

RICHTERSVELD MUNICIPALITY (NC061)



**MUNISIPALITEIT
RICHTERSVELD
MUNICIPALITY**

Die Richtersveld leuse is:

!Ghâi //Khoredi

Dit beteken: "Strewe na sukses" in Nama

MID YEAR BUDGET ASSESSMENT REPORT FOR THE 2021/2022 FINANCIAL YEAR

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

Table of Contents

Glossary	Error! Bookmark not defined.
Section 1- Introduction	4
1.1 Purpose	4
1.2 Legal requirements	4-5
Section 2- Report of the Mayor	5-6
2.1 Assessment	6
2.2 Past Years Annual Report	6
2.3 Municipal Entity Performance	6
2.4 Conclusion	6
Section 3 – Financial Performance	6-16
3.1 Revenue by Source	15-17
3.2 Expenditure by Type	17
Section 4- Recommendations	17
4.1 Motivations	17
<i>4.1.adjustment budget</i>	17
Section 5: Municipal Manager’s Quality	18
5.1 Certification	18
Section 6: Conclusions	20

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

Glossary

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

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

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

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

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

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

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

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

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

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

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

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

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

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

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

Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets



Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

and monthly budget estimates.

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

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget.

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

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Virement – A transfer of budget.

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

SECTION 1- INTRODUCTION

1.1 PURPOSE

To inform Council of progress made in the implementation of the budget and performance outcomes in respect of the first six months of the 2021/2022 financial year, also to recommend whether an adjustments budget is deemed necessary.

1.2 LEGAL REQUIREMENTS

In terms of Section 72 of the Municipal Finance Management Act, the accounting officer must by **January 25** of each year assess the performance of Richtersveld Municipality for the first half of the financial year taking into account the following:

- The monthly financial performance statement referred to in Section 71 of the Municipal Finance Management Act;
- The municipality's service delivery performance as per approved Service Delivery and Implementation Plan
- The past years Annual report and progress resolving problems identified in the annual report
- The performance of every municipal entity under the sole control of the municipality

The mid- year report must also include explanations of:

- Any material variances from municipality's projected revenue by source and expenditure by vote
- Any variances from Service Delivery and Implementation Plan (SDBIP)
- Any remedial/ corrective steps taken or to be taken to ensure that the projected revenue and expenditure remains within the budget



Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

- A projection of the municipality's revenue and expenditure for the rest of the financial year and revision for the initial projections

In terms of Section 71 of the Municipal Finance Management Act the following information must be taken into account when assessing the financial performance of the Richtersveld Municipality:

- Actual revenue per source
- Actual expenditure per vote
- Actual capital expenditure per vote
- The amount of any allocations received and the expenditure on those allocations

SECTION 2- REPORT OF THE MAYOR

As part of the review and performance assessment process the accounting officer must make recommendations as to whether an adjustment budget is necessary based on the following considerations:

An adjustment budget:

- Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- May appropriate additional revenues that have become available over and above the anticipated in the annual budget, but only to revise or accelerate spending on programmes already budgeted for;
- May within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- May authorize the utilization of projected savings in one vote towards spending under another vote;
- May authorize the spending of funds that were unspent at the end of the past financial year where the under spending could not reasonably have been foreseen at the time to include projected roll-over when the annual budget for the current year was approved by the council;
- May correct errors in the annual budget;
- May provide for any other expenditure within a prescribed framework.

When an adjustment budget is tabled, it must be accompanied by:

- An explanation of how the adjustment budget impacts on the annual budget;
- A motivation of any material changes to the annual budget;



Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

- An explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years;
- Any other supporting documentation that may be prescribed.

2.1 ASSESSMENT

Considering the above-mentioned legislative requirements for submission of an adjustment budget as the projected interim operating and capital results for the financial year under review, the following is deemed necessary to consider for an adjustment budget:

Revenue

- Rental of facilities should be decreased from R56 695
- Interest earned on outstanding debtors should be increased from R3 792

Expenditure

- Finance charges should be increased from R1 500
- Contracted services should be increased from R3500
- Other expenditure should be increased from R8 438

2.2 PAST YEARS ANNUAL REPORT

Richtersveld Municipality has tried to adhere on the layout and quality according to the meaning and purpose of the referred legislation.

2.3 MUNICIPAL ENTITY PERFORMANCE

Not applicable as the council does not participate in any municipal entity as prescribed in chapter 10 of the Municipal Finance Management Act.

2.4 CONCLUSION

The mid-year budget and performance assessment indicates that:

- (a) An adjustments budget for 2021/22 will be required;

SECTION 3 – FINANCIAL PERFORMANCE

Table C1:s71 Monthly Budget Statement Summary



Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

NC061 Richtersveld - Table C1 Monthly Budget Statement Summary - M06 December								
Description	Budget Year 2021/22							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Property rates	19 962	19 962	(389)	19 097	9 981	9 116	91%	19 962
Service charges	29 222	29 222	2 597	15 710	14 611	1 099	8%	29 222
Investment revenue	210	210	1	1	105	(104)	-99%	210
Transfers and subsidies	23 287	23 287	1 847	10 438	11 643	(1 205)	-10%	23 287
Other own revenue	62 584	62 584	939	4 014	31 292	(27 278)	-87%	62 584
Total Revenue (excluding capital transfers and contributions)	135 265	135 265	4 996	49 261	67 633	(18 372)	-27%	135 265
Employee costs	29 978	29 978	2 689	15 811	14 989	821	5%	29 978
Remuneration of Councillors	4 200	4 200	403	1 555	2 100	(545)	-26%	4 200
Depreciation & asset impairment	9 500	9 500	-	-	4 750	(4 750)	-100%	9 500
Finance charges	1 500	1 500	232	1 313	750	563	75%	1 500
Inventory consumed and bulk purchases	18 807	18 807	1 608	11 226	9 404	1 822	19%	18 807
Transfers and subsidies	-	-	-	-	-	-	-	-
Other expenditure	23 946	23 946	1 713	11 538	11 973	(435)	-4%	23 946
Total Expenditure	87 931	87 931	6 645	41 442	43 966	(2 524)	-6%	87 931
Surplus/(Deficit)	47 334	47 334	(1 649)	7 819	23 667	(15 848)	-67%	47 334
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	24 480	24 480	-	9 407	12 240	(2 833)	-23%	24 480
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	29	-	29	#DIV/0!	-
Surplus/(Deficit) after capital transfers & contributions	71 814	71 814	(1 649)	17 255	35 907	(18 652)	-52%	71 814
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	71 814	71 814	(1 649)	17 255	35 907	(18 652)	-52%	71 814
Capital expenditure & funds sources								
Capital expenditure	7 000	7 000	3 053	7 629	3 500	4 129	118%	7 000
Capital transfers recognised	24 480	24 480	-	9 407	3 500	5 907	169%	24 480
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	16	-	16	-	-
Total sources of capital funds	24 480	24 480	-	9 423	3 500	5 923	169%	24 480
Financial position								
Total current assets	(3 312)	10 128	-	42 722	-	-	-	10 128
Total non current assets	233 087	226 087	-	198 382	-	-	-	226 087
Total current liabilities	20 548	(42 607)	-	67 764	-	-	-	(42 607)
Total non current liabilities	51 786	51 786	-	41 977	-	-	-	51 786
Community wealth/Equity	170 881	170 881	-	124 012	-	-	-	170 881
Cash flows								
Net cash from (used) operating	74 059	87 499	(4 466)	9 208	43 749	34 541	79%	87 499
Net cash from (used) investing	(24 480)	(24 480)	-	-	(12 240)	(12 240)	100%	(24 480)
Net cash from (used) financing	33	33	-	(5)	17	21	128%	33
Cash/cash equivalents at the month/year end	41 648	68 527	-	9 216	34 264	25 048	73%	68 527
Debtors & creditors analysis								
	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis								
Total By Income Source	2 023	1 617	2 079	11 989	1 633	105 262	(846)	131 581
Debtors Age Analysis								
Total Creditors	4 817	1 902	2 349	2 731	2 222	10 522	23 707	51 996

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

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

This table reflects the operating budget in the standard classification which are Government Finance Statistics Functions and Sub- functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of unique organizational structures used by different institutions.

The main functions are Governance and administration, Community and Public safety, Economic and environmental services and Trading services. This financial performance is reported in standard classification and by municipal vote.

Refer to the next page

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

NC061 Richtersveld - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December									
Description	Ref	Budget Year 2021/22							
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
Revenue - Functional									
Governance and administration		103 426	103 426	2 145	33 261	51 713	(18 452)	-36%	103 426
Executive and council		-	-	-	-	-	-	-	-
Finance and administration		103 426	103 426	2 145	33 261	51 713	(18 452)	-36%	103 426
Internal audit		-	-	-	-	-	-	-	-
Community and public safety		2 799	2 799	258	180	1 399	(1 219)	-87%	2 799
Community and social services		1 372	1 372	0	(7)	686	(693)	-101%	1 372
Sport and recreation		1 431	1 431	258	189	716	(526)	-74%	1 431
Public safety		-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
Health		(4)	(4)	-	(2)	(2)	(0)	5%	(4)
Economic and environmental services		14 608	14 608	-	19	7 304	(7 285)	-100%	14 608
Planning and development		90	90	-	19	45	(26)	-57%	90
Road transport		14 518	14 518	-	(1)	7 259	(7 259)	-100%	14 518
Environmental protection		-	-	-	-	-	-	-	-
Trading services		38 912	38 912	2 593	15 830	19 456	(3 626)	-19%	38 912
Energy sources		16 463	16 463	1 399	7 998	8 232	(234)	-3%	16 463
Water management		15 418	15 418	473	3 273	7 709	(4 436)	-58%	15 418
Waste water management		3 831	3 831	399	2 515	1 915	599	31%	3 831
Waste management		3 200	3 200	323	2 044	1 600	444	28%	3 200
Other	4	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	159 745	159 745	4 996	49 289	79 873	(30 583)	-38%	159 745
Expenditure - Functional									
Governance and administration		36 623	36 623	3 573	20 260	18 311	1 949	11%	36 623
Executive and council		7 403	7 403	613	2 578	3 701	(1 124)	-30%	7 403
Finance and administration		29 003	29 003	2 941	17 468	14 502	2 966	20%	29 003
Internal audit		216	216	19	215	108	106	98%	216
Community and public safety		5 912	5 912	348	3 032	2 956	76	3%	5 912
Community and social services		1 526	1 526	113	1 215	763	452	59%	1 526
Sport and recreation		2 248	2 248	205	1 639	1 124	515	46%	2 248
Public safety		143	143	16	92	71	21	29%	143
Housing		1 920	1 920	9	57	960	(902)	-94%	1 920
Health		75	75	5	29	38	(9)	-23%	75
Economic and environmental services		6 980	6 980	337	2 139	3 490	(1 351)	-39%	6 980
Planning and development		1 684	1 684	5	15	842	(827)	-98%	1 684
Road transport		5 296	5 296	332	2 124	2 648	(524)	-20%	5 296
Environmental protection		-	-	-	-	-	-	-	-
Trading services		37 944	37 944	2 387	15 867	18 972	(3 105)	-16%	37 944
Energy sources		25 115	25 115	1 637	11 433	12 557	(1 124)	-9%	25 115
Water management		5 116	5 116	283	1 783	2 558	(775)	-30%	5 116
Waste water management		3 277	3 277	306	1 728	1 638	89	5%	3 277
Waste management		4 437	4 437	161	923	2 219	(1 295)	-58%	4 437
Other		472	472	-	143	236	(93)	-39%	472
Total Expenditure - Functional	3	87 931	87 931	6 645	41 442	43 966	(2 524)	-6%	87 931
Surplus/ (Deficit) for the year		71 814	71 814	(1 649)	7 848	35 907	(28 059)	-78%	71 814

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

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

The operating expenditure budget is approved by council at the municipal vote level. The municipal vote reflects the organisational structure of the relevant municipality which is made up of

- Executive and Council
- Administration : Corporate Services
- Administration :Community
- Administration: Sports and Recreation
- Financial Services ; and
- Infrastructure

NC061 Richtersveld - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) -									
Vote Description	Ref	Budget Year 2021/22							
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote	1								
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		-	-	-	-	-	-		-
Vote 2 - ADMIN: CORPORATE (12: IE)		-	-	-	-	-	-		-
Vote 3 - ADMIN: SPORT AND RECRTN (14: IE)		-	-	-	-	-	-		-
Vote 4 - EPWP (15: IE)		-	-	-	-	-	-		-
Vote 5 - EXECUTIVE AND COUNCIL (21: IE)		-	-	-	29	-	29	#DIV/0!	-
Vote 6 - ADMIN: CORPORATE (22: IE)		57 554	57 554	23	80	28 777	(28 698)	-99,7%	57 554
Vote 7 - ADMIN: COMMUNITY (23: IE)		23 561	23 561	2 490	13 375	11 781	1 595	13,5%	23 561
Vote 8 - ADMIN: SPORT AND RECRTN (24: IE)		1 427	1 427	258	189	713	(524)	-73,4%	1 427
Vote 9 - FINANCIAL SERVICES (26: IE)		22 940	22 940	(373)	19 745	11 470	8 275	72,1%	22 940
Vote 10 - INFRASTRUCTURE (28: IE)		54 263	54 263	2 597	15 872	27 131	(11 259)	-41,5%	54 263
Vote 12 - ADMIN: CORPORATE (32: CS)		-	-	-	-	-	-		-
Vote 13 - ADMIN: SPORT AND RECRTN (34: CS)		-	-	-	-	-	-		-
Vote 14 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-		-
Vote 15 - INFRASTRUCTURE (38: CS)		-	-	-	-	-	-		-
Total Revenue by Vote	2	159 745	159 745	4 996	49 289	79 873	(30 583)	-38,3%	159 745
Expenditure by Vote	1								
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		306	306	-	143	153	(10)	-6,7%	306
Vote 2 - ADMIN: CORPORATE (12: IE)		-	-	-	-	-	-		-
Vote 3 - ADMIN: SPORT AND RECRTN (14: IE)		-	-	-	-	-	-		-
Vote 4 - EPWP (15: IE)		-	-	-	-	-	-		-
Vote 5 - EXECUTIVE AND COUNCIL (21: IE)		2 271	2 271	201	1 048	1 136	(87)	-7,7%	2 271
Vote 6 - ADMIN: CORPORATE (22: IE)		3 000	3 000	313	2 304	1 500	804	53,6%	3 000
Vote 7 - ADMIN: COMMUNITY (23: IE)		12 159	12 159	1 006	6 596	6 080	516	8,5%	12 159
Vote 8 - ADMIN: SPORT AND RECRTN (24: IE)		7 840	7 840	641	3 528	3 920	(392)	-10,0%	7 840
Vote 9 - FINANCIAL SERVICES (26: IE)		17 466	17 466	1 766	9 646	8 733	913	10,5%	17 466
Vote 10 - INFRASTRUCTURE (28: IE)		44 890	44 890	2 720	17 992	22 445	(4 452)	-19,8%	44 890
Vote 11 - EXECUTIVE AND COUNCIL (11: CS)		-	-	-	-	-	-		-
Vote 12 - ADMIN: CORPORATE (32: CS)		-	-	-	-	-	-		-
Vote 13 - ADMIN: SPORT AND RECRTN (34: CS)		-	-	-	-	-	-		-
Vote 14 - FINANCIAL SERVICES (36: CS)		-	-	-	-	-	-		-
Vote 15 - INFRASTRUCTURE (38: CS)		-	-	-	-	-	-		-
Total Expenditure by Vote	2	87 931	87 931	6 645	41 257	43 966	(2 709)	-6,2%	87 931
Surplus/ (Deficit) for the year	2	71 814	71 814	(1 649)	8 032	35 907	(27 875)	-77,6%	71 814

Unauthorized Expenditure by year end would occur either for the municipality as a whole if the adjusted budget for "Total Expenditure by Vote " or if any of the individual budgets for a specific vote /s was overspent.

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

The Total Expenditure by Vote is not overspent nor any department on an individual basis. Therefore focus should be shifted to spending on the budget as allocated to ensure service delivery to the community, as is the primary function of local government.

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

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

NC061 Richtersveld - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December									
Description	Ref	Budget Year 2021/22							
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Property rates		19 962	19 962	(389)	19 097	9 981	9 116	91%	19 962
Service charges - electricity revenue		17 066	17 066	1 403	7 993	8 533	(540)	-6%	17 066
Service charges - water revenue		5 383	5 383	473	3 257	2 692	565	21%	5 383
Service charges - sanitation revenue		3 668	3 668	401	2 459	1 834	625	34%	3 668
Service charges - refuse revenue		3 105	3 105	320	2 001	1 552	449	29%	3 105
Rental of facilities and equipment		56 695	56 695	48	293	28 347	(28 054)	-99%	56 695
Interest earned - external investments		210	210	1	1	105	(104)	-99%	210
Interest earned - outstanding debtors		3 792	3 792	607	3 234	1 896	1 338	71%	3 792
Dividends received		-	-	-	-	-	-	-	-
Fines, penalties and forfeits		23	23	3	15	12	4	33%	23
Licences and permits		2	2	1	4	1	3	261%	2
Agency services		91	91	6	46	45	0	1%	91
Transfers and subsidies		23 287	23 287	1 847	10 438	11 643	(1 205)	-10%	23 287
Other revenue		1 981	1 981	275	422	990	(569)	-57%	1 981
Gains		-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		135 265	135 265	4 996	49 261	67 633	(18 372)	-27%	135 265
Expenditure By Type									
Employee related costs		29 978	29 978	2 689	15 811	14 989	821	5%	29 978
Remuneration of councillors		4 200	4 200	403	1 555	2 100	(545)	-26%	4 200
Debt impairment		12 007	12 007	17	633	6 004	(5 371)	-89%	12 007
Depreciation & asset impairment		9 500	9 500	-	-	4 750	(4 750)	-100%	9 500
Finance charges		1 500	1 500	232	1 313	750	563	75%	1 500
Bulk purchases - electricity		17 134	17 134	1 447	10 399	8 567	1 832	21%	17 134
Inventory consumed		1 673	1 673	162	827	836	(9)	-1%	1 673
Contracted services		3 500	3 500	492	3 092	1 750	1 342	77%	3 500
Transfers and subsidies		-	-	-	-	-	-	-	-
Other expenditure		8 438	8 438	1 204	7 812	4 219	3 593	85%	8 438
Losses		-	-	-	-	-	-	-	-
Total Expenditure		87 931	87 931	6 645	41 442	43 966	(2 524)	-6%	87 931
Surplus/(Deficit)		47 334	47 334	(1 649)	7 819	23 667	(15 848)	(0)	47 334
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		24 480	24 480	-	9 407	12 240	(2 833)	(0)	24 480
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	29	-	29	-	-
Surplus/(Deficit) after capital transfers & contributions		71 814	71 814	(1 649)	17 255	35 907			71 814
Taxation		-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		71 814	71 814	(1 649)	17 255	35 907			71 814
Attributable to minorities		-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		71 814	71 814	(1 649)	17 255	35 907			71 814
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		71 814	71 814	(1 649)	17 255	35 907			71 814

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

Conditional grants spending

Richtersveld Municipality was allocated an amount of R14 480 000, which included a ring-fenced amount of R7 000 000 for Sport Development and R7 480 000 for other registered infrastructure projects.

Status of the MIG as at end of December 2021 (Include roll-over information)

As at the end of December 2021 Richtersveld Municipality did not spent any money on registered projects. We have spent a total of R981 585.33 on the preparation of two tenders, R355487,34 on the Sport Facilities tender and R626097,99 on the Paving of internal roads tender. Both these two tenders were captured on the system, but was not registered.

Since the Municipality did not have active projects and did not meet the minimum criteria for a roll-over, the municipality did not apply for roll-over for the 2021/2022 financial year, all unspent grant were withheld from equitable share allocation.

Reasons for poor performance and/under commitment, including rollover where applicable Conventional MIG portion

During budget preparation process council prioritized the paving of internal roads. Tender documents were prepared and the project was captured on MIG MIS. After virtual engagements on 03 August 2021 followed by a visit by a delegation to Port Nolloth on 31 August 2021, the municipality was convinced to re-prioritize the proposed projects and focus on the sanitation project

GRANT	ALLOCATION PER BUDGET	ALLOCATION RECEIVED	EXPENDITURE TODATE	% SPENDING
WSIG	10 000 000,00	8 000 000,00	8 425 517,00	105%
MIG	14 480 000,00	6 161 000,00	981 585,00	16%

MIG PER PROJECT

GRANT	ALLOCATION PER BUDGET	ALLOCATION RECEIVED	EXPENDITURE TODATE	% SPENDING
Sports	7 000 000,00	6 161 000,00	355 487,34	6%
Roads	7 480 000,00	-	626 097,99	10%

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

WSIG PER PROJECT

PROJECT	EXPENDITURE TODATE	ALLOCATION RECEIVED	% SPENDING
Refurbishment of borehole	1 845 116,75	8 000 000,00	23%
Kubues bulk water phase 1	983 415,16	-	12%
Kubues bulk water phase 2	4 516 157,70	-	56%
Lekkersing borehole	1 080 828,47	-	14%
	8 425 518,08	8 000 000,00	1,05

Table C6: Monthly Budget Statement- Financial Position

NC061 Richtersveld - Table C6 Monthly Budget Statement - Financial Position - M06 December					
Description	Ref	Budget Year 2021/22			
		Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1				
ASSETS					
Current assets					
Cash		(7 965)	5 475	806	5 475
Call investment deposits		-	-	11 216	-
Consumer debtors		4 015	4 015	36 848	4 015
Other debtors		-	-	(6 161)	-
Current portion of long-term receivables		-	-	-	-
Inventory		638	638	13	638
Total current assets		(3 312)	10 128	42 722	10 128
Non current assets					
Long-term receivables		-	-	-	-
Investments		-	-	-	-
Investment property		32 866	32 866	29 051	32 866
Investments in Associate		-	-	-	-
Property, plant and equipment		200 190	193 190	139 536	193 190
Biological		-	-	-	-
Intangible		31	31	29 796	31
Other non-current assets		-	-	-	-
Total non current assets		233 087	226 087	198 382	226 087
TOTAL ASSETS		229 775	236 215	241 104	236 215
LIABILITIES					
Current liabilities					
Bank overdraft		-	-	-	-
Borrowing		-	-	-	-
Consumer deposits		1 644	1 611	1 568	1 611
Trade and other payables		15 962	(47 160)	63 002	(47 160)
Provisions		2 943	2 943	3 194	2 943
Total current liabilities		20 548	(42 607)	67 764	(42 607)
Non current liabilities					
Borrowing		-	-	4 730	-
Provisions		51 786	51 786	37 247	51 786
Total non current liabilities		51 786	51 786	41 977	51 786
TOTAL LIABILITIES		72 334	9 179	109 741	9 179
NET ASSETS	2	157 441	227 036	131 363	227 036
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		170 881	170 881	123 557	170 881
Reserves		-	-	455	-
TOTAL COMMUNITY WEALTH/EQUITY	2	170 881	170 881	124 012	170 881

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

Table C7: Monthly Budget Statement – Cash Flow

NC061 Richtersveld - Table C7 Monthly Budget Statement - Cash Flow - M06 December									
Description	Ref	Budget Year 2021/22							
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates		15 969	15 969	250	6 104	7 985	(1 880)	-24%	15 969
Service charges		23 378	24 022	1 325	7 948	12 011	(4 063)	-34%	24 022
Other revenue		47 034	62 121	0	2 207	31 061	(28 854)	-93%	62 121
Transfers and Subsidies - Operational		23 287	23 287	1 837	12 531	11 643	887	8%	23 287
Transfers and Subsidies - Capital		24 480	24 480	6 365	14 161	12 240	1 921	16%	24 480
Interest		3 034	742	-	-	371	(371)	-100%	742
Dividends		-	-	-	-	-	-	-	-
Payments									
Suppliers and employees		(61 622)	(61 622)	(4 466)	(32 768)	(30 811)	1 957	-6%	(61 622)
Finance charges		(1 500)	(1 500)	-	-	(750)	(750)	100%	(1 500)
Transfers and Grants		-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		74 059	87 499	5 311	10 183	43 749	33 566	77%	87 499
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-
Payments									
Capital assets		(24 480)	(24 480)	-	(9 407)	(12 240)	(2 833)	23%	(24 480)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(24 480)	(24 480)	-	(9 407)	(12 240)	(2 833)	23%	(24 480)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		33	33	-	(5)	17	(21)	-128%	33
Payments									
Repayment of borrowing		-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		33	33	-	(5)	17	21	128%	33
NET INCREASE/ (DECREASE) IN CASH HELD		49 612	63 052	5 311	772	31 526			63 052
Cash/cash equivalents at beginning:		(7 965)	5 475	1 091	1 091	2 738			5 475
Cash/cash equivalents at month/year end:		41 648	68 527	1 863	1 863	34 264			68 527

The municipality is still experiencing challenges with regards to the cash flow alignment, the above table does not read through monthly, and accumulated amounts for cash flow statement.

The current cash flow of the municipality actually indicates that the municipality have severe cash flow problems, resulting in creditors not being paid within 30 days as required by legislation .

3.1 REVENUE

The municipality acknowledges the under recovery of income as at 31 December 2021. Therefore more stringent debt collection processes should be implemented.

Debtors Age Analysis as at 31 December 2021

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

NC061 Richtersveld - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2021/22									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	682	502	432	532	459	431	26 441	(101)	29 378	27 761	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	823	191	102	240	282	154	3 490	(67)	5 214	4 099	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	5 325	651	507	548	10 685	508	37 523	(205)	55 542	49 059	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	485	322	261	358	253	241	14 098	(43)	15 976	14 908	-	-
Receivables from Exchange Transactions - Waste Management	1600	430	297	264	343	260	253	15 172	(122)	16 897	15 906	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	1	(1)	(0)	(0)	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	80	59	51	58	50	45	8 537	(307)	8 574	8 384	-	-
Other	1900	-	-	-	-	-	-	-	-	-	-	-	-
Total By Income Source	2000	7 824	2 023	1 617	2 079	11 989	1 633	105 262	(846)	131 581	120 117	-	-
2020/21 - totals only		0	0	0	0	0	0	0	0	-	-	0	0
Debtors Age Analysis By Customer Group													
Organs of State	2200	407	7	8	9	162	25	211	-	828	407	-	-
Commercial	2300	2 018	576	377	464	8 897	430	33 121	(99)	45 784	42 813	-	-
Households	2400	5 399	1 440	1 232	1 606	2 931	1 178	71 930	(748)	84 969	76 897	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	7 824	2 023	1 617	2 079	11 989	1 633	105 262	(846)	131 581	120 117	-	-

From the table above, it can be noted that the main portion of debt is owed by household debtors. This is related to the economic situation in the municipal area. The Municipality is in the process of enforcing more debt stringent operations to ensure that the percentage recovery of debt will increase drastically. This will also lead to a healthier cash flow situation.

3.2 EXPENDITURE

Creditors Age Analysis as at 31 December 2021

NC061 Richtersveld - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2021/22								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	1 777	1 935	1 758	2 320	2 699	2 192	9 063	14 525	36 269
Bulk Water	0200	120	47	47	-	-	-	-	-	214
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	1 174	99	-	-	-	-	531	5 360	7 164
Auditor General	0800	652	2 734	97	29	31	31	863	3 822	8 259
Other	0900	23	2	-	-	-	-	65	-	90
Total By Customer Type	1000	3 745	4 817	1 902	2 349	2 731	2 222	10 522	23 707	51 996

The Municipality has experienced cash flow problems, and cannot pay all creditors within prescribed time frame as per MFMA.

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

SECTION 4- RECOMMENDATIONS

4.1 MOTIVATIONS

4.1.1 Adjustment Budget

As required by Section 72 (3) of the MFMA, an adjustments budget is needed to deal with items listed in Section 28(2) of the MFMA. The Adjustments Budget will have to at a minimum take into account changes in the National and Provincial budgets, effects of implementation of the capital program; unforeseen and unavoidable expenditure; adjustments required to the revenue and expenditure estimates.

RECOMMENDATION:

That:

1. An Adjustments budget for 2021/22 be prepared and be approved no later than 28 February 2022;
2. All the necessary adjustments identified in this report must be included in the adjustment budget to follow this mid-year budget and performance assessment.

Refer to the next page

Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

SECTION 5: MUNICIPAL MANAGER'S QUALITY

5.1 CERTIFICATION

I, **Sydney Adams**, Municipal Manager of Richtersveld Municipality, hereby certify that the mid-year budget and performance assessment have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, specifically with regard to section 72 of the Municipal Finance Management Act

Print Name: **Sydney Adams**

Municipal Manager of Richtersveld Local Municipality (NC061)

Signature _____

Date _____



Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

SECTION 6- CONCLUSION

Therefore, based on the financial evaluation as well as the performance evaluation for the first 6 months of the financial year, the Richtersveld Municipality has complied with the requirements as stated in section 72 of the MFMA.



Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2021

