



**MID YEAR ASSESSMENT (MFMA SECTION 72) REPORT TO THE BTO
STANDING COMMITTEE FOR THE PERIOD ENDED 31st DECEMBER 2022**

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1. PURPOSE OF THIS REPORT

The purpose of this report is to submit the outcome of the assessment carried out in terms of section 72 of the MFMA to the BTO standing committee of the KSD Local Municipality with a view to:-

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

2. LEGISLATIVE REQUIREMENTS

Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates that -

- (1) The accounting officer of a municipality must by 25 January of each year—
 - (a) assess the performance of the municipality during the first half of the financial year, taking into account—
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
 - (b) submit a report on such 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.
- (3) 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 revenue and expenditure to the extent that this may be necessary.

Section 54 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates that –

- (1) On receipt of a statement or report submitted by the accounting officer of the Municipality in terms of section 71 or 72, the mayor must-
 - (a) consider the statement or report;
 - (b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
 - (c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
 - (d) issue any appropriate instructions to the accounting officer to ensure-
 - (i) that the budget is implemented in accordance with the service delivery and

3. BACKGROUND

A high-level assessment of the actual results for the period 1st July 2022 to 31st December 2022 was conducted. The purpose of this review was to enable the Accounting Officer to make recommendations as to whether an adjustments budget for the 2022/23 financial year is necessary.

To ensure successful outcome only a high-level review of the Total Council Summary was undertaken. It should therefore be noted that this report does not provide for an assessment of each individual line item / vote number contained in the approved budget of the KSD Municipality for the 2022/2023 financial year.

This report merely highlights the status quo of key revenue and expenditure vote numbers that may require the revision of the approved annual budget through an adjustments budget in terms of section 28 of the MFMA. In addition, this report does not necessarily provide the detail on how revised projections for revenue and expenditure will be achieved. Such exercise by the management team of the municipality will be a natural outflow of this report being dealt with by the Executive Mayor in terms of section 54 (2) of the MFMA.

MIDYEAR ASSESSMENT OUTCOMES

COMMENTS ON OVERALL BUDGET OF THE MUNICIPALITY FOR THE MIDYEAR TERM AS PER TABLE BELOW.

Revenue

Variances on midyear revenue are unfavourable sitting at 11% of year to date budget attempts should be made to increase our revenue collection.

Expenditure

Variances on midyear expenditure is sitting at 2% of year to date budget attempts should be made to reduce our spending especially on non-service delivery items.

Capital expenditure

Variances on midyear expenditure is sitting at 16% of year to date budget attempts should be made to improve spending on grants to avoid having to pay back the remaining grants to National Treasury.

4. SUMMARY / SNAPSHOT
TABLE 1 BUDGET SUMMARY

EC157 King Sabata Dalindyebo - Table C1 Monthly Budget Statement Summary - M06 December

Description	Budget Year 2022/23										
	2021/22	Original Budget	Adjusted Budget	YearTD Q1 actual	YearTD Q2 actual	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue by source											
Total Revenue (excluding capital transfers and contributions)	1,560,260	1,654,442	1,727,314	192,062	703,194	305,450	1,008,644	1,127,306	(118,661)	-11%	1,654,442
Expenditure By Type											
Total Expenditure	1,499,022	1,413,567	1,413,567	137,637	394,939	335,337	720,276	706,783	13,492	2%	1,413,567
Surplus/(Deficit)	61,238	240,875	313,747	54,425	318,255	(29,887)	288,368	420,522	(132,154)	-31%	240,875
Capital expenditure & funds sources											
Capital expenditure											
Funded By											
National Government	47,411	97,046	83,536			4,820	74,523	24,262	50,261	100%	97,046
Provincial government	100,843	132,754	42,230			1,398	92,423	33,189	59,234	100%	132,754
Transfers recognised - Capital	10,330	-	-			-					
Borrowing											
Internally generated funds	-	9,117	32,783			(1,877)	189	2,279	(2,090)	-92%	9,117
Total sources of capital funds	158,585	238,918	158,548	-	-	4,341	167,135	59,729	107,405	100%	238,918

5. OPERATING REVENUE

TABLE 2 OPERATING REVENUE

EC157 King Sabata Dalindyebo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	Budget Year 2022/23										Full Year Forecast					
		2021/22	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD Q1 actual	YearTD Q2 actual	YearTD actual	YearTD budget	YTD variance		YTD variance %				
R thousands																	
Revenue By Source																	
Property rates		276,613	298,662	298,662	(1,363)	277,486	(5,888)	271,598	298,662	(27,064)	-9%	298,662	(27,064)	-9%	298,662		
Service charges - electricity revenue		505,595	554,536	554,536	38,832	135,223	118,175	253,399	277,268	(23,870)	-9%	554,536	(23,870)	-9%	554,536		
Service charges - refuse revenue		58,882	50,824	50,824	638	58,657	(4,428)	54,230	50,824	3,405	7%	50,824	3,405	7%	50,824		
Rental of facilities and equipment		18,022	18,575	18,575	1,633	4,983	5,375	10,358	9,288	1,070	12%	18,575	1,070	12%	18,575		
Interest earned - external investments		1,063	1,302	1,302	508	568	1,153	1,721	651	1,070	164%	1,302	1,070	164%	1,302		
Interest earned - outstanding debtors		37,895	20,662	20,662	5,695	13,650	15,704	29,354	10,331	19,023	184%	20,662	19,023	184%	20,662		
Fines, penalties and forfeits		5,068	7,778	7,778	441	1,232	1,438	2,670	3,889	(1,219)	-31%	7,778	(1,219)	-31%	7,778		
Licences and permits		987	1,272	1,272	44	372	146	518	636	(119)	-19%	1,272	(119)	-19%	1,272		
Agency services		12,789	12,116	12,116	1,017	3,119	3,266	6,385	6,058	327	5%	12,116	327	5%	12,116		
Transfers and subsidies - Operational		383,774	425,596	425,596	137,182	167,121	140,663	307,785	301,703	6,081	2%	425,596	6,081	2%	425,596		
Transfers and subsidies - capital		123,925	229,801	302,673	1,105	28,804	29,146	55,010	151,336	(96,326)	-64%	229,801	(96,326)	-64%	229,801		
Other revenue		49,658	32,754	32,754	333	11,918	3,699	15,617	16,377	(760)	-5%	32,754	(760)	-5%	32,754		
Gains		85,990	564	564	-	-	-	-	282	(282)	-100%	564	(282)	-100%	564		
Total Revenue (excluding capital transfers and contributions)		1,560,260	1,654,442	1,727,314	192,062	703,194	305,450	1,008,544	1,127,306	(118,661)	-11%	1,654,442	(118,661)	-11%	1,654,442		

TABLE 3: CONSOLIDATED RECEIPTS VERSUS BILLING REPORT

CONSOLIDATED RECEIPTS VERSUS BILLING: 31 DECEMBER 2022												
	2019/20 Financial Year			2020/21 Financial Year			2021 Financial Year			2022/23 Financial Year		
	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative
July	314,764,661	33,899,794	33,899,794	318,739,537	29,760,571	29,760,571	334,598,462	50,346,950	41,110,284	373,857,058	45,990,833	45,990,833
August	19,221,544	47,040,385	80,940,179	27,555,389	301,23,971	59,884,492	38,508,309	42,783,050	56,324,522	37,172,692	57,257,087	103,247,920
September	27,049,696	87,831,805	150,900,878	22,526,729	62,596,567	122,481,059	27,723,129	80,931,005	84,266,444	43,565,663	114,977,478	218,225,398
October	26,777,207	50,023,182	179,114,518	19,126,476	94,313,288	216,794,347	41,036,127	60,268,019	111,618,316	2,755,633	49,560,171	267,785,569
November	23,144,957	56,306,276	172,618,566	14,483,950	45,040,744	261,835,091	27,074,527	42,653,234	141,934,683	30,981,364	62,255,879	330,041,448
December	27,346,400	33,811,941	308,913,383	24,238,137	42,573,833	304,408,924	23,125,218	46,867,371	173,018,070	31,324,387	72,557,686	402,599,133
January	19,492,071	42,946,281	351,859,664	22,252,338	45,544,210	349,953,134	31,142,838	35,546,218	197,420,701			
February	14,455,305	25,413,312	377,272,976	23,438,011	36,855,234	386,808,368	46,223,310	55,097,631	222,975,868			
March	27,773,414	36,165,057	413,438,033	32,637,860	43,581,868	430,390,236	23,375,581	59,739,787	256,196,375			
April	19,885,330	21,414,479	434,852,512	29,013,556	48,438,504	478,828,740	31,205,386	66,066,199	289,728,829			
May	(1,363,184)	23,346,673	458,199,185	31,338,129	39,365,982	518,194,722	29,402,050	52,697,051	329,369,031			
June	41,806,569	59,407,951	517,607,137	9,293,965	36,602,047	554,796,769	24,166,767	37,035,295	352,650,951			
YTD comparison	560,353,971	517,607,137	-	574,644,077	554,796,769	-	677,581,704	629,999,810	-	519,656,778	402,599,133	-
			92%			99%			93%			77%
Midyear Comparison			70%			71%			71%			77%

6. DISCUSSION OF REVENUE BY SOURCE

6.1. Material Variances on Revenue as at 31 December 2022

1. Property Rates reflects a shortfall of R27 million which translates to 9%
 - Property rates was due to tariff that was not increased for 2022.23 financial year.
 - New GV was introduced in July 2021, new tariffs were also implemented and that should not have occurred, hence they remained constant for 2023.

Adjustment is not recommended.

2. Electricity Sales – Shortfall of 9% amounting to R23 million.

Electricity short fall might be due to:

- Lower usage during summer
- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities
- Loadshedding

An adjustment is not recommended.

3. Refuse removal reflects an increment of 7% amounting to R3.4 million.
During 2023 refuse removal was reduced by 8% from previous year, therefore

No adjustment is recommended

4. Rental of facilities and equipment shows excess of 12% amounting to R1 million is noted.

Plans for the utilisation of facilities must be put in place.

Upwards adjustment is recommended

5. Interest on external investment reflects an excess amounting to R1 million is noted due to decreases in level of collections of debtors

Adjustment upwards is recommended.

6. Interest on outstanding debtors reflects an increase by 100% amounting to R19 million.
 - Budget for interest on outstanding debtors was drastically reduced from previous year by R17 million

Adjustment upwards is recommended

7. Fines, penalties, and forfeits reflects a shortfall of 31% amounting to R1,2 million

Adjustment downwards is recommended

8. Licences and permits reflect a Shortfall of 19% amounting to R0,119 million.

No adjustment recommended.

9. Agency Services reflects a shortfall of 31% amounting to R3 million

An adjustment downwards is recommended.

10. Other revenue reflects a shortfall of 5% amounting to R0.760 million

An adjustment downwards is recommended.

11. Grants and subsidies

11.1 Operational overspent by R6 million.

LEDGER DESCRIPTION	TOTAL BUDGET	YTD Budget	TOTAL ACTUAL	VARIANCE	VAR %
Grant Income - SETA	0.00	0.00	-397,108.01	397,108.01	100%
VAT component: Operational Grants	0.00	0.00	-8,431.50	8,431.50	100%
Grant - Prov: Equitable Share	-404,115,000.00	-290,963,000.00	-290,963,000.00	0.00	0%
Grant - State: Financial Manag	-2,850,000.00	-1,425,000.00	-2,076,680.49	651,680.49	-46%
Donations received	0.00	0.00	-3,231,881.81	3,231,881.81	100%
Grant income - Library	0.00	0.00	-885,055.45	885,055.45	100%
Grant Income- Electricity demand side manage me	-4,000,000.00	-2,000,000.00	-3,672.00	-1,996,328.00	100%
Grant Income - Expanded Public Works (EPWP)	-1,844,040.00	-922,020.00	-4,424,029.56	3,502,009.56	-380%
EPWP - Grant Income	-754,380.00	-377,190.00	0.00	-377,190.00	100%
Grant Income - Expanded Public Works (EPWP)	-1,592,580.00	-796,290.00	-1,542,210.80	745,920.80	-94%
Grant Income - Infrastructure	-5,500,000.00	-2,750,000.00	-2,399,241.17	-350,758.83	13%
Grant - Prov: MIG	-4,939,550.00	-2,469,775.00	-1,853,225.02	-616,549.98	25%
	-425,595,550.00	-301,703,275.00	-307,784,535.81	6,081,260.81	-2%

- EPWP budget is overspent by R3.5 million this has to be limited to grant received and excess be provided for out of own budget.
- FMG – overspent by R0.651 million
- Income on Library grant is still to be recognised, the allocation has been fully utilised. This will result in a shortfall as the grant is less than the Library operating budget.
- Infrastructure Skills Development grant underspent by R0.350 million
- SETA grant was not budgeted for, this will be provided for in the adjustment budget. **Budget will be adjusted up.**
- Donations received was not budgeted for, this will be provided for in the adjustment budget. **Adjustment up is recommended.**

8.2. Capital Grants Spending income reflects underspending of R96 million as follows.

ITEM DESCRIPTION	TOTAL BUDGET	YTD BUDGET	TOTAL ACTUAL	VARIANCE	VAR %
National Small Business Council	-11,700,000.00	-5,850,000.00	0.00	-5,850,000.00	100%
Human settlement	-174,926,105.00	-87,463,052.50	-6,035,489.86	-81,427,562.64	93%
Municipal Infrastructure Grant	-93,851,450.00	-46,925,725.00	-43,009,631.54	-3,916,093.46	8%
Small town revitalisation	-19,000,000.00	-9,500,000.00	-5,965,159.78	-3,534,840.22	37%
Integrated National Electrification Programme Grant	-3,195,000.00	-1,597,500.00	0.00	-1,597,500.00	100%
	-302,672,555.00	-151,336,277.50	-55,010,281.18	-96,325,996.32	64%

- Human Settlement is underspent by R 79 million. **The budget should be adjusted up to be in line with cash received.**
- The spending on MIG on average year to date budget has underspent by R3,9 million.
- Small Town Revitalisation grant on average year to date budget is underspent by R 3,5 million. The municipality only receives cash upon certification of work done.

6.2 RECEIPTS VERSUS BILLING FOR THE SIX MONTHS PERIOD

TABLE 4 RECEIPTS REPORT FOR PROPERTY RATES

	Property Rates History and Fire Brigade Fees											
	2020/21 Financial Year			2021/22 Financial Year			2022/23 Financial Year					
	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative
July	246,934,977	11,292,358	11,292,358	250,666,634	19,683,330	19,683,330	285,012,535	10,446,644	10,446,644			
August	(49,146)	9,447,931	20,740,289	11,479,611	17,122,148	36,805,478	3,273,888	15,806,026	26,252,670			
September	405,682	40,245,266	49,693,197	(190,175)	52,989,083	89,794,561	271,395	70,338,893	96,591,563			
October	(1,440,944)	49,338,419	89,583,685	13,566,958	32,916,148	122,710,709	5,611,113	15,144,179	111,735,741			
November	(9,194,611)	21,981,473	71,319,892	(77,424)	12,336,867	135,047,576	926,919	25,446,806	137,182,547			
December	342,346	14,581,227	145,700,471	(3,782,267)	15,783,984	150,831,559	367,470	34,435,226	171,617,774			
January	(455,369)	13,745,133	159,445,604	3,589,025	11,143,587	161,975,146						
February	(397,768)	12,680,001	172,125,605	18,585,839	29,542,464	191,517,610						
March	7,646,657	17,019,068	189,144,673	(3,867,805)	26,519,279	218,036,889						
April	(83,697)	-	189,144,673	1,238,967	32,533,745	250,570,634						
May	(5,055,061)	14,642,213	203,786,886	(598,425)	13,056,849	263,627,483						
June	(6,602,423)	12,506,905	216,293,791	(6,025,839)	13,721,376	277,348,860						
YTD comparison	232,050,643	217,479,994	94%	284,585,099	277,348,860	97%	295,463,320	171,617,774	58%			

The overall collection rate for rates and fire brigade fees is sitting at 58% of the property rates billed in July 2022.

TABLE 5 RECEIPTS REPORT FOR ELECTRICITY BILLED SALES

Electricity Sales History									
	2020/21 Financial Year			2021/22 Financial Year			2022/23 Financial Year		
	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative
July	20,752,998	16,137,713	16,137,713	28,730,484	27,170,947	27,170,947	30,408,426	32,721,925	32,721,925
August	21,346,024	18,313,823	34,451,536	24,903,463	22,993,450	50,164,397	31,678,668	37,734,798	70,462,723
September	22,766,016	16,934,028	51,385,564	25,998,263	24,217,974	74,382,371	40,830,284	38,283,689	108,746,412
October	20,333,317	4,041,266	92,426,830	26,322,959	22,853,990	97,236,361	165,462	30,676,669	139,423,081
November	22,359,928	18,909,579	111,336,409	25,225,739	26,998,610	124,234,971	27,835,550	32,804,058	172,221,139
December	21,134,882	25,659,504	140,777,745	24,903,955	28,981,207	153,216,178	29,137,079	33,378,739	205,605,879
January	20,698,390	29,078,847	169,856,592	25,516,334	21,773,126	174,989,305			
February	21,877,393	21,128,648	190,985,240	26,060,723	21,773,126	196,762,431			
March	23,377,991	21,664,767	212,650,007	24,969,289	30,367,375	227,129,807			
April	26,842,830	27,364,109	240,014,116	93,151	31,165,360	258,295,167			
May	37,313,285	21,411,210	261,425,326	45,750,546	36,228,833	294,523,999			
June	26,817,129	20,696,982	282,122,308	27,772,617	19,442,626	313,966,625			
YTD comparison	285,620,184	278,340,476	(3,781,832)	306,247,523	313,966,625		160,055,468	205,605,879	
		97%			103%			128%	

Of the total billed income for electricity amounting to R160 million, R205 million has been collected representing 128% of total billed income. this includes arrear debt that was collected.

TABLE 6. RECEIPTS REPORT FOR REFUSE REMOVAL CHARGES

	Refuse Removal History											
	2020/21 Financial Year				2021/22 Financial Year				2022/23 Financial Year			
	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative
July	49,302,380	1,758,297	1,758,297	53,740,408	2,830,963	2,830,963	57,082,666	2,394,436	2,394,436	2,394,436	2,394,436	
August	4,682,693	2,092,830	3,851,127	41,8653	2,177,208	5,008,171	1,046,122	3,193,963	5,588,399	3,193,963	5,588,399	
September	(2,234,022)	5,061,110	7,153,940	394,671	3,208,241	8,216,412	511,536	5,216,677	10,805,076	5,216,677	10,805,076	
October	(1,348,144)	3,472,440	8,533,550	363,464	3,980,619	12,197,031	(5,513,478)	2,611,345	13,416,421	2,611,345	13,416,421	
November	386,999	3,724,970	7,197,410	386,501	2,522,429	14,719,460	466,143	3,571,458	16,987,879	3,571,458	16,987,879	
December	563,383	2,112,229	19,133,107	500,448	1,610,709	16,330,169	895,351	3,469,568	20,457,448	3,469,568	20,457,448	
January	352,054	2,359,217	21,492,324	521,258	2,093,852	18,424,020						
February	390,349	2,498,140	23,990,464	228,060	3,246,388	21,670,408						
March	454,805	3,874,787	27,865,251	454,616	2,353,047	24,023,455						
April	252,671	3,162,902	31,028,153	9,834	1,912,950	25,936,405						
May	446,317	1,930,419	32,958,572	920,297	2,728,508	28,664,914						
June	(10,956,109)	2,656,659	35,615,231	994,612	2,697,081	31,361,994						
YTD comparison	42,293,377	34,704,000	(911,231)	58,932,821	31,361,994	-	54,488,339	20,457,448	20,457,448	38%	53%	

Of the total billed income for refuse amounting to R54 million, R20 million has been collected representing 38% of total billed income.

TABLE 7. RECEIPTS REPORT FOR BILLED RENTAL INCOME

	Rental Income History											
	202021 Financial Year				2021 22 Financial Year				202223 Financial Year			
	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative	Billing	Receipts	Cumulative
July	1,749,182	572,203	572,203	1,460,936	661,710	661,710	1,353,431	421,828	1,353,431	421,828	421,828	
August	1,575,818	269,337	841,540	1,706,582	490,244	1,151,954	1,174,014	522,300	1,174,014	522,300	944,128	
September	1,589,053	356,163	1,197,703	1,520,370	515,707	1,667,661	1,952,449	1,138,219	1,952,449	1,138,219	2,082,347	
October	1,582,247	461,163	1,658,866	782,745	517,262	2,184,924	2,492,537	1,127,978	2,492,537	1,127,978	3,210,325	
November	931,634	424,722	2,083,588	1,539,711	795,328	2,980,252	1,752,752	433,556	1,752,752	433,556	3,643,882	
December	2,197,526	220,873	3,302,060	1,503,082	491,471	3,471,723	924,488	1,274,152	924,488	1,274,152	4,918,033	
January	1,657,263	361,013	3,663,073	1,516,221	535,653	4,007,376						
February	1,568,037	548,445	4,211,518	1,348,688	535,653	4,543,028						
March	1,158,406	1,023,246	5,234,764	1,819,481	500,085	5,043,113						
April	2,001,752	389,277	5,624,041	(25,548)	454,143	5,497,256						
May	(1,366,412)	1,382,140	7,006,181	2,471,925	682,861	6,180,118						
June	35,367	741,502.31	7,747,683	1,794,774	1,142,212	7,322,330						
YTD comparison	14,679,873	6,750,084	(997,599)	17,438,968	7,322,330	42%	9,649,670	4,918,033	51%			

Of the total billed income for refuse amounting to R9 million, R4 million has been collected representing 51% of total billed income.

7. OPERATING EXPENDITURE

TABLE .8. OPERATING EXPENDITURE REPORT

Description	Ref	Budget Year 2022/23											Full Year Forecast
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD Q1 actual	YearTD Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
Expenditure By Type													
Employee related costs		541,016	556,029	556,029	45,292	135,267	138,897	274,163	278,014	(3,851)	-1%	556,043	
Remuneration of councillors		28,613	34,079	34,079	2,822	7,857	7,683	15,540	17,040	(1,500)	-9%	34,079	
Debt impairment		19,888	15,000	15,000	59	103	3,621	3,724	7,500	(3,776)	-50%	15,000	
Depreciation & asset impairment		160,799	158,272	158,272	38,777	40,525	38,777	79,302	79,136	166	0%	158,272	
Finance charges		18,912	6,553	6,553	4,370	4,819	6,043	10,862	3,277	7,586	232%	6,553	
Bulk purchases - electricity		387,729	452,820	452,820	16,413	136,588	68,591	205,180	226,410	(21,230)	-9%	452,820	
Inventory consumed		30,406	20,509	20,705	2,494	8,139	5,756	13,895	10,352	3,542	34%	20,505	
Contracted services		85,981	44,801	46,405	5,557	20,057	16,350	36,407	23,203	13,204	57%	46,420	
Transfers and subsidies		37,698	500	480	20	21	20	41	240	(199)	-83%	480	
Other expenditure		188,008	125,003	123,223	21,834	31,563	49,599	81,162	61,612	19,550	32%	123,394	
Losses		(27)	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		1,499,022	1,413,567	1,413,567	137,637	384,939	335,337	720,276	706,783	13,492	2%	1,413,567	
Surplus/(Deficit)		61,238	240,875	313,747	54,425	318,255	(29,887)	288,368	420,522	(132,154)	(0)	240,875	

8. DISCUSSION OF EXPENDITURE BY TYPE

The following significant variances were noted.

- 8.1. **Employee related costs reflects a savings of 1% at R3,8 million for a detailed report refer to S66 report below.**

Remuneration of Councillors reflects a savings of 9% at R1,5 million for a detailed report refer to S66 report below.

Savings will fund electricity emergency projects

An downward adjustment is recommended

- 8.2. **Bulk purchases: Electricity.** – there is an underspending of 9% amounting to R21 million. This could be due to less demand in warm months. This might be due the following:

- Possible theft and illegal connections
- Unmetered usage of own electricity where Eskom meters are used by communities
- Actual expenditure will be increase in winter months therefore
- No impact of load shading has been noted.

No adjustment is recommended

- 8.3. **Debt impairment**

A savings of R3,7 million is noted.

This will be dealt with at the end of the financial year.

No adjustment is recommended.

- 8.4. **Finance Charges**

Year to date budget has been overspent by R7,5 million, mainly due to interest on overdue account

An adjustment up is recommended.

- 8.5. **Inventory Consumed shows an overspending by R3,5 million, therefore we need to increase our budget. The following significant variances were noted**

LEDGER DESCRIPTION	TYPE	ITEM LONG DESCRIPTION	TOTAL ACTUAL	TOTAL BUDGET	YTD BUDGET	VARIANCE
Roads, Str Repair / Resealing	IE	Expenditure:Inventory Con	8,858,800.00	12,566,632.00	6,283,316.00	-2,575,484.00
Plastic Bags	IE	Expenditure:Inventory Con	1,144,000.00	3,000,000.00	1,500,000.00	356,000.00
Material Stores -Meters	IE	Expenditure:Inventory Con	2,571,375.00	1,400,000.00	700,000.00	-1,871,375.00

An adjustment up is recommended.

8.6. Contracted Services shows an overspending of R13 million.

The table below indicates material variances above R500 000.

Adjustments will be made per individual item

LEDGER DESCRIPTION	TYL	ITEM LONG DESCRIPTION	TOTAL ACTUAL	2022 ORIG BUDGE	YTD BUDGE	VARIANCE
Legal Fees	IE	Expenditure:Contracted Se	9,121,804.07	295,339.00	147,669.50	-8,974,134.57
Agency Payments- Security Serv	IE	Expenditure:Contracted Se	5,511,529.01	0.00	-	-5,511,529.01
Electr Infrastr, Mains Cable	IE	Expenditure:Contracted Se	5,410,907.58	2,953,159.00	1,476,579.50	-3,934,328.08
Debtors Database Cleansing	IE	Expenditure:Contracted Se	2,123,524.83	0.00	0.00	-2,123,524.83
FMG Grant expe. - Audit Action Pla	IE	Expenditure:Contracted Se	1,154,575.69	0.00	0.00	-1,154,575.69
Contour Prepayment System	IE	Expenditure:Contracted Se	1,636,363.80	1,500,000.00	750,000.00	-886,363.80
Community Cleaning Project	IE	Expenditure:Contracted Se	1,175,520.27	750,000.00	375,000.00	-800,520.27
Traffic Lights	IE	Expenditure:Contracted Se	1,756,989.43	1,992,536.00	996,268.00	-760,721.43
Collection of arrears debt	IE	Expenditure:Contracted Se	1,941,950.23	2,400,000.00	1,200,000.00	-741,950.23
Confrences Seminars	IE	Expenditure:Contracted Se	862,500.00	500,000.00	250,000.00	-612,500.00
Confrences Seminars	IE	Expenditure:Contracted Se	0.00	1,000,000.00	500,000.00	500,000.00
Rural Roads Maintenance	IE	Expenditure:Contracted Se	220,985.00	1,959,995.00	979,997.50	759,012.50
Buildings Installation	IE	Expenditure:Contracted Se	129,080.17	2,622,215.00	1,311,107.50	1,182,027.33
Electricity Demand Side - Consulta	IE	Expenditure:Contracted Se	0.00	3,880,000.00	1,940,000.00	1,940,000.00
Roads, Str Repair / Resealing	IE	Expenditure:Contracted Se	0.00	3,928,878.00	1,964,439.00	1,964,439.00

An adjustment up is recommended.

8.7. Other expenditure is made up of various line items such as, repairs and maintenance, general expenditure, indigent subsidy and grants expenditure. In terms mSCOA some of expenditure on the above items is classified as contracted services. It is therefore necessary to expatiate further. An overall overspending of R19.5 million is noted.

An adjustment upwards is recommended.

8.7.1. Repairs and maintenance

Items with variances above R500 000

LEDGER DESCRIPTION	TOTAL ACTUAL	2022 ORIG BUDGE	YTD BUDGE	VARIANCE
Electr Infrastr, Mains Cable	15,642,664.86	2,141,742.00	1,070,871.00	-14,571,793.86
Electr Infrastr, Mains Cable	5,410,907.58	2,953,159.00	1,476,579.50	-3,934,328.08
Roads, Str Repair / Resealing	8,858,800.00	12,566,632.00	6,283,316.00	-2,575,484.00
Roads, Str Repair / Resealing	0.00	1,959,995.00	979,997.50	979,997.50
Buildings Installation	129,080.17	2,622,215.00	1,311,107.50	1,182,027.33
Roads, Str Repair / Resealing	0.00	3,928,878.00	1,964,439.00	1,964,439.00

An adjustment up is recommended

8.7.2. General expenditure

Items with variances above R500 000

LEDGER DESCRIPTION	TOTAL ACTUAL	TOTAL BUDGET	YTD BUDGE	VARIANCE
Electr Infrastr, Mains Cable	15,642,664.86	2,141,742.00	1,070,871.00	14,571,793.86
Levy - SALGAMembership	6,138,460.00	150,000.00	75,000.00	6,063,460.00
Council ward committee meeting incenti	5,300,000.00	1,110,000.00	555,000.00	4,745,000.00
Audit Fee - External	9,526,922.79	9,746,400.00	4,873,200.00	4,653,722.79
Depreciation-Other Assets	10,676,890.79	12,662,628.00	6,331,314.00	4,345,576.79
Municipal Service Charges	3,178,772.41	100,000.00	50,000.00	3,128,772.41
Fuel Oil	4,002,937.40	2,488,222.00	1,244,111.00	2,758,826.40
Depreciation-Other Assets	10,683,786.80	18,275,863.00	9,137,931.50	1,545,855.30
Indigent Subsidy	1,267,852.66	0.00	-	1,267,852.66
Vehicles, Machinery Plant	5,932,361.90	10,340,881.00	5,170,440.50	761,921.40
Subsistence Travelling	585,144.00	9,105.00	4,552.50	580,591.50
Post Telecommunications	1,939,965.86	2,720,000.00	1,360,000.00	579,965.86
Fuel Oil	1,153,230.80	1,163,263.00	581,631.50	571,599.30
Subsistence Travelling	528,453.36	3,774.00	1,887.00	526,566.36
Printing Stationery	0.00	1,014,000.00	507,000.00	507,000.00
Training - External	79,517.27	1,330,000.00	665,000.00	585,482.73
VEHICLE REGISTRATION	150,883.05	1,500,000.00	750,000.00	599,116.95
Depreciation-Other Assets	66,491.00	1,362,048.00	681,024.00	614,533.00
Depreciation-Other Assets	2,035,788.88	5,313,858.00	2,656,929.00	621,401.2
Vehicles, Machinery Plant	0.00	1,415,552.00	707,776.00	707,776.00
Rural Roads Maintenance	0.00	1,524,440.00	762,220.00	762,220.00
LED-Oceans Economy	0.00	1,722,000.00	861,000.00	861,000.00
Roads, Str Repair / Resealing	0.00	1,959,995.00	979,997.50	979,997.50
Material Stores - General	0.00	2,015,000.00	1,007,500.00	1,007,500.00
Insurance	14,605.80	2,050,000.00	1,025,000.00	1,010,394.20
Depreciation-Other Assets	0.00	2,666,173.00	1,333,086.50	1,333,086.50
Rural Roads Maintenance	0.00	2,722,215.00	1,361,107.50	1,361,107.50
Depreciation-Other Assets	0.00	4,144,851.00	2,072,425.50	2,072,425.50
Levy - Skills Development SETA	320,499.44	5,548,643.00	2,774,321.50	2,453,822.06
Depreciation-Other Assets	0.00	6,843,359.00	3,421,679.50	3,421,679.50
Depreciation - Buildings	0.00	8,671,022.00	4,335,511.00	4,335,511.00
Hire Charges - Transport Extnl	3,710,520.28	17,670,389.00	8,835,194.50	5,124,674.22

An adjustment down is recommended

9. EMPLOYEE RELATED COSTS REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 IN TERMS OF S66 OF THE MFMA

TABLE 9 EMPLOYEE RELATED COSTS REPORT

EC157 King Sabata Dalindyebo - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	Budget Year 2022/23										
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD Q1 actual	YearTD Q2 actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands												
	1	A	B	C							D	
Councillors (Political Office Bearers plus Other)												
Basic Salaries and Wages		24,503	28,521	28,521	2,116	6,569	6,134	12,703	7,130	5,572	78%	28,521
Cellphone Allowance		3,173	4,625	4,625	245	859	1,120	1,979	1,156	823	71%	4,625
Other benefits and allowances		937	933	933	143	429	858	429	233	196	84%	933
Sub Total - Councillors		28,613	34,079	34,079	2,504	7,857	7,254	15,111	8,520	6,591	77%	34,079
% increase	4		19.1%	19.1%								19.1%
Senior Managers of the Municipality												
Basic Salaries and Wages		10,735	13,720	13,720	623	2,559	2,291	4,850	3,334	1,515	45%	13,624
Pension and UIF Contributions		42	67	67	3	10	11	21	17	5	27%	67
Motor Vehicle Allowance		-	641	641	-	-	-	-	160	(160)	-100%	641
Cellphone Allowance		2	31	31	7	7	9	16	8	9	112%	31
Other benefits and allowances		-	1	1	-	-	-	-	0	(0)	-100%	1
Sub Total - Senior Managers of Municipality		10,779	14,459	14,459	634	2,576	2,311	4,867	3,519	1,368	39%	14,364
% increase	4		34.1%	34.1%								33.3%
Other Municipal Staff												
Basic Salaries and Wages		320,714	350,224	350,224	28,823	85,664	85,605	171,269	85,134	86,135	101%	347,699
Pension and UIF Contributions		52,945	52,381	52,381	4,643	13,828	13,733	27,561	13,055	14,507	111%	52,340
Medical Aid Contributions		27,468	35,561	35,561	2,297	6,969	7,125	14,094	8,890	5,204	59%	35,561
Overtime		35,463	8,982	8,982	2,656	7,750	10,256	18,006	4,020	13,986	348%	10,756
Performance Bonus		24,049	22,965	22,965	2,027	4,145	5,466	9,611	5,728	3,883	68%	22,951
Motor Vehicle Allowance		13,675	14,387	14,387	1,238	3,574	3,651	7,225	3,559	3,666	103%	14,350
Cellphone Allowance		1,500	1,278	1,278	163	383	551	933	317	616	195%	1,275
Housing Allowances		25,758	31,784	31,784	2,031	6,125	6,042	12,167	7,820	4,348	56%	31,658
Other benefits and allowances		17,487	13,969	13,969	(466)	1,472	1,901	3,373	4,470	(1,097)	-25%	15,050
Payments in lieu of leave		4,329	2,000	2,000	351	1,135	625	1,760	500	1,260	252%	2,000
Long service awards		6,049	8,039	8,039	546	1,646	1,614	3,260	2,010	1,250	62%	8,039
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		530,237	541,570	541,570	44,309	132,690	136,570	269,261	135,502	133,758	99%	541,579
% increase	4		2.1%	2.1%								2.2%

9.1 COMMENTS ON SIGNIFICANT VARIANCES

The following line items reflects material variances as at 31 December 2022

Employee Related Costs and Remuneration of councillors:

Overall savings of R5,3 million

- Basic salaries reflect savings of R8.2 million
- Medical Aid Contributions savings by R4.7 million
- Overtime reflect overspending of R8.5 million.
- Housing allowances reflect savings of R2.6 million.

9.2. DEPARTMENTAL REVENUE AND EXPENDITURE REPORT

Executive and Council

DESCRIPTION	ANNUAL				YTD		
	BUDGET	AMOUNT	VARIANCE	VAR %	BUDGET	VARIANCE	VAR %
AREA: 11 - Executive & Council							
Revenue							
Rent of Facilities and Equipment	5 000	24 537	- 19 537	-391 %	2 502	- 22 035	-881 %
Fines	279 755	24 000	255 755	91 %	1 39 878	115 878	83%
Licenses and Permits	1 583 854	882 356	701 498	44%	791 928	- 90 428	-11%
Other Revenue	42 864	5 958	36 906	86%	21 432	15 474	72%
Total Revenue	1 911 473	936 851	974 622	51 %	955 740	18 889	2%
Expenditure							
Employee Related Costs	60 857 930	24 354 669	36 503 261	60%	30 428 946	6 074 277	20%
Remuneration Of Councillors	34 225 062	15 571 487	18 653 575	55%	17 112 528	1 541 041	9%
General Expenses - Other	1 484 976	17 955 513	- 31 05 749	-21 %	7 424 916	- 10 530 597	-1 42%
Total Expenditure	109 932 756	57 881 669	52 051 087	47%	54 966 390	- 2 915 279	-5%
Surplus/(Deficit) for the period	- 1 08 021 283	- 56 944 818	- 51 076 465	47%	54 010 650	11 095 548	205%

General expenses have exceeded its year to date budget.

Corporate Services

DESCRIPTION	ANNUAL				YTD		
	BUDGET	AMOUNT	VARIANCE	VAR %	BUDGET	VARIANCE	VAR %
AREA: 12 - Corporate Services							
Revenue							
Rent of Facilities and Equipment	1 35 000	245 254	- 110 254	-82%	67 506	- 1 77 748	-263%
Grants & Subsidies Received - Operating	-	397 108	- 397 108	-100%	-	- 397 108	-100%
Other Revenue	556 349	-	556 349	100%	278 172	278 172	100%
Total Revenue	691 349	642 362	48 987	7%	345 678	- 296 684	-86%
Expenditure							
Employee Related Costs	41 936 990	21 981 592	19 955 398	48%	20 968 524	- 1 013 068	-5%
General Expenses - Other	1 419 849	6 893 358	7 298 491	51%	7 095 930	202 572	3%
Depreciation - Property, Plant & Equip	205 044	1 46 866	58 178	28%	1 02 522	- 44 344	-43%
Total Expenditure	56 333 883	29 021 81 6	27 31 2 067	48%	28 1 66 976	- 854 840	-45%
Surplus/(Deficit) for the period	- 55 642 534	- 28 379 454	- 27 263 080	49%	- 27 821 298	558 156	-2%

Employee related costs has exceeded its year-to-date budget by 5%

Finance and Asset Management

DESCRIPTION	ANNUAL				YTD		
	BUDGET	AMOUNT	VARIANCE	VAR %	BUDGET	VARIANCE	VAR %
AREA: 13 - Finance & Asset Management							
Revenue							
Property Rates	307 662 21 8	288 51 2 374	19 149 844	6%	1 53 831 108	-1 34 681 266	-88%
Rent of Facilities and Equipment	1 6 591 646	8 996 576	7 595 070	46%	8 295 822	- 700 754	-8%
Interest Earned - External Investments	1 301 542	1 720 722	- 41 9180	-32%	650 772	- 1 069 950	-164%
Interest Earned - Outstanding Debtors	20 662 001	29 354 279	- 8 692 278	-42%	1 0 331 004	- 19 023 275	-184%
Grants & Subsidies Received - Operating	406 965 000	296 541 504	110 423 496	27%	203 482 500	- 93 059 004	-46%
Grants & Subsidies Received - Capital	-	7 607 411	- 7 607 411	-100%	-	- 7 607 411	-100%
Other Revenue	3 642 784	1 359 338	2 283 446	63%	1 821 390	462 052	25%
Gains \Losses on Disposal Of Property, P	563 500	-	563 500	100%	281 748	281 748	100%
Internal Recoveries	31 374 840	-	31 374 840	100%	1 56 873 420	1 56 873 420	100%
Total Revenue	1 071 135 531	634 092 204	437 043 327	41 %	535 567 764	- 98 524 440	-18%
Expenditure							
Employee Related Costs	801 71 160	26 762 546	53 408 61 4	67%	40 085 598	13 323 052	33%
General Expenses - Contracted Services	4 479 224	5 893 958	- 1 414 734	-32%	2 239 61 4	- 3 654 344	-163%
General Expenses - Grants & Subsidies Pa	-	1 267 853	- 1 267 853	-100%	-	- 1 267 853	-100%
General Expenses - Other	49 801 856	56 630 668	- 6 828 81 2	-14%	24 900 960	- 31 729 708	-127%
General Expenses: Grants & Subs - Operat	2 850 000	2 076 680	773 320	27%	1 424 998	- 651 682	-46%
Repairs & Maintenance - Municipal Assets	1 034 081	5 932 362	4 408 51 9	43%	5 170 440	- 761 922	-15%
Depreciation - Property, Plant & Equip	33 458 532	1 271 2 680	20 745 852	62%	1 6 729 266	4 01 6 586	24%
Interest Expense - External Borrowings	6 553 144	1 776 628	4 776 51 6	73%	3 276 570	1 499 942	46%
Contributions To / From Provisions & Res	15 000 000	3 723 839	11 276 161	75%	7 500 000	3 776 1 61	50%
Total Expenditure	202 654 797	116 777 21 4	85 877 583	42%	101 327 446	- 15 449 768	-15%
Surplus/(Deficit) for the period	868 480 734	51 7 31 4 990	351 1 65 744	40%	434 240 31 8	- 83 074 672	-19%

General expenses have exceeded its year to date budget.

Local and Economic Development

DESCRIPTION	ANNUAL				YTD		
	BUDGET	AMOUNT	VARIANCE	VAR %	BUDGET	VARIANCE	VAR %
AREA: 14 - Planning, Social & Ec Dev							
Revenue							
Rent of Facilities and Equipment	46 744	65 370	- 18 626	-40%	23 370	- 88 740	380%
Licenses and Permits	1 272 290	171 547	1 100 743	87%	636 144	- 807 691	127%
Grants & Subsidies Received - Operating	-	885 055	- 885 055	-100%	-	- 885 055	-100%
Grants & Subsidies Received - Capital	11 700 000	-	11 700 000	100%	5 850 000	- 5 850 000	100%
Other Revenue	1 47 037	5 871	1 41 166	96%	73 518	- 79 389	108%
Total Revenue	131 66 071	1 127 843	12 038 228	91 %	6 583 032	- 7 710 875	117%
Expenditure							
Employee Related Costs	38 557 331	15 538 352	23 018 979	60%	19 278 660	3 740 308	19%
General Expenses - Other	14 831 420	41 205 20	1 071 0900	72%	7 415 664	3 295 144	44%
Total Expenditure	53 388 751	19 658 872	33 729 879	63%	26 694 324	7 035 452	26%
Surplus/(Deficit) for the period	- 40 222 680	- 18 531 029	- 21 691 651	54%	- 33 277 356	- 14 746 327	44%

Human Settlement

DESCRIPTION	ANNUAL				YTD		
	BUDGET	AMOUNT	VARIANCE	VAR %	BUDGET	VARIANCE	VAR %
AREA: 15 - Human Settlement							
Revenue							
Service Charges	-	21 7261	- 21 7261	-100%	0	-21 7261	-100%
Grants & Subsidies Received - Capital	1 749 261 05	6 035 490	1 688 90 61 5	97%	874 630 50	81 427 560	93%
Other Revenue	201 634	1 153 223	- 951 589	-472%	1 008 18	-1 052 405	-1 044%
Total Revenue	1 751 27 739	7 405 974	1 67 721 765	96%	875 638 68	801 578 94	92%
Expenditure							
Employee Related Costs	35 095 702	15 813 653	19 282 049	55%	1 754 7876	1 734 223	10%
General Expenses - Other	11 937 851	1 005 552	1 0932 299	92%	597 3998	4968 446	83%
Total Expenditure	47 033 553	16 819 205	30 214 348	64%	23521 874	6702 669	28%
Surplus/(Deficit) for the period	1 28 094 186	- 9 413 231	1 37 507 417		64041 994	73455 225	

Community Services

DESCRIPTION	ANNUAL				YTD		
	BUDGET	AMOUNT	VARIANCE	VAR %	BUDGET	VARIANCE	VAR %
AREA: 16 - Community Services							
Revenue							
Service Charges	50 824 365	53 918 896	- 3 094 531	-6%	25 412 184	- 28 506 712	-112%
Rent of Facilities and Equipment	1 240 618	1 026 243	214 375	17%	620 310	- 405 933	-65%
Grants & Subsidies Received - Operating	5 844 040	4 427 702	1 416 338	24%	2 922 018	- 1 505 684	-52%
Total Revenue	57 909 023	59 372 841	- 1 463 818	-3%	28 954 512	- 30 418 329	-105%
Expenditure							
Employee Related Costs	76 556 114	40 402 662	36 153 452	47%	38 278 074	- 21 245 888	-6%
General Expenses - Contracted Services	284 704	66 000	218 704	77%	142 350	76 350	54%
General Expenses - Other	9 650 239	6 734 463	2 915 776	30%	4 825 122	- 1 909 341	-40%
General Expenses: Grants & Subs - Operat	5 844 040	1 783 079	4 060 961	69%	2 922 012	1 138 933	39%
Repairs & Maintenance - Municipal Assets	1 033 342	26 264	1 007 078	97%	51 6678	490 414	95%
Depreciation - Property, Plant & Equip	18 275 863	10 683 787	7 592 076	42%	9 137 934	- 1 545 853	-17%
Total Expenditure	111 644 302	59 696 255	51 948 047	47%	55 822 170	- 3 874 085	-7%
Surplus/(Deficit) for the period	- 53 735 279	- 323 414	- 53 411 865		- 26 867 658	- 26 544 244	

Employee related costs and General expenses has exceeded its year to date budget.

Public Safety

DESCRIPTION	ANNUAL				YTD		
	BUDGET	AMOUNT	VARIANCE	VAR %	BUDGET	VARIANCE	VAR %
AREA: 17 - Public Safety							
Revenue							
Service Charges	11 551 219	7 488 301	4 062 918	35%	5 775 612	- 1 712 689	-30%
Fines	7 282 339	51 525 9	6 767 080	93%	3 641 172	31 259 13	86%
Licenses and Permits	10 532 326	5 745 343	4 786 983	45%	5 266 164	- 479 179	-9%
Grants & Subsidies Received - Operating	754 380	-	754 380	100%	377 190	377 190	100%
Other Revenue	-	1 03 644	- 1 03 644	-100%	-	- 1 03 644	-100%
Total Revenue	301 202 64	13 852 547	16 267 717		15 060 138	1 207 591	8%
Expenditure							
Employee Related Costs	1 39 087 449	76 060 434	63 027 015	45%	69 543 768	- 6 516 666	-9%
General Expenses - Contracted Services	-	5 511 529	- 5 511 529	-100%	-	- 5 511 529	-100%
General Expenses - Other	6 529 530	3 956 911	2 572 619	39%	3 264 780	- 692 131	-21%
General Expenses: Grants & Subs - Operat	754 380	-	754 380	100%	377 190	377 190	100%
Repairs & Maintenance - Municipal Assets	1 052 244	67 518	984 726	94%	526 116	458 598	87%
Contributions From Operating To Capital	1 00 000	-	1 00 000	100%	49 998	49 998	100%
Total Expenditure	1 47 523 603	85 596 392	61 927 211	42%	73 761 852	- 11 834 540	-16%
Surplus/(Deficit) for the period	- 117 403 339	- 71 743 845	- 45 659 494		- 58 701 714	- 10 626 949	

Employee related costs and General expenses has exceeded its year to date budget.

Infrastructure

DESCRIPTION	ANNUAL				YTD		
	BUDGET	AMOUNT	VARIANCE	VAR %	BUDGET	VARIANCE	VAR %
AREA: 18 - Infrastructure							
Revenue							
Service Charges	562 536 248	254 282 732	308 253 51 6	55%	281 268 1 26	26 985 394	10%
Fines	178 759	-	178 759	100%	89 382	89 382	100%
Grants &Subsidies Received - Operating	1 203 21 30	5 794 677	6 237 453	52%	6 01 6 062	221 385	4%
Grants &Subsidies Received - Capital	11 604 450	46 331 586	69 71 4864	60%	58 023 222	11 691 636	20%
Other Revenue	17 205 566	3 464 385	13 741 181	80%	8 602 782	51 38 397	60%
Total Revenue	707 999 153	309 873 380	398 125 773	56%	353 999 574	441 261 94	12%
Expenditure							
Employee Related Costs	80 31 21 94	46 836 378	33 475 81 6	42%	40 156 1 34	- 6 680 244	-17%
General Expenses - Bulk Purchases	452 820 072	205 179 770	247 640 302	55%	226 41 0036	21 230 266	9%
General Expenses - Contracted Services	110 242	-	110 242	100%	55 122	55 122	100%
General Expenses - Other	14 469 661	7 382 832	7 086 829	49%	7 229 770	- 1 53 062	-2%
General Expenses: Grants &Subs - Operat	7 092 580	3 653 140	3 439 440	48%	3 546 300	- 1 06 840	-3%
Repairs &Maintenance - Municipal Assets	41 037 530	34 671 871	6 365 659	16%	20 51 8 770	- 141 531 01	-69%
Depreciation - Property, Plant &Equip	106 332 999	55 758 822	50 574 177	48%	53 166 51 0	- 2 592 31 2	-5%
Total Expenditure	702 175 278	353 482 81 3	348 692 465	50%	351 082 642	- 2 400 171	-1%
Surplus/(Deficit) for the period	5 823 875	- 43 609 433	49 433 308		2 91 6 932	41 726 023	

Employee related costs and General expenses has exceeded its year-to-date budget.

10. CAPITAL EXPENDITURE EXCLUDING CONTRIBUTIONS TO CAPITAL OUTLAY

TABLE 10 CAPITAL EXPENDITURE REPORT

EC157 King Sabata Dalindyebo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Capital Expenditure - Functional Classification										
<i>Governance and administration</i>	-	2,597	382	(76)	-	649	(649)	-100%	2,597	
Executive and council	-	-	-	-	-	-	-	-	-	
Finance and administration	-	2,597	382	(76)	-	649	(649)	-100%	2,597	
Internal audit	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>	74,445	116,904	48,609	2,433	8,472	29,226	(20,754)	-71%	116,904	
Community and social services	1,896	150	5,379	(58)	149	38	112	298%	150	
Sport and recreation	-	-	-	-	-	-	-	-	-	
Public safety	-	3,000	6,000	-	-	750	(750)	-100%	3,000	
Housing	72,549	113,754	37,230	2,480	8,323	28,439	(20,115)	-71%	113,754	
Health	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>	57,192	114,471	109,089	13,742	58,597	28,618	29,979	105%	114,471	
Planning and development	-	45,826	-	848	3,531	11,457	(7,925)	-69%	45,826	
Road transport	57,192	68,645	109,089	12,885	55,066	17,161	37,905	221%	68,645	
Environmental protection	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>	26,949	4,945	700	2,016	2,321	1,236	1,084	88%	4,945	
Energy sources	26,949	3,195	-	2,016	2,321	795	1,522	191%	3,195	
Water management	-	-	-	-	-	-	-	-	-	
Waste water management	-	-	-	-	-	-	-	-	-	
Waste management	-	1,750	700	-	-	437	(437)	-100%	1,750	
Other	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Functional Classification	3	158,585	238,918	158,780	18,116	68,390	59,729	9,661	16%	238,918
Funded by:										
National Government		47,411	97,046	83,536	4,820	74,523	24,262	50,261	207%	97,046
Provincial Government		100,843	132,754	42,230	1,398	92,423	33,189	59,234	178%	132,754
District Municipality		10,330	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (increasing allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		158,585	229,801	125,765	6,218	166,945	57,450	109,485	191%	229,801
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	9,117	32,783	(1,877)	169	2,279	(2,090)	-92%	9,117
Total Capital Funding		158,585	238,918	158,548	4,341	167,135	59,729	107,405	180%	238,918

10.1. COMMENTS ON CAPITAL SPENDING

- ❖ **MIG** -The spending was at 100% at the end of the second quarter on YTD budget.
- ❖ **Electricity Projects** – these projects are funded by municipal funds spending sitting at two million end second quarter.
- ❖ **Human Settlement Projects**- The spending was at 10% at the end of the second quarter.
- ❖ The reasoning behind the underspending on Human Settlements is due to that two housing projects (New Brighton 131 and Kei Rail 537) that were earmarked for

implementation this financial year are still held up with the non- resolution of Land Claims.

The two projects combined have a combined budget of R60 million. The other underspending has been experienced on the Maydene Farm Housing Project due to that the increase on the quantum subsidy was only approved on the 30th September 2022 and funding was only transferred to the Municipality by the end of October 2022 from the Department of Human Settlements. The contractor was out of site for a period of six months and had to re-establish on site.

11. ROLLOVERS

Roll over approvals or rejections by National Treasury are still to confirmed during the midyear assessment engagement.

12. STAFF IMPLICATIONS

Own staff

13. FINANCIAL IMPLICATIONS

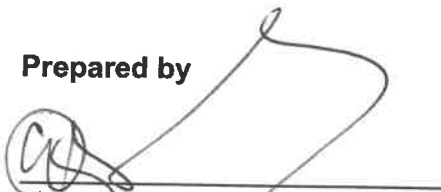
Non normal operating budget

14. RECOMMENDATIONS

- 14.1. That the Report of the Municipal Manager to the Executive Mayor of the KSD Local Municipality on the assessment carried out in terms of section 72 of the MFMA be noted.
- 14.2. That the Executive Mayor considers the report in terms of section 54 (1) of the MFMA.
- 14.3. That the Executive Mayor in terms of section 54(1)(f) of the MFMA, submits the report to the Council by 25 January 2023.
- 14.4. That the Executive Mayor, in terms of section 54(2)(a)(ii) of the MFMA, tables an adjustments budget before the end of February 2023 as contemplated in section 28(a), (b), (d) and (f) of the MFMA.
- 14.5. That the adjustments budget, in terms of section 23 of the Municipal budget and reporting regulations 393 of 2009, be considered and tabled in the municipal council not later than 28 February 2023.
- 14.6. That departments develop / revise turnaround plan for the municipality.

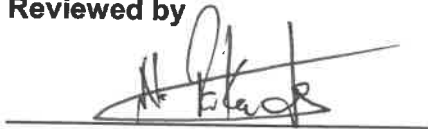
14.7. That the council notes Midyear performance report and considers whether amendments are necessary in the Integrated development plan and related Service Delivery Implementation Plan.

Prepared by



Mr. E. Jiholo
Chief Financial Officer

Reviewed by



Mr N. Pakade
Municipal Manager

Endorsed By



BTO MMC
Cllr Z. Gana