

MSUKALIGWA LOCAL MUNICIPALITY



SECTION 71 REPORT JULY 2022

MSUKALIGWA LOCAL MUNICIPALITY



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DEPARTMENT OF FINANCE

Enquiries: Mr. S.M. Phiri

Date: 10 July 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 – July 2022

Kind regards


S.M. PHIRI
ACTING CFO

EXECUTIVE MAYOR(Secretary)

ACKNOWLEDGE RECEIPT OF ABOVEMENTIONED DOCUMENTS

T.D. CHILOANE

NAME AND SURNAME


SIGNATURE

10 July 2022
DATE

Finance Section 80 Committee: JUNE 2022

Report of the Acting Director Finance

SECT 71 FINANCIAL REPORT ENDING JULY 2022

1. PURPOSE

The purpose of this report is to present a Section 71 financial report ending **JULY 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 JULY 2022**

The income and expenditure in the municipality's monthly budget statement for the period of JULY 2022 is summarized as follows:

TABLE C 1:

Description	2022/23		Month 01	Month 01	Difference Month to date Actual versus budget R million	Achieved %
	Original R million	Adjustment budget R million	Budget R million	Actual R million		
Revenue	R 910 645	R 910 645	R 75 887.08	R 146 543	-R 70 656	-93%
Expenditure	R 1 124 664	R 1 124 664	R 93 780	R 42 479	R 51 301	55%
Total (Surplus/Deficit)	-R 214 019	-R 214 019	-R 17 893	R 104 064	R 86 171	83%

Operational Budget

- The table above depicts there has been an increase in total actual revenue generated for the month of JULY 2022 when measured against the pro rata budget projection for the month. The increase amounts to R70 656 million. This is due to the first trench of the Equitable share and other capital grants that were received as it is the beginning of a new financial year.
- The Operational expenditure incurred amounts to R42, 479 million in JULY 2022, which is 55% less than the actual projection for the month.
- The outcome reflected in the table above shows that for the month of JULY 2022, the municipality has an operating surplus of R86, 171 million
- **Deficit**

The surplus as per the above mentioned table amounts to R86, 171 million.

MP302 Msukaligwa - Table C1 Monthly Budget Statement Summary - M01 July

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	16 583	16 583	17 253	(670)	-4%	207 037
Service charges	394 129	411 350	411 350	37 265	37 265	34 279	2 986	9%	411 350
Investment revenue	1 098	932	932	69	69	78	(9)	-12%	932
Transfers and subsidies	205 218	231 689	231 689	88 732	88 732	19 307	69 425	380%	231 689
Other own revenue	51 497	59 637	59 637	3 893	3 893	4 970	(1 077)	-22%	59 637
Total Revenue (excluding capital transfers and contributions)	833 588	910 645	910 645	146 543	146 543	75 887	70 656	93%	910 645
Employee costs	251 304	276 107	276 107	21 369	21 369	23 009	(1 640)	-7%	276 107
Remuneration of Councilors	13 792	18 513	18 513	1 076	1 076	1 543	(467)	-30%	18 513
Depreciation & asset impairment	-	140 616	140 616	15 587	15 587	11 718	3 869	33%	140 616
Inventory consumed and bulk purchases	347 220	400 647	400 647	851	851	33 387	(32 537)	-97%	400 647
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	181 217	289 480	288 780	3 597	3 597	24 065	(20 468)	-85%	288 780
Total Expenditure	793 533	1 125 364	1 124 664	42 479	42 479	93 722	(51 244)	-55%	1 124 664
Surplus/(Deficit)	40 055	(214 719)	(214 019)	104 064	104 064	(17 835)	121 899	-683%	(214 019)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	121 738	292 052	292 052	-	-	24 338	(24 338)	-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	161 793	77 333	78 033	104 064	104 064	6 502	97 561	1500%	78 033
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	161 793	77 333	78 033	104 064	104 064	6 502	97 561	1500%	78 033
Capital expenditure & funds sources									
Capital expenditure	306 027	297 835	318 622	1 896	1 896	26 552	(24 655)	-93%	318 622
Capital transfers recognised	285 690	292 052	310 365	1 898	1 898	25 864	(23 967)	-93%	310 365
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	20 337	5 783	8 257	-	-	688	(688)	-100%	8 257
Total sources of capital funds	306 027	297 835	318 622	1 896	1 896	26 552	(24 655)	-93%	318 622
Financial position									
Total current assets	843 179	807 352	807 352	-	924 772	-	-	-	807 352
Total non current assets	2 760 853	2 781 046	2 801 833	-	2 782 750	-	-	-	2 801 833
Total current liabilities	2 202 493	1 674 180	1 674 180	-	2 255 083	-	-	-	1 674 180
Total non current liabilities	78 379	82 974	82 974	-	78 379	-	-	-	82 974
Community wealth/Equity	1 461 346	1 850 686	1 850 686	-	1 375 735	-	-	-	1 850 686
Cash flows									
Net cash from (used) operating	872 521	299 815	299 815	128 507	(108 554)	24 985	133 539	534%	299 815
Net cash from (used) investing	(304 853)	(297 835)	(297 835)	(1 833)	(1 833)	(24 820)	(22 986)	93%	(297 835)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	573 871	3 000	3 000	-	(122 436)	1 185	123 621	10432%	(10 068)
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dye	151-180 Dye	181 Dye-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	82 864	20 143	17 578	18 010	16 480	15 856	91 534	707 114	989 559
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

3.1 STATEMENT OF PERFORMANCE : OPERATIONAL REVENUE AND EXPENDITURE

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

3.1.1 REVENUE

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	Ref	2021/22	Budget Year 2022/23								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue By Source											
Property rates		181 646	207 037	207 037	17 253	16 583	16 583	17 253	670	4%	207 037
Service charges - electricity revenue		240 846	246 323	246 323	20 527	21 108	21 108	20 527	(581)	-3%	246 323
Service charges - water revenue		64 327	67 192	67 192	5 599	6 708	6 708	5 599	(1 108)	-20%	67 192
Service charges - sanitation revenue		46 774	52 787	52 787	4 399	5 083	5 083	4 399	(685)	-16%	52 787
Service charges - refuse revenue		40 181	45 048	45 048	3 754	4 367	4 367	3 754	(613)	-16%	45 048
Rental of facilities and equipment		2 728	2 700	2 700	225	238	238	225	(13)	-6%	2 700
Interest earned - external investments		1 088	932	932	78	69	69	78	9	13%	932
Interest earned - outstanding debtors		29 709	31 001	31 001	2 583	2 827	2 827	2 583	(243)	-9%	31 001
Fines, penalties and forfeits		182	5 177	5 177	431	14	14	431	417	97%	5 177
Licences and permits		3 674	3 636	3 636	303	1	1	303	302	100%	3 636
Agency services		8 001	8 490	8 490	708	-	-	708	708	100%	8 490
Transfers and subsidies		205 216	231 689	231 689	19 307	88 732	88 732	19 307	(69 425)	-78%	231 689
Other revenue		6 305	6 633	6 633	710	592	592	719	127	21%	6 633
Gains		899	-	-	-	220	220	-	(220)	0%	-
Total Revenue (excluding capital transfers and contributions)		833 588	910 645	910 645	75 887	146 543	146 543	75 887	70 656	93%	910 645

REVENUE VARIANCES EXPLANATION

Revenue in general is more than the projected budget for the period from 1 JULY 2022 to 31 JULY 2022.

- Property Rates**

Property rates charged amounted to R 16,583 million which is 4% less than the monthly estimated budget.

- Electricity**

Description	Original Budget 2022/23	Monthly Budget - M01	Actual billed or received M01	Difference	Variance based on pro rata budget
	R	R	R	R	%
Conventional	172 426 033.50	43 106 508.38	11 169 910.94	- 31 936 597.44	-74%
Prepaid sales	73 896 871.50	18 474 217.88	5 582 668.33	- 12 891 549.55	-70%
Total	246 322 905.00	61 580 726.25	16 752 579.27	-44 828 146.98	-73%

The income for electricity at end of JULY 2022 amounts to R 16,752 million. The average percentage in this regard is -73%. This implies that the Municipality billed more than the projected budget of R18, 474 million for the month.

Prepaid Electricity

Prepaid sales, for electricity amounts to R 5,582 million for JULY 2022. There has been an increase in the sales of prepaid electricity. This is due to the increased consumption and demand for prepaid electricity as we approach winter season.

Conventional

Conventional sales, for electricity amounts to R 11,169 million for JULY 2022 compared to R12, 011 million for June 2022. The Municipality billed less than the projected budget of R 18,474 million for the month as reflected in the table above which is R7 million less.

- **Water Sales**

For the month of JULY 2022, revenue generated from water sales shows an increase of 20% more than the projected monthly budget and this amounts to R 6, 708 million.

- **Waste Water**

Revenue generated from waste water services amounts to R 5, 083 million for JULY 2022 which is 16% more than the projected budget.

- **Refuse**

For the month of JULY 2022, revenue generated from refuse collection shows an increase of 16% more than the projected monthly budget and this amounts to R 4, 367 million.

- **Rental Of Facilities**

Rental budget income shows a surplus of R13 000 in JULY 2022. This implies that the Municipality has collected 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 1 thousand. This means that 99% 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 JULY 2022 amounts to R 61, 245 million.

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	Ref	2021/22	Budget Year 2022/23								Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands											
Expenditure By Type											
Employee related costs		251 304	276 107	276 107	23 009	21 369	21 369	23 009	1 640	8%	276 107
Remuneration of councilors		13 792	18 513	18 513	1 543	1 076	1 076	1 543	467	43%	18 513
Debt impairment		62 453	156 536	156 536	13 045	3 869	3 869	13 045	9 176	70%	156 536
Depreciation & asset impairment		-	140 616	140 616	11 718	11 718	11 718	11 718	-	0%	140 616
Bulk purchases - electricity		322 081	319 126	319 126	26 594	352	352	26 594	26 242	99%	319 126
Inventory consumed		25 139	81 522	81 522	6 793	499	499	6 794	6 294	93%	81 522
Contracted services		56 689	75 718	75 018	6 310	68	68	6 252	6 242	99%	75 018
Transfers and subsidies		-	-	-	-	-	-	-	-	0%	-
Other expenditure		45 885	57 226	57 226	4 769	3 529	3 529	4 769	1 240	35%	57 226
Losses		16 192	-	-	-	-	-	-	-	0%	-
Total Expenditure		793 533	1 125 364	1 124 664	93 780	42 479	42 479	93 722	(51 244)	-55%	1 124 664

- **Employee Related Costs**

Employee costs for JULY 2022 amounts to R 21, 369 million.

Employee related costs for the month is 8% 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 councilors 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 JULY 2022 amounts to R 26, 594 million in the financial system. Although the system shows the invoices worth R26, 594 million, the invoices for Eskom that were paid as at 31 July amounted to R74,585 million.

- **Debt Impairment and Depreciation**

Average Debt impairment amounts to R 5, 627 million as at JULY 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 July 2022

MP302 Msukaligwa - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by

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										
Revenue by Vote	1									
Vote 01 - Executive & Council		211 705	259 023	259 023	-	-	21 585	(21 585)	-100.0%	259 023
Vote 02 - Finance & Administration		192 697	220 922	220 922	17 440	17 440	18 410	(971)	-5.3%	220 922
Vote 03 -		-	-	-	-	-	-	-		-
Vote 04 - Sport And Recreation		115	117	117	9	9	10	(1)	-5.3%	117
Vote 05 - Public Safety		1 840	7 032	7 032	296	296	586	(290)	-49.5%	7 032
Vote 06 - Housing		-	-	-	-	-	-	-		-
Vote 07 - Health		-	-	-	-	-	-	-		-
Vote 08 - Planning And Development		5 346	5 047	5 047	439	439	421	18	4.4%	5 047
Vote 09 - Community & Social Services		1 022	1 362	1 362	83	83	114	(31)	-26.9%	1 362
Vote 10 - Electricity		247 303	260 019	260 019	21 606	21 606	21 668	(62)	-0.3%	260 019
Vote 11 - Water Management		181 988	309 687	309 687	7 409	7 409	25 807	(18 398)	-71.3%	309 687
Vote 12 - Waste Water Management		53 758	65 813	65 813	5 552	5 552	5 484	68	1.2%	65 813
Vote 13 - Waste Management		45 432	58 454	58 454	4 965	4 965	4 871	93	1.9%	58 454
Vote 14 - Road Transport		2 350	3 018	3 018	-	-	251	(251)	-100.0%	3 018
Vote 15 - Other		11 770	12 202	12 202	12	12	1 017	(1 005)	-98.8%	12 202
Total Revenue by Vote	2	955 326	1 202 697	1 202 697	57 811	57 811	100 225	(42 414)	-42.3%	1 202 697
Expenditure by Vote	1									
Vote 01 - Executive & Council		42 647	60 565	60 565	2 839	2 839	5 047	(2 209)	-43.8%	60 565
Vote 02 - Finance & Administration		123 298	170 889	170 189	8 705	8 705	14 182	(5 477)	-38.6%	170 189
Vote 03 -		-	-	-	-	-	-	-		-
Vote 04 - Sport And Recreation		3 021	11 487	11 487	218	218	957	(740)	-77.3%	11 487
Vote 05 - Public Safety		24 903	32 561	32 561	1 509	1 509	2 713	(1 204)	-44.4%	32 561
Vote 06 - Housing		-	-	-	-	-	-	-		-
Vote 07 - Health		-	-	-	-	-	-	-		-
Vote 08 - Planning And Development		10 372	15 734	15 734	826	826	1 311	(485)	-37.0%	15 734
Vote 09 - Community & Social Services		58 967	68 500	68 500	2 632	2 632	5 708	(3 076)	-53.9%	68 500
Vote 10 - Electricity		376 940	424 769	424 769	2 329	2 329	35 397	(33 069)	-93.4%	424 769
Vote 11 - Water Management		42 390	139 092	139 092	2 038	2 038	11 591	(9 553)	-82.4%	139 092
Vote 12 - Waste Water Management		23 971	57 493	57 493	1 335	1 335	4 791	(3 456)	-72.1%	57 493
Vote 13 - Waste Management		50 651	46 601	46 601	1 945	1 945	3 883	(1 938)	-49.9%	46 601
Vote 14 - Road Transport		26 102	86 203	86 203	1 742	1 742	7 184	(5 442)	-75.8%	86 203
Vote 15 - Other		10 270	11 471	11 471	773	773	956	(183)	-19.2%	11 471
Total Expenditure by Vote	2	793 533	1 125 364	1 124 664	26 892	26 892	93 722	(66 831)	-71.3%	1 124 664
Surplus/ (Deficit) for the year	2	161 793	77 333	78 033	30 919	30 919	6 502	24 416	375.5%	78 033

Unauthorised expenditure per vote (department) as at 31 July 2022 amounts to R24, 416 Million.

5. Capital budget : Table C 5 : JULY 2022

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

Vote Description	Ref	2021/22	Budget Year 2022/23							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		3 983	1 890	2 590	-	-	216	(216)	-100%	2 590
Executive and council		9	-	700	-	-	58	(58)	-100%	700
Finance and administration		3 974	1 890	1 890	-	-	158	(158)	-100%	1 890
Internal audit										
<i>Community and public safety</i>		1 911	10 817	10 817	-	-	901	(901)	-100%	10 817
Community and social services		130	10 817	10 817	-	-	901	(901)	-100%	10 817
Sport and recreation		659	-	-	-	-	-	-		-
Public safety		1 122	-	-	-	-	-	-		-
Housing										
Health										
<i>Economic and environmental services</i>		17 211	19 964	33 915	1 896	1 896	2 826	(930)	-33%	33 915
Planning and development										
Road transport		17 211	19 964	33 915	1 896	1 896	2 826	(930)	-33%	33 915
Environmental protection										
<i>Trading services</i>		282 923	265 164	271 299	-	-	22 608	(22 608)	-100%	271 299
Energy sources		20 707	3 826	5 967	-	-	497	(497)	-100%	5 967
Water management		221 289	183 575	185 795	-	-	15 483	(15 483)	-100%	185 795
Waste water management		38 562	75 096	75 096	-	-	6 258	(6 258)	-100%	75 096
Waste management		2 365	2 667	4 441	-	-	370	(370)	-100%	4 441
<i>Other</i>										
Total Capital Expenditure - Functional Classification	3	306 027	297 835	318 622	1 896	1 896	26 552	(24 655)	-93%	318 622
Funded by:										
National Government		285 690	292 052	310 365	1 896	1 896	25 864	(23 967)	-93%	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		285 690	292 052	310 365	1 896	1 896	25 864	(23 967)	-93%	310 365
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		20 337	5 783	8 257	-	-	688	(688)	-100%	8 257
Total Capital Funding		306 027	297 835	318 622	1 896	1 896	26 552	(24 655)	-93%	318 622

Capital spending

- Spending on capital projects for JULY amounted to R 1, 896 million. This includes projects from own funding.

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

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

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								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		141 229	133 248	133 248	14 268	14 268	11 104	3 164	28%	133 248
Service charges		360 887	385 213	385 213	29 941	29 941	32 101	(2 160)	-7%	385 213
Other revenue		190 522	95 675	95 675	11 844	11 844	7 973	3 871	49%	95 675
Transfers and Subsidies - Operational		287 181	228 686	228 686	88 732	88 732	19 057	69 675	366%	228 686
Transfers and Subsidies - Capital		82 913	295 055	295 055	30 000	30 000	24 588	5 412	22%	295 055
Interest		33	932	932	-	-	78	(78)	-100%	932
Dividends										
Payments										
Suppliers and employees		(190 244)	(838 995)	(838 995)	(148 242)	(148 242)	(69 916)	78 325	-112%	(838 995)
Finance charges		-	-	-	-	-	-	-		-
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES		872 521	299 815	299 815	26 543	26 543	24 985	(1 558)	-6%	299 815
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		1 174	-	-	63	63	-	63	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(306 027)	(297 835)	(297 835)	(1 896)	(1 896)	(24 820)	(22 923)	92%	(297 835)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(304 853)	(297 835)	(297 835)	(1 833)	(1 833)	(24 820)	(22 986)	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	24 710	24 710	165			1 980
Cash/cash equivalents at beginning:		6 203	1 020	1 020	9 134	9 134	1 020			9 134
Cash/cash equivalents at month/year end:		573 871	3 000	3 000	33 844	33 844	1 185			11 114

Cash flow discussion

- Cash flow for JULY 2022 shows an increase in the collection rate to 81% 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 R33, 844 million, this amount consists of the following bank balances.

Reconciliation: Bank balances as at 31 JULY 2022

BANK ACCOUNTS BALANCES 31 JULY 2022				
Account number	Bank account type	May-22	Jun-22	Movement
		R	R	R
62822833267	Primary account	1 069 028.02	2 793 738.50	1 724 710.48
62858041272	License department	2 471 758.82	30 649 033.78	28 177 274.96
62837049031	Call account	5 593 397.31	401 215.71	- 5 192 181.60
TOTAL		9 134 184.15	33 843 987.99	24 709 803.84

7. DEBTORS : 31 JULY 2022

Opening balance 1 JULY 2022	:	R 952 599 349
Debtors as at 31 JULY 2022	:	R 969 559 082
Increase for 1 month		R 16 959 733

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

MP302 Msukaligwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

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	
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1200	12 155	3 148	2 562	3 249	2 636	2 938	16 900	136 250	179 837
Trade and Other Receivables from Exchange Transactions - Electricity	1300	23 620	3 076	2 507	2 654	2 266	1 991	11 376	78 795	126 285
Receivables from Non-exchange Transactions - Property Rates	1400	24 267	5 903	5 180	4 765	4 407	4 247	22 771	81 353	152 892
Receivables from Exchange Transactions - Waste Water Management	1500	8 185	2 472	2 316	2 213	2 226	2 134	11 899	81 470	112 914
Receivables from Exchange Transactions - Waste Management	1600	7 164	2 073	1 984	1 922	1 879	1 828	10 559	79 360	106 769
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	5 624	2 739	2 680	2 622	2 564	2 516	13 990	199 986	232 722
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1900	1 850	731	349	585	483	202	4 038	49 900	58 139
Total By Income Source	2000	82 864	20 143	17 578	18 010	16 460	15 856	91 534	707 114	969 559
2021/22 - totals only										
Debtors Age Analysis By Customer Group										
Organs of State	2200	10 702	2 300	1 778	1 488	1 363	1 264	7 667	31 527	58 088
Commercial	2300	28 605	4 505	3 732	4 114	3 440	3 137	17 115	131 485	196 133
Households	2400	40 392	12 582	11 254	11 570	10 954	10 784	62 830	522 023	682 388
Other	2500	3 165	756	813	838	704	671	3 922	22 079	32 950
Total By Customer Group	2600	82 864	20 143	17 578	18 010	16 460	15 856	91 534	707 114	969 559

Debtors age Analysis July 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	8 234 226.00	4 013 479.00	3 177 170.00	2 575 514.00	3 248 575.00	2 637 807.00	17 088 087.00	139 354 682.00	180 329 540.00
Trade and Other Receivables from Exchange Transactions - Electricity	17 966 666.00	5 653 171.00	3 075 885.00	2 506 786.00	2 654 291.00	2 265 613.00	11 573 494.00	80 589 006.00	126 284 912.00
Receivables from Non-exchange Transactions - Property Rates	15 965 981.00	8 301 010.00	5 902 915.00	5 180 002.00	4 764 644.00	4 407 078.00	23 610 050.00	84 760 740.00	152 892 420.00
Receivables from Exchange Transactions - Waste Water Management	5 365 173.00	2 819 628.00	2 472 277.00	2 316 035.00	2 213 009.00	2 225 537.00	11 980 796.00	83 521 482.00	112 913 937.00
Receivables from Exchange Transactions - Waste Management	4 693 441.00	2 470 458.00	2 073 454.00	1 984 250.00	1 921 605.00	1 879 194.00	10 489 827.00	81 256 850.00	106 769 079.00
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	2 838 344.00	2 785 632.00	2 739 318.00	2 679 929.00	2 622 048.00	2 564 399.00	14 269 872.00	202 222 784.00	232 722 326.00
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-
Other	920 657.00	836 607.00	701 564.00	335 222.00	585 494.00	480 843.00	3 680 634.00	50 105 847.00	57 646 868.00
Total By Income Source	55 984 488.00	26 879 985.00	20 142 583.00	17 577 738.00	18 009 666.00	16 460 471.00	92 692 760.00	721 811 391.00	969 559 082.00
Debtors Age Analysis By Customer Group									
Organs of State	5 115 759.00	2 430 999.00	1 285 218.00	820 456.00	583 019.00	490 012.00	2 601 327.00	10 084 391.00	23 411 181.00
Commercial	22 650 244.00	8 130 377.00	4 940 470.00	4 214 795.00	4 618 093.00	3 739 899.00	20 431 010.00	114 625 686.00	183 350 574.00
Households	28 218 485.00	16 318 609.00	13 916 895.00	12 542 487.00	12 808 554.00	12 230 560.00	69 660 423.00	597 101 314.00	762 797 327.00
Other	-	-	-	-	-	-	-	-	-
Total By Customer Group	55 984 488.00	26 879 985.00	20 142 583.00	17 577 738.00	18 009 666.00	16 460 471.00	92 692 760.00	721 811 391.00	969 559 082.00

8. CREDITORS

The creditor's status is as follows:

Opening balance	:	1 JULY 2022	R	1 393 561 684
Minus: Closing balance:		31 JULY 2022	R	1 461 328 097
Decrease in creditors balances			R	<u>67 766 413</u>

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

MP302 Msukaligwa - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July										
Description	NT Code	Budget Year 2022/23								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
Debtors Age Analysis By Customer Type										
Bulk Electricity	0100	41 383	-	-	-	-	-	-	263 511	304 894
Bulk Water	0200	6 353	7 195	-	-	-	-	-	1 033 609	1 047 156
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	2 256	-	-	-	-	-	-	107 022	109 278
Total By Customer Type	1000	49 992	7 195	-	-	-	-	-	1 404 142	1 461 328

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

TOP TEN CREDITORS JULY FOR 2022

SUPPLIER N	SUPPLIER NAME	AMOUNT
ED251	DEPARTMENT OF WATER AND SANITATION	1 047 156 069.09
EE265	ESKOM	304 894 174.74
ED243	DCSSL	109 277 853.87
TOTAL		1 461 328 097.70

9. Conditional grants report as at 31 JULY 2022

Grant Receipts as at 31 July 2022

Grants received 2022/23 - Month 1		
	Jul-22 Received to date	
MIG	20 000 000.00	20 000 000.00
RBIG	-	-
INEP	-	-
WSIG	10 000 000.00	10 000 000.00
TOTAL CAPITAL	30 000 000.00	30 000 000.00
EPWP	-	-
PMU	-	-
Equitable share	88 732 000.00	88 732 000.00
Covid 19	-	-
FMG	-	-
Total Operational	88 732 000.00	88 732 000.00
Total grant receipts	118 732 000.00	118 732 000.00

Grants that were received as at 31 July 2022 amount to R118, 732 million which consist of Equitable share of R88, 732 million, MIG of R20 million and WSIG of R10 million.

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

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 2 455 109.64	R 57 599 890.36	R 17 544 890.36	4%	12%	
INEP	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	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 201 080 000.00	R 0.00	R 175 000 000.00	R 201 080 000.00	0%	0%	
	R 295 055 000.00	R 0.00	R 231 080 000.00	R 2 455 109.64	R 292 599 890.36	R 228 624 890.36	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 allocation	% against Receipts	
FMG	R 3 000 000.00	R 0.00	R 3 000 000.00	R 75 815.40	R 2 924 184.60	R 2 924 184.60	1	3%	
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%	
	R 4 766 000.00	R 0.00	R 3 000 000.00	R 75 815.40	R 4 690 184.60	R 2 924 184.60	R 0.97	R 0.03	
<p>Total grants to be cash back in a call account at 31 July 2022</p> <p>Unspent Capital 2022/23 -R 228 624 890.36</p> <p>Unspent Operational grants 2022/23 -R 2 924 184.60</p> <p>R -231 549 074.96</p>									

- Capital Grants spending as at 31 JULY 2022 amounted to R 2, 455 million, the amount consist spending by MIG (including PMU).

- **Operational grants:**

As at 31 JULY 2022, Operational grants that were spent are the Local Government Finance Management Grant (FMG) of R 75 thousand

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

- The liquidity ratio (which exclude inventory) in JULY 2022 calculated is 33%. The ratio must be 200% to be ideal

Current assets year to date:

R 906,778 million

Minus: Current liabilities:

R 2, 782 750 billion

Current shortfall in cash to cover liabilities in the short term

(R 1, 875 972 billion)

Ideal cash flow needed 2:1

MP302 Msukaligwa - Table C6 Monthly Budget Statement - Financial Position -

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		(10 406)	252 685	252 685	2 794	252 685
Call investment deposits		(1 642)	—	—	31 050	—
Consumer debtors		271 641	395 611	395 611	288 594	395 611
Other debtors		570 152	159 072	159 072	570 812	159 072
Current portion of long-term receivables		—	—	—	—	—
Inventory		13 434	(17)	(17)	13 528	(17)
Total current assets		843 179	807 352	807 352	906 778	807 352
Non current assets						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property		113 415	120 037	120 037	113 415	120 037
Investments in Associate		—	—	—	—	—
Property, plant and equipment		2 667 138	2 660 807	2 681 594	2 669 034	2 681 594
Biological		—	—	—	—	—
Intangible		108	—	—	108	—
Other non-current assets		192	202	202	192	202
Total non current assets		2 780 853	2 781 046	2 801 833	2 782 750	2 801 833
TOTAL ASSETS		3 624 032	3 588 398	3 609 185	3 689 528	3 609 185
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		—	—	—	—	—
Consumer deposits		14 600	3 511	3 511	14 683	3 511
Trade and other payables		2 121 615	1 648 508	1 648 508	2 173 994	1 648 508
Provisions		66 279	22 161	22 161	66 386	22 161
Total current liabilities		2 202 493	1 674 180	1 674 180	2 255 063	1 674 180
Non current liabilities						
Borrowing		2 561	2 643	2 643	2 561	2 643
Provisions		75 818	80 331	80 331	75 818	80 331
Total non current liabilities		78 379	82 974	82 974	78 379	82 974
TOTAL LIABILITIES		2 280 872	1 757 154	1 757 154	2 333 442	1 757 154
NET ASSETS	2	1 343 160	1 831 244	1 852 031	1 356 086	1 852 031
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 343 160	1 831 244	1 852 031	1 356 086	1 852 031
Reserves		—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	2	1 343 160	1 831 244	1 852 031	1 356 086	1 852 031

MANAGEMENT RECOMMENDATIONS:

1. That the Finance Section 80 Committee NOTES the JULY 2022 Section 71 Budget Statement report.


MR. S.M PHIRI
 ACTING DIRECTOR FINANCE


MR. C.J LISA
 ACTING MUNICIPAL MANAGER