

REPORT TO THE MAYORAL COMMITTEE ON SECTION 71, 52(d) and 72 OF THE MFMA FOR THE PERIOD ENDING 31 DECEMBER 2022

1. PURPOSE

To report to Mayoral Committee in terms of the legislative requirements and regulations of Section 11(4)(a), 52(d), 54(1)(f) 66 and 72 of the Municipal Finance Management Act no 56 of 2003 (“MFMA”) as well as the relevant budget regulations.

Where it is deemed necessary, the Accounting Officer must as part of the review make recommendations as to whether an adjustment budget is necessary; and recommend revised projections for revenue and expenditure.

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. LEGAL/STATUTORY REQUIREMENTS

Sec 52(d) of the MFMA states; “the Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the municipality.”

The MFMA’s Municipal Budget and Reporting Regulations Sec 31 states “The quarterly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the act.”

In terms of section 72 of the MFMA 56 of 2003 the Accounting Officer must by the 25th of January of each year assess the performance of the municipality during the first half of the financial year and submit a report on the assessment to the Executive Mayor and Treasury. The midyear budget and performance assessment review must make recommendations as to whether an adjustments budget is necessary.

The Mayor shall consider the report in terms of section 54 of the MFMA 56 of 2003 and subsequently submit the report to Council by 31 January.

Background, Exposition of facts and or Proposal

The Mid-Year Budget and Performance Report is a valuable resource that assists the municipality, its policy makers, municipal Councils and the public in assessing the impact of government policies and the resources allocated to implement them. The Accounting Officer shall in terms of s72(1) of the MFMA; assess the performance of the municipality during the first half of the financial year taking into account:

- (I) the monthly statements referred to in s71 for the first half of the financial year;
- (II) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets & performance indicators set in the Service Delivery and Budget Implementation Plan;
- (III) The past year's annual report and progress on resolving problems identified in the annual report.

The Mayor shall consider the report in terms of section 54 of the MFMA 56 of 2003; and

- (I) check whether the municipality's approved budget is implemented in accordance with the service delivery & budget implementation plan;
- (II) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of Council following approval of an adjustments budget;
- (III) issue any appropriate instructions to the accounting officer to ensure-
 - a. that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - b. that spending of funds and revenue collection proceed in accordance with the budget;
 - (v) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- (VI) Submit the report to the Council by 31 January.

The Mid-Year Budget & Performance Assessment Report shall support municipal councils in assessing progress made in implementing government programs funded through the equitable share and conditional grants allocated to the municipality. It will also assist political office bearers in evaluating future plans for the municipality's critical services.

The report also identifies a range of challenges that will need to be addressed to ensure faster service delivery in the period ahead. It thus serves as both an accountability and future planning document. The report has been prepared as promulgated in the Government Gazette no 32141 of 17 April 2009 regarding Municipal Budget & Reporting Regulations which requires that specific financial information be reported on and in the prescribed format.

3. Financial performance Outcome

3.1 Review of 2021/22 audited financial performance

Auditor-General's Report for 2021/22

Eastern Cape: Chris Hani District Municipality History of audit outcomes

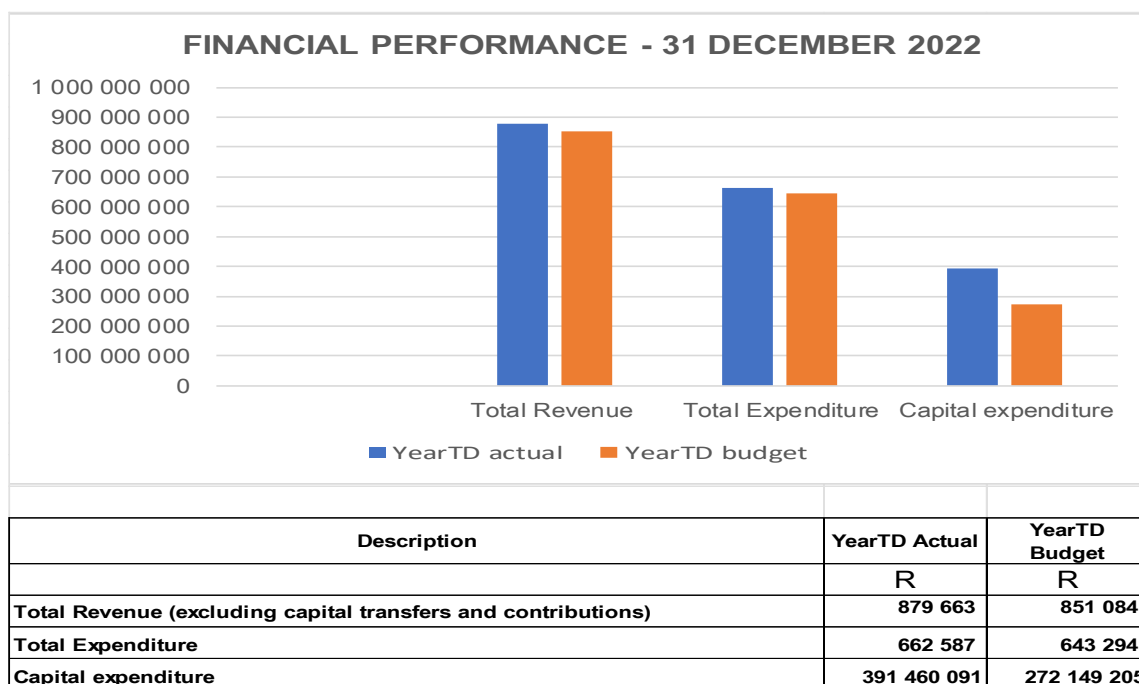
2021/22	2020/21	2019/20	2018/19
Qualification	Disclaimer	Disclaimer	Disclaimer

The District Municipality's audit outcomes have improved from the three consecutive disclaimer audit opinions from 2018/19 to 2020/21 financial years to a qualified audit opinion in 2021/22 financial year. The municipality has put in place an Audit Action Plan to ensure that outstanding audit findings are resolved before 30 June 2023.

3.2 Review of Mid-Year Performance for the 2022/23 financial year

Financial performance as at 31 December 2022

Graph 1: High-level Financial Performance:



The total operating revenue amounts to R879.66 million against the year-to-date budget of R851.08 million, which represents 103 per cent as at 31 December 2021.

The operating expenditure reflects a spending amounting to R662.59 million against the year-to-date budget of R643.29 million, which represents 103 per cent for the period ended 31 December 2021. Capital expenditure amounts to R391.46 million against the year-to-date budget of R272.15 million, which represents 144 per cent.

Variance explanations are as follows:

Operating Revenue

- **Service charges:** A positive variance of 28 per cent recorded for the year-to-date period. The over recovery is mainly due to faulty water meters that have either have been replaced or repaired.
- **Investment revenue:** A negative variance of 73 per cent is recorded. The investments are dependent on the working capital requirements of the municipality. The lower interest income in December 2022 was due to lower investments made

than originally budgeted as well as lower interest rates, which resulted in lower interest for the month.

- **Transfers and subsidies:** A positive variance of 3 per cent is recorded. This is due to the second disbursement of equitable share amounting to R 199.8 million which was received in December 2022 and recognized as revenue, as this is an unconditional grant. The monthly actual is more than the pro-rata budget.
- **Other own revenue:** An under recovery of 35 per cent has been recorded. This is mainly due to VAT recovery, where the Municipality is being assisted by the Service Provider on VAT reviews and recoveries matters for revenue optimization.

Operating Expenditure

- **Employee Related Costs:** An under performance of 5 per cent is recorded. This is mainly due to the savings on vacant positions that the municipality is in the process of filling.
- **Remuneration of Councillors** – An under performance of 5 per cent can be attributable to the upper limits that have not yet been implemented.
- **Depreciation:** An under performance of 2 per cent has been recorded from the provisional depreciation. The actual depreciation for the current financial year will be run once the annual financial statements and the asset register for the year ended 30 June 2023 having been finalized and submitted for audit.
- **Finance charges:** An unfavorable variance of 70 per cent is recorded. This is due to budgetary challenges that will be addressed in the adjustment budget in February 2023.
- **Inventory consumed and bulk purchases:** The negative variance of 20 per cent is recorded, creating an under expenditure. Financial constraints and cost containment measures can be attributable to the underspending.
- **Contracted services:** A positive variance of 23 per cent is recorded, creating an over expenditure. This reflects an overspending due to payments made during the first six months where some were not foreseen like legal etc. This will be addressed in the adjustment budget in February 2023.
- **Transfers and subsidies:** A favorable variance of 58 per cent is recorded. This is mainly due to CHDA Subsidies, CHDA admin fees and Corporate Development assistance which is included in the pro-rata budget and less expenditure incurred to date.
- **Other expenditure:** A positive variance of 2 per cent is recorded for the year-to-date period. This is mainly due to the unforeseen loadshedding challenge which will also be addressed on the adjustment budget in February 2023.
- **Capital expenditure:** Recorded an overspending of 44 per cent on the capital projects which is due to mainly accruals that were paid in the current financial year.

Revenue by Source

The summarized performance of revenue by source against the approved service delivery and budget implementation plan for the quarter ended 31 December 2022 is as follows:

Description	2022/23 Quarter 1				2022/23 Quarter 2			
	YTD Budget	YearTD actual	Variance	%	YTD Budget	YearTD actual	Variance	%
Revenue by Source								
Service charges - water revenue	(609)	121 360	(121 969)	0%	153 319	207 032	(53 713)	-35%
Service charges - sanitation revenue	(515)	17 155	(17 671)	0%	37 699	36 607	1 092	3%
Interest earned - external investments	2 118	3 205	(1 086)	-51%	20 563	5 534	15 029	73%
Interest earned - outstanding debtors	13 398	36 318	(22 920)	-171%	27 337	77 408	(50 072)	-183%
Fines, penalties and forfeits	-	-	-	0%	46	-	46	100%
Licences and permits	13	22	(10)	-74%	144	33	111	77%
Transfers and subsidies	960	293 138	(292 178)	0%	489 214	502 301	(13 087)	-3%
Other revenue	104 130	24 601	79 529	76%	121 254	50 748	70 505	58%
Gains	780	-	780		1 510	-	1 510	100%
TOTAL	120 276	495 800	(375 525)	312%	851 084	879 663	(28 579)	-3%

The major reasons for variances can be attributed to the formulas on the year-to-date budget in the first quarter. The problem has since been resolved.

Operating expenditure by Vote

The summarized performance of operating expenditure by vote against the approved service delivery and budget implementation plan for the quarter ended 31 December 2022 is as follows:

Description	2022/23 Quarter 1				2022/23 Quarter 2			
	YTD Budget	YearTD actual	Variance	%	YTD Budget	YearTD actual	Variance	%
Expenditure by Vote								
Vote 01 - Council	5 246 716	6 368 566	1 121 850	21%	0	0	0	0
Vote 02 - Municipal Manager	9 398 565	18 762 203	9 363 638	100%	279 620	425 000	-145 380	-52%
Vote 03 - Budget & Treasury	15 146 940	-10 943 027	-26 089 967	-172%	642 873 053	589 398 028	53 475 025	8%
Vote 04 - Community Services	11 794 873	12 335 949	541 076	5%	724 083	404 261	319 822	44%
Vote 05 - Corporate Services	17 691 733	45 039 216	27 347 483	155%	1 042 220	688 838	353 382	34%
Vote 06 - Planning & Development	3 191 381	3 602 206	410 825	13%	686 340	2 018 168	-1 331 828	-194%
Vote 07 - Technical Services	178 847 165	169 315 161	-9 532 004	-5%	605 965 518	666 339 502	-60 373 984	-10%
Vote 08 - Roadworks	329 941	362 825	32 884	10%				
Total Expenditure by Vote	241 647 314	244 843 099	3 195 785	1,32%	1 251 570 834	1 259 273 798	-7 702 964	-0,62%

The major reasons for variances can be attributed to the required curbing of contracted services, repairs and maintenance, consultants and expenditure in general due to uncertainty of the impact on revenue and cash collections. The targets will be adjusted and submitted to council following the approval of the adjustment budget.

Capital expenditure by Vote

The summarized performance of capital expenditure by vote against the approved service delivery and budget implementation plan for the quarter ended 31 December 2022 is as follows:

Description	2022/23 Quarter 1				2022/23 Quarter 2			
	YTD Budget	YearTD actual	Variance	%	YTD Budget	YearTD actual	Variance	%
Expenditure by Vote								
Vote 01 - Council							-	
Vote 02 - Municipal Manager							-	
Vote 03 - Budget & Treasury	14 225	446	13 779 148	97%	35 350	671	34 679	98%
Vote 04 - Community Services							-	
Vote 05 - Corporate Services							-	
Vote 06 - Planning & Development	5 000	0			10 000	9 658	342	3%
Vote 07 - Technical Services	102 603 110	167 358 055	-64 754 945	-63%	226 799 000	381 131	(154 332)	-68%
Vote 08 - Roadworks								
Total Expenditure by Vote	121 828 115	167 803 911	45 975 796	37,74%	272 149	391 460	119 311	43,84%

The capital budget will be adjusted to attend unauthorised expenditure. The targets will be adjusted and submitted to council following the approval of the adjustment budget.

Adjustment Budget

Based on the information in this report it is recommended in terms of section 72(3) that an adjustments budget be tabled in Council.

Non-financial performance

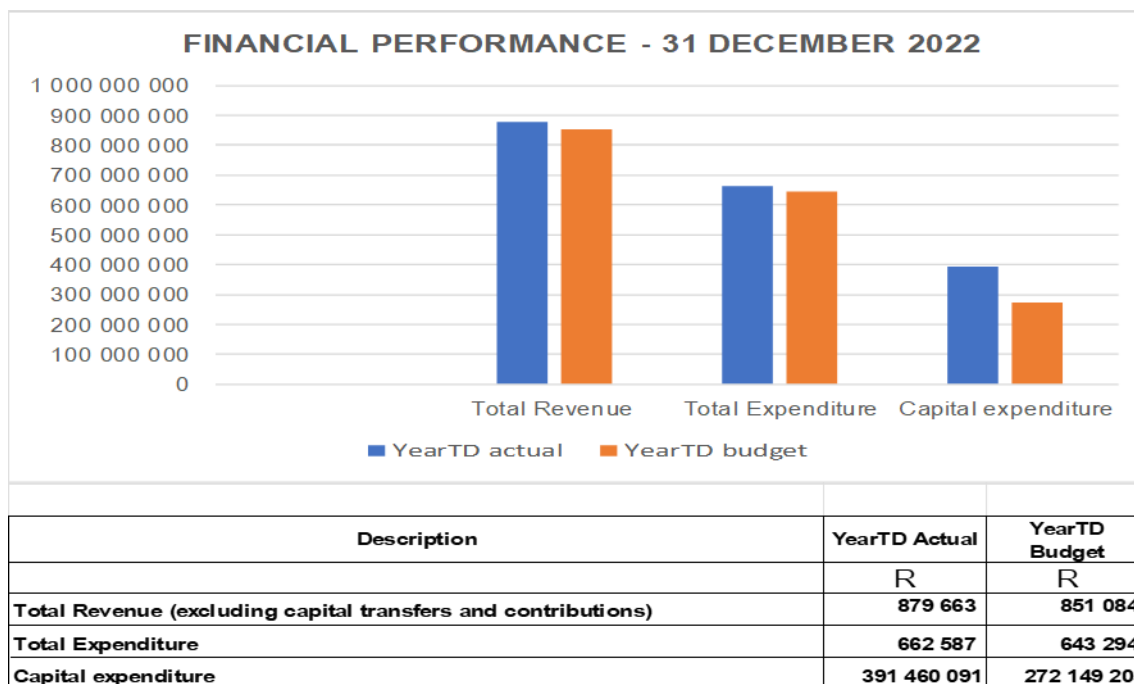
The non-financial Performance is included in a separate comprehensive report.

3.3 In-year budget statement tables

The C-Schedule which includes monthly, quarterly and mid-year financial information is attached in this report as an annexure for further referencing.

4. Monthly summary of revenue and expenditure

The year-to-date actual revenue and expenditure for the month varies with the budget and a positive variance was recorded (see below). The reasons for the significant variances are included in paragraph 3.2 above.



5. Cost Saving Disclosure

The cost containment regulations came into effect on 01 July 2019. The regulations require the municipality to monitor certain categories of expenditure with the objective to contain costs. The municipality is also required to report on the budget and actual expenditure relating to the regulated costs on a regular basis as outlined below:

Cost Containment Report as at 31 December 2022

MEASURES	Original Budget	Quarter 1 Projections	Actual expenditure Q1	Quarter 2 Projections	Actual Ependiture Q2	YTD Actual	Savings
Use Consultants	36 742 651,00	9 185 662,75	9 418 458,72	9 185 662,75	6 792 018,80	16 210 477,52	2 160 847,98
Travel & Subsistence	5 852 261,00	1 463 065,25	1 099 534,70	1 463 065,25	1 843 779,38	2 943 314,08	(17 183,58)
Sponsorships, Catering and events	938 488,00	234 622,00	113 600,50	234 622,00	56 110,78	169 711,28	299 532,72
Communication & MARKETING	3 771 879,00	942 969,75	877 094,78	942 969,75	1 253 879,20	2 130 973,98	(245 034,48)
Conferences, meetings and study tours	-				-		-
TOTALS	47 305 279,00	11 826 319,75	11 508 688,70	11 826 319,75	9 945 788,16	21 454 476,86	2 198 162,64

The municipality has initially identified the above-mentioned expenditure items to be areas where the much-needed cost savings can be made. Items such as security, fuel, repairs and maintenance remain the biggest cost drivers of the contracted services which the municipality is currently struggling to keep at acceptable levels. However, the persistent power outages also negatively contribute to the management of these costs drivers as these load shedding schedules are unpredictable and consume a lot of fuel.

The management remains committed to the cost saving initiatives despite the prevailing challenges and will continue to monitor the performance of the above-mentioned cost drivers.

6. Debtor's report

6.1 Debtors as at 31 December 2022

The total gross debtors outstanding as at 31 December 2022 is R2 240 billion, which represents an increase in debtors of 1.90% from the previous month.

6.2 Debtors per category as at 31 December 2022

CATEGORY	31-Dec-22	30-Nov-22	MOVEMENT
GOVERNMENT	131 398 771.43	129 800 314.27	-1.22%
BUSINESSES	114 297 500.82	131 989 864.84	15.48%
HOUSEHOLDS	1 881 801 033.00	1 824 481 310.31	-3.05%
OTHER	113 460 342.01	112 196 170.04	-1.11%
TOTAL	2 240 957 647.26	2 198 467 659.46	-1.90%

The municipal debt has increased by 1.90% in December 2022 when compared to the previous month of November 2022.

A substantial reduction is seen on business due to the disconnection drive. The remaining other categories showed an increase, and this is due to spiral debt and the current consumption for the month of December 2022 as well as the culture of non-payment and the disputes of accounts since we embarked on optimising the actual water meter readings that were not read over a period. Despite such challenges, the municipality is continuing with the strict implementation of the credit control policy.

The strategy for optimising the Municipality's revenue was to disconnect businesses and government departments. The Municipality has an ongoing disconnection programme, and the programme is focusing on businesses and government departments.

6.3 Deposits

According to Paragraph 7.4.3 of our Credit Control, Debt Collection and Write-Off policy," Security deposits either in cash or any other security acceptable to the Municipality will be required, the minimum deposit being the equivalent of amounts fixed from time to time by the Municipality."

The total deposits held for water are:

Service	Current Status
Water	R 58,256-88

6.4 The status of interest charged on arrear debtors

Interest is calculated from the original due date of the debt, taking any payments into consideration.

All accounts must be paid on the due date as indicated on the account.

With the exception of 100% subsidized indigents, interest on arrears will accrue after due date if the account remains unpaid as at due date, irrespective of the reason for non-payment, unless the Chris Hani District Municipal council deems it inappropriate to charge interest due to specific circumstances that may prevail from time to time.

Interest on overdue accounts will be charged at the prevailing prime bank interest rate.

Interest on arrear debts for the period ending December 2022 is listed below;

Interest per service	Charged Interest - Dec 2022
Total Interest Water	155 602 370.89
Total Interest Basic Water	88 601 594.91
Total Interest Sanitation	59 640 201.65
Grand Total	303 844 167.45

6.5 Cash collection – December 2022

This ratio is based on service charges and does not include sundry debtors and is an indication of the total collections received versus the billings.

MUNICIPALITY NAME	WATER	SANITATION	VAT	INDIGENT SUBSIDY	TOTAL	COLLECTION	COLLECTION PERCENTAGE
Enoch Mgijima - Lukhanji(401)	8 290 476.10	2 356 996.18	1 597 660.62	-811 464.86	11 433 668.04	841 378.41	7.36
Enoch Mgijima - Molteneo & Sterkstroom(402)	1 189 048.60	343 591.49	229 915.96	-33 511.00	1 729 045.05	10 117.49	0.59
Sakhisizwe(405)	1 740 314.96	370 118.68	316 570.02	-103 715.80	2 323 287.86	37 866.93	1.63
Enoch Mgijima - Tarkastad & Hofmeyr(407)	1 198 249.08	315 060.01	226 801.92	-13 640.57	1 726 470.44	10 166.22	0.59
Emalahleni(408)	2 287 523.94	566 963.25	427 777.73	-70 478.40	3 211 786.52	8 205.20	0.26
Engcobo(403)	333 053.07	90 649.49	63 557.46	-1 781.80	485 478.22	12 122.94	2.50
Inxuba Yethemba(404)	8 040 874.01	1 427 187.38	1 418 421.08	-204 021.29	10 682 461.18	54 378.15	0.51
Intsika Yethu(406)	958 333.38	251 797.09	181 514.51	-1 036.00	1 390 608.98	51 692.66	3.72
TOTALS	24 037 873.14	5 722 363.57	4 462 219.30	-1 239 649.72	32 982 806.29	1 025 928.00	3.11

- There has been a decrease in the collection rate when comparing to the previous month of November 2022. This is due to the debt collection activities that were not fully implemented during the month (Due to December period).
- Highest collection rate per municipal areas being EMLM (Komani area) at 7.36%, Intsika Yethu (Cofimvaba and Tsomo areas) at 3.72%, and Engcobo area at 2.50%, these are municipal areas where the most is collected.
- Least collected per municipal areas were Emalahleni (Lady Frere/Dordrecht and Indwe areas) at 0.26%, Inxuba Yethemba (Cradock and Middelburg areas) and EMLM (Molteneo/Sterkstroom/Tarkastad and Hofmeyr areas) with 0.51% and 0.59% respectively.

6.6 Meter reading cycle and date of accounts

Meter reading cycle runs from the first to the 15th day of each month and the billing date is the last 2 weeks of the month except for December due to vacation period.

Monthly charges for services were raised from the 19th to the 23rd December 2022. Accounts were sent via email to consumers who prefer to receive accounts by email and have provided the municipality with their email addresses. Accounts were also sent via SMS's to consumer where the municipality have contact details.

Accounts are payable immediately on receipt of the account with a final payment date of 16th January 2023. Interest will be charged on debt 30 days and older.

The Municipality have embarked on a meter clean-up campaign focusing on the entire district which will assist on improving billing accuracy, assist in the resolution of long outstanding queries and audit issues.

6.7 Number of customers

Number of Accounts:	250 513
Number of Accounts: Active	178 439
Inactive	72 074

6.8 Age analysis of debtors

Detail	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	Total -
<u>Debtors Age Analysis By Income Source</u>									
Trade and Other Receivables from Exchange Transactions - Water	35,971,813	37,106,061	35,312,235	40,657,574	105,428,024	27,437,544	37,050,339	1,554,662,224	1,873,625,814
Receivables from Exchange Transactions - Waste Water Management	7,296,377	7,190,725	6,585,942	6,626,483	6,531,825	6,512,250	6,472,193	575,963,644	623,179,439
Total By Income Source	43,268,190	44,296,786	41,898,177	47,284,057	111,959,849	33,949,794	43,522,532	2,130,625,868	2,496,805,253
<u>Debtors Age Analysis By Customer Group</u>									
Organs of State	2,792,294	5,482,721	3,130,834	2,827,988	8,388,318	2,215,134	2,318,150	110,338,045	137,493,484
Commercial	2,485,658	2,901,090	1,981,520	1,908,277	6,665,306	1,443,340	1,396,581	67,174,846	85,956,618
Households	37,636,478	35,557,212	36,467,725	42,118,214	96,073,177	29,988,180	39,475,803	1,933,466,671	2,250,783,460
Other	353,760	355,763	318,098	429,578	833,048	303,140	331,998	19,846,306	22,571,691
Total By Customer Group	43,268,190	44,296,786	41,898,177	47,284,057	111,959,849	33,949,794	43,522,532	2,130,625,868	2,496,805,253

6.9 Status of employees' arrears

Municipal Officials - Owing as at 31 December 2022						
List	Account Number	Consumer Name	Total Debt as at 31 Dec 2022	Arrangements	Cash Payments	Comments
1	40409495	JULISEN JR	94 470,64	-	-	Final demand letter was sent on 27/09/2022 . Last payment was on the 26/10/2020.
2	40411859	NTOZINI TM (10425)	80 954,82	-	-	Final demand letter was sent on 27/09/2022. To date there has never been payments made on the account.
3	40112425	AJ MAPUZI	72 651,26	500,00	300,00	There is an arrangement in place (Salary stop order) & pays cash monthly. Final demand letter was sent on the 28/09/2022.
4	40102909	SP/F GCINA	66 851,98	-	-	Final demand letter was sent on 27/09/2022. To date there has never been payments made on the account.
5	40416012	PRINSLOO AJ	50 489,12	600,00	-	There is an arrangement in place (Salary stop order) & pays cash some months. Final demand letter was sent on the 29/09/2022.
6	40106448	YB/X DAKUSE	50 462,44	-	-	Final demand letter was sent on 27/09/2022. Last payment was on the 30 Nov 2020.
7	40101694	MS DANYELA	43 708,13	300,00	-	There is an arrangement in place (Salary stop order) and the account is also paid cash some months. Final demand letter was sent on the 28/09/2022.
8	40103438	PM/NF MAHLASELA	42 949,67	1 000,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
9	40103819	PCK PUKWANA	37 970,66	-	-	Final demand letter was sent on 27/09/2022. Last payment was on the 10 Nov 2020.
10	40103380	LM GENADE	36 702,03	-	-	Final demand letter was sent on 27/09/2022. Last payment was on the 26/09/2017.
11	40408939	SETENI V	35 531,65	-	-	Final demand letter was sent 27/09/2022. Last payment was on 04/10/2022
12	40117280	L/ZP MXABANO	32 935,76	-	-	Final demand letter was sent on 27/09/2022. The salary stop order has been cancelled in September 2021.
13	40112205	LH BOBELO	32 799,33	1 100,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 29/09/2022.
14	40605123	CIKO NCEDISWA AGNES	28 072,64	-	-	Final demand letter was sent on 27/09/2022. To date there has never been payments made on the account.
15	40107827	MM NDZINDE	27 810,74	-	-	Final demand letter was sent on 27/09/2022. To date there has never been payments made on the account.
16	40110598	NE DYANTYI	27 810,34	-	-	Final demand letter was sent on 27/09/2022. To date there has never been payments made on the account.
17	40121555	Z/VL MSHUMPELA	22 792,57	500,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
18	40118889	YT MANINJWA	19 333,74	-	-	Final demand letter was sent on 27/09/2022. Last paid 04/09/2018.
19	40106696	QK MOHAPI	17 053,33	1 050,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 29/09/2022.
20	40106272	S/OR MBOTSHANE	16 682,40	-	-	Final demand letter was sent on 27/09/2022. Last payment was on the 28/08/2020.
21	40111697	ML MAGQAZA	16 328,40	-	-	Final demand letter was sent on 27/09/2022. The salary stop order has been cancelled in May 2021.
22	40112450	MAA/A MLUNGWANA	15 879,43	-	-	Final demand letter was sent on 27/09/2022. Last payment was on the 03/07/2021.
23	40117280	N MAGWASHU	14 637,91	500,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
24	40112205	JL JANKIE	14 382,35	1 100,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 29/09/2022.
25	40404568	STUURMAN S	14 120,97	500,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 27/09/2022.
26	40609060	VL/F LEROTHOLI	13 740,29	-	-	Final demand letter was sent on 27/09/2022. Last Paid on 03/11/2022.
27	40106083	ES/X SAWU	12 183,48	-	2 000,00	Final demand letter was sent on 27/09/2022. The account is paid cash regularly.
28	40191123	T TELE	11 594,95	1 000,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
29	40416091	QATANA TS(10613)	11 593,39	300,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 29/09/2022.
30	40129102	ME/PG STEFANS	11 091,16	500,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 27/09/2022.
31	40107532	GG/C VRIES	9 445,85	500,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 29/09/2022.
32	40610686	TP XIPI	8 459,09	400,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
33	40611804	A MAKONZA	7 229,74	-	-	Final demand letter was sent on 27/09/2022. Last paid 2022/04/06.
34	40236889	XY KWAZA	6 869,29	-	-	Final demand letter was sent on 27/09/2022. Last payment was on the 12/12/2020.
35	40104564	BT SIGENU	6 559,40	-	1 000,00	Final demand letter was sent on 27/09/2022. The account is paid cash regularly.
36	40401709	K FARAO	6 170,12	500,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 29/09/2022.
37	40610766	BL/PP NGXANGANA	4 699,87	-	320,00	Final demand letter was sent 27/09/2022. The account is paid cash regularly.
38	40103412	Z MAKHONZA	4 540,30	400,00	-	There is an arrangement in place (Salary stop order).
39	40611986	X N KAVE	3 477,01	-	500,00	The account is paid cash regularly.
40	40106439	TR/GMB RITTLES	3 352,52	-	1 500,00	Final demand letter was sent 27/09/2022. The account is paid cash regularly.

41	40112366	S/Y VELLEEM	3 135,91	-	-	Final demand letter were last sent on 27/09/2022. The account is paid cash regularly. Last paid on 14/11/2022.
42	40201292	VV MABI	2 789,14	800,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
43	40103172	M/NP KOTO	2 718,02	-	450,00	The account is paid cash regularly.
44	40610943	P LIBALA	2 705,62	-	1 000,00	The account is paid cash regularly.
45	40199174	LT MAPOLISA	2 623,15	800,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
46	40410532	MANCAPA D (ATT B ZENZU)	2 417,52	600,00	-	There is an arrangement in place (Salary stop order).
47	40611722	NM/B ROBOJI	2 157,55	-	-	The account is paid cash regularly. Last paid on 07/11/2022.
48	40197633	M NONTENJA	1 764,58	-	200,00	The account is paid cash regularly.
49	40611935	N NKQOYI	1 689,77	-	-	The account is paid cash regularly.
50	40100711	L/S MAPEKULA-BADLA	1 220,93	-	705,00	The account is paid cash regularly.
51	40119962	NP MNYENGEZA	1 085,56	-	2 500,00	The account is paid cash regularly.
52	40610703	L DELUBOM	920,37	300,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
53	40611641	A BANJWA	766,10	-	1 000,00	The account is paid cash regularly.
54	40611970	A MCEKA	741,43	-	500,00	The account is paid cash regularly.
55	40102639	MM/N SHASHA	734,04	-	-	The account is paid cash regularly.
56	40603280	T NCOKAZI	699,43	-	200,00	The account is paid cash regularly.
57	40611958	PS/L HLUSANI	643,36	-	-	The account is paid cash regularly.
58	40106864	L TYHALI	624,51	300,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
59	40610165	PSX LIBALA	621,82	-	-	The account is paid cash regularly.
60	40103752	A NXUSANI	572,55	700,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
61	40611403	TM/TE NGWENDU	569,39	-	370,00	The account is paid cash regularly.
62	40612085	N MASETI	539,98	-	-	The account is paid cash regularly.
63	40612076	NP JADA	417,53	-	620,25	The account is paid cash regularly.
64	40612143	N MAGAWU	414,40	-	207,20	The account is paid cash regularly.
65	40611217	Z/A KUBONI	398,48	-	300,00	The account is paid cash regularly.
66	40611484	N KHONYASHE	364,64	-	-	The account is paid cash regularly.
67	40611926	BET MKANZI	331,40	-	-	The account is paid cash regularly.
68	40102507	TV MQAMELO	319,29	-	500,00	The account is paid cash regularly.
69	40611948	S MFIKILI	265,91	-	1 000,00	The account is paid cash regularly.
70	40101460	S SOJOLA	250,88	-	270,00	The account is paid cash regularly.
71	40122094	N SETI	218,12	-	230,00	The account is paid cash regularly.
72	40611980	SJ/RV KRIEL	215,11	-	-	The account is paid cash regularly.
73	40105633	SB MATYELI	83,00	-	83,00	The account is paid cash regularly.
74	40205422	S/BP DINEKA	70,76	400,00	-	There is an arrangement in place (Salary stop order). Final demand letter was sent on the 28/09/2022.
TOTALS			1 069 479,02	14 650,00	15 755,45	

6.10. Status of Councillors owing as at 31 December 2022

List	Account Number	Consumer Name	Total Debt as at 31 Dec 2022	Arrangements	Cash Payments	Comments
1	40418910	VENSKE RW	53 574,64	-	-	Final demand letter will be issued during the month. To date there has never been payments made.
2	40105440	NN SEPTEMBER-CABA	1 369,80	250,00	200,00	There is an arrangement in place (Salary stop order) and also pays cash regularly
TOTALS			54 944,44	250,00	200,00	

6.11 Current Actions

Review of age analysis report for accounts with overdue debt

- Run a full Debtors Age Analysis report on a monthly basis.
- Identify accounts with balances that are 30 days and more overdue.
- Assign responsibility for debt collect action to Credit Control Officer.

Send reminders to identified customers with overdue accounts.

- Send first reminders to customers with accounts with overdue balances as per collection list.
- Send second and final reminder to all customers who did not respond to first reminder.

Initiate restriction / disconnection processes

- Prepare disconnection list of those who have not paid within specified period and forward to Manager for review.
- Forward disconnection list to Technical Services Department for implementation.

Municipal Officials and Councillors

- Revise Payment arrangements to acceptable payment period.
- The credit control unit to send demand letters during the month.
- Enforce salaries deductions to non-responsive customers in terms of the Municipal Code of Conduct and Schedule 1 and 2 of the Municipal Systems Act No. 32 of 2000

TOP 20 – OWING DEBTORS AS AT 31 DECEMBER 2022

List	Account Number	Consumer Name	Total Debt as at 31 Dec 2022	Reasons
1	40191901	WATER & SANITATION SERVICES	14 627 161.51	Municipal account under investigation.
2	40600171	HEALTH DEPARTMENT	5 175 890.40	District office was disconnected. To date no payment was received.
3	40703282	TSOLWANA MUNICIPALITY (TARKASTAD)	4 554 014.31	To consult the Municipality on the debt owed.
4	40610467	L ADANE	4 322 254.20	Account increased due to billing adjustment journal processed during August 2022.
5	40412605	FILLIS MA	4 281 738.21	Account increased due to billing adjustment journal processed during August 2022.
6	40407368	BLOM WH	4 001 556.00	Account under investigation due to abnormal billing.
7	40103972	QTN GOLF CLUB	4 638 882.77	Services disconnected, no payment received yet.
8	10019742	DEPT PUBLIC WORKS	3 459 257.75	A demand letter will be issued for the arrear debt, disconnection of municipal services will be implemented.
9	40209714	HEWU HOSPITAL	3 171 943.93	District office was disconnected. To date no payment was received.
10	40196257	MUNICIPALITY	2 585 676.42	To consult the Municipality on the debt owed.
11	40461188	DEPT.PUBLIC WORKS(CORR SERV)	2 229 979.60	A demand letter will be issued for the arrear debt, disconnection of municipal services will be implemented.
12	40703066	TARKASTAD HOSPITAL	2 143 122.58	District office was disconnected. To date no payment was received.
13	40191397	DEPT OF PUBLIC WORKS	2 108 845.86	A demand letter will be issued for the arrear debt, disconnection of municipal services will be implemented.
14	40703106	KILI'S KITCHEN	1 765 984.63	A demand letter will be issued for the arrear debt, disconnection of municipal services will be implemented.
15	40237736	PROVINSIALE HOSPITAAL	1 325 795.24	District office was disconnected. To date no payment was received.
16	40194661	LUKHANJI TOWN HALL	1 743 397.24	To consult the Municipality on the debt owed.
17	40458126	RIVERSIDE HOME OWNERS ASS	1 488 992.05	A demand letter will be issued for the arrear debt, disconnection of municipal services will be implemented.
18	40801019	GLEN GREY HOSPITAL	1 023 423.35	District office was disconnected. To date no payment was received.
19	40194549	DEPARTEMENT OPENBARE WERKE & G	969 335.25	A demand letter will be issued for the arrear debt, disconnection of municipal services will be implemented.
20	40461502	KLAASEN I	876 207.04	A demand letter will be issued for the arrear debt, disconnection of municipal services will be implemented.
TOTAL			66 493 458.34	

Corrective action been taken:

The other remaining accounts do receive the necessary attention by the credit control section to collect outstanding debt. With the economy steadily re-opening the Revenue Department can actively commence the process of recovering monies from consumers.

During March 2022 the municipality has written off all balances that were taken over from the local municipalities. The Municipality has also written off some debtors abeyance accounts (Debt from July 2014 to June 2017). The municipality also needs to explore the provisions of Section 103 of the Municipal Systems Act for entering of agreements between the Municipality and employers to deduct municipal services debt.

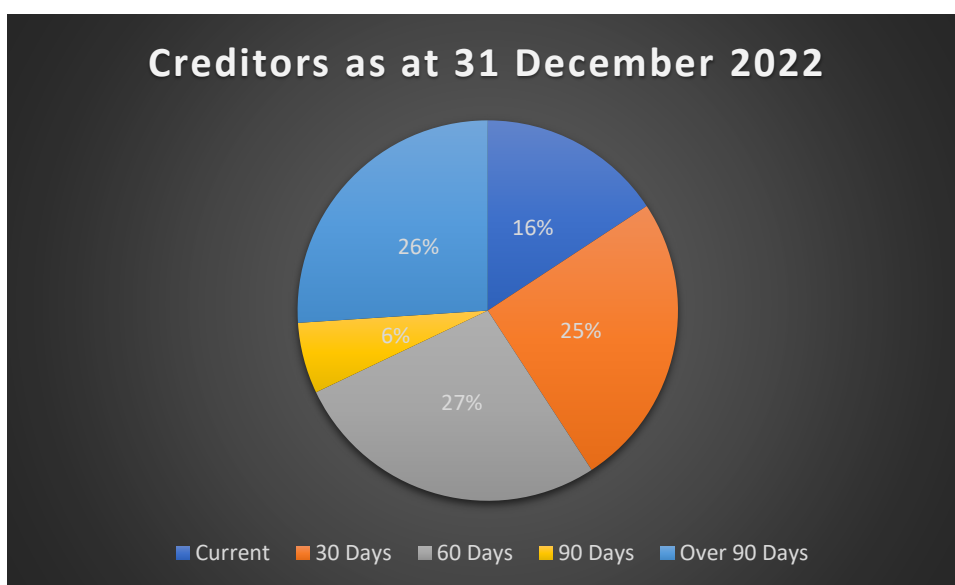
Status of debt of government departments (State) Debt

per service – December 2022:

Departments	Water	Sanitation	Other	Grand Total
National	12 655 715.56	996 408.91		13 652 124.47
Provincial	34 193 380.96	1 279 777.58	-	35 473 158.54
Municipalities	69 595 771.49	12 677 716.93	-	82 273 488.42
Totals	116 444 868.01	14 953 903.42	-	131 398 771.43

7. Creditors

The creditors balance amounts to R48 156 380 as at 31 December 2022. The creditors consist out of suppliers which are providing services within the municipal area. There are creditors are still outstanding for a period longer than 30 days amounting to R 28 505 858. The creditors in excess of 90 days are due to disputes and some of the creditors that emanated from the previous months due to cash follow management matters which were addressed by the Municipality, where the Municipality did not collect as anticipated due to the reasons associated to non-recovery of consumer services as well as optimal revenue realization, which is being addressed by the Municipality through revenue debt collection and the rollout of SMART meters.



Below is a list of the top 10 creditors as at 31 December 2022:

Top 10 Creditors as at 31 December 2022		
Number	Supp-Name	Amount
1	ISUZU MOTORS SOUTH AFRICA	R5 554 711,86
2	METSI WATER SOLUTIONS (PTY) LTD	R943 920,00
3	BB WATER SERVICE (PTY) LTD	R934 087,50
4	INDLELA CONSULTANTS	R924 600,00
5	RESILIENT SERVERS NETWORKS	R864 627,50
6	ZAMANKOSI DEVELOPMENTS	R741 252,05
7	DICLA TRAINING AND PROJECTS (PTY) LTD	R729 100,00
8	STEVELEC ELECTRICAL AND MECHANICAL CONT	R581 900,00
9	SINBA HOLDINGS	R517 800,00
10	QUMANCO TRADING	R517 500,00
Total		R12 309 498,91

From the above list some of these creditors were paid in January 2022 and the remaining creditors from this list will be paid going forward till June 2022, however, some are to be addressed even before end of the financial year. Within these invoices there are those that required the engagements with the service provider to resolve issues of disputes and misunderstanding hence still due at reporting date.

8. Investments

				CHRIS HANI DISTRICT MUNICIPALITY						
				SUSTAINING GROWTH THROUGH OUR PEOPLE						
				District Municipality Register - Detailed : 2022/2023						
				DECEMBER						
Account Name	Banking Institution	Term	Rate	Account Number	Opening Balance	Contribution to Investment from Operating Account	Interest Received	Sub Total	Withdrawal from Investment to Cheque Acc 62002510693	Closing Balance
Equitable share	FNB	Call Account	6.00%	620-044-994-81	R 33,461.04	R36,337,665.00	R19,604.45	R 36,390,730.49	R 20,186,095.41	R 16,204,635.08
Mig	FNB	Call Account	6.00%	621-879-397-84	R 107,193.53	R62,987,000.00	R34,368.25	R 63,128,561.78	R63,093,390.65	R 35,171.13
Wsig	FNB	Call Account	6.00%	621-879-365-32	R 57,913,762.12		R263,726.20	R 58,177,488.32	R 9,158,316.04	R 49,019,172.28
Rams	FNB	Call Account	6.00%	621-879-385-38	R 984,185.76		R3,228.67	R 987,414.43	R 575,325.22	R 412,089.21
Capital Replacement Reserves	FNB	Call Account	6.00%	621-906-525-21	R 39,377,806.61	R213,517,289.75	R536,199.80	R 253,431,296.16	R 142,092,880.66	R 111,338,415.50
Rbig	FNB	Call Account	6.00%	628-684-674-18	R 44,825,771.12	R14,434,760.57	R103,712.35	R 59,364,244.04	R58,915,642.66	R 448,601.38
Epwp	FNB	Call Account	6.00%	622-684-603-63	R 1,256.46	R1,634,000.00	R7,851.72	R 1,643,108.18	R291,355.00	R 1,351,753.18
Mdrg	FNB	Call Account	6.00%	628-969-752-01	R 1,672,666.71		R5,915.12	R 1,678,581.83	R1,573,489.00	R 105,092.83
TOTALS					R 144,916,103.35	R 328,910,715.32	R 974,606.56	R 474,801,425.23	R 295,886,494.64	R 178,914,930.59

During the month of 31 December 2022, the bank reflects the sub total amount of **R 474,801,425.23** that includes interest earned of **R 974,606.56** The total amount reflected in the Chris Hani District Municipality accounts as of 31 December 2022 as a closing balance **R178,914,930.59**. The closing balance includes the interest earned and withdrawals made on the account's investment.

9. Allocation, Grant Receipts and Expenditure

The grants register has been reconciled and balanced as at the end of December 2022.

Below is a reconciliation of roll-over grants:

UNSPENT CONDITIONAL GRANTS - 30 JUNE 2022						
GRANT NAME	ALLOCATION AS PER DORA	RECEIPTS AS PER PAYMENT SCHEDULE	BUDGET	EXPENDITURE	% SPENT AS PER BUDGET ALLOCATION	Unspent
WSIG	83,000,000	103,000,000	103,000,000	85,933,659	83%	17,066,341
RBIG	241,811,000	220,268,000	220,268,000	206,977,824	94%	13,290,176
TOTAL	324,811,000	323,268,000	323,268,000	292,911,483	91%	30,356,517

Rollover application was submitted to Provincial Treasury and National Treasury and other relevant departments on 31 August 2022. The rollover outcome letter was received in November 2021 granting approval of the rollover application on WSIG and rejecting the application for RBIG due to applying for the same grant for three consecutive years.

The municipality has however lodged an appeal to National Treasury as the Audited Financial Statements revealed that there was an understatement which resulted into the unspent grants and we await the outcomes of the appeal.

10. Status of Grants : Revenue and Expenditure

The total grant expenditure amounts to R **422.8** million which represents 69 per cent when compared to the total allocation as per the DoRA. The Municipality received a total grant amounting to R418.5 million as at 31 December 2022.

GRANT EXPENDITURE 31 DECEMBER 2022 - DETAIL					
GRANT NAME	ALLOCATION AS PER DORA	RECEIPTS AS PER PAYMENT SCHEDULE	BUDGET	EXPENDITURE	% SPENT AS PER BUDGET ALLOCATION
MIG Capital	258 328 450	188 295 815	258 328 450	233 799 809,70	91%
MIG Operating	72 122 550	52 570 185	72 122 550	31 847 460	44%
WSIG Cap	60 000 000	47 237 000	60 000 000	24 251 290	40%
WSIG Oper	-	-	-	6 947 427	
RBIG	216 907 000	124 427 000	216 907 000	121 513 535	56%
Rural Roads	3 455 000	2 418 000	3 455 000	2 110 232	61%
EPWP	3 630 000	2 551 400	3 630 000	1 817 937	50%
FMG	1 000 000	1 000 000	1 000 000	533 246	53%
TOTAL	615 443 000	418 499 400	615 443 000	422 820 936	69%

GRANT EXPENDITURE 31 DECEMBER 2022 - SUMMARY					
GRANT NAME	ALLOCATION AS PER DORA	RECEIPTS AS PER PAYMENT SCHEDULE	BUDGET	EXPENDITURE	% SPENT AS PER BUDGET ALLOCATION
MIG	330 451 000	240 866 000	330 451 000	265 647 270	80%
WSIG	60 000 000	47 237 000	60 000 000	31 198 717	52%
RBIG	216 907 000	124 427 000	216 907 000	121 513 535	56%
Rural Roads	3 455 000	2 418 000	3 455 000	2 110 232	61%
EPWP	3 630 000	2 551 400	3 630 000	1 817 937	50%
FMG	1 000 000	1 000 000	1 000 000	533 246	53%
TOTAL	615 443 000	418 499 400	615 443 000	422 820 936	69%

The overall spending for the MIG amount to R265.6 million or 80 per cent against allocation. The WSIG grant spending amounts to R31.2 million or 52 per cent against allocation. The spending of the RBIG amounts to R 121.5 million or 56 per cent against allocation. RAMMS spent an amount of R2.1 million or 61 per cent against allocation.

The capital projects are well on track and the municipality will continue to monitor this performance to ensure that the allocation is spent effectively and efficiently.

11. Councillor allowances and Employee Benefits

The prescribed schedule SC8 is completed and in order, to comply with section 66 of the MFMA. Refer to page 57. Furthermore, the following table depicts summary of the municipality's main cost driver which is the employee related cost.

SUMMARY FOR 1ST QUARTER					
<u>Jul-22</u>	BUDGETED AMOUNT	CURRENT MONTH EXPENDITURE	YTD MOVEMENT	UNSPENT BUDGET	PERCENTAGE SPENDING
SENIOR MANAGEMENT	15 179 518,00	990 322,04	990 322,04	14 189 195,96	6,52%
MUNICIPAL STAFF	376 474 767,00	31 224 615,27	31 224 615,27	345 250 151,73	8,29%
REMUNERATION OF COUNCILLORS	12 714 833,00	1 048 676,14	1 048 676,14	11 666 156,86	8,25%
TOTAL EMPLOYEE COST ANALYSIS JULY 2020	404 369 118,00	33 263 613,45	33 263 613,45	371 105 504,55	8,23%
<u>Aug-22</u>	BUDGETED AMOUNT	CURRENT MONTH EXPENDITURE	YTD MOVEMENT	UNSPENT BUDGET	PERCENTAGE SPENDING
SENIOR MANAGEMENT	15 179 518,00	1 232 102,06	2 222 069,86	197 954 866,42	14,64%
MUNICIPAL STAFF	376 474 767,00	31 202 234,21	62 426 849,48	314 047 917,52	16,58%
REMUNERATION OF COUNCILLORS	12 714 833,00	1 048 227,99	2 096 904,13	10 617 928,87	16,49%
TOTAL EMPLOYEE COST ANALYSIS AUGUST 2020	404 369 118,00	33 482 564,26	66 745 823,47	337 623 294,53	16,51%
<u>Sep-22</u>	BUDGETED AMOUNT	CURRENT MONTH EXPENDITURE	YTD MOVEMENT	UNSPENT BUDGET	PERCENTAGE SPENDING
SENIOR MANAGEMENT	15 179 518,00	989 617,15	3 212 041,25	11 967 476,75	21,16%
MUNICIPAL STAFF	376 474 767,00	30 946 201,56	93 373 051,04	283 101 715,96	24,80%
REMUNERATION OF COUNCILLORS	12 714 833,00	1 043 583,54	3 140 487,67	9 574 345,33	24,70%
TOTAL EMPLOYEE COST ANALYSIS SEPTEMBER 2022	404 369 118,00	32 979 402,25	99 725 579,96	304 643 538,04	24,66%
SUMMARY FOR 2ND QUARTER					
<u>Oct-22</u>	BUDGETED AMOUNT	CURRENT MONTH EXPENDITURE	YTD MOVEMENT	UNSPENT BUDGET	PERCENTAGE SPENDING
SENIOR MANAGEMENT	15 179 518,00	822 002,36	4 034 043,61	11 145 474,39	26,58%
MUNICIPAL STAFF	376 474 767,00	31 113 513,51	124 486 564,55	251 988 202,45	33,07%
REMUNERATION OF COUNCILLORS	12 714 833,00	1 046 992,50	4 187 480,17	8 527 352,83	32,93%
TOTAL EMPLOYEE COST ANALYSIS OCTOBER 2022	404 369 118,00	32 982 508,37	132 708 088,33	271 661 029,67	32,82%
<u>Nov-22</u>	BUDGETED AMOUNT	CURRENT MONTH EXPENDITURE	YTD MOVEMENT	UNSPENT BUDGET	PERCENTAGE SPENDING
SENIOR MANAGEMENT	15 179 518,00	656 695,15	4 690 738,76	10 488 779,24	30,90%
MUNICIPAL STAFF	376 474 767,00	31 089 741,99	155 576 306,54	220 898 460,46	41,32%
REMUNERATION OF COUNCILLORS	12 714 833,00	1 042 447,22	5 229 927,39	7 484 905,61	41,32%
TOTAL EMPLOYEE COST ANALYSIS NOVEMBER 2022	404 369 118,00	32 788 884,36	165 496 972,69	238 872 145,31	40,93%
<u>Dec-22</u>	BUDGETED AMOUNT	CURRENT MONTH EXPENDITURE	YTD MOVEMENT	UNSPENT BUDGET	PERCENTAGE SPENDING
SENIOR MANAGEMENT	15 179 518,00	931 648,15	5 622 386,91	9 557 131,09	37,04%
MUNICIPAL STAFF	376 474 767,00	49 955 447,28	205 531 753,82	170 943 013,18	54,59%
REMUNERATION OF COUNCILLORS	12 714 833,00	1 045 184,02	6 275 111,41	6 439 721,59	49,35%
TOTAL EMPLOYEE COST ANALYSIS DECEMBER 2022	404 369 118,00	51 932 279,45	217 429 252,14	186 939 865,86	53,77%

12. Supply Chain Management Report

Below is a table that summarises the Supply Chain Management process in terms of quotations.

SUMMARY: QUOTATIONS	31 DECEMBER 2022	TOTAL
DAY TO DAY QUOTATIONS	R 46 159,69	R 46 159,69
FORMAL QUOTATIONS	R 898 421,70	R 898 421,70
TOTAL QUOTATIONS	R 944 581,40	R 944 581,40

BIDDING PROCESS	Total Adjustment Budget	Bids Awarded vs Capital Budget	Capital Spending Year-To-Date	Committed Amount	Orders Issued
Bids awarded	0	2	0	R13 227 104,50	0
Bids in the process	0	0	0	0	0
Bids behind schedule	0	0	0	0	0
Bids cancelled or removed from adjusted budget	0	0	0	0	0
Bids to be awarded	0	0	0	0	0

There were 2 tenders awarded and 0 tenders were sent back to BEC during December 2022.

There are currently no capital project tenders with BEC. There are no reports with BAC. This information reflects on our tender control plan on December 2022.

13. Bank reconciliation

The bank reconciliation for 31 December 2022 has been completed.

Cash book and bank balances are as follows:

Bank balance as of 31 December 2022	Call Account	Water Account	Equitable Share	CRR	Total
Cash Book Balance	-R78,336,952.51	-R 192,374.96	R16,204,635.08	R111,338,415.50	R49,013,723.11
Bank Statement Balance	R2,158,639.91	R564,050.65	R16,204,635.08	R111,338,415.50	R130,265,741.14
Bank balance as of 31 December 2022	CALL NT/ WSIG	PROV/ RAMS	RBIG	Total	
Cash Book Balance	R49,019,172.28	R412,089.21	R448,601.38	R49,879,862.87	
Bank Statement Balance	R49,019,172.28	R412,089.21	R448,601.38	R49,879,862.87	
Bank balance as of 31 December 2022	EPWP	INFRA/ MIG	MDRG	Total	
Cash Book Balance	R1,351,753.18	R35,171.13	R 105,092.83	R1,492,017.14	
Bank Statement Balance	R1,351,753.18	R35,171.13	R105,092.83	R1,492,017.14	
Total					
Cash Book	R 100,385,603.12				
Bank Statement	R181,637,621.15				

The above table reflect the Cashbook balance of R100,385,603.12 and Bank statement balance of R181,637,621.15 The variance of R81,252,018.03 is caused by the payment made in the cashbook but not go through the bank yet as of 31st December 2022

14. Financial analysis

Refer to supporting table SC2 monthly budget statement on the attached annexure for the detailed financial analysis. Below are the historical results of these ratios since 2019, as well as for the current month. Caution must be taken when interpreting the current month's ratio, as it will not be as accurate as audited year-end results.

Liquidity:

This ratio is used to assess the municipality's ability to pay its short-term liabilities with its short-term assets.

Current Ratio	Formula	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	31-Jul-22	31-Aug-22	30-Sep-22	31-Oct-22	30-Nov-22	31-Dec-22
	Current Assets	1 779 477 263	1 527 894 896	557 898 012	586 300 524	2 357 180 661	1 859 211 729	1 699 075 424	1 505 095 447	1 562 229 891	1 691 910 776
Current Liabilities	1 661 936 577	1 324 189 684	428 045 831	542 695 941	1 739 409 398	1 279 389 820	1 382 789 289	1 292 595 919	1 339 594 471	1 307 856 787	
		1,07	1,15	1,30	1,08	1,36	1,45	1,23	1,16	1,17	1,29

Water distribution losses:

The purpose of this ratio is to determine the percentage loss of potential revenue from water service through kiloliters of water purchased but not sold because of losses incurred through theft (illegal connections), non- or incorrect metering or wastage because of deteriorating water infrastructure.

Ratio	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22
Water Distribution Losses	15%	68%	31%	36%

Cost coverage ratio:

This ratio is used to indicate the level of revenue, excluding operating grants, that is available to service its debt payments for the year.

Cost Coverage Ratio	Formula	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	31-Dec-22
	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).					
		113 235 110	-6 570 798	122 447 847	146 377 666	114 969 609
		1 182 599 247	1 256 670 623	1 359 268 018	894 840 950	203 695 566
		0,10	-0,01	0,09	0,16	0,56

Note: Non-cash items such as impairment loss as accounted for at year-end.

15. Recommendations

1. That the Mayoral Committee takes note of the report in terms of section 11(4)(a), 52(d), 54(1)(f), 66, and 72 of the MFMA.
2. That the Mayoral Committee takes note and accept the report for the period ended 31 December 2022 as the second quarter report of 2022/23 financial year.
3. That Mayoral Committee takes note that the municipality achieved **69%** spending of its capital budget against the original budget of **R 615.7 million**.
4. That Mayoral Committee takes note that the municipality achieved **59%** of its operating revenue against the original budget of **R 1.48 billion**.
5. That Mayoral Committee takes note that the municipality achieved **50%** spending of its operating expenditure against the original budget of **R 1.32 billion**.
6. That the Directors ensure that votes are not overspent and where necessary, savings are identified on time,
7. That the Directors closely monitor the plans put in place to improve the levels of capital expenditure to ensure that the spending target of 95% of capital budget is achieved;
8. That it be noted that an Adjustment Budget is required for the CHDM to be tabled in February 2023.
9. That Mayoral Committee takes note of the schedule C statement tables attached.

Approval of the report

P. MNGENI **DATE**
SENIOR MANAGER: BUDGET & REPORTING

C. MAPEYI **DATE**
CHIEF FINANCIAL OFFICER