

FS/2023

**REPORT ON BUDGET PERFORMANCE AND STATE OF FINANCIAL
AFFAIRS FOR THE PERIOD ENDED 28 FEBRUARY 2023**

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 28 February 2023 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 - M08 February

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	13	4 285	6 009	(1 723)	-29%	9 013
Transfers and subsidies	278 932	287 586	287 586	205	206 734	191 724	15 010	8%	206 734
Other own revenue	1 866	3 092	2 232	212	682	1 889	(1 207)	-64%	2 165
Total Revenue (excluding capital transfers and contributions)	287 464	299 691	298 830	430	211 701	199 622	12 080	6%	217 912
Employee costs	164 320	170 242	162 154	12 178	99 774	111 861	(12 087)	-11%	162 154
Remuneration of Councillors	17 185	18 870	20 553	1 488	13 141	12 917	224	2%	13 141
Depreciation & asset impairment	11 326	12 070	12 652	1 072	8 155	8 163	(8)	-0%	12 652
Finance charges	12 633	9 532	11 617	-	5 983	6 772	(789)	-12%	11 617
Inventory consumed and bulk purchases	3 539	2 231	3 075	177	1 904	1 618	286	18%	1 904
Transfers and subsidies	15 590	-	-	-	-	-	-	-	-
Other expenditure	74 500	77 599	87 893	5 582	52 462	54 130	(1 668)	-3%	74 079
Total Expenditure	299 092	290 545	297 944	20 497	181 418	195 459	(14 041)	-7%	275 547
Surplus/(Deficit)	(11 629)	9 146	886	(20 067)	30 283	4 162	26 121	628%	(57 635)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 403	2 516	2 516	-	-	1 677	(1 677)	-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	3 402	(20 067)	30 283	5 840	24 443	419%	(55 119)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(9 226)	11 662	3 402	(20 067)	30 283	5 840	24 443	419%	(55 119)
Capital expenditure & funds sources									
Capital expenditure	3 562	26 916	38 391	3 267	14 779	26 278	(11 500)	-44%	38 391
Capital transfers recognised	-	2 516	2 390	228	1 418	1 652	(234)	-14%	2 390
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	3 562	24 400	36 001	3 038	13 361	24 626	(11 266)	-46%	36 001
Total sources of capital funds	3 562	26 916	38 391	3 267	14 779	26 278	(11 500)	-44%	38 391
Financial position									
Total current assets	2 078 220	84 245	102 739	-	137 237	-	-	-	196 790
Total non current assets	209 181	230 598	242 073	-	219 491	-	-	-	258 068
Total current liabilities	121 926	69 872	70 070	-	111 056	-	-	-	70 070
Total non current liabilities	98 010	116 664	116 664	-	93 310	-	-	-	116 664
Community wealth/Equity	183 382	116 645	154 674	-	167 676	-	-	-	154 674
Cash flows									
Net cash from (used) operating	25 231	36 101	16 054	(18 995)	21 431	10 703	(10 728)	-100%	16 054
Net cash from (used) investing	(21 640)	(38 755)	(38 391)	(3 267)	(14 779)	(25 594)	(10 815)	42%	(38 391)
Net cash from (used) financing	(8 387)	(9 581)	(9 779)	-	(4 700)	(6 519)	(1 819)	28%	-
Cash/cash equivalents at the month/year end	77 016	47 674	45 842	-	78 969	(21 411)	(100 379)	469%	(22 337)

The narratives of the summary of the actual budget performance and state of financial affairs against the approved budget projections for the month ending February 2023 is as follows:

- Total revenue earned up to end of February 2023 amounts to R211,7 million equates to 70,8% of total budget revenue for the financial year.
- Total operating expenditure incurred up to end of February 2023 amounts to R181,4 million, equates to 60,9% of total operating expenditure budget.
- Total capital expenditure incurred up to end of February 2023 amounts to R14,8 million, equates to 38,5% of the total capital expenditure budget.
- The cash and cash equivalents as at 28 February 2023 amounts to R78,9 million.

1. Operating revenue and expenditure performance

DC32 Ehlazeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

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 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	350	-	8	402	(394)	-98%	350
Interest earned - external investments		6 666	9 013	9 013	13	4 285	6 009	(1 723)	-29%	9 013
Interest earned - outstanding debtors		544	-	-	-	-	-	-		-
Dividends received		153	175	175	-	-	117	(117)	-100%	175
Fines, penalties and forfeits		-	-	-	-	-	-	-		-
Licences and permits		443	1 792	1 092	-	126	1 054	(928)	-88%	1 092
Agency services		-	-	-	-	-	-	-		-
Transfers and subsidies		278 932	287 586	287 586	205	206 734	191 724	15 010	8%	206 734
Other revenue		543	414	614	212	521	316	205	65%	521
Gains		0	-	-	-	27	-	27	#DIV/0!	27
Total Revenue (excluding capital transfers and contributions)		287 464	299 691	298 830	430	211 701	199 622	12 080	6%	217 912
Expenditure By Type										
Employee related costs		164 320	170 242	162 154	12 178	99 774	111 861	(12 087)	-11%	162 154
Remuneration of councillors		17 185	18 870	20 553	1 488	13 141	12 917	224	2%	13 141
Debt impairment		5 125	-	-	-	-	-	-		-
Depreciation & asset impairment		11 326	12 070	12 652	1 072	8 155	8 163	(8)	0%	12 652
Finance charges		12 633	9 532	11 617	-	5 983	6 772	(789)	-12%	11 617
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		3 539	2 231	3 075	177	1 904	1 618	286	18%	1 904
Contracted services		30 817	39 983	41 266	2 057	19 649	26 320	(6 670)	-25%	41 266
Transfers and subsidies		15 590	-	-	-	-	-	-		-
Other expenditure		38 513	37 617	46 627	3 525	32 793	27 810	4 983	18%	32 793
Losses		44	-	-	-	20	-	20	#DIV/0!	20
Total Expenditure		299 092	290 545	297 944	20 497	181 418	195 459	(14 041)	-7%	275 547
Surplus/(Deficit)										
		(11 629)	9 146	886	(20 067)	30 283	4 162	26 121	0	(57 635)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 403	2 516	2 516	-	-	1 677	(1 677)	(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)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		(9 226)	11 662	3 402	(20 067)	30 283	5 840			(55 119)
Taxation										
Surplus/(Deficit) after taxation		(9 226)	11 662	3 402	(20 067)	30 283	5 840			(55 119)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(9 226)	11 662	3 402	(20 067)	30 283	5 840			(55 119)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(9 226)	11 662	3 402	(20 067)	30 283	5 840			(55 119)

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 R211,7 million (70,8 per cent) is mainly as a result of the first and second instalment of the equitable share grant received in July and December 2022.
- The actual operating expenditure incurred amounting to R181,4 million is less than 7 per cent of the projected expenditure of R195,5 million mainly due to savings realized on the employees related cost. 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) - M08 February

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
R thousands										
Revenue by Vote	1									
Vote 01 - Council Summary		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services & Municipal Relations		-	-	-	-	(20)	-	(20)	#DIV/0!	-
Vote 03 - Financial Services		289 867	302 207	301 346	430	211 722	201 299	10 423	5,2%	211 722
Vote 04 - Local Economic Development; Tourism And Rural Deve		-	-	-	-	-	-	-	-	-
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	301 346	430	211 701	201 299	10 402	5,2%	211 722
Expenditure by Vote	1									
Vote 01 - Council Summary		36 280	41 708	48 213	3 668	29 758	29 107	652	2,2%	33 840
Vote 02 - Corporate Services & Municipal Relations		57 982	54 309	50 063	3 980	31 173	34 627	(3 454)	-10,0%	50 690
Vote 03 - Financial Services		89 876	52 869	60 251	3 673	42 549	37 464	5 085	13,6%	46 162
Vote 04 - Local Economic Development; Tourism And Rural Deve		20 934	25 685	21 722	1 141	11 173	16 331	(5 158)	-31,6%	21 722
Vote 05 - Community Services		27 300	47 336	46 977	2 835	26 380	31 487	(5 107)	-16,2%	45 392
Vote 06 - Office Of The Municipal Manager		11 600	18 408	22 946	1 936	12 752	13 180	(428)	-3,2%	21 433
Vote 07 - Strategic And Social Services		40 338	35 719	33 502	2 369	20 435	23 638	(3 203)	-13,5%	34 726
Vote 08 - Technical Services		14 781	14 511	14 270	895	7 197	9 626	(2 429)	-25,2%	13 150
Vote 09 - -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	299 092	290 545	297 944	20 497	181 418	195 459	(14 041)	-7,2%	267 115
Surplus/ (Deficit) for the year	2	(9 226)	11 662	3 402	(20 067)	30 283	5 840	24 443	418,6%	(55 394)

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 Ehlanzeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

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
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 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		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 01 - Council Summary		157	-	1 347	-	-	808	(808)	-100%	1 347
Vote 02 - Corporate Services & Municipal Relations		491	-	512	-	512	298	214	72%	512
Vote 03 - Financial Services		1 063	6 950	8 653	218	3 857	5 478	(1 621)	-30%	8 653
Vote 04 - Local Economic Development, Tourism And Rural Devevelo		171	2 300	5 803	2 820	3 518	3 934	(415)	-11%	5 803
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	22 076	228	6 891	15 760	(8 869)	-56%	22 076
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	38 391	3 267	14 779	26 278	(11 500)	-44%	38 391
Total Capital Expenditure		3 562	26 916	38 391	3 267	14 779	26 278	(11 500)	-44%	38 391
Capital Expenditure - Functional Classification										
Governance and administration		2 300	6 950	10 512	218	4 369	6 585	(2 216)	-34%	10 512
Executive and council		711	-	1 347	-	-	808	(808)	-100%	1 347
Finance and administration		1 554	6 950	9 165	218	4 369	5 776	(1 408)	-24%	9 165
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	19 511	3 048	5 565	13 051	(7 486)	-57%	19 511
Planning and development		575	2 300	5 833	2 820	3 518	3 953	(434)	-11%	5 833
Road transport		-	12 166	13 679	228	2 046	9 098	(7 052)	-78%	13 679
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	5 500	8 367	-	4 845	6 643	(1 797)	-27%	8 367
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	4 000	6 909	-	4 509	5 065	(557)	-11%	6 909
Waste water management		-	1 500	1 459	-	337	1 577	(1 241)	-79%	1 459
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	3 562	26 916	38 391	3 267	14 779	26 278	(11 500)	-44%	38 391

DETAILED ANALYSIS OF CAPITAL PROJECTS 2022-2023

Capital Project	Adjusted Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Rural Road Asset Management System	R2,390,000	R2,390,000	R1,417,970	59	0	Service provider appointed in November 2021
Purchase of plant and equipment	R450,000	R173,759	R173,759	100	R276,240	Contingency budget
Purchase of furniture and fittings	R500,000	R265 010	R265,010	100	R234,990	Contingency budget
Purchase of motor vehicles	R503,000	R502,398	R502,398	100	R601	Project is complete
Purchase of Computer Software	R1,200,000	R928,707	R928,707	100	R271,292	Contingency budget
Purchase of Computer Equipment and Software	R2,650,000	R1 242 963	R1,425,767	100	R1,407,036	Contingency budget
Upgrade of IT Network Infrastructure	R250,000	0	0	0	R250,000	Contingency budget
Purchase of Infrastructure Design System	R655,334	0	0	0	R655,334	Procurement process underway
Upgrade of Incident Command Vehicle ICT Infrastructure	R600,000	R595,600	R298,300	50	R4,400	Service provider appointed in June 2022
Upgrade of DMC ICT infrastructure	R400,000	R989,782	R6,445	0,01	R598,782	Service provider appointed in June 2022
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	R5,000,000	R2,171,278	0	0	R2,828,722	Procurement process underway
Wastewater Treatment Works Improvement Programme	R2,777,000	R2,773,000	R643,000	23	R4,000	Service provider appointed in September 2022

Capital Project	Adjusted Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Road Rehabilitation Programme	R4,800,000	0	0	0	R4,800,000	Procurement process underway
Planning for Establishment of Fire Station	R161,000	0	0	0	R161,000	Procurement process underway
Customer Relations Management System	R600,000	0	0	0	R600 000	Service provider appointed in June 2022
Refurbishment of Boreholes	R950,660	0	0	0	R950,660	Procurement process underway
Upgrade of Security at EDM Offices	R446 600	0	0	0	R446,600	
Totals	R25,633,594	R12,032,499	R5,661,359	47	R13,601,094	

ROLL OVER PROJECTS 2022-2023

Capital Projects	Adjusted Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Water Supply Augmentation - Steenbok & KaHhoyi	R927,871	R928,588	R927,870	100	R717	Project completed in September 2022.
Rehabilitation of Street Programme at Thaba Chweu Local Municipality	R247,785	0	0	0	R247,785	Designs completed and project is at procurement stage.
Redesign EDM Municipal Office Buildings	R563,722	0	R112 102	0	R563,722	Projected to be completed in June 2023.

Capital Projects	Adjusted Budget for the Year	Appointment amount	Actual cumulative to date	% Spent on appointments	Available Budget vs Appointments	Comments
Construction of foot bridge - Motseleng Primary School	R516,153	R516,152	R516,152	100	R0,30	Project completed in September 2022.
Construction of Lebombo stalls at Nkomazi Local Municipality	0	0	0	0	0	Project is at procurement stage.
Refurbishment of Barberton Tourism Route - City of Mbombela	R4,502,573	R4,502,573	R3,518,473	78	0	Project is at procurement stage.
Construction of Access Bridge Motseleng Primary school at Bushbuckridge Local Municipality	R30,049	0	0	0	R30,049	Project completed in September 2022.
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	100	R102,879	Project to be completed in September 2022 – delays caused by Eskom connection.
Goromani Water Improvement Project at Bushbuckridge Local Municipality	R3,203,809	R2,937,788	R2,937,788	100	R266,020	Project completed in September 2022.
Refurbishment of Parking and Carports	R511,573	R553,230	R511,572	0	0	Project completed in November 2022 and savings of R38 428 realized.
Contract Management Module	R398,435	R256,623	R256,623	100	R141,811	Project has been completed in December 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.
Totals	R12,757,086	R10,031,548	R9,117,176	91	R2,767,195	

4. Financial Position

DC32 Ehlanzeni - Table C6 Monthly Budget Statement - Financial Position - M08 February

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	45 842	469	45 842
Call investment deposits		873 946	-	-	78 500	78 500
Consumer debtors		(10 238)	-	-	(10 334)	-
Other debtors		52 106	11 601	43 925	55 466	55 466
Current portion of long-term receivables		412	4 195	4 195	350	4 195
Inventory		12 869	8 806	8 776	12 788	12 788
Total current assets		2 078 220	84 245	102 739	137 237	196 790
Non current assets						
Long-term receivables		12 283	-	-	15 995	15 995
Investments		4 155	4 599	4 599	4 155	4 599
Investment property						
Investments in Associate						
Property, plant and equipment		189 100	213 839	222 830	193 949	222 830
Biological						
Intangible		3 642	12 160	14 644	5 392	14 644
Other non-current assets		-	-	-	-	-
Total non current assets		209 181	230 598	242 073	219 491	258 068
TOTAL ASSETS		2 287 400	314 843	344 811	356 729	454 858
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		10 249	9 581	9 779	10 249	9 779
Consumer deposits		7	-	-	7	-
Trade and other payables		64 774	48 055	48 055	56 801	48 055
Provisions		46 897	12 237	12 237	44 000	12 237
Total current liabilities		121 926	69 872	70 070	111 056	70 070
Non current liabilities						
Borrowing		98 010	87 566	87 566	93 310	87 566
Provisions		-	29 098	29 098	-	29 098
Total non current liabilities		98 010	116 664	116 664	93 310	116 664
TOTAL LIABILITIES		219 936	186 536	186 735	204 367	186 735
NET ASSETS	2	2 067 464	128 306	158 076	152 362	268 123
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		183 382	116 645	154 674	167 676	154 674
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	183 382	116 645	154 674	167 676	154 674

The financial position as at 28 February 2023 is as follows;

- Total short-term fixed deposits as at 28 February 2023 at R78,5million.
- Cash on hand at R469 thousand as at 28 February.
- The DBSA non-current loan balance is R93 million. The municipality has complied with all the terms and conditions of the loan. The first payment of R 10,7 million was paid in 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 R56,8 million whilst the debtors and other receivables amounted to R45,4 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	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates								-		
Service charges								-		
Other revenue		1 450	15 416	2 056	212	682	1 371	(689)	-50%	2 056
Transfers and Subsidies - Operational		2 403	287 586	287 586	205	206 734	191 724	15 010	8%	287 586
Transfers and Subsidies - Capital		278 932	2 516	2 516		2 516	1 677	839	50%	2 516
Interest		5 721	9 013	9 013	13	4 285	6 009	(1 723)	-29%	9 013
Dividends		153	175	175		-	117	(117)	-100%	175
Payments										
Suppliers and employees		(250 818)	(269 593)	(273 676)	(19 425)	(186 804)	(182 450)	4 353	-2%	(273 676)
Finance charges		(12 610)	(9 013)	(11 617)	-	(5 983)	(7 745)	(1 762)	23%	(11 617)
Transfers and Grants		-						-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		25 231	36 101	16 054	(18 995)	21 431	10 703	(10 728)	-100%	16 054
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		
Decrease (increase) in non-current receivables		-	(12 283)	-	-	-	-	-		
Decrease (increase) in non-current investments		-	443	-	-	-	-	-		
Payments										
Capital assets		(21 640)	(26 916)	(38 391)	(3 267)	(14 779)	(25 594)	(10 815)	42%	(38 391)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(21 640)	(38 755)	(38 391)	(3 267)	(14 779)	(25 594)	(10 815)	42%	(38 391)
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)	(9 779)	-	(4 700)	(6 519)	(1 819)	28%	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(8 387)	(9 581)	(9 779)	-	(4 700)	(6 519)	(1 819)	28%	-
NET INCREASE/ (DECREASE) IN CASH HELD		(4 796)	(12 235)	(32 116)	(22 262)	1 953	(21 411)			(22 337)
Cash/cash equivalents at beginning:		81 812	59 908	77 958		77 016				
Cash/cash equivalents at month/year end:		77 016	47 674	45 842		78 969	(21 411)			(22 337)

- a) Cash and cash equivalents as at 28 February 2023 comprise of R469 thousand cash available in bank accounts and R78,5 million held in short term fixed deposits at Absa Bank, First National Bank and Standard Bank.
- b) The cashflow from operating activities reflect a net balance of R21,4 million which is mainly due to the first and second instalments of the equitable share grant received and savings realized on the operating expenditure.

POLICY IMPLICATIONS

None

LEGAL AND CONSTITUTIONAL IMPLICATIONS

None

RECOMMENDATION BY THE MUNICIPAL MANAGER

- 1. That the Mayoral Committee to take note of the content of the budget performance and state of financial affairs for the period ended 28 February 2023 report.**

PREPARER: Senior Manager: Budget & Reporting

DATE: 9 March 2023

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

DATE: 9 March 2023

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

DATE: 9 March 2023