

**FSCM /2122 REPORT ON BUDGET PERFORMANCE AND FINANCIAL POSITION FOR THE PERIOD ENDED JANUARY 2022**

REPORT BY THE GENERAL MANAGER: FINANCE AND SUPPLY CHAIN MANAGEMENT

STRATEGIC THRUST

Financial viability and management

OBJECTIVE

The objective of the report is to comply with Section 71 of the Municipal Finance Management Act, 56 Of 2003 (MFMA) and to inform Mayoral Committee about the financial performance and position for the period ended 31 January 2022.

BACKGROUND

To enable better analysis of the actual performance and financial situation of Council against the approved budget, the following table provides the synopsis of the actual performance against the budget projections.

**DC32 Ehlanzeni - Table C1 Monthly Budget Statement Summary - M07 January**

| 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 |
| <b>R thousands</b>   |                 |                     |                 |                 |                |                |                 |                |                    |
| <b>Financial Performance</b>   |                 |                     |                 |                 |                |                |                 |                |                    |
| Property rates   | -               | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Service charges  | -               | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Investment revenue   | 6 796           | 10 500              | 10 500          | 1 160           | 3 027          | 6 125          | (3 098)         | -51%           | 10 500             |
| Transfers and subsidies  | 287 266         | 278 932             | 278 932         | -               | 208 141        | 162 710        | 45 431          | 28%            | 208 141            |
| Other own revenue  | 1 750           | 2 728               | 2 728           | 47              | 642            | 1 591          | (949)           | -60%           | 2 728              |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | <b>295 811</b>  | <b>292 160</b>      | <b>292 160</b>  | <b>1 207</b>    | <b>211 811</b> | <b>170 427</b> | <b>41 384</b>   | <b>24%</b>     | <b>221 369</b>     |
| Employee costs   | 151 816         | 174 363             | 169 514         | 13 450          | 91 135         | 99 308         | (8 173)         | -8%            | 169 514            |
| Remuneration of Councillors  | 16 264          | 16 726              | 16 744          | 1 410           | 9 331          | 9 735          | (404)           | -4%            | 16 744             |
| Depreciation & asset impairment  | 11 052          | 11 484              | 11 484          | 973             | 6 808          | 6 699          | 109             | 2%             | 6 808              |
| Finance charges  | 13 563          | 13 679              | 13 379          | 0               | 6 474          | 7 929          | (1 456)         | -18%           | 13 379             |
| Inventory consumed and bulk purchases  | 1 873           | 1 133               | 1 871           | 160             | 1 086          | 1 106          | (19)            | -2%            | 1 871              |
| Transfers and subsidies  | 8 827           | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Other expenditure  | 70 360          | 61 403              | 68 750          | 4 150           | 34 269         | 39 587         | (5 318)         | -13%           | 68 750             |
| <b>Total Expenditure</b>   | <b>273 755</b>  | <b>278 787</b>      | <b>281 742</b>  | <b>20 142</b>   | <b>149 103</b> | <b>164 364</b> | <b>(15 260)</b> | <b>-9%</b>     | <b>277 067</b>     |
| <b>Surplus/(Deficit)</b>   | <b>22 056</b>   | <b>13 372</b>       | <b>10 418</b>   | <b>(18 936)</b> | <b>62 707</b>  | <b>6 063</b>   | <b>56 644</b>   | <b>934%</b>    | <b>(55 698)</b>    |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | 2 371           | 2 403               | 2 403           | -               | -              | 1 402          | ###             | -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              | -                   | -               | -               | -              | -              | -               | -              | -                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>24 457</b>   | <b>15 775</b>       | <b>12 821</b>   | <b>(18 936)</b> | <b>62 707</b>  | <b>7 465</b>   | <b>55 243</b>   | <b>740%</b>    | <b>(53 295)</b>    |
| Share of surplus/ (deficit) of associate   | -               | -                   | -               | -               | -              | -              | -               | -              | -                  |
| <b>Surplus/ (Deficit) for the year</b>   | <b>24 457</b>   | <b>15 775</b>       | <b>12 821</b>   | <b>(18 936)</b> | <b>62 707</b>  | <b>7 465</b>   | <b>55 243</b>   | <b>740%</b>    | <b>(53 295)</b>    |

| <b>Capital expenditure &amp; funds sources</b>     |                |                |                |              |                |                |                  |              |                |
|--|----------------|----------------|----------------|--------------|----------------|----------------|------------------|--------------|----------------|
| <b>Capital expenditure</b>                         | <b>5 499</b>   | <b>20 603</b>  | <b>33 113</b>  | <b>1 108</b> | <b>10 007</b>  | <b>18 874</b>  | <b>(8 868)</b>   | <b>-47%</b>  | <b>33 113</b>  |
| Capital transfers recognised                       | 200            | 2 403          | 2 403          | -            | 173            | 1 402          | (1 229)          | -88%         | 2 403          |
| Borrowing  | -              | -              | -              | -            | -              | -              | -                | -            | -              |
| Internally generated funds                         | <b>5 299</b>   | <b>18 200</b>  | <b>30 710</b>  | <b>1 108</b> | <b>9 834</b>   | <b>17 473</b>  | <b>(7 639)</b>   | <b>-44%</b>  | <b>30 710</b>  |
| <b>Total sources of capital funds</b>              | <b>5 499</b>   | <b>20 603</b>  | <b>33 113</b>  | <b>1 108</b> | <b>10 007</b>  | <b>18 874</b>  | <b>(8 868)</b>   | <b>-47%</b>  | <b>33 113</b>  |
| <b>Financial position</b>                          |                |                |                |              |                |                |                  |              |                |
| Total current assets                               | (68 025)       | 89 234         | 90 659         |              | 200 281        |                |                  |              | 289 269        |
| Total non current assets                           | 210 202        | 230 235        | 242 745        |              | 216 689        |                |                  |              | 252 699        |
| Total current liabilities                          | 376 836        | 33 451         | 33 451         |              | 119 102        |                |                  |              | 33 451         |
| Total non current liabilities                      | 106 910        | 131 803        | 131 803        |              | 102 701        |                |                  |              | 131 803        |
| Community wealth/Equity                            | <b>154 381</b> | <b>138 439</b> | <b>138 439</b> |              | <b>195 167</b> |                |                  |              | <b>138 439</b> |
| <b>Cash flows</b>                                  |                |                |                |              |                |                |                  |              |                |
| Net cash from (used) operating                     | 466 652        | 27 259         | 27 259         | (17 963)     | 62 555         | 15 901         | (46 654)         | -293%        | 276 176        |
| Net cash from (used) investing                     | (4 325)        | (24 433)       | (34 537)       | (1 108)      | (10 007)       | (20 147)       | (10 140)         | 50%          | 8 436          |
| Net cash from (used) financing                     | -              | 1              | -              | -            | (4 209)        | -              | 4 209            | #DIV/0!      | -              |
| <b>Cash/cash equivalents at the month/year end</b> | <b>547 812</b> | <b>88 311</b>  | <b>78 206</b>  | <b>-</b>     | <b>130 152</b> | <b>(4 246)</b> | <b>(134 397)</b> | <b>3166%</b> | <b>284 612</b> |

The narratives of the summary of the actual budget performance and position against the approved budget projections for the month ending January 2022 is as follows:

- Total revenue earned up to end of January 2022 of R211,8 million which equates to 72,5% of total budget revenue for the financial year.
- Total expenditure up to end of January 2022 of R149,1 million which equates to 52,9% of total operating expenditure budget.
- Capital expenditure for the month of January 2022 of R10 million which equates to 30,2% of the total capital expenditure budget.
- The cash and cash equivalents as at 31 January 2022 amounts to R130,1 million.

## 1. Operating revenue and expenditure performance

DC32 Ehlanzeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

| 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 |
| <b>R thousands</b>   |     |                 |                     |                 |                 |                |                |                 |                |                    |
| <b>Revenue By Source</b>   |     |                 |                     |                 |                 |                |                |                 |                |                    |
| 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             | -               | 47             | 377            | (330)           | -88%           | 646                |
| Interest earned - external investments   |     | 6 796           | 10 500              | 10 500          | 1 160           | 3 027          | 6 125          | (3 098)         | -51%           | 10 500             |
| Interest earned - outstanding debtors  |     | 59              | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Dividends received   |     | 138             | 164                 | 164             | -               | -              | 96             | (96)            | -100%          | 164                |
| Fines, penalties and forfeits  |     | 100             | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Licences and permits   |     | 452             | 1 558               | 1 558           | 36              | 405            | 909            | (504)           | -55%           | 1 558              |
| Agency services  |     | -               | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Transfers and subsidies  |     | 287 266         | 278 932             | 278 932         | -               | 208 141        | 162 710        | 45 431          | 28%            | 208 141            |
| Other revenue  |     | 575             | 360                 | 360             | 10              | 191            | 210            | (19)            | -9%            | 360                |
| Gains  |     | 23              | -                   | -               | 0               | 0              | -              | 0               | #DIV/0!        | 0                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   |     | <b>295 811</b>  | <b>292 160</b>      | <b>292 160</b>  | <b>1 207</b>    | <b>211 811</b> | <b>170 427</b> | <b>41 384</b>   | <b>24%</b>     | <b>221 369</b>     |
| <b>Expenditure By Type</b>   |     |                 |                     |                 |                 |                |                |                 |                |                    |
| Employee related costs   |     | 151 816         | 174 363             | 169 514         | 13 450          | 91 135         | 99 308         | (8 173)         | -8%            | 169 514            |
| Remuneration of councillors  |     | 16 264          | 16 726              | 16 744          | 1 410           | 9 331          | 9 735          | (404)           | -4%            | 16 744             |
| Debt impairment  |     | 5 925           | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Depreciation & asset impairment  |     | 11 052          | 11 484              | 11 484          | 973             | 6 808          | 6 699          | 109             | 2%             | 6 808              |
| Finance charges  |     | 13 563          | 13 679              | 13 379          | 0               | 6 474          | 7 929          | (1 456)         | -18%           | 13 379             |
| Bulk purchases - electricity   |     | -               | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Inventory consumed   |     | 1 873           | 1 133               | 1 871           | 160             | 1 086          | 1 106          | (19)            | -2%            | 1 871              |
| Contracted services  |     | 27 711          | 25 024              | 28 992          | 1 833           | 15 220         | 16 317         | (1 097)         | -7%            | 28 992             |
| Transfers and subsidies  |     | 8 827           | -                   | -               | -               | -              | -              | -               | -              | -                  |
| Other expenditure  |     | 36 445          | 36 379              | 39 759          | 2 317           | 19 049         | 23 270         | (4 221)         | -18%           | 39 759             |
| Losses   |     | 280             | -                   | -               | 0               | 0              | -              | 0               | #DIV/0!        | 0                  |
| <b>Total Expenditure</b>   |     | <b>273 755</b>  | <b>278 787</b>      | <b>281 742</b>  | <b>20 142</b>   | <b>149 103</b> | <b>164 364</b> | <b>(15 260)</b> | <b>-9%</b>     | <b>277 067</b>     |
| <b>Surplus/(Deficit)</b>   |     | <b>22 056</b>   | <b>13 372</b>       | <b>10 418</b>   | <b>(18 936)</b> | <b>62 707</b>  | <b>6 063</b>   | <b>56 644</b>   | <b>0</b>       | <b>(55 698)</b>    |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |     | 2 371           | 2 403               | 2 403           | -               | -              | 1 402          | (1 402)         | (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)  |     | -               | -                   | -               | -               | -              | -              | -               | -              | -                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   |     | <b>24 457</b>   | <b>15 775</b>       | <b>12 821</b>   | <b>(18 936)</b> | <b>62 707</b>  | <b>7 465</b>   |                 |                | <b>(53 295)</b>    |
| Taxation   |     |                 |                     |                 |                 |                |                |                 |                |                    |
| <b>Surplus/(Deficit) after taxation</b>  |     | <b>24 457</b>   | <b>15 775</b>       | <b>12 821</b>   | <b>(18 936)</b> | <b>62 707</b>  | <b>7 465</b>   |                 |                | <b>(53 295)</b>    |
| Attributable to minorities   |     |                 |                     |                 |                 |                |                |                 |                |                    |
| <b>Surplus/(Deficit) attributable to municipality</b>  |     | <b>24 457</b>   | <b>15 775</b>       | <b>12 821</b>   | <b>(18 936)</b> | <b>62 707</b>  | <b>7 465</b>   |                 |                | <b>(53 295)</b>    |
| Share of surplus/ (deficit) of associate   |     |                 |                     |                 |                 |                |                |                 |                |                    |
| <b>Surplus/ (Deficit) for the year</b>   |     | <b>24 457</b>   | <b>15 775</b>       | <b>12 821</b>   | <b>(18 936)</b> | <b>62 707</b>  | <b>7 465</b>   |                 |                | <b>(53 295)</b>    |

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

- The actual operating revenue accrued amounting to R 211,8 million (72,5 per cent) is mainly as a result of the first two instalments of the equitable share grant received during July and December 2021

- b) The actual operating expenditure incurred amounting to R149,1 million is less than 9 per cent of the projected expenditure of R164,3 million mainly due to savings realized on the employees related cost and contracted services as well as the finance charges to be paid in December 2021. The savings on the employees related cost are mainly due to delay on the filling of funded vacant positions.

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) - M07 January

| Vote Description  | Ref      | Budget Year 2021/22           |                    |                    |                   |                  |                  |                 |                      |                       |
|---|----------|-------------------------------|--------------------|--------------------|-------------------|------------------|------------------|-----------------|----------------------|-----------------------|
|   |          | 2020/21<br>Audited<br>Outcome | Original<br>Budget | Adjusted<br>Budget | Monthly<br>actual | YearTD<br>actual | YearTD<br>budget | YTD<br>variance | YTD<br>variance<br>% | Full Year<br>Forecast |
| <b>R thousands</b>                                      |          |                               |                    |                    |                   |                  |                  |                 |                      |                       |
| <b>Revenue by Vote</b>                                  |          |                               |                    |                    |                   |                  |                  |                 |                      |                       |
| Vote 01 - Council Summary                               | 1        | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Vote 02 - Corporate Services & Municipal Relations      |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Vote 03 - Finance And Procurement                       |          | 298 212                       | 294 563            | 294 563            | 1 207             | 211 811          | 171 828          | 39 982          | 23,3%                | 211 811               |
| 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   |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| <b>Total Revenue by Vote</b>                            | <b>2</b> | <b>298 212</b>                | <b>294 563</b>     | <b>294 563</b>     | <b>1 207</b>      | <b>211 811</b>   | <b>171 828</b>   | <b>39 982</b>   | <b>23,3%</b>         | <b>211 811</b>        |
| <b>Expenditure by Vote</b>                              |          |                               |                    |                    |                   |                  |                  |                 |                      |                       |
| Vote 01 - Council Summary                               | 1        | 33 509                        | 37 974             | 35 360             | 2 967             | 18 960           | 20 930           | (1 970)         | -9,4%                | 35 360                |
| Vote 02 - Corporate Services & Municipal Relations      |          | 43 003                        | 49 065             | 47 743             | 4 697             | 32 403           | 27 986           | 4 417           | 15,8%                | 38 392                |
| Vote 03 - Finance And Procurement                       |          | 92 652                        | 66 392             | 71 492             | 3 240             | 31 461           | 40 956           | (9 494)         | -23,2%               | 71 492                |
| Vote 04 - Local Economic Development, Tourism And Rural |          | 21 338                        | 26 330             | 26 330             | 1 435             | 11 579           | 15 353           | (3 774)         | -24,6%               | 25 712                |
| Vote 05 - Municipal Health & Environmental Management   |          | 26 198                        | 30 074             | 28 176             | 2 197             | 15 632           | 16 635           | (1 003)         | -6,0%                | 19 466                |
| Vote 06 - Office Of The Municipal Manager               |          | 25 708                        | 30 087             | 30 821             | 2 577             | 17 218           | 17 823           | (606)           | -3,4%                | 28 020                |
| Vote 07 - Social Services & Disaster Management         |          | 22 688                        | 26 987             | 26 942             | 2 203             | 15 750           | 15 658           | 92              | 0,6%                 | 18 865                |
| Vote 08 - Technical Services                            |          | 8 660                         | 11 880             | 14 880             | 826               | 6 101            | 9 023            | (2 922)         | -32,4%               | 14 011                |
| Vote 09 -   |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Vote 10 -   |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Vote 11 -   |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Vote 12 -   |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Vote 13 -   |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Vote 14 -   |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| Vote 15 - Other   |          | -                             | -                  | -                  | -                 | -                | -                | -               | -                    | -                     |
| <b>Total Expenditure by Vote</b>                        | <b>2</b> | <b>273 755</b>                | <b>278 787</b>     | <b>281 742</b>     | <b>20 142</b>     | <b>149 103</b>   | <b>164 364</b>   | <b>(15 260)</b> | <b>-9,3%</b>         | <b>251 318</b>        |
| <b>Surplus/ (Deficit) for the year</b>                  | <b>2</b> | <b>24 457</b>                 | <b>15 775</b>      | <b>12 821</b>      | <b>(18 936)</b>   | <b>62 707</b>    | <b>7 465</b>     | <b>55 243</b>   | <b>740,1%</b>        | <b>(39 507)</b>       |

It should be noted that departmental expenditure for Corporate Services and Social Services and Disaster Management is indicated as overspent. The reason for the abovementioned is as a result of depreciation. The non-cash depreciation is now allocated to individual departments instead of only the Finance and SCM department as a result of the implementation of the new Asset Management Module on the SOLAR system. The budget adjustment will be done during the Adjustment Budget process in February 2022.

### 3. Capital expenditure performance

DC32 Ehlanzeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

| 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 |
| <b>R thousands</b>  | 1   |                 |                     |                 |                |               |               |                |                |                    |
| <b>Multi-Year expenditure appropriation</b>                         | 2   |                 |                     |                 |                |               |               |                |                |                    |
| Vote 01 - Council Summary   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 02 - Corporate Services & Municipal Relations                  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 03 - Finance And Procurement                                   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 04 - Local Economic Development, Tourism And Rural Development |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| 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   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Total Capital Multi-year expenditure</b>                         | 4,7 | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Single Year expenditure appropriation</b>                        | 2   |                 |                     |                 |                |               |               |                |                |                    |
| Vote 01 - Council Summary   |     | 106             | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 02 - Corporate Services & Municipal Relations                  |     | 872             | 500                 | 875             | -              | -             | 686           | (686)          | -100%          | 875                |
| Vote 03 - Finance And Procurement                                   |     | 1 587           | 5 650               | 6 150           | 743            | 2 144         | 3 379         | (1 235)        | -37%           | 6 150              |
| Vote 04 - Local Economic Development, Tourism And Rural Development |     | 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              | 26 087          | 365            | 7 862         | 14 809        | (6 947)        | -47%           | 26 087             |
| Vote 09 -   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 10 -   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 11 -   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 12 -   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 13 -   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 14 -   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Vote 15 - Other   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Total Capital single-year expenditure</b>                        | 4   | 5 499           | 20 603              | 33 113          | 1 108          | 10 007        | 18 874        | (8 868)        | -47%           | 33 113             |
| <b>Total Capital Expenditure</b>                                    |     | <b>5 499</b>    | <b>20 603</b>       | <b>33 113</b>   | <b>1 108</b>   | <b>10 007</b> | <b>18 874</b> | <b>(8 868)</b> | <b>-47%</b>    | <b>33 113</b>      |
| <b>Capital Expenditure - Functional Classification</b>              |     |                 |                     |                 |                |               |               |                |                |                    |
| <b>Governance and administration</b>                                |     | <b>2 886</b>    | <b>6 150</b>        | <b>7 025</b>    | <b>743</b>     | <b>2 144</b>  | <b>4 065</b>  | <b>(1 921)</b> | <b>-47%</b>    | <b>7 025</b>       |
| Executive and council   |     | 427             | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Finance and administration  |     | 2 459           | 6 150               | 7 025           | 743            | 2 144         | 4 065         | (1 921)        | -47%           | 7 025              |
| Internal audit  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Community and public safety</b>                                  |     | <b>2 310</b>    | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>           |
| Community and social services                                       |     | 95              | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Sport and recreation  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Public safety   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Housing   |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Health  |     | 2 215           | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Economic and environmental services</b>                          |     | <b>303</b>      | <b>10 053</b>       | <b>9 342</b>    | <b>-</b>       | <b>1 920</b>  | <b>5 729</b>  | <b>(3 809)</b> | <b>-66%</b>    | <b>9 342</b>       |
| Planning and development  |     | 303             | 2 000               | 1 289           | -              | 250           | 1 031         | (781)          | -76%           | 1 289              |
| Road transport  |     | -               | 8 053               | 8 053           | -              | 1 670         | 4 698         | (3 028)        | -64%           | 8 053              |
| Environmental protection  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Trading services</b>   |     | <b>-</b>        | <b>4 400</b>        | <b>16 746</b>   | <b>365</b>     | <b>5 943</b>  | <b>9 081</b>  | <b>(3 138)</b> | <b>-35%</b>    | <b>16 746</b>      |
| Energy sources  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| Water management  |     | -               | 3 000               | 6 250           | -              | 2 270         | 3 636         | (1 366)        | -38%           | 6 250              |
| Waste water management  |     | -               | 1 400               | 10 496          | 365            | 3 672         | 5 445         | (1 772)        | -33%           | 10 496             |
| Waste management  |     | -               | -                   | -               | -              | -             | -             | -              | -              | -                  |
| <b>Other</b>  |     | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>           |
| <b>Total Capital Expenditure - Functional Classification</b>        | 3   | <b>5 499</b>    | <b>20 603</b>       | <b>33 113</b>   | <b>1 108</b>   | <b>10 007</b> | <b>18 874</b> | <b>(8 868)</b> | <b>-47%</b>    | <b>33 113</b>      |

**DETAILED ANALYSIS OF CAPITAL PROJECTS 2021-2022**

| <b>Capital Project</b>                      | <b>Approved Budget for the Year</b> | <b>Appointment amount</b> | <b>Actual cumulative to date</b> | <b>% Spent on appointments</b> | <b>Available Budget vs Appointments</b> | <b>Comments</b> |
|---|-------------------------------------|---------------------------|----------------------------------|--------------------------------|---|-----------------|
| EDM premises main entrance road realignment | 2 350 000                           | 460 400                   | 103 747                          | 23                             | 1,889,600                               |                 |
| Rural Road Asset Management System          | 2 403 000                           | 2 403 000                 | 0                                | 0                              | 2 403 000                               |                 |
| Purchase of plant and equipment             | 350 000                             | 0                         | 0                                | 0                              | 350 000                                 |                 |
| Purchase of furniture and fittings          | 500 000                             | 264 383                   | 264 383                          | 100                            | 235 616                                 |                 |
| Purchase of motor vehicles                  | 2 000 000                           | 0                         | 0                                | 0                              | 2 000 000                               |                 |
| Temperature Monitoring Scanner - DMC        | 600 000                             | 0                         | 0                                | 0                              | 600 000                                 |                 |
| Purchase of Computer Equipment and Software | 2 500 000                           | 1 879 803                 | 1 879 803                        | 100                            | 620 196                                 |                 |
| Upgrade of IT Network Infrastructure        | 200 000                             | 164 300                   | 0                                | 0                              | 35 700                                  |                 |

| <b>Capital Projects</b>  | <b>Approved Budget for the Year</b> | <b>Appointment amount</b> | <b>Actual cumulative to date</b> | <b>% Spent on appointments</b> | <b>Available Budget vs Appointments</b> | <b>Comments</b> |
|--|-------------------------------------|---------------------------|----------------------------------|--------------------------------|---|-----------------|
| Augmentation of Barberton bulk water source  | 300 000                             | 0                         | 0                                | 0                              | 300 000                                 |                 |
| Drilling and equipping of boreholes in the City of Mbombela                                  | 1 000 000                           | 0                         | 0                                | 0                              | 1 000 000                               |                 |
| Construction of Nkomazi High mast lights   | 1 000 000                           | 0                         | 0                                | 0                              | 1 000 000                               |                 |
| Malelane Ext 21 sewer package plant - Construction of fence, guardhouse and operator's house | 400 000                             | 186 500                   | 0                                | 0                              | 213 500                                 |                 |
| Road rehabilitation programme  | 1 000 000                           | 0                         | 0                                | 0                              | 1 000 000                               |                 |
| Refurbishment of high mast lights in Thaba Chweu   | 28 432                              | 0                         | 0                                | 0                              | 28 432                                  |                 |
| Wastewater treatment works improvement programme   | 500 000                             | 0                         | 0                                | 0                              | 500 000                                 |                 |
| Goromani water supply augmentation   | 2 200 000                           | 272 500                   | 122 690                          | 45                             | 1 927 500                               |                 |
| Construction of Matseleng Pedestrian Bridge  | 2 300 000                           | 4 517 249                 | 1 393 235                        | 31                             | 2 217 249                               |                 |

|               |                   |                   |                  |           |                  |  |
|---------------|-------------------|-------------------|------------------|-----------|------------------|--|
|               |                   |                   |                  |           |                  |  |
| <b>TOTALS</b> | <b>19 631 432</b> | <b>10 148 135</b> | <b>3 936 522</b> | <b>39</b> | <b>9 483 296</b> |  |

| <b>Roll Over Capital Project</b>                                      | <b>Roll Over Budget for the Year</b> | <b>Appointment amount</b> | <b>Actual cumulative to date</b> | <b>% Spent on appointments</b> | <b>Available Budget vs Appointments</b> | <b>Comments</b> |
|---|--------------------------------------|---------------------------|----------------------------------|--------------------------------|---|-----------------|
| Refurbishment of Bulk Water & Sewerage Infrastructure-Coromandel WWTW | 1 483 937                            | 1 483 937                 | 1 203 507                        | 81                             | 0                                       |                 |
| Goromani Water Supply Augmentation                                    | 149 810                              | 149 810                   |                                  | 0                              | 0                                       |                 |
| Drill and Equip of new boreholes-Bushbuckridge                        | 1 442 982                            | 1 442 982                 | 762 199                          | 53                             | 0                                       |                 |
| Drill and Equip of new boreholes-City of Mbombela                     | 1 409 039                            | 1 409 039                 | 1 449 941                        | 97                             | 0                                       |                 |
| Drill and Equip of new boreholes-Nkomazi                              | 1 615 917                            | 1 615 917                 | 1 460 321                        | 90                             | 0                                       |                 |
| Access bridge Matseleng Primary School                                | 260 249                              | 260 249                   | 249 925                          | 96                             | 0                                       |                 |
| Water Supply Augmentation in Steenbok and KaHhoyi                     | 1 615 917                            | 1 615 917                 | 944 120                          | 58                             | 0                                       |                 |
| Provision of additional EDM office space                              | 875 440                              | 875 440                   |                                  | 0                              | 0                                       |                 |
| Torrential Rain Disaster  | 4 547 080                            | 4 547 080                 |                                  |                                |   |                 |
| <b>TOTALS</b>   | <b>13 481 371</b>                    | <b>13 481 371</b>         | <b>6 070 018</b>                 | <b>45,03</b>                   | <b>0</b>                                |                 |



#### 4. Financial Position

**DC32 Ehlanzeni - Table C6 Monthly Budget Statement - Financial Position - M07 January**

| Description                              | Ref | 2020/21          | Budget Year 2021/22 |                 |                |                    |
|--|-----|------------------|---------------------|-----------------|----------------|--------------------|
|  |     | Audited Outcome  | Original Budget     | Adjusted Budget | YearTD actual  | Full Year Forecast |
| <b>R thousands</b>                       | 1   |                  |                     |                 |                |                    |
| <b>ASSETS</b>                            |     |                  |                     |                 |                |                    |
| <b>Current assets</b>                    |     |                  |                     |                 |                |                    |
| Cash                                     |     | 410 670          | 83 964              | 83 964          | 679            | 83 964             |
| Call investment deposits                 |     | (542 930)        | 459                 | 459             | 129 473        | 129 473            |
| Consumer debtors                         |     | (5 623)          | –                   | –               | (5 703)        | –                  |
| Other debtors                            |     | 60 029           | 4 302               | 5 727           | 66 085         | 66 085             |
| Current portion of long-term receivables |     | 523              | 346                 | 346             | 438            | 438                |
| Inventory                                |     | 9 306            | 163                 | 163             | 9 309          | 9 309              |
| <b>Total current assets</b>              |     | <b>(68 025)</b>  | <b>89 234</b>       | <b>90 659</b>   | <b>200 281</b> | <b>289 269</b>     |
| <b>Non current assets</b>                |     |                  |                     |                 |                |                    |
| Long-term receivables                    |     | 6 520            | –                   | –               | 9 954          | 9 954              |
| Investments                              |     | 4 599            | 4 729               | 4 729           | 4 599          | 4 729              |
| Investment property                      |     |                  |                     |                 |                |                    |
| Investments in Associate                 |     |                  |                     |                 |                |                    |
| Property, plant and equipment            |     | 194 789          | 218 918             | 230 963         | 198 023        | 230 963            |
| Biological                               |     |                  |                     |                 |                |                    |
| Intangible                               |     | 4 294            | 6 588               | 7 053           | 4 114          | 7 053              |
| Other non-current assets                 |     | –                | –                   | –               | –              | –                  |
| <b>Total non current assets</b>          |     | <b>210 202</b>   | <b>230 235</b>      | <b>242 745</b>  | <b>216 689</b> | <b>252 699</b>     |
| <b>TOTAL ASSETS</b>                      |     | <b>142 177</b>   | <b>319 469</b>      | <b>333 404</b>  | <b>416 970</b> | <b>541 968</b>     |
| <b>LIABILITIES</b>                       |     |                  |                     |                 |                |                    |
| <b>Current liabilities</b>               |     |                  |                     |                 |                |                    |
| Bank overdraft                           |     | –                | –                   | –               | –              | –                  |
| Borrowing                                |     | 8 755            | 7 907               | 7 907           | (1 927)        | 7 907              |
| Consumer deposits                        |     | –                | –                   | –               | –              | –                  |
| Trade and other payables                 |     | 326 750          | 16 366              | 16 366          | 81 346         | 16 366             |
| Provisions                               |     | 41 331           | 9 179               | 9 179           | 39 684         | 9 179              |
| <b>Total current liabilities</b>         |     | <b>376 836</b>   | <b>33 451</b>       | <b>33 451</b>   | <b>119 102</b> | <b>33 451</b>      |
| <b>Non current liabilities</b>           |     |                  |                     |                 |                |                    |
| Borrowing                                |     | 106 910          | 100 369             | 100 369         | 102 701        | 100 369            |
| Provisions                               |     | –                | 31 434              | 31 434          | –              | 31 434             |
| <b>Total non current liabilities</b>     |     | <b>106 910</b>   | <b>131 803</b>      | <b>131 803</b>  | <b>102 701</b> | <b>131 803</b>     |
| <b>TOTAL LIABILITIES</b>                 |     | <b>483 746</b>   | <b>165 255</b>      | <b>165 255</b>  | <b>221 803</b> | <b>165 255</b>     |
| <b>NET ASSETS</b>                        | 2   | <b>(341 569)</b> | <b>154 215</b>      | <b>168 149</b>  | <b>195 167</b> | <b>376 713</b>     |
| <b>COMMUNITY WEALTH/EQUITY</b>           |     |                  |                     |                 |                |                    |
| Accumulated Surplus/(Deficit)            |     | 154 381          | 138 439             | 138 439         | 195 167        | 138 439            |
| Reserves                                 |     | –                | –                   | –               | –              | –                  |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | 2   | <b>154 381</b>   | <b>138 439</b>      | <b>138 439</b>  | <b>195 167</b> | <b>138 439</b>     |

The financial position as at 31 January 2022 is as follows;

- Total short-term fixed deposits as at 31 January 2022 at R129, 5 million.
- Cash on hand at R679 thousand as at 31 January 2022.
- The DBSA non-current loan balance is R111,9 million. The municipality has complied with all the terms and conditions of the loan. The first payment of R 10,7 million was paid

by 31 December 2021. The second payment of the loan of R 10,7 million is payable by 30 June 2022.

- d) The creditors and other payables amounted to R81,3 million whilst the debtors and other receivables amounted to R60,8 million and these balances are mainly due to the Department of Water and Sanitation, and Nkomazi Local Municipality agency agreement transactions for the Driekoppies and Sibange Water Schemes programmes.

## 5. Cashflow Performance

| 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 |
| <b>R thousands</b>                               |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| <b>Receipts</b>                                  |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Property rates                                   |     |                 |                     |                 |                 |                 |                 | -               |                |                    |
| Service charges                                  |     |                 |                     |                 |                 |                 |                 | -               |                |                    |
| Other revenue                                    |     | 599,864         | 2,564               | 2,564           | 47              | 642             | 1,496           | (853)           | -57%           | 238,793            |
| Transfers and Subsidies - Operational            |     | -               | 278,932             | 278,932         | -               | 209,288         | 162,710         | 46,578          | 29%            | 278,932            |
| Transfers and Subsidies - Capital                |     | 40,072          | 2,403               | 2,403           |                 | 1,682           | 1,402           | 280             | 20%            | 15,090             |
| Interest   |     | 2,291           | 10,500              | 10,500          | 1,160           | 3,027           | 6,125           | (3,098)         | -51%           | 10,500             |
| Dividends  |     | -               | 164                 | 164             | -               | -               | 96              | (96)            | -100%          | 164                |
| <b>Payments</b>                                  |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Suppliers and employees                          |     | (175,574)       | (253,625)           | (253,625)       | (19,170)        | (145,611)       | (147,948)       | (2,337)         | 2%             | (253,625)          |
| Finance charges                                  |     | -               | (13,679)            | (13,679)        | (0)             | (6,474)         | (7,979)         | (1,506)         | 19%            | (13,679)           |
| Transfers and Grants                             |     |                 |                     |                 |                 |                 |                 | -               |                |                    |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> |     | <b>466,652</b>  | <b>27,259</b>       | <b>27,259</b>   | <b>(17,963)</b> | <b>62,555</b>   | <b>15,901</b>   | <b>(46,654)</b> | <b>-293%</b>   | <b>276,176</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| <b>Receipts</b>                                  |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Proceeds on disposal of PPE                      |     |                 |                     |                 |                 |                 |                 | -               |                |                    |
| Decrease (increase) in non-current receivables   |     | 3,960           | (3,960)             | -               |                 |                 |                 | -               |                | 3,960              |
| Decrease (increase) in non-current investments   |     | 174             | 130                 | -               |                 |                 |                 | -               |                | 4,599              |
| <b>Payments</b>                                  |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Capital assets                                   |     | (8,459)         | (20,603)            | (34,537)        | (1,108)         | (10,007)        | (20,147)        | (10,140)        | 50%            | (123)              |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> |     | <b>(4,325)</b>  | <b>(24,433)</b>     | <b>(34,537)</b> | <b>(1,108)</b>  | <b>(10,007)</b> | <b>(20,147)</b> | <b>(10,140)</b> | <b>50%</b>     | <b>8,436</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| <b>Receipts</b>                                  |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Short term loans                                 |     |                 |                     |                 |                 |                 |                 | -               |                |                    |
| Borrowing long term/refinancing                  |     |                 |                     |                 |                 |                 |                 | -               |                |                    |
| Increase (decrease) in consumer deposits         |     | -               | 1                   | -               | -               | -               | -               | -               |                | -                  |
| <b>Payments</b>                                  |     |                 |                     |                 |                 |                 |                 |                 |                |                    |
| Repayment of borrowing                           |     |                 |                     |                 |                 | (4,209)         | -               | 4,209           | #DIV/0!        |                    |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> |     | <b>-</b>        | <b>1</b>            | <b>-</b>        | <b>-</b>        | <b>(4,209)</b>  | <b>-</b>        | <b>4,209</b>    | <b>#DIV/0!</b> | <b>-</b>           |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     |     | <b>462,328</b>  | <b>2,827</b>        | <b>(7,278)</b>  | <b>(19,071)</b> | <b>48,340</b>   | <b>(4,246)</b>  |                 |                | <b>284,612</b>     |
| Cash/cash equivalents at beginning:              |     | 85,484          | 85,484              | 85,484          |                 | 81,812          |                 |                 |                |                    |
| Cash/cash equivalents at month/year end:         |     | 547,812         | 88,311              | 78,206          |                 | 130,152         | (4,246)         |                 |                | 284,612            |

- a) Cash and cash equivalents as at 31 January 2022 comprise of R679 thousand and cash available in bank accounts and R129,5 million held in short term fixed deposits at Absa Bank, First National Bank and Standard Bank
- b) The cashflow from operating activities reflect a net balance of R62,5 million which is mainly due to the first two instalments of the equitable share grant received and savings realized on the operating expenditure.

### POLICY IMPLICATIONS

None

### LEGAL AND CONSTITUTIONAL IMPLICATIONS

None

**RECOMMENDATION BY THE MUNICIPAL MANAGER**

- 1. That the Mayoral Committee to take note of the content of the report.**