

**FS/2022**

**REPORT ON BUDGET PERFORMANCE AND STATE OF FINANCIAL  
AFFAIRS FOR THE PERIOD ENDED 30 NOVEMBER 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 state of financial affairs for the period ended 30 November 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 Ehlanzeni - Table C1 Monthly Budget Statement Summary - M05 November

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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	6 666	9 013	9 013	664	2 537	3 755	(1 218)	-32%	9 013
Transfers and subsidies	278 932	287 586	287 586	246	112 242	119 827	(7 585)	-6%	287 586
Other own revenue	1 866	3 092	3 092	111	343	1 288	(945)	-73%	2 887
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>287 464</b>	<b>299 691</b>	<b>299 691</b>	<b>1 021</b>	<b>115 122</b>	<b>124 871</b>	<b>(9 749)</b>	<b>-8%</b>	<b>299 485</b>
Employee costs	164 320	170 242	170 149	12 429	62 776	70 908	(8 131)	-11%	170 149
Remuneration of Councillors	17 185	18 870	18 870	1 519	8 032	7 863	169	2%	8 032
Depreciation & asset impairment	11 326	12 070	12 070	-	-	5 029	(5 029)	-100%	12 070
Finance charges	12 633	9 532	9 532	-	-	3 972	(3 972)	-100%	9 532
Inventory consumed and bulk purchases	3 539	2 231	2 076	339	1 355	903	452	50%	1 355
Transfers and subsidies	15 590	-	-	-	-	-	-	-	-
Other expenditure	74 500	77 599	78 451	6 409	34 126	32 638	1 488	5%	58 689
<b>Total Expenditure</b>	<b>299 092</b>	<b>290 545</b>	<b>291 148</b>	<b>20 695</b>	<b>106 290</b>	<b>121 313</b>	<b>(15 023)</b>	<b>-12%</b>	<b>259 827</b>
<b>Surplus/(Deficit)</b>	<b>(11 629)</b>	<b>9 146</b>	<b>8 542</b>	<b>(19 674)</b>	<b>8 833</b>	<b>3 558</b>	<b>5 274</b>	<b>148%</b>	<b>39 659</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 403	2 516	2 516	-	-	1 048	(1 048)	-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)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(9 226)</b>	<b>11 662</b>	<b>11 058</b>	<b>(19 674)</b>	<b>8 833</b>	<b>4 607</b>	<b>4 226</b>	<b>92%</b>	<b>42 175</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(9 226)</b>	<b>11 662</b>	<b>11 058</b>	<b>(19 674)</b>	<b>8 833</b>	<b>4 607</b>	<b>4 226</b>	<b>92%</b>	<b>42 175</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>3 562</b>	<b>26 916</b>	<b>40 844</b>	<b>3 214</b>	<b>10 007</b>	<b>16 212</b>	<b>(6 205)</b>	<b>-38%</b>	<b>32 902</b>
Capital transfers recognised	-	2 516	2 516	374	1 010	1 048	(38)	-4%	2 516
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	3 562	24 400	38 328	2 840	8 997	15 164	(6 167)	-41%	38 328
<b>Total sources of capital funds</b>	<b>3 562</b>	<b>26 916</b>	<b>40 844</b>	<b>3 214</b>	<b>10 007</b>	<b>16 212</b>	<b>(6 205)</b>	<b>-38%</b>	<b>40 844</b>
<b>Financial position</b>									
Total current assets	2 078 220	84 245	84 245	-	128 078	-	-	-	201 365
Total non current assets	209 181	230 598	244 526	-	221 350	-	-	-	258 971
Total current liabilities	121 926	69 872	69 872	-	120 234	-	-	-	69 872
Total non current liabilities	98 010	116 664	116 664	-	98 010	-	-	-	116 664
Community wealth/Equity	<b>183 382</b>	<b>116 645</b>	<b>116 645</b>	-	<b>140 794</b>	-	-	-	<b>116 645</b>
<b>Cash flows</b>									
Net cash from (used) operating	25 231	36 101	36 101	(19 674)	5 250	15 042	9 793	65%	36 101
Net cash from (used) investing	(21 640)	(38 755)	(40 844)	(3 214)	(10 007)	(17 018)	(7 011)	41%	(40 844)
Net cash from (used) financing	(8 387)	(9 581)	(9 581)	-	-	(3 992)	(3 992)	100%	-
<b>Cash/cash equivalents at the month/year end</b>	<b>77 016</b>	<b>47 674</b>	<b>45 584</b>	<b>-</b>	<b>72 258</b>	<b>(5 968)</b>	<b>(78 226)</b>	<b>1311%</b>	<b>(4 743)</b>

The narratives of the summary of the actual budget performance and state of financial affairs against the approved budget projections for the month ending November 2022 is as follows:

- Total revenue earned up to end of November 2022 amounts to R115,1 million, equates to 38,4% of total budget revenue for the financial year.
- Total operating expenditure incurred up to end of November 2022 amounts to R106,3 million, equates to 36,5% of total operating expenditure budget.
- Total capital expenditure incurred up to end of November 2022 amounts to R10 million, equates to 24,5% of the total capital expenditure budget.
- The cash and cash equivalents as at 30 November 2022 amounts to R72,2 million.

## Operating revenue and expenditure performance

**DC32 Ehlazeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November**

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
<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		182	711	711	-	8	296	(288)	-97%	711
Interest earned - external investments		6 666	9 013	9 013	664	2 537	3 755	(1 218)	-32%	9 013
Interest earned - outstanding debtors		544	-	-	-	-	-	-	-	-
Dividends received		153	175	175	-	-	73	(73)	-100%	175
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-
Licences and permits		443	1 792	1 792	-	126	747	(620)	-83%	1 792
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		278 932	287 586	287 586	246	112 242	119 827	(7 585)	-6%	287 586
Other revenue		543	414	414	111	209	172	36	21%	209
Gains		0	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>287 464</b>	<b>299 691</b>	<b>299 691</b>	<b>1 021</b>	<b>115 122</b>	<b>124 871</b>	<b>(9 749)</b>	<b>-8%</b>	<b>299 485</b>
<b>Expenditure By Type</b>										
Employee related costs		164 320	170 242	170 149	12 429	62 776	70 908	(8 131)	-11%	170 149
Remuneration of councillors		17 185	18 870	18 870	1 519	8 032	7 863	169	2%	8 032
Debt impairment		5 125	-	-	-	-	-	-	-	-
Depreciation & asset impairment		11 326	12 070	12 070	-	-	5 029	(5 029)	-100%	12 070
Finance charges		12 633	9 532	9 532	-	-	3 972	(3 972)	-100%	9 532
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		3 539	2 231	2 076	339	1 355	903	452	50%	1 355
Contracted services		30 817	39 983	38 635	1 709	14 073	16 265	(2 192)	-13%	38 635
Transfers and subsidies		15 590	-	-	-	-	-	-	-	-
Other expenditure		38 513	37 617	39 816	4 684	20 037	16 374	3 664	22%	20 037
Losses		44	-	-	16	16	-	16	#DIV/0!	16
<b>Total Expenditure</b>		<b>299 092</b>	<b>290 545</b>	<b>291 148</b>	<b>20 695</b>	<b>106 290</b>	<b>121 313</b>	<b>(15 023)</b>	<b>-12%</b>	<b>259 827</b>
<b>Surplus/(Deficit)</b>		<b>(11 629)</b>	<b>9 146</b>	<b>8 542</b>	<b>(19 674)</b>	<b>8 833</b>	<b>3 558</b>	<b>5 274</b>	<b>0</b>	<b>39 659</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 403	2 516	2 516	-	-	1 048	(1 048)	(0)	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)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(9 226)</b>	<b>11 662</b>	<b>11 058</b>	<b>(19 674)</b>	<b>8 833</b>	<b>4 607</b>			<b>42 175</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>		<b>(9 226)</b>	<b>11 662</b>	<b>11 058</b>	<b>(19 674)</b>	<b>8 833</b>	<b>4 607</b>			<b>42 175</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(9 226)</b>	<b>11 662</b>	<b>11 058</b>	<b>(19 674)</b>	<b>8 833</b>	<b>4 607</b>			<b>42 175</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>(9 226)</b>	<b>11 662</b>	<b>11 058</b>	<b>(19 674)</b>	<b>8 833</b>	<b>4 607</b>			<b>42 175</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;

- a) The actual operating revenue accrued amounting to R 115,1 million (38,4 per cent) is mainly as a result of the first instalment of the equitable share grant received during July 2022.
- b) The actual operating expenditure incurred amounting to R106,3 million is less than 12 per cent of the projected expenditure of R121,3 million mainly due to savings realized on the employees related cost, finance charges and depreciation and amortization. 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 other expenditure items is caused by the once-off payments of annual licenses, 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) - M05 November**

Vote 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
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Council Summary		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		-	-	-	-	-	-	-	-	-
Vote 03 - Financial Services		289 867	302 207	302 207	1 021	115 122	125 919	(10 797)	-8,6%	302 207
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		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>289 867</b>	<b>302 207</b>	<b>302 207</b>	<b>1 021</b>	<b>115 122</b>	<b>125 919</b>	<b>(10 797)</b>	<b>-8,6%</b>	<b>302 207</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Council Summary		36 280	41 708	41 708	3 815	18 126	17 378	748	4,3%	18 126
Vote 02 - Corporate Services & Municipal Relations		57 982	54 309	52 762	3 118	16 597	22 016	(5 419)	-24,6%	53 283
Vote 03 - Financial Services		89 876	52 869	54 417	4 070	24 275	22 674	1 602	7,1%	44 899
Vote 04 - Local Economic Development; Tourism And Rural Deveve		20 934	25 685	25 685	1 683	6 869	10 702	(3 834)	-35,8%	25 685
Vote 05 - Community Services		27 300	47 336	47 340	3 076	16 099	19 725	(3 626)	-18,4%	45 402
Vote 06 - Office Of The Municipal Manager		11 600	18 408	18 408	1 578	7 289	7 670	(381)	-5,0%	17 738
Vote 07 - Strategic And Social Services		40 338	35 719	36 319	2 418	12 828	15 101	(2 273)	-15,1%	37 655
Vote 08 - Technical Services		14 781	14 511	14 511	938	4 207	6 046	(1 839)	-30,4%	14 511
Vote 09 - -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>299 092</b>	<b>290 545</b>	<b>291 148</b>	<b>20 695</b>	<b>106 290</b>	<b>121 313</b>	<b>(15 023)</b>	<b>-12,4%</b>	<b>257 299</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(9 226)</b>	<b>11 662</b>	<b>11 058</b>	<b>(19 674)</b>	<b>8 833</b>	<b>4 607</b>	<b>4 226</b>	<b>91,7%</b>	<b>44 907</b>

Departmental expenditure within budget with exception;

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

### 3. Capital expenditure performance

DC32 Ehlazeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M05  
November

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
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Council Summary		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		-	-	-	-	-	-	-	-	-
Vote 03 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 04 - Local Economic Development, Tourism And Rural Devevelo		-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Council Summary		157	-	1 347	-	-	404	(404)	-100%	1 347
Vote 02 - Corporate Services & Municipal Relations		491	-	550	512	512	122	389	319%	512
Vote 03 - Financial Services		1 063	6 950	8 104	1 807	3 527	3 317	210	6%	4 177
Vote 04 - Local Economic Development, Tourism And Rural Devevelo		171	2 300	6 195	-	-	2 375	(2 375)	-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	24 648	895	5 969	9 994	(4 025)	-40%	20 672
Vote 09 - -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	3 562	26 916	40 844	3 214	10 007	16 212	(6 205)	-38%	32 902
<b>Total Capital Expenditure</b>		<b>3 562</b>	<b>26 916</b>	<b>40 844</b>	<b>3 214</b>	<b>10 007</b>	<b>16 212</b>	<b>(6 205)</b>	<b>-38%</b>	<b>32 902</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>2 300</b>	<b>6 950</b>	<b>10 001</b>	<b>2 319</b>	<b>4 039</b>	<b>3 843</b>	195	5%	<b>5 386</b>
Executive and council		711	-	1 347	-	-	404	(404)	-100%	1 347
Finance and administration		1 554	6 950	8 654	2 319	4 039	3 439	599	17%	4 039
Internal audit		34	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services		219	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		468	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>575</b>	<b>14 466</b>	<b>19 919</b>	<b>374</b>	<b>1 527</b>	<b>8 043</b>	(6 516)	-81%	<b>19 919</b>
Planning and development		575	2 300	6 225	-	-	2 386	(2 386)	-100%	6 225
Road transport		-	12 166	13 694	374	1 527	5 657	(4 131)	-73%	13 694
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>-</b>	<b>5 500</b>	<b>10 925</b>	<b>521</b>	<b>4 442</b>	<b>4 326</b>	116	3%	<b>6 948</b>
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	4 000	8 082	521	4 106	3 213	892	28%	4 106
Waste water management		-	1 500	2 842	-	337	1 113	(776)	-70%	2 842
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>3 562</b>	<b>26 916</b>	<b>40 844</b>	<b>3 214</b>	<b>10 007</b>	<b>16 212</b>	<b>(6 205)</b>	<b>-38%</b>	<b>32 252</b>

**DETAILED ANALYSIS OF CAPITAL PROJECTS 2022-2023**

<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>
Rural Road Asset Management System	R2,516 ,000	R2,516,000	R1 010 435	0,40	0	Service provider appointed in November 2021
Purchase of plant and equipment	R300,000	R128 000	R128,000	1,00	R172,000	Contingency budget
Purchase of furniture and fittings	R300,000	R250,090	R250,090	1,00	R49,910	Contingency budget
Purchase of motor vehicles	R503,000	R502,398	R502,398	1,00	R601,16	
Purchase of Computer Software	R1 100 000	R862 514	R918 016	1,06	R237 485	Contingency budget
Purchase of Computer Equipment and Software	R2,500,000	R1 173 513	R1 173 513	1,00	R1 326 486	
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 underway
Upgrade of Incident Command Vehicle ICT Infrastructure	R600,000	R595,600	R298 300	0,50	R4,400	Service provider appointed in June 2022
Upgrade of DMC ICT infrastructure	R400 000	R989,782	0	0	R-589 782	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

<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>
Purchase of By-Law Enforcement Equipment	R1,300,000	0	0	0	R1,300,000	Procurement process to be finalized in September 2022
Potholes Projects	R3,500,000	R2,171,278	0	0	R1,328,722	Procurement process underway
Malelane Ext 21 sewer package plant - fencing, guardhouse and operator's house	R500,000	0	0	0	R500,000	Procurement process to be finalized in March 2023 in accordance with the approved procurement plan
Wastewater Treatment Works Improvement Programme	R4,000,000	R2,773,000	240,000	0,09	R1,227,000	Service provider appointed in September 2022
Road Rehabilitation Programme	R6,000,000	0	0	0	R6,000,000	Procurement process underway
Planning for Establishment of Fire Station	R150,000	0	0	0	R150,000	Procurement process underway
Customer Relations Management System	R600,000	0	0	0	R600 000	Service provider appointed in June 2022
Refurbishment of Boreholes	R1,000,000	0	0	0	R1,000,000	Procurement process to be finalized in September 2022 in accordance with the approved procurement plan.
<b>Totals</b>	<b>R26,919,000</b>	<b>R11,962,176</b>	<b>R4,520,754</b>	<b>0,38</b>	<b>R14,956,823</b>	

**ROLL OVER PROJECTS 2022-2023**

<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>
Water Supply Augmentation - Steenbok & KaHhoyi	R928,588	R740,555	R927,870	1,25	R188,033	Project completed in September 2022.
Construction of Malelane Ext 21 Sewer Package Plant at Nkomazi Local Municipality	R149,000	0	0	0	R149,000	Designs completed and project is at procurement stage.
Rehabilitation of Street Programme at Thaba Chweu Local Municipality	R447,785	0	0	0	R447,785	Designs completed and project is at procurement stage.
Redesign EDM Municipal Office Buildings	R563,722	0	0	0	R563,722	Projected to be completed in June 2023.
Construction of foot bridge - Motseleng Primary School	R516,246	R516,152	R516,152	1,00	R93,30	Project 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 Tourism 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	
Drill and equip new boreholes - Nkomazi Local Municipality	R68,643	0	0	0	R68,643	Project to be completed in September 2022 – delays caused by Eskom connection.
Drill and equip new boreholes - City of Mbombela	R439,473	R336,593	R336,593	1,00	R102,879	Project to be completed in September 2022 – delays caused by Eskom connection.
Goromani Water Improvement Project at Bushbuckridge Local Municipality	R3,153,809	R2,937,788	R2,937,788	1,00	R216,020	Project completed in September 2022.



<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>
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	R553,230	R511,572	0	0	Service provider appointed in October 2022.
Contract Management Module	R398,435	R256,623	R256,623	1,00	R141,811	Project to be completed in November 2022.
EDM Motor vehicles	R1,347,000	0	0	0	R1,347,000	Approval granted by National Treasury for the participation on Transversal Contract RT57-2019.
Financial Management Systems Support for Local Municipalities	R756,362	0	0	0	R752,362	Project to be completed in December 2022.
<b>Totals</b>	<b>R13,925,298</b>	<b>R5,340,942</b>	<b>R5,486,599</b>	<b>1,03</b>	<b>R8,587,586</b>	

#### 4. Financial Position

**DC32 Ehlanzeni - Table C6 Monthly Budget Statement - Financial Position - M05 November**

Description	Ref	Budget Year 2022/23				
		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		1 149 125	59 643	59 643	468	59 643
Call investment deposits		873 946	-	-	71 791	71 791
Consumer debtors		(10 238)	-	-	(10 291)	-
Other debtors		52 106	11 601	11 601	52 930	52 930
Current portion of long-term receivables		412	4 195	4 195	375	4 195
Inventory		12 869	8 806	8 806	12 806	12 806
<b>Total current assets</b>		<b>2 078 220</b>	<b>84 245</b>	<b>84 245</b>	<b>128 078</b>	<b>201 365</b>
<b>Non current assets</b>						
Long-term receivables		12 283	-	-	14 445	14 445
Investments		4 155	4 599	4 599	4 155	4 599
Investment property						
Investments in Associate						
Property, plant and equipment		189 100	213 839	226 016	196 624	226 016
Biological						
Intangible		3 642	12 160	13 911	6 126	13 911
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>209 181</b>	<b>230 598</b>	<b>244 526</b>	<b>221 350</b>	<b>258 971</b>
<b>TOTAL ASSETS</b>		<b>2 287 400</b>	<b>314 843</b>	<b>328 771</b>	<b>349 428</b>	<b>460 336</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
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	66 520	48 055
Provisions		46 897	12 237	12 237	43 459	12 237
<b>Total current liabilities</b>		<b>121 926</b>	<b>69 872</b>	<b>69 872</b>	<b>120 234</b>	<b>69 872</b>
<b>Non current liabilities</b>						
Borrowing		98 010	87 566	87 566	98 010	87 566
Provisions		-	29 098	29 098	-	29 098
<b>Total non current liabilities</b>		<b>98 010</b>	<b>116 664</b>	<b>116 664</b>	<b>98 010</b>	<b>116 664</b>
<b>TOTAL LIABILITIES</b>		<b>219 936</b>	<b>186 536</b>	<b>186 536</b>	<b>218 244</b>	<b>186 536</b>
<b>NET ASSETS</b>	2	<b>2 067 464</b>	<b>128 306</b>	<b>142 235</b>	<b>131 184</b>	<b>273 800</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		183 382	116 645	116 645	140 794	116 645
Reserves		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>183 382</b>	<b>116 645</b>	<b>116 645</b>	<b>140 794</b>	<b>116 645</b>

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

- Total short-term fixed deposits as at 30 November 2022 at R71,791 million.
- Cash on hand at R468 thousand as at 30 November 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 R66,5 million whilst the debtors and other receivables amounted to R43 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		1 450	299 545	299 545	111	343	124 811	(124 467)	-100%	299 545
Transfers and Subsidies - Operational		2 403	3 457	3 457	246	112 242	1 440	110 802	7692%	3 457
Transfers and Subsidies - Capital		278 932	2 516	2 516	-	-	1 048	(1 048)	-100%	2 516
Interest		5 721	9 013	9 013	664	2 537	3 755	(1 218)	-32%	9 013
Dividends		153	175	175	-	-	73	(73)	-100%	175
<b>Payments</b>										
Suppliers and employees		(250 818)	(269 593)	(269 593)	(20 695)	(109 873)	(112 330)	(2 457)	2%	(269 593)
Finance charges		(12 610)	(9 013)	(9 013)	-	-	(3 755)	(3 755)	100%	(9 013)
Transfers and Grants		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>25 231</b>	<b>36 101</b>	<b>36 101</b>	<b>(19 674)</b>	<b>5 250</b>	<b>15 042</b>	<b>9 793</b>	<b>65%</b>	<b>36 101</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	(12 283)	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	443	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		(21 640)	(26 916)	(40 844)	(3 214)	(10 007)	(17 018)	(7 011)	41%	(40 844)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(21 640)</b>	<b>(38 755)</b>	<b>(40 844)</b>	<b>(3 214)</b>	<b>(10 007)</b>	<b>(17 018)</b>	<b>(7 011)</b>	<b>41%</b>	<b>(40 844)</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		(8 387)	(9 581)	(9 581)	-	-	(3 992)	(3 992)	100%	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(8 387)</b>	<b>(9 581)</b>	<b>(9 581)</b>	<b>-</b>	<b>-</b>	<b>(3 992)</b>	<b>(3 992)</b>	<b>100%</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>										
Cash/cash equivalents at beginning:		81 812	59 908	59 908		77 016				(4 743)
Cash/cash equivalents at month/year end:		77 016	47 674	45 584		72 258	(5 968)			(4 743)

- a) Cash and cash equivalents as at 30 November 2022 comprise of R468 thousand cash available in bank accounts and R71,8 million held in short term fixed deposits at Absa Bank, First National Bank and Nedbank.

- b) The cashflow from operating activities reflect a net balance of R5,2 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 to take note of the content of the budget performance and state of financial affairs for the period ended 30 November 2022 report.**

**PREPARER: Senior Manager: Budget & Reporting**

**DATE: 08 November 2022**

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

**DATE: 08 November 2022**

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

**DATE: 08 November 2022**