

# **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 2022/2023 FINANCIAL YEAR**

# Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2022

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# Richtersveld Municipality

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### 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



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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 2022/2023 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



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- 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;



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- 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 R15,000.000, all other items will be assessed to check as to whether there is a need for adjustment or virement

#### Expenditure

There is an overall variance of 18% on expenditures, proper assessment on each will be done to determine which items should be adjusted.

### 2.2 PAST YEARS ANNUAL REPORT

### 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 QUARTERLY ASSESSMENT ON SDBIP

### 2.4 CONCLUSION

The mid-year budget and performance assessment indicates that:

- (a) An adjustments budget for 2022/23 will be required;



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### Monthly Budget Statement Summary

Total revenue budgeted amounts to **R112,661.000**, actual revenue billed amounts to **R55,831** and the projected revenue year to date should be **R56,331.000**. There is a variance of **R500,000** translating to **1%**.and it not material, this simply means the projected revenue is only one percent less that the actual revenue.

Total expenditure budgeted amounts to **R106,439.000**, actual expenditure raised amounts to **R43,554.000** and the projected expenditure year to date should be **R53,219.000**. There is a variance of **R9,665.000** translating to **18%**. This is basically due to cashflow According to the regulation there is a need for adjustment of any item that has a variance of 10% and more.

Refer to the next page



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## Mid-Year Report Budget and Performance Report for period ending 31 December 2022

NC061 Richtersveld - Table C1 Monthly Budget Statement Summary - M06 December

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>R thousands</b>								%	
<b>Financial Performance</b>									
Property rates	16 894	20 960	20 960	(292)	20 037	10 480	9 557	91%	20 960
Service charges	31 517	32 662	32 662	1 697	12 806	16 331	(3 525)	-22%	32 662
Investment revenue	6	221	221	10	17	111	(93)	-84%	221
Transfers and subsidies	18 476	28 214	28 214	7 405	17 112	14 107	3 005	21%	28 214
Other own revenue	9 487	30 605	30 605	1 238	5 859	15 302	(9 443)	-62%	30 605
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>76 380</b>	<b>112 661</b>	<b>112 661</b>	<b>10 057</b>	<b>55 831</b>	<b>56 331</b>	<b>(500)</b>	<b>-1%</b>	<b>112 661</b>
Employee costs	31 572	31 384	31 384	3 029	17 289	15 692	1 597	10%	31 384
Remuneration of Councilors	3 819	4 944	4 944	386	2 385	2 472	(87)	-4%	4 944
Depreciation & asset impairment	-	10 814	10 814	-	-	5 407	(5 407)	-100%	10 814
Finance charges	3 229	3 616	3 616	102	1 032	1 808	(776)	-43%	3 616
Inventory consumed and bulk purchases	22 375	21 562	21 562	230	5 900	10 781	(4 880)	-45%	21 562
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	20 122	34 119	34 119	5 174	16 948	17 060	(112)	-1%	34 119
<b>Total Expenditure</b>	<b>81 118</b>	<b>106 439</b>	<b>106 439</b>	<b>8 921</b>	<b>43 554</b>	<b>53 219</b>	<b>(9 665)</b>	<b>-18%</b>	<b>106 439</b>
<b>Surplus/(Deficit)</b>	<b>(4 737)</b>	<b>6 223</b>	<b>6 223</b>	<b>1 137</b>	<b>12 277</b>	<b>3 111</b>	<b>9 165</b>	<b>295%</b>	<b>6 223</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	27 045	17 697	17 697	(2)	(50)	8 849	(8 898)	-101%	17 697
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and	-	-	-	25	36	-	36	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>22 308</b>	<b>23 920</b>	<b>23 920</b>	<b>1 160</b>	<b>12 262</b>	<b>11 960</b>	<b>302</b>	<b>3%</b>	<b>23 920</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>22 308</b>	<b>23 920</b>	<b>23 920</b>	<b>1 160</b>	<b>12 262</b>	<b>11 960</b>	<b>302</b>	<b>3%</b>	<b>23 920</b>
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	22 988	17 698	17 698	1 571	9 663	8 849	814	9%	17 698
Capital transfers recognised	22 919	17 698	17 698	1 854	9 750	8 849	901	10%	17 698
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	69	-	-	3	187	-	187	-	-
<b>Total sources of capital funds</b>	<b>22 988</b>	<b>17 698</b>	<b>17 698</b>	<b>1 857</b>	<b>9 937</b>	<b>8 849</b>	<b>1 088</b>	<b>12%</b>	<b>17 698</b>
<b>Financial position</b>									
Total current assets	15 233	25 805	25 805		33 887				25 805
Total non current assets	228 152	210 312	210 312		211 520				210 312
Total current liabilities	57 969	51 736	51 736		78 196				51 736
Total non current liabilities	37 510	37 645	37 645		41 525				37 645
Community wealth/Equity	124 319	146 748	146 748		113 423				146 748
<b>Cash flows</b>									
Net cash from (used) operating	(21 110)	32 772	(56 047)	(4 148)	(19 337)	(28 024)	(8 686)	31%	(56 047)
Net cash from (used) investing	-	(17 698)	-	-	-	-	-	-	-
Net cash from (used) financing	17	-	-	(7)	(48)	-	48	-	-
<b>Cash/cash equivalents at the month/year end</b>	<b>6 018</b>	<b>7 057</b>	<b>7 057</b>	<b>2 400</b>	<b>4 326</b>	<b>6 124</b>	<b>1 798</b>	<b>29%</b>	<b>-</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dns</b>	<b>151-180 Dns</b>	<b>181 Dns-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	8 037	1 934	2 165	12 483	1 503	1 449	9 052	108 523	145 147
<b>Creditors Age Analysis</b>									
Total Creditors	320	1 619	1 237	2 658	236	30	7 441	43 779	57 321





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## **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**



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NC061 Richtersveld - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Revenue - Functional</b>										
<i>Municipal governance and administration</i>		43 259	69 791	69 791	8 185	42 488	34 895	7 592	22%	69 791
Executive and council		62	-	-	-	-	-	-		-
Mayor and Council		-	-	-	-	-	-	-		-
Municipal Manager, Town Secretary and Chief Executive		62	-	-	-	-	-	-		-
Finance and administration		43 197	69 791	69 791	8 185	42 488	34 895	7 592	0	69 791
Administrative and Corporate Support		22 763	27 967	27 967	8 419	21 640	13 983	7 656	0	27 967
Asset Management		-	-	-	-	-	-	-		-
Finance		3 250	5 886	5 886	19	648	2 943	(2 295)	(0)	5 886
Fleet Management		(21)	(29)	(29)	-	(8)	(14)	7	(0)	(29)
Human Resources		-	-	-	-	-	-	-		-
Information Technology		-	-	-	-	-	-	-		-
Legal Services		-	-	-	-	-	-	-		-
Marketing, Customer Relations, Publicity and Media Co-ordination		-	-	-	-	-	-	-		-
Property Services		311	15 007	15 007	38	171	7 504	(7 333)	(0)	15 007
Risk Management		-	-	-	-	-	-	-		-
Security Services		-	-	-	-	-	-	-		-
Supply Chain Management		-	-	-	-	-	-	-		-
Valuation Service		16 894	20 960	20 960	(292)	20 037	10 480	9 557	0	20 960
Internal audit		-	-	-	-	-	-	-		-
Governance Function		-	-	-	-	-	-	-		-
<b>Community and public safety</b>		2 605	5 665	5 665	195	311	2 832	(2 522)	(0)	5 665
Community and social services		2 055	1 169	1 169	(2)	(63)	585	(647)	(0)	1 169
Aged Care		-	-	-	-	-	-	-		-
Agricultural		-	-	-	-	-	-	-		-
Animal Care and Diseases		-	-	-	-	-	-	-		-
Cemeteries, Funeral Parlours and Crematoriums		7	6	6	0	1	3	(2)	(0)	6
Child Care Facilities		-	-	-	-	-	-	-		-
Community Halls and Facilities		-	-	-	-	-	-	-		-
Consumer Protection		-	-	-	-	-	-	-		-
Cultural Matters		-	-	-	-	-	-	-		-
Disaster Management		-	-	-	-	-	-	-		-
Education		-	-	-	-	-	-	-		-
Indigenous and Customary Law		-	-	-	-	-	-	-		-
Industrial Promotion		-	-	-	-	-	-	-		-
Language Policy		-	-	-	-	-	-	-		-
Libraries and Archives		2 048	1 168	1 168	(2)	(64)	584	(648)	(0)	1 168
Literacy Programmes		-	-	-	-	-	-	-		-
Media Services		-	-	-	-	-	-	-		-
Museums and Art Galleries		-	(5)	(5)	-	-	(2)	2	(0)	(5)
Population Development		-	-	-	-	-	-	-		-
Provincial Cultural Matters		-	-	-	-	-	-	-		-
Theatres		-	-	-	-	-	-	-		-
Zoo's		-	-	-	-	-	-	-		-



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**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) - M06 December**

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		-	-	-	-	-	-	-	-	-
Vote 2 - ADMIN: CORPORATE (12: IE)		-	-	-	-	-	-	-	-	-
Vote 3 - ADMIN: SPORT AND RECR TN (14: IE)		-	-	-	-	-	-	-	-	-
Vote 4 - EXECUTIVE AND COUNCIL (21: IE)		-	-	-	-	-	-	-	-	-
Vote 5 - ADMIN: CORPORATE (22: IE)		24 867	43 832	43 832	8 417	21 574	21 916	(342)	-1,6%	43 832
Vote 6 - ADMIN: COMMUNITY (23: IE)		298	851	851	38	165	425	(260)	-61,2%	851
Vote 7 - ADMIN: SPORT AND RECR TN (24: IE)		556	3 927	3 927	197	375	1 964	(1 589)	-80,9%	3 927
Vote 8 - FINANCIAL SERVICES (26: IE)		20 198	25 976	25 976	(274)	20 656	12 988	7 668	59,0%	25 976
Vote 9 - INFRASTRUCTURE (28: IE)		57 507	55 773	55 773	1 702	13 046	27 886	(14 840)	-53,2%	55 773
<b>Total Revenue by Vote</b>	2	<b>103 425</b>	<b>130 358</b>	<b>130 358</b>	<b>10 080</b>	<b>55 816</b>	<b>65 179</b>	<b>(9 363)</b>	<b>-14,4%</b>	<b>130 358</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		30	37	37	75	75	18	57	308,9%	37
Vote 2 - ADMIN: CORPORATE (12: IE)		57	58	58	12	51	29	22	76,9%	58
Vote 3 - ADMIN: SPORT AND RECR TN (14: IE)		456	413	413	-	-	207	(207)	-100,0%	413
Vote 4 - EXECUTIVE AND COUNCIL (21: IE)		7 408	10 641	10 641	836	4 807	5 320	(513)	-9,7%	10 641
Vote 5 - ADMIN: CORPORATE (22: IE)		17 706	15 784	15 784	2 306	10 151	7 892	2 259	28,6%	15 784
Vote 6 - ADMIN: COMMUNITY (23: IE)		3 510	4 967	4 967	287	1 713	2 483	(770)	-31,0%	4 967
Vote 7 - ADMIN: SPORT AND RECR TN (24: IE)		1 907	2 483	2 483	178	1 008	1 241	(233)	-18,8%	2 483
Vote 8 - FINANCIAL SERVICES (26: IE)		15 204	18 992	18 992	2 001	10 118	9 496	622	6,6%	18 992
Vote 9 - INFRASTRUCTURE (28: IE)		34 839	52 771	52 771	3 224	15 631	26 385	(10 755)	-40,8%	52 771
<b>Total Expenditure by Vote</b>	2	<b>81 118</b>	<b>106 145</b>	<b>106 145</b>	<b>8 921</b>	<b>43 554</b>	<b>53 072</b>	<b>(9 518)</b>	<b>-17,9%</b>	<b>106 145</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>22 308</b>	<b>24 214</b>	<b>24 214</b>	<b>1 160</b>	<b>12 262</b>	<b>12 107</b>	<b>155</b>	<b>1,3%</b>	<b>24 214</b>

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.



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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 )**

NC061 Richtersveld - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		16 894	20 960	20 960	(292)	20 037	10 480	9 557	91%	20 960
Service charges - electricity revenue		15 751	19 895	19 895	453	5 177	9 947	(4 770)	-48%	19 895
Service charges - water revenue		6 351	5 652	5 652	446	2 967	2 826	140	5%	5 652
Service charges - sanitation revenue		5 066	3 851	3 851	452	2 609	1 926	683	35%	3 851
Service charges - refuse revenue		4 349	3 263	3 263	346	2 054	1 632	422	26%	3 263
Rental of facilities and equipment		651	15 430	15 430	57	332	7 715	(7 383)	-96%	15 430
Interest earned - external investments		6	221	221	10	17	111	(93)	-84%	221
Interest earned - outstanding debtors		7 482	10 436	10 436	951	4 791	5 218	(427)	-8%	10 436
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		38	119	119	3	18	59	(41)	-69%	119
Licences and permits		13	9	9	0	10	5	5	113%	9
Agency services		88	96	96	11	70	48	22	46%	96
Transfers and subsidies		18 476	28 214	28 214	7 405	17 112	14 107	3 005	21%	28 214
Other revenue		1 216	4 516	4 516	216	638	2 258	(1 620)	-72%	4 516
Gains		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>76 380</b>	<b>112 661</b>	<b>112 661</b>	<b>10 057</b>	<b>55 831</b>	<b>56 331</b>	<b>(500)</b>	<b>-1%</b>	<b>112 661</b>
<b>Expenditure By Type</b>										
Employee related costs		31 572	31 384	31 384	3 029	17 289	15 692	1 597	10%	31 384
Remuneration of councillors		3 819	4 944	4 944	386	2 385	2 472	(87)	-4%	4 944
Debt impairment		1 484	13 365	13 365	12	882	6 683	(5 800)	-87%	13 365
Depreciation & asset impairment		-	10 814	10 814	-	-	5 407	(5 407)	-100%	10 814
Finance charges		3 229	3 616	3 616	102	1 032	1 808	(776)	-43%	3 616
Bulk purchases - electricity		19 984	17 957	17 957	130	5 622	8 978	(3 356)	-37%	17 957
Inventory consumed		2 391	3 605	3 605	100	278	1 802	(1 524)	-85%	3 605
Contracted services		6 885	4 661	4 661	2 927	7 404	2 330	5 074	218%	4 661
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		11 752	15 952	15 952	2 234	8 586	7 976	611	8%	15 952
Losses		-	142	142	-	75	71	4	5%	142
<b>Total Expenditure</b>		<b>81 118</b>	<b>106 439</b>	<b>106 439</b>	<b>8 921</b>	<b>43 554</b>	<b>53 219</b>	<b>(9 665)</b>	<b>-18%</b>	<b>106 439</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocation) (National / Provincial and District)		(4 737)	6 223	6 223	1 137	12 277	3 111	9 165	0	6 223
Transfers and subsidies - capital (monetary allocation) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher		27 045	17 697	17 697	(2)	(50)	8 849	(8 898)	(0)	17 697
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
		-	-	-	25	36	-	36	#DIV/0!	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>22 308</b>	<b>23 920</b>	<b>23 920</b>	<b>1 160</b>	<b>12 262</b>	<b>11 960</b>			<b>23 920</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>22 308</b>	<b>23 920</b>	<b>23 920</b>	<b>1 160</b>	<b>12 262</b>	<b>11 960</b>			<b>23 920</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>22 308</b>	<b>23 920</b>	<b>23 920</b>	<b>1 160</b>	<b>12 262</b>	<b>11 960</b>			<b>23 920</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>22 308</b>	<b>23 920</b>	<b>23 920</b>	<b>1 160</b>	<b>12 262</b>	<b>11 960</b>			<b>23 920</b>



# Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2022

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

Projects are not correctly aligned on MSCOA, below table will be used to give overview of grant spending

### Conditional grants spending

Richtersveld Municipality was allocated an amount of R17 697 000, which included a ring-fenced amount of R7 697 000 for MIG and R10 000.000 for WSIG.

### Status of the MIG as at end of December 2023

An amount of R328 000.00 for 2022 rollover was not approved.

As at the end of December 2022 total spending on MIG amounts to R3 319 771, this amount was spent on **Portnolloth waste water treatment works** and target of more than 40% was adhered to.

### WSIG

R7000 000.00 was received and total amount of R6 952 000.00 spent on replacement of Asbestos pipeline.

Refer to the next page



# Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2022

**Table C6: Monthly Budget Statement- Financial Position**

NC061 Richtersveld - Table C6 Monthly Budget Statement - Financial Position - M06 December						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		2 910	1 536	1 536	2 189	1 536
Call investment deposits		1 879	5 521	5 521	2 137	5 521
Consumer debtors		15 676	14 793	14 793	27 469	14 793
Other debtors		(5 265)	3 923	3 923	2 062	3 923
Current portion of long-term receivables		20	20	20	20	20
Inventory		13	13	13	11	13
<b>Total current assets</b>		<b>15 233</b>	<b>25 805</b>	<b>25 805</b>	<b>33 887</b>	<b>25 805</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		18 817	18 817	18 817	19 081	18 817
Investments in Associate		-	-	-	-	-
Property, plant and equipment		209 318	191 719	191 719	192 435	191 719
Biological		-	-	-	-	-
Intangible		18	(224)	(224)	4	(224)
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>228 152</b>	<b>210 312</b>	<b>210 312</b>	<b>211 520</b>	<b>210 312</b>
<b>TOTAL ASSETS</b>		<b>243 385</b>	<b>236 118</b>	<b>236 118</b>	<b>245 406</b>	<b>236 118</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		1 667	1 690	1 690	1 768	1 690
Trade and other payables		50 952	46 851	46 851	72 953	46 851
Provisions		5 351	3 194	3 194	3 474	3 194
<b>Total current liabilities</b>		<b>57 969</b>	<b>51 736</b>	<b>51 736</b>	<b>78 196</b>	<b>51 736</b>
<b>Non current liabilities</b>						
Borrowing		264	398	398	340	398
Provisions		37 247	37 247	37 247	41 186	37 247
<b>Total non current liabilities</b>		<b>37 510</b>	<b>37 645</b>	<b>37 645</b>	<b>41 525</b>	<b>37 645</b>
<b>TOTAL LIABILITIES</b>		<b>95 480</b>	<b>89 381</b>	<b>89 381</b>	<b>119 721</b>	<b>89 381</b>
<b>NET ASSETS</b>	<b>2</b>	<b>147 905</b>	<b>146 737</b>	<b>146 737</b>	<b>125 685</b>	<b>146 737</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		124 096	146 525	146 525	112 854	146 525
Reserves		223	223	223	569	223
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>124 319</b>	<b>146 748</b>	<b>146 748</b>	<b>113 423</b>	<b>146 748</b>



# Richtersveld Municipality

## Mid-Year Report Budget and Performance Report for period ending 31 December 2022

**Table C7: Monthly Budget Statement – Cash Flow**

NC061 Richtersveld - Table C7 Monthly Budget Statement - Cash Flow - M06 December										
Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		-	15 393	-	18	18	-	18		-
Service charges		1	20 155	-	-	7	-	7		-
Other revenue		(49)	12 380	-	-	(15)	-	(15)		-
Transfers and Subsidies - Operational		5	22 974	-	-	-	-	-		-
Transfers and Subsidies - Capital		0	17 697	-	-	-	-	-		-
Interest		5	221	-	-	-	-	-		-
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(21 072)	(52 431)	(52 431)	(4 166)	(19 347)	(26 216)	(6 888)	26%	(52 431)
Finance charges		-	(3 616)	(3 616)	-	-	(1 808)	(1 808)	100%	(3 616)
Transfers and Grants		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		(21 110)	32 772	(56 047)	(4 148)	(19 337)	(28 024)	(8 686)	31%	(56 047)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		-	(17 698)	-	-	-	-	-		-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	(17 698)	-	-	-	-	-		-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term financing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		17	-	-	(7)	(48)	-	(48)		-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		17	-	-	(7)	(48)	-	48		-
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		(21 093)	15 074	(56 047)	(4 154)	(19 385)	(28 024)			(56 047)
Cash/cash equivalents at beginning:		27 111	(8 017)	63 104	6 554	23 711	63 104			23 711
Cash/cash equivalents at month/year end:		6 018	7 057	7 057	2 400	4 326	6 124			-

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 .



# Richtersveld Municipality

## Mid-Year Report Budget and Performance Report for period ending 31 December 2022

### 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

NC061 Richtersveld - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December											
Description		Budget Year 2022/23									
R thousands	NT Code	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	Total over 90 days
<b>Debtors Age Analysis By Income Source</b>											
Trade and Other Receivables from Exchange Transactions - Water	1200	568	495	545	524	399	425	2 678	26 022	31 657	30 049
Trade and Other Receivables from Exchange Transactions - Electricity	1300	281	210	294	153	85	95	499	3 358	4 976	4 191
Receivables from Non-exchange Transactions - Property Rates	1400	6 240	491	493	11 162	426	377	2 212	42 489	63 890	56 665
Receivables from Exchange Transactions - Waste Water Management	1500	417	347	395	294	267	249	1 609	13 846	17 422	16 265
Receivables from Exchange Transactions - Waste Management	1600	386	324	379	289	277	260	1 712	14 769	18 396	17 307
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	(0)	(0)	(0)	(0)
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	145	66	60	61	49	44	342	8 040	8 806	8 535
Other	1900	-	-	-	-	-	-	-	-	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>8 037</b>	<b>1 934</b>	<b>2 165</b>	<b>12 483</b>	<b>1 503</b>	<b>1 449</b>	<b>9 052</b>	<b>108 523</b>	<b>145 147</b>	<b>133 011</b>
<b>2021/22 - totals only</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Debtors Age Analysis By Customer Group</b>											
Organs of State	2200	205	95	79	31	12	3	90	112	627	248
Commercial	2300	2 081	425	431	9 267	351	338	1 975	39 561	54 429	51 492
Households	2400	5 751	1 413	1 654	3 186	1 141	1 108	6 987	68 850	90 090	81 272
Other	2500	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>8 037</b>	<b>1 934</b>	<b>2 165</b>	<b>12 483</b>	<b>1 503</b>	<b>1 449</b>	<b>9 052</b>	<b>108 523</b>	<b>145 147</b>	<b>133 011</b>

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.

#### 2.2.1 Collection Rate Percentage Per town





# Richtersveld Municipality

## Mid-Year Report Budget and Performance Report for period ending 31 December 2022

SUBURB	B-FWD AGE ANALYSIS	RECEIPTS	ADJUSTMENTS	DEBITS	C-FWD AGE ANALYSIS	PAYMENT%
PORT NOLLOTH (1)	4 722 266,86	-379 964,52	-24 325,08	477 988,14	4 764 009,62	-7%
MC DOU GALLSBAAI (2)	5 823 527,05	-536 757,31	-12 938,59	603 734,04	5 877 565,19	-8%
NOLLOTHVILLE (3)	18 296 408,81	-152 604,06	-178 681,64	604 810,20	18 569 933,31	-1%
NYWERHEID (4)	700 593,94	-35 721,40	0,00	47 156,81	712 029,35	-5%
BESIGHEID (5)	3 890 386,50	-859 508,74	2 578,59	554 614,39	3 588 070,74	-19%
SIZAMILE (6)	25 164 952,57	-13 533,85	-80 337,98	314 607,70	25 385 688,44	0%
MEENT (7)	2 113 671,18	-5 979,02	7 692,00	32 818,83	2 148 202,99	0%
"ODD" (8)	484 427,84	-250,00	-2 360,62	8 879,09	490 696,31	0%
MUNISIPALE REKENINGE (9)	916 654,26	-593,74	-3 629,52	76 674,52	989 105,52	0%
MEENT PLAAS 11 (11)	4 108 589,15	-26 227,70	-26 628,02	26 556,16	4 082 289,59	-1%
KAIKAI (20)	1 922 745,71	-116 870,50	-9 079,29	37 359,78	1 838 644,79	-6%
PLASE (30)	42 841 107,28	0,00	0,00	237 476,83	43 078 584,11	0%
ALEXANDERBAAI (40)	243 858,45	0,00	634,26	-82 830,45	161 662,26	0%
BAKEN (41)	1 708,96	0,00	0,00	0,00	1 708,96	0%
LEKKERSING (50)	4 044 818,15	-6 826,76	-75 134,57	121 498,12	4 094 260,40	0%
EKSTEENFONTEIN (60)	4 396 623,37	-9 771,84	-127 509,98	155 264,99	4 427 778,34	0%
KUBOES (70)	12 116 413,84	-6 004,29	-109 747,93	213 195,06	12 237 876,84	0%
SAN DRIFT (80)	10 298 823,72	-7 370,23	-31 397,52	142 619,76	10 402 675,73	0%
	<b>142 087 577,64</b>	<b>-2 157 983,96</b>	<b>-670 865,89</b>	<b>3 572 423,97</b>	<b>142 850 782,49</b>	<b>-0,48</b>

### 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 2022/23								Total
		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	
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	-	43	43	2 382	236	-	7 927	34 320	44 951
Bulk Water	0200	137	-	-	-	-	-	-	-	137
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	143	541	20	-	-	-	590	4 046	5 340
Auditor General	0800	38	1 033	1 175	277	-	30	(1 076)	5 413	6 890
Other	0900	3	1	-	-	-	-	-	-	4
<b>Total By Customer Type</b>	<b>1000</b>	<b>320</b>	<b>1 619</b>	<b>1 237</b>	<b>2 658</b>	<b>236</b>	<b>30</b>	<b>7 441</b>	<b>43 779</b>	<b>57 321</b>

The Municipality has experienced cash flow problems, and cannot pay all creditors within prescribed time frame as per MFMA. The Municipality still experience severe cash flow constraints, due to historic debt and also the current collection rate not being able to cover all operational requirements. The municipality however entered into agreements with our largest creditors because creditors cannot be paid within the prescribed amount, so far is only SALGA and AG that accepted the arrangement but on the other hand the municipality is making every effort to settle its debts with the little cashflow available, without compromising the day to day functioning of the municipality.



### 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 2022/23 be prepared and be approved no later than 28 February 2023;
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 2022

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## SECTION 5: MUNICIPAL MANAGER'S QUALITY

### 5.1 CERTIFICATION

I, **Sydney Adams**, **Acting** 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**

Acting Municipal Manager of Richtersveld Local Municipality (NC061)

Signature \_\_\_\_\_

Date \_\_\_\_\_



# Richtersveld Municipality

Mid-Year Report Budget and Performance Report for period ending 31 December 2022

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## 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 2022

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# Richtersveld Municipality

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