

# **MSUKALIGWA LOCAL MUNICIPALITY**



## **SECTION 71/52 REPORT SEPTEMBER 2022**

# MSUKALIGWA LOCAL MUNICIPALITY



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## DEPARTMENT OF FINANCE

Enquiries: Mr. S.M. Phiri

Date: 14 October 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 – September 2022 – Q1

Kind regards

  
S.M. PHIRI  
ACTING CFO

**EXECUTIVE MAYOR**

**ACKNOWLEDGE RECEIPT OF ABOVEMENTIONED DOCUMENTS**

  
NAME AND SURNAME

  
SIGNATURE

14 October 2022  
DATE

## Finance Section 80 Committee: OCTOBER 2022

### Report of the Acting Director Finance

#### SECT 71 / 52 QUARTER 1: FINANCIAL REPORT ENDING 30 SEPTEMBER 2022

##### 1. PURPOSE

The purpose of this report is to present a Section 71- M03 monthly with the required Section 52 – Quarter 1 financial report ending **SEPTEMBER 2022** for consideration and noting.

##### 2. LEGISLATION

- A) 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 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.
- B) In terms of the Municipal Finance Management (Act 56 of 2003) Section 52.

## **CHAPTER 7**

### **RESPONSIBILITIES OF MAYORS**

52. General Responsibilities.—the mayor of a municipality—

- a) must provide general political guidance over the fiscal and financial affairs of the municipality;
- b) in providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;
- c) must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;
- (i) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality: and
- (ii) must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

## **3. DISCUSSION**

### **3.1 Executive summary: Outcome of the operational and capital budget ending SEPTEMBER 2022**

Section 71 and Section 52 of the Municipal Finance Management Act deals with requirements for a monthly and quarterly budget and performance assessment report distinctively, of which the objective is finally to report on the financial status of the municipality.

**The municipality's monthly budget statement of SEPTEMBER 2022 as well as the First quarter results for 2022/2023 ending 30 SEPTEMBER 2022 is summarized in table C1 of the C schedule and is as follows:**



- The C schedule for the first quarter shows a surplus of R 102 million for July 2022, a surplus of R24, 550 million for August 2022 and another deficit of R70, 676 million for September 2022. This is due to the fluctuating spending on capital and operational projects for the first quarter.

### 3.2.1 Operational revenue

- In Operating revenue represents -1% of the budget for the 1st Quarter.
- Property rates and services have been fluctuating during the quarter..
- Operating revenue, services and property rates is R 112, 348 million more than budgeted amount. This is due to the first trench of the Equitable share that wa received in July and Conditional grants that wer received during the quarter.
- The ever-increasing illegal connections and tampering need to be effectively addressed and an investigation on households that are not buying electricity reported in the last two financial years were need to be attended to and strict measures should be taken to address this issue. The revenue enhancement committee should take this matter into serious consideration.
- As part of enhancing revenue, all municipal facilities that are occupied by departments and other businesses that are not paying rental for occupying the spaces and rates and taxes must be summoned by the municipality as a revenue enhancement remedy to assist in generating revenue.
- The average collection rate is 60% for Quarter 1 (July - 55%, August - 68% and September - 57%) budget was based on 70% collection.

### 3.2.2 Operational expenditure:

- Operational expenditure is showing an overspending of R2, 490 million.
- The increased spending in the first quarter is due to spending on on cable losses and water supply that increased due to loadshedding as well as bulk purchases – Eskom.
- The year to date non-cash budget amount for debt impairment is 20% of the overall collection and billing.
- It can be noted that operational expenditure are controlled through procurement processes verified for budget and cash flow availability before any procurement takes place.

### 3.2.3 Net deficit/Surplus

- The average surplus for the quarter amounts to R109, 859 million as per table C1 above. However the surplus included receipts from conditional grants.
- The principle that we do not spend what we do have must continue to be implemented and the cost containment Policy must be adhered to.

- As mentioned in the executive summary it is now demanded by national treasury that the deficit must not exceed the amount of depreciation provided.
- Trading services must be ring-fenced when budgeted for and must reflect surpluses ( Electricity , water and waste water management) .
- Tariffs approved for 2022/2023 Operational budget is not based on a cost reflective or cost recovery basis. The reason is because of the very high distribution losses that enhance deficits of trading services especially for water and electricity services.

### 3.2.4 Capital budget

The capital budget amounts to R 297,835 million as adjusted for, of which an amount of R 11 million is expected to be funded internally.

### 3.2.5 Debtors

The total outstanding debtors, as at 30 SEPTEMBER 2022, is reported as R 1, 007 billion. In the 2021/22 fourth quarter the debtors amounted to R 952, 599 million. An increase of 6% or R 54, 401 million.

<b>MP302 Msukaligwa - Supporting Table SC3 Monthly Budget Statement - Aged Debtors- First Quarter - 31 JULY 2022 - 30 SEPTEMBER 2022</b>				
<b>Description</b>	<b>NT Code</b>	<b>Budget Year 2022/23</b>		
		<b>TOTAL DEBTORS FOR JULY 2022</b>	<b>TOTAL DEBTORS FOR AUGUST 2022</b>	<b>TOTAL DEBTORS FOR SEPTEMBER 2022</b>
<b>R thousands</b>				
<b>Debtors Age Analysis By Income Source</b>				
Trade and Other Receivables from Exchange Transactions - Water	1200	180 330	182 508	186 339
Trade and Other Receivables from Exchange Transactions - Electricity	1300	126 285	127 979	131 868
Receivables from Non-exchange Transactions - Property Rates	1400	152 892	157 509	162 434
Receivables from Exchange Transactions - Waste Water Management	1500	112 914	115 740	118 152
Receivables from Exchange Transactions - Waste Management	1600	106 769	109 217	112 056
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–
Interest on Arrear Debtor Accounts	1810	232 722	235 303	237 868
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–
Other	1900	57 647	58 193	59 184
<b>Total By Income Source</b>	<b>2000</b>	<b>969 559</b>	<b>986 450</b>	<b>1 007 901</b>
<b>Debtors Age Analysis By Customer Group</b>				
Organs of State	2200	23 411	29 368	61 488
Commercial	2300	183 351	181 030	201 258
Households	2400	762 797	776 052	710 369
Other	2500	–	–	34 785
<b>Total By Customer Group</b>	<b>2600</b>	<b>969 559</b>	<b>986 450</b>	<b>1 007 901</b>

### 3.2.6 Creditors

The total outstanding creditors as of 30 SEPTEMBER 2022 amounts to R 1,424 billion (2021/22 Quarter 4 -R 1,393 million). The increase is due to spending on operations due to cable theft.

### 3.2.7 Cash flow

The Municipal cashflow is very limited in sense that we need to prioritize employee related costs whilst service delivery related are impacted and other creditors are compromised, this is indicate lack of coordinated approach on internal control in relation to all revenue streams. Thus the project on credit control and clamping of illegal collection should be continued until the community understand their role in terms of the Constitution.

**The available cash flow at end of SEPTEMBER 2022 amounted to R 84 036 936.50**

<b>BANK ACCOUNTS BALANCES 30 SEPTEMBER 2022</b>					
<b>Account number</b>	<b>Bank account type</b>	<b>Jul-22</b>	<b>Aug-22</b>	<b>Sep-22</b>	<b>Movement</b>
		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
62822833267	Primary Account	2 793 738.50	4 028 334.97	2 901 318.37	1 234 596.47
62858041272	Call Account	30 649 033.78	106 812 816.95	80 893 170.17	76 163 783.17
62837049031	Licensing bank Account	401 215.71	182 694.45	242 447.96	- 218 521.26
<b>TOTAL</b>		<b>33 843 987.99</b>	<b>111 023 846.37</b>	<b>84 036 936.50</b>	<b>77 179 858.38</b>

#### **Purpose of bank accounts:**

- The primary bank account, established in terms of section 8 of the MFMA (Act 566 of 2003) is used to pay operational expenses and service creditors that originated from prior -and current year(s).
- The License department bank account was created in July 2021 to ensure that all funds collected on behalf of the provincial government (Department of Community, Safety and Security Liaison) be paid monthly to the said department.
- The Call account is used to cover unspent capital and operational conditional grants.



4. **Table C2 : Quarter 1: Period 1 JULY 2022 – 30 SEPTEMBER 2022 : Financial performance classified by function**

The under mentioned table report on the votes within the municipality based on MFMA circular 12 – Function classification

MP302 Msukaligwa - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - First quarter											
Description	Ref	2021/22	Budget Year 2022/23								
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 1 Budget	Jul-22	Aug-22	Sep-22	Quarter 1 Total	Variance	% variance
<b>R thousands</b>	1										
<b>Revenue - Functional</b>											
<b>Governance and administration</b>		<b>502 049</b>	<b>479 945</b>	<b>479 945</b>	<b>119 986</b>	<b>17 440</b>	<b>21 082</b>	<b>14 663</b>	<b>53 184</b>	<b>66 802</b>	<b>56%</b>
Executive and council		241 446	259 023	259 023	64 756	–	–	0	0	64 756	100%
Finance and administration		260 602	220 922	220 922	55 230	17 440	21 082	14 663	53 184	2 046	4%
Internal audit		–	–	–	–	–	–	–	–	–	0%
<b>Community and public safety</b>		<b>10 465</b>	<b>11 139</b>	<b>11 139</b>	<b>2 785</b>	<b>673</b>	<b>621</b>	<b>926</b>	<b>2 220</b>	<b>565</b>	<b>20%</b>
Community and social services		907	1 017	1 017	254	79	76	82	237	17	7%
Sport and recreation		160	164	164	41	13	14	16	43	(2)	-4%
Public safety		6 418	7 032	7 032	1 758	296	284	600	1 181	577	33%
Housing		2 980	2 627	2 627	657	285	247	227	759	(102)	-16%
Health		–	299	299	75	–	–	–	–	75	100%
<b>Economic and environmental services</b>		<b>16 750</b>	<b>17 518</b>	<b>17 518</b>	<b>4 380</b>	<b>154</b>	<b>175</b>	<b>141</b>	<b>469</b>	<b>3 910</b>	<b>89%</b>
Planning and development		5 094	5 422	5 422	1 356	154	175	141	469	886	65%
Road transport		11 656	12 096	12 096	3 024	–	–	–	–	3 024	100%
Environmental protection		–	–	–	–	–	–	–	–	–	0%
<b>Trading services</b>		<b>680 602</b>	<b>693 974</b>	<b>693 974</b>	<b>173 493</b>	<b>39 532</b>	<b>40 452</b>	<b>39 171</b>	<b>119 155</b>	<b>54 338</b>	<b>31%</b>
Energy sources		256 356	260 019	260 019	65 005	21 606	23 032	21 298	65 936	(931)	-1%
Water management		325 434	309 687	309 687	77 422	7 409	6 985	7 868	22 262	55 160	71%
Waste water management		53 758	65 813	65 813	16 453	5 552	5 437	5 352	16 341	112	1%
Waste management		45 055	58 454	58 454	14 614	4 965	4 999	4 653	14 616	(2)	0%
<b>Other</b>	4	<b>145</b>	<b>121</b>	<b>121</b>	<b>30</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>36</b>	<b>(6)</b>	<b>-19%</b>
<b>Total Revenue - Functional</b>	2	<b>1 210 012</b>	<b>1 202 697</b>	<b>1 202 697</b>	<b>300 674</b>	<b>57 811</b>	<b>62 342</b>	<b>54 912</b>	<b>175 064</b>	<b>125 610</b>	<b>42%</b>
<b>Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>271 066</b>	<b>213 196</b>	<b>212 599</b>	<b>53 150</b>	<b>12 020</b>	<b>10 145</b>	<b>11 766</b>	<b>33 930</b>	<b>19 220</b>	<b>36%</b>
Executive and council		57 996	48 197	48 297	12 074	2 516	3 160	3 510	9 185	2 889	24%
Finance and administration		213 069	165 000	164 302	41 076	9 504	6 985	8 256	24 745	16 331	40%
Internal audit		–	–	–	–	–	–	–	–	–	0%
<b>Community and public safety</b>		<b>119 583</b>	<b>121 569</b>	<b>121 566</b>	<b>30 392</b>	<b>4 906</b>	<b>10 245</b>	<b>7 692</b>	<b>22 842</b>	<b>7 549</b>	<b>25%</b>
Community and social services		61 449	63 620	63 620	15 905	2 298	6 864	4 699	13 862	2 043	13%
Sport and recreation		28 510	19 684	19 684	4 921	809	1 208	929	2 946	1 975	40%
Public safety		25 220	32 824	32 824	8 206	1 518	1 526	1 782	4 826	3 380	41%
Housing		3 917	5 142	5 142	1 286	280	647	281	1 208	77	6%
Health		486	299	296	74	–	–	–	–	74	100%
<b>Economic and environmental services</b>		<b>94 358</b>	<b>100 992</b>	<b>100 992</b>	<b>25 248</b>	<b>2 730</b>	<b>2 773</b>	<b>3 157</b>	<b>8 660</b>	<b>16 588</b>	<b>66%</b>
Planning and development		14 996	15 606	15 606	3 901	1 065	1 042	1 200	3 307	594	15%
Road transport		79 362	85 386	85 386	21 347	1 665	1 731	1 957	5 353	15 994	75%
Environmental protection		–	–	–	–	–	–	–	–	–	0%
<b>Trading services</b>		<b>658 383</b>	<b>689 503</b>	<b>689 503</b>	<b>172 376</b>	<b>7 230</b>	<b>18 253</b>	<b>73 928</b>	<b>99 411</b>	<b>72 965</b>	<b>42%</b>
Energy sources		371 705	433 182	433 182	108 295	1 792	13 286	67 411	82 490	25 806	24%
Water management		161 467	144 544	144 544	36 136	2 147	1 744	2 920	6 812	29 324	81%
Waste water management		61 568	61 092	61 092	15 273	1 345	1 277	1 329	3 952	11 321	74%
Waste management		63 643	50 685	50 685	12 671	1 945	1 945	2 267	6 157	6 514	51%
<b>Other</b>		<b>101</b>	<b>105</b>	<b>105</b>	<b>26</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>15</b>	<b>11</b>	<b>42%</b>
<b>Total Expenditure - Functional</b>	3	<b>1 143 490</b>	<b>1 125 364</b>	<b>1 124 764</b>	<b>281 191</b>	<b>26 892</b>	<b>41 417</b>	<b>96 550</b>	<b>164 858</b>	<b>116 333</b>	<b>41%</b>
<b>Surplus/ (Deficit) for the year</b>		<b>66 522</b>	<b>77 333</b>	<b>77 933</b>	<b>19 483</b>	<b>30 919</b>	<b>20 924</b>	<b>(41 637)</b>	<b>10 206</b>	<b>9 277</b>	<b>48%</b>

#### 4.1 Trading services : Quarter 1

MP302 Msukaligwa - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - First quarter												
Description	Ref	2021/22	Budget Year 2022/23									
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 1 Budget	Jul-22	Aug-22	Sep-22	Quarter 1 Total	Variance	% variance	
<b>R thousands</b>	1											
<b>Revenue - Functional</b>												
<i>Trading services</i>		<b>680 602</b>	<b>693 974</b>	<b>693 974</b>	173 493	<b>39 532</b>	<b>40 452</b>	<b>39 171</b>	<b>119 155</b>	<b>54 338</b>	<b>31%</b>	
Energy sources		256 356	260 019	260 019	65 005	21 606	23 032	21 298	65 936	(931)	-1%	
Water management		325 434	309 687	309 687	77 422	7 409	6 985	7 868	22 262	55 160	71%	
Waste water management		53 758	65 813	65 813	16 453	5 552	5 437	5 352	16 341	112	1%	
Waste management		45 055	58 454	58 454	14 614	4 965	4 999	4 653	14 616	(2)	0%	
<i>Other</i>	4	<b>145</b>	<b>121</b>	<b>121</b>	30	<b>12</b>	<b>12</b>	<b>12</b>	36	(6)	-19%	
<b>Total Revenue - Functional</b>	2	<b>1 210 012</b>	<b>1 202 697</b>	<b>1 202 697</b>	300 674	<b>57 811</b>	<b>62 342</b>	<b>54 912</b>	175 064	125 610	42%	
<b>Expenditure - Functional</b>												
<i>Trading services</i>		<b>658 383</b>	<b>689 503</b>	<b>689 503</b>	172 376	<b>7 230</b>	<b>18 253</b>	<b>73 928</b>	<b>99 411</b>	<b>72 965</b>	<b>42%</b>	
Energy sources		371 705	433 182	433 182	108 295	1 792	13 286	67 411	82 490	25 806	24%	
Water management		161 467	144 544	144 544	36 136	2 147	1 744	2 920	6 812	29 324	81%	
Waste water management		61 568	61 092	61 092	15 273	1 345	1 277	1 329	3 952	11 321	74%	
Waste management		63 643	50 685	50 685	12 671	1 945	1 945	2 267	6 157	6 514	51%	
<i>Other</i>		<b>101</b>	<b>105</b>	<b>105</b>	26	<b>7</b>	<b>2</b>	<b>7</b>	15	11	42%	
<b>Total Expenditure - Functional</b>	3	<b>1 143 490</b>	<b>1 125 364</b>	<b>1 124 764</b>	281 191	<b>26 892</b>	<b>41 417</b>	<b>96 550</b>	<b>164 858</b>	<b>116 333</b>	<b>41%</b>	
<b>Surplus/ (Deficit) for the year</b>		<b>66 522</b>	<b>77 333</b>	<b>77 933</b>	19 483	<b>30 919</b>	<b>20 924</b>	<b>(41 637)</b>	<b>10 206</b>	<b>9 277</b>	<b>48%</b>	

- Above there is a number of other expenses reported for the quarter. This is done to test if trading services are generating a surplus or deficit, however the outcome is not conclusive.
- The matter of generating deficits within a budget caused by technical and non-technical distribution losses are not acceptable and the relevant departments must focus intensely to reduce the losses.
- The municipality is carrying the cost of the community services within its creditors, increasing wasteful and fruitless expenditure by means of interest rates classified as finance charges.
- Unnecessary interest rates and distribution losses add on to the deteriorating the state of the municipality's cash resources to such an extent that it can lead to bankruptcy and that the municipality will not be able to pay the staff salaries and operational costs as well as major creditors Eskom and DWS accounts.

## 4.2 UNAUTHORISED EXPENDITURE AS AT 30 SEPTEMBER 2022

Based on the expenditure regarding the original budget, as adjusted and corrected the following unauthorised expenditure per municipal vote is reported:

MP302- TABLE C3 UNAUTHORISED EXPENDITURE - FIRST QUARTER											
Vote Description	Ref	2021/22	Budget Year 2022/23								
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 1 Budget	Jul-22	Aug-22	Sep-22	Total Q1	Variance.	% variance
R thousands											
<b>Expenditure by Vote</b>	1										
Vote 01 - Executive & Council		55 116	60 565	60 665	15 166	2 839	3 645	3 678	10 162	5 004	33%
Vote 02 - Finance & Administration		208 583	170 889	170 192	42 548	8 705	6 149	7 764	22 619	19 929	47%
Vote 03 -		-	-	-	-	-	-	-	-	-	#DIV/0!
Vote 04 - Sport And Recreation		20 440	11 487	11 487	2 872	218	254	271	743	2 129	74%
Vote 05 - Public Safety		25 110	32 561	32 561	8 140	1 509	1 517	1 775	4 801	3 339	41%
Vote 08 - Planning And Development		10 372	15 734	15 734	3 933	826	763	831	2 420	1 513	38%
Vote 09 - Community & Social Services		67 762	68 500	68 497	17 124	2 632	7 238	5 037	14 908	2 216	13%
Vote 10 - Electricity		377 830	424 769	424 769	106 192	2 329	54 590	67 937	124 856	(18 663)	-18%
Vote 11 - Water Management		161 975	139 092	139 092	34 773	2 038	1 721	2 794	6 553	28 220	81%
Vote 12 - Waste Water Management		61 457	57 493	57 493	14 373	1 335	1 270	1 321	3 927	10 446	73%
Vote 13 - Waste Management		63 642	46 601	46 601	11 650	1 945	1 945	2 267	6 157	5 493	47%
Vote 14 - Road Transport		82 627	86 203	86 203	21 551	1 742	1 840	1 982	5 563	15 987	74%
Vote 15 - Other		10 477	11 471	11 471	2 868	773	774	891	2 438	429	15%
<b>Total Expenditure by Vote</b>	2	<b>1 145 391</b>	<b>1 125 364</b>	<b>1 124 764</b>	<b>281 191</b>	<b>26 892</b>	<b>81 706</b>	<b>96 550</b>	<b>205 147</b>	<b>76 044</b>	<b>27%</b>

- The table C3 above shows that some departments(votes) have a savings as at 30 September 2022, this is mainly due to the reduced spending and controlled procurements whereby essential services were prioritised.
- Departments (voyte) that have pontential of having an unauthorised expenditure as per the table are as follows; Electricity this is due to eskom debt and conituous repairs on maintenance due unprecedented damage by community.
- The rest of the departments show savings as far as spending is concerned.

#### 4.3 STATEMENT OF PERFORMANCE : OPERATIONAL REVENUE AND EXPENDITURE

See table C4: Detail of statement of performance ending 30 SEPTEMBER 2022 , below:

##### 4.3.1 REVENUE VARIANCES EXPLANATION

Revenue as reflected in the table below is 26% of the projected budget for the period from 1 April 2022 – 30 SEPTEMBER 2022

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - FIRST QUARTER

Description	2021/22	Budget Year 2022/23									
	Audited Outcome	Original Budget	Adjusted Budget	Quarterly Budget	July	August	Sept	Quarter 1 total	Quarter 1 variance	%variance Q1	Full Year Forecast
<b>R thousands</b>											
<b>Revenue By Source</b>											
Property rates	181 646	207 037	207 037	51 759	16 583	16 676	16 389	49 649	2 110	4%	207 037
Service charges - electricity revenue	240 824	246 323	246 323	61 581	21 108	22 531	20 771	64 410	(2 829)	-4%	246 323
Service charges - water revenue	64 326	67 192	67 192	16 798	6 708	6 286	7 154	20 148	(3 350)	-17%	67 192
Service charges - sanitation revenue	48 774	52 787	52 787	13 197	5 083	4 967	4 874	14 924	(1 727)	-12%	52 787
Service charges - refuse revenue	40 181	45 048	45 048	11 262	4 367	4 218	4 200	12 785	(1 523)	-12%	45 048
Rental of facilities and equipment	2 720	2 700	2 700	675	238	230	241	710	(35)	-5%	2 700
Interest earned - external investment	1 098	932	932	233	69	225	278	572	(339)	-59%	932
Interest earned - outstanding debtors	29 709	31 001	31 001	7 750	2 827	2 827	2 913	8 566	(816)	-10%	31 001
Fines, penalties and forfeits	4 771	5 177	5 177	1 294	14	14	15	43	1 251	97%	5 177
Licences and permits	3 666	3 636	3 636	909	1	1	3	6	903	99%	3 636
Agency services	8 001	8 490	8 490	2 123	-	-	-	-	2 123	0%	8 490
Transfers and subsidies	207 661	231 689	231 689	57 922	88 732	79 442	(3 000)	165 174	(107 252)	-65%	231 689
Other revenue	6 113	8 633	8 633	2 158	592	763	1 073	2 429	(271)	-11%	8 633
Gains	67 088	-	-	-	220	374	(0)	594	(594)	-100%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>906 577</b>	<b>910 645</b>	<b>910 645</b>	<b>227 661</b>	<b>146 543</b>	<b>138 555</b>	<b>54 912</b>	<b>340 009</b>	<b>(112 348)</b>	<b>-33%</b>	<b>910 645</b>

- **Property Rates**

- Property rates charged have been fluctuating between the months in the first quarter where by it amounted to R16,583 million in July 2022, then it increased to R16,676 million in August and then decreased to R16, 389 million in September 2022. The table above also shows that property rates for the quarter are less than the projected budget with R280 thousand or 4%.

- **Electricity**

- Income for electricity for the quarter ending 30 SEPTEMBER 2022 amounts to R 64,410 million which consists of prepaid and conventional charges from JULY 2022 – SEPTEMBER 2022.
- This is R 2,829 million more than the projected budget for the quarter.

### Summary of electricity sales for Quarter 1 of 2022/2023

Description	Quarterly Budget - Q1	Actual billed or received Q1	Difference	Variance based on pro rat a budget
	R	R	R	%
Conventional	43 106 508.38	45 087 108.22	- 1 980 599.84	-5%
Prepaid sales	18 474 217.88	19 323 046.38	- 848 828.50	-5%
<b>Total</b>	<b>61 580 726.25</b>	<b>64 410 154.60</b>	<b>-2 829 428.35</b>	<b>-5%</b>

- Prepaid Electricity

- Prepaid sales revenue has been increasing in July 2022, the sales were R5, 582 million which increased to R 6, 830 million in August 2022 and increased in September 2022 whereby they amounted to R 5, 395 million.
- Council should also note that a revenue enhancement project was implemented by the Finance department in cooperation with the Technical department to detect and reduce the risks associated with illegal connections which has also contributes to revenue loss.

- Conventional

- In Quarter 1, revenue generated from conventional electricity has been fluctuating. In July 2022, the sales were R14, 775 million which increased to R 15, 771 million in August 2022 and then decreased in September 2022 R 14, 539 million.
- Conventional meters billed because of estimates/average readings patterns, in some cases ongoing interim readings seem to be problematic. The matter is currently receiving the utmost attention to report on credible billing data.
- An Increase in electricity sales and cash flow and a reduction in distribution losses will improve revenue when challenges such as tampering and illegal connections are dealt with as well as damaged meters that can be identified and corrected regularly.

- Water Sales

- Over the months, water revenue has been fluctuating whereby in July 2022 it amounted to R6, 708 million, then decreased to R6, 286 in August 2022 and then increased to R7, 154 in September 2022. Funding needs to set aside to replace water meters and installation of bulk meters

- Waste Water management ( Sewerage)

Waste water Management shows a gradual decrease during the quarter for July 2022 amounted to R 5,083 million, in August 2022 it decreased to R 4,967 million and then decreased again in September 2022 to R 4, 874 million.

- **Waste management ( Refuse)**

Collection from waste management has also been slightly decreasing July 2022 amounted to R4,387 million, August 2022 amounted to R4,218 million and September 2022 amounted to R4,200 million.

- **Rental Of Facilities**

Rental of facilities income is R35 thousand more than the projection for the quarter. However this could be improved by ensuring all properties leased has contracts, schedule for ad-hoc rentals such as halls, cemeteries, advertising, building plans and collection of traffic fines.

- **Fines, Penalties and Forfeits**

Fines, penalties and forfeits income is not increasing. The collection is less than the projection by 97%. The municipality must put measures in place to collect fines that are issued.

#### 4.3.2 OPERATING EXPENDITURE

Operating expenditure has increased in the first quarter, with overspending of R2, 640 million more than budgeted projection. Spending for July 2022 amounted to R 44, 238 million, and R 114, 005 million in August 2022 then R 125, 588 million in September 2022.

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - FIRST QUARTER

Description	2021/22	Budget Year 2022/23									
	Audited Outcome	Original Budget	Adjusted Budget	Quarterly Budget	July	August	Sept	Quarter 1 total	Quarter 1 variance	%variance Q1	Full Year Forecast
R thousands											
<b>Expenditure By Type</b>											
Employee related costs	250 666	276 107	276 237	69 059	21 369	21 690	22 464	65 523	3 537	5%	276 237
Remuneration of councillors	13 792	18 513	18 513	4 628	1 076	1 267	1 100	3 442	1 186	34%	18 513
Debt impairment	121 120	156 536	156 536	39 134	5 628	17 654	17 321	40 603	(1 469)	-4%	156 536
Depreciation & asset impairment	141 732	140 616	140 616	35 154	11 718	11 718	11 718	35 154	-	0%	140 616
Bulk purchases - electricity	304 353	319 126	319 126	79 781	352	54 590	65 049	119 991	(40 209)	-34%	319 126
Inventory consumed	93 946	81 522	81 422	20 355	499	512	1 460	2 471	17 885	724%	81 422
Contracted services	56 663	75 718	75 088	18 772	68	5 286	4 590	9 944	8 828	89%	75 088
Other expenditure	41 752	57 226	57 226	14 307	3 529	1 288	1 887	6 704	7 603	53%	57 226
Losses	34 367	-	-	-	-	-	-	-	-	0%	-
<b>Total Expenditure</b>	<b>1 058 391</b>	<b>1 125 364</b>	<b>1 124 764</b>	<b>281 191</b>	<b>44 238</b>	<b>114 005</b>	<b>125 588</b>	<b>283 831</b>	<b>(2 640)</b>	<b>-1%</b>	<b>281 191</b>
Surplus/(Deficit) after capital transfers & contributions	(151 814)	(214 719)	(214 119)	(53 530)	102 305	24 550	(70 676)	56 179	(109 709)	-32%	629 454

#### **Employee Related Costs**

- Employee costs are 5% less than the budget projection for the quarter. Overtime plays an important role in the increased spending in employee related costs. This is a serious concern that management has to attend to in reducing the costs incurred by the municipality especially on overtime.
- A detailed summary regarding overtime spending is included below.



- Spending for the period 1 July 2022 – 30 SEPTEMBER 2022 is **R 2, 611 million** which is 186% of the estimated budget for the 1st quarter. As reflected in the table below.

<b>OVERTIME REPORT: 1 JULY 2022- 30 SEPTEMBER 2022</b>							
Section	Votenummer	Budget	Budget for QUARTER 1	YTD Movement 2022	Unspend Bud	Percentage spent year to date	Comments
		R		R	R	%	
<b>Technical services</b>							
Public works	31022110360PRMRCZZWM	444 147	111 036.75	69 587.77	41 448.98	37%	
Technical dep	31032110360PRMRCZZWM	-	-	3 848.46	3 848.46	#DIV/0!	
Sewerage	31122110360WWMRCZZWM	1 825 490	456 372.50	900 913.34	444 540.84	-97%	
Sewerage	31132110360WWMRCZZWM	347 200	86 800.00	158 209.56	71 409.56	-82%	
Water	31222110360WTMRCZZWM	1 641 990	410 497.50	791 439.29	380 941.79	-93%	
Water	31232110360WTMRCZZWM	993 370	248 342.50	432 904.14	184 561.64	-74%	
Workshop	31062110360PRMRCZZWM	276 948	69 237.00	125 811.16	56 574.16	-82%	
Electricity	32012110360ELMRCZZWM	2 860 900	715 225.00	1 379 443.00	664 218.00	-93%	
<b>Sub Total</b>		<b>8 390 045</b>	<b>2 097 511</b>	<b>3 862 157</b>	<b>-1 764 645</b>	<b>-84%</b>	<b>Over Spending</b>
<b>Community services</b>							
Fire	33022110360PRMRCZZWM	193 500	48 375.00	56 886.69	8 511.69	-18%	
Disaster	33032110360PRMRCZZWM	108 030	27 007.50	45 559.18	18 551.68	-69%	
Traffic	33052110360PRMRCZZWM	165 900	41 475.00	32 526.64	8 948.36	22%	
Cemetary	34022110360PRMRCZZWM	324 760	81 190.00	142 381.40	61 191.40	-75%	
Parks and Grounds	34042110360PRMRCZZWM	316 440	79 110.00	144 286.62	65 176.62	-82%	
Sports and Recreation	34072110360PRMRCZZWM	30 600	7 650.00	23 129.56	15 479.56	-202%	<b>Overspending</b>
Sports field general	34082110360PRMRCZZWM	48 270	12 067.50	27 924.67	15 857.17	-131%	
Golf Course	34092110360PRMRCZZWM	9 400	2 350.00	2 781.24	431.24	-18%	
Waste mangement	34102110360WSMRCZZWM	1 911 200	477 800.00	1 025 784.46	547 984.46	-115%	
<b>Sub Total</b>		<b>3 108 100</b>	<b>777 025</b>	<b>1 501 260</b>	<b>-724 235.46</b>	<b>-93%</b>	<b>Overspending</b>
<b>Corporate services</b>							
Civic centre	35022110360PRMRCZZHO	262 350	65 587.50	154 453.32	88 865.82	-135%	<b>Overspending</b>
Administration	35032110360PRMRCZZHO	49 520	12 380.00	2 028.12	10 351.88	84%	
<b>Sub Total</b>		<b>311 870</b>	<b>77 968</b>	<b>156 481</b>	<b>-78 514</b>	<b>101%</b>	<b>Overspending</b>
<b>Municipal manager</b>							
CALL centre	36072110360PRMRCZZHO	61 910	15 477.50	31 744.68	16 267.18	-105%	
<b>Sub Total</b>		<b>69 080</b>	<b>40 639</b>	<b>33 581</b>	<b>-16 310.64</b>	<b>-40%</b>	<b>Overspending</b>
<b>Finance</b>							
BTO	37042110360PRMRCZZHO	116 330.00	29 082.50	56 994.69	27 912.19	-96%	
<b>Sub Total</b>		<b>116 330</b>	<b>29 083</b>	<b>56 995</b>	<b>-27 912.19</b>	<b>-96%</b>	<b>Overspending</b>
<b>Totals</b>		<b>11 995 425</b>	<b>3 022 226</b>	<b>5 610 474</b>	<b>-2 611 618</b>	<b>188%</b>	
<b>Overtime overspent/ Saving on budget for period 1 July - 30 September 2022</b>					<b>- 2 611 617.70</b>		

- **Bulk Electricity – Eskom**

- Electricity Bulk purchases have increased to R 40 million more than the projection in the first quarter which is the main reason for the high spending in operating expenditure.

- **Debt Impairment**

- This is a non-cash expenditure item, debt impairment represents non collection of services cashflow and is an average loss of R17 million per month.

- **Other Materials, Contracted services expenses less than budgeted**

- Expenses regarding, other materials (Repairs and maintenance), Contracted services and other general day to day operational expenditure are limited because of unavailable cash flow.
- Basic service delivery is addressed when spending is prioritised.

## 5. Capital budget: Table C 5: Quarter 1- 2022/2023

MP302 Msukaligwa - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) -  
M03 SEPTEMBER - FIRST QUARTER

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>	1									
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1 052	1 890	7 088	183	305	1 465	(1 161)	-79%	7 088
Executive and council		-	-	700	-	-	175	(175)	-100%	700
Finance and administration		1 052	1 890	6 388	183	305	1 290	(986)	-76%	6 388
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		1 832	10 817	10 817	-	-	2 704	(2 704)	-100%	10 817
Community and social services		130	10 817	10 817	-	-	2 704	(2 704)	-100%	10 817
Sport and recreation		527	-	-	-	-	-	-	-	-
Public safety		1 175	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		352	19 964	50 931	1 249	4 673	10 180	(5 507)	-54%	50 931
Planning and development		-	-	17 015	-	-	1 702	(1 702)	-100%	17 015
Road transport		352	19 964	33 915	1 249	4 673	8 479	(3 805)	-45%	33 915
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		2 147	265 164	310 330	22 197	22 197	71 728	(49 531)	-69%	310 330
Energy sources		-	3 826	5 967	-	-	1 492	(1 492)	-100%	5 967
Water management		-	183 575	185 795	16 530	16 530	46 449	(29 919)	-64%	185 795
Waste water management		-	75 096	114 127	5 668	5 668	22 677	(17 010)	-75%	114 127
Waste management		2 147	2 667	4 441	-	-	1 110	(1 110)	-100%	4 441
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	5 383	297 835	379 166	23 629	27 175	86 078	(58 903)	-68%	379 166
<b>Funded by:</b>										
National Government		2 147	292 052	366 411	23 447	26 871	83 196	(56 325)	-68%	366 411
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)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		2 147	292 052	366 411	23 447	26 871	83 196	(56 325)	-68%	366 411
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		3 236	5 783	12 755	183	305	2 882	(2 577)	-89%	12 755
<b>Total Capital Funding</b>		5 383	297 835	379 166	23 629	27 175	86 078	(58 903)	-68%	379 166



## 6. Cash flow: Table C 7: 30 SEPTEMBER 2022

MP302 Msukaligwa - Table C7 Monthly Budget Statement - Cash Flow - M03 Septemebr - FIRST QUARTER

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>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		207 796	133 248	133 248	12 153	38 845	33 312	5 533	17%	133 248
Service charges		360 887	385 213	385 213	26 336	88 200	96 303	(8 103)	-8%	385 213
Other revenue		206 751	95 675	95 675	16 383	45 195	23 919	21 276	89%	95 675
Transfers and Subsidies - Operational		289 167	228 686	228 686	3 000	88 000	57 172	30 828	54%	228 686
Transfers and Subsidies - Capital		82 913	295 055	295 055	-	21 000	73 764	(52 764)	-72%	295 055
Interest		33	932	932	-	-	233	(233)	-100%	932
Dividends										
<b>Payments</b>										
Suppliers and employees		(220 481)	(838 995)	(838 995)	(18 220)	(281 099)	(209 749)	71 351	-34%	(838 995)
Finance charges		-	-	-	-	-	-	-		-
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>927 066</b>	<b>299 815</b>	<b>299 815</b>	<b>39 653</b>	<b>141</b>	<b>74 954</b>	<b>74 813</b>	<b>100%</b>	<b>299 815</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		399	-	-	(0)	95	-	95	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(5 383)	(297 835)	(297 835)	(23 629)	(27 175)	(74 459)	(47 284)	64%	(297 835)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(4 984)</b>	<b>(297 835)</b>	<b>(297 835)</b>	<b>(23 629)</b>	<b>(27 080)</b>	<b>(74 459)</b>	<b>(47 379)</b>	<b>64%</b>	<b>(297 835)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans										
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits										
<b>Payments</b>										
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>922 082</b>	<b>1 980</b>	<b>1 980</b>	<b>16 024</b>	<b>(26 939)</b>	<b>495</b>			<b>1 980</b>
Cash/cash equivalents at beginning:		6 175	1 020	1 020	111 024	111 024	1 020			139 840
Cash/cash equivalents at month/year end:		928 257	3 000	3 000	84 037	84 037	1 515			141 820

### Note Concern regarding estimated negative cash flow in future:

- The bank balances as at 30 SEPTEMBER 2022, mentioned above is positive, however it should be noted that the Call account which is included (conditional grants) has a surplus of R 80 million.
- The collection rate for services and property rates revenue was 63% in the 2021/22 Fourth quarter and has reduced to an average of (July - 55%, August - 68% and September - 57%) 60% in the 2022-23 First quarter whilst we budget 70%.
- License fees, excluding the Council commissions as collected, are payable to the provincial department as per license bank account cannot be used to finance operational costs.

## 7. CONSUMER DEBTORS: 30 SEPTEMBER 2022

Opening balance 1 July 2022	:	R 952 599 349
Debtors as at 30 September 2022	:	R 1 007 900 551
Increase: Loss of cash flow: 3 months		R 55 301 202 (5%)

The municipality has a ever increasing debt book which has now reached a billion, this is a concern that council should address as soon as possible.

In the 2021/22 Q4 section 71/52 report, consumer debtors balance were reported as R 952, 599 million, which increased by R 55 million from 1 July 2022 to 30 September 2022. The percentage increase between the Quarters 5%.

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	
<b>R thousands</b>										
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	1200	13 565	4 033	3 020	2 723	2 357	2 948	16 969	140 724	186 339
Trade and Other Receivables from Exchange Transactions - Electricity	1300	24 085	4 742	2 634	2 385	2 207	2 407	11 640	81 768	131 868
Receivables from Non-exchange Transactions - Property Rates	1400	25 432	7 899	5 328	4 798	4 480	4 320	23 348	86 830	162 434
Receivables from Exchange Transactions - Waste Water Management	1500	9 135	3 315	2 327	2 219	2 159	2 101	11 920	84 976	118 152
Receivables from Exchange Transactions - Waste Management	1600	8 110	3 078	2 011	1 953	1 907	1 866	10 457	82 675	112 056
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	5 810	2 822	2 760	2 715	2 658	2 602	14 473	204 028	237 868
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-
Other	1900	1 822	757	757	669	322	559	3 021	51 276	59 184
<b>Total By Income Source</b>	<b>2000</b>	<b>87 960</b>	<b>26 645</b>	<b>18 837</b>	<b>17 461</b>	<b>16 089</b>	<b>16 803</b>	<b>91 828</b>	<b>732 278</b>	<b>1 007 901</b>
<b>2021/22 - totals only</b>										-
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2200	11 125	3 095	2 134	1 566	1 353	1 276	7 623	33 316	61 488
Commercial	2300	27 880	5 869	3 891	3 542	3 313	3 746	17 821	135 196	201 258
Households	2400	45 649	16 397	12 078	11 618	10 624	10 958	62 241	540 805	710 369
Other	2500	3 307	1 285	734	735	798	824	4 143	22 961	34 785
<b>Total By Customer Group</b>	<b>2600</b>	<b>87 960</b>	<b>26 645</b>	<b>18 837</b>	<b>17 461</b>	<b>16 089</b>	<b>16 803</b>	<b>91 828</b>	<b>732 278</b>	<b>1 007 901</b>

- In the table above the 0-90days "quick collection of revenue by means of strict enforced credit control decrease, however the current accounts 0-30 days is very high.
- In the medium term 91-365 days, the amount collectable at a rate of 15.54%, amounts to R 50,352 million. Adding the short and medium debtors to be collected at a rate of 57% , imply that cash flow to be set aside as working capital to pay the trade and payables ( Eskom, DWS and DCSSL) .
- The more than one year debt in the amount of R 732, 278 million should be classified as partially doubt full debt. A serious effort to cleanse the debt book from prescribed and uncollectable debt ( late estates-child headed families etc.) need to be dealt with as a matter of urgency as to understand the correct status of available working capital to be collected.

## 8. CREDITORS

The creditor's status is as follows:

Opening balance	:	1 July 2022	R	1 393 561 684
Minus: Closing balance:		30 September 2022	R	1 424 212 699
Decrease in creditors balances: First Quarter			R	<u>30 651 015</u>

MP302 Msukaligwa Supporting table SC4 Monthly Budget Statement - Aged Creditors M03 September 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										
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	46 691	101 147	-				-	186 101	333 939
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	5 326	2 418	-					82 970	90 714
Auditor General	0800	-							-	-
Other	0900	-	23 983	-					-	23 983
<b>Total By Customer Type</b>	<b>1000</b>	<b>57 893</b>	<b>127 284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 210 489</b>	<b>1 424 213</b>

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

### TOP TEN CREDITORS FOR SEPTEMBER 2022

SUPPLIER NUMBER	SUPPLIER NAME	AMOUNT
ED251	DEPARTMENT OF WATER AND SANITATION	975 576 672.13
EE265	ESKOM	333 938 970.70
ED243	DCSSL	106 953 030.34
EV104	VIMTSIRE PROTECTION & SECURITY SERVICES	2 198 299.19
ES379	SBUSISOSOBUHLE TRADING	1 212 036.75
EG46	GILBERTS MINING	574 114.50
EE272	EMALANGENI TECHNOLOGIES (Pty) Ltd	387 349.18
EB224	BE FOREVER TRADING AND PROJECTS	376 992.00
EC247	CIGICELL (Pty) Ltd	331 152.10
EM530	MOHLALA ATTORNEYS	296 706.95
	OTHER CREDITORS WITH BALANCES LESS THAN R200 000	2 367 375.46
<b>TOTAL</b>		<b>1 424 212 699.30</b>

## 9. Conditional grants report as at 30 SEPTEMBER 2022

### Capital grants receipts and Spending:

CAPITAL GRANTS SPENDING								
TYPE of GRANTS	Original allocation	Adjusted allocation	Received to date	Spent to date	Remaining on budget	Remaining on Receipts	% against allocation	% against Receipts
MIG	R 60 055 000.00	R 0.00	R 20 000 000.00	R 5 327 663.17	R 54 727 336.83	R 14 672 336.83	9%	27%
EEDMG	R 4 000 000.00	R 0.00	R 0.00	R 0.00	R 4 000 000.00	R 0.00	0%	0%
WSIG	R 60 000 000.00	R 0.00	R 10 000 000.00	R 7 289 127.90	R 52 710 872.10	R 2 710 872.10	12%	73%
RBIG	R 175 000 000.00	R 0.00	R 75 000 000.00	R 21 541 118.31	R 153 458 881.69	R 53 458 881.69	12%	29%
	<b>R 299 055 000.00</b>	<b>R 0.00</b>	<b>R 105 000 000.00</b>	<b>R 34 157 909.38</b>	<b>R 264 897 090.62</b>	<b>R 70 842 090.62</b>	<b>R 0.08</b>	<b>R 0.32</b>

  

OPERATIONAL GRANTS SPENDING								
TYPE of GRANTS	Original allocation	Roll Over	Received to date	Spent to date	Remaining on budget	Remaining on Receipts	% against allocation	% against Receipts
FMG	R 3 000 000.00	R 0.00	R 3 000 000.00	R 359 045.89	R 2 640 954.11	R 2 640 954.11	1	12%
EPWP	R 1 766 000.00	R 0.00	R 0.00	R 0.00	R 1 766 000.00	R 0.00	0	0%
	<b>R 4 766 000.00</b>	<b>R 0.00</b>	<b>R 3 000 000.00</b>	<b>R 359 045.89</b>	<b>R 4 406 954.11</b>	<b>R 2 640 954.11</b>	<b>R 0.88</b>	<b>R 0.12</b>

  

<b>Total grants to be cash back in a call account at 28 February 2021</b>	
Unspent Capital 2022/23	-R 70 842 090.62
Unspent Operational grants 2022/23	-R 2 640 954.11
	<b>R -73 483 044.73</b>

- Grants that were received to date are RBIG amounting to R 75 million, EEDMG of R1 Million and the Equitable share of R88, 732 million and EPWP amounting to 442 thousand, FMG amounting to R3 million and WSIG amounting to R10 million.
- Spending on capital grants is RBIG amounting to R4, 621 million, MIG amounting to R5,327 million, WSIG amounting to R7, 289 million.
- Spending on operational grants is as follows; FMG amounting to R359 thousand.

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

Current assets excluding inventory	R 807, 352 million
Minus: Current liabilities:	<u>(R 1, 674, 180 billion)</u>
Current shortfall in cash to cover liabilities in the short term	<u>(R866, 828 million)</u>

Ideal cash flow needed 2:1 (200% current assets: 100 % liabilities)

- Current- and liquidity ratio calculated as per the above-mentioned table;
  - The current ratio (Current assets excluding inventory (stores) / Current liabilities) for the year to date is 48%.
  - The ideal rate is 200% current assets (cash and cash equivalent plus debtors (0-90 days) to be collected versus current liabilities of 100%. A ratio of 2: 1. The municipalities ratio is therefore 0,48:1

- Our cash flow situation is in dire straits and need to be rectified by means of revenue enhancement and expenditure control.

<b>MP302 Msukaligwa - Table C6 Monthly Budget Statement - Financial Position - M03 September - First Quarter</b>						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		50 160	252 685	252 685	109 487	252 685
Call investment deposits		(49 789)	—	—	84 037	—
Consumer debtors		203 581	395 611	395 611	258 876	395 611
Other debtors		454 582	159 072	159 072	462 596	159 072
Current portion of long-term receivables		—	—	—	—	—
Inventory		13 004	(17)	(17)	17 455	(17)
<b>Total current assets</b>		<b>671 538</b>	<b>807 352</b>	<b>807 352</b>	<b>932 451</b>	<b>807 352</b>
<b>Non current assets</b>						
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	2 742 137	2 564 651	2 742 137
Biological		—	—	—	—	—
Intangible		62	—	—	62	—
Other non-current assets		175	202	202	175	202
<b>Total non current assets</b>		<b>2 717 826</b>	<b>2 781 046</b>	<b>2 862 377</b>	<b>2 745 001</b>	<b>2 862 377</b>
<b>TOTAL ASSETS</b>		<b>3 389 364</b>	<b>3 588 398</b>	<b>3 669 728</b>	<b>3 584 125</b>	<b>3 669 728</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		—	—	—	—	—
Borrowing		—	—	—	—	—
Consumer deposits		19 244	3 511	3 511	19 385	3 511
Trade and other payables		1 883 212	1 648 508	1 648 508	2 067 299	1 648 508
Provisions		66 110	22 161	22 161	66 437	22 161
<b>Total current liabilities</b>		<b>1 968 566</b>	<b>1 674 180</b>	<b>1 674 180</b>	<b>2 153 121</b>	<b>1 674 180</b>
<b>Non current liabilities</b>						
Borrowing		1 223	2 643	2 643	1 223	2 643
Provisions		87 853	80 331	80 331	87 853	80 331
<b>Total non current liabilities</b>		<b>89 077</b>	<b>82 974</b>	<b>82 974</b>	<b>89 077</b>	<b>82 974</b>
<b>TOTAL LIABILITIES</b>		<b>2 057 643</b>	<b>1 757 154</b>	<b>1 757 154</b>	<b>2 242 198</b>	<b>1 757 154</b>
<b>NET ASSETS</b>	2	<b>1 331 721</b>	<b>1 831 244</b>	<b>1 912 575</b>	<b>1 341 927</b>	<b>1 912 575</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		1 331 721	1 831 244	1 912 575	1 341 927	1 912 575
Reserves		—	—	—	—	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>1 331 721</b>	<b>1 831 244</b>	<b>1 912 575</b>	<b>1 341 927</b>	<b>1 912 575</b>

#### 11. MANAGEMENT RECOMMEDATIONS:

1. That the Finance Section 80 Committee NOTES the section 52 Quarterly report for the period 1 April 2022 to 30 SEPTEMBER 2022 of which the contents required for the SEPTEMBER 2022 Section 71 Budget Statement report is included.
2. That all revenue streams internal controls by all departments be enforced
3. That credit control and debt collection policy be implemented to the latter.

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 submission of the **FIRST** section 52 quarterly report of 2022/2023, (inclusive of section 71 report for the month of **SEPTEMBER 2022**), has been prepared in accordance with the Municipal management act and the regulations made under the Act.

**Acting Municipal Manager of Msukaligwa Local Municipality**

**Name:** MR. M. KUNENE

**Position:** Municipal Manager : MP 302 Msukaligwa local municipality

**Signature:**



**Date:**

14 / 10 / 22