



MSUKALIGWA LOCAL MUNICIPALITY



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DEPARTMENT OF FINANCE

Enquiries: Mr. S.M. Phiri

Date: 14 November 2022

Office of the Executive Mayor
Msukaligwa Local Municipality
ERMELO

Sir / Madam

RE: SUBMISSION OF DOCUMENTS

Kindly acknowledge receipt of the following document:

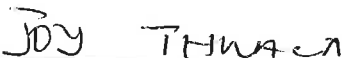
1. Section 71 Report – October 2022 – M04

Kind regards


S.M. PHIRI
ACTING CFO

EXECUTIVE MAYOR

ACKNOWLEDGE RECEIPT OF ABOVEMENTIONED DOCUMENTS



NAME AND SURNAME



SIGNATURE

14 November 2022
DATE

Finance Section 80 Committee: NOVEMBER 2022

Report of the Acting Director Finance

SECT 71 FINANCIAL REPORT ENDING 31 OCTOBER 2022

1. PURPOSE

The purpose of this report is to present a Section 71 financial report ending **OCTOBER 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 the First Quarter**

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

TABLE C 1:

Description	2022/23	2022/23	Month 02	Month 04	Difference Month to date Actual versus budget R million
	Original	Adjustment budget	Monthly Budget	Actual	
	R million	R million	R million	R million	
Revenue	910 645	910 645	75 887	54 513	21 374
Expenditure	(1 125 364)	(1 125 364)	(93 780)	(86 045)	(7 735)
Total (Surplus/Deficit)	(214 719)	(214 719)	(17 893)	(31 532)	13 639

Operational Budget Summary

- The table above depicts that the in total actual revenue generated for the month of October 2022 is 28% or R21, 374 million less than the pro rata budget projection for the month.
- The Operational expenditure incurred amounts to R 84 045 million in October 2022, which is 8% less than the actual projection for the month.
- The outcome reflected in the table above shows that for the month ending 31 October 2022, the municipality has an operating Deficit of R 31, 532 million.

- **Surplus / Deficit**

The surplus as per the above mentioned table amounts to R31.532 million.

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

3.1.1 REVENUE

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October								
Description	2021/22	Budget Year 2022/23						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly Budget	Monthly actual	Monthly Variance	% Variance	Full Year Forecast
R thousands								
Revenue By Source								
Property rates	181 646	207 037	207 037	17 253	16 618	635	4%	207 037
Service charges - electricity revenue	240 824	246 323	246 323	20 527	18 549	1 977	10%	246 323
Service charges - water revenue	64 326	67 192	67 192	5 599	6 379	(779)	-14%	67 192
Service charges - sanitation revenue	48 774	52 787	52 787	4 399	4 829	(430)	-10%	52 787
Service charges - refuse revenue	40 181	45 048	45 048	3 754	4 135	(381)	-10%	45 048
Rental of facilities and equipment	2 720	2 700	2 700	225	248	(23)	-10%	2 700
Interest earned - external investments	1 098	932	932	78	268	(191)	-20%	932
Interest earned - outstanding debtors	29 709	31 001	31 001	2 583	2 933	(350)	-14%	31 001
Fines, penalties and forfeits	4 771	5 177	5 177	431	14	418	97%	5 177
Licences and permits	3 666	3 636	3 636	303	2	301	99%	3 636
Agency services	8 001	8 490	8 490	708	-	708	100%	8 490
Transfers and subsidies	207 661	231 689	231 689	19 307	-	19 307	100%	231 689
Other revenue	6 113	8 633	8 633	719	506	213	30%	8 633
Gains	67 088	-	-	-	32	(32)	0%	-
Total Revenue (excluding capital transfers and contributions)	906 577	910 645	910 645	75 887	54 513	21 374	28%	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 October 2022, Revenue received and billed is 28% less than the projected budget for the period from 1 October 2022 to 31 October 2022.

- Property Rates**

Property rates amounts to R16, 618 million for October 2022 which is an increase of R 229 thousand or 14% as compared to September 2022 where it amounted to R 16,389 million. This is 4% less than the budget projection for the month.

- Electricity**

Description	Quarterly Budget – M04	Actual billed or received M04	Difference	Variance based on pro rata budget
	R	R	R	%
Conventional	14 368 836.13	12 984 586.46	1 384 249.66	10%
Prepaid sales	6 158 072.63	5 564 822.77	593 249.86	10%
Total	20 526 908.75	18 549 409.23	1 977 499.52	10%

The income for electricity at end of October 2022 amounts to R 18, 549 million. The average percentage in this regard is 10% less than the projection.

Prepaid Electricity

Prepaid sales, for electricity amounts to R 5, 564 million for October 2022. There has been a decrease in the sales of prepaid electricity.

Conventional

Conventional sales, for electricity amounts to R 12, 984 million for October 2022 compared to R14, 539 million for September 2022. The Municipality billed less than the projected budget of R 20, 526 million for the month as reflected in the table above.

- **Water Sales**

For the month of October 2022, revenue generated from water sales shows an increase of 14% more than the projected monthly budget and this amounts to R 6, 379 million.

- **Waste Water**

Revenue generated from waste water services amounts to R 4, 829 million for October 2022 which is 10% more than the projected budget.

- **Refuse**

For the month of October 2022, revenue generated from refuse collection shows an increase of 10% more than the projected monthly budget and this amounts to R 4, 135 million.

- **Rental Of Facilities**

Rental budget income shows a surplus of R23 thousand in October 2022. This implies that the Municipality has collected 10% 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 October 2022 amounts to R 80, 065 million.

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October								
Description	2021/22	Budget Year 2022/23						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly Budget	Monthly actual	Monthly Variance	% Variance	Full Year Forecast
R thousands								
Expenditure By Type								
Employee related costs	250 666	276 107	276 237	23 009	22 326	683	3%	276 237
Remuneration of councilors	13 792	18 513	18 513	1 543	1 091	452	71%	18 513
Debt impairment	121 120	156 536	156 536	13 045	21 317	(8 272)	-39%	156 536
Depreciation & asset impairment	141 732	140 616	140 616	11 718	11 718	-	100%	140 616
Bulk purchases - electricity	304 353	319 126	319 126	26 594	19 577	7 017	74%	319 126
Inventory consumed	93 946	81 522	81 387	6 793	1 381	5 412	20%	81 387
Contracted services	54 762	75 718	75 078	6 310	1 239	5 071	20%	75 078
Other expenditure	41 752	57 226	57 271	4 769	7 397	(2 628)	-36%	57 271
Losses	34 367	-	-	-	-	-	0%	-
Total Expenditure	1 056 490	1 125 364	1 124 764	93 780	86 045	7 735	8%	1 124 764

- **Employee Related Costs and Councilors Remuneration**

Employee costs for October 2022 amounts to R 22, 326 million. Remuneration of councilors amounts to R1, 091 million as at 31 October 2022.

Employee related costs for the month is 3% less than the estimate.

OVERTIME SPENDING AS AT 31 OCTOBER 2022

OVERTIME REPORT: 1 JULY 2022- 31 OCTOBER 2022							
Section	Votenummer	Budget	Year to date Budget	YTD Movement 2022	Unspend Bud	Percentage spent year to date	Comments
		R		R	R	%	
Technical services							
Public works	31022110360PRMRCZZWM	444 147	148 049.00	83 701.25	64 347.75	43%	
Technical dep	31032110360PRMRCZZWM	-	-	3 848.46	3 848.46	#DIV/0!	
Sewerage	31122110360WWMRCZZWM	1 825 490	608 496.67	1 214 195.89	605 699.22	-100%	
Sewerage	31132110360WWMRCZZWM	347 200	115 733.33	202 613.46	86 880.13	-75%	
Water	31222110360WTMRCZZWM	1 641 990	547 330.00	1 107 028.53	559 698.53	-102%	
Water	31232110360WTMRCZZWM	993 370	331 123.33	603 783.22	272 659.89	-82%	
Workshop	31062110360PRMRCZZWM	276 948	92 316.00	166 964.01	74 648.01	-81%	
Electricity	32012110360ELMRCZZWM	2 860 900	953 633.33	1 894 565.25	940 931.92	-99%	
Sub Total		8 390 045	2 796 682	5 276 700	-2 480 018	-89%	Over Spending
Community services							
Fire	33022110360PRMRCZZWM	193 500	64 500.00	72 095.41	7 595.41	-12%	
Disaster	33032110360PRMRCZZWM	108 030	36 010.00	63 801.57	27 791.57	-77%	
Traffic	33052110360PRMRCZZWM	165 900	55 300.00	45 582.62	9 717.38	18%	
Cemetery	34022110360PRMRCZZWM	324 760	108 253.33	191 057.46	82 804.13	-76%	
Parks and Grounds	34042110360PRMRCZZWM	316 440	105 480.00	160 965.19	55 485.19	-53%	
Sports and Recreation	34072110360PRMRCZZWM	30 600	10 200.00	28 752.52	18 552.52	-182%	Overspending
Sports field general	34082110360PRMRCZZWM	48 270	16 090.00	32 626.29	16 536.29	-103%	
Golf Course	34092110360PRMRCZZWM	9 400	3 133.33	2 781.24	352.09	11%	
Waste management	34102110360WSMRCZZWM	1 911 200	637 066.67	1 381 303.38	744 236.71	-117%	
Sub Total		3 108 100	1 036 033	1 978 966	-942 932.35	-91%	Overspending
Corporate services							
Civic centre	35022110360PRMRCZZHO	262 350	87 450.00	271 684.54	184 234.54	-211%	Overspending
Administration	35032110360PRMRCZZHO	49 520	16 506.67	2 028.12	14 478.55	88%	
Sub Total		311 870	103 957	273 713	-169 756	163%	Overspending
Municipal manager							
CALL centre	36012110360PRMRCZZHO	7 170	2 390.00	1 835.96	554.04	23%	
CALL centre	36072110360PRMRCZZHO	61 910	20 636.67	39 712.70	19 076.03	-92%	
Sub Total		69 080	46 396	41 549	-18 521.99	-40%	Overspending
Finance							
BTO	37042110360PRMRCZZHO	116 330.00	29 082.50	76 357.02	47 274.52	-163%	
Sub Total		116 330	29 083	76 357	-47 274.52	-163%	Overspending
Totals		11 995 425	4 012 150	7 647 284	-3 658 503		Overspending to date
Overtime overspent/ Saving on budget for period 1 July - 31 October 2022					- 3 658 503.26		

- 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 July – October.
- All departments have over spending as far as overtime is concerned, the [projection is for 4 months.
- The overall overspending amounts to R 3, 658 million.

• **Bulk Electricity – Eskom (Annexure A)**

- a) The municipality was mandated to perform the special adjustment budget in order to rectify the unfunded budget and as part of the recommendations by the Provincial Treasury the municipality was encouraged to enter into negotiations with Eskom to arrive at affordable payment terms. The municipality engaged with Eskom and the revised debt repayment plan was completed .The council resolution is attached as annexure A
- b) New agreement was proposed to Eskom, the council resolution on the agreement has been issued.

- c) The response on new agreement has been received by the municipality from Eskom, The agreement has been attached as annexure.
- d) Amount of R 21 157 026.36 was billed toward October 2022 current account.
- e) Amount of R1 415 965.75 was added back to October 2022 current account due to the misallocation of the funds.
- f) The municipality had no arrangement in the month of August

The table below reflects a summary of the outstanding amount on Eskom account.

Month	Opening balance	Account	Arrangement/ Adjustment	Amount Paid	AMOUNT OWED
OCTOBER	R 326 671 285.00	R 21 157 026.36	0.00	R 16 005 660.43	R 331 822 650.93
Amount paid in November					R 3 000 509.47
Outstanding amount					R 328 822 141.46

NB: It should be noted that the amount of R 3 Million was paid in November 2022, which is not reflected on the invoice attached, the billing was already done when the municipality made the payment.

- **Bulk Purchases Water – DWS (Annexure B)**

Total debt in month ending October 2022 amount to R 980 077 604.00 management to note that the municipality have not yet received invoices for month of October 2022.

MONTH	OPENING BALANCE	MONTHLY INVOICES	PAYMENT	ADJUSTMENTS	TOTAL
OCTOBER	980 077 604.00	0.00	0.00		980 077 604.00

- **DCSSL (Annexure C)**

The municipality had a meeting where they discussed the outstanding balance that is owed by the Municipality to Department of Community Safety and Security. They both agreed on the amount of **R102 430 666.60**. The letter was sent to the Department to request the approval on agreement, but it is not yet back for signature.

The Municipality has created a separate account where all monies paid for licensing is directed. This is created to assist the municipality to be able to pay DCSSL 80% which is the total collection in a month.

The municipality already owes the Department the amount for previous financial years, which cannot be possible to be paid out of the current year's collection, Therefore the municipality requested that they enter to a payment plan agreement that will address the outstanding balance.

It should be noted that response has not been received since the Municipality sent the letter to the Department of Community, Safety, Security and Liaison.

The meeting between Msukaligwa local Municipalities on the 2nd of September 2022. In the meeting some documents were requested to be able to proceed with their processes based on budget.

The following documents were requested from the municipality to be submitted to DCSSL;

- a. Rates and taxes
- b. Any contracts related to licensing's security, photocopying machines, telephones etc.
- c. Licensing Employees and their post levels for the costing

These documents were sent to them on Monday the 5th of September 2022 which seems to be complete though there is a lot of work to be done after receiving the information. The Municipality will continue communicating until the process is done.

Amount of **R3 343 694.02** was billed in a month of October 2022

The table below reflects a summary of the outstanding amount on DCSSL account.

OPENING BALANCE	CURRENT YEAR MOVEMENT	INTEREST	PAYMENT	TOTAL
109 277 853.87				
JULY	2 552 726.78	577 430.31	5 454 980.62	106 953 030.34
AUGUST	3 343 694.02	556 634.43	4 080 055.91	106 773 302.88
SEPTEMBER	2 568 281.66	577 324.96	-	109 918 909.50
OCTOBER	3 226 678.39	598 378.29	3 097 900.00	110 646 066.18

- **Debt Impairment and Depreciation**

Average Debt impairment amounts to R 33, 034 million as at OCTOBER 2022 or 43% 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 OCTOBER 2022

MP302 Msukaligwa - Table C3 Monthly Budget Statement -Unauthorised Expenditure - M04 October

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										
Expenditure by Vote	1									
Vote 01 - Executive & Council		55 116	60 565	60 666	8 921	19 083	20 216	(1 133)	-5.6%	60 666
Vote 02 - Finance & Administration		208 583	170 889	170 196	6 710	29 328	56 732	(27 403)	-48.3%	170 196
Vote 03 -		-	-	-	-	-	-	-		-
Vote 04 - Sport And Recreation		20 440	11 487	11 487	239	982	3 829	(2 847)	-74.4%	11 487
Vote 05 - Public Safety		25 110	32 561	32 561	1 642	6 443	10 854	(4 410)	-40.6%	32 561
Vote 06 - Housing		-	-	-	-	-	-	-		-
Vote 07 - Health		-	-	-	-	-	-	-		-
Vote 08 - Planning And Development		10 372	15 734	15 734	835	3 256	5 245	(1 989)	-37.9%	15 734
Vote 09 - Community & Social Services		67 762	68 500	68 492	2 651	17 559	22 832	(5 272)	-23.1%	68 492
Vote 10 - Electricity		375 929	424 769	424 769	22 272	106 839	141 590	(34 751)	-24.5%	424 769
Vote 11 - Water Management		161 975	139 092	139 092	3 305	9 858	46 364	(36 506)	-78.7%	139 092
Vote 12 - Waste Water Management		61 457	57 493	57 493	1 632	5 558	19 164	(13 606)	-71.0%	57 493
Vote 13 - Waste Management		63 642	46 601	46 601	2 126	8 284	15 534	(7 250)	-46.7%	46 601
Vote 14 - Road Transport		82 627	86 203	86 203	1 958	7 521	28 735	(21 213)	-73.8%	86 203
Vote 15 - Other		10 477	11 471	11 471	719	3 158	3 824	(666)	-17.4%	11 471
Total Expenditure by Vote	2	1 143 490	1 125 364	1 124 764	53 010	217 869	374 917	(157 048)	-41.9%	1 124 764

- Based on the above table, all the departments have not spent more than their monthly.

5. Fruitless and wasteful Expenditure (Annexure D)

Section 32 of the MFMA among others stipulates that any political bearer or official of a municipality who deliberately or negligently made or authorized a fruitless and wasteful expenditure is liable for that expenditure and the municipality must recover such expenses from the person liable

It should be noted that **DWS did not submit invoices to determine if there was interest charged in July which might be reported in coming months.**

5.1 THE MENTIONED TRANSACTIONS ARE CATEGORIZED AS FOLLOWS

NUMBER	COMPANY	JULY	AUGUST	SEPTEMBER	OCTOBER	TOTALS
1	ESKOM	990 678.95	966 798.51	1 916 521.49	1 386 381.39	5 260 380.34
2	DCSSL	577 430.31	556 634.43	577 324.96	598 378.29	2 309 767.99
3	DWS	-	-	-	-	-
TOTAL	-	1 568 109.26	1 523 432.94	3 302 902.88	1 984 759.68	7 570 148.33

- Amount of **R 1 9 84 759.68** is charged against the municipality based on late payment in a month ending October 2022.
- Incurred interest as at 31 October 2022 amounts to **R7 570 148.33**.

6. Capital budget: Table C 5: OCTOBER 2022

MP302 Msukaligwa - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04
October

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	607	911	2 090	(1 179)	-56%	7 088
Executive and council		-	-	700	-	-	233	(233)	-100%	700
Finance and administration		1 052	1 890	6 388	607	911	1 857	(945)	-51%	6 388
Internal audit								-		
Community and public safety		1 832	10 817	10 817	-	-	3 606	(3 606)	-100%	10 817
Community and social services		130	10 817	10 817	-	-	3 606	(3 606)	-100%	10 817
Sport and recreation		527	-	-	-	-	-	-		-
Public safety		1 175	-	-	-	-	-	-		-
Housing								-		
Health		-	-	-	-	-	-	-		-
Economic and environmental services		352	19 964	50 931	1 421	6 094	14 708	(8 614)	-59%	50 931
Planning and development		-	-	17 015	174	174	3 403	(3 229)	-95%	17 015
Road transport		352	19 964	33 915	1 247	5 920	11 305	(5 385)	-48%	33 915
Environmental protection								-		
Trading services		2 147	265 164	487 529	35 661	57 858	117 928	(60 070)	-51%	487 529
Energy sources		-	3 826	5 967	-	-	1 989	(1 989)	-100%	5 967
Water management		-	183 575	185 795	32 425	48 955	61 932	(12 977)	-21%	185 795
Waste water management		-	75 096	291 326	579	6 247	52 527	(46 280)	-88%	291 326
Waste management		2 147	2 667	4 441	2 657	2 657	1 480	1 176	79%	4 441
Other								-		
Total Capital Expenditure - Functional Classification	3	5 383	297 835	556 365	37 688	64 863	138 332	(73 469)	-53%	556 365
Funded by:										
National Government		2 147	292 052	543 610	34 425	61 296	134 353	(73 057)	-54%	543 610
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	543 610	34 425	61 296	134 353	(73 057)	-54%	543 610
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		3 236	5 783	12 755	3 263	3 568	3 979	(411)	-10%	12 755
Total Capital Funding		5 383	297 835	556 365	37 688	64 863	138 332	(73 469)	-53%	556 365

Capital spending

- Spending on capital projects for October 2022 amounted to R 37, 688 million. This includes projects from own funding.

7. Cash flow: Table C 7: 31 OCTOBER 2022

MP302 Msukaligwa - Table C7 Monthly Budget Statement - Cash Flow - M04 October

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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		207 706	133 248	133 248	17 793	56 638	44 416	12 222	28%	133 248
Service charges		360 887	385 213	385 213	25 376	113 578	128 404	(14 826)	-12%	385 213
Other revenue		206 751	95 675	95 675	18 168	63 363	31 602	31 761	99%	95 675
Transfers and Subsidies - Operational		280 167	228 686	228 686	-	88 000	76 229	11 771	15%	228 686
Transfers and Subsidies - Capital		82 913	295 056	295 055	30 000	51 000	68 352	(47 352)	-48%	295 055
Interest		33	932	932	-	-	311	(311)	-100%	932
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(220 481)	(838 995)	(838 995)	(9 475)	(382 951)	(270 665)	103 286	-37%	(838 995)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		927 068	299 815	299 815	81 663	(10 374)	99 938	110 312	110%	299 815
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		399	-	-	32	127	-	127	(127)	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(5 383)	(297 835)	(297 835)	(37 688)	(64 863)	(99 278)	(34 415)	35%	(297 835)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4 984)	(297 835)	(297 835)	(37 657)	(64 737)	(99 278)	(34 542)	35%	(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		922 082	1 980	1 980	44 206	(75 111)	660			1 980
Cash/cash equivalents at beginning		6 175	1 020	1 020	84 037	84 037	1 020			84 037
Cash/cash equivalents at month/year end		928 257	3 000	3 000	74 856	74 856	1 680			86 016

Cash flow discussion

- Cash flow for October 2022 shows no change in the collection rate at 57% 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 74. 858 million, this amount consists of the following bank balances.

Reconciliation: Bank balances as at 31 OCTOBER 2022

BANK ACCOUNTS BALANCES 31 OCTOBER 2022				
Account number	Bank account type	Sep-22	Oct-22	Movement
		R	R	R
62822833267	Primary account	2 901 318.37	5 890 508.12	2 989 189.75
62858041272	Call Account	80 893 170.17	68 769 665.64	- 12 123 504.53
62837049031	Licensing Bank Account	242 447.96	198 033.04	- 44 414.92
TOTAL		84 036 936.50	74 858 206.80	-9 178 729.70

8. DEBTORS: 31 OCTOBER 2022

Opening balance 1 OCTOBER 2022 : R 1 007 900 551
 Debtors as at 31 OCTOBER 2022 : R 1 016 373 540
 Increase for 1 month R 8 472 989

The Age Analysis reflected in the table below is generated from solar.

MP302 Msukaligwa - Supporting Table SC3 Monthly Budget Statement - Aged Debtors- 31 October 2022									
Description	0-30Days	31-60Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	7 366	5 753	4 460	3 614	2 954	2 637	17 165	145 686	189 614
Trade and Other Receivables from Exchange Transactions - Electricity	15 191	7 828	4 693	4 125	2 511	2 288	12 256	85 243	134 134
Receivables from Non-exchange Transactions - Property Rates	14 839	8 144	6 698	5 955	4 562	4 382	23 719	91 625	159 924
Receivables from Exchange Transactions - Waste Water Management	5 046	3 583	3 205	2 941	2 211	2 157	12 206	88 370	119 718
Receivables from Exchange Transactions - Waste Management	4 539	3 406	2 970	2 771	1 974	1 923	10 791	85 885	114 259
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	2 985	2 924	2 846	2 806	2 741	2 703	15 061	208 170	240 236
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-
Other	541	939	601	719	685	658	2 098	52 613	58 853
Total By Income Source	50 507	32 577	25 472	22 932	17 637	16 747	93 295	757 571	1 016 738
Debtors Age Analysis By Customer Group									
Organs of State	4 094	3 523	2 166	1 589	1 052	936	4 836	20 967	39 163
Commercial	18 210	7 327	4 855	4 572	3 251	2 987	16 460	101 475	159 138
Households	28 203	21 726	18 451	16 771	13 334	12 823	71 999	635 129	818 436
Other	-	-	-	-	-	-	-	-	-
Total By Customer Group	50 507	32 577	25 472	22 932	17 637	16 747	93 295	757 571	1 016 738

Levies as at 31 October 2022

Month: **October 2022**

***Totals Included: Payments in Advance!!!!**

Debtor Trail Balance BP 135											October 2021				
BP 135	September 2022		October 2022							Levies & Payments		BP135		Non Payment	Payment
	Cycle	Month	Balance B/F	CHARGES RAISED	ADJUSTMENTS	REPAYMENTS	Deposit	TOTAL Levies	RECEIPTS	LEEVES & Payments	TOTAL BP135	Movements			
1	Wesslton	237 768 981.85	237 768 981.85	8 859 415.61	-323 642.07	0.00	2 940.00	246 307 695.39	-6 170 452.16	240 137 243.23	240 137 243.23	2 368 261.38			
2	Ermelo	270 804 937.82	270 804 937.82	35 228 130.82	-577 914.71	57 637.83	224 109.50	305 736 901.26	-39 539 938.70	266 196 962.56	266 196 962.56	-4 607 975.26			
3	Breyten	175 872 504.09	175 872 504.09	4 054 432.37	-381 724.45	0.00	48 020.00	179 593 232.01	-2 852 977.60	176 740 254.41	176 740 254.41	867 750.32			
4	Chrissiesmeer	51 670 343.89	51 670 343.89	790 419.14	-24 045.56	0.00	0.00	52 436 717.47	-226 972.85	52 209 744.62	52 209 744.62	539 400.73			
5	Davel	66 313 097.52	66 313 097.52	1 237 828.51	-42 416.60	0.00	0.00	67 508 509.43	-332 801.32	67 175 708.11	67 175 708.11	862 610.59			
6	Lothair	108 639 259.41	108 639 259.41	1 652 875.84	-29 534.13	0.00	0.00	110 262 601.12	-457 774.39	109 804 826.73	109 804 826.73	1 165 567.32			
7	Sheepmoor	9 340 963.83	9 340 963.83	82 196.72	-856.25	0.00	0.00	9 422 304.30	-36 447.15	9 385 857.15	9 385 857.15	44 893.32			
8	Departmental	-561.76	-561.76	555 054.15	-554 492.39	0.00	0.00	0.00	0.00	0.00	0.00	561.76			
9	Warburton	311 113.40	311 113.40	19 642.06	-560.40	0.00	0.00	330 195.06	-14 832.69	315 362.37	315 362.37	4 248.97			
10	Farms	55 235 661.60	55 235 661.60	2 529 650.58	107 156.31	0.00	0.00	57 872 468.49	-1 228 822.98	56 643 645.51	56 643 645.51	1 407 983.91			
	Total:	975 956 301.65	975 956 301.65	55 009 645.80	-1 828 030.25	57 637.83	275 069.50	1 029 470 624.53	-50 861 019.84	978 609 604.69	978 609 604.69	2 653 303.04	45.64%	54.36%	
	Total:	975 956 301.65	975 956 301.65	55 009 645.80	-1 828 030.25	57 637.83	275 069.50	1 029 470 624.53	-50 861 019.84	978 609 604.69	978 609 604.69	2 653 303.04			
	Difference										0.00	0.00		100.00%	

Difference: 0.00

Movements between 2 Months: 2 653 303.04

9. CREDITORS

The creditor's status is as follows:

Opening balance	:	1 OCTOBER 2022	R	1 424 212 699
Minus: Closing balance:		31 OCTOBER 2022	R	1 434 436 779
Decrease in creditors balances			R	<u>10 224 080</u>

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

MP302 Msukaligwa Supporting table SC4 Monthly Budget Statement - Aged Creditors M04 October 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	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	46 691	-	-	-	-	-	-	292 287	338 978
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	9 967	-	-	574	-	-	-	2 418	12 959	
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	23 983	-	-	-	-	-	-	82 970	106 953
Total By Customer Type	1000	9 967	71 965	-	574	-	-	-	-	1 351 960	1 434 467

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

SUMMARY OF CREDITORS FOR OCTOBER 2022

SUPPLIER NUMBER	SUPPLIER NAME	AMOUNT
ED251	DEPARTMENT OF WATER AND SANITATION	975 576 672.13
EE265	ESKOM	338 977 771.10
ED243	DCSSL	106 953 030.34
EM490	MAKOPO RISK SOLUTIONS	6 203 471.07
EV104	VIMTSIRE PROTECTION & SECURITY SERVICES	2 198 299.19
EM633	MOTAGANE CHEMWORKS	892 400.00
EG46	GILBERTS MINING	574 114.50
EN123	NG MAVUSO PTY LTD	463 800.00
EZ683	Z MHLONGO & KHUMALO	456 400.00
EB224	BE FOREVER TRADING AND PROJECTS	441 996.00
EC247	CIGICELL PTY LTD	329 812.02
ET315	TG AND KZ NCONGWANE	337 280.00
EZ679	ZAMANGWANE CONSULTANTS	219 754.20
ET333	THABACOM ENTERPRISE PTY LTD	185 175.00
ET342	THATHE ENVIRONMENTAL SOLUTION	137 900.00
EA246	AFRICAN BLAQWOOD HOLDINGS (Pty) Ltd	135 429.42
EE297	ERMELO MECCA MOTORSPARES	63 145.12
ET325	TYS ABRAHAM LOGISTICS	61 820.00
EP267	PRODIBA DRIVING	48 743.00
EI164	INZALO UTILITY MANAGEMENT	31 628.66
EA170	AMANZIMHLOPHE CONSTRUCTION SUPPLY	29 900.00
EA273	ABOVE AND BEYOND PLUMBERS (Pty) Ltd	26 450.00
EM604	MALANDA LOGISTICS	25 734.00
ES502	SMAART IMAGINES PTY LTD	25 250.00
EM526	MKHENSANI TRADING (Pty) Ltd	21 915.68
EL180	LANTOMA PTY LTD	20 500.00
EN239	NTONJANE PROJECTS (Pty) Ltd	15 500.00
ES249	7 HOUR SEVEN HUSTLER	9 500.00
EF128	FRAUDCHECK	3 387.90
TOTAL		1 434 436 779.28

11. Monthly Budget Statement - Financial Position TABLE C6 – OCTOBER 2022

- The liquidity ratio (which exclude inventory) in OCTOBER 2022 calculated is 38%. The ratio must be 200% to be ideal

Current assets year to date:

R 832, 727 million

Minus: Current liabilities:

R 2, 196 016 billion

Current shortfall in cash to cover liabilities in the short term

(R 1, 363 289 billion)

Ideal cash flow needed 2:1

MP302 Msukaligwa - Table C6 Monthly Budget Statement - Financial Position - M04 October						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		1 520 075	252 685	252 685	5 891	252 685
Call investment deposits		(1 770)	–	–	68 968	–
Consumer debtors		203 581	395 611	395 611	267 689	395 611
Other debtors		454 582	159 072	159 072	471 812	159 072
Current portion of long-term receivables		–	–	–	–	–
Inventory		13 004	(17)	(17)	18 367	(17)
Total current assets		2 189 471	807 352	807 352	832 727	807 352
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		180 113	120 037	120 037	180 113	120 037
Investments in Associate		–	–	–	–	–
Property, plant and equipment		2 537 476	2 660 807	2 919 337	2 602 340	2 919 337
Biological		–	–	–	–	–
Intangible		62	–	–	62	–
Other non-current assets		175	202	202	175	202
Total non current assets		2 717 826	2 781 046	3 039 576	2 782 690	3 039 576
TOTAL ASSETS		4 907 297	3 588 398	3 846 928	3 615 416	3 846 928
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		19 244	3 511	3 511	19 593	3 511
Trade and other payables		1 883 212	1 648 508	1 648 508	2 109 875	1 648 508
Provisions		66 110	22 161	22 161	66 548	22 161
Total current liabilities		1 968 566	1 674 180	1 674 180	2 196 016	1 674 180
Non current liabilities						
Borrowing		1 223	2 643	2 643	1 223	2 643
Provisions		87 853	80 331	80 331	87 853	80 331
Total non current liabilities		89 077	82 974	82 974	89 077	82 974
TOTAL LIABILITIES		2 057 643	1 757 154	1 757 154	2 285 092	1 757 154
NET ASSETS	2	2 849 655	1 831 244	2 089 774	1 330 324	2 089 774
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 849 655	1 831 244	2 089 774	1 330 324	2 089 774
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	2 849 655	1 831 244	2 089 774	1 330 324	2 089 774

MANAGEMENT RECOMMEDATIONS:

1. That the Finance Section 80 Committee **NOTES** the **OCTOBER 2022 Section 71 Budget Statement report**.
2. That the Finance Section 80 Committee **NOTES** that the outstanding amount owed by the municipality to **Eskom** for month ending 31 October 2022 amount to **R 331 822 650.93**.
3. That the Finance Section 80 Committee **NOTES** that the outstanding debt for **DWS** for the month ending 31 October 2022 amounts to **R980 077 604.00**.
4. That the Finance Section 80 Committee **NOTES** that the outstanding amount owed by the municipality to **DCSSL** for month ending October 2022 amounts to **R110 646 066.18**.
5. That the Section 80 Committee **NOTES** that the interest incurred in a month ending October 2022 is **R 1 984 759.68**.
6. That the Section 80 Committee **NOTES** that there is no Unauthorised Expenditure for the month ending 31 October 2022.



MR. S.M PHIRI
ACTING DIRECTOR FINANCE