

**FSCM /2021      REPORT ON 2021/2022 FOURTH QUARTER BUDGET  
IMPLEMENTATION AND FINANCIAL STATE OF AFFAIRS**

REPORT BY THE GENERAL MANAGER: FINANCE AND SUPPLY CHAIN MANAGEMENT

STRATEGIC THRUST

Financial viability and management

OBJECTIVE

The objective of the report is to;

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

BACKGROUND

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

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

## DC32 Ehlanzeni - Table C1 Monthly Budget Statement Summary - M12 June

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	8 600	2 133	5 721	8 600	(2 879)	-33%	8 600
Transfers and subsidies	287 266	278 932	278 932	-	278 932	278 932	-	-	278 932
Other own revenue	1 750	2 728	2 143	83	1 603	2 143	(540)	-25%	2 532
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>295 811</b>	<b>292 160</b>	<b>289 675</b>	<b>2 216</b>	<b>286 256</b>	<b>289 675</b>	<b>(3 419)</b>	<b>-1%</b>	<b>290 064</b>
Employee costs	151 816	174 363	163 880	13 034	153 490	163 880	(10 391)	-6%	163 880
Remuneration of Councillors	16 264	16 726	16 744	1 514	16 719	16 744	(26)	-0%	16 744
Depreciation & asset impairment	11 052	11 484	11 670	299	10 697	11 670	(973)	-8%	11 670
Finance charges	13 563	13 679	12 949	6 136	12 610	12 949	(339)	-3%	12 949
Inventory consumed and bulk purchases	1 873	1 133	3 223	573	3 147	3 223	(75)	-2%	3 223
Transfers and subsidies	8 827	-	-	-	-	-	-	-	-
Other expenditure	70 360	61 403	74 975	7 115	64 242	74 975	(10 733)	-14%	74 979
<b>Total Expenditure</b>	<b>273 755</b>	<b>278 787</b>	<b>283 441</b>	<b>28 670</b>	<b>260 905</b>	<b>283 441</b>	<b>(22 536)</b>	<b>-8%</b>	<b>283 445</b>
<b>Surplus/(Deficit)</b>	<b>22 056</b>	<b>13 372</b>	<b>6 234</b>	<b>(26 454)</b>	<b>25 351</b>	<b>6 234</b>	<b>19 117</b>	<b>307%</b>	<b>6 619</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 371	2 403	2 403	2 403	2 403	2 403	-	-	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>8 637</b>	<b>(24 051)</b>	<b>27 754</b>	<b>8 637</b>	<b>19 117</b>	<b>221%</b>	<b>9 022</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>24 457</b>	<b>15 775</b>	<b>8 637</b>	<b>(24 051)</b>	<b>27 754</b>	<b>8 637</b>	<b>19 117</b>	<b>221%</b>	<b>9 022</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>5 499</b>	<b>20 603</b>	<b>38 170</b>	<b>4 822</b>	<b>21 640</b>	<b>38 170</b>	<b>(16 530)</b>	<b>-43%</b>	<b>38 170</b>
Capital transfers recognised	200	2 403	2 403	341	1 598	2 403	(805)	-34%	2 403
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	5 299	18 200	35 767	4 481	20 042	35 767	(15 725)	-44%	35 767
<b>Total sources of capital funds</b>	<b>5 499</b>	<b>20 603</b>	<b>38 170</b>	<b>4 822</b>	<b>21 640</b>	<b>38 170</b>	<b>(16 530)</b>	<b>-43%</b>	<b>38 170</b>
<b>Financial position</b>									
Total current assets	(68 025)	89 234	64 716	-	114 609	-	-	-	178 560
Total non current assets	210 202	230 235	247 802	-	226 019	-	-	-	259 342
Total current liabilities	376 836	33 451	33 451	-	82 262	-	-	-	33 451
Total non current liabilities	106 910	131 803	131 803	-	98 154	-	-	-	131 803
Community wealth/Equity	<b>154 381</b>	<b>138 439</b>	<b>138 627</b>	-	<b>184 264</b>	-	-	-	<b>138 627</b>
<b>Cash flows</b>									
Net cash from (used) operating	466 652	27 259	20 308	(23 752)	25 231	20 308	(4 923)	-24%	276 176
Net cash from (used) investing	(4 325)	(24 433)	(38 170)	(4 822)	(21 640)	(38 170)	(16 530)	43%	8 436
Net cash from (used) financing	-	-	(7 717)	(4 547)	(8 387)	(7 717)	670	-9%	-
<b>Cash/cash equivalents at the month/year end</b>	<b>547 812</b>	<b>88 310</b>	<b>59 904</b>	<b>-</b>	<b>77 016</b>	<b>(25 580)</b>	<b>(102 595)</b>	<b>401%</b>	<b>284 612</b>

The summary of the financial performance and position against the budget projection for the period ending June 2022 is as follows;

- The year-to-date revenue collected amounts to R286,3 million which represents 98,8% of budget revenue for the financial year;
- The year-to-date operating expenditure incurred amounts to R261 million which represents 92% of total operating expenditure budget;
- The capital expenditure incurred year to date incurred amounts to R21,6 million which represents 56,7% of the total adjusted capital expenditure budget;
- The cash and cash equivalents as at 30 June 2022 amounts to R77 million

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

### 1. Operating revenue and expenditure performance

**DC32 Ehlanzeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June**

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
<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	2	138	646	(508)	-79%	646
Interest earned - external investments		6 796	10 500	8 600	2 133	5 721	8 600	(2 879)	-33%	8 600
Interest earned - outstanding debtors		59	-	-	-	-	-	-	-	-
Dividends received		138	164	164	-	153	164	(11)	-7%	164
Fines, penalties and forfeits		100	-	-	-	-	-	-	-	-
Licences and permits		452	1 558	779	47	649	779	(130)	-17%	779
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		287 266	278 932	278 932	-	278 932	278 932	-	-	278 932
Other revenue		575	360	273	34	663	273	390	143%	663
Gains		23	-	281	-	0	281	(281)	-100%	281
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>295 811</b>	<b>292 160</b>	<b>289 675</b>	<b>2 216</b>	<b>286 256</b>	<b>289 675</b>	<b>(3 419)</b>	<b>-1%</b>	<b>290 064</b>
<b>Expenditure By Type</b>										
Employee related costs		151 816	174 363	163 880	13 034	153 490	163 880	(10 391)	-6%	163 880
Remuneration of councillors		16 264	16 726	16 744	1 514	16 719	16 744	(26)	0%	16 744
Debt impairment		5 925	-	-	-	-	-	-	-	-
Depreciation & asset impairment		11 052	11 484	11 670	299	10 697	11 670	(973)	-8%	11 670
Finance charges		13 563	13 679	12 949	6 136	12 610	12 949	(339)	-3%	12 949
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		1 873	1 133	3 223	573	3 147	3 223	(75)	-2%	3 223
Contracted services		27 711	25 024	35 696	3 680	28 610	35 696	(7 085)	-20%	35 696
Transfers and subsidies		8 827	-	-	-	-	-	-	-	-
Other expenditure		36 445	36 379	39 279	3 434	35 627	39 279	(3 652)	-9%	39 279
Losses		280	-	-	-	5	-	5	#DIV/0!	5
<b>Total Expenditure</b>		<b>273 755</b>	<b>278 787</b>	<b>283 441</b>	<b>28 670</b>	<b>260 905</b>	<b>283 441</b>	<b>(22 536)</b>	<b>-8%</b>	<b>283 445</b>
<b>Surplus/(Deficit)</b>										
		<b>22 056</b>	<b>13 372</b>	<b>6 234</b>	<b>(26 454)</b>	<b>25 351</b>	<b>6 234</b>	<b>19 117</b>	<b>0</b>	<b>6 619</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 371	2 403	2 403	2 403	2 403	2 403	-	-	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>8 637</b>	<b>(24 051)</b>	<b>27 754</b>	<b>8 637</b>			<b>9 022</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>		<b>24 457</b>	<b>15 775</b>	<b>8 637</b>	<b>(24 051)</b>	<b>27 754</b>	<b>8 637</b>			<b>9 022</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>24 457</b>	<b>15 775</b>	<b>8 637</b>	<b>(24 051)</b>	<b>27 754</b>	<b>8 637</b>			<b>9 022</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>24 457</b>	<b>15 775</b>	<b>8 637</b>	<b>(24 051)</b>	<b>27 754</b>	<b>8 637</b>			<b>9 022</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 year-to-date revenue collected amounts to R286,3 million which represents 98.8% of budget revenue for the financial year. The following revenue sources have underperformed;
  - i. Rental of facilities has underperformed by 79 per cent mainly due to the lack of operation of the canteen and disaster management facilities;

- ii. Interest on investment has underperformed by 33 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 17 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.
- The actual operating expenditure incurred amounting to R261 million is less than 8 per cent of the projected expenditure of R283,4 million mainly due to the following items;
    - i. Savings realized on the employees related cost and remuneration of councilors amounting to R10,4 million due to the delay in filling of vacant positions and upper limits of gazettes for senior managers for the current year not yet promulgated by COGTA;
    - ii. Savings of R3,7 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.

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) - M12 June**

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>										
<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	292 078	4 619	288 659	292 078	(3 419)	-1,2%	292 078
Vote 04 - Local Economic Development; Tourism And Rural Devele		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Health & Environmental Services		-	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 07 - Disaster Management And Social Services		-	-	-	-	-	-	-	-	-
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>292 078</b>	<b>4 619</b>	<b>288 659</b>	<b>292 078</b>	<b>(3 419)</b>	<b>-1,2%</b>	<b>292 078</b>
<b>Expenditure by Vote</b>										
Vote 01 - Council Summary	1	33 509	37 974	38 407	3 953	35 199	38 407	(3 207)	-8,4%	38 409
Vote 02 - Corporate Services & Municipal Relations		43 003	49 065	58 670	4 351	56 606	58 670	(2 064)	-3,5%	58 670
Vote 03 - Finance And Procurement		92 652	66 392	59 438	9 183	54 933	59 438	(4 505)	-7,6%	60 171
Vote 04 - Local Economic Development; Tourism And Rural Devele		21 338	26 330	25 008	2 371	20 839	25 008	(4 169)	-16,7%	25 283
Vote 05 - Municipal Health & Environmental Services		26 198	30 074	29 447	2 469	26 731	29 447	(2 715)	-9,2%	29 447
Vote 06 - Office Of The Municipal Manager		25 708	30 087	30 072	2 248	27 967	30 072	(2 105)	-7,0%	30 436
Vote 07 - Disaster Management And Social Services		22 688	26 987	27 740	2 120	24 039	27 740	(3 701)	-13,3%	27 740
Vote 08 - Technical Services		8 660	11 880	14 660	1 975	14 591	14 660	(69)	-0,5%	14 754
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>283 441</b>	<b>28 670</b>	<b>260 905</b>	<b>283 441</b>	<b>(22 536)</b>	<b>-8,0%</b>	<b>284 910</b>
<b>Surplus/ (Deficit) for the year</b>	<b>2</b>	<b>24 457</b>	<b>15 775</b>	<b>8 637</b>	<b>(24 051)</b>	<b>27 754</b>	<b>8 637</b>	<b>19 117</b>	<b>221,3%</b>	<b>7 167</b>

It should be noted that departmental expenditure are within projected budget as at 30 June 2022.

3. Capital expenditure performance

DC32 Ehlanzeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

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 Devevelo		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Health & Environmental Services		-	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 07 - Disaster Management And Social Services		-	-	-	-	-	-	-	-	-
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	-	-	875	(875)	-100%	875
Vote 03 - Finance And Procurement		1 587	5 650	6 430	173	3 404	6 430	(3 026)	-47%	6 430
Vote 04 - Local Economic Development, Tourism And Rural Devevelo		125	-	4 120	105	105	4 120	(4 015)	-97%	4 120
Vote 05 - Municipal Health & Environmental Services		2 189	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		321	-	-	-	-	-	-	-	-
Vote 07 - Disaster Management And Social Services		121	-	-	-	-	-	-	-	-
Vote 08 - Technical Services		178	14 453	26 745	4 544	18 131	26 745	(8 614)	-32%	26 745
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	38 170	4 822	21 640	38 170	(16 530)	-43%	38 170
<b>Total Capital Expenditure</b>		<b>5 499</b>	<b>20 603</b>	<b>38 170</b>	<b>4 822</b>	<b>21 640</b>	<b>38 170</b>	<b>(16 530)</b>	<b>-43%</b>	<b>38 170</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>2 886</b>	<b>6 150</b>	<b>7 305</b>	<b>173</b>	<b>3 404</b>	<b>7 305</b>	<b>(3 901)</b>	<b>-53%</b>	<b>7 305</b>
Executive and council		427	-	-	-	-	-	-	-	-
Finance and administration		2 459	6 150	7 305	173	3 404	7 305	(3 901)	-53%	7 305
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>15 946</b>	<b>3 629</b>	<b>9 914</b>	<b>15 946</b>	<b>(6 032)</b>	<b>-38%</b>	<b>15 946</b>
Planning and development		303	2 000	6 541	1 951	2 277	6 541	(4 264)	-65%	6 541
Road transport		-	8 053	9 406	1 679	7 637	9 406	(1 768)	-19%	9 406
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>-</b>	<b>4 400</b>	<b>14 918</b>	<b>1 019</b>	<b>8 321</b>	<b>14 918</b>	<b>(6 597)</b>	<b>-44%</b>	<b>14 918</b>
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	3 000	8 432	1 002	4 053	8 432	(4 379)	-52%	8 432
Waste water management		-	1 400	6 486	17	4 268	6 486	(2 218)	-34%	6 486
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>38 170</b>	<b>4 822</b>	<b>21 640</b>	<b>38 170</b>	<b>(16 530)</b>	<b>-43%</b>	<b>38 170</b>

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

<b>Capital Project</b>	<b>Supplementary 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	1 650 000	1 160 939	1 413 025	121,71	489 060	
Rural Road Asset Management System	2 403 000	2 403 000	1 597 545	66,48	0	
Purchase of plant and equipment	350 000	111 465	111 465	1,00	238 534	
Purchase of furniture and fittings	500 000	314 280	314 280	100	185 719	
Purchase of motor vehicles	1 800 000	0	0	0	1 800 000	
Purchase of Computer Equipment and Software's	3 430 000	2 978 397	2 978 397	100	451 602	
Upgrade of IT Network Infrastructure	350 000	164 300	0	0	185 700	

<b>Capital Projects</b>	<b>Supplementary 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>
Drilling and equipping of boreholes in the City of Mbombela	800 000	737 635	253 011,55	0,34	62 365	
Construction of Nkomazi High mast lights	1 000 000	891 867	0	1,00	108 132	
Malelane Ext 21 sewer package plant - Construction of fence, guardhouse and operator's house	186 500	186 500	0	20,11		
Road rehabilitation programme	863 500	863 500	415 715	49,25	0	
Refurbishment of high mast lights in Thaba Chweu	1 030 000	1 027 976	954 325	1,00	2 024	
Wastewater treatment works improvement programme	186 500	0	0	0	186 500	
Goromani water supply augmentation	4 349 810	4 082 959	1 201 650	100	266 851	
Construction of Matseleng Pedestrian Bridge	4 489 000	4 517 249	4 211 094	93,22	28 249	
Construction of Lebombo Stalls	1 521 182	104 569	104 569	1,00	1 416 613	



Refurbishment of Barberton Tourism Routes	2 589 573	0	0	0	2 598 573	
<b>TOTAL</b>	<b>27 508 065</b>	<b>19 544 636</b>	<b>13 555 076</b>	<b>0,87</b>	<b>7 963 429</b>	

<b>Roll Over Projects</b>	<b>Supplementary 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	1 929 937	1 929 937	1 907 258	0,99	0	
Drill and Equip of new boreholes- Bushbuckridge	1 442 982	1 442 982	1 067 679	0,74	0	
Drill and Equip of new boreholes-City of Mbombela	1 490 039	1 490 039	1 449 941.94	0,97	0	
Drill and Equip of new boreholes- Nkomazi	1 881 477	1 881 477	1 460 321.81	0,78	0	
Access bridge Matseleng Primary School	391 199	391 199	325 866.52	0,83	0	
Water Supply Augmentation in Steenbok and KaHhoyi	1 965 917	1 965 917	944 120.98	0,48	0	
Provision of additional EDM office space	875 440	875 440	0	0	0	
Torrential Rain Disaster	685 000	0	0	0	685 000	
<b>TOTAL</b>	<b>10 661 991</b>	<b>9 976 991</b>	<b>7 155 188</b>	<b>71,72</b>	<b>685 000</b>	

## 4. Financial Position

DC32 Ehlazeni - Table C6 Monthly Budget Statement - Financial Position - M12 June

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	59 445	1 323	59 445
Call investment deposits		(542 930)	459	459	75 693	75 693
Consumer debtors		(5 623)	-	-	(5 678)	-
Other debtors		60 029	4 302	4 302	33 673	33 673
Current portion of long-term receivables		523	346	346	196	346
Inventory		9 306	163	163	9 402	9 402
<b>Total current assets</b>		<b>(68 025)</b>	<b>89 234</b>	<b>64 716</b>	<b>114 609</b>	<b>178 560</b>
<b>Non current assets</b>						
Long-term receivables		6 520	-	-	11 540	11 540
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	204 834	236 159
Biological						
Intangible		4 294	6 588	6 914	5 046	6 914
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>210 202</b>	<b>230 235</b>	<b>247 802</b>	<b>226 019</b>	<b>259 342</b>
<b>TOTAL ASSETS</b>		<b>142 177</b>	<b>319 469</b>	<b>312 518</b>	<b>340 628</b>	<b>437 902</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	46 226	16 366
Provisions		41 331	9 179	9 179	37 963	9 179
<b>Total current liabilities</b>		<b>376 836</b>	<b>33 451</b>	<b>33 451</b>	<b>82 262</b>	<b>33 451</b>
<b>Non current liabilities</b>						
Borrowing		106 910	100 369	100 369	98 154	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>98 154</b>	<b>131 803</b>
<b>TOTAL LIABILITIES</b>		<b>483 746</b>	<b>165 255</b>	<b>165 255</b>	<b>180 416</b>	<b>165 255</b>
<b>NET ASSETS</b>	2	<b>(341 569)</b>	<b>154 215</b>	<b>147 263</b>	<b>160 213</b>	<b>272 647</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		154 381	138 439	138 627	184 264	138 627
Reserves		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>154 381</b>	<b>138 439</b>	<b>138 627</b>	<b>184 264</b>	<b>138 627</b>

The financial position as at 30 June 2022 is as follows;

- (a) Fixed short term deposits balance is R75,7 million and these deposits held at ABSA Bank R20,5 million, FNB 5,2 million, Standard Bank 10 million and Nedbank 40 million
- (b) The cash on hand on the operational bank accounts amounted to R 1,3 million.
- (c) The creditors and other payables amounted to R46,2 million whilst the debtors and other receivables amounted to R28,2million.

- (d) The DBSA non-current loan balance is R 100,081million. 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 was paid by 30 June 2022.

## 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>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-		
Service charges								-		
Other revenue		599 864	2 564	1 698	83	1 450	1 698	(248)	-15%	238 793
Transfers and Subsidies - Operational		-	278 932	279 213	2 403	2 403	279 213	(276 810)	-99%	278 932
Transfers and Subsidies - Capital		40 072	2 403	2 403	-	278 932	2 403	276 529	11508%	15 090
Interest		2 291	10 500	8 600	2 133	5 721	8 600	(2 879)	-33%	10 500
Dividends		-	164	164	-	153	164	(11)	-7%	164
<b>Payments</b>										
Suppliers and employees		(175 574)	(253 625)	(258 792)	(22 235)	(250 818)	(258 792)	(7 973)	3%	(253 625)
Finance charges		-	(13 679)	(12 978)	(6 136)	(12 610)	(12 978)	(369)	3%	(13 679)
Transfers and Grants		-	-	-	-	-	-	-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>466 652</b>	<b>27 259</b>	<b>20 308</b>	<b>(23 752)</b>	<b>25 231</b>	<b>20 308</b>	<b>(4 923)</b>	<b>-24%</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)	(38 170)	(4 822)	(21 640)	(38 170)	(16 530)	43%	(123)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(4 325)</b>	<b>(24 433)</b>	<b>(38 170)</b>	<b>(4 822)</b>	<b>(21 640)</b>	<b>(38 170)</b>	<b>(16 530)</b>	<b>43%</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		-	-	-	-	-	-	-		
<b>Payments</b>										
Repayment of borrowing		-	-	(7 717)	(4 547)	(8 387)	(7 717)	670	-9%	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>(7 717)</b>	<b>(4 547)</b>	<b>(8 387)</b>	<b>(7 717)</b>	<b>670</b>	<b>-9%</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>462 328</b>	<b>2 826</b>	<b>(25 580)</b>	<b>(33 121)</b>	<b>(4 796)</b>	<b>(25 580)</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	88 310	59 904		77 016	(25 580)			284 612

- (a) The cash flow from operating activities reflects a net balance of R25,2 million which is mainly due to three instalments of the equitable share grant received during the 2021/22 financial year and savings realized on the operating expenditure.
- (b) The cash and cash equivalents as at 30 June 2022 comprise of R 1,3 million cash available in bank accounts and R75,7 million held in short term fixed deposits.
- (c) In compliance with Section 11 of the Municipal Finance Management Act, 56 of 2003, the consolidated report on the withdrawals made during the quarter from the municipal bank accounts is attached as **Annexure FSCM**

POLICY IMPLICATIONS

None

LEGAL AND CONSTITUTIONAL IMPLICATIONS

None

**RECOMMENDATION BY THE MUNICIPAL MANAGER**

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