

# Polokwane Municipality

## Monthly Budget Statement

31 January 2023



The Ultimate in Innovation and Sustainable Development



Glossary

|  |
|--|
| <p><b>Adjustments Budget</b> – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.</p>  |
| <p><b>Budget</b> – The financial plan of the Municipality.</p>   |
| <p><b>Capital Expenditure</b> - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.</p>   |
| <p><b>Cash flow statement</b> – 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.</p> |
| <p><b>Deficit</b> – The amount by which expenditure exceed revenue.</p>  |
| <p><b>DORA</b> – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.</p>  |
| <p><b>Equitable Share</b> – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.</p>   |
| <p><b>GFS</b> – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.</p>   |
| <p><b>MFMA</b> – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.</p>  |
| <p><b>Operating Expenditure</b> – Spending on the day-to-day expenses of the Municipality such as salaries and wages.</p>  |
| <p><b>Rates</b> – 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.</p>   |
| <p><b>Surplus</b> - A situation in which income exceeds expenditures.</p>  |
| <p><b>Tariff</b> – 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.</p>   |
| <p><b>SDBIP</b> – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.</p>  |
| <p><b>Vote</b> – One of the main segments into which a budget is divided into for the appropriation of money at department/ functional area- level.</p>  |
| <p><b>MSCOA</b> – Municipal Standard Chart of Accounts</p>   |

**DIRECTORATE: BUDGET AND TREASURY OFFICE**

**ITEM:**

**FILE REF:**

**FINANCIAL REPORT FOR THE PERIOD ENDED 31<sup>st</sup> January 2023.**

**Report of the Finance Portfolio**

**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”.

The results for the month are summarised herein under and for the reporting period ended 31<sup>st</sup> January 2023, the 10<sup>th</sup> working days reporting period to National Treasury expires on the 14<sup>th</sup> of February 2023. The Budget and Treasury Office has met the timelines for this reporting period.

**RECOMMENDATION**

**That the report be noted**



\_\_\_\_\_  
**Mr N. ESSA**

**CHIEF FINANCIAL OFFICER**

## Contents

|  |    |
|--|----|
| 1.1 EXECUTIVE SUMMARY .....  | 5  |
| 1.1.1 Revenue Performance.....   | 5  |
| 1.1.2 Expenditure performance.....   | 5  |
| 1.1.3 Capital Performance .....  | 5  |
| 1.1.4 External Loans and Instalments.....                                      | 6  |
| 1.1.5 Debtors.....   | 7  |
| 1.1.6 Creditors .....  | 8  |
| 1.1.7 Bank Reconciliation and Investments .....                                | 9  |
| 1.1.8 Staff Expenditure Report.....  | 10 |
| 1.1.9 Overtime Report by Municipal Vote.....                                   | 13 |
| 1.1.10 Financial Performance (Revenue and Expenditure by Municipal Vote) ..... | 14 |
| 1.1.11 Financial Performance (Revenue and Expenditure).....                    | 15 |
| Surplus or Deficit for the Trading Services.....                               | 16 |
| 1.1.12 Grant Reconciliation .....  | 19 |
| 1.1.13 Cost Savings Disclosure .....   | 19 |
| In-year budget statement tables - Annexure A .....                             | 20 |
| Schedule C.....  | 20 |
| LISTING OF MAIN TABLES IN ANNEXURE B:.....                                     | 20 |
| PART 2- LISTING OF SUPPORTING DOCUMENTATION ON ANNEXURE A .....                | 21 |
| Section 10 - Municipal Manager Quality certification.....                      | 23 |
| Annexure A: .....  | 24 |
| CAPITAL PROGRAMME.....   | 24 |

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 31 January 2023.

The financial results for the period ending 31 January 2023 are summarised as follows:

| Description                     | 2021/22              | Budget Year 2022/23  |                      |                    |                      |            |
|---------------------------------|----------------------|----------------------|----------------------|--------------------|----------------------|------------|
|                                 | Audit Outcome        | Total Budget         | Adjustment Budget    | Monthly Actual     | Year to Date Actual  | %          |
| Total Operational Revenue       | 3 795 944 585        | 4 338 280 255        | 4 323 264 255        | 163 508 313        | 2 382 872 435        | 55%        |
| Capital transfers recognised    | 655 398 170          | 808 116 167          | 839 279 527          | 20 053 202         | 140 582 838          | 17%        |
| <b>Total Revenue</b>            | <b>4 451 342 755</b> | <b>5 146 396 422</b> | <b>5 162 543 782</b> | <b>183 561 516</b> | <b>2 523 455 273</b> | <b>49%</b> |
| Total Expenditure               | 4 673 497 726        | 4 208 029 988        | 4 180 934 642        | 385 617 909        | 2 355 528 465        | 56%        |
| Surplus/ (Deficit) for the year | (222 154 971)        | 938 366 434          | 981 609 140          | (202 056 393)      | 167 926 808          | 17%        |

**1.1.1 Revenue Performance**

The actual year to date revenue billed which includes grants and other direct income as at 31 January 2023 amounts to **R 2 523 455 273 (49%)** of the adjustments budget of **R 5 162 543 782**. Past performance 2021/22 was **R 2 739 807 751 (57%)**.

**1.1.2 Expenditure performance**

The operating expenditure for the period ended of 31 January 2023 amounts to **R 2 355 528 465 (56%)** which is reported against an adjustments budget of **R 4 180 934 642**. Past performance 2021/22 was **R 1 880 187 760 (50%)**.

**1.1.3 Capital Performance**

The approved capital budget for 2022/23 amounted to **R 974 415 905**, the capital budget increased to **R 1 023 169 361 including VAT** during adjustments budget. Payments in respect of Capital Projects amounted to **R 194 238 737 inclusive of VAT** as at 31 January 2023. The expenditure is currently at **19%** of the adjusted capital budget. Past performance 2021/22 was **R 451 425 303 (40%)**.

## In-year report (January 2023) – Monthly Budget Statement

The capital budget funding breakdown as at 31 January 2023 is tabulated as follows:

| MULTI YEAR BUDGET CAPITAL PROGRAMME                 | FUNDING SOURCE | SPECIAL ADJUSTMENTS BUDGET 2022/23 |                   | JANUARY          |                   |                    |                   | TOTAL              |            |  | Percentage Spent |
|---|----------------|------------------------------------|-------------------|------------------|-------------------|--------------------|-------------------|--------------------|------------|--|------------------|
|   |                | TOTAL EXCL. VAT                    | TOTAL EXCL. VAT   | VAT              | TOTAL             | TOTAL EXCL. VAT    | VAT               | TOTAL              |            |  |                  |
| <b>Total Capital Expenditure</b>                    |                | <b>889 712 488</b>                 | <b>21 544 490</b> | <b>3 231 673</b> | <b>24 776 163</b> | <b>168 903 250</b> | <b>25 335 487</b> | <b>194 238 737</b> | <b>19%</b> |  |                  |
| Integrated Urban Development Grant                  | IUDG           | 338 358 746                        | 8 571 652         | 1 285 748        | 9 857 400         | 67 482 881         | 10 122 432        | 77 605 313         | 20%        |  |                  |
| Public Transport Network Grant                      | PTNG           | 119 999 999                        | -                 | -                | -                 | 25 226 092         | 3 783 914         | 29 010 006         | 21%        |  |                  |
| Neighbourhood Development Grant                     | NDPG           | 40 019 964                         | -                 | -                | -                 | 720 948            | 108 142           | 829 090            | 2%         |  |                  |
| Water Services Infrastructure Grant                 | WSIG           | 67 095 652                         | 34 902            | 5 235            | 40 138            | 12 240 452         | 1 836 068         | 14 076 519         | 18%        |  |                  |
| Regional Bulk Infrastructure Grant                  | RBIG           | 134 420 870                        | 8 831 013         | 1 324 652        | 10 155 665        | 14 520 768         | 2 178 115         | 16 698 883         | 11%        |  |                  |
| Integrated National Electrification Programme Grant | INEP           | 25 565 217                         | -                 | -                | -                 | 2 025 906          | 303 886           | 2 329 792          | 8%         |  |                  |
| Energy Efficiency and Demand Side Management Grant  | EEDSM          | 4 347 826                          | -                 | -                | -                 | 60 250             | 9 038             | 69 288             | 1%         |  |                  |
| <b>Total DoRA Allocations</b>                       |                | <b>729 808 274</b>                 | <b>17 437 567</b> | <b>2 615 635</b> | <b>20 053 202</b> | <b>122 277 296</b> | <b>18 341 594</b> | <b>140 618 891</b> | <b>17%</b> |  |                  |
| Capital Replacement Reserve                         | CRR            | 159 904 213                        | 4 106 922         | 616 038          | 4 722 961         | 46 625 953         | 6 993 893         | 53 619 846         | 29%        |  |                  |
| <b>TOTAL FUNDING</b>                                |                | <b>889 712 488</b>                 | <b>21 544 490</b> | <b>3 231 673</b> | <b>24 776 163</b> | <b>168 903 250</b> | <b>25 335 487</b> | <b>194 238 737</b> | <b>19%</b> |  |                  |
| -   |                |                                    |                   |                  |                   |                    |                   |                    |            |  |                  |
| <b>MULTI YEAR BUDGET</b>                            |                |                                    |                   |                  |                   |                    |                   |                    |            |  |                  |
| <b>Description</b>                                  |                |                                    |                   |                  |                   |                    |                   |                    |            |  |                  |
| Vote 1 - CHIEF OPERATIONS OFFICE                    |                | 228 928                            | -                 | -                | -                 | -                  | -                 | -                  | 0%         |  |                  |
| Vote 2 -MUNICIPAL MANAGER'S OFFICE                  |                | -                                  | -                 | -                | -                 | -                  | -                 | -                  | 0%         |  |                  |
| Vote 3 - WATER AND SANITATION                       |                | 335 997 394                        | 11 640 069        | 1 746 010        | 13 386 080        | 60 431 474         | 9 064 721         | 69 496 196         | 18%        |  |                  |
| Vote 4 - ENERGY SERVICES                            |                | 92 894 477                         | 372 388           | 55 858           | 428 247           | 13 039 031         | 3 026 484         | 23 203 048         | 22%        |  |                  |
| Vote 5 - COMMUNITY SERVICES                         |                | 51 363 959                         | 2 395 443         | 359 316          | 2 754 759         | 9 994 453          | 1 499 168         | 11 493 620         | 19%        |  |                  |
| Vote 6 - PUBLIC SAFETY                              |                | 3 922 499                          | 3 160             | 474              | 3 634             | 436 112            | 65 417            | 501 528            | 11%        |  |                  |
| Vote 7 - CORPORATE AND SHARED SERVICES              |                | 27 293 757                         | 44 935            | 6 740            | 51 675            | 891 266            | 133 690           | 1 024 955          | 3%         |  |                  |
| Vote 8 - PLANNING AND ECONOMIC DEVELOPMENT          |                | 15 026 161                         | 3 427 276         | 514 091          | 3 941 367         | 4 043 622          | 606 543           | 4 650 165          | 27%        |  |                  |
| Vote 9 - BUDGET AND TREASURY OFFICE                 |                | -                                  | -                 | -                | -                 | -                  | -                 | -                  | 0%         |  |                  |
| Vote 10 - TRANSPORT SERVICES                        |                | 362 203 658                        | 3 661 219         | 549 183          | 4 210 402         | 72 929 761         | 10 939 464        | 83 869 225         | 20%        |  |                  |
| Vote 11 - HUMAN SETTLEMENT                          |                | 781 655                            | -                 | -                | -                 | -                  | -                 | -                  | 0%         |  |                  |
| <b>Total capital expenditure</b>                    |                | <b>889 712 488</b>                 | <b>21 544 490</b> | <b>3 231 673</b> | <b>24 776 163</b> | <b>161 765 717</b> | <b>25 335 487</b> | <b>194 238 737</b> | <b>19%</b> |  |                  |

### 1.1.4 External Loans and Instalments

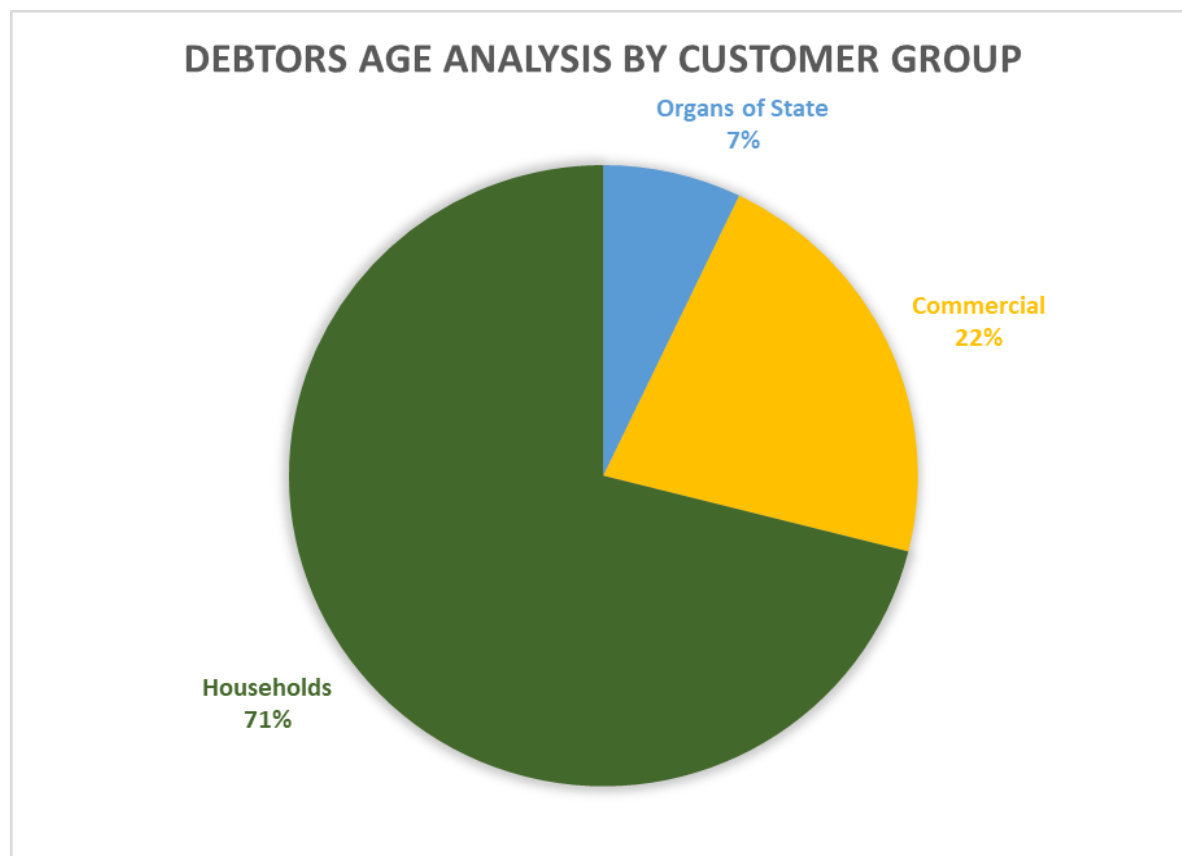
Council met all its obligations in terms of instalments. Outstanding loans amounted to **R 372 776 893** as at 31 January 2023.

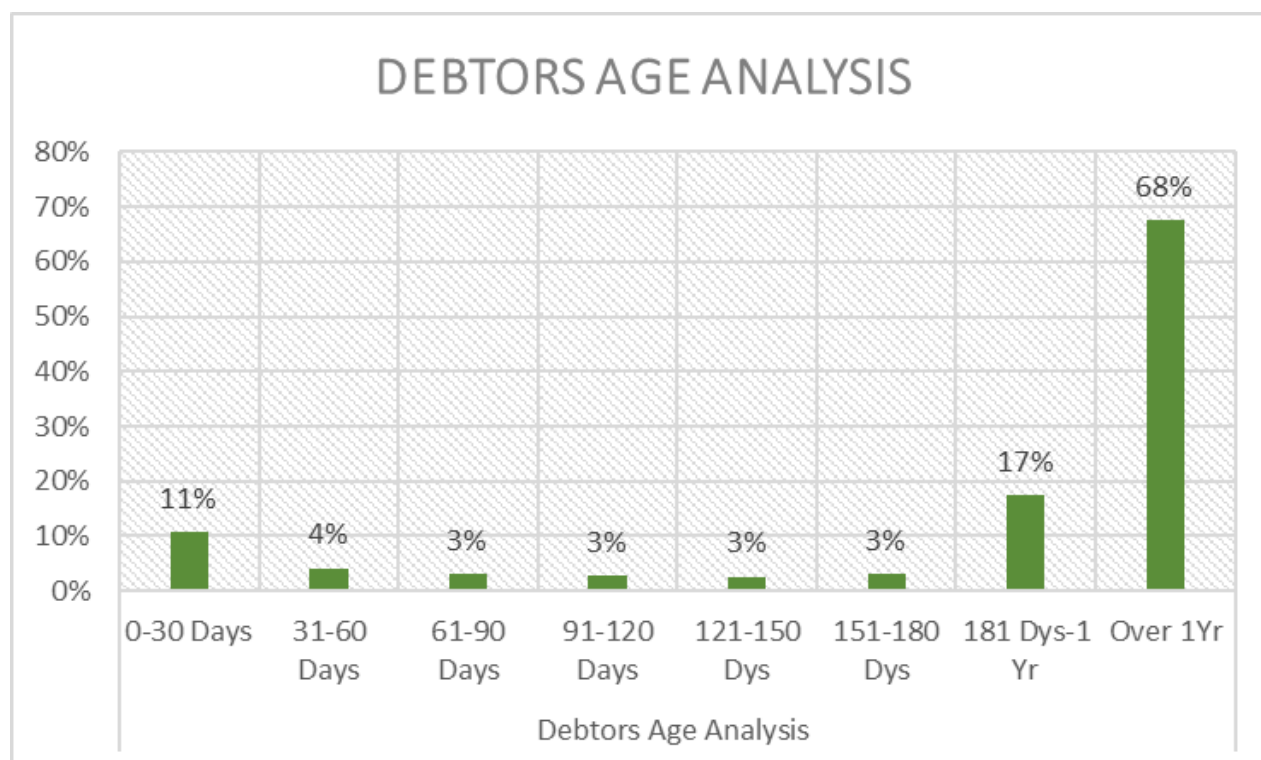
| INSTITUTION                                    | INTEREST | LOAN AMOUNT - OPENING BALANCE January 2023 | REDEMPTION TO DATE - January 2023 | EXPENSED INTEREST TO DATE - January 2023 | ACCRUED INTEREST - January 2023 | CLOSING BALANCE - January 2023 | EXPIRY DATE / REDEMPTION DATE |
|--|----------|--|-----------------------------------|--|---------------------------------|--------------------------------|-------------------------------|
| DEVELOPMENT BANK OF SOUTHERN AFRICA - 61007443 | 10.75    | 192 383 500                                | 5 881 784                         | 10 544 808                               | -                               | 186 501 716                    | 31/01/2032                    |
| STANDARD BANK SOUTH AFRICA                     | 10.98    | 191 590 567                                | 5 315 390                         | 10 720 044                               | -                               | 186 275 177                    | 30/01/2032                    |
| <b>TOTAL</b>                                   |          | <b>383 974 067</b>                         | <b>11 197 174</b>                 | <b>21 264 852</b>                        | <b>-</b>                        | <b>372 776 893</b>             |                               |

### 1.1.5 Debtors

Council debtor's book/ledger has a total balance of **R 1 860 125 673.00** as of 31 January 2023.

| 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         |                  |
| <b>R thousands</b>  |                     |               |               |               |               |               |                |                  |                  |
| <b>Debtors Age Analysis By Income Source</b>                            |                     |               |               |               |               |               |                |                  |                  |
| Trade and Other Receivables from Exchange Transactions - Water          | 29 865              | 10 822        | 8 203         | 5 859         | 6 296         | 5 702         | 28 806         | 251 850          | 347 402          |
| Trade and Other Receivables from Exchange Transactions - Electricity    | 64 345              | 17 240        | 8 401         | 9 191         | 7 671         | 8 054         | 36 368         | 109 397          | 260 668          |
| Receivables from Non-exchange Transactions - Property Rates             | 41 973              | 15 533        | 12 501        | 11 268        | 10 664        | 10 254        | 82 368         | 285 968          | 470 529          |
| Receivables from Exchange Transactions - Waste Water Management         | 13 192              | 6 491         | 5 075         | 4 391         | 3 974         | 3 940         | 32 271         | 68 109           | 137 442          |
| Receivables from Exchange Transactions - Waste Management               | 15 631              | 6 355         | 4 870         | 4 201         | 3 863         | 3 797         | 27 783         | 88 575           | 155 075          |
| Receivables from Exchange Transactions - Property Rental Debtors        | -                   | -             | -             | -             | -             | -             | -              | 186              | 186              |
| Interest on Arrear Debtor Accounts                                      | 10 264              | 10 052        | 9 892         | 9 717         | 9 531         | 9 288         | 33 644         | 187 161          | 279 549          |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | -                   | -             | -             | -             | -             | -             | -              | -                | -                |
| Other   | 4 771               | 3 032         | 1 936         | 1 763         | 1 967         | 8 487         | 51 043         | 136 277          | 209 275          |
| <b>Total By Income Source</b>   | <b>180 041</b>      | <b>69 524</b> | <b>50 878</b> | <b>46 389</b> | <b>43 966</b> | <b>49 522</b> | <b>292 282</b> | <b>1 127 524</b> | <b>1 860 126</b> |
| <b>2020/21 - totals only</b>  | <b>164 087</b>      | <b>64 147</b> | <b>51 237</b> | <b>47 728</b> | <b>39 777</b> | <b>46 906</b> | <b>247 724</b> | <b>1 006 014</b> | <b>1 667 620</b> |
| <b>Debtors Age Analysis By Customer Group</b>                           |                     |               |               |               |               |               |                |                  |                  |
| Organs of State   | 14 474              | 6 382         | 5 384         | 4 170         | 5 511         | 3 593         | 43 238         | 49 563           | 132 315          |
| Commercial  | 76 770              | 20 347        | 11 758        | 10 068        | 8 443         | 13 544        | 34 046         | 230 738          | 405 714          |
| Households  | 88 797              | 42 795        | 33 736        | 32 151        | 30 012        | 32 385        | 214 997        | 847 223          | 1 322 097        |
| Other   | -                   | -             | -             | -             | -             | -             | -              | -                | -                |
| <b>Total By Customer Group</b>  | <b>180 041</b>      | <b>69 524</b> | <b>50 878</b> | <b>46 389</b> | <b>43 966</b> | <b>49 522</b> | <b>292 282</b> | <b>1 127 524</b> | <b>1 860 126</b> |





#### 1.1.6 Creditors

Outstanding trade creditors amounted to **R 117 921 439.76** as at 31 January 2023.

| Description                                    | Budget Year 2022/23 |              |              |               |                |                |                   |             |                | 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 | Total          |   |
| <b>R thousands</b>                             |                     |              |              |               |                |                |                   |             |                |   |
| <b>Creditors Age Analysis By Customer Type</b> |                     |              |              |               |                |                |                   |             |                |   |
| Bulk Electricity                               | 66 377              | -            | -            | -             | -              | -              | -                 | -           | 66 377         | 69 777                                    |
| Bulk Water                                     | 21 293              | -            | -            | -             | -              | -              | -                 | -           | 21 293         | -   |
| PAYE deductions                                | -                   | -            | -            | -             | -              | -              | -                 | -           | -              | -   |
| VAT (output less input)                        | -                   | -            | -            | -             | -              | -              | -                 | -           | -              | -   |
| Pensions / Retirement deductions               | -                   | -            | -            | -             | -              | -              | -                 | -           | -              | -   |
| Loan repayments                                | -                   | -            | -            | -             | -              | -              | -                 | -           | -              | -   |
| Trade Creditors                                | 30 251              | -            | -            | -             | -              | -              | -                 | -           | 30 251         | 34 722                                    |
| Auditor General                                | -                   | -            | -            | -             | -              | -              | -                 | -           | -              | -   |
| Other  | -                   | -            | -            | -             | -              | -              | -                 | -           | -              | -   |
| <b>Total By Customer Type</b>                  | <b>117 921</b>      | <b>-</b>     | <b>-</b>     | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>          | <b>-</b>    | <b>117 921</b> | <b>104 499</b>                            |



### 1.1.7 Bank Reconciliation and Investments

The bank reconciliation for 31 January 2023 has been completed on time. Cash book and bank balances are as follows:

Cash as at 31 January 2023 amounted to **R 320 641 518**

| DESCRIPTION                                     | PRIMARY ACCOUNT        | GRANTS ACCOUNT        | HOUSING ACCOUNT        | DBSA ACCOUNT        | TOTAL              |
|---|------------------------|-----------------------|------------------------|---------------------|--------------------|
| OPENING BALANCE - CASH BOOK                     | 55 289 089             | 77 949 099            | 573 120                | 1 014 577           | 134 825 884        |
| <b>TOTAL RECEIPTS</b>                           | <b>635 307 331</b>     | <b>77 900 702</b>     | <b>2 909</b>           | <b>5 150</b>        | <b>713 216 091</b> |
| <b>TOTAL PAYMENTS</b>                           | <b>544 182 050</b>     | <b>9 046 370</b>      | <b>-</b>               | <b>-</b>            | <b>553 228 421</b> |
| <b>CASH BOOK BALANCE - 31 JANUARY 2023</b>      | <b>146 414 369</b>     | <b>146 803 431</b>    | <b>576 029</b>         | <b>1 019 727</b>    | <b>294 813 555</b> |
| <b>Balance Bank Statement - 31 January 2023</b> |                        |                       |                        |                     |                    |
|   | <b>PRIMARY ACCOUNT</b> | <b>GRANTS ACCOUNT</b> | <b>HOUSING ACCOUNT</b> | <b>DBSA ACCOUNT</b> | <b>TOTAL</b>       |
| Cash Book Balance - 31 December 2022            | 55 289 089             | 77 949 099            | 573 120                | 1 014 577           | 134 825 884        |
| Plus: Receipts                                  | 635 307 331            | 77 900 702            | 2 909                  | 5 150               | 713 216 091        |
| Less: Payments                                  | 544 182 050            | 9 046 370             | -                      | -                   | 553 228 421        |
| Cash Book Balance - 31 January 2023             | 146 414 369            | 146 803 431           | 576 029                | 1 019 727           | 294 813 555        |
| Plus: Unpresented EFT's                         |                        |                       |                        |                     | -                  |
| <b>Plus: RD Cheques - Revenue</b>               | <b>27 680 604</b>      |                       |                        |                     | <b>27 680 604</b>  |
| <b>Plus: Deposit</b>                            |                        |                       |                        |                     | <b>-</b>           |
| <b>Plus: Bank Outstanding Revenue</b>           | <b>827 132</b>         |                       |                        |                     | <b>827 132</b>     |
| <b>Less: Deposit - Revenue</b>                  | <b>2 711 716</b>       |                       |                        |                     | <b>2 711 716</b>   |
| <b>Less: Bank Outstanding Expenditure</b>       | <b>4 136</b>           |                       |                        |                     | <b>4 136</b>       |
| <b>Balance Bank Statement - 31 January 2023</b> | <b>172 242 332</b>     | <b>146 803 431</b>    | <b>576 029</b>         | <b>1 019 727</b>    | <b>320 641 518</b> |

Council had **R 1 000** of investment in P.H.A. The Grants account had a closing balance of **R 146 803 431**. The municipality has opted to invest some of the funds to earn higher interest, as such not all unspent grants are 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 Date | Type    | Interest Rate % |
|---------------|--------------------|---------------|--------------------------|---------|-----------------|
| Standard Bank | 23/01/2023         | 22/02/2023    | R 150 000 000            | 30 Days | 8.000           |
| Nedbank       | 19/12/2022         | 07/02/2023    | R 65 300 000             | 60Days  | 7.900           |
| <b>TOTAL</b>  |                    |               | <b>R 215 300 000</b>     |         | <b>7.950</b>    |

#### Movement and Exposure per institution

## In-year report (January 2023) – Monthly Budget Statement

| Institution             | Opening Balance<br>1 January 2023 | Made                 | Redeemed             | Closing Balance      | Interest Accrued   | Interest Earned    |
|-------------------------|-----------------------------------|----------------------|----------------------|----------------------|--------------------|--------------------|
| Standard Bank (60 Days) | R 100 000 000                     | R 0                  | R 100 000 000        | R 0                  | -                  | R 1 257 534        |
| Nedbank (60 Days)       | R 65 300 000                      | R 0                  | R 0                  | R 65 300 000         | 763 204.94         | R 0                |
| Nedbank (90 Days)       | R 41 000 000                      | R 0                  | R 41 000 000         | R 0                  | -                  | R 725 868          |
| Standard Bank (38 Days) | R 184 700 000                     | R 0                  | R 184 700 000        | R 0                  | -                  | R 1 552 745        |
| Standard Bank (30 Days) | R 0                               | R 150 000 000        | R 0                  | R 150 000 000        | 263 013.70         | R 0                |
| <b>TOTAL</b>            | <b>R 391 000 000</b>              | <b>R 150 000 000</b> | <b>R 325 700 000</b> | <b>R 215 300 000</b> | <b>R 1 026 219</b> | <b>R 3 536 148</b> |

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

In-year report (January 2023) – Monthly Budget Statement

**Councillor and Staff Benefits**

| Summary of Employee and Councillor remuneration          | Budget Year 2022/23  |                      |                   |                    |                    |            |
|--|----------------------|----------------------|-------------------|--------------------|--------------------|------------|
|  | Original Budget      | Adjusted Budget      | January           | YearTD actual      | Available Budget   | %Spent     |
| <b>R thousands</b>                                       |                      |                      |                   |                    |                    |            |
| <b>Councillors (Political Office Bearers plus Other)</b> |                      |                      |                   |                    |                    |            |
| Basic Salaries and Wages                                 | 24 336 111           | 24 336 111           | 2 134 896         | 15 875 434         | 8 460 677          | 65%        |
| Pension and UIF Contributions                            | 4 097 782            | 4 097 782            | 297 353           | 2 214 900          | 1 882 882          | 54%        |
| Medical Aid Contributions                                | 615 057              | 615 057              | 27 555            | 185 239            | 429 818            | 30%        |
| Motor Vehicle Allowance                                  | 8 209 780            | 8 209 780            | 511 893           | 3 582 395          | 4 627 385          | 44%        |
| Cellphone Allowance                                      | 4 277 898            | 4 277 898            | 342 900           | 2 759 229          | 1 518 669          | 64%        |
| Housing Allowances                                       | -                    | -                    | -                 | -                  | -                  | 0%         |
| Other benefits and allowances                            | 380 015              | 380 015              | -                 | 59 139             | 320 876            | 16%        |
| <b>Sub Total - Councillors</b>                           | <b>41 916 643</b>    | <b>41 916 643</b>    | <b>3 314 597</b>  | <b>24 676 336</b>  | <b>17 240 307</b>  | <b>59%</b> |
| <b>% increase</b>  |                      |                      |                   |                    |                    |            |
| <b>Senior Managers of the Municipality</b>               |                      |                      |                   |                    |                    |            |
| Basic Salaries and Wages                                 | 17 228 880           | 17 228 880           | 488 941           | 4 341 001          | 12 887 879         | 25%        |
| Pension and UIF Contributions                            | 1 346 532            | 1 346 532            | 61 282            | 524 040            | 822 492            | 39%        |
| Medical Aid Contributions                                | 199 946              | 199 946              | 7 655             | 58 116             | 141 830            | 29%        |
| Motor Vehicle Allowance                                  | 1 788 896            | 1 788 896            | 109 265           | 898 479            | 890 417            | 50%        |
| Cellphone Allowance                                      | -                    | -                    | -                 | -                  | -                  | 0%         |
| Housing Allowances                                       | 1 804 789            | 1 804 789            | 122 137           | 963 992            | 840 797            | 53%        |
| Other benefits and allowances                            | 173 376              | 173 376              | -                 | 189 162            | (15 787)           | 109%       |
| <b>Sub Total - Senior Managers of Municipality</b>       | <b>22 542 418</b>    | <b>22 542 418</b>    | <b>789 280</b>    | <b>6 974 791</b>   | <b>15 567 627</b>  | <b>31%</b> |
| <b>% increase</b>  |                      |                      |                   |                    |                    |            |
| <b>Other Municipal Staff</b>                             |                      |                      |                   |                    |                    |            |
| Basic Salaries and Wages                                 | 685 888 394          | 685 888 394          | 47 326 487        | 332 766 457        | 353 121 937        | 49%        |
| Pension and UIF Contributions                            | 149 270 684          | 149 270 684          | 9 487 832         | 66 525 839         | 82 744 845         | 45%        |
| Medical Aid Contributions                                | 45 703 821           | 45 703 821           | 3 849 288         | 25 553 710         | 20 150 111         | 56%        |
| Overtime   | 89 227 758           | 89 227 758           | 12 937 350        | 71 216 568         | 18 011 190         | 80%        |
| Performance Bonus  | -                    | -                    | -                 | -                  | -                  | -          |
| Motor Vehicle Allowance                                  | 58 492 433           | 58 492 433           | 4 811 452         | 34 745 783         | 23 746 650         | 59%        |
| Cellphone Allowance                                      | 175 193              | 175 193              | 3 371             | 78 676             | 96 517             | 45%        |
| Housing Allowances                                       | 9 875 340            | 9 875 340            | 472 200           | 3 981 852          | 5 893 488          | 40%        |
| Other benefits and allowances                            | 71 927 000           | 71 927 000           | 3 871 141         | 38 607 835         | 33 319 165         | 54%        |
| Payments in lieu of leave                                | 19 122 866           | 19 122 866           | 2 461 567         | 15 562 169         | 3 560 697          | 81%        |
| Long service awards                                      | 6 890 566            | 6 890 566            | 420 360           | 3 980 018          | 2 910 548          | 58%        |
| Post-retirement benefit obligations                      | 8 000 000            | 8 000 000            | 622 398           | 4 144 791          | 3 855 209          | 52%        |
| <b>Sub Total - Other Municipal Staff</b>                 | <b>1 144 574 055</b> | <b>1 144 574 055</b> | <b>86 263 446</b> | <b>597 163 698</b> | <b>547 410 357</b> | <b>52%</b> |
| <b>% increase</b>  |                      |                      |                   |                    |                    |            |
| <b>Total Parent Municipality</b>                         | <b>1 209 033 116</b> | <b>1 209 033 116</b> | <b>90 367 323</b> | <b>628 814 825</b> | <b>580 218 291</b> | <b>52%</b> |

## Summary of Employee and Councillor remuneration



**1.1.9 Overtime Report by Municipal Vote**

| Vote Description                                  | Original Budget   | Adjusted Budget   | January           | YTD actual        | YTD Budget        | % Spent vs Original Budget | % Spent vs YTD Budget |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|-----------------------|
| <b>Vote 1 - CHIEF OPERATIONS OFFICE</b>           | <b>418 612</b>    | <b>418 612</b>    | <b>71 811</b>     | <b>878 408</b>    | <b>244 190</b>    | <b>210%</b>                | <b>360%</b>           |
| Non Structured                                    | 167 448           | 167 448           | 71 811            | 878 408           | 97 678.00         |                            |                       |
| Structured  | 251 164           | 251 164           | -                 | -                 | 146 512.33        |                            |                       |
| <b>Vote 2 -MUNICIPAL MANAGER'S OFFICE</b>         | <b>112 020</b>    | <b>112 020</b>    | <b>-</b>          | <b>98 438</b>     | <b>65 345</b>     | <b>88%</b>                 | <b>151%</b>           |
| Non Structured                                    | 44 808            | 44 808            | -                 | 98 438            | 26 138.00         |                            |                       |
| Structured  | 67 212            | 67 212            | -                 | -                 | 39 207            |                            |                       |
| <b>Vote 3 - WATER AND SANITATION</b>              | <b>22 579 225</b> | <b>22 579 225</b> | <b>3 411 332</b>  | <b>21 000 873</b> | <b>13 171 215</b> | <b>93%</b>                 | <b>159%</b>           |
| Non Structured                                    | 9 031 689         | 9 031 689         | 3 411 332         | 21 000 873        | 5 268 485.25      |                            |                       |
| Structured  | 13 547 536        | 13 547 536        | -                 | -                 | 7 902 729.33      |                            |                       |
| <b>Vote 4 - ENERGY SERVICES</b>                   | <b>16 624 250</b> | <b>16 624 250</b> | <b>2 666 731</b>  | <b>14 233 034</b> | <b>9 697 479</b>  | <b>86%</b>                 | <b>147%</b>           |
| Non Structured                                    | 6 649 700         | 6 649 700         | 2 666 731         | 14 233 034        | 3 878 992         |                            |                       |
| Structured  | 9 974 550         | 9 974 550         | -                 | -                 | 5 818 487.50      |                            |                       |
| <b>Vote 5 - COMMUNITY SERVICES</b>                | <b>13 081 644</b> | <b>13 081 644</b> | <b>1 894 148</b>  | <b>9 307 953</b>  | <b>7 630 959</b>  | <b>71%</b>                 | <b>122%</b>           |
| Non Structured                                    | 5 232 661         | 5 232 661         | 1 894 148         | 9 307 953         | 3 052 385.58      |                            |                       |
| Structured  | 7 848 983         | 7 848 983         | -                 | -                 | 4 578 573.42      |                            |                       |
| <b>Vote 6 - PUBLIC SAFETY</b>                     | <b>24 801 428</b> | <b>24 801 428</b> | <b>4 169 848</b>  | <b>20 432 168</b> | <b>14 467 500</b> | <b>82%</b>                 | <b>141%</b>           |
| Non Structured                                    | 9 920 572         | 9 920 572         | 4 169 848         | 20 432 168        | 5 787 000         |                            |                       |
| Structured  | 14 880 856        | 14 880 856        | -                 | -                 | 8 680 499         |                            |                       |
| <b>Vote 7 - CORPORATE AND SHARED SERVICES</b>     | <b>4 481 595</b>  | <b>4 481 595</b>  | <b>207 477</b>    | <b>2 020 175</b>  | <b>2 614 264</b>  | <b>45%</b>                 | <b>77%</b>            |
| Non Structured                                    | 1 792 641         | 1 792 641         | 207 477           | 2 020 175         | 1 045 707.25      |                            |                       |
| Structured  | 2 688 954         | 2 688 954         | -                 | -                 | 1 568 556.50      |                            |                       |
| <b>Vote 8 - PLANNING AND ECONOMIC DEVELOPMENT</b> | <b>664 110</b>    | <b>664 110</b>    | <b>8 306</b>      | <b>159 644</b>    | <b>387 398</b>    | <b>24%</b>                 | <b>41%</b>            |
| Non Structured                                    | 265 644           | 265 644           | 8 306             | 159 644           | 154 959           |                            |                       |
| Structured  | 398 466           | 398 466           | -                 | -                 | 232 438.50        |                            |                       |
| <b>Vote 9 - BUDGET AND TREASURY OFFICE</b>        | <b>3 426 300</b>  | <b>3 426 300</b>  | <b>230 197</b>    | <b>1 613 682</b>  | <b>1 998 675</b>  | <b>47%</b>                 | <b>81%</b>            |
| Non Structured                                    | 1 250 520         | 1 250 520         | 230 197           | 1 613 682         | 729 470           |                            |                       |
| Structured  | 2 175 780         | 2 175 780         | -                 | -                 | 1 269 205         |                            |                       |
| <b>Vote 10 - TRANSPORT SERVICES</b>               | <b>2 968 574</b>  | <b>2 968 574</b>  | <b>277 500</b>    | <b>1 472 192</b>  | <b>1 731 668</b>  | <b>50%</b>                 | <b>85%</b>            |
| Non Structured                                    | 1 187 430         | 1 187 430         | 277 500           | 1 472 192         | 692 667.50        |                            |                       |
| Structured  | 1 781 144         | 1 781 144         | -                 | -                 | 1 039 001         |                            |                       |
| <b>Vote 11 - HUMAN SETTLEMENT</b>                 | <b>70 000</b>     | <b>70 000</b>     | <b>-</b>          | <b>-</b>          | <b>40 833</b>     | <b>0%</b>                  | <b>0%</b>             |
| Non Structured                                    | 28 000            | 28 000            | -                 | -                 | 16 333            |                            |                       |
| Structured  | 42 000            | 42 000            | -                 | -                 | 24 500            |                            |                       |
| <b>Total</b>                                      | <b>89 227 758</b> | <b>89 227 758</b> | <b>12 937 350</b> | <b>71 216 568</b> | <b>52 049 526</b> | <b>80%</b>                 | <b>137%</b>           |

In-year report (January 2023) – 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    | %          |
| <b>BUDGET AND TREASURY OFFICE</b>                 |                        |                        |                     |                        |            |
| Expenditure                                       | 379 247 063            | 372 247 063            | 52 376 770          | 197 096 351            | 53%        |
| Revenue   | - 2 891 936 263        | - 2 908 083 623        | - 82 827 205        | - 1 436 683 581        | 49%        |
| <b>Surplus / (Deficit)</b>                        | <b>- 2 512 689 200</b> | <b>- 2 535 836 560</b> | <b>- 30 450 436</b> | <b>- 1 239 587 230</b> | <b>49%</b> |
| <b>CHIEF OPERATIONS OFFICE</b>                    |                        |                        |                     |                        |            |
| Expenditure                                       | 154 927 132            | 151 927 132            | 14 604 025          | 78 936 377             | 52%        |
| Revenue   | - 4 653                | - 4 653                | -                   | -                      | 0%         |
| <b>Surplus / (Deficit)</b>                        | <b>154 922 479</b>     | <b>151 922 479</b>     | <b>14 604 025</b>   | <b>78 936 377</b>      | <b>52%</b> |
| <b>COMMUNITY SERVICES:</b>                        |                        |                        |                     |                        |            |
| Expenditure                                       | 400 307 326            | 399 307 326            | 40 919 759          | 266 076 181            | 67%        |
| Revenue   | - 140 910 509          | - 140 910 509          | - 14 206 377        | - 84 012 581           | 60%        |
| <b>Surplus / (Deficit)</b>                        | <b>259 396 817</b>     | <b>258 396 817</b>     | <b>26 713 382</b>   | <b>182 063 599</b>     | <b>70%</b> |
| <b>CORPORATE AND SHARED SERVICES</b>              |                        |                        |                     |                        |            |
| Expenditure                                       | 312 127 666            | 310 127 666            | 25 774 682          | 182 677 441            | 59%        |
| Revenue   | - 3 203 733            | - 3 203 733            | - 84 695            | - 1 948 735            | 61%        |
| <b>Surplus / (Deficit)</b>                        | <b>308 923 933</b>     | <b>306 923 933</b>     | <b>25 689 987</b>   | <b>180 728 706</b>     | <b>59%</b> |
| <b>ENERGY SERVICES</b>                            |                        |                        |                     |                        |            |
| Expenditure                                       | 1 178 920 655          | 1 194 939 220          | 75 188 398          | 656 659 365            | 56%        |
| Revenue   | - 1 562 403 369        | - 1 562 403 369        | - 92 898 454        | - 701 884 186          | 45%        |
| <b>Surplus / (Deficit)</b>                        | <b>- 383 482 714</b>   | <b>- 367 464 149</b>   | <b>- 17 710 056</b> | <b>- 45 224 821</b>    | <b>12%</b> |
| <b>HUMAN SETTLEMENT:</b>                          |                        |                        |                     |                        |            |
| Expenditure                                       | 16 930 375             | 16 930 375             | 1 336 858           | 8 911 425              | 53%        |
| Revenue   | - 254 223              | - 254 223              | - 974 676           | - 6 355 036            | 2500%      |
| <b>Surplus / (Deficit)</b>                        | <b>16 676 152</b>      | <b>16 676 152</b>      | <b>362 182</b>      | <b>2 556 390</b>       | <b>15%</b> |
| <b>MUNICIPAL MANAGER'S OFFICE</b>                 |                        |                        |                     |                        |            |
| Expenditure                                       | 372 193 662            | 366 693 662            | 52 225 390          | 109 295 334            | 30%        |
| Revenue   | - 2 068                | - 2 068                | -                   | -                      | 0%         |
| <b>Surplus / (Deficit)</b>                        | <b>372 191 594</b>     | <b>366 691 594</b>     | <b>52 225 390</b>   | <b>109 295 334</b>     | <b>30%</b> |
| <b>PLANNING AND ECONOMIC DEVELOPMENT</b>          |                        |                        |                     |                        |            |
| Expenditure                                       | 67 647 964             | 67 647 964             | 4 904 195           | 37 144 080             | 55%        |
| Revenue   | - 27 784 314           | - 27 784 314           | - 790 708           | - 10 611 768           | 38%        |
| <b>Surplus / (Deficit)</b>                        | <b>39 863 650</b>      | <b>39 863 650</b>      | <b>4 113 488</b>    | <b>26 532 312</b>      | <b>67%</b> |
| <b>PUBLIC SAFETY</b>                              |                        |                        |                     |                        |            |
| Expenditure                                       | 374 353 404            | 373 853 404            | 28 252 088          | 190 275 371            | 51%        |
| Revenue   | - 48 847 242           | - 48 847 242           | - 56 342 931        | - 32 194 790           | 66%        |
| <b>Surplus / (Deficit)</b>                        | <b>325 506 162</b>     | <b>325 006 162</b>     | <b>84 595 019</b>   | <b>158 080 581</b>     | <b>49%</b> |
| <b>TRANSPORT SERVICES</b>                         |                        |                        |                     |                        |            |
| Expenditure                                       | 311 635 873            | 304 835 873            | 36 173 449          | 266 418 470            | 87%        |
| Revenue   | - 32 050 720           | - 32 050 720           | - 9 158 089         | - 19 320 900           | 60%        |
| <b>Surplus / (Deficit)</b>                        | <b>279 585 153</b>     | <b>272 785 153</b>     | <b>27 015 360</b>   | <b>247 097 570</b>     | <b>91%</b> |
| <b>WATER AND SANITATION: WATER AND SANITATION</b> |                        |                        |                     |                        |            |
| Expenditure                                       | 639 738 868            | 622 424 957            | 53 862 293          | 362 038 070            | 58%        |
| Revenue   | - 438 999 328          | - 438 999 328          | - 38 964 243        | - 230 443 696          | 52%        |
| <b>Surplus / (Deficit)</b>                        | <b>200 739 540</b>     | <b>183 425 629</b>     | <b>14 898 050</b>   | <b>131 594 373</b>     | <b>72%</b> |
| <b>Grand Total</b>                                | <b>- 938 366 434</b>   | <b>- 981 609 140</b>   | <b>202 056 393</b>  | <b>167 926 808</b>     | <b>17%</b> |

**1.1.11 Financial Performance (Revenue and Expenditure)**

| Description                              | Budget Year 2022/23  |                      |                      |                      |            |
|--|----------------------|----------------------|----------------------|----------------------|------------|
|  | Original Budget      | Adjustments Budget   | Monthly Actual       | Year to Date Actual  | %          |
| <b>Revenue by Source</b>                 |                      |                      |                      |                      |            |
| <b>Exchange Revenue</b>                  | <b>2 340 513 360</b> | <b>2 340 513 360</b> | <b>109 150 937</b>   | <b>1 156 079 848</b> | <b>49%</b> |
| Agency Services                          | 30 442 756           | 30 442 756           | 8 083 337            | 13 072 597           | 43%        |
| Interest Dividend and Rent on Land       | 105 285 503          | 105 285 503          | 13 253 056           | 85 175 345           | 81%        |
| Licences or Permits                      | 13 465 044           | 13 465 044           | - 58 434 311         | 19 497 052           | 145%       |
| Operational Revenue                      | 37 288 320           | 37 288 320           | 32 089               | 1 926 665            | 5%         |
| Rental from Fixed Assets                 | 11 950 240           | 11 950 240           | 1 565 550            | 12 488 016           | 105%       |
| Sales of Goods and Rendering of Services | 13 549 771           | 13 549 771           | 1 665 714            | 16 562 689           | 122%       |
| Electricity                              | 1 556 068 914        | 1 556 068 914        | 90 119 057           | 696 709 474          | 45%        |
| Waste Management                         | 133 622 947          | 133 622 947          | 13 902 201           | 80 204 312           | 60%        |
| Waste Water Management                   | 138 979 993          | 138 979 993          | 13 013 329           | 86 547 908           | 62%        |
| Water                                    | 299 859 872          | 299 859 872          | 25 950 914           | 143 895 789          | 48%        |
| <b>Non-exchange Revenue</b>              | <b>2 805 883 062</b> | <b>2 822 030 422</b> | <b>74 410 578</b>    | <b>1 367 375 425</b> | <b>48%</b> |
| Fines Penalties and Forfeits             | 40 161 631           | 40 161 631           | 4 855 177            | 17 851 966           | 44%        |
| Interest Dividend and Rent on Land       | 21 321 376           | 21 321 376           | -                    | -                    | 0%         |
| Licences or Permits                      | 421 411              | 421 411              | -                    | -                    | 0%         |
| Property Rates                           | 587 175 644          | 587 175 644          | 46 708 896           | 325 832 732          | 55%        |
| Transfers and Subsidies                  |                      | -                    | -                    | -                    |            |
| Capital                                  | 808 116 167          | 839 279 527          | 20 053 202           | 140 582 838          | 17%        |
| Operational                              | 1 348 686 833        | 1 333 670 833        | 2 793 303            | 883 107 890          | 66%        |
| <b>Revenue</b>                           | <b>5 146 396 422</b> | <b>5 162 543 782</b> | <b>183 561 516</b>   | <b>2 523 455 273</b> | <b>49%</b> |
| <b>Expenditure by type</b>               |                      |                      |                      |                      |            |
| Bulk Purchases                           | 976 579 780          | 976 579 780          | 58 169 471           | 535 098 825          | 55%        |
| Contracted Services                      | 871 101 498          | 854 762 672          | 57 151 741           | 362 014 755          | 42%        |
| Depreciation and Amortisation            | 260 000 002          | 260 000 002          | 69 360 950           | 485 602 103          | 187%       |
| Employee Related Cost                    | 1 167 116 768        | 1 167 116 768        | 87 052 727           | 604 159 453          | 52%        |
| Interest, Dividends and Rent on Land     | 42 336 217           | 42 336 217           | 21 264 852           | 22 227 273           | 53%        |
| Inventory Consumed                       | 307 541 119          | 305 284 599          | 12 415 436           | 99 439 966           | 33%        |
| Irrecoverable Debts Written Off          | 260 000 000          | 260 000 000          | 34 677 727           | 46 345 762           | 18%        |
| Operational Cost                         | 264 437 961          | 261 437 961          | 41 305 643           | 169 746 953          | 65%        |
| Remuneration of Councillors              | 41 916 643           | 41 916 643           | 3 314 597            | 24 676 335           | 59%        |
| Transfers and Subsidies                  | 17 000 000           | 11 500 000           | 904 765              | 6 217 039            | 54%        |
| <b>Expenditure</b>                       | <b>4 208 029 988</b> | <b>4 180 934 642</b> | <b>385 617 909</b>   | <b>2 355 528 465</b> | <b>56%</b> |
| <b>Surplus / ( Deficit) for the year</b> | <b>938 366 434</b>   | <b>981 609 140</b>   | <b>- 202 056 393</b> | <b>167 926 808</b>   | <b>17%</b> |

## Surplus or Deficit for the Trading Services

| Description                                 | Budget Year 2022/23  |                      |                     |                      |            |
|---|----------------------|----------------------|---------------------|----------------------|------------|
|   | Original Budget      | Adjustments Budget   | Monthly Actual      | Year to Date Actual  | %          |
| <b>Energy Sources</b>                       |                      |                      |                     |                      |            |
| <b>Expenditure</b>                          | <b>1 178 920 655</b> | <b>1 194 939 220</b> | <b>75 188 398</b>   | <b>581 470 967</b>   | <b>49%</b> |
| Bulk Purchases                              | 976 579 780          | 976 579 780          | 58 169 471          | 476 929 354          | 49%        |
| Contracted Services                         | 32 541 655           | 48 560 220           | 1 621 814           | 6 983 189            | 14%        |
| Depreciation and Amortisation               | 15 276 544           | 15 276 544           | 4 075 368           | 24 456 639           | 160%       |
| Employee Related Cost                       | 99 218 462           | 99 218 462           | 8 513 727           | 47 391 917           | 48%        |
| Inventory Consumed                          | 26 065 640           | 26 065 640           | 1 258 105           | 16 483 061           | 63%        |
| Operational Cost                            | 29 238 574           | 29 238 574           | 1 549 913           | 9 226 807            | 32%        |
| <b>Revenue</b>                              | <b>1 562 403 369</b> | <b>1 562 403 369</b> | <b>92 898 454</b>   | <b>701 884 186</b>   | <b>45%</b> |
| Exchange Revenue                            | 1 556 074 944        | 1 556 074 944        | 90 119 057          | 696 710 040          | 45%        |
| Non-exchange Revenue                        | 6 328 425            | 6 328 425            | 2 779 397           | 5 174 146            | 82%        |
| <b>Surplus / (Deficit)</b>                  | <b>383 482 714</b>   | <b>367 464 149</b>   | <b>17 710 056</b>   | <b>120 413 219</b>   | <b>33%</b> |
| <b>Waste Management</b>                     |                      |                      |                     |                      |            |
| <b>Expenditure</b>                          | <b>157 572 331</b>   | <b>157 072 331</b>   | <b>12 407 702</b>   | <b>79 577 730</b>    | <b>51%</b> |
| Contracted Services                         | 88 370 531           | 87 870 531           | 7 545 115           | 40 876 850           | 47%        |
| Depreciation and Amortisation               | 3 334 256            | 3 334 256            | 889 489             | 6 227 392            | 187%       |
| Employee Related Cost                       | 56 458 596           | 56 458 596           | 3 910 050           | 27 744 363           | 49%        |
| Inventory Consumed                          | 5 301 296            | 5 301 296            | 30 128              | 2 821 262            | 53%        |
| Operational Cost                            | 4 107 652            | 4 107 652            | 32 921              | 1 907 863            | 46%        |
| <b>Revenue</b>                              | <b>133 625 015</b>   | <b>133 625 015</b>   | <b>13 902 201</b>   | <b>80 204 312</b>    | <b>60%</b> |
| Solid Waste Removal                         | 133 625 015          | 133 625 015          | 13 902 201          | 80 204 312           | 60%        |
| <b>Surplus / (Deficit)</b>                  | <b>- 23 947 316</b>  | <b>- 23 447 316</b>  | <b>1 494 499</b>    | <b>626 582</b>       | <b>-3%</b> |
| <b>Waste Water Management</b>               |                      |                      |                     |                      |            |
| <b>Expenditure</b>                          | <b>70 365 039</b>    | <b>57 307 648</b>    | <b>3 428 847</b>    | <b>25 738 115</b>    | <b>45%</b> |
| Contracted Services                         | 60 174 748           | 47 117 357           | 953 770             | 8 407 364            | 18%        |
| Depreciation and Amortisation               | 9 277 844            | 9 277 844            | 2 475 077           | 17 328 233           | 187%       |
| Inventory Consumed                          | 45 136               | 45 136               | -                   | 2 518                | 6%         |
| Operational Cost                            | 867 311              | 867 311              | -                   | -                    | 0%         |
| <b>Revenue</b>                              | <b>138 980 510</b>   | <b>138 980 510</b>   | <b>13 013 329</b>   | <b>86 547 908</b>    | <b>62%</b> |
| Sewerage                                    | 138 980 510          | 138 980 510          | 13 013 329          | 86 547 908           | 62%        |
| <b>Surplus / (Deficit)</b>                  | <b>68 615 471</b>    | <b>81 672 862</b>    | <b>9 584 482</b>    | <b>60 809 792</b>    | <b>74%</b> |
| <b>Water Management</b>                     |                      |                      |                     |                      |            |
| <b>Expenditure</b>                          | <b>569 373 829</b>   | <b>565 117 309</b>   | <b>50 433 447</b>   | <b>336 299 954</b>   | <b>60%</b> |
| Contracted Services                         | 117 488 416          | 115 488 416          | 12 725 919          | 71 366 396           | 62%        |
| Depreciation and Amortisation               | 50 851 820           | 50 851 820           | 13 565 887          | 94 975 963           | 187%       |
| Employee Related Cost                       | 151 355 784          | 151 355 784          | 12 561 872          | 83 883 369           | 55%        |
| Inventory Consumed                          | 246 598 736          | 244 342 216          | 10 126 583          | 72 843 645           | 30%        |
| Operational Cost                            | 3 079 073            | 3 079 073            | 1 453 187           | 13 230 582           | 430%       |
| <b>Revenue</b>                              | <b>300 018 818</b>   | <b>300 018 818</b>   | <b>25 950 914</b>   | <b>143 895 789</b>   | <b>48%</b> |
| Exchange Revenue                            | 299 862 974          | 299 862 974          | 25 950 914          | 143 895 789          | 48%        |
| Non-exchange Revenue                        | 155 844              | 155 844              | -                   | -                    | 0%         |
| <b>Surplus / (Deficit)</b>                  | <b>- 269 355 011</b> | <b>- 265 098 491</b> | <b>- 24 482 532</b> | <b>- 192 404 166</b> | <b>73%</b> |
| <b>Trading Services Total Revenue</b>       | <b>2 135 027 712</b> | <b>2 135 027 712</b> | <b>145 764 898</b>  | <b>1 012 532 194</b> | <b>47%</b> |
| <b>Trading Services Total Expenditure</b>   | <b>1 976 231 854</b> | <b>1 974 436 508</b> | <b>141 458 394</b>  | <b>1 023 086 766</b> | <b>52%</b> |
| <b>Trading Services Surplus / (Deficit)</b> | <b>158 795 858</b>   | <b>160 591 204</b>   | <b>4 306 505</b>    | <b>10 554 572</b>    | <b>-7%</b> |



**Transfer of funds report**

Virements made in the current period are as follows: -

| REFERENCE NUMBER | AMOUNT    | SEGMENT DESCRIPTION               | REASONS PROVIDED BY DIRECTORATE   | SBU   |
|------------------|-----------|-----------------------------------|---|---|
| 1040             | 40 000    | 10002003200 CATERING              | Funds to cover outstanding catering invoices for Mayors programme.                                  | COUNCILLORS   |
| 1040 -           | 40 000    | 10002003200 CATERING              |   | COUNCILLORS   |
| 1041             | 70 000    | 1000 TRAVEL AGENCY AND VISA'S     | Budget shortfall on Spring Enrichment on Mayors Educational programme                               | COUNCILLORS   |
| 1041 -           | 70 000    | 1000 SPECIAL EVENTS AND FUNCTIONS |   | COUNCILLORS   |
| 1042             | 15 000    | 5320 INCIDENTAL COSTS             | Funds needed for Organisation Development Official to honour Provincial Audit Committee invitations | HUMAN RESOURCE DEVELOPMENT (ORGANISATION DEVELOPMENT) |
| 1042 -           | 15 000    | 5000 TRAVEL AGENCY AND VISA'S     |   | CORPORATE AND SHARED SERVICES                         |
| 1043             | 2 900 000 | 4530 KC SPECIAL EVENTS AND EVENTS | Funds needed to pay for Kaizer Chiefs game  | SPORTS FACILITIES MAINTENANCE (NEW)                   |
| 1043 -           | 2 900 000 | 434002005300 REFUSE R             |   | WASTE MANAGEMENT (ADMINISTRATION AND OPERATIONS)      |

## In-year report (January 2023) – Monthly Budget Statement

### Comments on Overall Performance

| Description                                | Variance | Reasons for material deviations  | Remedial or corrective steps/remarks   |
|--|----------|--|--|
| <b>Revenue By Source</b>                   |          |  |  |
| Property rates                             | -5%      | Immaterial   | Remedial action not necessary  |
| Service charges - electricity revenue      | -23%     | Billing decreased as compared to December 2022 and the reason for the decrease is attributable to consumers using alternative energy and load shedding.  |  |
| Service charges - water revenue            | 18%      | Revenue increased as compared to December 2022, attributable to the fact that most accounts without actual reading are billed at fixed estimated consumption as approved by council  |  |
| Service charges - sanitation revenue       | 7%       | Immaterial   | Remedial action not necessary  |
| Service charges - refuse revenue           | 3%       | Immaterial   | Remedial action not necessary  |
| Rental of facilities and equipment         | 79%      | There was an increase in the rental of municipal facilities as a result of the festive season resulting in overperformance   | Rental of fixed assets is expected to increase during the year through marketing and facility commercialization. |
| Interest earned - external investments     | 45%      | 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      | 10%      | N/A  | N/A  |
| Fines, penalties and forfeits              | -24%     | New roadblock cameras are procured.  | Increase in collection expected in the ensuing months.   |
| Licences and permits                       | 141%     | The overperformance in licences and permits is attributable to 2 factors. The first factor is the misallocation of agency fees as "licences and permits". Kindly refer to the explanation under agency fees. The second factor is that the agency fees that is included under licences and permits is reflected at 100%. The 80% that is paid over to the Department of Transport is recorded as a liability suspense account. This account needs to be set off against the licences and permits thereby significantly reducing the perceived overperformance. The correcting journals will be processed once all verification processes are complete. | Relevant department will advise on remedial action   |
| Agency services                            | -26%     | The underperformance of the agency fees can be explained by a percentage of the overperformance in licences and permits. This is because the licence office receipts all licences issued under "licences and permits" irrespective of whether it meets the definition of "agency fees" or "licences and permits". A correcting journal will be passed to reflect the true amounts for both agency fees and licences and permits once all verification processes are complete.  |  |
| Transfers and subsidies                    | 13%      | Revenue from grants and subsidies are recognised monthly as conditions are met, it is anticipated that all conditions will be met by the end of the financial year.  | Remedial action not necessary  |
| Other revenue                              | -38%     | Property Management sold 5 properties in Pk Ext 79. The funds will be transferred on registration of the properties to purchaser's name. The original title deed to enable the process is lost and a lost title deed application is in progress. Purchase price will be paid on transfer.  |  |
| <b>Expenditure By Type</b>                 |          |  |  |
| Employee related costs                     | -11%     | The variance is due to vacant positions that have been budgeted for and not yet filled.  |  |
| Remuneration of councillors                | 1%       | N/A  | Remedial action not necessary  |
| Debt impairment                            | 69%      | Communication has been sent out for qualifying individuals to apply for debt relief  | is ongoing.  |
| Depreciation & asset impairment            | 220%     | A correcting actual depreciation journal was captured in December 2022. High indication of insufficient budget on the item   | Budget for Depreciation should be reevaluated  |
| Finance charges                            | 10%      | Loan agreement stipulates that payment be made twice per year. Payment was paid in January 2023  | Remedial action not necessary  |
| Bulk purchases - electricity               | -6%      | This expenditure is dependent on needs and requirements of departments for materials.  | No corrective steps necessary  |
| Inventory consumed                         | -44%     | Panel of consulted appointed, spending will increase in the following months.  | No corrective steps necessary  |
| Contracted services                        | -27%     | Performance is dependant on the municipal entity's need of expenditure. Entity (PHA) submits grant requests as and when funds are needed to meet their planned expenditure.  | No corrective steps necessary  |
| Transfers and subsidies                    | -21%     |  | No corrective steps necessary  |
| Other expenditure                          | 9%       | Immaterial   | No corrective steps necessary  |
| <b>Capital Expenditure</b>                 |          |  |  |
| Vote 1 - CHIEF OPERATIONS OFFICE           | -100%    |  |  |
| Vote 2 - MUNICIPAL MANAGER'S OFFICE        | 0%       |  |  |
| Vote 3 - WATER AND SANITATION              | -67%     |  |  |
| Vote 4 - ENERGY SERVICES                   | -65%     |  |  |
| Vote 5 - COMMUNITY SERVICES                | -67%     |  |  |
| Vote 6 - PUBLIC SAFETY                     | -81%     |  |  |
| Vote 7 - CORPORATE AND SHARED SERVICES     | -95%     |  |  |
| Vote 8 - PLANNING AND ECONOMIC DEVELOPMENT | -57%     |  |  |
| Vote 9 - BUDGET AND TREASURY OFFICE        | 0%       |  |  |
| Vote 10 - TRANSPORT SERVICES               | -65%     |  |  |
| Vote 11 - HUMAN SETTLEMENT                 | 0%       |  |  |
|  |          | Capital infrastructure projects have been impacted by the national treasury moratorium that stopped the advertising of tenders for goods and services as at February 2022. Currently a panel of consulted have been appointed and allocated projects. Total Capital expenditure at 67% below expected average. There will be an acceleration of spending in the ensuing months.  | Spending will increase during the year.  |

### 1.1.12 Grant Reconciliation

| Code         | Grant   | Unspent<br>30/6/2022 | Total received       | Total spend        | Unspent<br>Current Year | %          | Paid back to<br>National<br>Treasury/Dep<br>artment | Receipt +<br>2022Unspent<br>grant | TOTAL<br>UNSPENT<br>GRANT |
|--------------|---|----------------------|----------------------|--------------------|-------------------------|------------|---|-----------------------------------|---------------------------|
| E/S          | Equitable Share                               | -                    | 725 517 000          | 725 517 000        |                         | 100%       | -   | 725 517 000                       | -                         |
| FMG          | Finance Management Grant                      | 303                  | 2 400 000            | 878 389            | 1 521 611               | 37%        | -   | 2 400 303                         | 1 521 914                 |
| IUDG         | Intergrated Urban Development Grant           | 10 124 400           | 319 533 000          | 84 463 100         | 235 069 900             | 26%        | -   | 329 657 400                       | 245 194 300               |
| RBIG         | Regional Bulk Infrastructure Grant            | 28 319 400           | 77 292 000           | 16 698 883         | 60 593 117              | 16%        | 28 319 400  | 77 292 000                        | 60 593 117                |
| PTNG         | Public Transport Infrastructure Grant         | 71 428 598           | 67 829 000           | 32 989 996         | 34 839 004              | 24%        | 71 428 598  | 67 829 000                        | 34 839 004                |
| EPWP         | Extended Publics Works Programme              | -                    | 8 100 000            | 8 339 787          | - 239 787               | 103%       | -   | 8 100 000                         | - 239 787                 |
| INEP         | Integrated National Electrification Programme | 6 949 177            | 10 000 000           | 3 743 117          | 6 256 883               | 22%        | 6 949 177   | 10 000 000                        | 6 256 883                 |
| EEDSM        | Energy Efficiency and Demand Side Management  | 85 226               | 1 000 000            | 69 288             | 930 713                 | 6%         | 85 226  | 1 000 000                         | 930 713                   |
| NDPG         | Neighbourhood Development Partnership Grant   | 22 686 122           | 25 088 000           | 829 090            | 24 258 910              | 2%         | 16 663 162  | 31 110 960                        | 30 281 870                |
| ISDG         | Infrastructure Skills Development Grant       | -                    | 3 000 000            | -                  | 3 000 000               | 0%         | -   | 3 000 000                         | 3 000 000                 |
| WSIG         | Water Services Infrastructure Grant           | 12 553 040           | 35 000 000           | 14 076 519         | 20 923 481              | 30%        | 12 553 040  | 35 000 000                        | 20 923 481                |
| CDM          | Capricorn District Municipality               | 17 589               | -                    | -                  | -                       | 0%         | -   | 17 589                            | 17 589                    |
| DLGH         | Dept Local Government and Housing             | 2 949 709            | -                    | -                  | -                       | 0%         | -   | 2 949 709                         | 2 949 709                 |
| MDRG         | Municipal Disaster Relief Grant               | 84                   | -                    | -                  | -                       | 0%         | -   | 84                                | 84                        |
| LGHA         | Local Government Housing Accreditation        | 560 868              | -                    | -                  | -                       | 0%         | -   | 560 868                           | 560 868                   |
| DSAC         | Department of Sports art and culture          | 133 704              | -                    | -                  | -                       | 0%         | 133 704   | -                                 | -                         |
| <b>Total</b> | <b>TOTAL</b>                                  | <b>155 808 218</b>   | <b>1 274 759 000</b> | <b>887 605 168</b> | <b>387 153 832</b>      | <b>62%</b> | <b>136 132 307</b>                                  | <b>1 294 434 911</b>              | <b>406 829 744</b>        |

The municipality received a total R 77 292 000 of Regional Bulk Infrastructure grant allocation during the month of January 2023.

The municipality applied for a Roll over of R 152 154 962 and the outcomes were as follows:

| GRANT DESCRIPTION                                   | Rollover<br>requested | Rollover<br>Approved | Rollover Not<br>Approved |
|---|-----------------------|----------------------|--------------------------|
| Intergrated Urban Development Grant                 | 10 124 400            | 10 124 400           |                          |
| Neighbourhood Development Partnership Grant         | 22 686 122            | 6 022 960            | 16 663 162               |
| Public Transport Network Grant                      | 71 428 598            | -                    | 71 428 598               |
| Water Services Infrastructure Grant                 | 12 553 040            | -                    | 12 553 040               |
| Energy Efficiency and Demand Side Management Grant  | 85 226                | -                    | 85 226                   |
| Regional Bulk Infrastructure Grant                  | 28 319 400            | -                    | 28 319 400               |
| Integrated National Electrification Programme Grant | 6 949 177             | -                    | 6 949 177                |
| <b>Total DoRA Allocations</b>                       | <b>152 145 962</b>    | <b>16 147 359</b>    | <b>135 998 603</b>       |

### 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:

## In-year report (January 2023) – Monthly Budget Statement

| Cost Containment Measure              | Original Budget    | Adjustments Budget | Total Expenditure  | Savings            |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                       |                    | R'000              |                    | R'000              |
| Consultants and Professional Services | 169 990 684        | 194 347 953        | 74 664 333         | 119 683 620        |
| Advertising Publicity and Marketing   | 12 064 064         | 18 295 488         | 9 169 108          | 9 126 380          |
| Overtime                              | 54 878 825         | 54 828 825         | 36 011 181         | 18 817 644         |
| Catering Services                     | 2 312 960          | 2 752 960          | 796 851            | 1 956 109          |
| Travel Agency and Visa's              | 3 219 067          | 3 274 067          | 1 385 817          | 1 888 250          |
| Travel and Subsistence                | 3 787 477          | 3 802 477          | 254 031            | 3 548 446          |
| <b>Total</b>                          | <b>246 253 077</b> | <b>277 301 770</b> | <b>122 281 322</b> | <b>155 020 448</b> |

## 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](mailto: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](mailto: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

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

For the month of January 2023 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Thuso Nemugumoni

Municipal Manager of Polokwane Local Municipality: LIM354

Signature: Thuso Nemugumoni

Date : 10/02/2023

***Annexure A:***  
***CAPITAL***  
***PROGRAMME***