 21 690 |
| Depreciation & asset impairment | 82 540 | 35 300 | — | 22 763 | 22 763 | 17 650 | 5 113 | 29% | 35 300 |
| Finance charges | 1 | — | — | — | — | — | — | — | — |
| Inventory consumed and bulk purchases | 53 959 | 57 379 | — | 278 | 37 067 | 28 690 | 8 377 | 29% | 57 379 |
| Transfers and subsidies | — | — | — | — | — | — | — | — | — |
| Other expenditure | 161 470 | 183 716 | — | 9 637 | 70 132 | 91 858 | (21 726) | -24% | 183 716 |
| Total Expenditure | 435 912 | 430 346 | — | 45 788 | 202 493 | 215 173 | (12 680) | -6% | 430 346 |
| Surplus/(Deficit) | 16 600 | (2 599) | — | 58 971 | 85 632 | (1 298) | 86 932 | -8600% | (2 599) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 92 926 | 145 471 | — | 14 902 | 103 596 | 72 736 | 30 860 | 42% | 145 471 |
| Transfers and subsidies - capital (monetary allocations) (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 | 109 526 | 142 872 | — | 73 874 | 189 228 | 71 436 | 117 792 | 165% | 142 872 |
| Share of surplus/ (deficit) of associate | — | — | — | — | — | — | — | — | — |
| Surplus/ (Deficit) for the year | 109 526 | 142 872 | — | 73 874 | 189 228 | 71 436 | 117 792 | 165% | 142 872 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | 147 488 | 182 873 | — | 14 127 | 99 811 | 96 436 | 3 375 | 3% | 182 873 |
| Capital transfers recognised | 78 907 | 142 872 | — | 12 273 | 89 543 | 71 436 | 18 107 | 25% | 142 872 |
| Borrowing | — | — | — | — | — | — | — | — | — |
| Internally generated funds | 68 581 | 90 000 | — | 1 854 | 10 268 | 25 000 | (14 732) | -58% | 90 000 |
| Total sources of capital funds | 147 488 | 182 873 | — | 14 127 | 99 811 | 96 436 | 3 375 | 3% | 182 873 |
| Financial position | | | | | | | | | |
| Total current assets | 376 085 | 264 567 | — | — | 475 151 | — | — | — | 264 567 |
| Total non current assets | 1 130 191 | 1 152 868 | — | — | 1 207 240 | — | — | — | 1 152 868 |
| Total current liabilities | 131 863 | (62 284) | — | — | 118 749 | — | — | — | (62 284) |
| Total non current liabilities | 32 753 | (29 578) | — | — | 32 753 | — | — | — | (29 578) |
| Community wealth/Equity | 1 320 735 | 1 500 297 | — | — | 1 530 889 | — | — | — | 1 500 297 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | 500 027 | 140 857 | — | 94 697 | 246 005 | 70 428 | (175 576) | -249% | 140 857 |
| Net cash from (used) investing | (161 457) | (152 672) | — | (10 457) | (105 008) | (95 436) | 8 572 | -9% | (192 872) |
| Net cash from (used) financing | 110 | — | — | 14 | 45 | — | (45) | #DIV/0! | — |
| Cash/cash equivalents at the month/year end | 481 876 | 128 283 | — | — | 365 465 | 152 301 | (213 164) | -140% | 172 407 |
| Debtors & creditors analysis | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Days | 151-180 Days | 181 Days-1 Yr | Over 1Yr | Total |
| Debtors Age Analysis | | | | | | | | | |
| Total By Income Source | 6 752 | 4 347 | 4 086 | 3 462 | 2 841 | 28 013 | 37 514 | 107 409 | 194 414 |
| Creditors Age Analysis | | | | | | | | | |
| Total Creditors | — | — | — | — | — | — | — | — | — |

2.1.2 Table C2: Monthly Budget Statement – Financial Performance (standard classification)

S
Lima

EC441 Matatiele - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment

| Description | Ref | 2020/21 | Budget Year 2021/22 | | | | | | | |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | | 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> | | 369 366 | 341 497 | - | 90 646 | 251 975 | 179 748 | 81 227 | 48% | 341 497 |
| Executive and council | | - | - | - | - | - | - | - | - | - |
| Finance and administration | | 369 366 | 341 497 | - | 90 646 | 251 975 | 179 748 | 81 227 | 48% | 341 497 |
| Internal audit | | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | | 9 482 | 13 841 | - | 9 065 | 3 937 | 6 921 | (3 883) | -56% | 13 841 |
| Community and social services | | 4 965 | 7 602 | - | 6 700 | 477 | 3 801 | (3 324) | -87% | 7 602 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | 4 517 | 6 238 | - | 365 | 2 560 | 3 120 | (560) | -18% | 6 239 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 61 176 | 52 183 | - | 9 308 | 36 774 | 26 091 | 10 683 | 41% | 52 183 |
| Planning and development | | 691 | 202 | - | 13 | 80 | 101 | (21) | -21% | 202 |
| Road transport | | 60 406 | 51 981 | - | 9 296 | 36 694 | 25 981 | 10 704 | 41% | 51 981 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 105 421 | 165 697 | - | 10 635 | 99 935 | 82 849 | 17 086 | 21% | 165 697 |
| Energy sources | | 91 020 | 150 099 | - | 9 671 | 94 070 | 75 050 | 19 020 | 25% | 150 099 |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 14 401 | 15 598 | - | 964 | 5 865 | 7 799 | (1 934) | -25% | 15 598 |
| <i>Other</i> | 4 | - | - | - | - | - | - | - | - | - |
| Total Revenue - Functional | 2 | 545 436 | 573 218 | - | 119 654 | 391 721 | 296 600 | 105 112 | 37% | 573 218 |
| Expenditure - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 213 336 | 254 309 | - | 37 277 | 117 602 | 127 155 | (9 552) | -8% | 254 309 |
| Executive and council | | 24 449 | 28 860 | - | 2 391 | 14 064 | 14 430 | (367) | -3% | 28 860 |
| Finance and administration | | 185 594 | 221 705 | - | 34 540 | 101 395 | 110 853 | (9 457) | -9% | 221 705 |
| Internal audit | | 3 287 | 3 744 | - | 346 | 2 143 | 1 872 | 272 | 15% | 3 744 |
| <i>Community and public safety</i> | | 32 885 | 42 778 | - | 3 850 | 18 285 | 21 389 | (3 105) | -15% | 42 778 |
| Community and social services | | 13 828 | 20 523 | - | 1 202 | 8 657 | 10 262 | (1 604) | -16% | 20 523 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | 19 057 | 22 255 | - | 1 848 | 9 547 | 11 128 | (1 580) | -14% | 22 255 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 62 504 | 49 916 | - | 2 877 | 17 607 | 24 508 | (6 902) | -28% | 49 916 |
| Planning and development | | 17 526 | 21 954 | - | 690 | 6 532 | 10 977 | (4 445) | -40% | 21 954 |
| Road transport | | 44 878 | 27 062 | - | 2 187 | 11 075 | 13 531 | (2 456) | -18% | 27 062 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 127 193 | 84 242 | - | 2 576 | 49 988 | 42 121 | 6 867 | 17% | 84 242 |
| Energy sources | | 96 946 | 60 140 | - | 665 | 39 485 | 30 070 | 9 416 | 31% | 60 140 |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 30 246 | 24 102 | - | 1 911 | 9 599 | 12 051 | (2 452) | -20% | 24 102 |
| <i>Other</i> | | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Functional | 3 | 435 912 | 430 346 | - | 45 780 | 282 483 | 215 173 | (12 680) | -6% | 430 346 |
| Surplus/ (Deficit) for the year | | 109 526 | 142 872 | - | 73 874 | 109 238 | 71 436 | 117 792 | 165% | 142 872 |

Table C2 reflects the financial performance per standard classification, the majority of revenue is reflected under governance and administration. This is due to the equitable share grant budgeted under the finance department.

2.1.3 Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by Municipal vote)

S
Ling

EC441 Matatiele - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year Assessment

| Vote Description | | Ref | Budget Year | | | | | | | | |
|--|--|-----|-----------------|-----------------|-----------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
| | | | Audited Outcome | Original Budget | Adjusted Budget | Monthly Actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | | | |
| Revenue by Vote | | | | | | | | | | | |
| Vote 1 - Executive and council | | 1 | - | - | - | - | - | - | - | - | - |
| Vote 2 - Finance and Admin | | | 369 139 | 341 022 | - | 89 820 | 248 539 | 170 511 | 78 029 | 45.8% | 341 022 |
| Vote 3 - Corporate | | | 221 | 475 | - | 825 | 3 436 | 238 | 3 198 | 1346.7% | 475 |
| Vote 4 - Development and Planning | | | 358 | 202 | - | 13 | 80 | 101 | (21) | -21.1% | 202 |
| Vote 5 - Community | | | 23 883 | 29 439 | - | 10 029 | 8 902 | 14 720 | (5 818) | -39.5% | 29 439 |
| Vote 6 - Infrastructure | | | 151 838 | 202 080 | - | 18 967 | 130 764 | 101 040 | 29 724 | 29.4% | 202 080 |
| Vote 7 - Internal Audit | | | - | - | - | - | - | - | - | - | - |
| Vote 8 - | | | - | - | - | - | - | - | - | - | - |
| Vote 9 - | | | - | - | - | - | - | - | - | - | - |
| Vote 10 - | | | - | - | - | - | - | - | - | - | - |
| Vote 11 - | | | - | - | - | - | - | - | - | - | - |
| Vote 12 - | | | - | - | - | - | - | - | - | - | - |
| Vote 13 - | | | - | - | - | - | - | - | - | - | - |
| Vote 14 - | | | - | - | - | - | - | - | - | - | - |
| Vote 15 - | | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | | 2 | 545 438 | 573 218 | - | 119 654 | 391 721 | 286 609 | 105 112 | 36.7% | 573 218 |
| Expenditure by Vote | | | | | | | | | | | |
| Vote 1 - Executive and council | | 1 | 24 449 | 28 860 | - | 2 391 | 14 064 | 14 430 | (367) | -2.5% | 28 860 |
| Vote 2 - Finance and Admin | | | 122 910 | 153 257 | - | 28 067 | 68 899 | 76 628 | (7 729) | -10.1% | 153 257 |
| Vote 3 - Corporate | | | 64 630 | 68 449 | - | 6 473 | 32 496 | 34 224 | (1 728) | -5.0% | 68 449 |
| Vote 4 - Development and Planning | | | 15 680 | 21 954 | - | 690 | 6 532 | 10 977 | (4 445) | -40.5% | 21 954 |
| Vote 5 - Community | | | 63 132 | 66 880 | - | 4 961 | 27 804 | 33 440 | (5 636) | -16.9% | 66 880 |
| Vote 6 - Infrastructure | | | 141 824 | 87 202 | - | 2 852 | 50 555 | 43 601 | 6 954 | 15.9% | 87 202 |
| Vote 7 - Internal Audit | | | 3 287 | 3 744 | - | 346 | 2 143 | 1 872 | 272 | 14.5% | 3 744 |
| Vote 8 - | | | - | - | - | - | - | - | - | - | - |
| Vote 9 - | | | - | - | - | - | - | - | - | - | - |
| Vote 10 - | | | - | - | - | - | - | - | - | - | - |
| Vote 11 - | | | - | - | - | - | - | - | - | - | - |
| Vote 12 - | | | - | - | - | - | - | - | - | - | - |
| Vote 13 - | | | - | - | - | - | - | - | - | - | - |
| Vote 14 - | | | - | - | - | - | - | - | - | - | - |
| Vote 15 - | | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | | 2 | 435 912 | 430 346 | - | 45 780 | 202 493 | 215 173 | (12 680) | -5.9% | 430 346 |
| Surplus/ (Deficit) for the year | | 2 | 109 526 | 142 872 | - | 73 874 | 189 228 | 71 436 | 117 792 | 184.9% | 142 872 |

Table C3 reflects operating revenue and expenditure performance per municipal vote. The majority of the revenue income is budgeted under finance and administration as this is where the equitable share grant income is recorded. Operating expenditure per municipal vote reflects more budget under finance and administration.

2.1.4 Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)

S
Lm

EC441 Matatiele - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

| Vote Description | | Ref | 2020/21 Audited Outcome | Original Budget | Adjusted Budget | Monthly Actual | Budget Year 2021/22 | | | | Full Year Forecast |
|--|--|-----|-------------------------------|--------------------|--------------------|-------------------|---------------------|-----------------|----------------------|----------------|-----------------------|
| R thousands | | | | | | YearTD actual | YearTD budget | YTD variance | YTD variance % | | |
| Revenue By Source | | | | | | | | | | | |
| Property rates | | | 46 575 | 54 088 | - | 1 689 | 42 147 | 27 044 | 15 103 | 54 088 | |
| Service charges - electricity revenue | | | 57 058 | 55 007 | - | 3 668 | 26 109 | 27 503 | (1 394) | 55 007 | |
| Service charges - water revenue | | | - | - | - | - | - | - | - | - | |
| Service charges - sanitation revenue | | | - | - | - | - | - | - | - | - | |
| Service charges - refuse revenue | | | 11 531 | 15 528 | - | 954 | 5 797 | 7 763 | (1 966) | 15 526 | |
| Rental of facilities and equipment | | | 1 397 | 1 245 | - | 8 715 | 780 | 623 | 158 | 1 245 | |
| Interest earned - external investments | | | 8 835 | 14 650 | - | 647 | 4 069 | 7 325 | (3 256) | 14 650 | |
| Interest earned - outstanding debtors | | | 13 357 | 11 799 | - | 1 372 | 7 875 | 5 899 | 1 976 | 11 799 | |
| Dividends received | | | - | - | - | - | - | - | - | - | |
| Fines, penalties and forfeits | | | 762 | 2 094 | - | 9 | 564 | 1 047 | (482) | 2 094 | |
| Licences and permits | | | 3 787 | 4 525 | - | 363 | 2 037 | 2 262 | (225) | 4 525 | |
| Agency services | | | - | - | - | - | - | - | - | - | |
| Transfers and subsidies | | | 306 535 | 267 313 | - | 87 114 | 198 116 | 133 656 | 64 459 | 267 313 | |
| Other revenue | | | 873 | 1 501 | - | 22 | 630 | 751 | (121) | 1 501 | |
| Gains | | | 1 801 | - | - | - | - | - | - | - | |
| Total Revenue (excluding capital transfers and contributions) | | | 452 512 | 427 747 | - | 104 752 | 288 128 | 213 874 | 74 252 | 35% | |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | | | 117 964 | 132 261 | - | 11 435 | 63 462 | 66 130 | (2 669) | 132 261 | |
| Remuneration of councillors | | | 19 979 | 21 690 | - | 1 668 | 9 071 | 10 845 | (1 774) | 21 690 | |
| Debt impairment | | | 34 121 | 7 000 | - | - | - | 3 500 | (3 500) | 7 000 | |
| Depreciation & asset impairment | | | 82 540 | 35 300 | - | 22 763 | 22 763 | 17 650 | 5 113 | 35 300 | |
| Finance charges | | | - | - | - | - | - | - | - | - | |
| Bulk purchases - electricity | | | 48 196 | 50 000 | - | - | 34 726 | 25 000 | 9 726 | 50 000 | |
| Inventory consumed | | | 5 783 | 7 379 | - | 278 | 2 341 | 3 690 | (1 349) | 7 379 | |
| Contracted services | | | 93 220 | 105 630 | - | 5 880 | 47 140 | 52 815 | (5 675) | 105 630 | |
| Transfers and subsidies | | | - | - | - | - | - | - | - | - | |
| Other expenditure | | | 34 128 | 71 086 | - | 3 756 | 22 992 | 35 543 | (12 551) | 71 086 | |
| Losses | | | - | - | - | - | - | - | - | - | |
| Total Expenditure | | | 435 912 | 430 346 | - | 45 780 | 202 493 | 215 173 | (12 680) | -6% | |
| Surplus/(Deficit) | | | 16 600 | (2 599) | - | 58 971 | 85 632 | (1 299) | 86 932 | (0) | |
| Transfers and subsidies - capital (monetary associations) (national / Provincial and District) | | | 92 925 | 145 471 | - | 14 902 | 103 586 | 72 736 | 30 860 | 145 471 | |
| Transfers and subsidies - capital (in-kind - all) | | | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) after capital transfers & contributions | | | 109 526 | 142 872 | - | 73 874 | 189 228 | 71 436 | | 142 872 | |
| Taxation | | | | | | | | | | | |
| Surplus/(Deficit) after taxation | | | 109 526 | 142 872 | - | 73 874 | 189 228 | 71 436 | | 142 872 | |
| Attributable to minorities | | | - | - | - | - | - | - | - | - | |
| Surplus/(Deficit) attributable to municipality | | | 109 526 | 142 872 | - | 73 874 | 189 228 | 71 436 | | 142 872 | |
| Share of surplus/ (deficit) of associate | | | - | - | - | - | - | - | - | - | |
| Surplus/ (Deficit) for the year | | | 109 526 | 142 872 | - | 73 874 | 189 228 | 71 436 | | 142 872 | |

Revenue by Source

S
L.m.

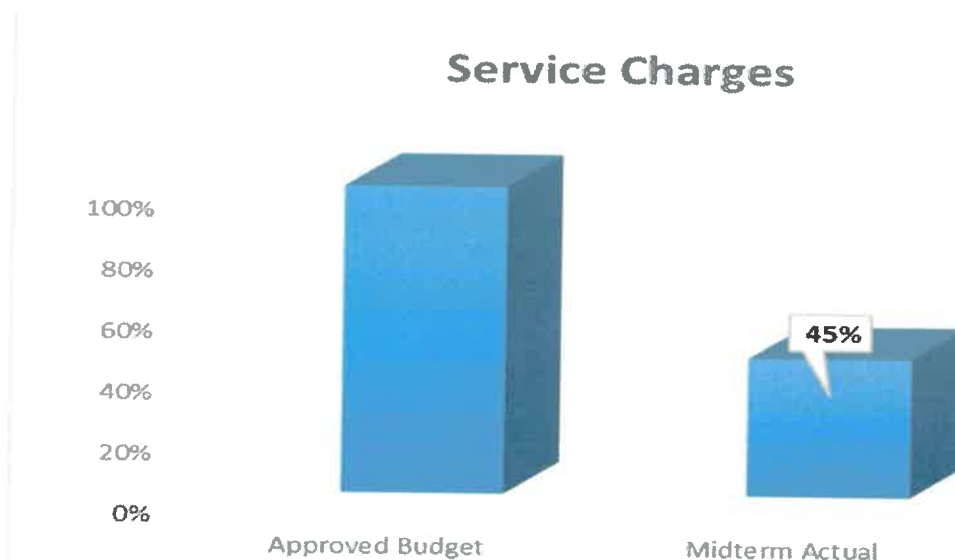
Property Rates

The municipality levies property rates on all rateable properties within the Matatiele area in terms of the Municipal Property Rates Act No.6 of 2004.

Billing on property rates is done during the first quarter of the financial year which results on the majority of the revenue for this source to be recorded at mid-year. Revenue recognised on property rates as at 31 December 2021 amounted to **R 42,147,254**.

Service Charges

Revenue from service charges for the first six months ended 31 December 2021 amounted to **R 31,906,143** against the approved budget of **R 70,532,412** and represents **45%** performance on the allocated budget for this revenue source. The variance of 5% is due

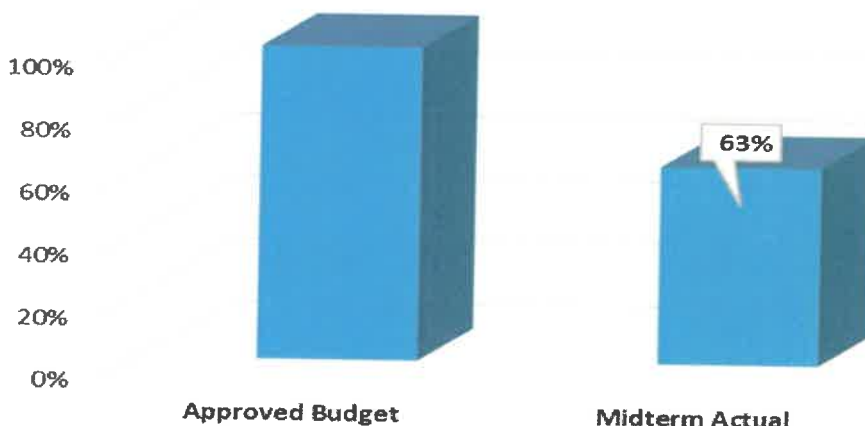


Rental of facilities and equipment

Income received from rental of facilities for the first six months ended 31 December 2021 amounted to **R 779, 138** against approved budget of **R1 245 000**. This reflects **63%** performance due to more revenue received for site rentals and necessary adjustments will be made during the adjustment budget process.

S
L.m.

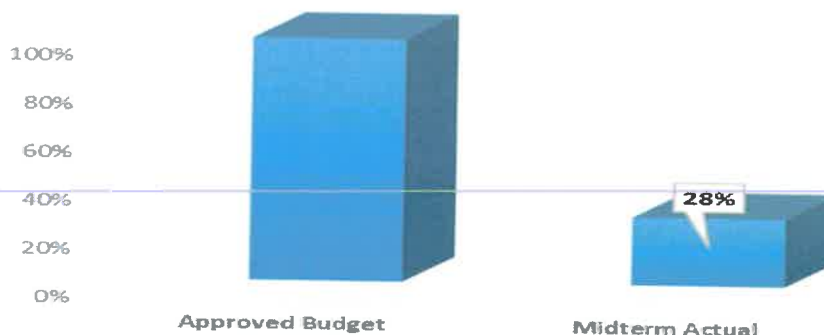
Rental Of Facilities



Interest earned –External Investments

The budget for interest on investments amounted to **R 14 650 000**, an amount of **R 4,069,386** has been received as at 31 December 2021. This is performance of **28%** and is below the expected performance at midterm. This is expected to increase as more short term investments have been made during the end of 2nd quarter.

Interest on Investments

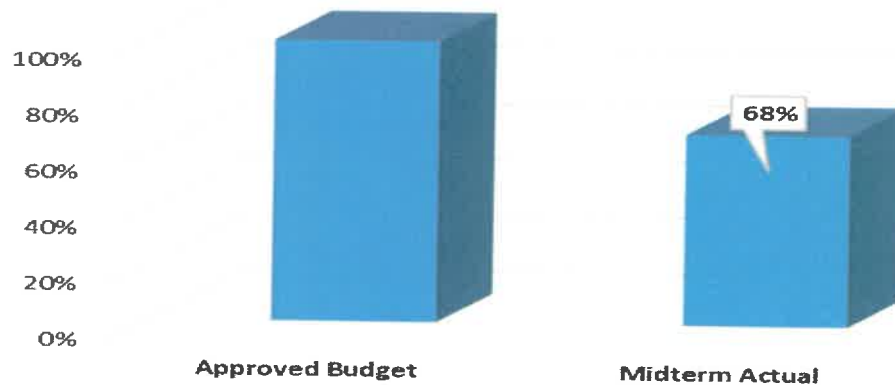


Interest Earned-Outstanding debtors

The municipality charges interest on arrear services charges and property rates. Interest on outstanding debtors for the first half of the financial year ended 31 December 2021 amounted to **R 7,875,065** against approved budget of **R 11,798,772**. This represents **68%** performance at midterm, this is above the expected performance for the period as a result of payments made on arrear debt.

S
L.m.

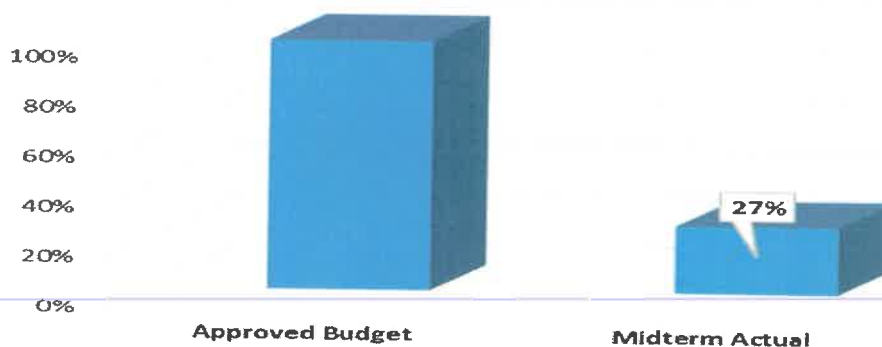
Interest on Outstanding Debt



Fines, Penalties and Forfeits

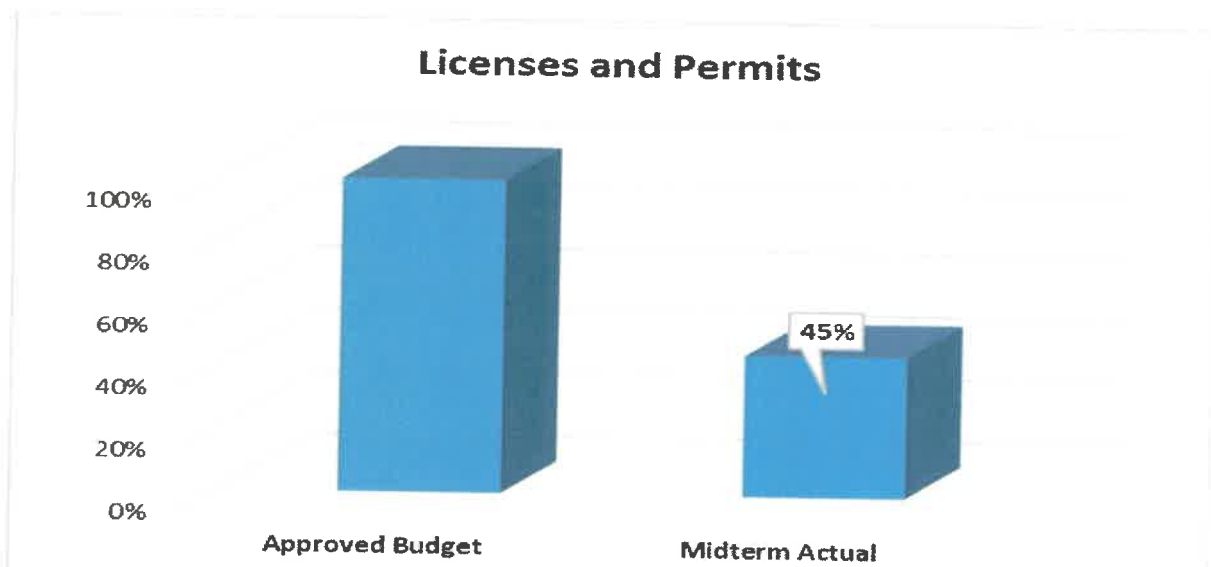
Revenue from fines amounted to **R 564,415** against budget of **R 2,093,700** which represents **27%** performance at midterm. The traffic officers attended workshops and training on ARTO which limited the number of fines issued during this period, roadblocks were not implemented as planned.

Fines, Penalties & Forfeits



The budget for licences and permits amounted to **R 4,524,696**, of this budget revenue amounting to **R 2,037,296** has been collected at midterm. This reflects **45%** performance and is below expected performance, the variance is due to COVID-19 regulations. The rotation of traffic officers during the period had an impact on the licenses issued, the number of applicants allowed per day was also reduced as required.

S
hime



Transfers recognised

The municipality has recognised revenue amounting to **R 301,711,539** as at 31 December 2021. Total grants transfers amounted to **R412,784,004** on the approved budget. Grant transfers have been received as allocated and scheduled per DORA for both capital and operational grants.

Other revenue

Other revenue reflects an amount of **R 629,756** for the midterm ended 31 December 2021 against approved budget of **R 1,501,176**. This represents **42%** of the budget allocated for this category. This is below the expected performance and variance is a result of no revenue received on insurance refund as anticipated.

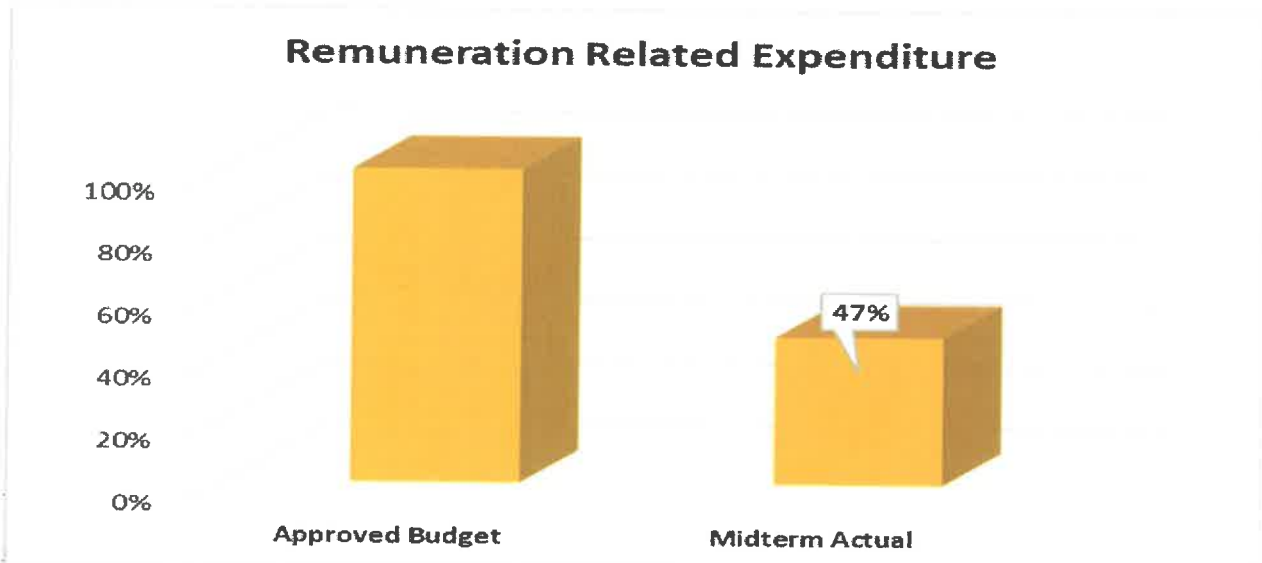
Expenditure by Type

Employee related cost & Remuneration of councillors

Employee related expenditure for six months ended 31 December 2021 amounted to **R 63,461,583** against approved budget amount of **R132,260,904**, that represents **48%** of the budgeted amount. The variance is due to vacant posts that have not been filled as budgeted.

S
Linn

Expenditure from remuneration of Councillors amounted to **R 9,070,706** for the period ended 31st December 2021 against budget of **R 21,689,916**, this represents **42%** of the budget allocated to this category.



Currently the municipality accounts for Debt impairment at the end of the financial year, no expenditure is reflected for the period of six months.

Depreciation and asset impairment

Expenditure on depreciation and asset Impairment amounted to **R22,762,751** as at 31 December 2021 against approved budget of **R35,300,000** which reflects performance of **64%** for the mid-term period.

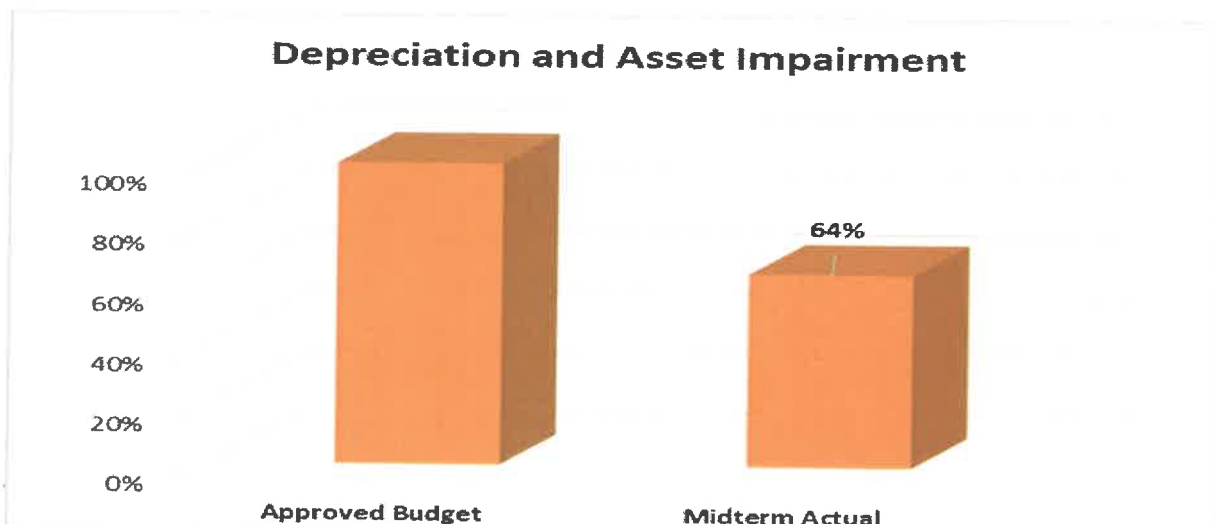
Finance charges

No expenditure relating to interest charges has been incurred for the period.

Bulk purchases

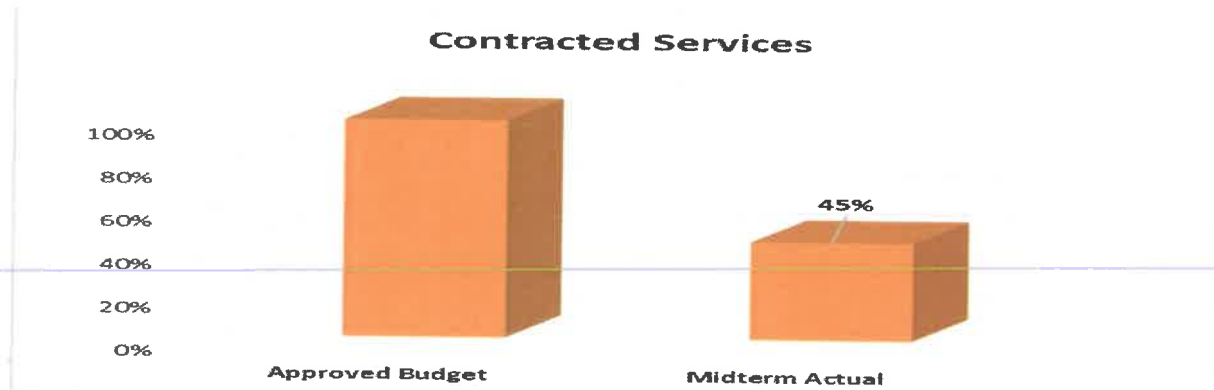
Expenditure on electricity bulk purchases amounted to **R 34,725,957** for the midterm period ended December 2021 against approved budget of **R 50,000,000**, this represents **69%** and is within the expected performance for the midterm.

S
L.m.



Contracted services

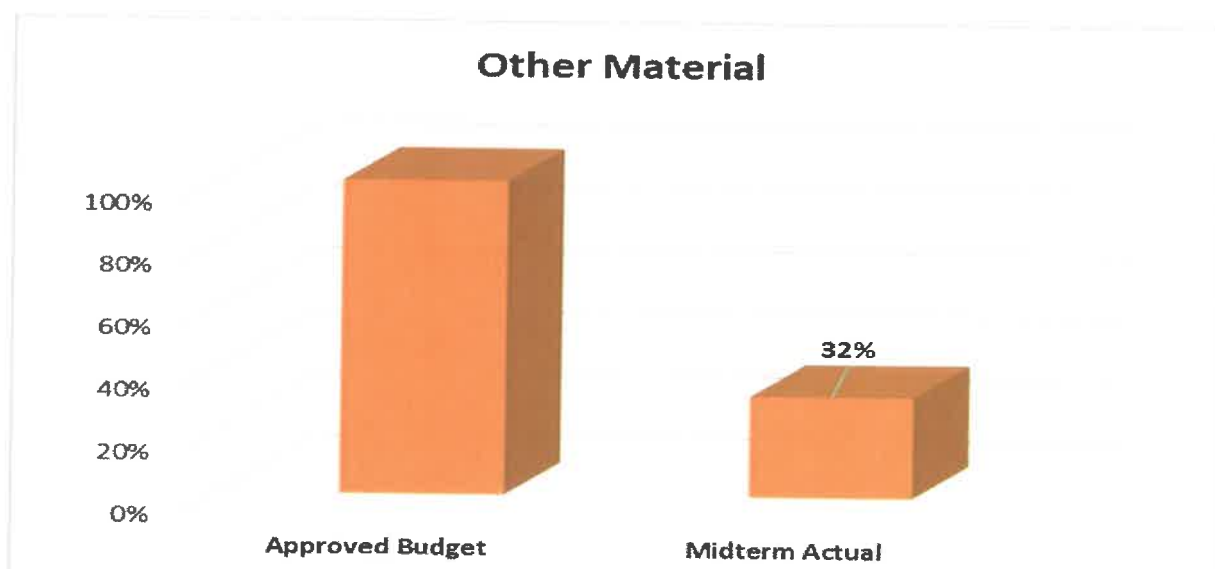
Expenditure on contracted services amounted to **R 47,139,537** for the period ended 31 December 2021 against approved budget of **R 105,680,024**, this represents **45%** of the budget for this category and is less than the expected performance for the period. This is as a result of less expenditure on catering services, event promotion than anticipated due to implementation of cost containment measures.



Other Material

Expenditure on other material amounted to **R 2,340,554** for the period ended 31 December 2021 against approved budget of **R 7,379,196**. This represents **32%** of budget allocation, the variance is as a result of procurement of refuse bags and chemicals that in planned in the 3rd quarter for community services.

S
Lm.



Operational Expenditure

Operational expenditure for the six months' period ended 31 December 2021 amounted to **R 22,992,056** against approved budget of **R71,035,852** and represents **32%** of the budget allocation for this category. The variance results from lower expenditure on travelling and subsistence, catering, transport for municipal activities, and delayed expenditure on audit fees.

2.1.5 Table C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)

EC441 Matatiele - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment

| Vote Description | Ref | Budget Year 2021/22 | | | | | | | | |
|---|------------|------------------------|-----------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | | 2020/21 Actual Outcome | Original Budget | Adjusted Budget | Monthly Actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | 1 | | | | | | | | | |
| Multi-Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 1 - Executive and council | | - | - | - | - | - | - | - | - | - |
| Vote 2 - Finance and Admin | | - | - | - | - | - | - | - | - | - |
| Vote 3 - Corporate | | - | - | - | - | - | - | - | - | - |
| Vote 4 - Development and Planning | | - | - | - | - | - | - | - | - | - |
| Vote 5 - Community | | - | - | - | - | - | - | - | - | - |
| Vote 6 - Infrastructure | | - | - | - | - | - | - | - | - | - |
| Vote 7 - Internal Audit | | - | - | - | - | - | - | - | - | - |
| Vote 8 | | - | - | - | - | - | - | - | - | - |
| Vote 9 | | - | - | - | - | - | - | - | - | - |
| Vote 10 | | - | - | - | - | - | - | - | - | - |
| Vote 11 | | - | - | - | - | - | - | - | - | - |
| Vote 12 | | - | - | - | - | - | - | - | - | - |
| Vote 13 | | - | - | - | - | - | - | - | - | - |
| Vote 14 | | - | - | - | - | - | - | - | - | - |
| Vote 15 | | - | - | - | - | - | - | - | - | - |
| Total Capital Multi-year expenditure | 4.7 | - | - | - | - | - | - | - | - | - |
| Single Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 1 - Executive and council | | - | 90 | - | - | 74 | 45 | 29 | 63% | 90 |
| Vote 2 - Finance and Admin | | 4 061 | 756 | - | - | 451 | 378 | 73 | 19% | 756 |
| Vote 3 - Corporate | | 2 516 | 6 710 | - | 9 | 3 521 | 3 355 | 166 | 5% | 6 710 |
| Vote 4 - Development and Planning | | 489 | 218 | - | - | 74 | 109 | (35) | -32% | 218 |
| Vote 5 - Community | | 954 | 4 952 | - | 4 | 1 196 | 2 481 | (1 285) | -52% | 4 952 |
| Vote 6 - Infrastructure | | 139 426 | 180 136 | - | 14 114 | 95 496 | 90 069 | 4 428 | 5% | 180 136 |
| Vote 7 - Internal Audit | | - | - | - | - | - | - | - | - | - |
| Vote 8 | | - | - | - | - | - | - | - | - | - |
| Vote 9 | | - | - | - | - | - | - | - | - | - |
| Vote 10 | | - | - | - | - | - | - | - | - | - |
| Vote 11 | | - | - | - | - | - | - | - | - | - |
| Vote 12 | | - | - | - | - | - | - | - | - | - |
| Vote 13 | | - | - | - | - | - | - | - | - | - |
| Vote 14 | | - | - | - | - | - | - | - | - | - |
| Vote 15 | | - | - | - | - | - | - | - | - | - |
| Total Capital single-year expenditure | 4 | 147 469 | 192 873 | - | 14 127 | 99 811 | 96 436 | 3 375 | 3% | 192 873 |
| Total Capital Expenditure | | 147 469 | 192 873 | - | 14 127 | 99 811 | 96 436 | 3 375 | 3% | 192 873 |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| Governance and administration | | 6 576 | 7 526 | - | 9 | 4 046 | 3 783 | 263 | 8% | 7 526 |
| Executive and council | | - | 90 | - | - | 74 | 45 | 29 | 63% | 90 |
| Finance and administration | | 6 576 | 7 436 | - | 9 | 3 972 | 3 718 | 254 | 7% | 7 436 |
| Internal audit | | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 638 | 1 762 | - | 4 | 1 196 | 881 | 315 | 38% | 1 762 |
| Community and social services | | 638 | 410 | - | 4 | 59 | 205 | (148) | -71% | 410 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | 155 | 1 352 | - | - | 1 136 | 676 | 480 | 68% | 1 352 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 92 344 | 82 205 | - | 8 515 | 35 382 | 41 182 | (5 710) | -14% | 82 205 |
| Planning and development | | 488 | 248 | - | - | 74 | 134 | (50) | -41% | 248 |
| Road transport | | 91 856 | 81 957 | - | 8 515 | 35 319 | 40 979 | (5 460) | -14% | 81 957 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 47 718 | 101 380 | - | 5 080 | 59 178 | 50 690 | 8 488 | 17% | 101 380 |
| Energy services | | 47 584 | 96 180 | - | 5 080 | 59 178 | 49 089 | 10 089 | 21% | 96 180 |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 154 | 3 200 | - | - | - | 1 609 | (1 400) | -100% | 3 200 |
| Other | | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Functional Classification | 3 | 147 469 | 192 873 | - | 14 127 | 99 811 | 96 436 | 3 375 | 3% | 192 873 |
| Funded by: | | | | | | | | | | |
| National Government | | 78 788 | 142 872 | - | 12 273 | 89 543 | 71 436 | 18 107 | 25% | 142 872 |
| Provincial Government | | 121 | - | - | - | - | - | - | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (monetary allocations) | | - | - | - | - | - | - | - | - | - |
| (National / Provincial Departmental Agencies, Households, non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | | 78 907 | 142 872 | - | 12 273 | 89 543 | 71 436 | 18 107 | 25% | 142 872 |
| Borrowing | 6 | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | 68 561 | 80 000 | - | 1 854 | 90 268 | 25 000 | (14 732) | -56% | 80 000 |
| Total Capital Funding | | 147 469 | 192 873 | - | 14 127 | 99 811 | 96 436 | 3 375 | 3% | 192 873 |

Capital expenditure incurred for the first six months amounted to R 99,811,376 against approved budget of R192,872,520, this represents 52% of the budget. The variance of 2% is as a result of delayed expenditure on capital projects.

2.1.6 Table C6: Monthly Budget Statement – Financial Position

S
I.M.

EC441 Matatiele - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

| Description | Ref | 2020/21 | Budget Year 2021/22 | | | |
|--|----------|------------------|---------------------|-----------------|------------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| R thousands | 1 | | | | | |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash | | 11 295 | 669 | - | 11 449 | 669 |
| Call investment deposits | | 213 127 | 140 275 | - | 278 396 | 140 275 |
| Consumer debtors | | 66 327 | 33 127 | - | 91 158 | 33 127 |
| Other debtors | | 83 199 | 88 896 | - | 92 121 | 88 896 |
| Current portion of long-term receivables | | - | - | - | - | - |
| Inventory | | 2 137 | 1 600 | - | 2 027 | 1 600 |
| Total current assets | | 376 085 | 264 567 | - | 475 151 | 264 567 |
| Non current assets | | | | | | |
| Long-term receivables | | - | - | - | - | - |
| Investments | | - | - | - | - | - |
| Investment property | | 4 960 | 2 327 | - | 4 960 | 2 327 |
| Investments in Associate | | - | - | - | - | - |
| Property, plant and equipment | | 1 124 828 | 1 148 451 | - | 1 201 858 | 1 148 451 |
| Biological | | - | - | - | - | - |
| Intangible | | 403 | 590 | - | 142 | 590 |
| Other non-current assets | | - | 1 500 | - | 280 | 1 500 |
| Total non current assets | | 1 130 191 | 1 152 868 | - | 1 207 240 | 1 152 868 |
| TOTAL ASSETS | | 1 506 277 | 1 417 435 | - | 1 682 391 | 1 417 435 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Bank overdraft | | - | - | - | - | - |
| Borrowing | | - | - | - | - | - |
| Consumer deposits | | 1 497 | (345) | - | 1 543 | (345) |
| Trade and other payables | | 115 049 | (49 940) | - | 101 888 | (49 940) |
| Provisions | | 15 318 | (11 998) | - | 15 318 | (11 998) |
| Total current liabilities | | 131 863 | (62 284) | - | 118 749 | (62 284) |
| Non current liabilities | | | | | | |
| Borrowing | | - | - | - | - | - |
| Provisions | | 32 753 | (29 578) | - | 32 753 | (29 578) |
| Total non current liabilities | | 32 753 | (29 578) | - | 32 753 | (29 578) |
| TOTAL LIABILITIES | | 164 616 | (91 861) | - | 151 502 | (91 861) |
| NET ASSETS | 2 | 1 341 661 | 1 509 297 | - | 1 530 889 | 1 509 297 |
| COMMUNITY WEALTH/EQUITY | | | | | | |
| Accumulated Surplus/(Deficit) | | 868 275 | 1 739 743 | - | 1 078 429 | 1 739 743 |
| Reserves | | 452 460 | (230 446) | - | 452 460 | (230 446) |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 1 320 735 | 1 509 297 | - | 1 530 889 | 1 509 297 |

Table C6 reflects on the financial position of the municipality.

2.1.7 Table C7: Monthly Budget Statement – Cash flow

S

L.m.

EC441 Matatiele - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

| Description | Ref | 2020/21 | Budget Year 2021/22 | | | | | | | |
|--|----------|------------------|---------------------|-----------------|-----------------|------------------|-----------------|------------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly Actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | 1 | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Property rates | | 17 483 | 45 975 | - | 1 180 | 28 535 | 22 988 | 5 548 | 24% | 45 975 |
| Service charges | | 54 759 | 60 729 | - | 5 063 | 28 340 | 30 364 | (2 024) | -7% | 60 729 |
| Other revenue | | 33 631 | 9 365 | - | 1 180 | 7 194 | 4 682 | 2 512 | 54% | 9 365 |
| Transfers and Subsidies - Operational | | 309 461 | 267 313 | - | 86 283 | 199 282 | 133 656 | 65 625 | 48% | 267 313 |
| Transfers and Subsidies - Capital | | 92 926 | 145 471 | - | 11 149 | 57 146 | 72 736 | 24 410 | 34% | 145 471 |
| Interest | | 8 578 | - | - | - | - | - | - | - | - |
| Dividends | | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | |
| Suppliers and employees | | (15 811) | (387 996) | - | (10 138) | (114 483) | (193 908) | (79 505) | 41% | (387 996) |
| Finance charges | | - | - | - | - | - | - | - | - | - |
| Transfers and Grants | | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 990 827 | 140 857 | - | 94 887 | 248 805 | 76 428 | (175 578) | -245% | 140 857 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current receivables | | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | |
| Capital assets | | (161 457) | (192 872) | - | (10 457) | (105 008) | (96 436) | 8 572 | -9% | (192 872) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (161 457) | (192 872) | - | (10 457) | (105 008) | (96 436) | 8 572 | -9% | (192 872) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | - | - | - | - | - | - | - | - | - |
| Borrowing long term/financing | | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | | 110 | - | - | 14 | 46 | - | 46 | #DIV/0! | - |
| Payments | | | | | | | | | | |
| Repayment of borrowing | | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | 110 | - | - | 14 | 46 | - | (48) | #DIV/0! | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 338 880 | (52 016) | - | 84 255 | 141 943 | (28 908) | | | (52 016) |
| Cash/cash equivalents at beginning | | 153 196 | 178 309 | - | - | 224 422 | 178 309 | | | 224 422 |
| Cash/cash equivalents at month/year end | | 491 876 | 126 293 | - | - | 365 465 | 152 301 | | | 172 407 |

Short term deposits made amounted to **R 278,390,578** as at 31 December 2021. The total cash and cash equivalents amounted to **R365,465,009**.

S
Lima

PART 3- SUPPORTING DOCUMENTATION

3.1 Debtor's analysis

Supporting Table SC3

EC441 Matatiele - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

| Description | NT Code | Budget Year 2021/22 | | | | | | | | | | Total over 90 days | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts L.L.o Council Policy |
|---|-------------|---------------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|----------------|----------------|--------------------|--|---|
| | | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Days | 151-180 Days | 181 Days-1 Yr | Over 1Yr | Total | | | | |
| By Income Source | | | | | | | | | | | | | | |
| Debtors Age Analysis By Income Source | | | | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 1200 | | | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Electricity | 1300 | 2 888 | 1 406 | 1 406 | 758 | 547 | 1 529 | 5 551 | 3 225 | 17 602 | 11 811 | | | |
| Receivables from Non-exchange Transactions - Property Rates | 1400 | 1 571 | 854 | 736 | 386 | 585 | 25 094 | 1 363 | 49 708 | 80 537 | 77 375 | | | |
| Receivables from Exchange Transactions - Waste Water Management | 1500 | | | | | | | | | | | | | |
| Receivables from Exchange Transactions - Waste Water Management | 1600 | 918 | 981 | 492 | 434 | 405 | 387 | 1 747 | 18 748 | 21 711 | 21 711 | | | |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | | | | | | | | | | | | | |
| Interest on Arrear Debtor Accounts | 1810 | 1 372 | 1 358 | 1 325 | 1 353 | 1 119 | 1 083 | 5 041 | 30 011 | 42 779 | 38 726 | | | |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | | | | | | | | | | | | | |
| Other | 1900 | | | | | | | | | | | | | |
| Total By Income Source | 2000 | 6 752 | 4 547 | 4 086 | 3 452 | 2 841 | 28 813 | 37 514 | 167 488 | 194 414 | 179 229 | | | |
| 2021/22 - Initial only | | | | | | | | | | | | | | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | | | | |
| Organs of State | 2200 | 1 921 | 2 247 | 2 380 | 2 034 | 1 327 | 25 621 | 8 208 | 47 983 | 83 901 | 87 372 | | | |
| Commercial | 2300 | 3 958 | 1 788 | 923 | 619 | 525 | 464 | 24 980 | 12 658 | 45 456 | 39 246 | | | |
| Households | 2400 | 331 | 811 | 854 | 799 | 788 | 928 | 3 335 | 46 768 | 55 066 | 52 610 | | | |
| Other | 2500 | | | | | | | | | | | | | |
| Total By Customer Group | 2600 | 6 752 | 4 547 | 4 086 | 3 452 | 2 841 | 28 813 | 37 514 | 167 488 | 194 414 | 179 229 | | | |

The total debt book as at 31 December 2021 amounted to R 194 413 564 (including advance payments of R 3 167 191). Debt exclusive of advance payments of R191,246,462 is made up of the following:

Residential debt:

R 67 418 850.52

Commercial debt

R 31 158 655.58

Government debt

R 89 930 267.69

Other

R 2 738 688.59

S
L. M.

The municipality implements the credit control and debt collection policy.

There are two areas in which the municipality is not able to collect and the debt totals to;

Maluti

R 49 169 773(including current)

Cedarville

R 4 273 479.67(including current)

(both areas are handed over for collection)

The municipality makes use of debt collectors in implementing the credit and debt collection policy. A new service provider has been appointed to start looking at debt that is older than 90 days.

The following has been handed over:

Residential H/O R54 799 097.28

Business H/O R 3 077 116.88

Churches H/O R 159 435.9

Farms H/O R 2 159 558.21

An amount of R487 362.57 was collected from the debt that was handed over.

3.2 Creditors analysis

Supporting Table SC4

EC441 Matatiele - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

| Description | | NT Code | Budget Year 2021/22 | | | | | | | | |
|---|------|---------|---------------------|--------------|--------------|---------------|----------------|----------------|-------------------|-------------|-------|
| R thousands | | | 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 |
| Creditors Age Analysis By Customer Type | | | | | | | | | | | |
| Bulk Electricity | 0100 | - | - | - | - | - | - | - | - | - | - |
| Bulk Water | 0200 | - | - | - | - | - | - | - | - | - | - |
| PAYE deductions | 0300 | - | - | - | - | - | - | - | - | - | - |
| VAT (output less input) | 0400 | - | - | - | - | - | - | - | - | - | - |
| Pensions / Retirement deductions | 0500 | - | - | - | - | - | - | - | - | - | - |
| Loan repayments | 0600 | - | - | - | - | - | - | - | - | - | - |
| Trade Creditors | 0700 | - | - | - | - | - | - | - | - | - | - |
| Auditor General | 0800 | - | - | - | - | - | - | - | - | - | - |
| Other | 0900 | - | - | - | - | - | - | - | - | - | - |
| Total By Customer Type | 1000 | - | - | - | - | - | - | - | - | - | - |

The municipality paid its creditors within 30 days for the midterm period ended 31st December 2021.

3.3 Investment Management

EC441 Matatiele - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year Assessment

| BUDGET STATEMENT - INVESTMENT PORTFOLIO - MID-YEAR ASSESSMENT | | | | | | | | | | | | | | |
|--|-----|----------------------|--------------------|----------------------------|---------------------------------|-----------------|-------------------------|---------------------|---------------------------|-----------------|-------------------------|------------------------------------|-------------------|-----------------|
| Investments by maturity Name of institution & Investment ID | Ref | Period of Investment | Type of Investment | Capital Guarantee (Yes/No) | Variable or Fixed interest rate | Interest Rate % | Commission Paid (Rands) | Commission Receipts | Expiry date of investment | Opening balance | Interest to be realised | Partial / Premature Withdrawal (R) | Investment Top Up | Closing Balance |
| R thousands | | Yrs/Months | | | | | | | | | | | | |
| Municipality | | | | | | | | | | | | | | |
| Standard bank | | Cell Account | | 310156.27 | | | | | | 123 525 | 221 | | | 123 746 |
| FNB | | Money Market | | 42588.00 | | | | | | 9 581 | 5 | | | 9 586 |
| Nedbank | | Surplus Cash | 32days | 33185 | | | | | | 5 488 | 21 | | | 5 509 |
| Nedbank | | Daily Call Acc | | 179830.8 | | | | | | 84 281 | 212 | (45 576) | 92 434 | 131 321 |
| Nedbank | | Cell Account | | | | | | | | 8 347 | | - | - | 8 347 |
| DISASTER RELIEF FUND | | DAILY CALL | | | | | | | | 778 | 2 | | | 780 |
| COV-19V SOLIDARITY FUND | | DAILY CALL | | | | | | | | 94 | 8 | | | 102 |
| | | | | | | | | | | | | | | - |
| | | | | | | | | | | | | | | - |
| | | | | | | | | | | | | | | - |
| | | | | | | | | | | | | | | - |
| Municipality sub-total | | | | | | | | | | 231 962 | 461 | (45 576) | 92 434 | 278 381 |
| Entities | | | | | | | | | | | | | | - |
| | | | | | | | | | | | | | | - |
| | | | | | | | | | | | | | | - |
| | | | | | | | | | | | | | | - |
| Entities sub-total | | | | | | | | | | - | - | - | - | - |
| TOTAL INVESTMENTS AND INTEREST | 2 | | | | | | | | | 231 962 | - | (45 576) | 92 434 | 278 381 |

The municipality had total investments amounting to **R 278,390,578** as at 31 December 2021. Conditional grants investments amounted to **R 38,069,994** and **R 240,320,584** relates to unconditional investments.

S

Limi

3.4 Grant receipts and expenditure

3.4.1 Supporting Table SC6

| EC441 Matatiele - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment | | | | | | | | | | |
|--|-----|------------------------|-----------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| Description | Ref | 2020/21 Actual Outcome | Original Budget | Adjusted Budget | Monthly Actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| RECEIPTS: | 1.2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Local Government Equitable Share | | 265 363 | | | 88 275 | 199 190 | 132 082 | 64 706 | 48.8% | 265 363 |
| Expanded Public Works Programme Integrated Grant | | 258 826 | | | 86 276 | 194 119 | 129 413 | 64 706 | 50.0% | 258 826 |
| Local Government Financial Management Grant | | 4 887 | | | | 3 421 | 2 444 | | | 4 887 |
| | | 1 650 | | | | 1 850 | 825 | | | 1 650 |
| Provincial Government: | | | | | | | | | | |
| Human Settlement Development (HSP) | | 850 | | | | | 225 | | | 456 |
| Libraries, Archives and Museums Library Service | | 650 | | | | | 325 | | | 650 |
| Other transfers/grants (insert description) | | | | | | | | | | |
| District Municipality: | | | | | | | | | | |
| (insert description) | | | | | | | | | | |
| Other grant providers: | | | | | | | | | | |
| (insert description) | | | | | | | | | | |
| Total Operating Transfers and Grants | 5 | | 266 913 | | 88 275 | 199 190 | 132 082 | 64 706 | 48.8% | 266 913 |
| Capital Transfers and Grants | | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Municipal Infrastructure Grant (MIG) | | 145 471 | | | 47 146 | 97 146 | 72 736 | | | 145 471 |
| Integrated National Electrification Programme (Municipal Grant) (Schedule 5B) | | 51 971 | | | 11 149 | 42 146 | 25 968 | | | 51 971 |
| | | 93 500 | | | 36 000 | 55 000 | 48 750 | | | 93 500 |
| Other capital transfers (insert description) | | | | | | | | | | |
| Provincial Government: | | | | | | | | | | |
| (insert description) | | | | | | | | | | |
| District Municipality: | | | | | | | | | | |
| (insert description) | | | | | | | | | | |
| Other grant providers: | | | | | | | | | | |
| (insert description) | | | | | | | | | | |
| Total Capital Transfers and Grants | 5 | | 145 471 | | 47 146 | 97 146 | 72 736 | | | 145 471 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 5 | | 411 484 | | 133 424 | 296 336 | 205 742 | 64 706 | 31.5% | 411 484 |

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of revenues. All trenches allocated to be received during the midterm have been received.

3.4.2 Supporting Table SC7

EC441 Matatiele - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment

| Description | Ref | 2020/21 | Budget Year 2021/22 | | | | | | | |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly Actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | | |
| EXPENDITURE | | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | - | 265 363 | - | 17 857 | 118 590 | 132 682 | - | | 265 363 |
| Local Government Equitable Share | | | 258 826 | | 17 018 | 113 826 | 129 413 | - | | 258 826 |
| Expended Public Works Programme Integrated Grant | | | 4 987 | | 814 | 3 966 | 2 444 | - | | 4 987 |
| Local Government Financial Management Grant | | | 1 550 | | 25 | 778 | 825 | - | | 1 550 |
| 0 | | | - | | - | - | - | - | | - |
| 0 | | | - | | - | - | - | - | | - |
| 0 | | | - | | - | - | - | - | | - |
| 0 | | | - | | - | - | - | - | | - |
| Provincial Government: | | - | 650 | - | - | - | 325 | (325) | -100.0% | 650 |
| Human Settlement Development | | | - | | - | - | - | - | | - |
| IDP | | | - | | - | - | - | - | | - |
| Libraries, Archives and Museums | | | 650 | | - | - | 325 | (325) | -100.0% | 650 |
| Library Service | | | - | | - | - | - | - | | - |
| Other transfers/grants [insert description] | | | - | | - | - | - | - | | - |
| District Municipality: | | - | - | - | - | - | - | - | | - |
| [insert description] | | | - | - | - | - | - | - | | - |
| Other grant providers: | | - | - | - | - | - | - | - | | - |
| 0 | | | - | - | - | - | - | - | | - |
| Total operating expenditure of Transfers and Grants: | | - | 266 013 | - | 17 857 | 118 590 | 133 007 | (325) | -0.2% | 266 013 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | - | 145 471 | - | 12 427 | 90 400 | 72 736 | - | | 145 471 |
| Municipal Infrastructure Grant (MIG) | | | 51 971 | | 7 538 | 32 186 | 25 986 | - | | 51 971 |
| Integrated National Electrification Programme (Municipal Grant) [Schedule 5B] | | | 93 500 | | 4 889 | 58 234 | 46 750 | - | | 93 500 |
| 0 | | | - | | - | - | - | - | | - |
| 0 | | | - | | - | - | - | - | | - |
| 0 | | | - | | - | - | - | - | | - |
| Other capital transfers [insert description] | | | - | | - | - | - | - | | - |
| Provincial Government: | | - | - | - | - | - | - | - | | - |
| 0 | | | - | - | - | - | - | - | | - |
| 0 | | | - | - | - | - | - | - | | - |
| District Municipality: | | - | - | - | - | - | - | - | | - |
| 0 | | | - | - | - | - | - | - | | - |
| Other grant providers: | | - | - | - | - | - | - | - | | - |
| 0 | | | - | - | - | - | - | - | | - |
| Total capital expenditure of Transfers and Grants | | - | 145 471 | - | 12 427 | 90 400 | 72 736 | - | | 145 471 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | - | 411 484 | - | 30 284 | 208 990 | 205 742 | (325) | -0.2% | 411 484 |

Expenditure performance on operational grants to date represents **45%** of the approved budget and on operating grants, nil expenditure on library support grant is due to adjusted level 1 regulations that limit certain activities that were planned, the department has planned to utilise library assistance for the next six months.

Capital expenditure on capital grants to date represents **62%** of the approved budget on capital grants, expenditure on capital grants is above the expected performance.

S

L.M.

3.5 Expenditure on councilor and staff related expenditure

Supporting Table SC8

EC441 Matatiele - Supporting Table SC8 Monthly Budget Statement - councilor and staff benefits - Mid-Year Assessment

| Summary of Employee and Councilor remuneration | Ref | 2020/21 | Budget Year 2021/22 | | | | | | | |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly Actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | A | B | C | | | | | | D |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Basic Salaries and Wages | | 12 067 | 13 681 | - | 1 064 | 5 507 | 6 841 | (1 334) | -20% | 13 681 |
| Pension and UIF Contributions | | 741 | 808 | - | 31 | 296 | 404 | (106) | -27% | 808 |
| Medical Aid Contributions | | 540 | 141 | - | 55 | 382 | 71 | 311 | 441% | 141 |
| Motor Vehicle Allowance | | 129 | 136 | - | - | 58 | 68 | (10) | -14% | 136 |
| Cellphone Allowance | | 2 279 | 2 391 | - | 182 | 1 014 | 1 196 | (182) | -15% | 2 391 |
| Housing Allowances | | 4 204 | 4 532 | - | 337 | 1 814 | 2 266 | (452) | -20% | 4 532 |
| Other benefits and allowances | | - | - | - | - | - | - | - | - | - |
| Sub Total - Councillors | | 19 979 | 21 600 | - | 1 668 | 9 071 | 10 845 | (1 774) | -16% | 21 600 |
| % increase | 4 | | 8.6% | | | | | | | 8.6% |
| Senior Managers of the Municipality | | | | | | | | | | |
| Basic Salaries and Wages | | 1 084 | 3 200 | - | 185 | 874 | 1 600 | (726) | -45% | 3 200 |
| Pension and UIF Contributions | | 70 | 139 | - | 1 | 30 | 60 | (39) | -56% | 139 |
| Medical Aid Contributions | | - | 121 | - | - | - | 60 | (60) | -100% | 121 |
| Overtime | | - | - | - | - | - | - | - | - | - |
| Performance Bonus | | - | - | - | - | - | - | - | - | - |
| Motor Vehicle Allowance | | 577 | 1 813 | - | 99 | 425 | 907 | (482) | -53% | 1 813 |
| Cellphone Allowance | | - | - | - | - | - | - | - | - | - |
| Housing Allowances | | 577 | 1 390 | - | 56 | 339 | 686 | (356) | -51% | 1 390 |
| Other benefits and allowances | | 170 | 489 | - | 46 | 145 | 249 | (104) | -42% | 489 |
| Payments in lieu of leave | | - | - | - | - | - | - | - | - | - |
| Long service awards | | - | - | - | - | - | - | - | - | - |
| Post-retirement benefit obligations | | - | - | - | - | - | - | - | - | - |
| Sub Total - Senior Managers of Municipality | | 2 479 | 7 162 | - | 388 | 1 814 | 3 581 | (1 766) | -49% | 7 162 |
| % increase | 4 | | 188.9% | | | | | | | 188.9% |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 75 738 | 87 626 | - | 7 874 | 41 326 | 43 813 | (2 487) | -6% | 87 626 |
| Pension and UIF Contributions | | 12 615 | 14 324 | - | 1 057 | 6 487 | 7 162 | (675) | -9% | 14 324 |
| Medical Aid Contributions | | 5 569 | 5 134 | - | 383 | 2 279 | 2 567 | (288) | -11% | 5 134 |
| Overtime | | 2 147 | 1 916 | - | (157) | 945 | 958 | (13) | -1% | 1 916 |
| Performance Bonus | | 5 861 | 6 332 | - | 582 | 2 963 | 3 168 | (202) | -6% | 6 332 |
| Motor Vehicle Allowance | | 4 996 | 4 832 | - | 371 | 2 519 | 2 416 | 103 | 4% | 4 832 |
| Cellphone Allowance | | 6 | 8 | - | 19 | 140 | 3 | 137 | 4472% | 8 |
| Housing Allowances | | - | 2 531 | - | - | - | 1 266 | (1 266) | -100% | 2 531 |
| Other benefits and allowances | | 4 344 | 2 398 | - | 360 | 2 794 | 1 198 | 1 595 | 133% | 2 398 |
| Payments in lieu of leave | | 3 821 | - | - | 363 | 2 957 | - | 2 057 | #DIV/0! | - |
| Long service awards | | 290 | - | - | 4 | 138 | - | 138 | #DIV/0! | - |
| Post-retirement benefit obligations | | - | - | - | - | - | - | - | - | - |
| Sub Total - Other Municipal Staff | | 115 485 | 125 099 | - | 11 047 | 61 647 | 62 550 | (902) | -1% | 125 099 |
| % increase | 4 | | 8.3% | | | | | | | 8.3% |
| Total Parent Municipality | | 137 943 | 153 951 | - | 13 182 | 72 532 | 76 975 | (4 443) | -6% | 153 951 |

Employee costs and remuneration of Councilors total budget is **R153,951,740**, expenditure of **R 72,532,516** was incurred for the six months' period ended 31 December 2021. This reflects **47%** expenditure performance on this category, the slight variance is due to vacant positions that have not been filled.

S
him.

3.6 Material variances to the service delivery and budget implementation plan

The performance on implementation of the service delivery and budget implementation plan is dealt with separately on the non-financial performance report.

3.7 Recommendations

It is recommended that;

1. Council takes note of the mid-year budget performance report in terms of section 72 of the Municipal Finance Management Act.
2. Council takes note that an adjustments budget will be tabled for consideration, taking into account the midterm performance.

S
Lm.

3.9 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **Lizo Matiwane** Municipal Manager of Matatiele Local Municipality, hereby certify that the Mid-term Performance Assessment report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Performance Assessment has been done properly to ensure that is a true reflection of what has taken place with effect from 01 July 2021 to 31 December 2021 and is consistent with the Integrated Development Plan, Budget and SDBIP of the municipality.

This report will be submitted to the Mayor by the 25/01/2022 as required by the Municipal Finance Management Act, Section 72 and acknowledges receipt as signed below.

Print Name **Lizo Matiwane**

Municipal Manager of Matatiele Local Municipality (EC441)

Signature



Date

24/01/2022

Mayor's Acknowledgement of Submission

Print Name **Sonwabile Mngenela**

Mayor of Matatiele Local Municipality (EC441)

Signature



Date

24/01/2022

4. ANNEXTURES

4.1. ANNEXTURE "Á"- C SCHEDULE_MIDTERM_2021/2022

S
lim.