

REPORT ON BUDGET PERFORMANCE AND FINANCIAL POSITION FOR THE PERIOD ENDED 31 AUGUST 2022

REPORT BY THE GENERAL MANAGER - FINANCIAL SERVICES

STRATEGIC THRUST

Financial viability and management

OBJECTIVE

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

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 Ehlazeni - Table C1 Monthly Budget Statement Summary - M02 August

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	6,666	9,013	9,013	130	183	1,502	(1,319)	-88%	9,013
Transfers and subsidies	278,932	287,586	287,586	-	110,810	47,931	62,879	131%	110,810
Other own revenue	1,866	3,092	3,092	118	207	515	(309)	-60%	2,750
Total Revenue (excluding capital transfers and contributions)	287,464	299,691	299,691	248	111,200	49,948	61,252	123%	122,573
Employee costs	164,320	170,242	170,189	12,651	25,483	28,365	(2,882)	-10%	170,189
Remuneration of Councillors	17,185	18,870	18,870	1,486	3,463	3,145	318	10%	3,463
Depreciation & asset impairment	11,326	12,070	12,070	-	-	2,012	(2,012)	-100%	12,070
Finance charges	12,633	9,532	9,532	-	-	1,589	(1,589)	-100%	9,532
Inventory consumed and bulk purchases	3,539	2,231	2,231	334	352	372	(20)	-5%	2,231
Transfers and subsidies	15,590	-	-	-	-	-	-	-	-
Other expenditure	74,500	77,599	78,253	5,477	15,233	13,042	2,191	17%	15,233
Total Expenditure	299,092	290,545	291,145	19,948	44,531	48,525	(3,993)	-8%	212,718
Surplus/(Deficit)	(11,629)	9,146	8,546	(19,699)	66,669	1,424	65,245	4582%	(90,145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,403	2,516	2,516	-	-	419	(419)	-100%	2,516
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(9,226)	11,662	11,062	(19,699)	66,669	1,843	64,825	3517%	(87,629)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(9,226)	11,662	11,062	(19,699)	66,669	1,843	64,825	3517%	(87,629)

Capital expenditure & funds sources									
Capital expenditure	3,562	26,916	39,237	1,745	1,895	5,780	(3,884)	-67%	32,685
Capital transfers recognised	-	2,516	2,516	-	-	419	(419)	-100%	2,516
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	3,562	24,400	36,721	1,745	1,895	5,360	(3,465)	-65%	36,721
Total sources of capital funds	3,562	26,916	39,237	1,745	1,895	5,780	(3,884)	-67%	39,237
Financial position									
Total current assets	2,078,220	84,245	84,245		199,650				272,459
Total non current assets	209,181	230,598	242,918		210,956				255,081
Total current liabilities	121,926	69,872	69,872		123,576				69,872
Total non current liabilities	98,010	116,664	116,664		98,010				116,664
Community wealth/Equity	183,382	116,645	116,645		192,740				116,645
Cash flows									
Net cash from (used) operating	25,231	36,101	36,101	(19,699)	71,200	6,017	(65,183)	-1083%	36,101
Net cash from (used) investing	(21,640)	(38,914)	(28,216)	(1,745)	(1,895)	(4,486)	(2,591)	58%	(28,216)
Net cash from (used) financing	(8,387)	(9,581)	(9,581)	-	-	(1,597)	(1,597)	100%	-
Cash/cash equivalents at the month/year end	77,016	47,515	58,213	-	146,320	(66)	(146,386)	221973%	7,885

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

- Total revenue earned up to end of August 2022 of R111,2 million which equates to 37% of total budget revenue for the financial year.
- Total expenditure up to end of August 2022 of R44,5 million which equates to 15,3% of total operating expenditure budget.
- Capital expenditure for the month of August 2022 of R1,8 million which equates to 4,8% of the total capital expenditure budget.
- The cash and cash equivalents as at 31 August 2022 amounts to R146,3million.

1. Operating revenue and expenditure performance

DC32 Ehlanzeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	Budget Year 2022/23								
		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 Source										
Property rates								-		
Service charges - electricity revenue								-		
Service charges - water revenue								-		
Service charges - sanitation revenue								-		
Service charges - refuse revenue								-		
Rental of facilities and equipment		182	711	711	3	8	118	(111)	-93%	711
Interest earned - external investments		6,666	9,013	9,013	130	183	1,502	(1,319)	-88%	9,013
Interest earned - outstanding debtors		544	-	-	-	-	-	-		-
Dividends received		153	175	175	-	-	29	(29)	-100%	175
Fines, penalties and forfeits		-	-	-	-	-	-	-		-
Licences and permits		443	1,792	1,792	96	126	299	(172)	-58%	1,792
Agency services		-	-	-	-	-	-	-		-
Transfers and subsidies		278,932	287,586	287,586	-	110,810	47,931	62,879	131%	110,810
Other revenue		543	414	414	19	72	69	3	5%	72
Gains		0	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		287,464	299,691	299,691	248	111,200	49,948	61,252	123%	122,573
Expenditure By Type										
Employee related costs		164,320	170,242	170,189	12,651	25,483	28,365	(2,882)	-10%	170,189
Remuneration of councillors		17,185	18,870	18,870	1,486	3,463	3,145	318	10%	3,463
Debt impairment		5,125	-	-	-	-	-	-		-
Depreciation & asset impairment		11,326	12,070	12,070	-	-	2,012	(2,012)	-100%	12,070
Finance charges		12,633	9,532	9,532	-	-	1,589	(1,589)	-100%	9,532
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		3,539	2,231	2,231	334	352	372	(20)	-5%	2,231
Contracted services		30,817	39,983	39,226	2,927	7,594	6,600	994	15%	7,594
Transfers and subsidies		15,590	-	-	-	-	-	-		-
Other expenditure		38,513	37,617	39,027	2,550	7,639	6,442	1,197	19%	7,639
Losses		44	-	-	-	-	-	-		-
Total Expenditure		299,092	290,545	291,145	19,948	44,531	48,525	(3,993)	-8%	212,718
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(11,629)	9,146	8,546	(19,699)	66,669	1,424	65,245	0	(90,145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		2,403	2,516	2,516	-	-	419	(419)	(0)	2,516
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		(9,226)	11,662	11,062	(19,699)	66,669	1,843			(87,629)
Taxation										
Surplus/(Deficit) after taxation		(9,226)	11,662	11,062	(19,699)	66,669	1,843			(87,629)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(9,226)	11,662	11,062	(19,699)	66,669	1,843			(87,629)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(9,226)	11,662	11,062	(19,699)	66,669	1,843			(87,629)

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 111,2 million (37 per cent) is mainly as a result of the first instalment of the equitable share grant received during July 2022.
- The actual operating expenditure incurred amounting to R44,5 million is less than 8 per cent of the projected expenditure of R48,5 million mainly due to savings realized on the employees related cost, finance charges and depreciation and amortisation. The savings on the employees related cost are mainly due to delay on the filling of funded vacant positions.

- c) There is over-expenditure on contracted services and other expenditure items is caused by the once-off payments of annual licences, support and maintenance for the application systems as well as annual insurance premium.

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) - M02 August

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Council Summary		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		-	-	-	-	-	-	-	-	-
Vote 03 - Financial Services		289,867	302,207	302,207	248	111,200	50,368	60,832	120.8%	111,200
Vote 04 - Local Economic Development, Tourism And Rural Deveve		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 07 - Strategic And Social Services		-	-	-	-	-	-	-	-	-
Vote 08 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	289,867	302,207	302,207	248	111,200	50,368	60,832	120.8%	111,200
Expenditure by Vote	1									
Vote 01 - Council Summary		36,280	41,708	41,708	3,449	7,055	6,951	104	1.5%	14,656
Vote 02 - Corporate Services & Municipal Relations		57,982	54,309	52,762	3,427	6,836	8,839	(2,003)	-22.7%	53,429
Vote 03 - Financial Services		89,876	52,869	54,417	4,186	12,236	9,069	3,167	34.9%	24,285
Vote 04 - Local Economic Development, Tourism And Rural Deveve		20,934	25,685	25,685	1,372	2,508	4,281	(1,773)	-41.4%	25,685
Vote 05 - Community Services		27,300	47,336	47,336	2,925	6,945	7,889	(944)	-12.0%	35,461
Vote 06 - Office Of The Municipal Manager		11,600	18,408	18,408	1,584	2,374	3,068	(694)	-22.6%	18,408
Vote 07 - Strategic And Social Services		40,338	35,719	36,319	2,180	4,943	6,008	(1,065)	-17.7%	37,629
Vote 08 - Technical Services		14,781	14,511	14,511	825	1,634	2,418	(785)	-32.4%	14,511
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	299,092	290,545	291,145	19,948	44,531	48,525	(3,993)	-8.2%	224,063
Surplus/ (Deficit) for the year	2	(9,226)	11,662	11,062	(19,699)	66,669	1,843	64,825	3517.1%	(112,863)

Departmental expenditure within budget with exception;

- Council – projects implemented in first quarter of the financial year as per the SDBIP vs budget which is aggregated.
- Financial Services – License fees for computer software and annual insurance premium paid for full year in July and August 2022.

3. Capital expenditure performance

DC32 Ehlanzeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council Summary		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		-	-	-	-	-	-	-	-	-
Vote 03 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 04 - Local Economic Development; Tourism And Rural Devevel		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 07 - Strategic And Social Services		-	-	-	-	-	-	-	-	-
Vote 08 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 09 - -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4.7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 01 - Council Summary		157	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		491	-	-	-	-	-	-	-	-
Vote 03 - Financial Services		1,063	6,950	9,306	29	29	1,281	(1,252)	-98%	9,306
Vote 04 - Local Economic Development; Tourism And Rural Devevel		171	2,300	6,195	-	-	737	(737)	-100%	6,195
Vote 05 - Community Services		388	-	-	-	-	-	-	-	-
Vote 06 - Office Of The Municipal Manager		589	-	-	-	-	-	-	-	-
Vote 07 - Strategic And Social Services		300	-	-	-	-	-	-	-	-
Vote 08 - Technical Services		404	17,666	24,460	1,716	1,867	3,761	(1,895)	-50%	18,190
Vote 09 - -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	3,562	26,916	39,962	1,745	1,895	5,780	(3,884)	-67%	33,692
Total Capital Expenditure		3,562	26,916	39,962	1,745	1,895	5,780	(3,884)	-67%	33,692
Capital Expenditure - Functional Classification										
Governance and administration		2,300	6,950	9,306	29	29	1,281	(1,252)	-98%	9,306
Executive and council		711	-	-	-	-	-	-	-	-
Finance and administration		1,554	6,950	9,306	29	29	1,281	(1,252)	-98%	9,306
Internal audit		34	-	-	-	-	-	-	-	-
Community and public safety		688	-	-	-	-	-	-	-	-
Community and social services		219	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		468	-	-	-	-	-	-	-	-
Economic and environmental services		575	14,466	19,919	242	242	2,953	(2,711)	-92%	19,919
Planning and development		575	2,300	6,225	-	-	740	(740)	-100%	6,225
Road transport		-	12,166	13,694	242	242	2,213	(1,971)	-89%	13,694
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	5,500	10,736	1,474	1,624	1,545	79	5%	4,466
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	4,000	7,894	1,474	1,624	1,173	451	38%	1,624
Waste water management		-	1,500	2,842	-	-	372	(372)	-100%	2,842
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	3,562	26,916	39,962	1,745	1,895	5,780	(3,884)	-67%	33,692

DETAILED ANALYSIS OF CAPITAL PROJECTS 2022-2023

Capital Project	Approved Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Rural Road Asset Management System	R2,516 ,000	R2,088,611	0	0	R427,389	Service provider appointed in November 2021.
Purchase of plant and equipment	R300,000	0	0	0	R300,000	Contingency budget
Purchase of furniture and fittings	R300,000	R28,900	R28,900	100	R271 100	Contingency budget
Purchase of motor vehicles	R500,000	0	0	0	R500,000	
Purchase of Computer Equipment and Software	R3,000,000	0	0	0	R3,000,000	Contingency budget
Upgrade of IT Network Infrastructure	R250,000	0	0	0	R250,000	Contingency budget
Purchase of Infrastructure Design System	R400,000	0	0	0	R400,000	Procurement process to be finalised in September in accordance with the approved procurement plan
Upgrade of Incident Command Vehicle ICT Infrastructure	R600,000	R595,600	0	0	R4,400	Service provider appointed in June 2022
Upgrade of DMC ICT infrastructure	R1,000,000	R989,782	0	0	R10,218	Service provider appointed in June 2022
Umjindi Economic Development Zone	R1,000,000	0	0	0	R1,000,000	Procurement process to be finalised in December 2022 in accordance with the approved procurement plan
Purchase of By-Law Enforcement Equipment	R1,300,000	0	0	0	R1,300,000	Procurement process to be finalised in September 2022

Capital Project	Approved Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
						in accordance with the approved procurement plan.
Potholes Projects	R3,500,000	0	0	0	R3,500,000	Procurement process to be finalised in September 2022
Malelane Ext 21 sewer package plant - fencing, guardhouse and operator's house	R500,000	0	0	0	R500,000	finalised in March 2023 in accordance with the approved procurement plan.
Wastewater Treatment Works Improvement Programme	R4,000,000	0	0	0	R4,000,000	Project is at procurement stage.
Road Rehabilitation Programme	R6,000,000	0	0	0	R6,000,000	Procurement process to be finalised in September 2022 in accordance with the approved procurement plan
Planning for Establishment of Fire Station	R150,000	0	0	0	R150,000	Procurement process to be finalised in September 2022 in accordance with the approved procurement plan.
Customer Relations Management System	R600,000	R589,500	0	0	R10,500	Service provider appointed in June 2022.
Refurbishment of Boreholes	R1,000,000	0	0	0	R1,000,000	Procurement process to be finalised in September 2022 in accordance with the approved procurement plan.
Totals	R26,916,000	R4,292,093	R28,900	0	R22,623,907	

ROLL OVER PROJECTS 2022-2023

Capital Projects	Approved Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Water Supply Augmentation - Steenbok & KaHhoyi	R740,555	R740,555	R647,015		0	Project to be completed in September 2022.

Capital Projects	Approved Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Construction of Malelane Ext 21 Sewer Package Plant at Nkomazi Local Municipality	R149,000	R149,000	0	0	R0	Designs completed and project is at procurement stage.
Rehabilitation of Street Programme at Thaba Chweu Local Municipality	R447,785	R447,785	0	0	R0	Designs completed and project is at procurement stage.
Redesign EDM Municipal Office Buildings	R563,722	R563,722	0	0	R0	Projected to be completed in June 2023.
Construction of foot bridge - Motseleng Primary School	R516,246	R516,246	R242,261		R0	Project to be completed in September 2022.
Construction of Lebombo stalls at Nkomazi Local Municipality	R1,416,613	0	0	0	R1,416,613	Project is at procurement stage.
Refurbishment of Barberton Tour-ism Route - City of Mbombela	R2,478,573	0	0	0	R2,478,573	Project is at procurement stage.
Construction of Access Bridge Motseleng Primary school at Bushbuckridge Local Municipality	R30,049	R30,049	0	0	R0	Project to be completed in September 2022.
Drill and equip new boreholes - Nkomazi Local Municipality	R68,643	R68,643	0	0	R0	Project to be completed in September 2022.
Drill and equip new boreholes - City of Mbombela	R439,473	R439,473	0	0	R0	Project to be completed in September 2022.
Goromani Water Improvement Project at Bushbuckridge Local Municipality	R3,153,809	R 3,153,809	977,230	100	R0	Project to be completed in September 2022.
Floods Intervention Projects - Patching of Potholes in City of Mbombela and Thaba Chweu	R685,000	0	0	0	R685,000	Contingency Budget as per Council Resolution A9 of 26 February 2021.
Refurbishment of Parking and Carports	R550,000	0	0	0	R550,000	Project is at procurement stage.
Implementation of Virtual Document Management System	R398,435	R398,435	0	0	0	
EDM Motor vehicles	R1,350,000	0	0	0	R1,350,000	Approval granted by National Treasury for the participation on Transversal Contract RT57-2019.

Capital Projects	Approved Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Financial Management Systems Support for Local Municipalities	R756,362	0	0	0	R756,362	Project to be completed in December 2022.
Totals	R13,744,265	R6,109,282	R1,866,506	30	R7,634,983	

4. Financial Position

DC32 Ehlanzeni - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	Budget Year 2022/23				
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		1,149,125	59,643	59,643	877	59,643
Call investment deposits		873,946	-	-	145,443	145,443
Consumer debtors		(10,238)	-	-	(10,247)	-
Other debtors		52,106	11,601	11,601	50,366	50,366
Current portion of long-term receivables		412	4,195	4,195	398	4,195
Inventory		12,869	8,806	8,806	12,812	12,812
Total current assets		2,078,220	84,245	84,245	199,650	272,459
Non current assets						
Long-term receivables		12,283	-	-	12,163	12,163
Investments		4,155	4,599	4,599	4,155	4,599
Investment property						
Investments in Associate						
Property, plant and equipment		189,100	213,839	226,159	190,996	226,159
Biological						
Intangible		3,642	12,160	12,160	3,642	12,160
Other non-current assets		-	-	-	-	-
Total non current assets		209,181	230,598	242,918	210,956	255,081
TOTAL ASSETS		2,287,400	314,843	327,164	410,606	527,541
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		10,249	9,581	9,581	10,249	9,581
Consumer deposits		7	-	-	7	-
Trade and other payables		64,774	48,055	48,055	69,495	48,055
Provisions		46,897	12,237	12,237	43,825	12,237
Total current liabilities		121,926	69,872	69,872	123,576	69,872
Non current liabilities						
Borrowing		98,010	87,566	87,566	98,010	87,566
Provisions		-	29,098	29,098	-	29,098
Total non current liabilities		98,010	116,664	116,664	98,010	116,664
TOTAL LIABILITIES		219,936	186,536	186,536	221,586	186,536
NET ASSETS	2	2,067,464	128,306	140,627	189,020	341,004
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		183,382	116,645	116,645	192,740	116,645
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	183,382	116,645	116,645	192,740	116,645

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

- Total short-term fixed deposits as at 31 August 2022 at R145,4 million.
- Cash on hand at R877 thousand as at 31 August 2022.
- The DBSA non-current loan balance is R107,4 million. The municipality has complied with all the terms and conditions of the loan. The first payment of R 10,7 million is payable by 31 December 2022. The second payment of the loan of R 10,7 million is payable by 30 June 2023.

- d) The creditors and other payables amounted to R69,4 million whilst the debtors and other receivables amounted to R40,1 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	Budget Year 2020/21								
		2019/20 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		1,450	299,545	299,545	118	111,016	49,924	61,092	122%	299,545
Transfers and Subsidies - Operational		2,403	3,457	3,457			576	(576)	-100%	3,457
Transfers and Subsidies - Capital		278,932	2,516	2,516			419	(419)	-100%	2,516
Interest		5,721	9,013	9,013	130	183	1,502	(1,319)	-88%	9,013
Dividends		153	175	175	-	-	29	(29)	-100%	175
Payments										
Suppliers and employees		(250,818)	(269,593)	(269,593)	(19,948)	(39,999)	(44,932)	(4,933)	11%	(269,593)
Finance charges		(12,610)	(9,013)	(9,013)			(1,502)	(1,502)	100%	(9,013)
Transfers and Grants		-						-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		25,231	36,101	36,101	(19,699)	71,200	6,017	(65,183)	-1083%	36,101
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE										
Decrease (increase) in non-current receivables			(11,998)	-						
Decrease (increase) in non-current investments										
Payments										
Capital assets		(21,640)	(26,916)	(28,216)	(1,745)	(1,895)	(4,486)	(2,591)	58%	(28,216)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(21,640)	(38,914)	(28,216)	(1,745)	(1,895)	(4,486)	(2,591)	58%	(28,216)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing		(8,387)	(9,581)	(9,581)	-	-	(1,597)	(1,597)	100%	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(8,387)	(9,581)	(9,581)	-	-	(1,597)	(1,597)	100%	-
NET INCREASE/ (DECREASE) IN CASH HELD		(4,796)	(12,393)	(1,695)	(21,445)	69,304	(66)			7,885
Cash/cash equivalents at beginning:		81,812	59,908	59,908		77,016				
Cash/cash equivalents at month/year end:		77,016	47,515	58,213		146,320	(66)			7,885

- a) Cash and cash equivalents as at 31 August 2022 comprise of R877 thousand cash available in bank accounts and R145,4 million held in short term fixed deposits at Absa Bank, Standard Bank, First National Bank and Nedbank.
- b) The cashflow from operating activities reflect a net balance of R71,2 million which is mainly due to the first instalment 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 take note of the content of the budget performance and financial position for the period ended 31 August 2022 report.**

PREPARER: Senior Manager: Budget & Reporting

DATE: 08 September 2022

**REVIEWER: P O Mokoena
General Manager: Financial Services**

DATE: September 2022

**APPROVAL: Dr N P Mahlalela
Accounting Officer**

DATE: September 2022