


# Monthly Budget Statement

MFMA Section 71 Report January 2023

**TABLE OF CONTENTS**


1. Introduction
    1.1 Purpose
    1.2 Legislative Framework
2. Summary of Overall Budget Performance
3. Operational Revenue
    3.1 Revenue by Source
    3.2 Summary of Revenue Trends
4. Operational Expenditure
    4.1 Operational Expenditure by type
    4.2 Summary of Operational Expenditure Trends
5. Capital Expenditure
    5.1 Capital Expenditure by Function/Department
    5.2 Summary of Capital Expenditure Trends
6. Grants Management
    6.1 Grants Expenditure per Category
    6.2 Grants Expenditure Trends
    6.3 Material Variances
7. Debtors Management
    7.1 Disconnection List
8. Creditors Management
    8.1 Expenditure Analysis
    8.2 Outstanding Creditors
9. Cash Management
10. Recommendations

## 1. Introduction

### 1.1 Purpose

The purpose of this report is to comply with section 71 & 52 of the MFMA and the requirements as promulgated in Government Gazette No 32141 of 17 April 2009 (Municipal budgeting and reporting requirements).

The monthly Budget Statement also aims to provide an update on indicators critical to the municipality's viability and serve as an early warning indicator where remedial action is required. The consolidated performance is a high level overview of the municipality's viability and sustainability.

### 1.2 Legislative Framework

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating sustainability and better medium term planning and policy choices on service delivery.

The report has been prepared in terms of the following legislative framework:

i. The Municipal Finance Management Act – No.56 of 2003, Section 71 & 52
ii. And the Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.

"28. the monthly budget statement of a municipality must be in the format specified in Schedule C and includes all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168 (1) of the Act."

The objective of these Regulations is to ensure sound and sustainable management of the budgeting and reporting practices of Municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

## 2. Summary of Overall Budget Performance for January 2023

The total budget approved for the 2022-2023 financial year amounts to R451 042 million.

The total expenditure for operating activities for the month amounts to R20 038 million.

Total revenue for the month amounts to R24 681 million.

The expenditure on Capital activities for the month amounts to R240 Thousand.

## The following table provides a summary of the municipality's performance as at 31 January 2023

**LIM341 Musina - Table C1 Monthly Budget Statement Summary - M07 January**

| Description | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | % | |
| **Financial Performance** | | | | | | | | | |
| Property rates | 25 684 | 25 814 | – | 1 850 | 15 649 | 15 058 | 591 | 4% | 22 698 |
| Service charges | 167 349 | 177 572 | – | 12 102 | 87 740 | 103 584 | (15 844) | -15% | 189 022 |
| Investment revenue | 469 | – | – | – | – | – | – | | 1 244 |
| Transfers and subsidies | 174 429 | 199 191 | – | | 142 706 | 116 195 | 26 511 | 23% | 174 720 |
| Other own revenue | 26 633 | 48 465 | – | 10 729 | 56 039 | 28 271 | 27 768 | 98% | 45 296 |
| **Total Revenue (excluding capital transfers and contributions)** | **394 564** | **451 042** | **–** | **24 681** | **302 134** | **263 108** | **39 026** | **15%** | **432 980** |
| Employee costs | 151 683 | 162 265 | – | 12 995 | 87 911 | 94 655 | (6 744) | -7% | 158 403 |
| Remuneration of Councillors | 10 097 | 12 823 | – | 875 | 6 022 | 7 480 | (1 458) | -19% | 11 339 |
| Depreciation & asset impairment | 31 885 | 27 942 | – | – | – | 16 300 | (16 300) | -100% | 34 265 |
| Finance charges | 122 | – | – | – | – | – | – | | 1 777 |
| Materials and bulk purchases | 142 119 | 124 511 | – | 208 | 124 160 | 72 631 | 51 528 | 71% | 138 162 |
| Transfers and subsidies | 4 565 | – | – | 374 | 2 624 | – | 2 624 | #DIV/0! | 6 073 |
| Other expenditure | 110 812 | 118 500 | – | 5 586 | 104 518 | 69 125 | 35 393 | 51% | 78 626 |
| **Total Expenditure** | **451 283** | **446 041** | **–** | **20 038** | **325 235** | **260 191** | **65 044** | **25%** | **428 645** |
| **Surplus/(Deficit)** | **(56 719)** | **5 001** | **–** | **4 643** | **(23 101)** | **2 917** | **(26 018)** | **-892%** | **4 335** |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 31 409 | 32 713 | – | – | 28 486 | 19 083 | 9 403 | 49% | 36 988 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all) | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **(25 310)** | **37 714** | **–** | **4 643** | **5 385** | **22 000** | **(16 615)** | **-76%** | **41 323** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | | – |
| **Surplus/ (Deficit) for the year** | **(25 310)** | **37 714** | **–** | **4 643** | **5 385** | **22 000** | **(16 615)** | **-76%** | **41 323** |
| | | | | | | | | | |
| **Capital expenditure & funds sources** | | | | | | | | | |
| **Capital expenditure** | **37 793** | **44 955** | **–** | **196** | **17 335** | **30 035** | **(12 699)** | **-42%** | **–** |
| Capital transfers recognised | 28 853 | 32 713 | – | 155 | 10 767 | 19 083 | (8 316) | -44% | – |
| | | | | | | | | | |
| Borrowing | – | – | – | – | – | – | – | | – |
| Internally generated funds | **–** | **5 000** | **–** | **–** | **4 016** | **2 917** | **1 099** | **38%** | **–** |
| **Total sources of capital funds** | **28 853** | **37 713** | **–** | **155** | **14 783** | **21 999** | **(7 216)** | **-33%** | **–** |
| | | | | | | | | | |
| **Financial position** | | | | | | | | | |
| Total current assets | 211 176 | 118 075 | – | | 115 394 | | | | 118 075 |
| Total non current assets | 604 177 | 515 437 | – | | 616 296 | | | | 515 437 |
| Total current liabilities | 643 089 | 519 527 | – | | 610 298 | | | | 519 527 |
| Total non current liabilities | 43 472 | 19 595 | – | | 43 472 | | | | 19 595 |
| Community wealth/Equity | **297 570** | **94 390** | **–** | | **236 724** | | | | **94 390** |
| | | | | | | | | | |
| **Cash flows** | | | | | | | | | |
| Net cash from (used) operating | 263 124 | 38 488 | – | (11 127) | 15 211 | 22 451 | 7 240 | 32% | – |
| Net cash from (used) investing | (20 534) | (37 713) | – | 240 | (10 568) | (21 999) | (11 432) | 52% | – |
| Net cash from (used) financing | (80) | – | – | – | – | – | – | | – |
| **Cash/cash equivalents at the month/year** | **265 377** | **13 248** | **–** | **–** | **8 668** | **12 925** | **4 257** | **33%** | **4 025** |
| | | | | | | | | | |
| **Debtors & creditors analysis** | **0-30 Days** | **31-60 Days** | **61-90 Days** | **91-120 Days** | **121-150 Dys** | **151-180 Dys** | **181 Dys-1 Yr** | **Over 1Yr** | **Total** |
| **Debtors Age Analysis** | | | | | | | | | |
| Total By Income Source | (11) | 10 015 | 4 619 | 3 729 | 3 232 | 4 218 | 14 447 | 48 993 | 89 242 |
| **Creditors Age Analysis** | | | | | | | | | |
| Total Creditors | 4 642 | 3 737 | 3 129 | 2 277 | 52 170 | – | – | – | 65 955 |

## 3. Operational Revenue

### 3.1 Revenue Performance by Source/Classification as at 31 January 2023

LIM341 Musina - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | | % | |
| **Revenue By Source** | | | | | | | | | | |
| Property rates | | 25 684 | 25 814 | – | 1 850 | 15 649 | 15 058 | 591 | 4% | 22 698 |
| Service charges - electricity revenue | | 152 981 | 162 728 | – | 10 594 | 77 091 | 94 925 | (17 834) | -19% | 174 390 |
| Service charges - water revenue | | – | | | | | | – | | – |
| Service charges - sanitation revenue | | – | | | | | | – | | – |
| Service charges - refuse revenue | | 14 368 | 14 844 | – | 1 508 | 10 649 | 8 659 | 1 990 | 23% | 14 632 |
| | | | | | | | | | | |
| Rental of facilities and equipment | | 693 | 558 | – | | 6 | 326 | (320) | -98% | 691 |
| Interest earned - external investments | | 469 | – | – | – | – | – | – | | 1 244 |
| Interest earned - outstanding debtors | | 4 964 | 2 966 | – | 664 | 12 386 | 1 730 | 10 656 | 616% | 3 180 |
| Dividends received | | – | 527 | – | 1 | 131 | 307 | (176) | -57% | – |
| Fines, penalties and forfeits | | 3 123 | 3 870 | – | 270 | 1 764 | 2 258 | (494) | -22% | 3 380 |
| Licences and permits | | 2 099 | 2 436 | – | 5 | 56 | 1 421 | (1 365) | -96% | 5 509 |
| Agency services | | – | – | – | – | – | – | – | | – |
| Transfers and subsidies | | 174 429 | 199 191 | – | | 142 706 | 116 195 | 26 511 | 23% | 174 720 |
| Other revenue | | 18 064 | 38 108 | – | 9 789 | 41 696 | 22 230 | 19 466 | 88% | 8 843 |
| Gains | | (2 310) | – | – | – | – | – | – | | 23 693 |
| **Total Revenue (excluding capital transfers and contributions)** | | **394 564** | **451 042** | **–** | **24 681** | **302 134** | **263 108** | **39 026** | **15%** | **432 980** |
| | | | | | | | | | | |

## 3.2 Summary of Revenue Trends

The following table provides a summary of the monthly revenue trends based on current years actual own revenue.

| LIM341 Musina - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M07 January | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Ref | Budget Year 2022/23 | | | | | | | | | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
| | | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June | Budget Year | Budget Year | Budget Year |
| R thousands | 1 | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Budget | Budget | Budget | Budget | Budget | 2022/23 | +1 2023/24 | +1 2024/25 |
| Cash Receipts By Source | | | | | | | | | | | | | | | | |
| Property rates | | 4 510 | 1 953 | 1 862 | 1 891 | 1 784 | 1 799 | 1 850 | 1 957 | 1 957 | 1 957 | 1 957 | 9 | 23 486 | 24 250 | 23 |
| Service charges - electricity revenue | | 9 351 | 11 538 | 12 497 | 10 983 | 11 574 | 10 554 | 10 594 | 12 205 | 12 205 | 12 205 | 12 205 | 20 545 | 146 456 | 152 691 | 144 608 |
| Service charges - water revenue | | – | – | – | – | – | | – | – | – | | | – | | | – |
| Service charges - sanitation revenue | | – | – | | | – | | | | | | | – | | | – |
| Service charges - refuse | | 1 511 | 1 485 | 1 573 | 1 514 | 1 515 | 1 543 | 1 508 | 1 113 | 1 113 | 1 113 | 1 113 | (15 088) | 13 | 13 948 | 13 226 |
| | | | | | | | | | | | | | | | | |
| Rental of facilities and equipment | | – | – | 1 | 2 | 2 | 1 | – | 38 | 38 | 38 | 38 | 296 | 454 | 474 | 454 |
| Interest earned - external investments | | – | | | – | – | | – | – | – | – | – | – | – | – | – |
| Interest earned - outstanding debtors | | 637 | 763 | 7 999 | 663 | 983 | 677 | 664 | 380 | 633 | 4 624 | 759 | (18 782) | – | – | – |
| Dividends received | | – | 129 | 1 | – | – | – | 1 | | – | – | – | (131) | – | – | – |
| Fines, penalties and forfeits | | 217 | 226 | 236 | 246 | 288 | 281 | 270 | 430 | 430 | 430 | 430 | 1 672 | 5 156 | 5 383 | 5 156 |
| Licences and permits | | 9 | (53) | 19 | 23 | 37 | 16 | 5 | 203 | 203 | 203 | 203 | 1 570 | 2 438 | 2 548 | 2 548 |
| Agency services | | – | – | | – | – | | | | | | | – | – | | – |
| Transfers and Subsidies - Operational | | 75 683 | 3 348 | | | | 63 779 | | 16 349 | 16 349 | 16 349 | 16 349 | (12 015) | 196 191 | 215 979 | 238 145 |
| Other revenue | | 5 350 | 4 242 | 4 087 | 9 155 | 4 797 | 4 172 | 9 789 | 144 | 144 | 144 | 144 | (40 445) | 1 723 | 1 799 | 1 723 |
| **Cash Receipts by Source** | | **97 268** | **23 631** | **28 275** | **24 477** | **20 980** | **82 822** | **24 681** | **32 819** | **33 072** | **37 063** | **33 198** | **(62 369)** | **375 917** | **417 072** | **405 883** |
| | | | | | | | | | | | | | – | | | |

# Summary of total Own revenue

LIM341 Musina - Table C7 Monthly Budget Statement - Cash Flow - M07 January

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | 1 | | | | | | | | % | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Property rates | | – | 23 486 | – | 1 850 | 13 773 | 13 700 | 73 | 1% | |
| Service charges | | 72 168 | 159 815 | – | 12 102 | 73 541 | 93 225 | (19 684) | -21% | |
| Other revenue | | 95 500 | 9 771 | – | 10 125 | 24 619 | 5 700 | 18 919 | 332% | |
| Transfers and Subsidies - Operational | | 129 975 | 196 191 | – | – | 142 706 | 114 445 | 28 261 | 25% | |
| Transfers and Subsidies - Capital | | – | 32 713 | – | | 28 486 | 19 083 | 9 403 | 49% | |
| Interest | | – | – | – | 664 | 11 723 | – | 11 723 | #DIV/0! | |
| Dividends | | | | | | | | – | | |
| Payments | | | | | | | | | | |
| Suppliers and employees | | (34 519) | (379 098) | – | (35 709) | (278 473) | (221 141) | 57 333 | -26% | |
| Finance charges | | – | – | – | | | – | – | | |
| Transfers and Grants | | – | (4 390) | | (99) | (684) | (2 561) | (1 877) | 73% | |
| **NET CASH FROM/(USED) OPERATING ACTIVITIES** | | **263 124** | **38 488** | **–** | **(11 067)** | **15 691** | **22 451** | **6 760** | **30%** | **–** |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | | 1 991 | – | – | | | – | – | | |
| Decrease (increase) in non-current receivables | | | | | | | | – | | |
| Decrease (increase) in non-current investments | | | | | | | | – | | |
| Payments | | | | | | | | | | |
| Capital assets | | (22 525) | (37 713) | – | (240) | (11 048) | (21 999) | (10 951) | 50% | |
| **NET CASH FROM/(USED) INVESTING ACTIVITIES** | | **(20 534)** | **(37 713)** | **–** | **(240)** | **(11 048)** | **(21 999)** | **(10 951)** | **50%** | **–** |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | | – | | | | – | – | | |
| Borrowing long term/refinancing | | – | – | | | | – | – | | |
| Increase (decrease) in consumer deposits | | 304 | – | | | | – | – | | |
| Payments | | | | | | | | | | |
| Repayment of borrowing | | (384) | – | | – | – | – | – | | |
| **NET CASH FROM/(USED) FINANCING ACTIVITIES** | | **(80)** | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| **NET INCREASE/ (DECREASE) IN CASH HELD** | | **242 510** | **775** | **–** | **(11 307)** | **4 643** | **452** | | | **–** |
| Cash/cash equivalents at beginning: | | 22 867 | 12 473 | – | | 4 025 | 12 473 | | | 4 025 |
| Cash/cash equivalents at month/year end: | | 265 377 | 13 248 | – | | 8 668 | 12 925 | | | 4 025 |

# 4. Operational Expenditure

## 4.1 Operational Expenditure Performance by type as at 31 January 2023

**LIM341 Musina - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January**

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | | % | |
| **Expenditure By Type** | | | | | | | | | | |
| Employee related costs | | 151 683 | 162 265 | – | 12 995 | 87 911 | 94 655 | (6 744) | -7% | 158 403 |
| Remuneration of councillors | | 10 097 | 12 823 | – | 875 | 6 022 | 7 480 | (1 458) | -19% | 11 339 |
| Debt impairment | | 41 885 | 38 307 | – | – | – | 22 346 | (22 346) | -100% | 8 325 |
| Depreciation & asset impairment | | 31 885 | 27 942 | – | – | – | 16 300 | (16 300) | -100% | 34 265 |
| Finance charges | | 122 | – | – | – | – | – | – | | 1 777 |
| Bulk purchases | | 137 919 | 121 518 | – | 96 | 122 792 | 70 886 | 51 906 | 73% | 129 748 |
| Other materials | | 4 200 | 2 993 | – | 112 | 1 368 | 1 746 | (378) | -22% | 8 414 |
| Contracted services | | 37 408 | 38 078 | – | 454 | 14 668 | 22 212 | (7 544) | -34% | 37 767 |
| Transfers and subsidies | | 4 565 | – | – | 374 | 2 624 | – | 2 624 | #DIV/0! | 6 073 |
| Other expenditure | | 31 519 | 42 115 | – | 5 132 | 89 850 | 24 567 | 65 283 | 266% | 32 534 |
| Losses | | | – | – | – | – | – | – | | |
| **Total Expenditure** | | **451 283** | **446 041** | **–** | **20 038** | **325 235** | **260 191** | **65 044** | **25%** | **428 645** |

## 4.2 Summary of Expenditure Trends

The following table provides a summary of the expenditure trends based on current year's actual spending.

LIM341 Musina - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M07 January

| Description | Ref | Budget Year 2022/23 | | | | | | | | | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | July | August | Sept | October | Nov | Dec | January | Feb | March | April | May | June | Budget Year | Budget Year | Budget Year |
| R thousands | 1 | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Outcome | Budget | Budget | Budget | Budget | Budget | 2022/23 | +1 2023/24 | +1 2024/25 |
| **Cash Payments by Type** | | | | | | | | | | | | | – | | | |
| Employee related costs | | 12 608 | 11 969 | 11 834 | 12 332 | 12 563 | 13 610 | 12 995 | 14 536 | 14 536 | 14 536 | 14 536 | 28 383 | 174 438 | 182 113 | 207 720 |
| Remuneration of councillors | | 889 | 847 | 847 | 847 | 847 | 870 | 875 | – | – | – | – | (6 022) | – | – | – |
| Interest paid | | – | | | – | – | | – | – | – | – | – | – | – | – | – |
| Bulk purchases - Electricity | | 54 000 | 2 048 | 6 799 | 47 | 7 118 | 52 684 | 96 | 10 126 | 10 126 | 10 126 | 10 126 | (41 778) | 121 518 | 126 227 | 127 199 |
| Bulk purchases - Water & Sewer | | – | – | – | – | – | – | | 249 | 249 | 249 | 249 | 1 997 | 2 993 | 3 125 | 3 910 |
| Other materials | | 90 | 112 | 264 | 343 | 275 | 172 | 112 | – | – | – | – | (1 368) | – | – | – |
| Contracted services | | 8 199 | 934 | 2 898 | 685 | 545 | 8 393 | 454 | – | – | – | – | (22 108) | – | – | – |
| Grants and subsidies paid - other municipalities | | – | – | – | - | | – | – | – | – | – | – | – | – | – | – |
| Grants and subsidies paid - other | | 373 | 369 | 377 | 374 | 379 | 378 | 374 | – | – | – | – | (2 624) | – | – | – |
| General expenses | | 27 534 | 4 833 | 3 907 | 17 506 | 38 | 12 653 | 4 892 | 6 679 | 6 679 | 6 679 | 6 679 | (17 930) | 80 149 | 89 676 | 87 733 |
| **Cash Payments by Type** | | **103 693** | **21 112** | **26 926** | **32 134** | **21 765** | **88 760** | **19 798** | **31 590** | **31 590** | **31 590** | **31 590** | **(61 450)** | **379 098** | **401 141** | **426 562** |
| | | | | | | | | | | | | | – | | | |
| **Other Cash Flows/Payments by Type** | | | | | | | | | | | | | | | | |
| Capital assets | | 4 649 | 1 092 | 2 704 | 1 404 | 759 | 200 | 240 | 2 383 | 1 971 | 1 290 | 2 879 | (19 571) | – | – | – |
| Repayment of borrowing | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other Cash Flows/Payments | | | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total Cash Payments by Type** | | **108 342** | **22 204** | **29 631** | **33 538** | **22 524** | **88 960** | **20 038** | **33 973** | **33 561** | **32 880** | **34 469** | **(81 021)** | **379 098** | **401 141** | **426 562** |
| | | | | | | | | | | | | | – | | | |
| **NET INCREASE/(DECREASE) IN CASH HELD** | | **(458)** | **1 427** | **(1 356)** | **1 309** | **(1 544)** | **1 362** | **4 643** | **1 572** | **2 237** | **6 909** | **1 455** | **11 975** | **29 532** | **49 971** | **11 820** |
| Cash/cash equivalents at the month/year beginning: | | 3 284 | 2 826 | 4 253 | 2 898 | 4 207 | 2 663 | 4 025 | 8 668 | 10 240 | 12 478 | 19 387 | 20 842 | 3 284 | 32 816 | 82 787 |
| Cash/cash equivalents at the month/year end: | | 2 826 | 4 253 | 2 898 | 4 207 | 2 663 | 4 025 | 8 668 | 10 240 | 12 478 | 19 387 | 20 842 | 32 816 | 32 816 | 82 787 | 94 607 |

# 5. Capital Expenditure

## 5.1 Capital Expenditure by Function/Department

LIM341 Musina - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

| Vote Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | 1 | | | | | | | | % | |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| *Governance and administration* | | 18 586 | 3 000 | – | – | 3 899 | 875 | 3 024 | 346% | – |
| Executive and council | | (324) | 1 500 | | | | | – | | |
| Finance and administration | | 18 910 | 1 500 | – | – | 3 899 | 875 | 3 024 | 346% | |
| Internal audit | | | | | | | | – | | |
| *Community and public safety* | | 3 643 | 5 751 | – | 85 | 7 209 | 3 355 | 3 854 | 115% | – |
| Community and social services | | 3 643 | 5 751 | – | (68) | 6 118 | 3 355 | 2 763 | 82% | |
| Sport and recreation | | | | | 153 | 1 091 | – | 1 091 | #DIV/0! | |
| Public safety | | | | | | | | – | | |
| Housing | | | | | | | | – | | |
| Health | | | | | | | | – | | |
| *Economic and environmental services* | | 24 319 | 28 962 | – | 155 | 3 843 | 16 895 | (13 052) | -77% | – |
| Planning and development | | 25 210 | 27 962 | – | 155 | 3 843 | 16 311 | (12 468) | -76% | |
| Road transport | | (891) | 1 000 | – | – | – | 583 | (583) | -100% | |
| Environmental protection | | | | | | | | – | | |
| *Trading services* | | 430 | – | – | – | – | – | – | | – |
| Energy sources | | 430 | | | | | | – | | |
| Water management | | | | | | | | – | | |
| Waste water management | | | | | | | | – | | |
| Waste management | | | | | | | | – | | |
| *Other* | | | | | | | | – | | |
| Total Capital Expenditure - Functional Classification | 3 | 46 978 | 37 713 | – | 240 | 14 951 | 21 124 | (6 173) | -29% | – |
| | | | | | | | | | | |
| Funded by: | | | | | | | | | | |
| National Government | | 28 853 | 32 713 | | 240 | 10 935 | 19 083 | (8 148) | -43% | |
| Provincial Government | | | | | | | | – | | |
| District Municipality | | | | | | | | – | | |
| Transfers recognised - capital | | 28 853 | 32 713 | – | 240 | 10 935 | 19 083 | (8 148) | -43% | – |
| | | | | | | | | | | |
| Borrowing | 6 | | | | | | | – | | |
| Internally generated funds | | | 5 000 | | – | 4 016 | 2 041 | 1 975 | 97% | |
| Total Capital Funding | | 28 853 | 37 713 | – | 240 | 14 951 | 21 124 | (6 173) | -29% | – |

## 6. Grants Management

### 6.1 Monthly grants cumulative expenditure performance trend

### Expenditure per Category

LIM341 Musina - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | | | | | | | | | % | |
| EXPENDITURE | | | | | | | | | | |
| | | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | – | 198 183 | – | 99 | 78 011 | 115 607 | (37 595) | -32.5% | – |
| Local Government Equitable Share | | – | 193 793 | – | – | 75 589 | 113 046 | (37 457) | -33.1% | |
| Finance Management | | – | 3 000 | – | 99 | 1 033 | 1 750 | (717) | -41.0% | |
| EPWP Incentive | | – | 1 390 | – | – | 1 390 | 811 | 579 | 71.4% | |
| 0 | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| Other transfers and grants [insert description] | | | | | | | | – | | |
| Provincial Government: | | – | – | – | – | – | – | – | | – |
| 0 | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| Other transfers and grants [insert description] | | | | | | | | – | | |
| District Municipality: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| *[insert description]* | | | | | | | | – | | |
| Other grant providers: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| *[insert description]* | | | | | | | | – | | |
| Total operating expenditure of Transfers and Grants: | | – | 198 183 | – | 99 | 78 011 | 115 607 | (37 595) | -32.5% | – |
| | | | | | | | | | | |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | – | 32 713 | – | 240 | 11 052 | 19 083 | (8 030) | -42.1% | – |
| 0 | | – | 32 713 | | 240 | 11 052 | 19 083 | (8 030) | -42.1% | |
| 0 | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| Other capital transfers [insert description] | | | | | | | | – | | |
| Provincial Government: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| 0 | | | | | | | | – | | |
| District Municipality: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| *0* | | | | | | | | – | | |
| Other grant providers: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| *0* | | | | | | | | – | | |
| Total capital expenditure of Transfers and Grants | | – | 32 713 | – | 240 | 11 052 | 19 083 | (8 030) | -42.1% | – |
| | | | | | | | | | | |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | – | 230 896 | – | 339 | 89 063 | 134 689 | (45 626) | -33.9% | – |

## 6.2 Grants Expenditure Trends

## The table below outlines the expenditure trend on MIG Grant:

LIM341 Musina - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M07 January

| Month | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | % spend of Original Budget |
| R thousands | | | | | | | | % | |
| Monthly expenditure performance trend | | | | | | | | | |
| July | | 2 726 | | (4 649) | | 2 726 | – | | |
| August | | 2 726 | | (1 092) | | 5 452 | – | | |
| September | | 2 726 | | (2 704) | | 8 178 | – | | |
| October | | 2 726 | | (1 404) | | 10 904 | – | | |
| November | | 2 726 | | (759) | | 13 630 | – | | |
| December | | 2 726 | | (200) | | 16 357 | – | | |
| January | | 2 726 | | (240) | | 19 083 | – | | |
| February | | 2 726 | | | | 21 809 | – | | |
| March | | 2 726 | | | | 24 535 | – | | |
| April | | 2 726 | | | | 27 261 | – | | |
| May | | 2 726 | | | | 29 987 | – | | |
| June | | 2 726 | | | | 32 713 | – | | |
| Total Capital expenditure | – | 32 713 | – | (11 048) | | | | | |

## 6.3 Material Variances

EC102 Blue Crane Route - Supporting Table SC1 Material variance explanations - M07 January

| Ref | Description | Variance | Reasons for material deviations | Remedial or corrective steps/remarks |
|---|---|---|---|---|
| | R thousands | | | |
| 1 | **Revenue By Source** | | | |
| | Service Charges-Electricity revenue | (17 834) | Lower sales due to load shedding | Monitor this line Item and ensure that the income is allocated correctly |
| | Rental of facilities | (320) | Low bookings of municipal facilities | Monitor this line Item and ensure that the income is allocated correctly |
| | Fines,penalties and forfeits | (494) | Low collection | Apply credit control measures |
| | Licencs and permits | (1 364) | Lower registration of vehicles | Monitor this line Item and ensure that the income is allocated correctly |
| | Other Revenue | (20 969) | Awaiting proceeds of sale of stands | Work in progress |
| 2 | **Expenditure By Type** | | | |
| | Employee related cost | (6 743) | Appointment of Vacant posts | Work in progress |
| | Dept Impairment and Depriciation | (38 646) | Asset model not migrated with Finacial system | Actioned at year end |
| | Bulk Electricity | (5 784) | Load shedding effects | Monitor this line Item and ensure that the expenditure is allocated correctly |
| | Contracted Services | (7 545) | Most contracts will appoint during the last quarter | Work in progress |
| 3 | **Capital Expenditure** | | | |
| | Mig Projects | (11 043) | Low spending on projects | Will monitor this item ensure that allocation is spent 100% to avoid applying roll over |
| | Own Funded projects | 759 | Overspent due to increased number of projets | Item adjusted during the adjustment Budget |
| 4 | **Financial Position** | | | |
| | Current assets | 890 494 | The municipality is still working on its improving financial status | Implementation of fundind Plan |
| | Current liabilities | 610 298 | The municipality is still working on its improving financial status | Implementation of fundind Plan |
| | Net assets | 236 724 | The municipality is still working on its improving financial status | Implementation of fundind Plan |
| 5 | **Cash Flow** | | | |
| | Cash/cash equivalents at month end | 8 668 | The municipality is still in financial distress not all creditors are paid in 30 da | Work in progress, monitoring and implementation of funding Plan. |
| 6 | **Measureable performance** | | | |
| | Womens Day celebration | (0) | Budget Constrains | To be realised in the next financial year. |
| | Number of SMME supported | (0) | The Item was reffered back from Council | Resolved that the item be noted in the Council of January 2023 |
| 7 | **Municipal Entities** | , | | |
| | N/A | | N/A | N/A |

| MIG Projects 2022/2023 | Budget | July | August | September | October | November | December | January | February | March | April | May | June |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nancefield phase 6 to 12 paved roads | 68 802.22 | | | | | | | | | | | | |
| Costruction of brigde & culvert from Tshivhongweni to Tshipale village on the road to tshokotshoko | 504 300.25 | - | | | | | | | | | | | |
| Development of Nancefield grave yard | 4 750 877.36 | - | | | 443 395.91 | | | | | | | | |
| Construction of Tshikhudini community hall | 3 350 685.65 | 1 801 724.04 | 932 948.61 | 1 235 251.91 | | 227 408.82 | | | | | | | |
| Rehabilitation of Manyathela Stadium | 4 595 311.03 | 1 845 495.42 | | 370 864.88 | | 374 210.00 | | -67 832.87 | | | | | |
| Nancefield ext 9 & 10 paved roads and stormwater ph | 7 513 613.69 | 777 963.43 | | 938 121.45 | 799 197.04 | | | 153 000.00 | | | | | |
| Shakadza Multi Purpose Centre | 5 487 497.66 | | | | | | | | | | | | |
| Mabvete Community hall | 4 806 262.14 | | | | | | | | | | | | |
| PMU Management fees | 1 635 650.00 | 223 683.20 | 159 492.73 | 159 809.56 | 161 261.54 | 157 323.97 | 200 171.28 | 154 958.36 | | | | | |
| | **32 713 000.00** | **4 648 866.09** | **1 092 441.34** | **2 704 047.80** | **1 403 854.49** | 758 942.79 | 200 171.28 | 240 125.49 | - | - | - | - | - |

## 7. Debtors Management

The age analysis of the outstanding trade debtors as at 31 January 2023 is reflected in the table below.

**LIM341 Musina - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January**

| Description | | Budget Year 2022/23 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | NT Code | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total | Total over 90 days | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
| **Debtors Age Analysis By Income Source** | | | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 1200 | | | | | | | | | – | – | | |
| Trade and Other Receivables from Exchange Transactions - Electricity | 1300 | (1) | 4 794 | 1 624 | 1 098 | 977 | 1 449 | 2 751 | 12 918 | 25 610 | 19 193 | | 19 193 |
| Receivables from Non-exchange Transactions - Property Rates | 1400 | (2) | 1 817 | 1 010 | 866 | 782 | 1 287 | 5 725 | 36 037 | 47 523 | 44 697 | | 44 697 |
| Receivables from Exchange Transactions - Waste Water Management | 1500 | | | | | | | | | – | – | | |
| Receivables from Exchange Transactions - Waste Management | 1600 | (4) | 1 457 | 800 | 616 | 536 | 486 | 1 790 | 8 567 | 14 248 | 11 995 | | 11 995 |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | | | | | | | | | – | – | | |
| Interest on Arrear Debtor Accounts | 1810 | | | | | | | | | – | – | | |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | | | | | | | | | – | – | | |
| Other | 1900 | (4) | 1 946 | 1 186 | 1 148 | 937 | 996 | 4 181 | (8 529) | 1 861 | (1 267) | | (1 267) |
| **Total By Income Source** | **2000** | **(11)** | **10 015** | **4 619** | **3 729** | **3 232** | **4 218** | **14 447** | **48 993** | **89 242** | **74 619** | **–** | **74 619** |
| **2019/20 - totals only** | | | | | | | | | | – | – | | |
| **Debtors Age Analysis By Customer Group** | | | | | | | | | | | | | |
| Organs of State | 2200 | – | 373 | 276 | 295 | 137 | 476 | 1 789 | 8 522 | 11 868 | 11 219 | | 11 219 |
| Commercial | 2300 | (0) | 3 986 | 1 060 | 910 | 1 016 | 1 801 | 4 293 | 203 | 13 270 | 8 223 | | 8 223 |
| Households | 2400 | (11) | 4 394 | 2 619 | 1 897 | 1 660 | 1 547 | 6 328 | 26 173 | 44 606 | 37 605 | | 37 605 |
| Other | 2500 | – | 1 262 | 664 | 626 | 419 | 393 | 2 038 | 14 095 | 19 498 | 17 571 | | 17 571 |
| **Total By Customer Group** | **2600** | **(11)** | **10 015** | **4 619** | **3 729** | **3 232** | **4 218** | **14 447** | **48 993** | **89 242** | **74 619** | **–** | **74 619** |

## 7.2 Disconnection List

| DISCONNECTION LIST JANUARY 2023 | | | |
|---|---|---|---|
| | | | |
| | ELECTRICITY | | ELECTRICITY |
| | MUSINA | MUSINA | NANCEFIELD |
| | | | |
| TOWN | 32 | 1 | 101 |
| EXTENTION 1 | 27 | | 328 |
| EXTENTION 2 | 15 | | 241 |
| EXTENSION 3 | 3 | | 0 |
| EXTENSION 4 | 9 | | 313 |
| EXTENTION 5 | 6 | | 505 |
| EXTENSION 6 | 3 | | 185 |
| EXTENTION 7 | 5 | | 387 |
| EXTENTION 8 | 0 | | 356 |
| EXTENTION 9 | 0 | | 397 |
| EXTENTION 10 | 0 | | 527 |
| EXTENTION 11 | 1 | | 119 |
| EXTENTION 12 | 0 | | 0 |
| EXTENTION 14 | 5 | | 489 |
| MUSINA 4 MT | 0 | | 0 |
| MUSINA EXT 17 | 0 | | 0 |
| VOGELZANG 3 MT | 0 | | 0 |
| BUITEGEBIED | 1 | | 0 |
| | | | |
| DISCONNECTIONS | 107 | 1 | 3948 |
| ARRANGEMENTS | 3 | 0 | 10 |
| | | | |
| | | | |
| TOTAL DISCONNECTED | 22 | 0 | 3200 |
| | | | |
| PAID/RESPONDED | 18 | 0 | 2678 |
| | | | |
| TOTAL NOT DISCONNECTED | 64 | 0 | 738 |
| | | | |
| | | | |
| | | | |
| AMOUNT COLLECTED-TOWN | R 96 341.40 | | R 497 446.36 |
| CREDIT CONTROL COLLECTION | | R 593 787.76 | |

## 8. Creditors Management

The age analysis of the outstanding creditors as at **31 January 2023** was as outlined below:

**LIM341 Musina - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January**

| Description<br>R thousands | NT Code | 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 | |
| **Creditors Age Analysis By Customer Type** | | | | | | | | | | | |
| Bulk Electricity | 0100 | | | | | – | | | | – | |
| Bulk Water | 0200 | | | | | | | | | – | |
| PAYE deductions | 0300 | | | | | | | | | – | |
| VAT (output less input) | 0400 | | | | | | | | | – | |
| Pensions / Retirement deductions | 0500 | | | | | | | | | – | |
| Loan repayments | 0600 | | | | | | | | | – | |
| Trade Creditors | 0700 | 4 642 | 3 737 | 3 129 | 2 277 | 52 170 | | | | **65 955** | |
| Auditor General | 0800 | | | | | | | | | – | |
| Other | 0900 | | | | | | | | | – | |
| **Total By Customer Type** | **1000** | **4 642** | **3 737** | **3 129** | **2 277** | **52 170** | **–** | **–** | **–** | **65 955** | **–** |

## 8.1 EXPENDITURE ANALYSIS

The following table provides a summary of the expenditure trends based on current month of January 2023

**EXPENDITURE ANALYSIS**

**MONTH-END JANUARY 2023**

| DESCRIPTION | AMOUNT |
|---|---|
| ESKOM | 95 740.26 |
| SALARIES | 12 087 477.99 |
| SUNDRY CREDITORS | 45 106.45 |
| TRADE CREDITORS | 1 994 734.83 |
| SARS ( PAYE VAT ) | 2 325 840.97 |
| TELKOM | 50 177.08 |
| BANK CHARGES | 63 135.40 |
| DEBIT ORDERS | 1 791 779.85 |
| PORVERTY ALLIVIATION WORKERS | 368 082.22 |
| LEARNERS LGSETA | 21 560.00 |
| WARD COMMITTEE MEMBERS -STIPENS | 178 500.00 |
| **SUB-TOTAL** | **19 022 135.05** |
| | |
| Electrification of Malale | 154 430.17 |
| Construction of Nancefield phase 6 to 12 paved roads and stormwater | 61 793.52 |
| Construction fo Rhino Ridge park internal street & stormwater infrastructure management | 600 000.00 |
| Construction of bridge and culverts on gravel road Tshivhongweni | 199 751.36 |
| **SUB-TOTAL** | **1 015 975.05** |
| **TOTAL EXPENDITURE** | **20 038 110.10** |

| | |
|---|---|
| VDM | 1 045.84 |
| TELKOM | 50 177.08 |
| ESKOM RIOOLDAMME | 19 657.88 |
| | **70 880.80** |
| | |
| | **20 108 990.90** |

## 8.2 Outstanding Creditors

**OUTSTANDING CREDITORS January 2023**

| SUPPLIER | January |
|---|---|
| ESKOM | 26 961 140.34 |
| DEPARTMENT OF TRANSPORT | 14 718 957.13 |
| CONTRACTED SERVICES | 20 440 049.30 |
| SUPPLIERS | 3 834 993.05 |
| **TOTAL** | **65 955 139.82** |

## 9. Cash Management

The table below provides a breakdown of the cash and cash equivalents at end of 31 January 2023.

**MUSINA LOCAL MUNICIPALITY**

**MONTHLY REPORT**

**DEPARTMENT OF THE CHIEF FINANCIAL OFFICER**

**BANK RECONCILIATION AS 31 JANUARY 2023**

| | | | |
|---|---|---|---|
| | BALANCE AS ON 31 DECEMBER 2022 | | 4 024 664.85 |
| LESS: | EXPENDITURE | 20 038 110.04 | |
| | RETURNED CHEQUE | - | |
| | DAY CALL | - | |
| | TOTAL EXPENDITURE | 20 038 110.04 | |
| PLUS: | INCOME | 24 681 895.72 | |
| | INCOME NOT RECEIPTED | | |
| | CANCELLED STALE CHEQUES | | |
| | DAY CALL | - | |
| | TOTAL REVENUE | 24 681 895.72 | |
| | BALANCE AS ON 31 JANUARY 2023 | | 8 668 450.53 |

| | | |
|---|---|---|
| | BALANCE AS PER BANK STATEMENT | 8 668 450.53 |
| LESS: | OUTSTANDING CHEQUE | - |
| | | 8 668 450.53 |

interest 10.50%

| | |
|---|---|
| TRAFFIC | 190 539.15 |
| BALANCE AS ON 31 JANUARY 2023 | 8 858 989.68 |

The municipality closed the financial month of January with a positive bank balance.

## 10. Recommendations

It is recommended that the Finance Committee consider and approves the report.