

**REPORT TO THE FINANCE STANDING COMMITTEE ON SECTION 71 and 52(d) OF THE MFMA FOR THE PERIOD ENDING 30 JUNE 2023.**

**1. PURPOSE**

To report to the Mayoral Committee in terms of the legislative requirements and regulations of Section 11(4)(a), 52(d), 54(1)(f) and 66 of the Municipal Finance Management Act no 56 of 2003 (“MFMA”) as well as the relevant budget regulations.

Furthermore, in terms of Section 54 of the MFMA, the Mayor of the Municipality must take certain actions on receipt of this report, to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

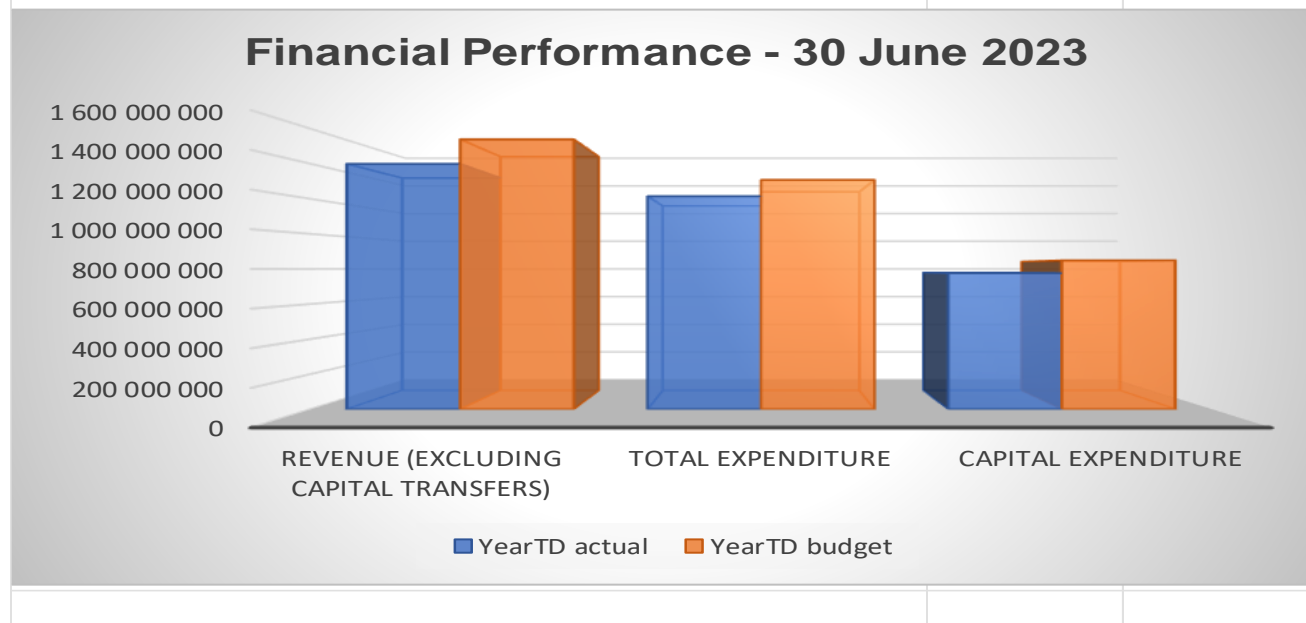
**2. LEGISLATIVE REQUIREMENTS**

Reporting activity	Legislative requirements	Report to	Frequency
Table in council a consolidated report of all withdrawals made from bank accounts during quarter	MFMA Section 11(4)(a)	Accounting Officer to Council	Quarterly, within 30 days after each quarter
Report to council on the implementation of the budget and financial state of affairs	MFMA Section 52(d)	Mayor to Council	Quarterly, within 30 days after each quarter
Budgetary control and early identification of financial problems.	MFMA Section 54	Mayor to Council	By 30 June 2023
Report on salary cost	Section 66 of the MFMA and Budget regulation 28	Accounting Officer to Council	Frequently

### 3. Exposition of Facts

Table: The Overview of the Municipal Financial Performance as at 30 June 2023:

Description	YearTD actual	YearTD budget
Revenue (excluding Capital Transfers)	R1 398 319 741	R1 538 502 355
Total Expenditure	R1 214 171 849	R1 307 252 324
Capital expenditure	R776 099 848	R848 860 375



3.1 The overall operating revenue (excluding capital transfers) amounts to R1,398,319,741 compared to the approved Adjustments Budget of R1,538,502,315. This represents an overall revenue of 91% compared to the total budget. Total operating revenue to date is R1,3 billion, includes levied or billed amounts for water and sanitation. The largest revenue stream is grant from national government for LGES representing 50% of total operating revenue, followed by the two municipal services represent 31%, interest earned 12% and other revenue streams combined are 7% of the total operating revenue. Please refer to table C4 for the Breakdown of Expenditure by source.

Comparing the total revenue to date to the total operating revenue budget to date of R1.398 billion brings a variance of 9%. This is due to under recovery on sanitation, interest earned on investment, transfers and subsidies and other revenue, these revenue streams are less than

the anticipated revenue as per the adjustment budget. There were noticeable over recovery from water and interest earned on outstanding debtors which are more than anticipated as the estimation was made on the previous year's revenue and the optimization of certain revenue streams during the current financial year, the other contributing factor were the interest rates hikes which is to the advantage of the municipality.

- 3.2. The operating expenditure amounts to R1,214,171,849 compared to the Adjustments Budget of R1,307,252,324 and this results in a spending of 93% and a variance of 7% against the year-to-date budget of R1,307,252,324.

There were noticeable under expenditures on depreciation, inventory consumed and contracted services. On the other hand, there was overspending on employee related costs and debt impairment compared to the year-to-date budget of R1,307,252,324. Please refer table C4 for the Breakdown of Expenditure by type

- 3.3. Total capital expenditure inclusive of capital commitments as at 30 June 2023 is R776,099,848 and that represents 91% of the total adjusted capital budget of R848,860,375. Total month actual capital expenditure for June 2023 was R159,308,363 including commitments. There were noticeable capital expenditures under spending from finance and administration as well as overspending on water management and wastewater management. Please refer to table C5 for Capital Expenditure per Government Finance Statistics and table SC12 for the monthly Capital Expenditure Trend. Please refer to table C5 for Breakdown of Capital Expenditure by Vote and Classification.

- 3.4. The cash flow is currently positive and the total Cash and Cash Equivalents as at 30 June 2023 is R369,948,881 and all grants as included in the disbursement schedules from National Treasury were also received.

- 3.5. The debtor's collection rate ratio indicates the collection rate (average year to date), i.e., level of payments. It measures increases or decreases in debtors relative to the rolling actual billed revenue for the preceding 12 months. The collection rate at the end of June 2023 stood at 96.9% (February 2023: 96.8%). The ratio uses a rolling debtors balance and revenue billed figure, to ensure that the average collection rate spanning 12 months is presented. The total

debt owed to the municipality amounts to R2,425,862,760 as at 30 June 2023. The largest debt type owing to the municipality is the households, followed by organ of state, commercial or businesses and other debtors. The largest owed municipal services are water followed by sanitation. Please refer table SC3 for the Breakdown of Age Debtors.

3.6. The outstanding creditors as at 30 June 2023 amounts to R4.3 million. The creditors consist of suppliers which are providing services within the municipal area. The creditors will only reflect completeness at the end of July 2023 for incorporation in the draft and final 2022/23 AFS.

### 3.7 Revenue Management

Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)

DC13 Chris Hani - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June							
Description	Ref	2021/22	Budget Year 2022/23				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance %
<b>R thousands</b>							
<b>Revenue By Source</b>							
Property rates							
Service charges - electricity revenue							
Service charges - water revenue		304 388	310 489	323 489	360 375	323 489	11%
Service charges - sanitation revenue		64 717	76 730	83 730	66 861	83 730	-20%
Service charges - refuse revenue							
Rental of facilities and equipment		-	-	-	-	-	
Interest earned - external investments		10 605	40 925	40 925	13 170	40 925	-68%
Interest earned - outstanding debtors		84 185	53 593	100 000	162 747	100 000	63%
Dividends received							
Fines, penalties and forfeits		-	94	94	-	94	-100%
Licences and permits		60	284	284	83	284	-71%
Agency services							
Transfers and subsidies		665 973	734 668	725 119	697 016	725 119	-4%
Other revenue		832	261 742	261 742	95 080	261 742	-64%
Gains		16 881	3 120	3 120	2 988	3 120	-4%
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 147 641</b>	<b>1 481 644</b>	<b>1 538 502</b>	<b>1 398 320</b>	<b>1 538 502</b>	<b>-9%</b>

#### Variance Explanations:

- **Service charges:** An amount of R1,98 billion or 91% of the budgeted Service Charges has been billed for the first quarter of 2022/23 financial year. There was an under recovery of 20% on sanitation due to priority listing on SOLAR which first chooses the water over sanitation. However, credit control processes remain a challenge to the municipality. As such, on the 24<sup>th</sup> of October 2022 the disconnection of services to consumers with outstanding balances is implemented. The Municipality embarked on a Revenue Enhancement program in the DR AB Xuma and Emalaheni municipal areas from the 24<sup>th</sup> of May until 23<sup>rd</sup> June 2023. Appointment of service providers to rollout and implement the SMART Metering was concluded and the team is ready to be on the field to create awareness and verification of meter for installation.

- **Investment earned on investments:** A negative variance of 68% is recorded and is attributable to the capital funds that will be progressively invested, and these will be resuscitated in the 2023/24 financial year.
- **Transfers and subsidies:** An amount of R697 million against the R725 million was received on transfers and subsidies for this quarter and this is mainly attributable to the Equitable Share tranche that was received. The 4% variance is due to the year-end accrual process which will be in the period 13 of the year end period.
- **Other own revenue:** A negative variance of 64% is recorded. This is mainly due to VAT returns that are still under SARS audit which is not yet concluded.

### 3.8 Expenditure Management

Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)

DC13 Chris Hani - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June							
Description	Ref	2021/22	Budget Year 2022/23				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance %
<b>R thousands</b>							
<b>Expenditure By Type</b>							
Employee related costs		407 269	400 535	390 490	398 934	390 490	2%
Remuneration of councillors		12 426	12 715	12 715	13 590	12 715	7%
Debt impairment		335 286	227 391	217 391	227 391	217 391	5%
Depreciation & asset impairment		260 297	180 000	180 000	120 000	180 000	-33%
Finance charges		2 842	530	377	(61)	377	-116%
Bulk purchases - electricity							
Inventory consumed		49 277	43 184	50 282	34 552	50 282	-31%
Contracted services		205 766	241 544	247 390	220 626	247 390	-11%
Transfers and subsidies		70 713	70 500	53 446	50 290	53 446	-6%
Other expenditure		156 063	142 776	155 161	148 849	155 161	-4%
Losses		2 324	-	-	-	-	
<b>Total Expenditure</b>		<b>1 502 263</b>	<b>1 319 176</b>	<b>1 307 252</b>	<b>1 214 172</b>	<b>1 307 252</b>	<b>-7%</b>

- **Depreciation:** A unfavorable variance of 33% is recorded. The completeness of the debt impairment transactions will be recorded in period 13 on the AFS plan. These journals will be processed after all transactions related to the billing are processed.
- **Debt Impairment** - A unfavorable variance of 5% is recorded. The completeness of the depreciation transactions will be recorded in period 13 on the AFS plan. These journals will be processed after all transactions are processed.
- **Inventory consumed and bulk purchases:** An unfavorable variance of 31% is recorded and this is due to year end journals that were reversed from the previous accruals and the 2022/23 accruals will be processed the week ending the 21 July 2023 during the period 13 as per the AFS plan.

- **Transfers and subsidies:** An unfavorable variance of 6% is recorded and the other transactions will be processed in period 13 of the AFS plan. This relates to the accrual process for management fees and other expenditures.
- **Contracted services:** An unfavorable variance of 11% is recorded and the other transactions will be processed in period 13 of the AFS plan. This relates to the accrual process for expenditures for professional fees, housing destitute program and other contracted services.
- **Other expenditure:** An unfavorable variance of 11% is recorded and the other expenditures will be recorded in period 13 as per the AFS. These are related to the accrual processes.

### 3.9 Capital expenditure.

Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

DC13 Chris Hani - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June							
Vote Description	Ref	2021/22	Budget Year 2022/23				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance %
R thousands	1						
<b>Capital Expenditure - Functional Classification</b>							
<b>Governance and administration</b>		9 961	60 500	60 500	9 599	60 500	-84%
Executive and council							
Finance and administration		9 961	60 500	60 500	9 599	60 500	-84%
Internal audit							
<b>Community and public safety</b>		-	-	-	-	-	
Community and social services							
Sport and recreation							
Public safety							
Housing							
Health							
<b>Economic and environmental services</b>		0	24 000	20 100	(15 213)	20 100	-176%
Planning and development		0	24 000	20 100	(15 213)	20 100	-176%
Road transport							
Environmental protection							
<b>Trading services</b>		8 320	531 235	768 260	781 713	768 260	2%
Energy sources							
Water management		7 913	491 835	747 014	759 800	747 014	2%
Waste water management		407	39 400	21 246	21 914	21 246	3%
Waste management							
<b>Other</b>							
<b>Total Capital Expenditure - Functional Classification</b>	3	R 18 280 478	R 615 735 450	R 848 860 375	R 776 099 848	R 848 860 375	-9%

- The overall capital expenditure is recorded as R776 million or 91% compared to the year-to-date budget of R848 million. This represents 9% underspending particularly the finance and administration by 84%, overspending by water management by 2% and the wastewater management by 3%.
- These over expenditures were related to the MIG grant, this is due to projects that were completed before its period and the variation impact on some of projects. Furthermore, the underspending on finance and administration is due to vehicles that were not purchased due to limited own generated funding.

### 3.10 Debtors Management

Table SC3: Debtors Age Analysis as at 30 June 2023.

DC13 Chris Hani - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June									
Description	NT Code	Budget Year 2022/23						Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	Total	Total over 90 days		
<b>R thousands</b>									
<b>Debtors Age Analysis By Income Source</b>									
Trade and Other Receivables from Exchange Transactions - Water	1200	118 902	161 061	41 540	1 684 929	2 006 432	1 684 929	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300					-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400					-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	11 278	19 819	8 517	379 817	419 431	379 817	-	-
Receivables from Exchange Transactions - Waste Management	1600					-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700					-	-	-	-
Interest on Arrear Debtor Accounts	1810					-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820					-	-	-	-
Other	1900					-	-	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>R130 180 460</b>	<b>R180 879 410</b>	<b>R50 056 694</b>	<b>R2 064 746 196</b>	<b>R2 425 862 760</b>	<b>R2 064 746 196</b>	<b>-</b>	<b>-</b>
<b>Debtors Age Analysis By Customer Group</b>									
Organs of State	2200	14 810	18 629	4 352	127 487	165 278	127 487	-	-
Commercial	2300	14 242	17 050	3 077	113 731	148 099	113 731	-	-
Households	2400	99 877	143 809	42 489	1 812 545	2 098 721	1 812 545	-	-
Other	2500	1 251	1 392	138	10 983	13 764	10 983	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>R130 180 460</b>	<b>R180 879 410</b>	<b>R50 056 694</b>	<b>R2 064 746 196</b>	<b>R2 425 862 760</b>	<b>R2 064 746 196</b>	<b>-</b>	<b>-</b>

- **Debtors Age Analysis:** The total amount owed to CHDM amounts to R2,4 billion as at 30 June 2023. The largest debt relates to water services amounting to R2.0 billion or 83% and sanitation amounting to R419 million or 17%. From the total debt, the R2,0 billion is owed in excess of 90 days of which water is R1,6 billion or 69% and sanitation is R379 million or 16%.
- The largest debt as per the debtor type amounts to R2.0 billion or 87%, followed by organ of state amounting to R165 million or 7%, then commercial by R148 million or 6% and other R13 million or 0.6%. From the total debt as per the debtor type from the R2,0 billion is owed in excess of 90 days of which households is R1.8 billion or 75%, organ of state by R127 million or 5% and commercial by R113 million or 5%. The overall debt owed to CHDM in excess of 90 days represents 85% of the total debt owed.
- The R2,425,862,760 debt as at 30 June 2023 showed an increase of R53,586,725 or 2% compared to R2,372276,035 reported as at 31 May 2023. The increases were mainly in all debtor types except the sundry debtors. This is a result of monthly billing and the amendments made as a result of the year processes.

### 3.11 INDIGENT REGISTER DEVELOPMENT REVIEWAL

According to the Chris Hani Indigent Policy, Indigent Register must be reviewed Quarterly. After the 2022 Audit was completed, the Indigent Register has been reviewed and all 1285 findings by AG were eliminated. The following issues were eliminated from the Indigent register:

- 1147 - deceased
- 89 - employed in government
- 49 - spouse have interest in suppliers of government

The findings were also communicated to the LMs for them to update/review their registers and provide CHDM with reviewed/updated Indigent Registers. As per the Municipality's request of updated indigent registers from the local municipalities, only Inxuba Yethemba LM has submitted its updated indigent register.

We have received 183 new indigent applications; the vetting of indigents is still a challenge due to lack of a vetting system. However, we will subject the vetting through CAATS to AGSA before they are approved.

The below table illustrates the updated indigent Register, divided into 2 parts (Billed and Non-Billed Areas) and all the issues removed. It reflects the total number of beneficiaries per Area.

<b>CONSOLIDATED INDIGENT REGISTER</b>		
<b>LOCAL MUNICIPALITY</b>	<b>SUBSIDISED BENEFICIARIES- BILLED AREAS</b>	<b>SUBSIDISED BENEFICIARIES NON-BILLED AREAS</b>
Emalahleni LM	200	461
Engcobo LM	8	1360
Enoch Mgijima LM	3730	-
Intsika Yethu LM	5	3973
Inxuba Yethemba LM	891	-
Sakhisizwe LM	435	2033
<b>TOTAL</b>	<b>5269</b>	<b>7827</b>
<b>GRAND TOTAL = 13096</b>		

In the Council meeting which sat on 29<sup>th</sup> March, Council approved the write-off of the irrecoverable debt owed by Indigent debtors amounting to **R 97,647,648.44**. The council item **C1218** was implemented during April 2023.



### 3.12 SMART METERING PROJECT

The installation of the Smart Metering Project is still underway, procurement has been concluded and 3 successful bidders awarded clusters to instal the smart meters.

**CLUSTER 1:** Awarded to Taloc Projects

**Enoch Mgijima:**

Komani, Whittlesea, Sterkstroom, Molteno, Tarkastad and Hofmeyr.

**CLUSTER 2:** Awarded to Taloc Projects

Dordrecht, Cacadu, Indwe, Cala & Kowa

**CLUSTER 3:** Awarded to Ontech Projects

Inxuba Yethemba:

Cradock, Middleburg

**CLUSTER 4:** Awarded to Kernel Connections

Engcobo, Tsomo & Cofimvaba

The project will be rolled out throughout the district and implemented as pilot basis of ±10 000 metres all across. The purpose of this exercise is to maximise revenue collection by ensuring that all billing related queries are eliminated and priority be given to businesses and high end consumers and that customers are expected to pay for what they have consumed through the installation of prepaid meters.

The two service providers are currently busy engaging our communication department on the communication protocol for the field workers to create awareness. A launch is planned for the 27 June 2023 where numerous stakeholders will be invited such as RatePayers, Business Chambers or Forum, Border Kei Chamber, Local Municipalities Executive Mayors and their Municipal Managers. The service providers will do demonstrations of the SMART meters to be installed and how they will benefit the consumers and the municipality including the dashboard of the functionality of the technology.

### 3.13 CASHFLOW STATEMENT

Table C7: Monthly Budget Statement – Cash Flow Statement

DC13 Chris Hani - Table C7 Monthly Budget Statement - Cash Flow - M12 June							
Description	Ref	2021/22	Budget Year 2022/23				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance %
<b>R thousands</b>	1						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Property rates							
Service charges		96 141	271 053	258 789	60 089	258 789	-77%
Other revenue		203 366	262 119	262 119	92 982	262 119	-65%
Transfers and Subsidies - Operational		459 193	734 668	712 737	658 795	712 737	-8%
Transfers and Subsidies - Capital		632 611	535 235	574 429	827 558	574 429	44%
Interest		10 605	40 925	40 925	13 170	40 925	-68%
<b>Payments</b>							
Suppliers and employees		(901 032)	(840 755)	(713 391)	(821 102)	(713 391)	-15%
Finance charges		(125)	(530)	(377)	61	(377)	116%
Transfers and Grants		(67 663)	(70 500)	(53 446)	(50 290)	(53 446)	6%
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>433 096</b>	<b>932 216</b>	<b>1 081 785</b>	<b>781 263</b>	<b>1 081 785</b>	<b>28%</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE		317	3 120	3 120	2 988	3 120	-4%
Decrease (increase) in non-current receivables		-	(352)	-	352	-	#DIV/0!
Decrease (increase) in non-current investments							
<b>Payments</b>							
Capital assets		(18 275)	(615 735)	(654 929)	(775 930)	(654 929)	-18%
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(17 958)</b>	<b>(612 968)</b>	<b>(651 809)</b>	<b>(772 590)</b>	<b>(651 809)</b>	<b>-19%</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							
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>R 415 138 590</b>	<b>R 319 248 216</b>	<b>R 429 976 563</b>	<b>R 8 672 568</b>	<b>R 429 976 563</b>	
Cash/cash equivalents at beginning:		R 171 220 613	R 312 273 236	R 312 273 236	R 361 276 312	R 312 273 236	
Cash/cash equivalents at month/year end:		R 586 359 203	R 631 521 452	R 742 249 799	R 369 948 881	R 742 249 799	

- The cash flow is currently showing a positive total Cash and Cash Equivalents as at 30 June 2023 is R369,948,881 and all grants as included in the disbursement schedules from National Treasury were also received.
- The cash held also showed a positive balance of R8,672,568 after considering all the operating activities and investing activities for the period ended 30 June 2023.

### 3.14 Creditors

Table SC4: Monthly Budget Statement – Creditors Age Analysis as at 30 June 2023

DC13 Chris Hani - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

Description	NT Code	Budget Year 2022/23								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
<b>R thousands</b>										
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	4 298	-	-	-	-	-	-	2	4 300
Auditor General	0800									-
Other	0900									-
<b>Total By Customer Type</b>	<b>1000</b>	<b>4 298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>4 300</b>

The balance of creditors as at 30 June 2023 amounts to R4.3 million. This status does not incorporate the accrual process that is covered in period 13 which takes all outstanding invoices of the municipality. This process discards the purchase orders (PO) that were raised during the year to create an accrual transaction, during the year end, the municipality assesses the POs that are still valid and where a service will be rendered still in the 2022/23 financial year. The creditors consist out of suppliers which are providing services within the municipal area. Where the 60- and 90-day columns disclose amounts due it relates to invoices received from service providers where services rendered and/or good received still need to be confirmed before payments can be processed.

The creditors will only reflect completeness at the end of July 2023 for incorporation in the draft and final 2022/23 AFS.

### 3.15 INVESTMENT PORTFOLIO

Table SC5: Monthly Budget Statement – Investment Portfolio as at 30 June 2023

DC13 Chris Hani - Supporting Table SC5 Monthly Budget Statement						
Investments by maturity Name of institution & investment ID	Ref	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
<b>R thousands</b>						
<b>Municipality</b>						
Chris Hani Municipality/ Std Bank		50 000	-	-	-	50 000
Chris Hani District Municipality /Fnb		(50 000)	-	-	-	(50 000)
Equitable Share		-	-	-	-	-
Chris Hani Municipality/Fnb		50 000	-	-	-	50 000
Chris Hani District Municipality/Std Bank		(50 000)	-	-	-	(50 000)
Wholesale/Fnb		101	1	-	-	102
Municipal Infrastructure Grant / Fnb		64 744	309	(62 199)	-	2 855
National Grants / Fnb		53 639	324	(25 340)	-	28 623
Provincial Grants / Fnb		1 221	6	(239)	-	989
Capital Replacement Reserve/Fnb		76 277	385	(68 162)	-	8 500
Regional Infrastructure Grant/Fnb		117 890	590	(69 574)	-	48 906
Expanded Public Works Programme/Fnb		1 333	7	(417)	-	923
Mdrg		108	37	(1 193)	11 055	10 007
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>	<b>315 314</b>		<b>(227 125)</b>	<b>11 055</b>	<b>100 903</b>

The cash and cash equivalents (Investment plus the Primary Bank accounts of the CHDM) reflected a balance of R100 million as at 30 June 2023. This shows a positive balance to meet the municipal obligations for service delivery. The variance from the opening balance was the withdrawals made during the month to make payments for the goods and services provided by our suppliers and service providers.

### 3.16 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

Table for the Grant Spending for the 2022/23 Financial Year

GRANT EXPENDITURE REPORT: ORIGINAL BUDGET, ROLL-OVERS AND ADDITIONAL ALLOCATIONS 2022/23														
Grant Name	Original Budget	YTD Expenditure	% Spent	Approved Roll-over	YTD Expenditure	% Spent	First Additional Allocation 31 March 2023	YTD Expenditure	% Spent	Second Additional Allocation 15 June 2023	Total Budget	Total YTD Spending	% Spent on Total Budget	Available Balance as at 30 June 2023
MIG Capital	286 801 366	286 801 366	100%	-	-	-	120 000 000	120 000 000	100%	-	406 801 366	402 718 737	99%	4 082 628,81
MIG Operational	43 649 634	43 649 634	100%	-	-	-	-	-	-	-	43 649 634	43 135 374	99%	514 259,75
<b>Total MIG</b>	<b>330 451 000</b>	<b>330 451 000</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120 000 000</b>	<b>120 000 000</b>	<b>100%</b>	<b>-</b>	<b>450 451 000</b>	<b>445 854 111</b>	<b>99%</b>	<b>4 596 888,56</b>
RBIG	216 907 000	216 907 000	100%	-	-	-	95 000 000	64 522 690	68%	-	311 907 000	281 429 690	90%	30 477 310,46
WSIG Capital	60 000 000	60 000 000	100%	10 523 717	10 523 717	100%	5 200 000	10 657 687	205%	-	75 723 717	81 181 404	107%	5 457 687,32
WSIG Operational	-	-	-	6 542 624	6 541 221	100%	-	-	-	-	6 542 624	6 541 221	100%	1 402,51
<b>Total WSIG</b>	<b>60 000 000</b>	<b>60 000 000</b>	<b>100%</b>	<b>17 066 341</b>	<b>17 064 938</b>	<b>100%</b>	<b>5 200 000</b>	<b>10 657 687</b>	<b>205%</b>	<b>-</b>	<b>82 266 341</b>	<b>87 722 626</b>	<b>107%</b>	<b>5 456 284,81</b>
MDRG	-	-	-	-	-	-	-	-	-	11 055 000	11 055 000	-	0%	11 055 000,00
RRAMS	3 455 000	3 455 000	100%	-	-	-	650 000	249 828	38%	-	4 105 000	3 704 828	90%	400 172,33
EPWP	3 630 000	3 630 000	100%	-	-	-	-	-	-	-	3 630 000	5 267 132	145%	-
FMG	1 000 000	1 000 000	100%	-	-	-	-	-	-	-	1 000 000	1 200 357	120%	-
<b>Grand Total</b>	<b>615 443 000</b>	<b>615 443 000</b>	<b>100%</b>	<b>17 066 341</b>	<b>17 064 938</b>	<b>100%</b>	<b>220 850 000</b>	<b>195 430 205</b>	<b>88%</b>	<b>11 055 000</b>	<b>864 414 341</b>	<b>825 178 743</b>	<b>95%</b>	<b>41 073 087</b>

Table SC6: Monthly Budget Statement – Grant Expenditure as at 30 June 2023

DC13 Chris Hani - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June								
Description	Ref	2021/22			Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %
<b>R thousands</b>								
<b>RECEIPTS:</b>	1,2							
<b>Operating Transfers and Grants</b>								
<b>National Government:</b>		665 332	734 668	724 442	707 394	724 442	(17 048)	-2,4%
Equitable Share		600 621	654 460	654 460	638 328	654 460	(16 132)	-2,5%
Expanded Public Works Programme Integrated Grant		3 838	3 630	3 630	3 630	3 630	–	0,0%
Local Government Financial Management Grant		1 000	1 000	1 000	1 000	1 000	–	0,0%
Municipal Disaster Recovery Grant		–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	–	11 055	11 055	11 055	–	0,0%
Municipal Infrastructure Grant	3	44 465	72 123	43 650	43 135	43 650	(514)	-1,2%
Municipal Systems Improvement Grant		–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		3 300	3 455	4 105	3 705	4 105	(400)	-9,7%
Water Services Infrastructure Grant		12 109	–	6 543	6 541	6 543	(1)	0,0%
Other transfers and grants [insert description]		–	–	–	–	–	–	–
<b>Provincial Government:</b>		–	–	–	–	–	–	–
Capacity Building and Other Grants		–	–	–	–	–	–	–
Infrastructure Grant		–	–	–	–	–	–	–
Other transfers and grants [insert description]		–	–	–	–	–	–	–
<b>District Municipality:</b>		–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–
<b>Other grant providers:</b>		641	–	677	677	677	0	0,0%
Local Government Water and Related Service SETA		641	–	677	677	677	0	0,0%
<b>Total Operating Transfers and Grants</b>	5	665 973	734 668	725 119	708 071	725 119	(17 048)	-2,4%
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>		642 190	535 235	794 629	791 598	794 629	(3 031)	-0,4%
Municipal Disaster Recovery Grant		3 427	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	–	–	–	–	–	–
Municipal Infrastructure Grant		286 148	258 328	406 801	428 987	406 801	22 186	5,5%
Regional Bulk Infrastructure Grant		275 774	216 907	311 907	281 430	311 907	(30 477)	-9,8%
Rural Road Asset Management Systems Grant		–	–	–	–	–	–	–
Water Services Infrastructure Grant		76 841	60 000	75 920	81 181	75 920	5 261	6,9%
<b>Provincial Government:</b>		–	–	–	–	–	–	–
Infrastructure Grant		–	–	–	–	–	–	–
<b>District Municipality:</b>		–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–
<b>Other grant providers:</b>		–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	5	642 190	535 235	794 629	791 598	794 629	(3 031)	-0,4%
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	1 308 163	1 269 903	1 519 747	1 499 669	1 519 747	(20 078)	-1,3%

- The municipality received all the grants from the National Government as reflected below:

Grant Name		Total Budget	These were the grants received from the national government as at 30 June 2023.
Grant Name	Total Budget		
MIG	450 451 000	Over expenditures were noted on the MIG and WSIG as at 30 June 2023.	
RBIG	311 907 000	Other over expenditures are also observed on EPWP and FMG as at 30 June 2023.	
WSIG	82 266 341	The MDRG will only be spent from July 2023 as the appointment letters were issued to potential service providers.	
MDRG	11 055 000		
RRAMS	4 105 000		
EPWP	3 630 000		
FMG	1 000 000		
<b>Grand Total</b>	<b>864 414 341</b>		

### 3.9 COST CONTAINEMENT REPORT

Table for Cost Containment Disclosure as at 30 June 2023

<b>MEASURES</b>	<b>Original Budget</b>	<b>YTD</b>	<b>Savings</b>
Use Consultants	52 362 332.00	54 990 288.18	(2 627 956.18)
Travel & Subsistence	6 443 934.00	7 496 785.03	(1 052 851.03)
Sponsorships, Catering and events	787 391.00	308 291.39	479 099.61
Communication & MARKETING	4 514 487.00	3 869 048.91	645 438.09
Conferences, meetings and study tours	-	-	-
<b>TOTALS</b>	<b>64 108 144.00</b>	<b>66 664 413.51</b>	<b>(2 556 269.51)</b>

The cost containment regulations reflects that the municipality over spent on the different measures by R2.5 million as at 30 June 2023. Noticeable overspending on use of consultants and travel and subsistence. However, only savings were on sponsorships, catering, and events and conferences, meetings and study tours.

The overspending is attributed by budgetary constraints and the allocated projections for the security services. For the 2022/23 financial year, it was also affected by the same budgetary constraints. The municipality has reduced these expenditures through strict implementation of the cost containment regulations where some of the expenditures were not approved by the Municipal Manager and Chief Financial Officer.

### 3.10 Councilors allowances and Employee Benefits

Table SC8: Monthly Budget Statement – Employee Related Expenditure as at 30 June 2023

DC13 Chris Hani - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q4 Fourth Quarter

Summary of Employee and Councillor remuneration	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		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		9 319	9 481	9 490	833	10 113	9 480	623	7%	9 490
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 568	1 605	1 632	155	1 766	1 632	133	8%	1 632
Cellphone Allowance		771	741	763	67	812	763	49	6%	763
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		769	888	830	69	899	830	69	8%	830
<b>Sub Total - Councillors</b>		<b>12 426</b>	<b>12 715</b>	<b>12 715</b>	<b>1 124</b>	<b>13 590</b>	<b>12 715</b>	<b>875</b>	<b>7%</b>	<b>12 715</b>
<b>% increase</b>	4		<b>2.3%</b>	<b>2.3%</b>						<b>2.3%</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		8 168	8 883	6 696	508	5 726	6 696	(970)	-14%	6 696
Pension and UIF Contributions		1 083	1 161	818	61	600	818	(218)	-27%	818
Medical Aid Contributions		219	201	170	17	127	170	(44)	-26%	170
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		2 528	867	737	-	275	737	(462)	-63%	737
Motor Vehicle Allowance		3 174	3 339	2 730	204	2 396	2 730	(334)	-12%	2 730
Cellphone Allowance		287	315	251	19	217	251	(34)	-14%	251
Housing Allowances		40	64	64	-	-	64	(64)	-100%	64
Other benefits and allowances		533	550	545	45	548	545	4	1%	545
Payments in lieu of leave		-	-	243	-	242	243	(1)	0%	243
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>16 041</b>	<b>15 180</b>	<b>12 252</b>	<b>853</b>	<b>10 131</b>	<b>12 252</b>	<b>(2 122)</b>	<b>-17%</b>	<b>12 252</b>
<b>% increase</b>	4		<b>-5.4%</b>	<b>-23.6%</b>						<b>-23.6%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		245 934	241 121	236 151	21 437	259 046	236 151	22 894	10%	236 151
Pension and UIF Contributions		40 834	43 010	44 270	3 670	44 812	44 270	542	1%	44 270
Medical Aid Contributions		18 047	19 273	18 874	1 630	18 861	18 874	(13)	0%	18 874
Overtime		13 206	13 551	8 866	927	9 440	8 866	574	6%	8 866
Performance Bonus		18 201	18 818	20 496	49	19 869	20 496	(627)	-3%	20 496
Motor Vehicle Allowance		23 700	24 395	26 247	2 091	25 437	26 247	(810)	-3%	26 247
Cellphone Allowance		3 558	3 699	3 768	321	3 803	3 768	35	1%	3 768
Housing Allowances		1 450	1 563	1 456	128	1 620	1 456	164	11%	1 456
Other benefits and allowances		700	789	763	78	897	763	135	18%	763
Payments in lieu of leave		7 965	3 558	2 156	106	1 900	2 156	(257)	-12%	2 156
Long service awards		5 260	3 804	3 415	143	3 118	3 415	(296)	-9%	3 415
Post-retirement benefit obligations		12 372	11 775	11 775	-	-	11 775	(11 775)	-100%	11 775
<b>Sub Total - Other Municipal Staff</b>		<b>391 228</b>	<b>385 356</b>	<b>378 237</b>	<b>30 580</b>	<b>388 803</b>	<b>378 237</b>	<b>10 566</b>	<b>3%</b>	<b>378 237</b>
<b>% increase</b>	4		<b>-1.5%</b>	<b>-3.3%</b>						<b>-3.3%</b>
<b>Total Parent Municipality</b>		<b>419 695</b>	<b>413 250</b>	<b>403 204</b>	<b>32 558</b>	<b>412 524</b>	<b>403 204</b>	<b>9 320</b>	<b>2%</b>	<b>403 204</b>

- The total cost of employees amounts to R403 million which is 34% of the total operating expenditure which is within the National Treasury Norm.
- The overall overtime showed an overspending, and the variance is 6% and the largest overtime is on corporate services, and this is to be resolved in the 2023/24 adjustment budgets. Other noticeable overspending on numerous expenditure line items except the medical aid, performance bonus, motor vehicles allowances, payment in lieu, long services awards and post-retirement obligations. Other factors are related to budgetary constraints that are addressed in the 2023/24 financial year.

### 3.11 Bank reconciliation

The Below table represents the cash book and bank balances are as follows:

<b>Bank Balance as of 30 June 2023</b>	<b>Call Account</b>	<b>Water Account</b>	<b>Equitable Share</b>	<b>CRR</b>	<b>Total</b>
Cash Book Balance	R11,004,894.33	R24,734.94	R101,635.45	R8,499,950.28	R19,631,215.00
Bank Statement Balance	R5,767,534.80	R405,901.40	R101,635.45	R8,499,950.28	R14,775,021.93
<b>Bank balance as of 30 June 2023</b>	<b>CALL NT/ WSIG</b>	<b>PROV/ RAMS</b>	<b>RBIG</b>	<b>Total</b>	
Cash Book Balance	R28,623,236.68	R988,840.83	R48,905,606.39	R78,517,683.90	
Bank Statement Balance	R28,623,236.68	R988,840.83	R48,905,606.39	R78,517,683.90	
<b>Bank balance as of 30 June 2023</b>	<b>EPWP</b>	<b>INFRA/ MIG</b>	<b>MDRG</b>	<b>Total</b>	
Cash Book Balance	R922,564.09	R2,854,799.60	R10,006,501.33	R13,783,865.02	
Bank Statement Balance	R922,564.09	R2,854,799.60	R10,006,501.33	R13,783,865.02	
<b>Total</b>					
<b>Cash Book</b>	<b>R111,932,763.92</b>				
<b>Bank Statement</b>	<b>R107,076,570.85</b>				

- The above table reflects the Cashbook balance of R 111,932,763.92 and Bank statement balance of R107,076,570.85.
- The variance of R 4,856,193.07 this variance will be investigated as cashbook closing is more by R5,237,359.53 than bank statement for operating account as 30 June 2023 and bank statement for water account is more than the cashbook by R381,166.46.



### 3.12 In-Year Budget Statement Schedules

The following supporting tables are attached as “Annexure A” at the end of this report for ease of reference.

(a)Table C1 Monthly Budget Statement Summary

(b)Table C2 Monthly Budget Statement - Financial Performance (standard classification)

(c) Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)

(d)Table C4 Monthly Budget Statement Financial Performance (revenue and expenditure)

(e)Table C5 Monthly Budget Statement Capital Expenditure (municipal vote, standard classification, and funding)

(f) Table C6 Monthly Budget Statement - Financial Position

(g)Table C7 Monthly Budget Statement - Cash Flow

### 3.13 Recommendations

1. That the Mayoral Committee take note of the report in terms of section 11(4)(a), 52(d), 54(1)(f), 66 of the MFMA.
2. That the Mayoral Committee take note and accept the report for the period ended 30 June 2023 as the fourth quarter report of 2022/23 financial year.
3. That Mayoral Committee takes note that the municipality achieved **R1.40 billion** or **91%** of its operating revenue against the adjusted budget of **R 1.54 billion**.
4. That Mayoral Committee takes note that the municipality spent **R1.21 billion** or **93%** spending of its operating expenditure against the adjusted budget of **R 1.31 billion**.
5. That Mayoral Committee takes note that the municipality achieved **91%** spending of its capital budget against the adjusted budget of **R 848.86 million**.
6. That Mayoral Committee takes note of the signed quality certificate for the budget statement and
7. That Mayoral Committee takes note of the schedule C statement tables attached to this report.