

FSCM/2122 REPORT ON BUDGET PERFORMANCE AND FINANCIAL POSITION FOR THE PERIOD ENDED MAY 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 May 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 - M11 May

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	8 600	(312)	3 588	8 105	(4 517)	-56%	8 600
Transfers and subsidies	287 266	278 932	278 932	-	278 932	255 688	23 244	9%	278 932
Other own revenue	1 750	2 728	2 143	198	1 520	2 032	(512)	-25%	2 487
Total Revenue (excluding capital transfers and contributions)	295 811	292 160	289 675	(113)	284 040	265 825	18 215	7%	290 019
Employee costs	151 816	174 363	164 719	12 410	140 456	151 975	(11 519)	-8%	164 719
Remuneration of Councillors	16 264	16 726	17 117	1 478	15 205	15 591	(386)	-2%	17 117
Depreciation & asset impairment	11 052	11 484	11 670	298	10 398	10 676	(277)	-3%	11 670
Finance charges	13 563	13 679	12 679	0	6 474	11 729	(5 255)	-45%	12 679
Inventory consumed and bulk purchases	1 873	1 133	2 716	137	2 575	2 335	240	10%	2 575
Transfers and subsidies	8 827	-	-	-	-	-	-	-	-
Other expenditure	70 360	61 403	74 912	3 626	57 127	67 570	(10 443)	-15%	74 916
Total Expenditure	273 755	278 787	283 812	17 949	232 235	259 876	(27 641)	-11%	283 676
Surplus/(Deficit)	22 056	13 372	5 862	(18 062)	51 805	5 949	45 856	771%	6 343
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 371	2 403	2 403	-	-	2 203	(2 203)	-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	8 265	(18 062)	51 805	8 152	43 653	535%	8 746
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	24 457	15 775	8 265	(18 062)	51 805	8 152	43 653	535%	8 746

Capital expenditure & funds sources									
Capital expenditure	5 499	20 603	38 170	2 305	16 818	34 311	(17 493)	-51%	38 170
Capital transfers recognised	200	2 403	2 403	367	1 257	2 203	(946)	-43%	2 403
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	5 299	18 200	35 767	1 939	15 561	32 108	(16 547)	-52%	35 767
Total sources of capital funds	5 499	20 603	38 170	2 305	16 818	34 311	(17 493)	-51%	38 170
Financial position									
Total current assets	(68 025)	89 234	64 716		184 852				247 971
Total non current assets	210 202	230 235	247 802		220 862				258 708
Total current liabilities	376 836	33 451	33 451		118 750				33 451
Total non current liabilities	106 910	131 803	131 803		102 701				131 803
Community wealth/Equity	154 381	138 439	138 627		184 264				138 627
Cash flows									
Net cash from (used) operating	466 652	27 259	20 308	(17 764)	60 375	18 828	(41 547)	-221%	276 176
Net cash from (used) investing	(4 325)	(24 433)	(38 170)	(1 939)	(15 561)	(32 108)	(16 547)	52%	8 436
Net cash from (used) financing	-	-	(7 717)	-	(4 209)	(6 431)	(2 222)	35%	-
Cash/cash equivalents at the month/year end	547 812	88 310	59 904	-	122 416	(19 711)	(142 127)	721%	284 612

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

- Total revenue earned up to end of May 2022 of R284 million which equates to 98% of total budget revenue for the financial year.
- Total expenditure up to end of May 2022 of R232,2 million which equates to 81,8% of total operating expenditure budget.
- Capital expenditure for the month of May 2022 of R16,8 million which equates to 44% of the total capital expenditure budget.
- The cash and cash equivalents as at 31 May 2022 amounts to R122,4 million.

1. Operating revenue and expenditure performance

DC32 Ehlanzeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May

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	-	137	592	(456)	-77%	646
Interest earned - external investments		6 796	10 500	8 600	(312)	3 588	8 105	(4 517)	-56%	8 600
Interest earned - outstanding debtors		59	-	-	-	-	-	-	-	-
Dividends received		138	164	164	-	153	150	3	2%	153
Fines, penalties and forfeits		100	-	-	-	-	-	-	-	-
Licences and permits		452	1 558	779	50	602	805	(203)	-25%	779
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		287 266	278 932	278 932	-	278 932	255 688	23 244	9%	278 932
Other revenue		575	360	273	148	628	260	368	141%	628
Gains		23	-	281	-	0	224	(224)	-100%	281
Total Revenue (excluding capital transfers and contributions)		295 811	292 160	289 675	(113)	284 040	265 825	18 215	7%	290 019
Expenditure By Type										
Employee related costs		151 816	174 363	164 719	12 410	140 456	151 975	(11 519)	-8%	164 719
Remuneration of councillors		16 264	16 726	17 117	1 478	15 205	15 591	(386)	-2%	17 117
Debt impairment		5 925	-	-	-	-	-	-	-	-
Depreciation & asset impairment		11 052	11 484	11 670	298	10 398	10 676	(277)	-3%	11 670
Finance charges		13 563	13 679	12 679	0	6 474	11 729	(5 255)	-45%	12 679
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		1 873	1 133	2 716	137	2 575	2 335	240	10%	2 575
Contracted services		27 711	25 024	35 246	1 003	24 930	31 427	(6 497)	-21%	35 246
Transfers and subsidies		8 827	-	-	-	-	-	-	-	-
Other expenditure		36 445	36 379	39 666	2 623	32 193	36 143	(3 951)	-11%	39 666
Losses		280	-	-	-	5	-	5	#DIV/0!	5
Total Expenditure		273 755	278 787	283 812	17 949	232 235	259 876	(27 641)	-11%	283 676
Surplus/(Deficit)		22 056	13 372	5 862	(18 062)	51 805	5 949	45 856	0	6 343
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 371	2 403	2 403	-	-	2 203	(2 203)	(0)	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	8 265	(18 062)	51 805	8 152			8 746
Taxation										
Surplus/(Deficit) after taxation		24 457	15 775	8 265	(18 062)	51 805	8 152			8 746
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		24 457	15 775	8 265	(18 062)	51 805	8 152			8 746
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		24 457	15 775	8 265	(18 062)	51 805	8 152			8 746

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;

- a) The year-to-date revenue collected amounts to R284 million which represents 98% of budget revenue for the financial year. Despite the overperformance on the operating revenue however, the following revenue sources have underperformed;
 - i. Rental of facilities has underperformed by 77 per cent mainly due to the lack of operation of the canteen and disaster management facilities;
 - ii. Interest on investment has underperformed by 56 per cent due to non-accrual of the interest accrued on fixed deposits held with various commercial banks as the practice is to account for the interest received on maturity date of the fixed deposits;

- iii. Licenses and permits revenue items relate to the municipal health function and this item has underperformed by 25 per cent. The underperformance is mainly attributable to the delay of internal processes relating to the processing and reconciliation of the municipal health financial transactions and those processes will be performed as part of the year end processes.
- b) The actual operating expenditure incurred amounting to R232,2 million is less than 11 per cent of the projected expenditure of R259,8million mainly due to the following items;
- i. Savings realized on the employees related cost and remuneration of councilors amounting to R11,9 million due to the delay in filling of vacant positions and upper limits of gazettes for councilors and senior managers for the current year not yet promulgated by COGTA;
 - ii. Savings of R3,9 million on other items as a result of the putting of abeyance of the procurement processes above R30,000 as per National Treasury advice due to the invalidation of the Preferential Procurement Regulations by the Constitutional Court as well as the implementation of the Cost Containment Policy.
 - iii. Finance charges appears to the underperforming however this underperformance is due to the DBSA loan annual payment arrangement in December and June of every financial year.

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) - M11 May

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	292 078	(113)	284 040	268 028	16 012	6,0%	284 040
Vote 04 - Local Economic Development, Tourism And Rural Deveve		-	-	-	-	-	-	-	-	-
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 - Strategic Services		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	298 212	294 563	292 078	(113)	284 040	268 028	16 012	6,0%	284 040
Expenditure by Vote										
	1									
Vote 01 - Council Summary		33 509	37 974	38 785	2 878	31 247	35 164	(3 917)	-11,1%	38 785
Vote 02 - Corporate Services & Municipal Relations		43 003	49 065	58 670	4 689	52 254	52 533	(279)	-0,5%	54 148
Vote 03 - Finance And Procurement		92 652	66 392	59 436	2 294	45 751	55 741	(9 990)	-17,9%	59 514
Vote 04 - Local Economic Development, Tourism And Rural Deveve		21 338	26 330	25 008	1 548	18 468	23 077	(4 609)	-20,0%	25 134
Vote 05 - Municipal Health & Environmental Management		26 198	30 074	29 447	2 028	24 262	26 884	(2 622)	-9,8%	29 447
Vote 06 - Office Of The Municipal Manager		10 217	12 385	13 918	801	10 851	12 637	(1 786)	-14,1%	13 918
Vote 07 - Social Services & Disaster Management		22 688	26 987	27 735	1 428	21 919	25 321	(3 402)	-13,4%	26 908
Vote 08 - Technical Services		8 660	11 880	14 661	834	12 616	13 533	(918)	-6,8%	14 460
Vote 09 - Strategic Services		15 491	17 702	16 154	1 451	14 868	14 986	(118)	-0,8%	16 065
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	273 755	278 787	283 812	17 949	232 235	259 876	(27 641)	-10,6%	278 378
Surplus/ (Deficit) for the year	2	24 457	15 775	8 265	(18 062)	51 805	8 152	43 653	535,5%	5 662

It should be noted that departmental expenditure are within projected budget as at 31 May 2022.

3. Capital expenditure performance

DC32 Ehlanzeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M11 May

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 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 - Strategic Services		-	-	-	-	-	-	-	-	-
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	875	-	-	838	(838)	-100%	875
Vote 03 - Finance And Procurement		1 587	5 650	6 430	112	3 231	5 820	(2 589)	-44%	6 430
Vote 04 - Local Economic Development, Tourism And Rural Development		125	-	4 120	-	-	3 296	(3 296)	-100%	4 120
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	26 745	2 193	13 587	24 358	(10 771)	-44%	26 745
Vote 09 - Strategic Services		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	5 499	20 603	38 170	2 305	16 818	34 311	(17 493)	-51%	38 170
Total Capital Expenditure		5 499	20 603	38 170	2 305	16 818	34 311	(17 493)	-51%	38 170
Capital Expenditure - Functional Classification										
Governance and administration		2 886	6 150	7 305	112	3 231	6 657	(3 426)	-51%	7 305
Executive and council		427	-	-	-	-	-	-	-	-
Finance and administration		2 459	6 150	7 305	112	3 231	6 657	(3 426)	-51%	7 305
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	15 946	1 986	6 285	13 904	(7 620)	-55%	15 946
Planning and development		303	2 000	6 541	-	326	5 439	(5 113)	-94%	6 541
Road transport		-	8 053	9 406	1 986	5 959	8 465	(2 507)	-30%	9 406
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	4 400	14 918	207	7 302	13 749	(6 447)	-47%	14 918
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	3 000	8 432	169	3 051	7 437	(4 386)	-59%	8 432
Waste water management		-	1 400	6 486	38	4 251	6 312	(2 061)	-33%	6 486
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	5 499	20 603	38 170	2 305	16 818	34 311	(17 493)	-51%	38 170

DETAILED ANALYSIS OF CAPITAL PROJECTS 2021-2022

Capital Project	Approved Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
EDM premises main entrance road realignment	1 650 000	1 160 839	1 160 839	99	489 061	Project is at implementation stage
Rural Road Asset Management System	2 403 000	2 403 000	1 256 888	52	R0,00	Project is at implementation stage
Purchase of plant and equipment	350 000	0	0	0	350 000	Contingency budget
Purchase of furniture and fittings	500 000	285 380	285 380	100	214 620	Contingency budget
Purchase of motor vehicles	1 800 000	0	0	0	1 800 000	The procurement was affected by the National Treasury advise relating to the invalidation of the Preferential Procurement Regulations.
Purchase of Computer Equipment and Software	3 430 000	2 945 656	2 945 656	100	484 344	Contingency budget
Upgrade of IT Network Infrastructure	350 000	164 300	0	0	185 700	Contingency budget

Capital Projects	Approved Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Drilling and equipping of boreholes in the City of Mbombela	800 000	737 635	253 011	34	62 365	Project is at implementation stage
Construction of Nkomazi High mast lights	1 000 000	0	0	0	1 000 000	Project is at implementation stage
Malelane Ext 21 sewer package plant - Construction of fence, guardhouse and operator's house	186 500	186 500	37 500	20	0	Project is at implementation stage
Road rehabilitation programme	863 500	844 071	234 465	28	19 429	Project is at implementation stage
Refurbishment of high mast lights in Thaba Chweu	1 030 000	0	0	0	1 030 000	Project is at implementation stage
Wastewater treatment works improvement programme	186 500	0	0	0	186 500	The procurement was affected by the National Treasury advise relating to the invalidation of the Preferential Procurement Regulations.
Goromani water supply augmentation	4 349 810	272 500	199 529	73	4 077 310	Contractor appointed in April 2022
Construction of Matseleng Pedestrian Bridge	4 489 000	4 517 249	3 306 649	73	28 249	Project at implementation stage.
Construction of Lebombo Stalls	1 521 182	0	0	0	1 521 182	The procurement was affected by the National Treasury advise relating to

Capital Projects	Approved Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
						the invalidation of the Preferential Procurement Regulations.
Refurbishment of Barberton Tourism Routes	2 598 573	0	0	0	2 598 573	The procurement was affected by the National Treasury advise relating to the invalidation of the Preferential Procurement Regulations.
TOTALS	27 508 065	13 517 231	9 679 919	72	13 990 834	

Roll Over Capital Project	Roll Over 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	1 929 937	1 929 937	1 907 258	99	0	The construction stage of phase 2 of the project is underway
Drill and Equip of new borehole' s-Bushbuckridge	1 442 982	1 442 982	1 050 679	73	0	The project is almost complete and there is delay caused by Eskom in terms of electricity connection
Drill and Equip of new boreholes-City of Mbombela	1 490 039	1 490 039	1 449 941	97	0	The project is almost complete and there is delay caused by Eskom in terms of electricity connection
Drill and Equip of new boreholes-Nkomazi	1 881 477	1 881 477	1 460 321	78	0	The project is almost complete and there is delay caused by Eskom in terms of electricity connection
Access bridge Matseleng Primary School	391 199	391 199	325 866	83	0	The funds committed for the construction administration and supervision phase of the project

Roll Over Capital Project	Roll Over Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Water Supply Augmentation in Steenbok and KaHhoyi	1 965 917	1 965 917	944 120	48	0	The project is at the construction stage
Provision of additional EDM office space	875 440	875 440	0	0	0	Design for the project completed.
Torrential Rain Disaster	685 000	685 000	0	0	0	Project procurement process put on hold due to a National Treasury directive.
TOTALS	10 661 991	10 661 991	7 138 188	67	0	

4. Financial Position

DC32 Ehlanzeni - Table C6 Monthly Budget Statement - Financial Position - M11 May

Description	Ref	Budget Year 2021/22				
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		410 670	83 964	59 445	2 076	59 445
Call investment deposits		(542 930)	459	459	120 341	120 341
Consumer debtors		(5 623)	-	-	(5 664)	-
Other debtors		60 029	4 302	4 302	58 432	58 432
Current portion of long-term receivables		523	346	346	260	346
Inventory		9 306	163	163	9 407	9 407
Total current assets		(68 025)	89 234	64 716	184 852	247 971
Non current assets						
Long-term receivables		6 520	-	-	10 906	10 906
Investments		4 599	4 729	4 729	4 599	4 729
Investment property						
Investments in Associate						
Property, plant and equipment		194 789	218 918	236 159	200 541	236 159
Biological						
Intangible		4 294	6 588	6 914	4 816	6 914
Other non-current assets		-	-	-	-	-
Total non current assets		210 202	230 235	247 802	220 862	258 708
TOTAL ASSETS		142 177	319 469	312 518	405 714	506 679
LIABILITIES						
Current liabilities						
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	82 405	16 366
Provisions		41 331	9 179	9 179	38 272	9 179
Total current liabilities		376 836	33 451	33 451	118 750	33 451
Non current liabilities						
Borrowing		106 910	100 369	100 369	102 701	100 369
Provisions		-	31 434	31 434	-	31 434
Total non current liabilities		106 910	131 803	131 803	102 701	131 803
TOTAL LIABILITIES		483 746	165 255	165 255	221 450	165 255
NET ASSETS	2	(341 569)	154 215	147 263	184 264	341 425
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		154 381	138 439	138 627	184 264	138 627
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	154 381	138 439	138 627	184 264	138 627

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

- a) Total short-term fixed deposits as at 31 May 2022 at R120,3 million.
- b) Cash on hand at R2million as at 31 May 2022.
- c) 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 R82,4 million whilst the debtors and other receivables amounted to R53 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
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates								-		
Service charges								-		
Other revenue		599 864	2 564	1 698	198	1 367	1 882	(515)	-27%	238 793
Transfers and Subsidies - Operational		-	278 932	279 213	-	278 932	255 688	23 244	9%	278 932
Transfers and Subsidies - Capital		40 072	2 403	2 403	-	2 403	2 203	200	9%	15 090
Interest		2 291	10 500	8 600	(312)	3 588	8 105	(4 517)	-56%	10 500
Dividends		-	164	164	-	153	150	3	2%	164
Payments										
Suppliers and employees		(175 574)	(253 625)	(258 792)	(17 651)	(219 595)	(237 471)	(17 876)	8%	(253 625)
Finance charges		-	(13 679)	(12 978)	-	(6 474)	(11 729)	(5 255)	45%	(13 679)
Transfers and Grants		-	-	-	-	-	-	-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		466 652	27 259	20 308	(17 764)	60 375	18 828	(41 547)	-221%	276 176
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
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
Payments										
Capital assets		(8 459)	(20 603)	(38 170)	(1 939)	(15 561)	(32 108)	(16 547)	52%	(123)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4 325)	(24 433)	(38 170)	(1 939)	(15 561)	(32 108)	(16 547)	52%	8 436
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		
Borrowing long term/refinancing		-	-	-	-	-	-	-		
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		
Payments										
Repayment of borrowing		-	-	(7 717)	-	(4 209)	(6 431)	(2 222)	35%	
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	(7 717)	-	(4 209)	(6 431)	(2 222)	35%	-
NET INCREASE/ (DECREASE) IN CASH HELD		462 328	2 826	(25 580)	(19 703)	40 604	(19 711)			284 612
Cash/cash equivalents at beginning:		85 484	85 484	85 484		81 812				
Cash/cash equivalents at month/year end:		547 812	88 310	59 904		122 416	(19 711)			284 612

- a) Cash and cash equivalents as at 31 May 2022 comprise of R2 million cash available in bank accounts and R120 million held in short term fixed deposits at Absa Bank – R60,4 million, Nedbank – R40 million, First National Bank – R9,8 million and Standard Bank – R10 million.
- b) The cashflow from operating activities reflect a net balance of R60,3million which is mainly due to 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.**