

Polokwane Municipality

Monthly Budget Statement

FIRST QUARTER
30 SEPTEMBER 2022



The Ultimate in Innovation and Sustainable Development



Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Budget – The financial plan of the Municipality.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.

Deficit – The amount by which expenditure exceed revenue.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

Operating Expenditure – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

Surplus - A situation in which income exceeds expenditures.

Tariff – means a tariff for services which a municipality may set for the provision of a service to the local community and includes a surcharge on such tariff.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Vote – One of the main segments into which a budget is divided into for the appropriation of money at department/ functional area- level.

MSCOA – Municipal Standard Chart of Accounts

DIRECTORATE: BUDGET AND TREASURY OFFICE

ITEM:

FILE REF:

FINANCIAL REPORT FOR THE PERIOD ENDED 30 September 2022.

Report of the Chief Financial Officer

Purpose

The purpose of this report is to comply with section 71 of the MFMA and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009 (Municipal Budgeting Monitoring and Reporting Requirements).

Strategic Objective

To comply with MFMA priorities as well as MFMA implementation plan

Background

The Financial Report provides a high-level overview of the organisation's financial viability and sustainability. The report meets the requirements of the Municipal Finance Management Act (MFMA 56/2003 – S66 and S71) and the Municipal Budgets and Reporting Regulations (MBRR - No 32141 gazetted 17 April 2009).

Discussion

Section 71 (1) states that “the accounting officer of the municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant treasury a statement in the prescribed format on the implementation of the municipality’s approved budget”.

Section 52 (d) states that “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 report is based on financial information, as at 31 July 2022 to 30 September 2022 and in line with Sec 52 (d) of the MFMA.

The results for the month are summarised herein under and for the reporting period ended 30 September 2022, the 10th working days reporting period to National Treasury expires on the 14th of October 2022. The Budget and Treasury Office has met the timelines for this reporting period

RECOMMENDED

That the report be noted.



Mr N. Essa
Chief Financial Officer

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PART 1 – IN-YEAR REPORT

1.1 EXECUTIVE SUMMARY

These figures are presented in terms of section 71 of the MFMA. The information is presented for the month and year to date 30 September 2022.

The financial results for the period ending 30th September 2022 are summarised as follows:

Description	2021/22	Budget Year 2022/23			
	Audit Outcome	Total Budget	Monthly Actual	Year to Date Actual	%
Total Operational Revenue	3 875 872 642	4 338 280 255	244 697 579	1 662 783 145	38%
Capital transfers recognised	655 398 170	808 116 167	13 888 973	36 642 341	5%
Total Revenue	4 531 270 812	5 146 396 422	258 586 552	1 699 425 486	33%
Total Expenditure	4 816 115 078	4 208 029 988	278 291 029	867 898 902	21%
Surplus/ (Deficit) for the year	(284 844 266)	938 366 434	(19 704 477)	831 526 584	89%

1.1.1 Revenue Performance

Actual year to date revenue billed which includes grants and other direct income as at 30 September 2022 amounts to **R 1 699 425 486 (33%)** of the budget of **R 5 146 396 422**. Past performance 2021/22 **R 1 238 105 083 (26%)**.

1.1.2 Expenditure performance

The operating expenditure for the period ended of September 2022 amounts to **R 867 898 902 (21%)** which is reported against a budget of **R 4 208 029 988**. Past performance 2021/22 **R 839 398 318.41 (22%)**.

1.1.3 Capital Performance

Approved capital budget for 2022/23 amounted to **R 974 415 905 including VAT**. Payments in respect of Capital Projects amounted to **R 52 360 710 inclusive of VAT** as at 30 September 2022. The expenditure is currently at **5%** of the capital budget. Past performance 2021/22 **R 154 013 199 (14%)**.

In-year report & Quarterly report (September 2022) – Monthly Budget Statement

The capital budget funding breakdown as at 30 September 2022 is tabulated as follows:

CAPITAL PERFORMANCE	ORIGINAL BUDGET 2022/23			SEPTEMBER	TOTAL	Percentage Spent
	TOTAL EXCL. VAT	VAT	TOTAL			
DESCRIPTION	TOTAL EXCL. VAT	VAT	TOTAL	TOTAL	TOTAL	
Total Capital Expenditure	847,867,974	127,097,727	974,415,905	21 349 824	52 360 710	5%
Integrated Urban Development Grant	316,497,529	47,474,629	363,972,158	9 957 988	23 790 808	7%
Public Transport Network Grant	119,999,999	18,000,000	137,999,999	1 514 117	6 392 174	5%
Neighbourhood Development Grant	34,782,608	5,217,391	39,999,999	441 379	441 379	1%
Water Services Infrastructure Grant	67,095,652	10,064,348	77,160,000	1 277 928	3 929 170	5%
Regional Bulk Infrastructure Grant	134,420,870	20,163,131	154,584,001	628 274	2 019 428	1%
Integrated National Electrification Programme Grant	25,565,217	3,834,783	29,400,000	-	-	0%
Energy Efficiency and Demand Side Management Grant (EEDSM)	4,347,826	652,174	5,000,000	69 288	69 288	1%
Total DoRA Allocations	702,709,701	105,406,455	808,116,156	13 888 973	36 642 247	5%
Capital Replacement Reserve	145,158,273	21,691,272	166,299,749	7 460 852	15 718 464	9%
TOTAL FUNDING	847,867,974	127,097,727	974,415,905	21 349 824	52 360 710	5%
Vote 1 - CHIEF OPERATIONS OFFICE	1,030,179	154,527	1,184,706	-	-	0%
Vote 2 - MUNICIPAL MANAGER'S OFFICE	-	-	-	-	-	-
Vote 3 - WATER AND SANITATION	281,465,692	42,219,854	323,685,546	2 566 694	12 486 352	4%
Vote 4 - ENERGY SERVICES	109,913,042	16,486,956	126,399,998	2 149 763	10 357 925	8%
Vote 5 - COMMUNITY SERVICES	52,089,877	7,731,012	59,271,093	3 599 211	3 599 211	6%
Vote 6 - PUBLIC SAFETY	3,922,499	588,375	4,510,874	-	-	0%
Vote 7 - CORPORATE AND SHARED SERVICES	31,957,277	4,793,592	36,750,869	61 870	111 320	0%
Vote 8 - PLANNING AND ECONOMIC DEVELOPMENT	15,627,730	2,344,160	17,971,890	-	-	0%
Vote 9 - BUDGET AND TREASURY OFFICE	-	-	-	-	-	-
Vote 10 - TRANSPORT SERVICES	350,666,822	52,600,023	403,266,845	12 972 286	25 805 902	6%
Vote 11 - HUMAN SETTLEMENT	1,194,856	179,228	1,374,084	-	-	0%
Total expenditure	847,867,974	127,097,727	974,415,905	21 349 824	52 360 710	5%

1.1.4 External Loans and Instalments

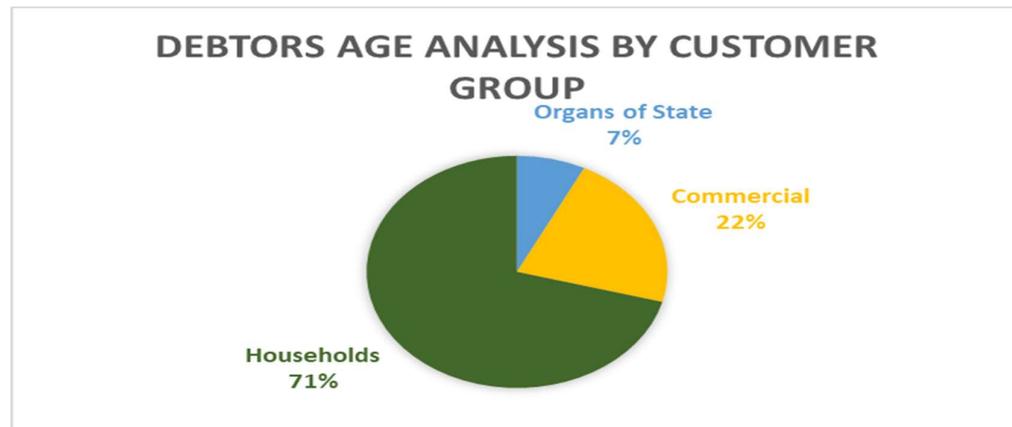
Council met all its obligations in terms of instalments. Outstanding loans amounted to **R 383 974 067** as at 30 September 2022.

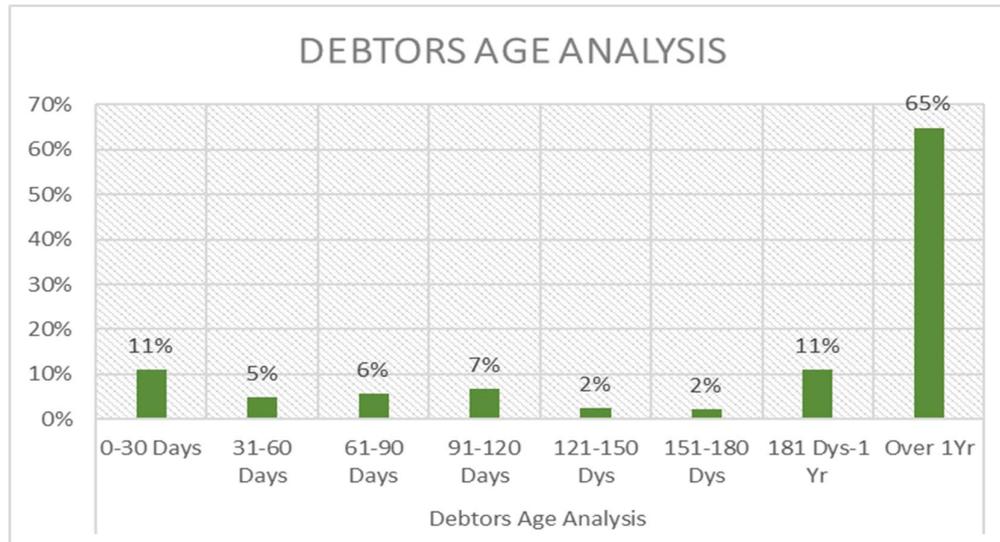
INSTITUTION	INTEREST	LOAN AMOUNT - OPENING BALANCE September 2022	REDEMPTION TO DATE - September 2022	EXPENSED INTEREST TO DATE - September 2022	ACCRUED INTEREST - September 2022	CLOSING BALANCE - September 2022	EXPIRY DATE / REDEMPTION DATE
DEVELOPMENT BANK OF SOUTHERN AFRICA - 61007443	10.75	192 383 500	-	-	-	192 383 500	31/01/2032
STANDARD BANK SOUTH AFRICA	10.98	191 590 567	-	-	-	191 590 567	30/01/2032
TOTAL		383 974 067	-	-	-	383 974 067	

1.1.5 Debtors

Council debtor's book/ledger has a total balance of **R 1 816 661 292** as of 30 September 2022.

Description	Budget Year 2022/23								Total
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	
R thousands									
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	24 277	8 659	8 843	8 603	5 566	5 553	25 569	244 537	331 609
Trade and Other Receivables from Exchange Transactions - Electricity	75 676	19 831	14 308	12 959	8 493	6 663	21 318	108 787	268 035
Receivables from Non-exchange Transactions - Property Rates	43 501	18 617	18 395	19 022	10 768	9 863	72 350	264 321	456 836
Receivables from Exchange Transactions - Waste Water Management	12 946	7 060	13 648	18 009	3 550	2 889	12 823	63 573	134 498
Receivables from Exchange Transactions - Waste Management	12 611	6 576	12 278	13 215	3 458	2 813	12 602	84 048	147 601
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	187	187
Interest on Arrear Debtor Accounts	10 282	9 964	9 320	6 890	6 681	6 509	29 335	261 890	340 872
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-
Other	4 404	9 739	18 053	34 018	2 344	2 388	9 283	56 794	137 024
Total By Income Source	183 698	80 446	94 844	112 716	40 861	36 678	183 282	1 084 137	1 816 661
2020/21 - totals only	161 744	79 446	51 439	144 947	37 912	34 028	149 914	948 658	1 608 087
Debtors Age Analysis By Customer Group									
Organs of State	19 762	9 210	6 385	4 735	4 943	3 536	42 199	42 966	133 736
Commercial	83 425	23 703	11 750	9 432	8 359	6 699	30 008	222 773	396 149
Households	80 511	47 534	76 708	98 549	27 558	26 443	111 075	818 398	1 286 776
Other	-	-	-	-	-	-	-	-	-
Total By Customer Group	183 698	80 446	94 844	112 716	40 861	36 678	183 282	1 084 137	1 816 661





1.1.6 Creditors

Outstanding trade creditors amounted to **R 142 641 517** as at 30 September 2022.

Description	Budget Year 2022/23								Total	Prior year totals for chart (same period)
	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		
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	84	-	-	-	-	-	-	-	84	85
Bulk Water	18	-	-	-	-	-	-	-	18	49
PAYE deductions	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	40	-	-	-	-	-	-	-	40	34
Auditor General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	143	-	-	-	-	-	-	-	143	169

1.1.7 Bank Reconciliation and Investments

The bank reconciliation for 30 September 2022 has been completed on time. Cash book and bank balances are as follows:

Cash as at 30 September 2022 amounted to **R 206 903 809**.

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DESCRIPTION	PRIMARY ACCOUNT	GRANTS ACCOUNT	HOUSING ACCOUNT	DBSA ACCOUNT	TOTAL
OPENING BALANCE - CASH BOOK	98 773 367	427 213 652	564 057	972 945	527 524 021
TOTAL RECEIPTS	284 512 821	1 009 164	2 079	29 066	285 553 129
TOTAL PAYMENTS	353 676 674	259 417 113	-	-	613 093 787
CASH BOOK BALANCE - 30 September 2022	29 609 514	168 805 702	566 136	1 002 011	199 983 363
Balance Bank Statement - 30 September 2022					
	PRIMARY ACCOUNT	GRANTS ACCOUNT	HOUSING ACCOUNT	DBSA ACCOUNT	TOTAL
Cash Book Balance - 31 August 2022	98 773 367	427 213 652	564 057	972 945	527 524 021
Plus: Receipts	284 512 821	1 009 164	2 079	29 066	285 553 129
Less: Payments	353 676 674	259 417 113	-	-	613 093 787
Cash Book Balance - 30 September 2022	29 609 514	168 805 702	566 136	1 002 011	199 983 363
Plus: RD Cheques - Revenue	8 967 823				8 967 823
Plus: Bank Outstanding Revenue	1 185 849				1 185 849
Less: Electronic Transfer					-
Less: Deposit - Revenue	3 233 226				3 233 226
Less: Bank Outstanding Expenditure					-
Balance Bank Statement - 30 September 2022	36 529 960	168 805 702	566 136	1 002 011	206 903 809

Council had **R 1 000** of investment in P.H.A. The Grants account had a closing balance of **R168 805 702**. Not all unspent grants will be kept in the Grants account. The municipality has opted to invest some of the funds to earn higher interest.

Institution	Date of Investment	Maturity Date	Total Investment to	Type	Interest Rate %
Nedbank	21/09/2022	05/10/2022	R 28 000 000	14 Days	5.800
Nedbank	21/09/2022	24/10/2022	R 37 000 000	33 Days	6.480
Standard Bank	19/09/2022	18/10/2022	R 180 000 000	29 Days	6.500
TOTAL			R 245 000 000		6.260

Movement and Exposure per institution

Institution	Opening Balance 1 September 2022	Made	Redeemed	Closing Balance	Interest Earned
Nedbank	R 0	R 28 000 000	R 0	R 28 000 000	R 44 493
Nedbank	R 0	R 37 000 000	R 0	R 37 000 000	R 65 688
Standard Bank	R 0	R 180 000 000	R 0	R 180 000 000	R 384 658
TOTAL	R 0	R 245 000 000	R 0	R 245 000 000	R 494 838

1.1.8 Staff Expenditure Report

The Staff Expenditure Report is submitted in terms of Section 66 of the Municipal Finance Management Act, which states that the Accounting Officer of a Municipality must, in a format and for periods as may be prescribed, report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely:

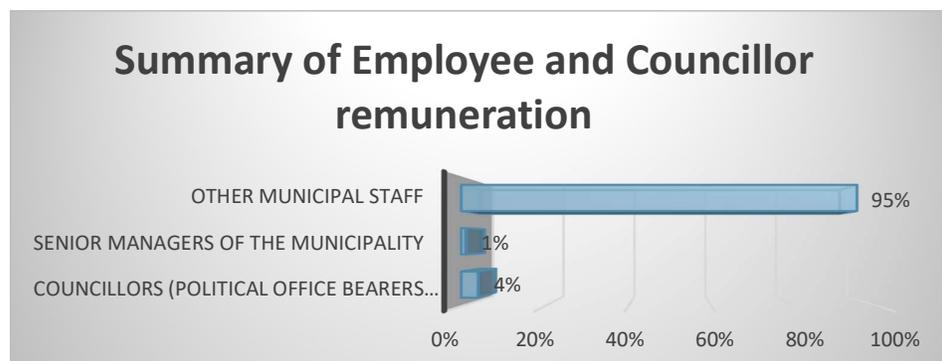
- a) Salaries and wages
- b) Contributions for pensions and medical aid
- c) Travel, motor car, accommodation, subsistence, and other allowances

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- d) Housing benefits and allowances
- e) Overtime payments
- f) Loans and advances
- g) Any other type of benefit or allowance related to staff.

Councillor and Staff Benefits

Summary of Employee and Councillor remuneration	Budget Year 2022/23					
	Original Budget	Adjusted Budget	September	YearTD actual	Available Budget	%Spent
R thousands			TB	TB		
Councillors (Political Office Bearers plus Other)						
Basic Salaries and Wages	23 904 122	23 904 122	2 182 676	7 311 122	16 593 000	31%
Pension and UIF Contributions	3 585 618	3 585 618	304 520	1 021 777	2 563 841	28%
Medical Aid Contributions	282 979	282 979	25 007	75 020	207 959	27%
Motor Vehicle Allowance	8 891 043	8 891 043	469 960	1 534 821	7 356 222	17%
Cellphone Allowance	3 672 000	3 672 000	319 600	985 800	2 686 200	27%
Housing Allowances	-	-	-	-	-	0%
Other benefits and allowances	324 000	324 000	17 973	59 139	264 861	18%
Sub Total - Councillors	40 659 762	40 659 762	3 319 736	10 987 679	29 672 083	27%
% increase						
Senior Managers of the Municipality						
Basic Salaries and Wages	17 228 880	17 228 880	582 001	1 865 251	15 363 629	11%
Pension and UIF Contributions	1 346 532	1 346 532	77 910	229 187	1 117 345	17%
Medical Aid Contributions	199 946	199 946	7 478	28 027	171 919	14%
Motor Vehicle Allowance	1 788 896	1 788 896	131 573	388 669	1 400 226	22%
Housing Allowances	1 804 789	1 804 789	135 342	410 251	1 394 538	23%
Other benefits and allowances	173 376	173 376	-	-	173 376	0%
Payments in lieu of leave	-	-	-	-	-	0%
Long service awards	-	-	-	-	-	0%
Post-retirement benefit obligations	-	-	-	-	-	0%
Sub Total - Senior Managers of Municipality	22 542 418	22 542 418	934 305	2 921 386	19 621 032	13%
% increase						
Other Municipal Staff						
Basic Salaries and Wages	668 659 524	668 659 524	47 254 128	144 683 357	523 976 167	22%
Pension and UIF Contributions	149 470 699	149 470 699	9 524 948	28 668 778	120 801 922	19%
Medical Aid Contributions	45 733 811	45 733 811	3 636 950	10 926 595	34 807 216	24%
Overtime	88 927 750	88 927 750	9 875 568	27 692 759	61 234 991	31%
Performance Bonus	-	-	-	3 646 146	(3 646 146)	0%
Motor Vehicle Allowance	58 642 434	58 642 434	5 038 822	15 003 562	43 638 872	26%
Cellphone Allowance	175 193	175 193	12 731	46 701	128 492	27%
Housing Allowances	10 827 295	10 827 295	491 081	2 096 915	8 730 380	19%
Other benefits and allowances	87 351 043	87 351 043	5 692 306	13 722 220	73 628 823	16%
Payments in lieu of leave	6 886 960	6 886 960	2 537 412	7 514 357	(627 397)	109%
Long service awards	19 122 875	19 122 875	806 009	1 654 271	17 468 604	9%
Post-retirement benefit obligations	8 000 000	8 000 000	578 015	1 755 624	6 244 376	22%
Sub Total - Other Municipal Staff	1 143 797 584	1 143 797 584	85 447 970	257 411 285	886 386 299	23%
% increase						
Total Parent Municipality	1 206 999 764	1 206 999 764	89 702 011	271 320 351	935 679 413	22%



1.1.9 Overtime Report by Municipal Vote

Vote Description	Original Budget	September	YTD actual	YTD Budget	% Spent vs Original Budget	% Spent vs YTD Budget
Vote 1 - CHIEF OPERATIONS OFFICE	418 612	124 360	253 883	104 653	61%	243%
Non Structured	167 448	124 360	253 883	41 862.00		
Structured	251 164	-	-	62 791.00		
Vote 2 - MUNICIPAL MANAGER'S OFFICE	112 020	-	37 132	28 005	33%	199%
Non Structured	44 808	-	37 132	11 202.00		
Structured	67 212	-	-	16 803		
Vote 3 - WATER AND SANITATION	22 579 225	2 995 584	9 049 070	5 644 806	27%	161%
Non Structured	9 031 689	2 995 584	9 049 070	2 257 922.25		
Structured	13 547 536	-	-	3 386 884.00		
Vote 4 - ENERGY SERVICES	16 624 250	1 620 659	5 157 672	4 156 063	21%	128%
Non Structured	6 649 700	1 620 659	5 157 672	1 662 425		
Structured	9 974 550	-	-	2 493 637.50		
Vote 5 - COMMUNITY SERVICES	13 081 644	1 176 537	3 550 967	3 270 411	18%	109%
Non Structured	5 232 661	1 176 537	3 550 967	1 308 165.25		
Structured	7 848 983	-	-	1 962 245.75		
Vote 6 - PUBLIC SAFETY	24 801 428	3 373 552	7 310 201	6 200 357	16%	95%
Non Structured	9 920 572	3 373 552	7 310 201	2 480 143		
Structured	14 880 856	-	-	3 720 214		
Vote 7 - CORPORATE AND SHARED SERVICES	4 481 595	282 772	740 593	1 120 399	10%	61%
Non Structured	1 792 641	282 772	740 593	448 160.25		
Structured	2 688 954	-	-	672 238.50		
Vote 8 - PLANNING AND ECONOMIC DEVELOPMENT	664 110	30 893	71 692	166 028	6%	37%
Non Structured	265 644	30 893	71 692	66 411		
Structured	398 466	-	-	99 616.50		
Vote 9 - BUDGET AND TREASURY OFFICE	3 426 300	261 641	685 243	856 575	12%	74%
Non Structured	1 250 520	261 641	685 243	312 630		
Structured	2 175 780	-	-	543 945		
Vote 10 - TRANSPORT SERVICES	2 968 574	9 570	836 306	742 144	28%	167%
Non Structured	1 187 430	9 570	836 306	296 857.50		
Structured	1 781 144	-	-	445 286		
Vote 11 - HUMAN SETTLEMENT	70 000	-	-	17 500	0%	0%
Non Structured	28 000	-	-	7 000		
Structured	42 000	-	-	10 500		
Total	89 227 758	9 875 568	27 692 759	22 306 940	20%	120%

In-year report & Quarterly report (September 2022) – Monthly Budget Statement

1.1.10 Financial Performance (Revenue and Expenditure by Municipal Vote)

Description	Budget Year 2022/23				
	Original Budget	Adjustments Budget	Monthly Actual	Year to Date Actual	%
BUDGET AND TREASURY OFFICE					
Expenditure	379 247 063	-	31 083 701.54	92 833 242	24%
Revenue	- 2 891 936 263	-	- 76 447 569	- 682 186 968	24%
Surplus / (Deficit)	- 2 512 689 200	-	- 45 363 867	- 589 353 726	23%
CHIEF OPERATIONS OFFICE					
Expenditure	154 927 132	-	8 192 572	24 931 366	16%
Revenue	- 4 653	-	-	-	0%
Surplus / (Deficit)	154 922 479	-	8 192 572	24 931 366	16%
COMMUNITY SERVICES:					
Expenditure	400 307 326	-	29 194 210	81 111 796	20%
Revenue	- 140 910 509	-	- 11 396 571	- 35 124 493	25%
Surplus / (Deficit)	259 396 817	-	17 797 638	45 987 304	18%
CORPORATE AND SHARED SERVICES					
Expenditure	312 127 666	-	20 303 087	64 215 101	21%
Revenue	- 3 203 733	-	- 185 952	- 676 203	21%
Surplus / (Deficit)	308 923 933	-	20 117 135	63 538 898	21%
ENERGY SERVICES					
Expenditure	1 178 920 655	-	86 774 248	332 715 976	28%
Revenue	- 1 562 403 369	-	- 96 507 680	- 315 692 236	20%
Surplus / (Deficit)	- 383 482 714	-	9 733 432	17 023 740	-4%
HUMAN SETTLEMENT:					
Expenditure	16 930 375	-	1 023 907	3 115 902	18%
Revenue	- 254 223	-	- 766 107	- 2 528 734	995%
Surplus / (Deficit)	16 676 152	-	257 800	587 168	4%
MUNICIPAL MANAGER'S OFFICE					
Expenditure	372 193 662	-	8 982 246	23 310 433	6%
Revenue	- 2 068	-	-	-	0%
Surplus / (Deficit)	372 191 594	-	8 982 246	23 310 433	6%
PLANNING AND ECONOMIC DEVELOPMENT					
Expenditure	67 647 964	-	5 120 370	14 570 134	22%
Revenue	- 27 784 314	-	- 1 709 805	- 7 201 406	26%
Surplus / (Deficit)	39 863 650	-	3 410 565	7 368 728	18%
PUBLIC SAFETY					
Expenditure	374 353 404	-	26 747 107	73 596 673	20%
Revenue	- 48 847 242	-	- 18 509 463	- 47 025 103	96%
Surplus / (Deficit)	325 506 162	-	8 237 644	26 571 570	8%
TRANSPORT SERVICES					
Expenditure	311 635 873	-	19 731 919	56 812 455	18%
Revenue	- 32 050 720	-	- 1 118 337	- 5 611 275	18%
Surplus / (Deficit)	279 585 153	-	18 613 582	51 201 180	18%
WATER AND SANITATION: WATER AND SANITATION					
Expenditure	639 738 868	-	41 137 662	100 685 823	16%
Revenue	- 438 999 328	-	- 33 492 088	- 93 603 263	21%
Surplus / (Deficit)	200 739 540	-	7 645 574	7 082 560	4%
Grand Total	- 938 366 434	-	38 157 456	- 321 750 779	34%

1.1.11 Financial Performance (Revenue and Expenditure)

Description	2021/22	Original Budget	Budget Year 2022/23			
	Audit Outcome		Adjustments Budget	Monthly Actual	Year to Date Actual	%
Revenue by Source						
Exchange Revenue	1 909 143 176	2 340 513 360	-	174 056 568	534 908 153	23%
Agency Services	22 640 956	30 442 756	-	47 991	3 171 289	10%
Interest Dividend and Rent on Land	53 594 698	105 285 503	-	11 338 623	33 403 963	32%
Licences or Permits	12 643 214	13 465 044	-	16 877 985	40 989 002	304%
Operational Revenue	3 138 456	37 288 320	-	362 422	1 075 754	3%
Rental from Fixed Assets	13 600 042	11 950 240	-	1 522 095	4 854 856	41%
Sales of Goods and Rendering of Services	23 814 501	13 549 771	-	3 191 288	9 892 628	73%
Electricity	1 204 164 049	1 556 068 914	-	96 797 091	314 563 525	20%
Waste Management	137 853 116	133 622 947	-	10 522 965	33 353 872	25%
Waste Water Management	152 705 719	138 979 993	-	12 338 835	36 257 963	26%
Water	284 988 427	299 859 872	-	21 153 253	57 345 300	19%
Non-exchange Revenue	2 467 172 953	2 805 883 062	-	66 077 005	654 741 529	23%
Fines Penalties and Forfeits	40 532 144	40 161 631	-	1 335 561	7 045 697	18%
Interest Dividend and Rent on Land	28 688 257	21 321 376	-	-	-	0%
Licences or Permits	-	421 411	-	-	-	0%
Property Rates	537 921 062	587 175 644	-	46 384 447	137 920 026	23%
Transfers and Subsidies			-			
Capital	694 606 680	808 116 167	-	13 888 973	36 642 341	5%
Operational	1 165 424 810	1 348 686 833	-	4 468 024	473 133 464	35%
Revenue	4 376 316 129	5 146 396 422	-	240 133 573	1 189 649 681	23%
Expenditure by type						
Bulk Purchases	878 180 154	976 579 780	-	73 449 781	291 116 443	30%
Contracted Services	928 240 800	871 101 498	-	58 002 928	111 672 378	13%
Depreciation and Amortisation	1 002 365 909	260 000 002	-	21 666 667	65 000 000	25%
Employee Related Cost	990 541 617	1 167 116 768	-	86 403 194	260 353 635	22%
Interest Dividends and Rent on Land	55 164 155	42 336 217	-	-	962 421	2%
Inventory Consumed	69 856 508	307 541 119	-	15 875 006	46 356 914	15%
Irrecoverable Debts Written Off	4 643 019	260 000 000	-	31 838	182 292	0%
Operational Cost	212 832 228	264 437 961	-	18 587 467	77 935 975	29%
Remuneration of Councillors	38 449 351	41 916 643	-	3 319 736	10 987 679	26%
Transfers and Subsidies	45 240 000	17 000 000	-	954 412	3 331 164	20%
Expenditure	4 225 513 741	4 208 029 988	-	278 291 029	867 898 902	21%
Surplus / (Deficit) for the year	150 802 389	938 366 434	-	38 157 456	321 750 779	34%

Surplus or Deficit for the Trading Services

Description	Budget Year 2022/23				
	Original Budget	Adjustments Budget	Monthly Actual	Year to Date Actual	%
Energy Sources					
Expenditure	1 178 920 655	-	86 774 248	332 715 976	28%
Bulk Purchases	976 579 780	-	73 449 781	291 116 443	30%
Contracted Services	32 541 655	-	961 927	1 787 178	5%
Depreciation and Amortisation	15 276 544	-	1 273 045	3 819 136	25%
Employee Related Cost	99 218 462	-	7 358 534	23 088 540	23%
Inventory Consumed	26 065 640	-	2 186 819	8 341 029	32%
Operational Cost	29 238 574	-	1 544 142	4 563 650	16%
Revenue	1 562 403 369	-	96 507 680	315 692 236	-20%
Exchange Revenue	1 556 074 944	-	96 797 222	314 564 090	-20%
Non-exchange Revenue	6 328 425	-	289 542	1 128 146	-18%
Surplus / (Deficit)	383 482 714	-	183 281 928	648 408 212	-169%
Waste Management					
Expenditure	157 572 331	-	12 121 207	27 743 560	18%
Contracted Services	88 370 531	-	6 277 342	12 296 856	14%
Depreciation and Amortisation	3 334 256	-	277 855	833 564	25%
Employee Related Cost	56 458 596	-	4 096 316	11 761 308	21%
Inventory Consumed	5 301 296	-	1 405 649	2 547 493	48%
Operational Cost	4 107 652	-	64 045	304 339	7%
Revenue	133 625 015	-	10 522 965	33 353 872	-25%
Solid Waste Removal	133 625 015	-	10 522 965	33 353 872	-25%
Surplus / (Deficit)	23 947 316	-	22 644 172	61 097 432	255%
Waste Water Management					
Expenditure	70 365 039	-	802 404	2 348 711	3%
Contracted Services	60 174 748	-	29 250	29 250	0%
Depreciation and Amortisation	9 277 844	-	773 154	2 319 461	25%
Inventory Consumed	45 136	-	-	-	0%
Operational Cost	867 311	-	-	-	0%
Revenue	138 980 510	-	12 338 835	36 257 963	-26%
Sewerage	138 980 510	-	12 338 835	36 257 963	-26%
Surplus / (Deficit)	68 615 471	-	13 141 239	38 606 674	-56%
Water Management					
Expenditure	569 373 829	-	40 335 258	98 337 112	17%
Contracted Services	117 488 416	-	9 523 025	9 523 025	8%
Depreciation and Amortisation	50 851 820	-	4 237 652	12 712 955	25%
Employee Related Cost	151 355 784	-	12 282 965	36 725 111	24%
Inventory Consumed	246 598 736	-	11 474 401	32 778 749	13%
Operational Cost	3 079 073	-	2 817 216	6 597 273	214%
Revenue	300 018 818	-	21 153 253	57 345 300	19%
Exchange Revenue	299 862 974	-	21 153 253	57 345 300	19%
Non-exchange Revenue	155 844	-	-	-	0%
Surplus / (Deficit)	869 392 647	-	61 488 511	155 682 413	18%
Trading Services Total Revenue	1 534 990 076	-	140 522 734	442 649 372	-29%
Trading Services Total Expenditure	1 976 231 854	-	140 033 116	461 145 360	23%
Trading Services Surplus / (Deficit)	441 241 778	-	280 555 850	903 794 731	205%

In-year report & Quarterly report (September 2022) – Monthly Budget Statement

Comments on Overall Performance

Description	Variance	Reasons for material deviations
Revenue By Source		
Property rates	-6%	Immaterial
Service charges - electricity revenue	-19%	Decrease in projected revenue is attributable to alternative energy being used, such as solar and small, embedded generations and load shedding, resulting in a decrease on bulk purchases.
Service charges - water revenue	-24%	The underperformance of water is attributable to faulty meters that are not repaired timely as well as the malfunctioning of prepaid meters. These prepaid meters are unable to deplete the units on the meter as and when consumption takes place. Furthermore, once the units are completely depleted, it is unable to terminate the supply to the consumer thereby resulting in non-purchase by customers. There is also a significant drop in sales comparing to the same period of the previous year which is attributable to failing prepaid water meters.
Service charges - sanitation revenue	4%	Immaterial
Service charges - refuse revenue	0%	Immaterial
Rental of facilities and equipment	63%	There was a decrease in the rental of municipal facilities. The community is still skeptical after COVID
Interest earned - external investments	14%	The interest earned will increase as the municipality has started investing in the current year. The investments are made in accordance with the National Treasury Payment Schedule.
Interest earned - outstanding debtors	4%	N/A
Fines, penalties and forfeits	-30%	Less roadblocks due to incompatible cameras.
Licences and permits	1081%	Over performance will be investigated with the relevant department. Licences and permits should be analysed concurrently with agency fees. Both licences and permits and agency fees reflect 100% of the revenue collected in respect of licences and permits instead of the 20% that should be allocated to the municipality. The payment of the 80% portion to Department of Transport is recorded separately under a liability suspense account. Once the journal is passed to offset the suspense account against licence and permits as well as agency fees, the variance will decrease substantially.
Agency services	-58%	
Transfers and subsidies	40%	This is due to the fact that Equitable Share is recognized in full on receipt as it is not a conditional grant.
Other revenue	-14%	The budget includes fair value adjustments that will be calculated at year end.
Expenditure By Type		
Employee related costs	-11%	The variance is due to vacant positions that have been budgeted for and not yet filled.
Remuneration of councillors	5%	N/A
Debt impairment	-100%	Debt impairment is only calculated at the end of the financial year .
Depreciation & asset impairment	0%	N/A
Finance charges	-91%	Loan agreement stipulates that payment be made twice per year(Dec and June).
Bulk purchases - electricity	19%	
Inventory consumed	-40%	This expenditure is dependent on needs and requirements of departments for materials.
Contracted services	-49%	The Municipality is now using an online system for processing orders. It has been noted that staff is still face challenges with the lack of knowledge regarding the use of the new system. Training has been provided to staff, which should improve accuracy of the records for contracted services in the following months.
Transfers and subsidies	-22%	This is dependant on the municipal entity's incurrence of expenditure as PHA submits grant requests as and when cash is needed to meet their planned expenditure.
Other expenditure	18%	The Municipality is now using an online system for processing orders. It has been noted that staff is still face challenges with the lack of knowledge regarding the use of the new system. Training has been provided to staff, which should improve accuracy of the records for contracted services in the following months.

In-year report & Quarterly report (September 2022) – Monthly Budget Statement

Description	Variance	Reasons for material deviations
Capital Expenditure		
Vote 1 - CHIEF OPERATIONS OFFICE	-100%	Capital infrastructure projects to the value of R 601.2 million have been impacted by the national treasury moratorium that stopped the advertising of tenders for goods and services as at February 2022. At current the projects have been advertised and undergoing due processes to appoint service providers. Total Capital expenditure at -64% below expected average. There will be an acceleration of spending in the ensuing months. Furthermore, projects in planning are awaiting appointment of advertised consultants panel which is also awaiting evaluation and appointments. *Projects in the procurement cycle were delayed due to no committee sittings for July and part of August 2022.
Vote 2 - MUNICIPAL MANAGER'S OFFICE	0%	
Vote 3 - WATER AND SANITATION	-85%	
Vote 4 - ENERGY SERVICES	-67%	
Vote 5 - COMMUNITY SERVICES	-76%	
Vote 6 - PUBLIC SAFETY	-100%	
Vote 7 - CORPORATE AND SHARED SERVICES	-99%	
Vote 8 - PLANNING AND ECONOMIC DEVELOPMENT	-100%	
Vote 9 - BUDGET AND TREASURY OFFICE	0%	
Vote 10 - TRANSPORT SERVICES	-74%	
Vote 11 - HUMAN SETTLEMENT	0%	

1.1.12 Grant Reconciliation

Code	Grant	Unspend 30/6/2022	Total received	Total spend	Receipt + 2022 Unspend	TOTAL UNSPENT GRANT
E/S	Equitable Share	-	466 654 000	466 654 000	466 654 000	-
FMG	Finance Management Grant	303	2 400 000	404 293	2 400 303	1 996 010
IUDG	Intergrated Urban Development Grant	10 124 400	170 418 000	26 718 347	180 542 400	153 824 052
RBIG	Regional Bulk Infrastructure Grant	28 319 400	-	2 019 428	28 319 400	26 299 971
PTNG	Public Transport Infrastructure Grant	71 428 598	67 829 000	7 984 170	139 257 598	131 273 428
EPWP	Extended Publics Works Programme	-	2 893 000	1 555 635	2 893 000	1 337 365
INEP	Integrated National Electrification Programme	6 949 177	-	-	6 949 177	6 949 177
EEDSM	Energy Efficiency and Demand Side Management	85 226	-	69 288	85 226	15 938
NDPG	Neighbourhood Development Partnership Grant	22 686 122	25 088 000	-	47 774 122	47 774 122
ISDG	Infrastructure Skills Development Grant	-	3 000 000	441 379	3 000 000	2 558 621
WSIG	Water Services Infrastructure Grant	12 553 040	35 000 000	3 929 170	47 553 040	43 623 870
CDM	Capricorn District Municipality	17 589	-	-	17 589	17 589
DLGH	Dept Local Government and Housing	2 949 709	-	-	2 949 709	2 949 709
MDRG	Municipal Disaster Relief Grant	84	-	-	84	84
LGHA	Local Government Housing Accreditation	560 868	-	-	560 868	560 868
DSAC	Department of Sports art and culture	133 704	-	-	133 704	133 704
Total	TOTAL	155 808 218	773 282 000	509 775 711	929 090 218	419 314 507

No grants allocations were received by the Municipality during the month of September 2022.

1.1.13 Cost Savings Disclosure

The cost containment regulations came into effect on 1 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 Year to Date Actual Report			
Cost Containment Measure	Original Budget	Total Expenditure	Savings
Consultants and Professional Services	169 990 684	38 538 148	131 452 536
Advertising Publicity and Marketing	12 064 064	699 994 526	- 687 930 462
Overtime	54 878 825	13 504 713	41 374 112
Catering Services	2 312 960	349 759	1 963 201
Travel Agency and Visa's	3 219 067	707 036	2 512 031
Travel and Subsistence	3 787 477	129 119	3 658 358
Total	246 253 077	753 223 301	- 506 970 224

In-year budget statement tables - Annexure A

Schedule C

MFMA Circular No 108

9.3 Submission using LG Upload Portal

In MFMA Budget Circular No 107, it was indicated that budget-related documents and schedules must be uploaded by approved registered users using the LG Upload Portal at: <https://lguploadportal.treasury.gov.za/> and that National Treasury was planning to retire lgdocuments@treasury.gov.za from 01 July 2021 to ensure that there is a single collection point of municipal financial data. However, based on workflow licensing challenges on the LG Upload Portal, data string submissions will shortly be shifted to the Open Portal GoMuni while documents must still be submitted using lgdocuments@treasury.gov.za. The document submissions will also be shifted to GoMuni as soon as possible.

All municipalities and their entities had to prepare their MTREF budget directly on the mSCOA financial systems from 01 July 2017. Therefore, all MBRR schedule submissions must be submitted in **PDF format only**.

MFMA Circular 108

With effect from 1 July 2021 the municipality does not have access to the excel version of the C schedule, therefore the PDF format extracted from the financial system is attached as Annexure A.

There is lots of blank pages which may seem irrelevant, the budget office is unable to hide them as this is a National Treasury Template

LISTING OF MAIN TABLES IN ANNEXURE B:

The attached Annexure A comprises of the main tables listed below: -

Table C1: Monthly budget statement summary

The table provides a high-level summation of the Municipality's operating – and capital budgets, actual to date and financial position.

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

The table is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification.

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

The table is an overview of the budgeted financial performance in relation to revenue and expenditure by vote as well as the operating surplus or deficit.

Table C4 - Monthly Budget Statement - Financial Performance (revenue and Expenditure)

The table is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type.

Table C5 Monthly Budget Statement – Capital Expenditure (Municipal vote, standard Classification, and funding)

The table reflects the municipality's capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and funding sources required by capital budget; including information on capital transfers from other departments. The capital expenditure is reflected without VAT, however the grant conditions met journal is inclusive of VAT.

Table C6: Monthly Budget Statement - Financial Position.

The table reflects the performance to date in relation to the financial position of the Municipality.

Table C7: Monthly Budget Statement - Cash flow

The table reflects the performance to date in relation to the cash flow of the Municipality.

PART 2- LISTING OF SUPPORTING DOCUMENTATION ON ANNEXURE A

Table SC1 Monthly Budget Statement – Material Variance

Table SC2 Monthly Budget Statement - performance indicators

Section 3 – Debtors' analysis the debtor analysis provides an age analysis by revenue source and customer category.

Table SC3 Monthly Budget Statement - Aged Debtors

Section 4 – Creditors' Age analysis

The creditors' analysis contains an aged analysis by customer type.

Table SC4 Monthly Budget Statement - Aged Creditors

Table SC5 Monthly Budget Statement - investment portfolio

Table SC6 Monthly Budget Statement – Transfers and grants receipts

Table SC7 (1) Monthly Budget Statement – transfers and grant expenditure

In-year report & Quarterly report (September 2022) – Monthly Budget Statement

Table SC7 (2) Monthly Budget Statement – transfers and grant expenditure rollover

Table SC8 Monthly Budget Statement - councillor and staff benefits

Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts

Capital programme performance

The capital programme performance table provides details of capital expenditure by month.

Table SC12 Monthly Budget Statement - capital expenditure trend

Table SC13a Monthly Budget Statement - capital expenditure on new assets

Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing

Table SC13c Monthly Budget Statement – repairs and maintenance by asset class....

Table SC13d Monthly Budget Statement - depreciation by asset class

Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class

Section 10 - Municipal Manager Quality certification



I, **THUSO NEMUGUMONI**, the Municipal Manager of Polokwane Local Municipality, hereby

Certify that –

- The Monthly Budget Statement
- Quarterly report on the implementation of the budget and financial state affairs of the municipality

For the month and quarter of September 2022 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: _____

Municipal Manager of Polokwane Local Municipality: LIM354

Signature: _____

Date: _____

Annexure A:
CAPITAL
PROGRAMME