

**FSCM /2021 REPORT ON 2021/22 FIRST QUARTER BUDGET IMPLEMENTATION
AND FINANCIAL STATE OF AFFAIRS**

REPORT BY THE GENERAL MANAGER: FINANCE AND SUPPLY CHAIN MANAGEMENT

STRATEGIC THRUST

Financial viability and management

OBJECTIVE

The objective of the report is to;

- (a) To inform Council about the budget implementation and the financial state of affairs of the municipality in compliance with Section 52 of the Municipal Finance Management Act, 56 of 2003; and
- (b) To inform Council about the bank withdrawals for the first quarter period of 2021/2022 ending 30 September 2021.

BACKGROUND

In accordance with Section 52 of the Municipal Finance Management Act, 56 of 2003, the Executive Mayor as part of her general responsibility is required to within 30 days of the end of each quarter to submit a report to Council on the implementation of the budget and the financial state affairs of the municipality.

The table below provides synopsis of the budget implementation status for the first quarter of 2021/2022 ending 30 September 2021.

DC32 Ehlazeni - Table C1 Monthly Budget Statement Summary - M03 September

Description	2020/21	Budget Year 2021/22							
	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	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	6,796	10,500	10,500	1,296	1,456	2,625	(1,169)	-45%	10,500
Transfers and subsidies	287,266	278,932	278,932	-	116,267	69,733	46,534	67%	116,267
Other own revenue	1,750	2,728	2,728	119	234	682	(448)	-66%	2,728
Total Revenue (excluding capital transfers and contributions)	295,811	292,160	292,160	1,416	117,957	73,040	44,917	61%	129,495
Employee costs	151,816	174,363	172,530	12,132	37,566	43,133	(5,567)	-13%	172,530
Remuneration of Councillors	16,264	16,726	16,510	1,357	4,081	4,128	(47)	-1%	16,510
Depreciation & asset impairment	11,052	11,484	11,484	989	3,051	2,871	180	6%	3,051
Finance charges	13,563	13,679	13,679	0	0	3,420	(3,420)	-100%	13,679
Inventory consumed and bulk purchases	1,873	1,133	1,871	205	322	493	(171)	-35%	1,871
Transfers and subsidies	8,827	-	-	-	-	-	-	-	-
Other expenditure	70,360	61,403	68,044	5,406	14,149	16,409	(2,260)	-14%	48,071
Total Expenditure	273,755	278,787	284,118	20,089	59,169	70,453	(11,285)	-16%	255,711
Surplus/(Deficit)	22,056	13,372	8,042	(18,674)	58,788	2,587	56,202	2173%	(126,217)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,371	2,403	2,403	-	-	601	(601)	-100%	2,403
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)	30	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	24,457	15,775	10,445	(18,674)	58,788	3,188	55,601	1744%	(123,814)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	24,457	15,775	10,445	(18,674)	58,788	3,188	55,601	1744%	(123,814)
Capital expenditure & funds sources									
Capital expenditure	5,499	20,603	29,537	2,332	3,758	6,980	(3,222)	-46%	20,935
Capital transfers recognised	200	2,403	2,403	-	-	601	(601)	-100%	2,403
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	5,299	18,200	27,134	2,332	3,758	6,379	(2,621)	-41%	27,134
Total sources of capital funds	5,499	20,603	29,537	2,332	3,758	6,980	(3,222)	-46%	29,537
Financial position									
Total current assets	(68,025)	89,234	89,234		207,399				295,735
Total non current assets	210,202	230,235	239,169		209,529				244,309
Total current liabilities	376,836	33,451	33,451		118,702				33,451
Total non current liabilities	106,910	131,803	131,803		106,910				131,803
Community wealth/Equity	154,381	138,439	138,439		191,316				138,439
Cash flows									
Net cash from (used) operating	10,244	27,259	27,259	(17,684)	59,682	6,815	(52,868)	-776%	356,796
Net cash from (used) investing	(7,440)	(24,433)	(20,603)	(2,332)	(3,758)	(3,968)	(211)	5%	8,313
Net cash from (used) financing	(8,424)	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	742	88,310	92,140	-	141,408	2,846	(138,562)	-4868%	365,109

The summary of the financial performance and position against the budget projection for the period ending September 2021 is as follows;

- The year to date revenue earned amounts to R117,9 million which represents 40,4% of budget revenue for the financial year;
- The year to date operating expenditure incurred amounts to R59,2 million which represents 20,8% of total operating expenditure budget;
- The capital expenditure incurred year to date incurred amounts to R3,8 million which represents 12,9% of the total adjusted capital expenditure budget;
- The cash and cash equivalents as at 30 September 2021 amounts to R141,4 million.

To enable better analysis of the budget performance and the financial state of affairs of the municipality, the following schedules and narratives are provided.

1. Operating revenue and expenditure performance

DC32 Ehlanzeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates										
Service charges - electricity revenue										
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue										
Rental of facilities and equipment	404	646	646	45	45	161	(116)	-72%	646	
Interest earned - external investments	6 796	10 500	10 500	1 296	1 456	2 625	(1 169)	-45%	10 500	
Interest earned - outstanding debtors	59	-	-	-	-	-	-	-	-	
Dividends received	138	164	164	-	-	41	(41)	-100%	164	
Fines, penalties and forfeits	100	-	-	-	-	-	-	-	-	
Licences and permits	452	1 558	1 558	65	163	389	(227)	-58%	1 558	
Agency services	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	287 266	278 932	278 932	-	116 267	69 733	46 534	67%	116 267	
Other revenue	575	360	360	9	26	90	(64)	-71%	360	
Gains	23	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		295 811	292 160	292 160	1 416	117 957	73 040	44 917	61%	129 495
Expenditure By Type										
Employee related costs	151 816	174 363	172 530	12 132	37 566	43 133	(5 567)	-13%	172 530	
Remuneration of councillors	16 264	16 726	16 510	1 357	4 081	4 128	(47)	-1%	16 510	
Debt impairment	5 925	-	-	-	-	-	-	-	-	
Depreciation & asset impairment	11 052	11 484	11 484	989	3 051	2 871	180	6%	3 051	
Finance charges	13 563	13 679	13 679	0	0	3 420	(3 420)	-100%	13 679	
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	
Inventory consumed	1 873	1 133	1 871	205	322	493	(171)	-35%	1 871	
Contracted services	27 711	25 024	26 928	2 707	6 954	6 441	513	8%	6 954	
Transfers and subsidies	8 827	-	-	-	-	-	-	-	-	
Other expenditure	36 445	36 379	41 116	2 699	7 195	9 968	(2 773)	-28%	41 116	
Losses	280	-	-	-	-	-	-	-	-	
Total Expenditure		273 755	278 787	284 118	20 089	59 169	70 453	(11 285)	-16%	255 711
Surplus/(Deficit)		22 056	13 372	8 042	(18 674)	58 788	2 587	56 202	0	(126 217)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 371	2 403	2 403	-	-	601	(601)	(0)	2 403	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	30	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions		24 457	15 775	10 445	(18 674)	58 788	3 188			(123 814)
Taxation										
Surplus/(Deficit) after taxation		24 457	15 775	10 445	(18 674)	58 788	3 188			(123 814)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		24 457	15 775	10 445	(18 674)	58 788	3 188			(123 814)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		24 457	15 775	10 445	(18 674)	58 788	3 188			(123 814)

The above table reflects the detailed financial performance per revenue source and expenditure by type and the explanation of the variances on the actual performance against the budget projections of 25 per cent is as follows;

- (a) The actual operating revenue accrued amounting to R 117,9 million (40,4 per cent) is mainly as a result of the first instalment of the equitable share grant received during July 2021 of R 114,4 million. Despite this overperformance on the aggregate revenue earned however there is

underperformance achieved on interest on investment by R1,2 million (12,7 per cent) due to non-accrual of the interest accrued on the fixed deposits held with various commercial banks amounting to R140,4 million as the practice is that the interest on investment is accounted for on maturity of the fixed deposits.

- (b) The actual operating expenditure incurred amounting to R59,2 million is less than 16 percent of the projected expenditure of R70,4 million, and the savings and/or under expenditure is mainly due to the following items;
- There under expenditure on employees related costs amounting to R5,6 million mainly due to delay on the finalization of the new salary and wage collective agreement and filling of funded positions.
 - The under expenditure on finance charges amounting to R3,4 million is due to the DBSA loan agreement payment terms which the payments are required to be made bi-annually in December and June.
 - The savings of R2,8 million on other items is as a result of the SCM processes that are still underway and the implementation of the cost containment policy.

2. The table reflects the operating revenue and expenditure performance per department

DC32 Ehlanzeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September

Vote Description	Ref	2020/21	Budget Year 2021/22							
		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 - Council Summary		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		-	-	-	-	-	-	-	-	-
Vote 03 - Finance And Procurement		298 212	294 563	294 563	1 416	117 957	73 641	44 316	60,2%	117 957
Vote 04 - Local Economic Development, Tourism And Rural		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Health & Environmental Management		-	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 07 - Social Services & Disaster Management		-	-	-	-	-	-	-	-	-
Vote 08 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	298 212	294 563	294 563	1 416	117 957	73 641	44 316	60,2%	117 957
Expenditure by Vote	1									
Vote 01 - Council Summary		33 509	37 974	37 543	2 614	7 522	9 386	(1 864)	-19,9%	37 543
Vote 02 - Corporate Services & Municipal Relations		43 003	49 065	48 668	4 520	11 188	12 180	(993)	-8,2%	48 668
Vote 03 - Finance And Procurement		92 652	66 392	66 285	4 979	14 735	16 526	(1 792)	-10,8%	51 296
Vote 04 - Local Economic Development, Tourism And Rural		21 338	26 330	26 282	1 355	4 002	6 571	(2 569)	-39,1%	24 926
Vote 05 - Municipal Health & Environmental Management		26 198	30 074	29 608	2 056	6 309	7 402	(1 093)	-14,8%	29 608
Vote 06 - Office Of The Municipal Manager		25 708	30 087	29 699	2 268	7 051	7 425	(373)	-5,0%	27 259
Vote 07 - Social Services & Disaster Management		22 688	26 987	26 500	1 558	6 179	6 625	(446)	-6,7%	15 513
Vote 08 - Technical Services		8 660	11 880	19 533	739	2 183	4 338	(2 155)	-49,7%	18 074
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	273 755	278 787	284 118	20 089	59 169	70 453	(11 285)	-16,0%	252 888
Surplus/ (Deficit) for the year	2	24 457	15 775	10 445	(18 674)	58 788	3 188	55 601	1744,3%	(134 931)

It should be noted that Departmental expenditure are within projected budget as at 30 September 2021.

3. Capital expenditure performance

DC32 Ehlanzeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September

Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council Summary		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		-	-	-	-	-	-	-	-	-
Vote 03 - Finance And Procurement		-	-	-	-	-	-	-	-	-
Vote 04 - Local Economic Development, Tourism And Rural Devevelo		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Health & Environmental Management		-	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 07 - Social Services & Disaster Management		-	-	-	-	-	-	-	-	-
Vote 08 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 01 - Council Summary		106	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		872	500	1,375	-	-	284	(284)	-100%	1,375
Vote 03 - Finance And Procurement		1,587	5,650	5,650	28	28	1,413	(1,384)	-98%	5,650
Vote 04 - Local Economic Development, Tourism And Rural Devevelo		125	-	-	-	-	-	-	-	-
Vote 05 - Municipal Health & Environmental Management		2,189	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		321	-	-	-	-	-	-	-	-
Vote 07 - Social Services & Disaster Management		121	-	-	-	-	-	-	-	-
Vote 08 - Technical Services		178	14,453	22,512	2,304	3,730	5,283	(1,553)	-29%	13,910
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	5,499	20,603	29,537	2,332	3,758	6,980	(3,222)	-46%	20,935
Total Capital Expenditure		5,499	20,603	29,537	2,332	3,758	6,980	(3,222)	-46%	20,935
Capital Expenditure - Functional Classification										
Governance and administration		2,886	6,150	7,025	28	28	1,697	(1,669)	-98%	7,025
Executive and council		427	-	-	-	-	-	-	-	-
Finance and administration		2,459	6,150	7,025	28	28	1,697	(1,669)	-98%	7,025
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2,310	-	-	-	-	-	-	-	-
Community and social services		95	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		2,215	-	-	-	-	-	-	-	-
Economic and environmental services		303	10,053	10,313	133	133	2,561	(2,428)	-95%	10,313
Planning and development		303	2,000	2,260	133	133	547	(414)	-76%	2,260
Road transport		-	8,053	8,053	-	-	2,013	(2,013)	-100%	8,053
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	4,400	12,199	2,171	3,597	2,722	874	32%	3,597
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	3,000	6,250	963	1,646	1,545	100	6%	1,646
Waste water management		-	1,400	5,949	1,208	1,951	1,177	774	66%	1,951
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	5,499	20,603	29,537	2,332	3,758	6,980	(3,222)	-46%	20,935

DETAILED ANALYSIS OF CAPITAL PROJECTS 2021-2022

Capital Project	Supplementary Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
EDM premises main entrance road realignment	2 350 000	0	0	0	2 350 000	Designs for the projects completed and procurement process for the contractor is underway.
Rural Road Asset Management System	2 403 000	0	0	0	2 403 000	The procurement process for the service provider is underway.
Purchase of plant and equipment	350 000	0	0	0	350 000	Contingency budget.
Purchase of furniture and fittings	500 000	28 125	28 125	100	500 000	Contingency budget.
Purchase of motor vehicles	2 000 000	0	0	0	2 000 000	The motor vehicles are planned to be purchased during the third quarter.
Temperature Monitoring Scanner - DMC	600 000	0	0	0	600 000	According to 2021/22 approved annual procurement plan, the procurement process planned to be concluded in October 2021.
Purchase of Computer Equipment and Software	2 500 000	R768 964	0	0	1 731 036	Contingency budget.
Upgrade of IT Network Infrastructure	200 000	0	0	0	200 000	Contingency budget.

Capital Projects	Supplementary Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Augmentation of Barberton bulk water source	300 000	0	0	0	300 000	According to 2021/22 approved annual procurement plan, the procurement process planned to be concluded in October 2021.
Drilling and equipping of boreholes in the City of Mbombela	1 000 000	0	0	0	1 000 000	According to 2021/22 approved annual procurement plan, the procurement process planned to be concluded in October 2021.
Construction of Nkomazi High mast lights	1 000 000	0	0	0	1 000 000	According to 2021/22 approved annual procurement plan, the procurement process planned to be concluded in September 2021.
Malelane Ext 21 sewer package plant - Construction of fence, guardhouse and operator's house	400 000	0	0	0	400 000	According to 2021/22 approved annual procurement plan, the procurement process planned to be concluded in October 2021.
Road rehabilitation programme	1 000 000	0	0	0	1 000 000	According to 2021/22 approved annual procurement plan, the procurement process planned to be concluded in October 2021.
Refurbishment of high mast lights in Thaba Chweu	1 000 000	0	0	0	1 000 000	According to 2021/22 approved annual procurement plan, the

						procurement process planned to be concluded in September 2021.
Wastewater treatment works improvement programme	500 000	0	0	0	500 000	According to 2021/22 approved annual procurement plan, the procurement process planned to be concluded in October 2021.
Goromani water supply augmentation	2 200 000	272 500	122 690	45	1 927 500	Designs Completed and procurement process for the contractor to be concluded in September 2021.
Construction of Matseleng Pedestrian Bridge	2 300 000	0	0	0	2 300 000	Designs Completed and procurement process for the contractor to be concluded in September 2021.
TOTAL	20 603 000	1 537 918	150 815	9,8	19 065 082	

Roll Over Projects	Supplementary Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Refurbishment of Bulk Water & Sewerage Infrastructure-Coromandel WWTW	1 483 937	1 483 937	1 203 508	81	0	The construction stage of phase 2 of the project is underway.
Goromani Water Supply Augmentation	149 810	149 810			0	The funds committed for the construction administration and supervision phase of the project.
Drill and Equip of new boreholes-Bushbuckridge Local Municipality	1 442 982	1 442 982	514 860	36	0	The project is at the construction stage.
Drill and Equip of new boreholes-City	1 409 039	1 409 039	850 383	57	0	The project is at the construction stage.

of Mbombela						
Drill and Equip of new boreholes-Nkomazi	1 615 917	1 615 917	585 712	36	0	The project is at the construction stage.
Access bridge Matseleng Primary School	260 249	260 249	133000	51	0	The funds committed for the construction administration and supervision phase of the project.
Water Supply Augmentation in Steenbok and KaHhoyi	1 615 917	1 615 917	319 546	20	0	The project is at the construction stage.
Provision of additional EDM office space	875 440	875 440			0	Designs for the projects completed and procurement process for the contractor is underway.
TOTAL	8 934 291	8 934 291	3 607 011	40.37	0	

4. Financial Position

DC32 Ehlanzeni - Table C6 Monthly Budget Statement - Financial Position - M03 September

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		410 670	83 964	83 964	1 267	83 964
Call investment deposits		(542 930)	459	459	140 408	140 408
Consumer debtors		(5 623)	–	–	(5 639)	–
Other debtors		60 029	4 302	4 302	61 524	61 524
Current portion of long-term receivables		523	346	346	513	513
Inventory		9 306	163	163	9 325	9 325
Total current assets		(68 025)	89 234	89 234	207 399	295 735
Non current assets						
Long-term receivables		6 520	–	–	5 140	5 140
Investments		4 599	4 729	4 729	4 599	4 729
Investment property						
Investments in Associate						
Property, plant and equipment		194 789	218 918	227 352	195 886	227 352
Biological						
Intangible		4 294	6 588	7 088	3 904	7 088
Other non-current assets		–	–	–	–	–
Total non current assets		210 202	230 235	239 169	209 529	244 309
TOTAL ASSETS		142 177	319 469	328 404	416 928	540 044
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		8 755	7 907	7 907	8 755	7 907
Consumer deposits		–	–	–	–	–
Trade and other payables		326 750	16 366	16 366	68 935	16 366
Provisions		41 331	9 179	9 179	41 011	9 179
Total current liabilities		376 836	33 451	33 451	118 702	33 451
Non current liabilities						
Borrowing		106 910	100 369	100 369	106 910	100 369
Provisions		–	31 434	31 434	–	31 434
Total non current liabilities		106 910	131 803	131 803	106 910	131 803
TOTAL LIABILITIES		483 746	165 255	165 255	225 611	165 255
NET ASSETS	2	(341 569)	154 215	163 149	191 316	374 789
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		154 381	138 439	138 439	191 316	138 439
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	154 381	138 439	138 439	191 316	138 439

The financial position as at 30 September 2021 is as follows;

- (a) Fixed short term deposits balance is R140,4 million and these deposits held at ABSA Bank, R134 million and FNB, R6,4 million.
- (b) The cash on hand on the operational bank accounts amounted to R1,2 million.
- (c) The creditors and other payables amounted R68,9 million whilst the debtors and other receivables amounted to R56,4 million.
- (d) The DBSA non-current loan balance is R115,6 million. The municipality has complied with all the terms and conditions of the loan. The first payment of R 10,7 million is payable in December 2021. The second payment of the loan of R 10,7 million is payable by 30 June 2022.

5. Cashflow Performance

DC32 Ehlanzeni - Table C7 Monthly Budget Statement - Cash Flow - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		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								-		
Service charges								-		
Other revenue		148 581	2 564	2 564	119	234	641	(407)	-64%	314 658
Transfers and Subsidies - Operational		287 467	278 932	278 932	-	116 267	69 733	46 534	67%	278 932
Transfers and Subsidies - Capital		2 371	2 403	2 403	-	-	601	(601)	-100%	19 846
Interest		6 900	10 500	10 500	1 296	1 456	2 625	(1 169)	-45%	10 500
Dividends		-	164	164			41	(41)	-100%	164
Payments										
Suppliers and employees		(421 568)	(253 625)	(253 625)	(19 100)	(58 275)	(63 406)	(5 132)	8%	(253 625)
Finance charges		(13 508)	(13 679)	(13 679)	-	-	(3 420)	(3 420)	100%	(13 679)
Transfers and Grants								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		10 244	27 259	27 259	(17 684)	59 682	6 815	(52 868)	-776%	356 796
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		7			-	-	-	-		
Decrease (increase) in non-current receivables		-	(3 960)	-	-	-	-	-		5 140
Decrease (increase) in non-current investments		(1 948)	130	-	-	-	1 182	(1 182)	-100%	4 599
Payments										
Capital assets		(5 499)	(20 603)	(20 603)	(2 332)	(3 758)	(5 151)	(1 393)	27%	(1 426)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(7 440)	(24 433)	(20 603)	(2 332)	(3 758)	(3 968)	(211)	5%	8 313
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		(8 424)						-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		(8 424)	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		(5 620)	2 826	6 656	(20 017)	55 925	2 846			365 109
Cash/cash equivalents at beginning:		6 363	85 484	85 484		85 484				
Cash/cash equivalents at month/year end:		742	88 310	92 140		141 408	2 846			365 109

- (a) The cashflow from operating activities reflect a net balance of R59,6 million which is mainly due to the first instalment of the equitable share grant received during July 2021 and savings realised on the operating expenditure.
- (b) The cash and cash equivalents as at 30 September 2021 comprise of R 1,2 million cash available in bank accounts and R140,4 million held in short term fixed deposits.
- (c) In compliance with Section 11 of the MFMA, the cashflow table above provides the details of the withdrawals made from the municipal bank accounts which amounts to a total of R62,0 million. The breakdown of these withdrawals is as follows; withdrawals or payment for employees and suppliers amounted to R58,3 million and payment for capital assets amounted to R3,8 million.

POLICY IMPLICATIONS

None

LEGAL AND CONSTITUTIONAL IMPLICATIONS

None

RECOMMENDATION BY THE MUNICIPAL MANAGER

- 1. That the content of the report be accepted by Council.**