

# VHEMBE DISTRICT MUNICIPALITY

## DC34



### MONTHLY BUDGET STATEMENT

SECTION 71 (MFMA) FOR THE

31 DECEMBER 2023

2023/2024 FINANCIAL YEAR

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## 1. INTRODUCTION

### Monthly budget statements

In terms of MFMA Section 71(1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

Actual revenue, per revenue source;

actual borrowings;

actual expenditure, per vote;

actual capital expenditure, per vote;

the amount of any allocations received;

actual expenditure on those allocations, excluding expenditure on—

its share of the local government equitable share; and

allocations exempted by the annual Division of Revenue Act from compliances with this paragraph; and

when necessary, an explanation of—

any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;

any material variances from the service delivery and budget implement-nation plan; and

Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

The statement must include—

a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and

The prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the municipality's approved budget.

The statement to the Provincial Treasury must be in the format of a signed document and in electronic format.

The Accounting Officer of a municipality which has received an allocation referred to in subsection (1) (e) during any particular month must, by no later than 10 working days after the end of that month, submit that part of the statement reflecting the particulars referred to in subsection (1) (e) and (f) to the national or provincial organ of state or municipality which transferred the allocation.

The Provincial Treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.

The Provincial Treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities 'budgets per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.

## **2. IN – YEAR BUDGET STATEMENT TABLES**

In terms of regulation 14 of the Municipal Budget and Reporting Regulations, the in-year budget statement tables must consist of Table C1 to C7 and supporting documentation for debtors, Creditors, Investment portfolio analysis and allocation of grants receipts and expenditure.

## 2.1 Vhembe District Municipality- Table C1 Monthly Budget Statement Summary 31 December 2023.

Limpopo: Vhembe(DC34) - Table C1 Monthly Budget Summary for period ending (M06) 31 December 2023

Description	2022/23		Budget year 2023/24								
	Audited Outcome	Original Budget	Adjusted Budget	M03 Sept Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
<b>Financial Performance</b>											
Property rates	-	-	-	-	-	-	-	-	-	-	-
Service charges	746,266	931,352	931,352	10,818	6,081	(12,490)	(1,541)	466,761	(468,302)	(100.33)	931,352
Investment revenue	-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	1,312,374	1,397,700	1,397,700	2,679	461,699	469,667	1,052,142	968,349	83,793	8.65	1,397,700
Other own revenue	113,077	110,067	110,067	13,539	10,075	32,051	69,944	51,494	18,450	35.83	110,067
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,171,716</b>	<b>2,439,118</b>	<b>2,439,118</b>	<b>27,036</b>	<b>477,855</b>	<b>489,229</b>	<b>1,120,545</b>	<b>1,486,604</b>	<b>(366,059)</b>	<b>(24.62)</b>	<b>2,439,118</b>
Employee costs	706,418	809,596	809,596	64,959	57,227	186,872	376,670	398,425	(21,755)	(5.46)	809,596
Remuneration of councillors	14,694	20,818	20,818	1,885	1,397	3,996	8,229	9,405	(1,176)	(12.51)	20,818
Depreciation and amortisation	193,542	219,958	219,958	454,421	67,360	(260,415)	194,006	105,218	88,788	84.38	219,958
Finance charges	2,566	100	100	-	-	-	1	40	(39)	(97.69)	100
Inventory consumed and bulk purchases	213,828	128,802	128,802	29,847	279	38,971	71,622	64,396	7,226	11.22	128,802
Transfers and subsidies	400	-	-	-	-	-	-	-	-	-	-
Other expenditure	1,255,218	1,143,134	1,143,134	31,583	34,625	98,268	237,749	251,452	(13,702)	(5.45)	1,143,134
<b>Total Expenditure</b>	<b>2,386,665</b>	<b>2,322,408</b>	<b>2,322,408</b>	<b>562,694</b>	<b>160,888</b>	<b>67,691</b>	<b>888,277</b>	<b>828,936</b>	<b>59,342</b>	<b>7.16</b>	<b>2,322,408</b>
<b>Surplus/(Deficit)</b>	<b>(214,949)</b>	<b>116,710</b>	<b>116,710</b>	<b>(555,658)</b>	<b>316,966</b>	<b>421,538</b>	<b>232,268</b>	<b>657,669</b>	<b>(425,401)</b>	<b>(64.68)</b>	<b>116,710</b>
Transfers and subsidies - capital (monetary allocations)	589,684	700,613	700,613	50,116	-	88,537	165,366	436,023	(270,657)	(62.07)	700,613
Transfers and subsidies - capital (in-kind)	965	299	299	22	810	1,438	1,947	77	1,870	2,433.23	299
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>375,690</b>	<b>817,622</b>	<b>817,622</b>	<b>(505,519)</b>	<b>317,776</b>	<b>511,513</b>	<b>399,581</b>	<b>1,093,768</b>	<b>(694,168)</b>	<b>(63.47)</b>	<b>817,622</b>
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>375,690</b>	<b>817,622</b>	<b>817,622</b>	<b>(505,519)</b>	<b>317,776</b>	<b>511,513</b>	<b>399,581</b>	<b>1,093,768</b>	<b>(694,168)</b>	<b>(63.47)</b>	<b>817,622</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>683,073</b>	<b>896,189</b>	<b>896,189</b>	<b>42,428</b>	<b>128,958</b>	<b>202,781</b>	<b>328,921</b>	<b>416,821</b>	<b>(87,900)</b>	<b>(21.09)</b>	<b>896,189</b>
Transfers recognised - capital	613,481	607,731	607,731	37,702	102,945	162,175	271,501	304,828	(33,327)	(10.93)	607,731
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	69,651	288,458	288,458	4,727	22,951	37,544	54,358	111,993	(57,635)	(51.46)	288,458
<b>Total sources of capital funds</b>	<b>683,132</b>	<b>896,189</b>	<b>896,189</b>	<b>42,428</b>	<b>125,896</b>	<b>199,719</b>	<b>325,859</b>	<b>416,821</b>	<b>(90,962)</b>	<b>(21.82)</b>	<b>896,189</b>
<b>Financial position</b>											
Total current assets	792,494	2,483,779	2,483,779	(145,911)	244,156	59,650	1,299,820	2,885,419	(1,585,599)	(54.95)	2,483,779
Total non current assets	5,996,143	5,720,301	5,720,301	(411,993)	61,598	463,196	6,126,279	5,355,673	770,606	14.39	5,720,301
Total current liabilities	1,127,733	897,746	897,746	(52,384)	(12,022)	16,116	2,310,350	658,611	1,651,739	250.79	897,746
Total non current liabilities	-	888,470	888,470	-	-	-	-	888,470	(888,470)	(100.00)	888,470
Community wealth/Equity	6,620,748	6,417,864	6,417,864	(505,519)	317,776	506,730	5,115,748	6,694,011	(1,578,262)	(23.58)	6,417,864
<b>Cash flows</b>											
Net cash from (used) operating	2,151,196	1,042,889	1,042,889	(45,268)	423,251	432,120	1,127,016	893,051	233,965	26.20	1,042,889
Net cash from (used) investing	(723,157)	(977,580)	(977,580)	(45,320)	(139,791)	(225,575)	(367,177)	(618,011)	250,833	(40.59)	(977,580)
Net cash from (used) financing	-	(36,000)	(36,000)	-	-	-	-	(18,000)	18,000	(100.00)	(36,000)
<b>Cash/cash equivalents at the year end</b>	<b>1,559,932</b>	<b>330,170</b>	<b>330,170</b>	<b>683,982</b>	<b>890,527</b>	<b>890,527</b>	<b>890,527</b>	<b>557,902</b>	<b>332,625</b>	<b>59.62</b>	<b>330,170</b>
<b>Collection Rate</b>	<b>2.06</b>	<b>11.39</b>	<b>11.39</b>	<b>25.37</b>	<b>15.41</b>	<b>56.62</b>	<b>44.97</b>	<b>11.69</b>	<b>-</b>	<b>-</b>	<b>11.39</b>
Property rates	-	-	-	-	-	-	-	-	-	-	-
Service charges	2.37	12.64	12.64	57.01	40.84	(86.83)	(1,975.05)	12.88	-	-	12.64
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2.37	10.00	10.00	57.17	40.91	(86.31)	(1,758.53)	10.00	-	-	10.00
Service charges - sanitation revenue	-	99.89	99.89	-	-	-	-	99.89	-	-	99.89
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-

### 3. ACTUAL REVENUE PER REVENUE SOURCE

The total revenue budget of the municipality is R 3,140,030 billion which is consist of capital transfers of R 730,329 million and operational transfers of R 1,397,974 billion and own revenue to am amount of R1,011,027 million.

**Total Capital and Operational transfer's grants are R 2,132,003,000 billion and is broken down as follows.**

**TRANSFER AND SUBSIDIES OPERATIONAL**

<b>Description</b>	<b>Amount</b>	<b>Type of grant</b>
Equitable Share	R1,385,786,000.00	Operational
Finance Management Grant (FMG)	R3,000,000.00	Operational
Extended Public Works Programme (EPWP)	R6,772,000.00	Operational
Rural Roads Assets Management Systems Grant (RTSG)	R2,416,000.00	Operational
MIG Operational portion	R31,066,450.00	MIG Operational portion
WSIG Consultants fees	R1,739,000.00	WSIG Consultants fees
Infrastructure Skills Development Grant	R 3,500,000.00	Operational
<b>TOTAL</b>	<b>R 1,434,279,450.00</b>	

**CAPITAL TRANSFERS AND SUBSIDIES**

<b>Description</b>	<b>Amount (Vat Exclusive)</b>	<b>Type of grant</b>
Municipal Infrastructure Grant (MIG)	R 590,462,550.00	Capital Portion
Water Services Infrastructure Grant (WSIG)	R107,261,000	Capital Portion
<b>TOTAL</b>	<b>R 697,723,550.00</b>	

<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>R 2,132,003,000.00</b>	
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<b>TOTAL OWN REVENUE</b>	<b>R1,010,115,572.00</b>	
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**TOTAL REVENUE BUDGET: R 3,140,030 billion**

**ACTUAL REVENUE PER REVENUE SOURCE TABLE**

<b>QUARTER 2 REPORT OCTOBER - DECEMBER 2023</b>						
<b>DESCRIPTION</b>	<b>BUDGET 2023/24</b>	<b>QUARTER 1</b>	<b>QUARTER 2</b>	<b>TOTAL</b>	<b>VARIANCE</b>	<b>RECEIPTS / BILLED %</b>
Municipal Infrastructure Grant	621,329,000.00	207,701,000.00	161,519,000.00	738,440,000.00	(117,111,000.00)	119%
Equitable Shares	1,385,786,000.00	577,411,000.00	461,699,000.00	2,078,220,000.00	(692,434,000.00)	150%
Department of Transport Grant (Rural Road Asset Management Grant )	2,416,000.00	1,691,000.00	-	3,382,000.00	(966,000.00)	140%
Local Government Financial Management Grant	3,000,000.00	3,000,000.00	-	6,000,000.00	(3,000,000.00)	200%
EPWP	6,772,000.00	1,693,000.00	3,047,000.00	9,480,000.00	(2,708,000.00)	140%
Department of Water Affairs -WSIG	109,000,000.00	39,000,000.00	-	78,000,000.00	31,000,000.00	72%
Third Party admin	-	-	-	-	-	0%
Development Engineering Service Contribution	2,900,000.00	-	-	-	2,900,000.00	0%
ISDG	3,500,000.00	2,000,000.00	-	4,000,000.00	(500,000.00)	114%
Interest on Investment	24,308,000.00	12,306,831.40	7,378,265.91	39,370,194.62	(15,062,194.62)	162%
Interest on Debtors	78,349,000.00	27,729,624.68	27,495,775.84	110,450,801.04	(32,101,801.04)	141%
Rental of Property	-	-	-	-	-	0%
Sale of Tender Documents	384,000.00	56,494.03	33,361.64	179,711.34	204,288.66	47%
Equipment Landing Deport	277,980.00	19,091.85	54,317.44	146,818.58	131,161.42	53%
Water Sales	900,000,000.00	93,088,552.18	68,028,267.23	322,233,638.82	577,766,361.18	36%
Other Income SETA	299,000.00	509,267.70	1,137,768.75	3,294,072.90	(2,995,072.90)	1102%
Health Certificates	358,764.00	157,422.40	181,482.48	677,809.76	(319,045.76)	189%
Fire Service fee	78,256.00	70,932.47	20,552.98	182,970.90	(104,714.90)	234%
Sale of manure	7,000.00	131.30	-	262.60	6,737.40	4%
New connection	1,265,000.00	505,477.99	373,154.87	1,757,265.72	(492,265.72)	139%
<b>TOTAL</b>	<b>3,140,030,000.00</b>	<b>966,939,826.00</b>	<b>730,967,947.14</b>	<b>3,395,815,546.28</b>	<b>- 255,785,546.28</b>	<b>108%</b>

### 3.1 DETAIL REVENUE PERFORMANCE PER SOURCE

#### SUMMARY

The total revenue budget for the municipality is **R 3,140,030 billion** for the financial year 2023/2024 of the total revenue budget of **R 3,140,030 billion**, **67.85%** is grants and subsidies while only **32.14%** is own revenue. The municipality has collected

**R 1,511,847 billion** actual cash excluding billing.

The collection rate has decreased by **8.3%** compared to last month collection rate of **15.27%**, (Monthly total collection excluding prepaid of **R 1,919** million against Previous Month total billing of (**R 27,544** million) which is currently at **6.97%** collection rate for the month under review. Pre-paid collected to date is **R 1,742** million. The collection decreased from the average collection rate of **15.27%** for the last month (November 2023). The municipality is continuing to address the completeness of revenue through monthly meter readings which is also assisting in the credibility of the consumer statements.

The municipality will have to take into consideration that revenue is the basis of the qualified audit opinion, especially on revenue from exchange transactions. The municipality should start with the audit action plan to try to address all issues raised in this regard,

The municipality has also made aware of the material irregularities of which the municipality has made an action to address it, the municipality is reminded to always check the status of the actions taken to address those irregularities and AG has indicated that they will make follow up during the next audit period.

## **ANALYSIS OF INDIVIDUAL CATEGORY OF REVENUE**

### **Analysis per source:**

- **Interest from the bank**

The municipality collected **R 19,6** million, which is **81%** of the approved budget of **R 24,3** million, and this is the of interest received from the bank on all municipal accounts (Water and operational accounts). The municipality will consider adjusting the budget upwards when doing adjustment budget.

- **Interest on Debtors**

Interest on outstanding accounts billed **R 55,2** million of the approved budget of **R 78,3** million which is **70%** and this is due to non-payment of services by customers, which resulted to **7%** interest rate being charged on all overdue



accounts. This item will also be adjusted upwards when doing the adjustment budget due to the increased billing.

- **Sale of Tender Documents**

The municipality collected **R 89,8** thousand of the approved budget of **R 384** thousand which is **23%**. The municipality will consider adjusting this item downwards as the collection is very low checking that we are in the middle of the year and most of the tender are being downloaded online hence lower collection.

- **New connection**

The municipality collected **R 878,6** thousand which is **80%** of the approved budget of **R 1,1** million. The municipality will consider adjusting this item upward during the adjustment period.

- **Other income**

- **Landing Depot**

The municipality collected **R 190,2** thousand of the approved budget of **R 277,9** thousand which is **68%** when straight line projection is applied. The municipality will consider adjusting this item upward during the adjustment period.

- **Sale of Manure**

The municipality collected **R 131** of the approved budget of **R 7** thousand which is **2%** of the overall budget. The municipality will consider adjusting this item downwards as the collection is very low and also considering that the ploughing season is about to end.

- **Health Certificates**

The municipality managed to collect **R 338,9** thousand which is **94%** of the approved budget of **R358,8**. The municipality will adjust this item upwards as the collection is very high and we still have more months until the end of the financial year.

- **Fire Services**

The municipality managed to collect **R 91,1** thousand which is **124%** of the approved budget of **R 73,4** thousand for the period under review. The municipality will adjust this item upwards as the collection is very high and we still have more months until the end of the financial year, and also considering the season we are in.

#### **4. ACTUAL OPERATING EXPENDITURE PER VOTE (DEPARTMENTS)**

The total operating budget is **R 2,322,408** billion. The total operating expenditure for all the departments during the period under review is **R 888,277** million of the anticipated expenditure of **R 828,936** million, the municipality has overspent by an amount of **R 59,342** million which **7.16%** for the period under review. The most contributing items for over expenditure even for this month are electricity, repairs and maintenance. The overall performance of the operational expenditure for the municipality is **38%** for the period under review as per operational plan.

**Below is the C4 table which shows the financial performance per expenditure type.**

Limpopo: Vhembe (DC34) - Table C4 Monthly Budgeted Financial Performance ( All ) for period ending (M06) 31 December 2023

Description	Ref	Budget year 2023/24											
		2022/23	Original Budget	Adjusted Budget	M03 Sept Actual	Q1 Sept Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
<b>R thousands</b>		Audited Outcome											
<b>Revenue</b>													
<b>Exchange Revenue</b>													
Service charges - Electricity													
Service charges - Water		745,957	903,773	903,773	10,789	10,833	6,070	(12,565)	(1,731)	451,719	(453,450)	(100.38)	903,773
Service charges - Waste Water Management		25	27,431	27,431	1	2		2	4	14,962	(14,958)	(99.98)	27,431
Service charges - Waste Management		283	148	148	29	113	11	73	186	80	106	131.86	148
Sale of Goods and Rendering of Services		961	850	850	48	280	31	235	515	524	(9)	(1.73)	850
Agency services													
Interest		28,591	24,308	24,308	4,868	12,307	1,591	7,378	19,685	12,154	7,531	61.96	24,308
Interest earned from Receivables		83,200	78,349	78,349	8,623	25,287	8,442	24,267	49,554	35,218	14,336	40.71	78,349
Interest earned from Current and Non Current Assets													
Dividends													
Rent on Land													
Rental from Fixed Assets		1	2	2						1	(1)	(100.00)	2
Licence and permits		0				0			0		0		
Operational Revenue		53	126	126						64	(64)	(100.00)	126
<b>Non-Exchange Revenue</b>													
Property rates													
Surcharges and Taxes													
Fines, penalties and forfeits													
Licences or permits		271	6,432	6,432	0	19	10	171	190	3,533	(3,343)	(94.62)	6,432
Transfer and subsidies - Operational		1,312,374	1,397,700	1,397,700	2,679	582,475	461,699	469,667	1,052,142	968,349	83,793	8.65	1,397,700
Interest													
Fuel Levy													
Operational Revenue													
Gains on disposal of Assets													
Other Gains													
Discontinued Operations													
<b>Total Revenue (excluding capital transfers and contr</b>		<b>2,171,716</b>	<b>2,439,118</b>	<b>2,439,118</b>	<b>27,036</b>	<b>631,316</b>	<b>477,855</b>	<b>489,229</b>	<b>1,120,545</b>	<b>1,486,604</b>	<b>(366,059)</b>	<b>(24.62)</b>	<b>2,439,118</b>
<b>Expenditure</b>													
Employee related costs		706,418	809,596	809,596	64,959	189,798	57,227	186,872	376,670	398,425	(21,755)	(5.46)	809,596
Remuneration of councillors		14,694	20,818	20,818	1,885	4,233	1,397	3,996	8,229	9,405	(1,176)	(12.51)	20,818
Bulk purchases - electricity													
Inventory consumed		213,828	128,802	128,802	29,847	32,652	279	38,971	71,622	64,396	7,226	11.22	128,802
Debt impairment		831,886	620,000	620,000									620,000
Depreciation and amortisation		193,542	219,958	219,958	454,421	454,421	67,360	(260,415)	194,006	105,218	88,788	84.38	219,958
Interest		2,566	100	100		1			1	40	(39)	(97.69)	100
Contracted services		226,910	305,286	305,286	18,924	89,855	21,203	58,797	148,652	162,632	(13,980)	(8.60)	305,286
Transfers and subsidies		400											
Irrecoverable debts written off													
Operational costs		196,422	217,848	217,848	12,659	49,627	13,422	39,471	89,097	88,819	278	0.31	217,848
Losses on disposal of Assets													
Other Losses													
<b>Total Expenditure</b>		<b>2,386,665</b>	<b>2,322,408</b>	<b>2,322,408</b>	<b>582,694</b>	<b>820,586</b>	<b>160,888</b>	<b>67,691</b>	<b>888,277</b>	<b>828,936</b>	<b>59,342</b>	<b>7.16</b>	<b>2,322,408</b>
<b>Surplus/(Deficit)</b>		<b>(214,949)</b>	<b>116,710</b>	<b>116,710</b>	<b>(555,658)</b>	<b>(189,270)</b>	<b>316,966</b>	<b>421,538</b>	<b>232,268</b>	<b>657,669</b>	<b>(425,401)</b>	<b>(64.68)</b>	<b>116,710</b>
Transfers and subsidies - capital (monetary allocations)		589,684	700,613	700,613	50,116	76,829		88,537	165,366	436,023	(270,657)	(62.07)	700,613
Transfers and subsidies - capital (in-kind)		955	299	299	22	509	810	1,438	1,947	77	1,870	2,433.23	299
<b>contributions</b>		<b>375,690</b>	<b>817,622</b>	<b>817,622</b>	<b>(505,519)</b>	<b>(111,932)</b>	<b>317,776</b>	<b>511,513</b>	<b>399,581</b>	<b>1,093,768</b>	<b>(694,188)</b>	<b>(63.47)</b>	<b>817,622</b>
Income Tax													
<b>Surplus/(Deficit) after income tax</b>		<b>375,690</b>	<b>817,622</b>	<b>817,622</b>	<b>(505,519)</b>	<b>(111,932)</b>	<b>317,776</b>	<b>511,513</b>	<b>399,581</b>	<b>1,093,768</b>	<b>(694,188)</b>	<b>(63.47)</b>	<b>817,622</b>
Share of Surplus/Deficit attributable to Joint Venture													
Share of Surplus/Deficit attributable to Minorities													
<b>Surplus/(Deficit) attributable to municipality</b>		<b>375,690</b>	<b>817,622</b>	<b>817,622</b>	<b>(505,519)</b>	<b>(111,932)</b>	<b>317,776</b>	<b>511,513</b>	<b>399,581</b>	<b>1,093,768</b>	<b>(694,188)</b>	<b>(63.47)</b>	<b>817,622</b>
Share of Surplus/Deficit attributable to Associate													
Intercompany/Parent subsidiary transactions													
<b>Surplus/(Deficit) for the year</b>		<b>375,690</b>	<b>817,622</b>	<b>817,622</b>	<b>(505,519)</b>	<b>(111,932)</b>	<b>317,776</b>	<b>511,513</b>	<b>399,581</b>	<b>1,093,768</b>	<b>(694,188)</b>	<b>(63.47)</b>	<b>817,622</b>

## 4.1. Explanations of expenditure performance per item

### Employee related costs.

The total budget for employee related cost is **R 809,596** million. The total employee related cost expenditure is **R 376,670** million of the total anticipated expenditure of **R 398,425** million. The municipality has underspend by **(R 21,755)** million which is **5.46%** of the anticipated expenditure for the period under review. The underperformance is still affected by vacated positions, resignation, deaths, and new positions which are not yet filled. The overall performance for this item is **47%** for the period under review.

### Remuneration of councillors

The budget for the remuneration of councillors is **R 20,818** million. The total remuneration of councillor's expenditure is **R 8,229** million and the total anticipated expenditure of **R 9,405** million. The municipality has underspent by **(R 1,176)** million which is **12.51%** of the anticipated expenditure for the period under review against year-to-date budget. The overall performance for this item is **40%** for the period under review. **Underperformance is due to the upper limits which are to be paid during the year 2024.**

### Inventory Consumed

The amount budget for the inventory consumed is **R 128,216** million. The total expenditure incurred amount to **R 71,622** million and the total anticipated expenditure is **R 64,396** million for the period under review. The municipality has overspent by **R 7,226** million which is **11.22%** of the anticipated expenditure for the period under review. The overall performance for this item is **56%** for the period under review.

## Debt Impairment

The budgeted amount for debt impairment is **R 620,000** million. The debt impairment calculation is done annually as per municipality's policy hence no expenditure for the period under review resulting in **100%** under-spending. An assessment will also be done on the finalisation of the annual financial statements.

## Depreciation and Assets Impairment

The budgeted amount for depreciation and assets impairment is **R 219,958** million of which is non-cash item. The total year-to-date expenditure incurred for the item is

**R 194,006** million, and total anticipated expenditure was **R 105,218** million for the period under review. The municipality has overspent by **R 88,788** million which is **84.38%** of the anticipated expenditure for the period under review. The annual budget has taken into consideration all new assets that will be completed in the 2023/2024 financial year. The overall performance for this item is **88%** for the period under review.

## Interest

The budget amount for the interest is **R 100** thousand. The total expenditure incurred is **R 1 thousand** and the total anticipated expenditure is **R 40 thousand** for the period under review. The municipality has underspent by **(R 39)** thousand which is **97.69%** of the total anticipated expenditure. The overall performance for this item is **1%** for the period under review.

## Contracted Service

The budget amount for the contracted services is **R 305,286** million. The total expenditure incurred is **R 148,652** million and the total anticipated expenditure is

**R 162,632** million for the period under review. The municipality has underspent by

**(R 13,980)** million which is **8.6%** of the total anticipated expenditure. The overall performance for this item is **49%** for the period under review.

### **Operational costs**

The budgeted amount for other expenditure is **R 217,848** million and total expenditure incurred is **R 89,097** million. The total anticipated expenditure for the period under review is **R 88,819** million. The municipality has overspent by **R 278** million which is **0.31%** of the total anticipated expenditure for the period under review. The overall performance for this item is **41%** for the period under review.

## TABLE C2 EXPLANATION FOR VARIANCE PER FUNCTION

Limpopo: Vhembe (DC34) - Table C2 Monthly Budgeted Financial Performance by Functional Classification for period ending (M06) 31 December 2023													
Description	Ref	2022/23	Budget year 2023/24										
		Audited Outcome	Original Budget	Adjusted Budget	M03 Sept Actual	Q1 Sept Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
<b>Revenue - Functional</b>													
<i>Municipal governance and administration</i>		258,918	1,082,542	1,082,542	13,803	455,418	344,236	366,861	822,279	599,593	222,686	37.14	1,082,542
Executive and council		12,672	16,418	16,418		7,009	5,633	5,633	12,642	11,764	878	7.46	16,418
Finance and administration		233,575	1,060,348	1,060,348	13,803	445,942	336,618	359,243	805,186	583,733	221,452	37.94	1,060,348
Internal audit		12,671	5,776	5,776		2,466	1,985	1,985	4,452	4,096	356	8.68	5,776
<i>Community and public safety</i>		50,990	62,039	62,039	9	26,522	21,148	21,166	47,688	37,418	10,270	27.45	62,039
Community and social services		50,697	61,927	61,927		26,451	21,146	21,146	47,597	37,354	10,243	27.42	61,927
Sport and recreation													
Public safety		292	112	112	9	71	2	21	91	64	27	42.33	112
Housing													
Health						0			0		0		
<i>Economic and environmental services</i>		859,300	733,275	733,275	52,870	114,695	33,093	130,023	244,718	639,734	(395,016)	(61.75)	733,275
Planning and development		856,529	730,517	730,517	52,296	114,008	33,063	129,842	243,850	637,434	(393,584)	(61.75)	730,517
Road transport		2,407	2,416	2,416	535	535			535	2,129	(1,595)	(74.89)	2,416
Environmental protection		365	342	342	39	152	30	181	334	171	163	95.28	342
<i>Trading services</i>		1,592,923	1,255,815	1,255,815	10,493	112,001	80,178	60,982	172,982	642,474	(469,492)	(73.08)	1,255,815
Energy sources													
Water management		1,592,918	1,228,076	1,228,076	10,493	112,001	80,178	60,982	172,982	627,345	(454,363)	(72.43)	1,228,076
Waste water management		5	27,740	27,740						15,129	(15,129)	(100.00)	27,740
Waste management													
<i>Other</i>	4	225	6,359	6,359	0	19	10	171	190	3,484	(3,294)	(94.54)	6,359
<b>Total Revenue - Functional</b>	2	<b>2,762,355</b>	<b>3,140,030</b>	<b>3,140,030</b>	<b>77,175</b>	<b>708,654</b>	<b>478,665</b>	<b>579,204</b>	<b>1,287,858</b>	<b>1,922,704</b>	<b>(634,846)</b>	<b>(33.02)</b>	<b>3,140,030</b>
<b>Expenditure - Functional</b>													
<i>Municipal governance and administration</i>		1,222,632	1,159,845	1,159,845	88,205	157,959	40,632	84,932	242,891	274,062	(31,171)	(11.37)	1,159,845
Executive and council		130,894	143,232	143,232	11,803	34,047	10,269	31,674	65,720	68,258	(2,537)	(3.72)	143,232
Finance and administration		1,090,520	1,007,988	1,007,988	76,402	123,859	30,154	52,768	176,627	201,320	(24,693)	(12.27)	1,007,988
Internal audit		1,218	8,624	8,624		53	209	491	544	4,484	(3,940)	(87.87)	8,624
<i>Community and public safety</i>		133,879	153,419	153,419	11,141	34,089	11,064	35,012	69,101	73,554	(4,453)	(6.05)	153,419
Community and social services		133,142	150,251	150,251	11,032	33,883	11,018	34,958	68,842	72,204	(3,363)	(4.66)	150,251
Sport and recreation													
Public safety													
Housing													
Health		737	3,168	3,168	109	206	47	54	260	1,350	(1,090)	(80.77)	3,168
<i>Economic and environmental services</i>		61,945	83,499	83,499	4,404	15,668	5,150	10,308	25,976	41,112	(15,136)	(36.82)	83,499
Planning and development		59,263	78,398	78,398	4,385	15,176	4,932	9,483	24,660	38,592	(13,933)	(36.10)	78,398
Road transport		2,299	4,271	4,271		465	218	794	1,259	2,184	(926)	(42.37)	4,271
Environmental protection		383	830	830	19	27		31	58	335	(278)	(82.80)	830
<i>Trading services</i>		965,828	918,732	918,732	478,618	612,400	103,772	(63,141)	549,260	439,019	110,241	25.11	918,732
Energy sources													
Water management		953,261	888,502	888,502	477,443	609,853	102,047	(71,572)	538,281	421,158	117,123	27.81	888,502
Waste water management		12,566	30,230	30,230	1,176	2,547	1,725	8,432	10,979	17,861	(6,882)	(38.53)	30,230
Waste management													
<i>Other</i>	4	2,382	6,913	6,913	326	470	269	579	1,049	1,189	(140)	(11.76)	6,913
<b>Total Expenditure - Functional</b>	3	<b>2,386,665</b>	<b>2,322,408</b>	<b>2,322,408</b>	<b>582,694</b>	<b>820,586</b>	<b>160,888</b>	<b>67,691</b>	<b>888,277</b>	<b>828,936</b>	<b>59,342</b>	<b>7.16</b>	<b>2,322,408</b>
		375,690	817,622	817,622	(505,519)	(111,932)	317,776	511,513	399,581	1,093,768	(694,188)	(63.47)	817,622

## 4.2 DETAIL PERFORMANCE PER DEPARTMENT (FUNCTION)

The department (Function) individual performance as indicated above on 4.1 are as follows.

### 4.2.1 Municipal Governance and Administration

The budget amount for this function is **R 1,159,845** billion. The total year-to-date actual expenditure incurred amounts to **R 242,891** million against the anticipated year-to-date budget of **R 274,062** million. The function for governance and administration has underspent by **(R 31,171)** million which is **11.37%** of the anticipated expenditure for the period under review. The overall year-to-date actual expenditure percentage against the total budget of **R 1,159,845** billion is **20.94%** for the period under review.

### 4.2.2 Community and Public Safety

The budget amount for this function is **R 153,419** million. The total year-to-date actual expenditure incurred is **R 69,101** million against the year-to-date budget of **R 73,554** million. This function has underspent by **(R 4,453)** million which is **6.05%** anticipated expenditure for the period under review. The overall year-to-date actual expenditure percentage against the budget of **R 153,419** million is **45.04%** for the period under review.

### 4.2.3 Economic and Environmental Services

The budget for this function is **R 83,499** million. The total year-to-date actual expenditure incurred is **R 25,976** million against the year-to-date budget of **R 41,112** million. The department has underspent by **(R 15,136)** million which is **36.82%** of the anticipated expenditure for the period under review. The overall year-to-date actual



expenditure percentage against the budget of **R 83,499** million is **31.10%** for the period under review.

#### **4.2.4 Trading Services**

The budgeted amount for this function is **R 918,732** million. The total year-to-date actual expenditure incurred amount to **R 549,260** million against the year-to-date budget of **R 439,019** million. The department has overspent by **R 110,241** million which **25.11%** of the anticipated expenditure for the period under review. The overall year-to-date actual expenditure percentage against the budget of **R 918,732** million is **59.78%** for the period under review.

#### **4.2.5 Other (Tourism, Markets, Air transport and Abattoirs)**

The budgeted amount for other functions is **R 6,913** million. The total year-to-date actual expenditure incurred amount to **R 1,049** million against the year-to-date budget of **R 1,189** million. The department has underspent by **(R 140)** thousand which **11.76%** of the anticipated expenditure for the period under review. The overall year-to-date actual expenditure percentage against the budget of **R 6,913** million is **15.17%** for the period under review.

### **5. ACTUAL CAPITAL EXPENDITURE, PER VOTE**

The budget for capital expenditure is **R 896,189** million (VAT exclusive). The municipality has managed to spend **R 328,921** million (VAT exclusive) during the period under review and as a result, the municipality underspent by **(R 87,900)** million which is **21.09%** on year-to date budget of **R 416,821** million.

The capital expenditure includes expenditure incurred in relation to grant in-kind for RBIG and the grant does not form part of the Municipal Budget. The municipality is

only an implementing agent of behalf of the Department of Water and Sanitation. The municipality submit invoices paid to claim a refund from the Department of Water and Sanitation to set off the expenditure incurred against the RBIG Project. The total incurred expenditure for this month is **R 0** million, total expenditure to date is **R 4,397** million.

Detailed explanation of expenditure is reflected on the procurement plan report. The overall percentage expenditure for capital budget is **36.70%** of the total budget.

Limpopo: Vhembe (DC34) - Table C5 Monthly Budgeted Capital Expenditure by Functional Classification and Funding for period ending (M06) 31 December 2023

Description	Ref	Budget year 2023/24												
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	M04 Oct Actual	M05 Nov Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
<b>Capital Expenditure - Functional</b>														
<i>Municipal governance and administration</i>		10,641	96,316	96,316	3,009	616	154	6,196	6,966	9,974	18,107	(8,133)	(44.91)	96,316
Executive and council			117	117							117	(117)	(100.00)	117
Finance and administration		10,641	96,151	96,151	3,009	616	154	6,196	6,966	9,974	17,942	(7,967)	(44.41)	96,151
Internal audit			48	48							48	(48)	(100.00)	48
<i>Community and public safety</i>		2,727	1,478	1,478	96	82	387	-	469	565	174	391	225.03	1,478
Community and social services			1,478	1,478	96	82	387		469	565	174	391	225.03	1,478
Sport and recreation														
Public safety														
Housing														
Health		2,727												
<i>Economic and environmental services</i>		562,346	558,077	558,077	102,670	56,589	1,999	97,713	156,301	258,970	279,270	(20,300)	(7.27)	558,077
Planning and development		562,346	558,018	558,018	102,670	56,589	1,999	97,713	156,301	258,970	279,270	(20,300)	(7.27)	558,018
Road transport														
Environmental protection			59	59										59
<i>Trading services</i>		105,976	239,013	239,013	20,365	5,340	8,656	25,049	39,045	59,410	117,965	(58,555)	(49.64)	239,013
Energy sources														
Water management		105,976	172,308	172,308	12,630	5,340	4,319	14,064	23,714	36,344	84,970	(48,626)	(57.23)	172,308
Waste water management			66,704	66,704	7,735		4,336	10,985	15,331	23,066	32,995	(9,929)	(30.09)	66,704
Waste management														
Other		1,384	1,304	1,304							1,304	(1,304)	(100.00)	1,304
<b>Total Capital Expenditure - Functional</b>	3	683,073	896,189	896,189	126,140	62,627	11,196	128,958	202,781	328,921	416,821	(87,900)	(21.09)	896,189
<b>Funded by</b>														
National Government		613,481	607,731	607,731	109,325	50,215	9,016	102,945	162,175	271,501	304,828	(33,327)	(10.93)	607,731
Provincial Government														
District Municipality														
Transfers and subsidies - capital (monetary allocations) (Nat / Prov)														
Transfers recognised - capital		613,481	607,731	607,731	109,325	50,215	9,016	102,945	162,175	271,501	304,828	(33,327)	(10.93)	607,731
<b>Borrowing</b>	6													
Internally generated funds		69,651	288,458	288,458	16,814	12,412	2,180	22,951	37,544	54,368	111,993	(57,635)	(51.46)	288,458
<b>Total Capital Funding</b>		683,132	896,189	896,189	126,140	62,627	11,196	125,896	199,719	325,859	416,821	(90,962)	(21.82)	896,189

## SECTION 71 REPORT 31 DECEMBER 2023

Segment Description	CAPITAL EXPENDITURE FOR DECEMBER 2023						Total Actual	Remaining Budget	%Spent
	Total Budget	October	November	December					
Disaster Centre High Must Lights (x2)	869,565.00	-	-	-	-	-	869,565.00	0%	
Palisade fence	6,391,304.00	-	-	1,535,670.00	5,141,340.00	1,249,964.00	80%		
Chavani and Surrounding Villages Bulk Supply	159,924,140.00	21,440,848.75	-	32,651,190.30	91,039,446.37	68,884,693.63	57%		
Water Supply and Bulk Water Reticulation of Ngwenani Themeli	55,632,065.00	4,969,962.32	-	3,283,389.12	10,872,056.03	44,760,008.97	20%		
Vondo RWS: Murangoni	56,890,356.00	1,314,857.12	946,849.90	686,796.66	16,991,512.41	39,898,843.59	30%		
Infrastructure Assessment and Rehabilitation Program	26,086,957.00	-	-	-	18,197.10	26,068,759.90	0%		
Refurbishment of Malamulele WTW	13,043,478.00	-	-	-	-	13,043,478.00	0%		
Refurbishment of Albasin WTW and booster pump stations	8,695,653.00	-	-	-	-	8,695,653.00	0%		
Refurbishment of Makhado Boreholes Water Augmentation schemes	10,434,783.00	3,752,064.27	1,639,427.14	3,863,285.82	15,942,046.15	5,507,263.15	153%		
Malonga water reticulation	1,739,130.00	-	-	200,449.91	200,449.91	1,538,680.09	12%		
Block A (Miluwani and Tshidaulu) water reticulation	4,869,565.00	-	-	-	-	4,869,565.00	0%		
Upgrading of Damani Water treatment plant from 12ML/day and	6,956,522.00	1,683,395.46	-	1,445,811.84	3,129,207.30	3,827,314.70	45%		
Chavani and Surrounding Villages Bulk Supply (Nkuzana water	44,074,278.00	5,428,864.29	-	6,329,743.88	11,758,608.17	32,315,669.83	27%		
Refurbishment of Nancifield WWTW including Electrical and Me	19,591,885.00	-	1,933,050.00	4,305,262.00	9,171,398.89	10,420,486.11	47%		
Refurbishment of Thavhani Mall Sewer and Mvudi park pump sta	7,448,201.00	-	737,289.77	3,075,044.22	4,749,871.20	2,698,329.80	64%		
RBIG Projects	-	117,959.82	1,959,641.23	-	4,396,899.07	4,396,899.07	#DIV/0!		
Connection Material	2,608,696.00	-	-	2,324,980.00	2,324,980.00	283,716.00	89%		
Increasing the Capacity of Vondo WTW & Upgrading of water r	83,851,532.00	-	-	2,792,770.76	84,978,153.35	75,553,716.65	10%		
Malamulele west Rigional Water Scheme(RWS)	16,890,036.00	-	581,971.50	1,099,006.90	1,680,978.40	15,209,057.60	10%		
Upgrading of Mutale Raw Water Dam	33,996,974.00	-	-	-	-	33,996,974.00	0%		
Mutshedzi Regional Water Scheme	-	5,606,256.82	-	8,918,156.13	25,623,125.27	25,623,125.27	#DIV/0!		
Vuwani to Vyeboom and construction of Reservoir (Makhado)	15,963,100.00	1,036,186.96	470,565.22	351,739.13	3,163,888.02	12,799,211.98	20%		
Software (Electronic Signage and PDF)	434,783.00	-	-	-	-	434,783.00	0%		
Implementation of Cooperate enterprise GIS	2,666,087.00	2,017,000.00	-	-	2,017,000.00	649,087.00	76%		
Xhigalo Fire Station	1,512,348.00	-	387,044.66	-	387,044.66	1,125,303.34	26%		
Installation of waste water flow meters	1,648,174.00	-	-	-	-	1,648,174.00	0%		
Fire Fighting Equipments	1,509,391.00	-	28,550.00	42,400.00	70,950.00	1,438,441.00	5%		
Dzanani Fire Station	12,543,478.00	-	-	-	-	12,543,478.00	0%		
Vhembe fresh produce market	1,304,348.00	-	-	-	-	1,304,348.00	0%		
Centres: Fire Training Centre	173,913.00	82,225.00	-	-	178,225.00	4,312.00	102%		
EPWP Industrial laptops	130,435.00	-	-	-	-	130,435.00	0%		
Cameras for M&E	47,826.00	-	-	-	-	47,826.00	0%		
Camera - Communications	52,174.00	-	-	-	-	52,174.00	0%		
FMG Interns Laptops	73,913.00	-	-	-	-	73,913.00	0%		
Cameras for IA	47,826.00	-	-	-	-	47,826.00	0%		
Computer Equipment 1	13,043,478.00	-	-	-	-	13,043,478.00	0%		
Furniture and Fittings 1	8,695,652.00	7,000.00	-	29,956.39	45,456.39	8,650,195.61	1%		
TV- Communications	17,391.00	-	-	-	-	17,391.00	0%		
Furniture for Agriculture Section	173,914.00	-	-	-	-	173,914.00	0%		
Office furniture Technical	2,268,431.00	-	125,000.00	-	125,000.00	2,143,431.00	6%		
Furniture Disaster	3,043,478.00	-	-	-	9,098.55	3,034,379.45	0%		
Installation of Air conditioners	1,304,348.00	608,900.00	-	-	608,900.00	695,448.00	47%		
Standby Generator Musina and Makhado Fire Station	1,043,478.00	-	-	-	-	1,043,478.00	0%		
Lending Depot Implements	869,566.00	740,267.52	-	-	740,267.52	129,298.48	85%		
Generator Water Distribution	6,956,520.00	-	-	-	-	6,956,520.00	0%		
Convectional /Prepaid Meters	15,217,391.00	1,470,198.13	-	-	1,470,198.13	13,747,192.87	10%		
Convectional Meters/Smart Meters	17,391,304.00	-	-	-	-	17,391,304.00	0%		
Mobile Office	8,695,652.00	-	-	-	-	8,695,652.00	0%		
Construction of VIP Toilets Colins Chabane	2,608,696.00	-	-	-	-	2,608,696.00	0%		
Construction of VIP Toilet Makhado	3,739,130.00	-	-	129,331.03	129,331.03	3,609,798.97	3%		
Construction of VIP Toilet Thulamela	4,173,913.00	-	-	-	-	4,173,913.00	0%		
Refurbishment of Musina WWTW which includes Electrical and M	18,626,730.00	-	954,000.00	1,930,397.35	5,566,868.52	13,059,861.48	30%		
Construction of VIP toilets . Musina area	1,739,130.00	-	-	-	-	1,739,130.00	0%		
Waste Transfer Station	58,920.00	-	-	-	-	58,920.00	0%		
Water Services Bakkies	5,565,218.00	-	-	-	-	5,565,218.00	0%		
Bakkies for waste water operations	521,739.00	-	-	-	-	521,739.00	0%		
High pressure Jetting Truck	5,816,942.00	-	-	-	2,991,352.40	2,825,589.60	51%		
Fire Engines	17,391,304.00	-	-	-	-	17,391,304.00	0%		
Roll back truck	5,217,391.00	-	-	-	-	5,217,391.00	0%		
Tracter Shelter	1,739,130.00	-	-	-	-	1,739,130.00	0%		
Excavator	1,990,548.00	-	-	-	-	1,990,548.00	0%		
Water Tankers	7,468,492.00	-	-	6,123,739.14	6,123,739.14	1,344,752.86	82%		
Crane Truck	4,219,130.00	-	-	-	-	4,219,130.00	0%		
Water Tankers	-	-	-	3,061,869.57	3,061,869.57	-	#DIV/0!		
Drilling of borehole at Tshirundzini - Mutale	1,565,217.00	-	-	-	-	1,565,217.00	0%		
Drilling of borehole at Maramanzhi village and Tshilamusu	3,130,435.00	-	-	-	-	3,130,435.00	0%		
Borehole Disaster Center	695,652.00	-	-	-	-	695,652.00	0%		
Drilling of borehole at Mashamba village	1,565,217.00	-	-	-	-	1,565,217.00	0%		
Refurbishment of two borehole at Waterval	1,739,130.00	-	-	-	-	1,739,130.00	0%		
Drilling of borehole at Makushu Village	1,565,217.00	-	-	-	-	1,565,217.00	0%		
Development of borehole and asociated infrastruetue at Tshikhudini	2,426,087.00	-	720,352.32	-	720,352.32	1,705,734.68	30%		
Xikundu Mhinga Bulk Water Supply	6,086,957.00	2,051,143.20	-	4,116,727.34	9,566,002.70	3,479,045.70	157%		
Calibration of Guages/Meters	4,347,826.00	-	-	-	-	4,347,826.00	0%		
Bulk Metering	5,652,174.00	-	-	1,608,562.50	1,608,562.50	4,043,611.50	28%		
Campbell WWTW and China town pump station	8,254,923.00	-	711,915.00	1,555,066.50	3,448,577.42	4,806,345.58	42%		
Household connections	1,739,130.00	-	-	-	-	1,739,130.00	0%		
Construction of internal reticulation at Tshivhulani	3,478,261.00	-	-	-	-	3,478,261.00	0%		
Construction of Internal water reticulation at Malamulele B ext.	3,478,261.00	-	-	-	-	3,478,261.00	0%		
Refurbishment of booster pump at Mulima	3,913,043.00	-	-	-	-	3,913,043.00	0%		
Drilling of borehole within the District	8,260,870.00	-	-	1,659,910.00	1,659,910.00	6,600,960.00	20%		
Refurbishment of borehole within the District	9,156,522.00	-	-	-	-	9,156,522.00	0%		
Drilling of boreholes and Construction of Reservoir in Mdavula/Machele	3,913,043.00	-	-	-	-	3,913,043.00	0%		
Drilling of New boreholes along Limpopo rivier (Musina)	10,869,565.00	-	-	-	-	10,869,565.00	0%		
Xikundu/Mhinga Water Reticulation Project	39,660,213.00	6,937,896.61	-	35,086,178.92	69,577,248.95	29,917,035.95	175%		
Construction of Bulk Pipe Line from Vuwani to Middle Letaba System	7,600,000.00	3,362,105.75	-	750,668.06	4,112,773.81	3,487,226.19	54%		
Construction of Sewer Internal Reticulation at Malamulele B Ext	6,521,739.00	-	-	-	-	6,521,739.00	0%		
Drilling of borehole at Mailaskop North	1,391,304.00	-	-	-	-	1,391,304.00	0%		
Projector and Video conferencing	434,783.00	-	-	-	-	434,783.00	0%		
EPWP Bakkies	1,043,478.00	-	-	-	-	1,043,478.00	0%		
<b>Total Expenditure</b>	<b>896,188,979.00</b>	<b>62,627,132.02</b>	<b>11,195,656.74</b>	<b>128,958,103.47</b>	<b>328,920,548.25</b>	<b>567,268,430.75</b>	<b>37%</b>		

## 5.1 DETAIL PERFORMANCE PER FUNCTION

The municipality is currently under-performed by **R (87,900)** million for the period under review.

The municipality should be aware that this item is mostly grant dependent and the performance is not satisfactory. During the audit for 2022/2023 the Auditor General has put the spending of the grant as matter of emphasis, which is also forming part of the qualified audit opinion.

The municipality is advised to make sure that the bids committees sit regularly as non-sitting affects the expenditure relating to capital projects and all items that are procured through tender processes.

The municipality is also advised that for the next coming financial year 2024/2025, all capital grant related projects may be advertised before the start of the new financial year, trying to curb the long tender process and that will assist the municipality to spend all the grants, as going forward it has been indicated that non expenditure will lead to the reduction of all grants that are not being spent.

### 5.1.1 Finance and Administration

The budgeted amount for this function is **R 96,151** million. The total year-to-date actual expenditure incurred amount to **R 9,974** million. The department has underspent by **(R 7,967)** million which is **44.41%** of the year-to-date budget amount of **R 17,942** million for the period under review. The overall expenditure against the total budget is **10.37%**.

### 5.1.2 Community and public safety

The total budget for this function is **R 1,478** million. The total year-to-date actual expenditure incurred amounts to **R 565** thousand. The function has overspent by **R 391** thousand and the year-to-date budget amount of **R 174** thousand. The overall expenditure against the total budget is **38.22%**.

### 5.1.3 Planning and Development (Economic and Environmental services)

The budget amount for this function is **R 558,077** million. The year-to-date actual expenditure incurred amount to **R 258,970** million. The department has underspent by **(R 20,300)** million which is **7.27%** of the year-to-date budget amount of

**R 279,270** million for the period under review. The overall expenditure against the total budget is **46.40%**.

### 5.1.4 Trading services (Water and Wastewater Management)

The budgeted amount for this function is **R 239,012** million. The total year-to-date actual expenditure incurred amount to **R 59,410** million. The function has underspent by **(R 58,555)** million which is **49.64%** of the year-to-date budget amount of **R 117,965** million for the period under review. The overall expenditure against the total budget is **24.85%**.

### 5.1.5 Other (Markets)

The total budget for this function is **R 1,304** million. The total year-to-date actual expenditure incurred amounts to **R 0** thousand. The function has underspent by

**(R 0)** thousand which is **0%** of the year-to-date budget amount of **R 0**. The overall expenditure against the total budget is **0%**.

## 6. STATEMENT OF FINANCIAL POSITION

Limpopo: Vhembe (DC34) - Table C6 Monthly Budget Statement - Financial Position ( All ) for period ending (M06) 31 December 2023

Description	Ref	Budget year 2023/24												
		2022/23	Budget year 2023/24											
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	M04 Oct Actual	M05 Nov Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
<b>ASSETS</b>														
<b>Current assets</b>														
Cash and cash equivalents		130,688	635,558	635,558	456,520	(235,318)	33,551	208,786	7,020	463,540	863,290	(399,750)	(46.31)	635,558
Trade and other receivables from exchange transactions		49,166	1,449,558	1,449,558	35,832	9,791	(22,303)	12,429	(83)	35,749	1,623,465	(1,587,716)	(97.80)	1,449,558
Receivables from non-exchange transactions		28			48					48		48		
Current portion of non-current receivables														
Inventory		27,388	162,846	162,846	32,311	1,692	8,172	2,198	12,062	44,373	162,846	(118,474)	(72.75)	162,846
VAT		580,718	235,817	235,817	702,582	13,896	11,017	23,209	48,122	750,704	235,817	514,887	218.34	235,817
Other current assets		4,506			12,876	(1,787)	(3,217)	(2,466)	(7,470)	5,406		5,406		
<b>Total current assets</b>		<b>792,494</b>	<b>2,483,779</b>	<b>2,483,779</b>	<b>1,240,170</b>	<b>(211,727)</b>	<b>27,221</b>	<b>244,156</b>	<b>59,650</b>	<b>1,299,620</b>	<b>2,885,419</b>	<b>(1,585,599)</b>	<b>(54.95)</b>	<b>2,483,779</b>
<b>Non current assets</b>														
Investments														
Investment property			163	163							163	(163)	(100.00)	163
Property, plant and equipment		5,989,688	5,406,211	5,406,211	5,660,631	453,018	(55,634)	62,129	459,513	6,120,144	5,041,541	1,078,603	21.39	5,406,211
Biological assets														
Living and non-living resources														
Heritage assets														
Intangible assets		6,455	8,539	8,539	2,452	4,745	(531)	(531)	3,683	6,135	8,581	(2,447)	(28.51)	8,539
Trade and other receivables from exchange transactions			305,388	305,388							305,388	(305,388)	(100.00)	305,388
Non-current receivables from non-exchange transactions														
Other non-current assets														
<b>Total non current assets</b>		<b>5,996,143</b>	<b>5,720,301</b>	<b>5,720,301</b>	<b>5,663,083</b>	<b>457,763</b>	<b>(56,165)</b>	<b>61,598</b>	<b>463,196</b>	<b>6,126,279</b>	<b>5,355,673</b>	<b>770,606</b>	<b>14.39</b>	<b>5,720,301</b>
<b>TOTAL ASSETS</b>		<b>6,788,637</b>	<b>8,204,080</b>	<b>8,204,080</b>	<b>6,903,252</b>	<b>246,035</b>	<b>(28,944)</b>	<b>305,754</b>	<b>522,846</b>	<b>7,426,898</b>	<b>8,241,092</b>	<b>(814,993)</b>	<b>(9.89)</b>	<b>8,204,080</b>
<b>LIABILITIES</b>														
<b>Current liabilities</b>														
Bank overdraft		-												
Financial liabilities		2,086	198,194	198,194	2,086					2,086	216,194	(214,108)	(99.04)	198,194
Consumer deposits		15,946	4,419	4,419	15,946					15,946	4,419	11,527	260.84	4,419
Trade and other payables from exchange transactions		617,133	641,000	641,000	1,608,734	(62,395)	24,351	(13,310)	(51,354)	1,557,380	383,865	1,173,515	305.71	641,000
Trade and other payables from non-exchange transactions		41,416			214,609	(42,613)	110,674		68,061	282,670		282,670		
Provision		78,247	54,133	54,133	78,267					78,267	54,133	24,134	44.58	54,133
VAT		372,905			374,592	770	(2,649)	1,288	(590)	374,001		374,001		
Other current liabilities														
<b>Total current liabilities</b>		<b>1,127,733</b>	<b>897,746</b>	<b>897,746</b>	<b>2,294,234</b>	<b>(104,238)</b>	<b>132,376</b>	<b>(12,022)</b>	<b>16,116</b>	<b>2,310,350</b>	<b>658,611</b>	<b>1,651,739</b>	<b>250.79</b>	<b>897,746</b>
<b>Non current liabilities</b>														
Financial liabilities			633,665	633,665							633,665	(633,665)	(100.00)	633,665
Provision			254,805	254,805							254,805	(254,805)	(100.00)	254,805
Long term portion of trade payables														
Other non-current liabilities														
<b>Total non current liabilities</b>		<b>-</b>	<b>888,470</b>	<b>888,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>888,470</b>	<b>(888,470)</b>	<b>(100.00)</b>	<b>888,470</b>
<b>TOTAL LIABILITIES</b>	2	<b>1,127,733</b>	<b>1,786,216</b>	<b>1,786,216</b>	<b>2,294,234</b>	<b>(104,238)</b>	<b>132,376</b>	<b>(12,022)</b>	<b>16,116</b>	<b>2,310,350</b>	<b>1,547,081</b>	<b>763,269</b>	<b>49.34</b>	<b>1,786,216</b>
<b>NET ASSETS</b>		<b>5,660,904</b>	<b>6,417,864</b>	<b>6,417,864</b>	<b>4,609,018</b>	<b>350,274</b>	<b>(161,320)</b>	<b>317,776</b>	<b>506,730</b>	<b>5,115,748</b>	<b>6,694,011</b>	<b>(1,578,263)</b>	<b>(23.58)</b>	<b>6,417,864</b>
<b>COMMUNITY WEALTH/EQUITY</b>														
Accumulated surplus/(deficit)		6,620,748	6,417,864	6,417,864	4,609,018	350,274	(161,320)	317,776	506,730	5,115,748	6,694,011	(1,578,262)	(0)	6,417,864
Reserves and funds														
Other														
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>6,620,748</b>	<b>6,417,864</b>	<b>6,417,864</b>	<b>4,609,018</b>	<b>350,274</b>	<b>(161,320)</b>	<b>317,776</b>	<b>506,730</b>	<b>5,115,748</b>	<b>6,694,011</b>	<b>(1,578,262)</b>	<b>(0)</b>	<b>6,417,864</b>

### 6.1 STATEMENT OF FINANCIAL POSITION EXPLANATION

In terms of the community wealth/Equity audit outcome for **2021/2022** financial year, the municipality had **R 4,347,950** billion community wealth/Equity and its current year Community wealth budget is **R 6,417,864** billion. The municipality is currently sitting at **R 4,797,972** billion community wealth during the period under review.

In terms of the total asset's pre-audit outcome for **2022/2023** financial year the municipality had **R 6,788,637** billion and the current year budget is **R 8,204,080** billion. The municipality is currently sitting at **R 5,115,748** billion of the total net assets.

Cash and equivalent for the period ended December 2023 is **R 483,071** million as per bank statements, debtors is amounting to **R 2,052,055** billion. The increase in debtors is due to estimated readings used and the municipality not collecting on its billed revenue of which the collection rate is currently at **6.97%**.

The municipality has made agreements with Makhado Local Municipality of a monthly payment of **R 3,000** million. The municipality has paid part of the debt to Makhado Local Municipality to an amount of **R 23,9** million during 2021/2022 financial year with an amount of **R 9,8** million still outstanding but however during the month under review the municipality had paid Makhado Local Municipality a tune of **R 6,8** million for the period under review and the outstanding amount is **R 3,000** million due to Makhado Local Municipality was settled fully.

The Council for Vhembe District Municipality and Musina Local Municipality resolved that receivables and liabilities must be off-set in terms of GRAP 92 and 104, the off-set amount was **R 309,794** million, the balance that Musina still owing VDM is

**R 29,794** million according to the pre-audited AFS as of 30 June 2023. **Musina Local Municipality has agreed to service the debts during 2023/2024 financial year.**

The Municipality has agreed to pay **R 3,867** million to Mopani District Municipality as and when the municipality receive equitable share until the capital sum of **R 58,000** million is paid in full. Interest will be frozen for the period of settlement and will be written off after full capital amount is paid. The first instalment for Mopani was paid which amount to **R 3,867** million

## 7. CASH FLOW STATEMENT

Limpopo: Vhembe (DC34) - Table C7 Monthly Budgeted Cash Flows (All) for period ending (M06) 31 December 2023

Description	Ref	Budget year 2023/24												
		2022/23	Budget year 2023/24											
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	M04 Oct Actual	M05 Nov Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>														
<b>Receipts</b>														
Property rates														
Service charges		17,680	117,756	117,756	19,597	3,703	4,659	2,483	10,845	30,442	60,104	(29,662)	(49.35)	117,756
Other revenue		(2,137)	8,606	8,606	1,744	240	209	2	451	2,195	3,888	(1,693)	(43.55)	8,606
Transfers and Subsidies - Operational	1	1,736,432	1,403,709	1,403,709	793,561	21	164,583	461,699	626,303	1,419,864	971,588	448,276	46.14	1,403,709
Transfers and Subsidies - Capital	1	1,005,699	700,621	700,621	39,000	2,056	4,476	2,836	9,368	48,368	436,031	(387,663)	(88.91)	700,621
Interest		28,602	24,308	24,308	12,307	3,558	2,230	1,591	7,378	19,685	12,154	7,531	61.96	24,308
Dividends														
<b>Payments</b>														
Suppliers and employees		(635,080)	(1,212,026)	(1,212,026)	(171,312)	(97,712)	(79,154)	(45,360)	(222,226)	(393,538)	(590,681)	197,143	(33.38)	(1,212,026)
Finance charges			(85)	(85)							(34)	34	(100.00)	(85)
Transfers and Subsidies	1													
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>2,151,196</b>	<b>1,042,889</b>	<b>1,042,889</b>	<b>694,896</b>	<b>(88,135)</b>	<b>97,004</b>	<b>423,251</b>	<b>432,120</b>	<b>1,127,016</b>	<b>893,051</b>	<b>233,965</b>	<b>26.20</b>	<b>1,042,889</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>														
<b>Receipts</b>														
Proceeds on disposal of PPE														
Decrease (Increase) in non-current debtors (not used)														
Decrease (increase) in non-current receivables			(305,388)	(305,388)							(305,388)	305,388	(100.00)	(305,388)
Decrease (increase) in non-current investments														
<b>Payments</b>														
Capital assets		(723,157)	(672,193)	(672,193)	(141,602)	(75,368)	(10,416)	(139,791)	(225,575)	(367,177)	(312,623)	(54,554)	17.45	(672,193)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(723,157)</b>	<b>(977,580)</b>	<b>(977,580)</b>	<b>(141,602)</b>	<b>(75,368)</b>	<b>(10,416)</b>	<b>(139,791)</b>	<b>(225,575)</b>	<b>(367,177)</b>	<b>(618,011)</b>	<b>250,833</b>	<b>(40.59)</b>	<b>(977,580)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>														
<b>Receipts</b>														
Short term loans														
Borrowing long term/ refinancing														
Increase (decrease) in consumer deposits														
<b>Payments</b>														
Repayment of borrowing			(36,000)	(36,000)							(18,000)	18,000	(100.00)	(36,000)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>(36,000)</b>	<b>(36,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,000)</b>	<b>18,000</b>	<b>(100.00)</b>	<b>(36,000)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>1,428,039</b>	<b>29,308</b>	<b>29,308</b>	<b>553,294</b>	<b>(163,503)</b>	<b>86,588</b>	<b>283,460</b>	<b>206,545</b>	<b>759,839</b>	<b>257,040</b>	<b>502,799</b>	<b>195.61</b>	<b>29,308</b>
Cash/cash equivalents at the year begin:		131,893	300,862	300,862	124,606	677,900	514,397	600,985	677,900	124,606	300,862	(176,257)	(58.58)	300,862
Cash/cash equivalents at the year end:	2	1,559,932	330,170	330,170	677,900	514,397	600,985	884,444	884,444	884,444	557,902	326,542	58.53	330,170

<b>Cash and investments on hand at month end</b>	
Current Account	<b>417,745,829.53</b>
Water Account Makhado	<b>18,713,483.94</b>
Water Account Thulamela	<b>43,467,948.70</b>
Call Account	<b>344,115.16</b>
Water Account Mutale	<b>2,800,055.77</b>
	<b>483,071,433.10</b>



## 7.1 CASHFLOW EXPLANATION

The pre-audited municipal cash and cash equivalent for 2022/2023 financial year was **R 130,565** million (as per cash book) and **R 130,708** million (Bank Statement) as per pre-audited AFS as of 30 June 2023.

The municipality had the cash and cash equivalent according to bank statement of **R 483,071** million and the balance as per cashbook was **R 483,071** million as of 31 December 2023.

Below is the breakdown of the transfers received to date.

Equitable share	<b>R 1,039,110</b> million
Municipal Infrastructure Grant (MIG)	<b>R 369,220</b> million
Water Services Infrastructure Grant (WSIG)	<b>R 39,000</b> million
Rural Roads Asset Management System (RRAMS)	<b>R 1,691</b> million
Extended Public Works Programme (EPWP)	<b>R 4,738</b> million
Local Government Financial Management Grant (LGFMG)	<b>R 3,000</b> million
Infrastructure Skills Development Grant	<b>R 2,000</b> million
<b>TOTAL RECEIPTS</b>	<b>R 1,458,759</b> million

### RECEIPTS

#### Service charges

The municipality has budgeted an amount of **R 117,756** million on this item. The municipality has collected **R 30,442** million of the year-to-date budgets of **R 60,104** million. This reflects under collection of **(R 29,662)** million against year-to-date which is **49.35%** of the total anticipated collection of **R 60,104** million for the period under review. There is a need to improve the accuracy of billing, distribution of consumer statements and the implementation of the credit control and debt collection of the

municipality to improve the collection rate. The overall collection against the total budget is only **25.85%**. The collection rate is at **6.97%** for the period under review.

On the audit report for 2022/2023, the Auditor General Indicated that “The municipality did not read water meters for the purposes of revenue billing on a monthly basis. This resulted in a significant number of accounts being without variables to enable estimations. The district then estimated consumption for the affected consumers to be zero. This resulted in non-compliance with section 64 (2)(b) of the MFMA which states that the accounting officer must take all reasonable steps to ensure that revenue due to the municipality is calculated on a monthly basis.”

The municipality need to take into consideration the above-mentioned statement for proper billing of consumer monthly to comply with the act section mentioned above.

**The improved collections, the municipality will assist in the implementation of own funded projects as lower collection negatively affect its implementation.**

### **Interest on bank balances**

The budget for interest from the bank is **R 24,308** million. The amount of **R 19,685** million has been collected as of 31 December 2023 which is **61.96%** against year-to-date budget of **R 19,685** million. The municipality should invest some of the funds not readily available for use for a short-term period to generate sufficient interest target for the year including funds kept in each water accounts.

### **Transfer operating and capital**

The municipality has received transfers and subsidies of **R 1,468,232** billion (**Vat inclusive**) for both operating and capital grants during the period under review against year-to-date budget of **R 1,407,619** billion (**Vat inclusive**) million for the period under review.

## Other revenue

The municipality has collected **R 2,193** million against the year-to-date budget of **R 3,888** million. The budget for municipality is **R 8,606** million. The year-to-date collection against the budget is **(25.51%)**.

## PAYMENTS

### Suppliers and employee costs

The year-to-date actual expenditure for suppliers and employees is **R 393,538** million against the year-to-date budget of **R 590,681** million resulting in a shortfall of **33.38%**. Appointment of new personnel, and low spending on other services led to this year-to-date spending trend.

### Capital assets.

The municipality has paid **R 367,177** million (**Vat Exclusive**) for capital spending against the budget of **R 672,193** million resulting in expenditure of **54.62%**.

The capital expenditure incurred is currently including the RBIG expenditure of an amount of **R 0** million (**Vat Exclusive**) million which will be removed as soon we receive the refund from the Department of Water and Sanitation. The RBIG expenditure incurred is in-kind by virtue of the municipality being an implementing agent on behalf of the Department of Water and Sanitation (DWS) in relation to the project, Sinthumule Kutama Bulk Infrastructure Project. The municipality always submit invoices paid to claim a refund from the Department of Water and Sanitation to set off the expenditure incurred against the RBIG Project. The municipality has not yet received the refund for the current financial year claims, follow ups will be done with the relevant department.

The municipality is encouraged to follow the council approved procurement plan to accelerate the implementation of funded projects to avoid roll-overs and increase the provision of sustainable basic services.

### Cash and cash equivalent

The municipality has closed the month of December 2023 with the bank balance of **R 483,071** million and cashbook balance of **R 463,416** million.

## 8. ALLOCATIONS RECEIVED (GRANTS) AND EXPENDITURE AS AT 31 DECEMBER 2023 AND EXPLANATIONS PER GRANTS

<b>Dec-23</b>					
DESCRIPTION	BUDGET 2023/24	YTD AMOUNT RECEIVED	YTD EXPENDITURE SPENT	UNSPENT GRANT	% SPENT ON RECEIPTS
Municipal Infrastructure Grant (MIG)	621,529,000.00	369,220,000.00	275,268,459.90	(93,951,540.10)	75%
Water Services Infrastructure Grant (WSIG)	109,000,000.00	39,000,000.00	27,354,359.14	(11,645,640.86)	70%
Expanded Public Works Programme (EPWP)	6,772,000.00	4,740,000.00	5,331,386.60	591,386.60	112%
Infrastructure Skills Development Grant (ISDG)	3,500,000.00	2,000,000.00	614,677.08	(1,385,322.92)	31%
Local Government Financial Management Grant (LGFMG)	3,000,000.00	3,000,000.00	1,439,334.91	(1,560,665.09)	48%
Rural Road Asset Management System Grant (RRAMS)	2,416,000.00	1,691,000.00	1,281,988.61	(409,011.39)	76%
<b>TOTAL</b>	<b>746,217,000.00</b>	<b>419,651,000.00</b>	<b>311,290,206.23</b>	<b>(108,360,793.77)</b>	<b>74%</b>

### 8.1 Municipal Infrastructure Grant (MIG) Project Expenditure

The total allocation for MIG is **R 621,529** million. The total expenditure to date amounts to **R 275,268** million (Vat Inclusive) which is **75%** against the year-to-date receipts of **R 369,220** million.

During the previous year (2022/2023), the municipality has an unspent amount of

**R 23,518** million as per audited AFS. The municipality has been granted an approval of the total amount that has been requested. The municipality is advised to spend all the amount approved as the will not be another approval if this in not fully spent.

It should be noted that the expenditure does not include the Retention amount for the period under review. It should be noted that the unspent rollover for 2022/2023 was approved by the National Treasury.

### **8.2 Water Services Infrastructure Grant (WSIG)**

The total allocation for WSIG is **R 109,000** million and **R 39,000** million was received for the period under review. The expenditure incurred against the allocated amounts to **R 27,354** million which is **70%** of the actual receipts for the period under review. The municipality has applied for a rollover to an amount of **R 17,669** million for 2022/2023 financial year which was unspent at the year-end, and it was later approved during the period under review. The municipality is advised to spend all the amount approved as the will not be another approval if this in not fully spent.

### **8.3 Financial Management Grant (FMG)**

The total budget is **R 3, 000** million. The municipality has received the grant amount of **R 3,000** million during the month of August as per National Treasury transfer schedule. The expenditure incurred amount to **R 1,439** million which is **48%** of the actual receipts for the period under review in respect of FMG Business Plan for 2023/2024 financial year. The municipality has appointed 10 interns for the period of 24-month started from 01 April 2023 until 31 March 2025.

### **8.3 Rural Road Asset Management Grant (RSTG)**

The total budget is **R 2,416** million. The municipality has received amount of **R 1,691** million for the period under review and the actual expenditure incurred to date amount is **R 1,281** million which is **76%** of the actual receipts of **R 1,691** million for the period under review. The municipality is anticipating receive another trench of the grant during the second quarter of the financial year as per National Treasury transfer schedule.

#### **8.4 Expanded Public Works Programme (EPWP)**

The total budget is **R 6, 772** million and the Municipality has received amount of **R 4,740** million during the period under review. The municipality has EPWP participants in accordance with the Business Plan for 2023/2024 financial year, and the expenditure incurred amount to **R 5,331** million for the period under review which is **101%** against the year-to-date receipts. The municipality has counter funded EPWP programme with an amount of **R 11,000** million for the current financial year. During the previous year (2022/2023), the municipality has an unspent amount of **R 230** thousand as per audited AFS and the unspent rollover was not approved by the National Treasury.

#### **8.5 Infrastructure Skills Development Grant (ISDG)**

The total budget is **R 3,500** million and the actual expenditure incurred to date amount is **R 614** thousand which is **31%** of the actual receipts of **R 2,000** million for the period under review. The municipality has recruited interns who have started during the period under review and the additional three will commence in January 2024.

### **9. AGE ANALYSIS – CREDITORS**

#### **9.1 Explanation of the creditor's age analysis**

The municipal outstanding payments for the period under review is **R 56,818** million and total is made up of outstanding payments that are 30 days **R 38,360** million, 60-days old **R 201** thousand, 90 days **R 18,191** million, 120 days **R 0**, 150 days **R 0**, 180 days is **R 28** thousand and over a year **R 37** thousand. The municipality is advised to stick to the legislated dates of processing payments. The delay in the year end closure and cash flow management has affected payment that are not within 30

days. **The 90 days long overdue account is as a result Lepelle Northern Water and DWS due to financial constraint while servicing accrued expenses.**

## 10. AGE ANALYSIS – DEBTORS

### 10.1 Explanations of debtors age analysis

The municipal outstanding debt for the period under review is **R 2,052,055** billion and total is made up of outstanding debt that are 30 days **R 26,205** million, 60-days old **R 27,489** million, 90 days **R 27,404** million, 120 days **R 35,247** million, 150 days **R 22,048** million, 180 days **R 26,687** million, a year **R 27,540** million and over a year **R 1,859,432** billion. There is a need to clean consumer data so that the consumers have confidence in the municipality which may lead to increased collection.

The municipality in collaboration with Development Bank of South Africa and 2MC consulting has cover a scope of work which has covered 16,000 accounts which is 10% of the entire population in accordance with the agreement which has ended on the 30<sup>th</sup> of November 2023.

The municipality has appointed three companies over a period 36 month to do data cleansing and meter reading as an expansion of 2MC work done, they have been appointed with the assistance of the Development Bank of South Africa (DBSA), have physically audited 16 050 properties in Thulamela to gather information on the indigent register, and the status of buried water meters so that the municipality can start billing as well as fixing pipe leakages in Thulamela to reduce water losses

## 11. CONCLUSION

The total overall budget of the municipality is **R 3,140,030** billion including billing. Total actual revenue collected and billed to date is **R 1,697,907** billion from grants and other sources. The total year-to-date actual revenue is **R 1,481,565** billion which consist of grants and other sources. Overall total expenditure for the period under review is **R 1,217,198** million for both capital and operational expenditure of anticipated year-to-date budget of **R 1,245,757** billion.

The capital expenditure is **R 328,921** million (Vat exclusive) while Operational expenditure is **R 888,277** million.

The overall percentage spent is **37.81%** for the period under review. The municipality has underspent by an amount of **(R 28,558)** million which is **13.93%** of the anticipated expenditure for both operational and capital expenditure for the period under review.

## RECOMMENDATIONS

The municipality should ensure the following:

1. Further engagements with Musina on inter-municipal balances to allow council to take informed decision.
2. Technical Services Department to make follow ups on the submitted invoices to DWS for RBIG project refund.
3. Expenditure section to make sure that retention for all the projects be captured on the financial system to properly account for expenditure related to those projects.
4. The municipality to make sure that the bid committees to sits regularly to avoid roll overs of unspent grant.
5. The municipality to develop audit action plan soonest to deal with issues raised regarding revenue management.



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