

MSUKALIGWA LOCAL MUNICIPALITY



SECTION 71 REPORT AUGUST 2022

MSUKALIGWA LOCAL MUNICIPALITY



PO Box 48
Ermelo
Mpumalanga Province
South Africa
2350



Civic Centre Building
c/o Kerk & Taute Street
Ermelo
Mpumalanga Province
South Africa
2350

Customer Care Center: 08611 MSUKA [67852]
Main Fax: +27 17 801-3851

Internet: www.msukaligwa.gov.za
E-Mail: msuka@msukaligwa.gov.za

DEPARTMENT OF FINANCE

Enquiries: Mr. S.M. Phiri

Date: 14 September 2022

Office of the Executive Mayor
Msukaligwa Local Municipality
ERMELO

Sir / Madam

RE: SUBMISSION OF DOCUMENTS

Kindly acknowledge receipt of the following document:

1. Section 71/52 Report – June 2022

Kind regards


S.M. PHIRI
ACTING CFO

EXECUTIVE MAYOR

ACKNOWLEDGE RECEIPT OF ABOVEMENTIONED DOCUMENTS



NAME AND SURNAME


SIGNATURE

14 September 2022

DATE

Finance Section 80 Committee: SEPTEMBER 2022

Report of the Acting Director Finance

SECT 71 FINANCIAL REPORT ENDING AUGUST 2022

1. PURPOSE

The purpose of this report is to present a Section 71 financial report ending **AUGUST 2022** for consideration and noting.

2. LEGISLATION

In terms of Section 71 of the Municipal Finance Management Act 56 of 2003.

- (1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the Executive Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:
 - (a) Actual revenue, per revenue source;
 - (b) actual borrowings;
 - (c) actual expenditure, per vote;
 - (d) actual capital expenditure, per vote;
 - (e) the amount of any allocations received;
 - (f) actual expenditure on those allocations, excluding expenditure on –
 - (i) its share of the local government equitable share; and
 - (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
 - (g) When necessary, an explanation of-
 - (i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - (ii) any material variances from the service delivery and budget implementation plan; and
 - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipalities approved budget.
- (2) The statement must include –
 - (a) a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
 - (b) the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).
- (3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the municipality's approved budget.
- (4) The statement to the provincial treasury must be in the format of a signed document and

in electronic format.

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

3. DISCUSSION

- **Executive summary: Outcome of the operational and Capital budget for AUGUST 2022**

The Income and Expenditure in the municipality's monthly budget statement for the period of AUGUST 2022 is summarized as follows:

TABLE C 1:

Description	2022/23	2022/23	Month 02	Month 02	Difference Month to Actual versus R million	Achieved %
	Original	Adjustment budget	Monthly Budget	Actual		
	R million	R million	R million	R million		
Revenue	910 645	910 645	75 887	138 555	(62 668)	-45%
Expenditure	(1 125 364)	(1 125 364)	(93 780)	(114 005)	20 224	-22%
Total (Surplus/Deficit)	(214 719)	(214 719)	(17 893)	24 550	(42 443)	-33%

Operational Budget Summary

- The table above depicts that there has been an increase in total actual revenue generated for the month of AUGUST 2022 when measured against the pro rata budget projection for the month. The increase amounts to R62, 668 million. This is due to of the Capital and Operational grants that were received as it is the month of August 2022.
- The Operational expenditure incurred amounts to R 114, 005 million in AUGUST 2022, which is 45% more than the actual projection for the month.
- The outcome reflected in the table above shows that for the month of AUGUST 2022, the municipality has an operating surplus of R 42, 443 million
- **Surplus / Deficit**

The surplus as per the above mentioned table amounts to R42, 443 million.

MP302 Msukaligwa - Table C1 Monthly Budget Statement Summary - M02 August

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
R thousands									
Financial Performance									
Property rates	181 646	207 037	207 037	16 676	33 260	34 506	1 246	4%	207 037
Service charges	394 104	411 350	411 350	38 002	75 268	68 558	(6 709)	-9%	411 350
Investment revenue	1 098	932	932	225	294	155	(139)	-47%	932
Transfers and subsidies	207 661	231 689	231 689	79 442	79 442	38 615	(40 827)	-51%	231 689
Other own revenue	122 068	59 637	59 637	4 209	8 102	9 940	1 837	23%	59 637
Total Revenue (excluding capital transfers and contributions)	906 577	910 645	910 645	138 555	196 365	151 774	(44 591)	45%	910 645
Employee costs	250 666	276 107	276 237	21 690	43 058	46 030	(2 972)	-6%	276 237
Remuneration of Councillors	13 792	18 513	18 513	1 267	2 343	3 086	(743)	-24%	18 513
Depreciation & asset impairment	141 732	140 616	140 616	29 372	29 372	23 436	5 936	25%	140 616
Inventory consumed and bulk purchases	398 299	400 647	400 547	55 102	55 102	66 766	(11 664)	-17%	400 547
Other expenditure	253 902	289 480	288 850	6 574	10 171	48 137	(37 966)	-79%	288 850
Total Expenditure	1 058 391	1 125 364	1 124 764	114 005	140 046	187 454	(47 408)	-22%	1 124 764
Surplus/(Deficit)	(151 814)	(214 719)	(214 119)	24 550	56 319	(35 680)	91 999		(214 119)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	303 435	292 052	292 052	-	-	48 675	(48 675)	-100%	292 052
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	151 621	77 333	77 933	24 550	56 319	12 986	43 324	333%	77 933
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	151 621	77 333	77 933	24 550	56 319	12 986	43 324	333%	77 933
Capital expenditure & funds sources									
Capital expenditure	5 383	297 835	323 120	1 649	3 546	53 513	(49 967)	-93%	323 120
Capital transfers recognised	2 147	292 052	310 365	1 528	3 424	51 728	(48 304)	-93%	310 365
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	3 236	5 783	12 755	122	122	1 785	(1 663)	-93%	12 755
Total sources of capital funds	5 383	297 835	323 120	1 649	3 546	53 513	(49 967)	-93%	323 120
Financial position									
Total current assets	719 557	807 352	807 352		850 583				807 352
Total non current assets	2 717 826	2 781 046	2 806 331		2 721 372				2 806 331
Total current liabilities	1 978 386	1 674 180	1 674 180		2 099 314				1 674 180
Total non current liabilities	85 544	82 974	82 974		89 077				82 974
Community wealth/Equity	1 537 147	1 850 688	1 850 686		1 387 029				1 850 686
Cash flows									
Net cash from (used) operating	872 521	299 815	299 815	136 720	13 825	49 969	36 145	72%	299 815
Net cash from (used) investing	(304 853)	(297 835)	(297 835)	(1 618)	(3 451)	(49 639)	(46 188)	93%	(297 835)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	573 843	3 000	3 000	-	74 630	1 350	(73 281)	-5429%	66 236
Debtors & creditors analysis									
	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
Debtors Age Analysis									
Total By Income Source	85 049	20 558	18 698	16 896	17 423	16 121	91 503	720 203	986 451
Creditors Age Analysis									
Total Creditors	57 893	126 284	-	-	-	-	-	1 210 489	1 394 666

3.1 STATEMENT OF PERFORMANCE : OPERATIONAL REVENUE AND EXPENDITURE

See table C4: Detail of statement of performance ending 31 AUGUST 2022 , below:

3.1.1 REVENUE

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August 2022

Description	2021/22	Budget Year 2022/23								
	Audited Outcome	Original Budget	Adjusted Budget	Monthly Budget	Monthly actual	Monthly Variance	Monthly Variance %	YearTD actual	YearTD budget	Full Year Forecast
R thousands										
Revenue By Source										
Property rates	181 646	207 037	207 037	17 253	16 676	577	3%	33 260	34 506	207 037
Service charges - electricity revenue	240 824	246 323	246 323	20 527	22 531	(2 005)	-10%	43 639	41 054	246 323
Service charges - water revenue	64 326	67 192	67 192	5 599	6 286	(686)	-12%	12 993	11 199	67 192
Service charges - sanitation revenue	48 774	52 787	52 787	4 399	4 967	(568)	-13%	10 050	8 798	52 787
Service charges - refuse revenue	40 181	45 048	45 048	3 754	4 218	(464)	-12%	8 585	7 508	45 048
Rental of facilities and equipment	2 720	2 700	2 700	225	230	(5)	-2%	468	450	2 700
Interest earned - external investments	1 098	932	932	78	225	(148)	-66%	294	155	932
Interest earned - outstanding debtors	29 709	31 001	31 001	2 583	2 827	(244)	-9%	5 654	5 167	31 001
Fines, penalties and forfeits	4 771	5 177	5 177	431	14	418	97%	28	863	5 177
Licences and permits	3 666	3 636	3 636	303	1	302	0%	2	606	3 636
Agency services	8 001	8 490	8 490	708	-	708	0%	-	1 415	8 490
Transfers and subsidies	207 661	231 689	231 689	19 307	79 442	(60 135)	-311%	3 229	38 615	231 689
Other revenue	6 113	8 633	8 633	719	763	(44)	-6%	1 356	1 439	8 633
Gains	67 088	-	-	-	374	(374)	0%	594	-	-
Total Revenue (excluding capital transfers and contributions)	906 577	910 645	910 645	75 887	138 555	(62 668)	-45%	120 152	151 774	910 645

REVENUE VARIANCES EXPLANATION

Revenue is generated from the billing of services and other income associated with the basic running of the Municipality. For the Month of August 2022, Revenue received and billed is 18% less than the projected budget for the period from 1 AUGUST 2022 to 31 AUGUST 2022 with

- **Property Rates**

Property rates amounts to R16, 676 million for August 2022 which is an increase of R 93 thousand or 15% as compared to July 2022 where it amounted to R 16,583 million. This is 3% less than the budget projection for the month.

- **Electricity**

Description	Monthly Budget - M01	Actual billed or received M01	Difference	Variance based on pro rata budget
	R	R	R	%
Conventional	14 368 836.13	15 700 938.49	1 332 102.37	9%
Prepaid sales	6 158 072.63	6 830 482.53	672 409.91	11%
Total	20 526 908.75	22 531 421.02	2 004 512.27	10%

The income for electricity at end of AUGUST 2022 amounts to R 22, 531 million. The average percentage in this regard is 10% more than the projection.

Prepaid Electricity

Prepaid sales, for electricity amounts to R 6,830 million for AUGUST 2022. There has been an increase in the sales of prepaid electricity.

Conventional

Conventional sales, for electricity amounts to R 15, 700 million for AUGUST 2022 compared to R15, 524 million for July 2022. The Municipality billed more than the projected budget of R 20, 526 million for the month as reflected in the table above.

- **Water Sales**

For the month of AUGUST 2022, revenue generated from water sales shows an increase of 12% more than the projected monthly budget and this amounts to R 6, 286 million.

- **Waste Water**

Revenue generated from waste water services amounts to R 4, 967 million for AUGUST 2022 which is 13% more than the projected budget.

- **Refuse**

For the month of AUGUST 2022, revenue generated from refuse collection shows an increase of 2% more than the projected monthly budget and this amounts to R 4, 218 million.

- **Rental Of Facilities**

Rental budget income shows a surplus of R225 thousand in AUGUST 2022. This implies that the Municipality has collected 66% more than the estimated budget. This is due to the lease agreements being updated gradually to improve income.

- **Fines, Penalties and Forfeits**

The monthly projection for Fines amounts to R437 thousand, however the municipality has only managed to collect R 14 thousand. This means that 97% of the fines are not collected and this contributes to a high amount of debt impairment. An emphasis should be put on the collection of unpaid fines and measures need to be taken to improve the system and increase collection of traffic fines issued.

3.1.2 OPERATING EXPENDITURE

Operational expenditure (cash and non-cash items) for AUGUST 2022 amounts to R 114,500 million.

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August 2022

Description	2021/22	Budget Year 2022/23								
	Audited Outcome	Original Budget	Adjusted Budget	Monthly Budget	Monthly actual	Monthly Variance	Monthly Variance %	YearTD actual	YearTD budget	Full Year Forecast
R thousands							%			
Expenditure By Type										
Employee related costs	250 666	276 107	276 237	23 009	21 690	1 319	6%	1 319	23 009	276 237
Remuneration of councillors	13 792	18 513	18 513	1 543	1 267	276	18%	276	1 543	18 513
Debt impairment	121 120	156 536	156 536	13 045	17 654	(4 609)	-35%	(4 609)	13 045	156 536
Depreciation & asset impairment	141 732	140 616	140 616	11 718	11 718	-	0%	-	-	140 616
Bulk purchases - electricity	304 353	319 126	319 126	26 594	54 590	(27 996)	-105%	(27 996)	26 594	319 126
Inventory consumed	93 946	81 522	81 422	6 793	512	6 281	92%	6 281	6 793	81 422
Contracted services	56 663	75 718	75 088	6 310	5 286	1 024	16%	1 024	6 310	75 088
Other expenditure	41 752	57 226	57 226	4 769	1 288	3 480	73%	3 480	4 769	57 226
Losses	34 367	-	-	-	-	-	0%	-	-	-
Total Expenditure	1 058 391	1 125 364	1 124 764	93 780	114 005	(20 224)	-22%	(20 224)	9378032992%	1 124 764

- **Employee Related Costs and Councillors Remuneration**

Employee costs including Councillors remuneration for AUGUST 2022 amounts to R 22, 957 million.

Employee related costs for the month is 6% less than the estimate. However new appointments as per the critical positions are supposed to be in progress and this will also affect the cost when it is finalized.

The increase for remuneration of councillors as per the Public Office Bearers Act was implemented at 30 June 2022, therefore the amount reflected includes the increase as per the Government Gazette for Upper limits

- **Bulk Electricity – Eskom**

Electricity bulk purchases costs for AUGUST 2022 amount to R 54,590 million in the financial system. This is the reason for unauthorised expenditure in the month of August 2022.

- **Debt Impairment and Depreciation**

Average Debt impairment amounts to R 29, 372 million as at AUGUST 2022 or 32% of the collection.

- **Other Materials**

Expenses regarding, other materials (Repairs and maintenance), Contracted services and other general day to day operational expenditure were limited because cash flow needs to be allocated to creditor payments for example Eskom.

4. C3 Schedule - Unauthorised Expenditure 31 AUGUST 2022

MP302 Msukaligwa - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

Vote Description	Ref	2021/22	Budget Year 2022/23									
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Budget	Monthly actual	Monthly Variance	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands												
Expenditure by Vote	1											
Vote 01 - Executive & Council		55 116	60 565	60 665	5 055	3 645	1 410	6 484	10 103	3 620	-35.8%	60 665
Vote 02 - Finance & Administration		208 583	170 889	170 192	14 183	6 149	8 034	14 854	28 365	13 511	-47.6%	170 192
Vote 03 -		-	-	-	-	-	-	-	-	-		-
Vote 04 - Sport And Recreation		20 440	11 487	11 487	957	254	704	471	1 914	1 443	-75.4%	11 487
Vote 05 - Public Safety		25 110	32 561	32 561	2 713	1 517	1 196	3 026	5 427	2 401	-44.2%	32 561
Vote 08 - Planning And Development		10 372	15 734	15 734	1 311	763	548	1 590	2 622	1 033	-39.4%	15 734
Vote 09 - Community & Social Services		67 762	68 500	68 497	5 708	7 238	(1 530)	9 871	11 416	1 546	-13.5%	68 497
Vote 10 - Electricity		377 830	424 769	424 769	35 397	54 590	(19 192)	16 630	70 795	54 165	-76.5%	424 769
Vote 11 - Water Management		161 975	139 092	139 092	11 591	1 721	9 870	3 759	23 182	19 423	-83.8%	139 092
Vote 12 - Waste Water Management		61 457	57 493	57 493	4 791	1 270	3 521	2 605	9 582	6 977	-72.8%	57 493
Vote 13 - Waste Management		63 642	46 601	46 601	3 883	1 945	1 938	3 890	7 767	3 877	-49.9%	46 601
Vote 14 - Road Transport		82 627	86 203	86 203	7 184	1 840	5 344	3 582	14 367	10 786	-75.1%	86 203
Vote 15 - Other		10 477	11 471	11 471	956	774	182	1 547	1 912	365	-19.1%	11 471
Total Expenditure by Vote	2	1 145 391	1 125 364	1 124 764	93 730	81 706	12 025	68 309	187 454	10 786	-63.6%	1 124 764

- Based on the above table, most of the departments have not spent more than their monthly.
- Electricity shows an unauthorised expenditure of R19, 192 million, this is due to increased electricity consumption as the winter season had not yet ended.
- Community services also shows unauthorised spending of R1, 530 million.
- These are the only departments that have spent more than the projected budget for August 2022.

OVERTIME SPENDING AS AT 31 AUGUST 2022

OVERTIME REPORT: 31 JULY 2022- 31 AUGUST 2022							
Section	Votenummer	Budget	Budget for 2 months	YTD Movement 2022	Unspend Bud	Percentage spent year to date	Comments
		R		R	R	%	
Technical services							
Public works	31022110360PRMRCZZWM	444 147	74 024.50	11 603.16	432 543.84	-84%	
Sewerage	31122110360WWMRCZZWM	1 825 490	304 248.33	331 557.07	1 493 932.93	9%	
Sewerage	31132110360WWMRCZZWM	347 200	57 866.67	62 041.48	285 158.52	7%	
Water	31222110360WTMRCZZWM	1 641 990	273 665.00	239 437.92	1 402 552.08	-13%	
Water	31232110360WTMRCZZWM	993 370	165 561.67	108 320.68	885 049.32	-35%	
Workshop	31062110360PRMRCZZWM	276 948	46 158.00	39 553.58	237 394.42	-14%	
Electricity	32012110360ELMRCZZWM	2 860 900	476 816.67	458 631.81	2 402 268.19	-4%	
	Sub Total	8 390 045	1 398 341	1 251 146	7 138 899	-11%	Saving
Community services							
Disaster	33032110360PRMRCZZWM	108 030	18 005.00	15 941.81	92 088.19	-11%	
Traffic	33052110360PRMRCZZWM	165 900	27 650.00	5 368.55	160 531.45	-81%	
Cemetary	34022110360PRMRCZZWM	324 760	54 126.67	45 093.07	279 666.93	-17%	
Waste mangement	34102110360WSMRCZZWM	1 911 200	318 533.33	325 649.38	1 585 550.62	2%	
	Sub Total	2 509 890	418 315	392 053	2 117 837	-6%	Saving
Corporate services							
Civic centre	35022110360PRMRCZZHO	262 350	43 725.00	46 821.48	215 528.52	7%	
	Sub Total	262 350	43 725	46 821	215 529	7%	Saving
Municipal manager							
CALL centre	36012110360PRMRCZZHO	-	-	-	-	0%	
	Sub Total	61 910	10 318.33	9 754.60	52 155.40	-5%	Saving
	Totals	11 224 195	1 894 068	1 699 775	9 524 420	15%	
Overtime overspent/ Saving on budget for period 1 July - 31 August 2022					9 524 420.41		

- Departments that have overspent for the month of re Technical service –Sewer Section and Corporate services – Civic Centre section. All the other departments have spent with in the projection for the 2 months (July and August).

5. Capital budget: Table C 5: AUGUST 2022

MP302 Msukaligwa - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

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
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and administration		1 052	1 890	7 088	122	122	841	(719)	-85%	7 088
Executive and council		-	-	700	-	-	117	(117)	-100%	700
Finance and administration		1 052	1 890	6 388	122	122	724	(602)	-83%	6 388
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 832	10 817	10 817	-	-	1 803	(1 803)	-100%	10 817
Community and social services		130	10 817	10 817	-	-	1 803	(1 803)	-100%	10 817
Sport and recreation		527	-	-	-	-	-	-	-	-
Public safety		1 175	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		352	19 964	33 915	1 937	4 597	5 653	(1 056)	-19%	33 915
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		352	19 964	33 915	1 937	4 597	5 653	(1 056)	-19%	33 915
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		2 147	265 164	271 299	-	-	45 217	(45 217)	-100%	271 299
Energy sources		-	3 826	5 967	-	-	995	(995)	-100%	5 967
Water management		-	183 575	185 795	-	-	30 966	(30 966)	-100%	185 795
Waste water management		-	75 096	75 096	-	-	12 516	(12 516)	-100%	75 096
Waste management		2 147	2 667	4 441	-	-	740	(740)	-100%	4 441
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	5 383	297 835	323 120	2 059	4 719	53 513	(48 794)	-91%	323 120
Funded by:										
National Government		2 147	292 052	310 365	76 000	106 000	51 728	54 272	105%	310 365
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2 147	292 052	310 365	76 000	106 000	51 728	54 272	105%	310 365
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		3 236	5 783	12 755	122	122	1 785	(1 663)	-93%	12 755
Total Capital Funding		5 383	297 835	323 120	76 122	106 122	53 513	52 609	98%	323 120

Capital spending

- Spending on capital projects for AUGUST amounted to R 1, 649million. This includes projects from own funding.

Additional Capital Budget

- In order for the municipality to ensure that service delivery is performed effectively and efficiently the additional assets are required.
- The Municipality invested monies received from projects into the call account for the 2021/2020 Financial year and the interest received plus savings amounts to R5 000 000.
- There the Budget and Treasury Office is requesting allocation the funds as an addition to the budget to funds the procurement of the following:
 - 502 000 be allocated for RBIG
 - 500 000 be allocated for Computers Equipment
 - 771 781.74 be allocated for Furniture Procurement
 - 3 226 218.26 be allocated for Vehicles
 - R700 000 for Executive Mayor
 - R100 000 for mobile Bowser for the delivery of Diesel
 - R261 652.17 for one (1) Sedan
 - R803 996.52 for four (4) Short base LDV
 - R1 360 569.57 for five (5) Long base LDV

6. Cash flow: Table C 7: 31 AUGUST 2022

MP302 Msukaligwa - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		141 229	133 248	133 248	12 424	26 692	22 208	4 484	20%	133 248
Service charges		360 887	385 213	385 213	31 922	61 864	64 202	(2 338)	-4%	385 213
Other revenue		190 522	95 675	95 675	16 968	28 812	15 946	12 866	81%	95 675
Transfers and Subsidies - Operational		287 181	228 686	228 686	3 442	92 174	38 114	54 060	142%	228 686
Transfers and Subsidies - Capital		82 913	295 055	295 055	76 000	106 000	49 176	56 824	116%	295 055
Interest		33	932	932	-	-	155	(155)	-100%	932
Dividends										
Payments										
Suppliers and employees		(190 244)	(838 995)	(838 995)	40 833	(209 543)	(139 832)	69 710	-50%	(838 995)
Finance charges		-	-	-	-	-	-	-		-
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES		872 521	299 815	299 815	181 590	105 999	49 969	(56 029)	-112%	299 815
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		1 174	-	-	32	95	-	95	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(306 027)	(297 835)	(297 835)	1 937	(3 546)	(49 639)	(46 093)	93%	(297 835)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(304 853)	(297 835)	(297 835)	1 968	(3 451)	(49 639)	(46 188)	93%	(297 835)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		567 668	1 980	1 980	183 558	102 548	330			1 980
Cash/cash equivalents at beginning:		6 175	1 020	1 020	33 844	33 844	1 020			33 844
Cash/cash equivalents at month/year end:		573 843	3 000	3 000	111 024	111 024	1 350			35 824

Cash flow discussion

- Cash flow for AUGUST 2022 shows an increase in the collection rate to 68% for services and property rates. Cash flow control regarding expenses should still be implemented in line with collection.

- A recent study of municipal debt by the National Treasury shows that debt owed to municipalities in South Africa at large mainly consists of net current debtors, therefore it is imperative that the municipality increase the collection rate in order to increase cash flow.
- Cash and cash equivalents at month end amount to R 111 023 million, this amount consists of the following bank balances.

Reconciliation: Bank balances as at 31 AUGUST 2022

BANK ACCOUNTS BALANCES 31 AUGUST 2022				
Account number	Bank account type	Jul-22	Aug-22	Movement
		R	R	R
62822833267	Primary Account	2 793 738.50	4 028 334.97	1 234 596.47
62858041272	Call Account	30 649 033.78	106 812 816.95	76 163 783.17
62837049031	Licensing bank Account	401 215.71	182 694.45	- 218 521.26
TOTAL		33 843 987.99	111 023 846.37	77 179 858.38

7. DEBTORS: 31 AUGUST 2022

Opening balance 1 AUGUST 2022	:	R 969 559 082
Debtors as at 31 AUGUST 2022	:	R 986 450 496
Increase for 1 month		R 16 891 414

- Incorrect reading for water and electricity is contributing to the increase in debtors.

MP302 Msukaligwa - Supporting Table SC3 Monthly Budget Statement - Aged Debtors M02 August 2022

Description	NT Code	Budget Year 2022/23								Total
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1200	12 379	3 151	2 859	2 434	3 067	2 578	16 848	138 691	182 008
Trade and Other Receivables from Exchange Transactions - Electricity	1300	23 559	3 083	2 614	2 333	2 516	2 190	11 332	80 353	127 979
Receivables from Non-exchange Transactions - Property Rates	1400	24 629	6 160	5 439	4 925	4 585	4 286	23 174	84 312	157 510
Receivables from Exchange Transactions - Waste Water Management	1500	9 008	2 517	2 387	2 265	2 174	2 189	11 874	83 327	115 740
Receivables from Exchange Transactions - Waste Management	1600	8 002	2 074	1 988	1 936	1 888	1 852	10 389	81 088	109 217
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	5 706	2 776	2 730	2 672	2 614	2 557	14 233	202 014	235 303
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-
Other	1900	1 766	797	681	331	578	470	3 653	50 418	58 694
Total By Income Source	2000	85 049	20 558	18 698	16 896	17 423	16 121	91 503	720 203	986 451
2021/22 - totals only										-
Debtors Age Analysis By Customer Group										
Organs of State	2200	10 385	2 710	2 144	1 700	1 449	1 333	7 673	32 418	59 812
Commercial	2300	27 018	4 552	3 872	3 512	3 935	3 350	17 395	133 773	197 406
Households	2400	44 110	12 556	11 946	10 878	11 208	10 750	62 431	531 408	695 288
Other	2500	3 536	740	737	806	831	687	4 004	22 605	33 945
Total By Customer Group	2600	85 049	20 558	18 698	16 896	17 423	16 121	91 503	720 203	986 451

Debtors age Analysis August 2022									
	0-30Days	31-60Days	61-90Days	91-120Days	121-150Days	151-180Days	181Days-1Year	Over1Year	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	7 954 074	4 539 930	3 184 156	2 860 311	2 434 546	3 067 486	17 111 524	141 356 259	182 508 286
Trade and Other Receivables from Exchange Transactions - Elect	17 087 325	6 471 438	3 083 002	2 614 401	2 332 989	2 515 511	11 806 051	82 068 593	127 979 310
Receivables from Non-exchange Transactions - Property Rates	15 807 553	8 820 876	6 159 659	5 439 245	4 924 990	4 585 055	23 929 556	87 842 299	157 509 233
Receivables from Exchange Transactions - Waste Water Manage	5 335 695	3 672 433	2 516 738	2 386 878	2 264 863	2 173 920	12 145 362	85 244 352	115 740 241
Receivables from Exchange Transactions - Waste Management	4 614 324	3 387 222	2 074 135	1 987 544	1 936 391	1 888 331	10 529 044	82 800 224	109 217 215
Receivables from Exchange Transactions - Property Rental Debt	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	2 876 343	2 830 087	2 776 354	2 730 173	2 672 269	2 614 247	14 512 239	204 291 450	235 303 162
Recoverable unauthorised, irregular or fruitless and wasteful Exp	-	-	-	-	-	-	-	-	-
Other	873 463	777 447	764 330	679 737	330 191	578 260	3 055 394	51 134 200	58 193 022
Total By Income Source	54 548 777	30 499 433	20 558 374	18 698 289	16 896 239	17 422 810	93 089 170	734 737 377	986 450 469
Debtors Age Analysis By Customer Group									
Organs of State	5 488 001	2 557 642	1 947 780	1 489 124	1 035 345	774 696	3 484 564	12 591 309	29 368 461
Commercial	20 262 998	8 421 172	4 824 273	4 144 838	3 824 147	4 284 823	20 049 415	115 218 204	181 029 870
Households	28 797 778	19 520 619	13 786 321	13 064 327	12 036 747	12 363 291	69 555 191	606 927 864	776 052 138
Other	-	-	-	-	-	-	-	-	-
Total By Customer Group	54 548 777.00	30 499 433.00	20 558 374.00	18 698 289.00	16 896 239.00	17 422 810.00	93 089 170.00	734 737 377.00	986 450 469.00

8. CREDITORS

The creditor's status is as follows:

Opening balance	:	1 AUGUST 2022	R 1 491 328 097
Minus: Closing balance:		31 AUGUST 2022	R 1 395 665 618
Decrease in creditors balances			<u>R 95 662 479</u>

The table below represents the Creditors Age Analysis as at 31 AUGUST 2022

MP302 Msukaligwa Supporting table SC4 Monthly Budget Statement - Aged Creditors M02 August 2022										
Description	NT Code	Budget Year 2022/23								
		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	54 544	101 147	-	-	-	-	-	153 233	308 924
Bulk Water	0200	-	1 291	-	-	-	-	-	974 286	975 577
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	796	3 416	-	-	-	-	-	-	4 212
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	2 553	21 430	-	-	-	-	-	82 970	106 953
Total By Customer Type	1000	57 893	127 284	-	-	-	-	-	1 210 489	1 395 666

The top creditors for the month of AUGUST 2022 are as follows:

TOP CREDITORS FOR AUGUST 2022		
SUPPLIER NUMBER	SUPPLIER NAME	AMOUNT
ED251	DEPARTMENT OF WATER AND SANITATION	975 576 672.13
EE265	ESKOM	308 924 112.83
ED243	DCSSL	106 953 030.34
EV104	VIMTSIRE PROTECTION & SECURITY SERVICES	2 198 299.19
EE301	EMS SOLUTIONS (PTY) LTD	852 975.00
EG46	GILBERTS MINING	574 114.50
EZ679	ZAMANGWANE CONSULTANTS CC	219 754.20
EB171	BUSINESS CONNEXION	142 416.00
EV108	VINTAK DISTRIBUTORS	137 195.00
EH6	HARDIE TRYRES	2 377.50
EN22	NASHUA	22 770.00
ES519	SBHODONGO ENTERPRISE	30 000.00
EB298	BLACK COMPANY GROUP	29 850.00
EC178	CTP LIMITED HIGHVELDER	2 051.60
TOTAL		1 395 665 618.29

9. Conditional grants report as at 31 AUGUST 2022

Grant Receipts as at 31 AUGUST 2022

Grants received 2022/23			
	Jul-22	Aug-22	Received to date
MIG	20 000 000.00		20 000 000.00
RBIG	-	75 000 000.00	75 000 000.00
EEDMG	-	1 000 000.00	1 000 000.00
WSIG	10 000 000.00		10 000 000.00
TOTAL CAPITAL	30 000 000.00	76 000 000.00	106 000 000.00
EPWP	-	442 000.00	442 000.00
PMU	-		-
Equitable share	88 732 000.00		88 732 000.00
Covid 19	-		-
FMG	-	3 000 000.00	3 000 000.00
Total Operational	88 732 000.00	3 442 000.00	92 174 000.00
Total grant receipts	118 732 000.00	79 442 000.00	198 174 000.00

- Grants that were received as at 31 AUGUST 2022 amount to R118, 732 million which consist of RBIG receipt of R75 million, EPWP of R442 thousand and FMG of R3 million and Energy Efficiency and Demand-side Management Grant(new) of R1 million.

- **Capital grants Spending as at 31 AUGUST 2022:**

CAPITAL GRANTS SPENDING									
TYPE of GRANTS	Original allocation	Adjusted allocation	Received to date	Spent to date	Remaining on budget	Remaining on Receipts	% against allocations	% against Receipts	
MIG	R 60 055 000.00	R 0.00	R 20 000 000.00	R 4 596 729.76	R 57 599 890.36	R 17 544 890.36	4%	12%	
EEDMG	R 4 000 000.00	R 0.00	R 1 000 000.00	R 0.00	R 1 000 000.00	R 1 000 000.00	0%	0%	
WSIG	R 60 000 000.00	R 0.00	R 10 000 000.00	R 0.00	R 60 000 000.00	R 10 000 000.00	0%	0%	
RBIG	R 175 000 000.00	R 0.00	R 75 000 000.00	R 0.00	R 175 000 000.00	R 75 000 000.00	0%	0%	
	R 299 055 000.00	R 0.00	R 106 000 000.00	R 4 596 729.76	R 293 599 890.36	R 103 544 890.36	R 0.01	R 0.03	
OPERATIONAL GRANTS SPENDING									
TYPE of GRANTS	Original allocation	Roll Over	Received to date	Spent to date	Remaining on budget	Remaining on Receipts	% against allocations	% against Receipts	
FMG	R 3 000 000.00	R 0.00	R 3 000 000.00	R 146 782.40	R 2 924 184.60	R 2 924 184.60	1	3%	
EPWP	R 1 766 000.00	R 0.00	R 442 000.00	R 0.00	R 1 766 000.00	R 0.00	0	0%	
	R 4 766 000.00	R 0.00	R 3 442 000.00	R 146 782.40	R 4 690 184.60	R 2 924 184.60	R 0.97	R 0.03	
Total grants to be cash back in a call account at 31 AUGUST 2022									
Unspent Capital 2022/23				-R	103 544 890.36				
Unspent Operational grants 2022/23				-R	2 924 184.60				
				R	-106 469 074.96				

- Capital Grants spending as at 31 AUGUST 2022 amounted to R 4,596 million, the amount consist spending by MIG (including PMU).

- **Operational grants:**

As at 31 AUGUST 2022, Operational grants that were spent are the Local Government Finance Management Grant (FMG) of R 146 thousand

10. Monthly Budget Statement - Financial Position TABLE C6 – AUGUST 2022

- The liquidity ratio (which exclude inventory) in AUGUST 2022 calculated is 30%. The ratio must be 200% to be ideal

Current assets year to date:

R 821,767 million

Minus: Current liabilities:

R 2, 721 372 billion

Current shortfall in cash to cover liabilities in the short term

(R 1, 899 605 billion)

Ideal cash flow needed 2:1

**MP302 Msukaligwa - Table C6 Monthly Budget Statement - Financial Position -
M02 August**

Description	Ref	Budget Year 2022/23				
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		3 859	252 685	252 685	4 211	252 685
Call investment deposits		44 532	-	-	106 813	-
Consumer debtors		203 581	395 611	395 611	237 427	395 611
Other debtors		454 582	159 072	159 072	458 548	159 072
Current portion of long-term receivables		-	-	-	-	-
Inventory		13 004	(17)	(17)	14 768	(17)
Total current assets		719 557	807 352	807 352	821 767	807 352
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		180 113	120 037	120 037	180 113	120 037
Investments in Associates						
Property, plant and equipment		2 537 476	2 660 807	2 686 092	2 541 022	2 686 092
Biological						
Intangible		62	-	-	62	-
Other non-current assets		175	202	202	175	202
Total non current assets		2 717 826	2 781 046	2 806 331	2 721 372	2 806 331
TOTAL ASSETS		3 437 383	3 588 398	3 613 683	3 543 139	3 613 683
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		19 244	3 511	3 511	19 421	3 511
Trade and other payables		1 893 032	1 648 508	1 648 508	2 013 563	1 648 508
Provisions		66 110	22 161	22 161	66 330	22 161
Total current liabilities		1 978 386	1 674 180	1 674 180	2 099 314	1 674 180
Non current liabilities						
Borrowing		1 223	2 643	2 643	1 223	2 643
Provisions		84 321	80 331	80 331	87 853	80 331
Total non current liabilities		85 544	82 974	82 974	89 077	82 974
TOTAL LIABILITIES		2 063 930	1 757 154	1 757 154	2 188 390	1 757 154
NET ASSETS	2	1 373 453	1 831 244	1 856 529	1 354 748	1 856 529
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 373 453	1 831 244	1 856 529	1 354 748	1 856 529
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 373 453	1 831 244	1 856 529	1 354 748	1 856 529

MANAGEMENT RECOMMENDATIONS:

- That the Finance Section 80 Committee NOTES the AUGUST 2022 Section 71 Budget Statement report.
- It is recommended that the Finance Section 80 Committee to CONSIDER the additional Capital Budget. The R5 000 000 be allocated to the various votes as stated below;
 - 37046470020CFC91ZZWM = R3 226 218.26
 - 37046460020CFC90ZZWM = R771 781.74
 - 37046460020CFC90ZZWM = R500 000


MR. S.M PHIRI
ACTING DIRECTOR FINANCE


MR. M. KUNENE
MUNICIPAL MANAGER

QUALITY CERTIFICATE

MP 302 MSUKALIGWA LOCAL MUNICIPALITY

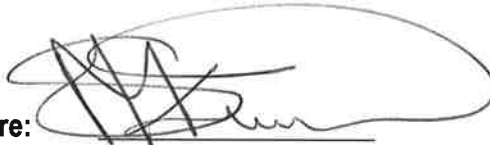
I, M. KUNENE, the Municipal Manager of Msukaligwa Local Municipality, hereby certify that the monthly budget statement report and supporting documentation for the month of AUGUST 2022 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

The Municipal Manager of Msukaligwa local municipality

Name: M. KUNENE

Position: Municipal Manager : MP 302 Msukaligwa Local Municipality

Signature:



Date:

07/9/22