

ENOCH MGIJIMA LOCAL MUNICIPALITY



ENOCH MGIJIMA
LOCAL MUNICIPALITY

Mid -Year Budget Assessment Report

25TH JANUARY 2024

Compliant with Section 72 of the Municipal Finance Management Act No.
56 of 2003

AND

SCHEDULE C

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Report to the Executive Mayor

In accordance with Section 72(1) of the Municipal Finance Management Act, I submit the required assessment on the state of Enoch Mgijima Local Municipality's budget reflecting the implementation of the 2023/24 budget up until the end of December 2023.

Section 54(1) of the MFMA requires that the Mayor of the municipality take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

I have included recommendations in this report as to what actions would be appropriate based on the latest available information.



MRS E. MBELE - TYALI
ACTING CHIEF FINANCIAL OFFICER
14 January, 2024



MRS A. NTENGENYANE
MUNICIPAL MANAGER
14 January, 2024

Introduction

In terms of **section 72** of the Local Government: Municipal Finance Management Act (Act No. 56 of 2003) the accounting officer of a municipality must by the 25 January of each year –

- a. assess the performance of the municipality during the first half of the financial year.
- b. submit a report on such assessment to –
 - i. the Mayor of the municipality
 - ii. the National Treasury; and
 - iii. the relevant Provincial Treasury

IDP Objective

Improve internal controls for clean administration purposes by continuous implementation of policies and legislation

Budget monitoring perspective

The mid – year budget assessment report; aims at providing a detailed evaluation and assessment of the 2023/24 budget as at 31 December 2023. It focuses on budget performance over the past six months and how the municipality's finances have been managed. The consolidated performance assessment is a high level overview of the municipality's financial viability and sustainability.

This report is a summary of the main budget issues arising from the budget monitoring process over the past six months. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

Section 54 of the MFMA requires the Mayor to consider the Section 72 report and take appropriate action to ensure that the approved budget is implemented in accordance with the SDBIP.

PART 1

MID YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

1. **Executive Summary**

Table C1: Monthly Budget Statement Summary – Mid Year Assessment

For the first six months ending December 2023, the total revenue collected was R575.1 million. This includes R317.1 million billed revenue from services and rates. The year-to-date budgeted revenue amounts to R532.8 million which reflects an 8.0% positive collection rate of billed revenue. The positive collection rate in the first half of the year was due to the full R151.1 that was fully billed in August. Property rates are billed once a year in August as per the property rates act. Rate payers are given the option to arrange for monthly payments within the financial year. The first half yearly performance also includes collection of the two tranches of the equitable share from National Treasury in July and December 2023.

Operating expenditure for the first six months of the year amounted to R507.9 million. The year-to-date budgeted expenditure amounted to R472.9 million. This reflects an over expenditure of R35.0 million or 7.4% of the six months' target. The reason for the high operating expenditure was due to the high Eskom electricity bulk purchases which shows an over expenditure of R37.6 million for the first six months of the year. Employee related costs budget was under - spent by R15.6 million because of the increments that were not yet paid. Interest on Eskom debt was R45.2 million in the half of the year against a full year budget of R52.2 million. The projected amount for this type of expenditure will reach R90.0 million unless the municipality pays it monthly Eskom bills for the next six months. Depreciation and amortisation expenditure is calculated only at year end.

The forecasted operating expenditure for the year will rise to R1.14 billion. Operating expenditure could also rise to R1.24 billion, if Eskom bulk purchases account is not paid monthly in the second half of the year ending June 2024. Growth on the Eskom debt is increasing exponentially each month. Employee related costs and the Eskom bulk purchases are the two main costs drivers of the operating expenditure in the first half of the 2023/24 financial year.

It is projected that the total operating expenditure targets will be under tremendous pressure, unless revenue collection targets can be improved

in the second half of the financial year through the implementation of the turnaround plan and the revenue enhancement strategy.

Capital expenditure for the first six months amounts to R96.3 million (30% spent) which shows an favourable deviation of 64% against the SDBIP figure of R58.7 million. Expenditure on the Municipal Infrastructure Grant (MIG) is more than the 40.0% spending threshold and could assist in National Treasury not stopping portion of the grant. The regular sitting of the Bid committees was one of the contributing factors for the favourable expenditure of the capital projects for the first six months of the year under review.

Capital expenditure is projected to amount to be fully spent by 30 June 2024 as indicated by the various departments from the first six months of the 2023/2 financial year. From a financial point of view, it is unlikely that there will be unspent grant by 30th June 2024, based on the six months performance trends.

It must be noted that the capital budget is fully grant dependant except for R1.0 million own funded budget for tools of trade. The municipality plans to implement the budget funding plan that will result in the municipality funding some capital projects in 3 years time.

[Please refer to table C1 on page 35]

Mid Year Assessment_Table C2: **Monthly Financial Performance by**

Vote

Table C2 measures the actual performance against the year to date SDBIP figures per municipal vote for revenue and expenditure. Executive & Council shows a positive deviation because the bulk of the equitable share is receipted in that department.

Trading Services: Electricity trading services vote is trading at a deficit by R109.1 million due to the many repairs and maintenance that was carried in the 1st six months of the year and the high electricity bulk purchases in the winter months. Waste management vote on the other hand is trading at a surplus by R123.6 million. There is a cross subsidisation in the trading services whereby the waste management service is cross subsidizing the electricity function. This situation needs to be corrected.

[Refer to table C2 on page 36].

Table C4: Monthly Financial Performance by Revenue Source and Expenditure Type.

This table provides the actual performance details for revenue by source and expenditure by type. For the purpose of reporting, Table C4 will be used to provide explanations on deviations. Reasons for the full year forecasted deviations will only be provided in cases where the percentages differ with more than 10% of the original budgeted figures and can be viewed in Supporting Table SC1.

All revenue sources have recorded favourable deviations from the approved SDBIP except for electricity services and fines, interest on. This has implications for an adjustment budget as some of the sources of revenue that were not achieved will have to be revised downwards or steps taken to increase revenue from these sources in the second half of the year. Revenue from Vehicle Registration (Agency function) is mapped from an incorrect vote and will be corrected in the adjustment budget.

Revenue from Fines and other incomes will be cut significantly as a result of the decreased collection achieved in the first half of the year in respect of fines on illegal connections, while revenue from 'other income' will be reduced as per the midyear budget performance

Employee related Costs will be reduced if the proposed increase will not be paid in the 2023/24 financial year. Councillor Remuneration showed an over expenditure of 11.0% as a result of the upper limit corrections that was implemented in December 2023. An increase of R1.28 million will be effected in the adjustment budget to bring the budget in line with the expected expenditure at end of June 2024. All other expenditure types will have to be controlled in order to avoid an unauthorised Expenditure at year end.

The budget for the following expenditure types will be increased in the adjustment budget:

- Bulk Electricity purchases
- Debt impairment
- Depreciation and amortisation and
- Interest on Eskom debts

Expenditure on contracted services will be cut based on the expenditure for the first six months of the year.

The Budget and Treasury Office is in the process of calculating monthly depreciation and debt impairment in the monthly budget schedule C Statements.

Table C5: Monthly Capital Expenditure by Vote

Table C5 indicates the actual performance details on capital expenditure for all votes, whilst the 30 June 2024 forecasted figures are reflected in the last column.

Capital expenditure for the first six months amounts to R96.3 million which is above the planned figure of R58.7 million and reflects favourable deviation of 64%. This is an indication that planning and actual execution of projects are not in agreement.

The full year forecasted capital expenditure amount will be in line with the budgeted Capital projects for the year. The municipality is determined to fully spend its Capital Budget by the end of June 2024.

Summary 2: Capital Expenditures by Directorate DECEMBER 2023

2022/23 By Directorate	Original Budget (R000)	Revised Budget (R000)	Planned YTD (SDBIP) (R000)	Actual YTD (R000)	Variance (R000)	Variance (%)
Community Services	11 500	11 500	4 600	11 819	7 219	157%
Budget & Treasury Office	1 000	1 000	600	171	-429	0%
Human Settlements	2 000	2 000	2 000	3 385	1 385	1
IPED	47 000	47 000	20 000	23 056	3 056	
Technical Services	55 909	55 909	21 959	57 852	35 893	163%
TOTAL	117 409	117 409	49 159	96 284	47 125	96%

Table C6: Monthly Budget Statement Financial Position

In general, the community wealth of the municipality is projected to amount to R631.0 million. Total liabilities amount to R1.3 billion, whilst total assets amount to R2.1 billion leaving the municipality with a net asset balance of R800 million. The municipality has a dis - proportionate current asset to current liability ratio with total current assets totalling R816.5 million whilst total current liabilities amounts to R1.9 billion with payables from exchange transactions amounting to R1.3 billion in this figure. About 98% of the municipality's Creditors represents Eskom arrear accounts. The municipality intends increasing its revenue from electricity sells and collecting consumer debts so as to pay off its Eskom accounts.

The municipality is also implementing the Eskom debt relief programme as per circular 124 from National treasury. The current financial position as contained in the C6 is currently one of a municipality in a financial distress with a current ratio of 0.43 down from 0.52 in the previous year.

CASH FLOW STATEMENT AS AT 31ST DECEMBER 2023

	R	R
Opening balance (Cash & Cash equivalence) 1 ST July 2023		6 813 360
Income		
Income earned from Services:	144 992 484	
Rates	44 356 027	
Grant &Subsidies	175 192 000	
Other income	12 552 754	
Total Income received		377 093 265
Expenditure		
Employee related Costs	(164 337 860)	
Councillors remuneration	(13 911 649)	
Eskom Bulk Purchases Paid	(75 857 557)	
Other expenditure	(89 974 968)	
Total Expenditure		(332 943 734)
Closing balance (cash &cash equivalentents) 31st December 2023		39 824 591

CONSOLIDATED BUDGET PERFORMANCE: JULY TO DECEMBER 2023

Summary 1.2 Consolidated Performance		DECEMBER 2023	
R'000	Capital Expenditure (R000)	Operating Income (1) (R000)	Operating Exp. (1) (R000)
Annual Budget	117 409	808 831	804 667
Plan to Date (SDBIP)	49 159	449 897	402 333
Actual to Date	96 284	383 605	360 614
Variance to SDBIP	47 125	-66 292	-41 719
% of SDBIP Variance YTD Plan	96%	-15%	-10%
% of annual budget	82%	47%	45%
Projection for the financial year	164 534	742 538	762 947

The consolidated performance table shown above shows cash transactions in respect of revenue collection, operating expenditure and capital expenditure. It is important for management to know its cash collection relative to its expenditure on cash basis. It should be noted Capital expenditure, operating expenditure and Revenue collection are far below the approved SDBIP and will have to be improved in the second half of the year,

JULY TO DECEMBER 2023

MONTHLY CASH FLOW PROJECTIONS VS ACTUALS												
	Monthly Budget July 2023	Actual Outcome July 2023	Monthly Budget August 2023	Actual Outcome August 2023	Monthly Budget September 2023	Actual Outcome September 2023	Monthly Budget October 2023	Actual Outcome October 2023	Monthly Budget November 2023	Actual Outcome November 2023	Monthly Budget December 2023	Actual Outcome December 2023
Revenue By Source												
Property rates	12 624 299	5 474 303	12 624 299	7 319 439	12 624 299	6 527 575	12 624 299	6 323 349	12 624 299	11 789 603	12 624 299	6 921 758
Service charges - electricity revenue	22 659 677	29 722 430	30 681 917	20 396 596	36 874 212	19 297 554	28 402 675	21 460 559	32 614 442	24 975 374	32 858 577	20 003 450
Service charges - refuse revenue	6 322 101	1 373 197	6 333 794	1 569 305	6 069 367	1 469 793	6 331 619	1 720 757	6 070 120	1 699 638	10 132 421	1 303 831
Rental of facilities and equipment	396 583	323 954	396 583	323 954	396 583	323 954	396 583	323 954	396 583	323 954	396 583	247 810
Interest earned - external investm	399 500	5 644	399 500	5 644	399 500	5 644	399 500	5 644	399 500	5 644	399 500	483 002
Interest earned - outstanding debt	392 083	188 362	392 083	187 455	392 083	189 208	392 083	217 107	392 083	319 728	392 083	195 681
Fines, penalties and forfeits	472 250	205 172	472 250	205 173	472 250	205 172	472 250	205 172	472 250	205 172	472 250	83 732
Licences and permits	307 917	308 490	307 917	308 490	307 917	308 490	307 917	308 490	307 917	308 490	307 917	221 517
Agency services	381 833	641 188	381 833	651 878	381 833	651 878	381 833	651 878	381 833	651 878	381 833	540 698
Transfers and subsidies	98 552 000	98 552 000	0	0	0	0	0	0	0	0	0	76 640 000
Other revenue	787 000	377 985	787 000	377 985	787 000	377 985	787 000	377 985	787 000	377 985	787 000	323 548
Sale of land (PPE)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	143 295 243	137 172 725	52 777 176	31 345 919	58 705 044	29 357 253	50 495 759	31 594 895	54 446 027	40 657 466	58 752 463	106 965 027
Expenditure By Type												
Employee related costs	30 317 815	27 100 597	30 317 815	28 928 285	30 317 815	27 120 181	30 317 815	26 788 305	30 317 815	26 758 099	30 317 815	27 642 393
Remuneration of councillors	2 212 024	2 047 793	2 212 024	2 047 793	2 212 024	2 077 032	2 212 024	2 077 032	2 212 024	2 174 145	2 212 024	3 487 854
Finance charges	4 349 614	8 688 691	4 349 614	10 110 057	4 349 614	4 171 302	4 349 614	19 923 762	4 349 614	4 349 614	4 349 614	2 330 536
Bulk purchases	26 495 436	41 855 550	26 495 436	47 886 714	26 495 436	0	26 495 436	77 115 483	26 495 436	26 495 436	26 495 436	51 178 237
Other materials	830 679	179 490	830 679	941 244	830 679	1 746 533	830 679	1 103 377	830 679	1 273 006	830 679	249 725
Contracted services	4 034 738	3 549 036	4 034 738	10 759 477	4 034 738	6 256 879	4 034 738	8 220 990	4 034 738	4 485 046	4 034 738	9 960 010
Transfers and subsidies	183 333	1 728	183 333	25 000	183 333	385 719	183 333	0	183 333	275 725	183 333	134 666
Other expenditure	4 819 116	2 011 188	4 819 116	2 059 104	4 819 116	7 984 079	4 819 116	2 894 638	4 819 116	3 458 644	4 819 116	8 550 827
TOTAL OPERATIONAL EXPENDITURE	73 242 755	85 434 073	73 242 755	102 757 675	73 242 755	49 741 726	73 242 755	138 123 586	73 242 755	38 424 664	73 242 755	103 534 248
SURPLUS/(DEFICIT)	70 052 488	51 738 652	-20 465 579	-71 411 756	-14 537 711	-20 384 473	-22 746 996	-106 528 691	-18 796 728	2 232 802	-14 490 292	3 430 779

The above table shows the Revenue projections vs the actual cash collections for the 1st six months of the year. The municipality recorded negative cash flows in 4 of the 6 months in the 1st six months of the 2023/24 financial year. The only months in which surpluses was recorded were in July and December when the equitable share was received.

The low revenue collection over first six months of the year has affected service delivery as projects and service delivery programmes could not be executed. The municipality needs to step up its revenue generation and collection targets if the SDBIPs as approved by council will be achieved by the end of the financial year in June 2024.

Comparison of Half-yearly Revenue Collections

The comparative collection levels for the first 6 months of the financial year over the past 8 years are as follows:

Financial Year	Original Budget	Cash Budget	Receipts (31 st December)	% Collection Rate
2016/2017	787 559 230	658 370 775	325 348 420	49%
2017/2018	666 453 213	584 237 240	293 513 415	50%
2018/2019	663 964 115	605 107 285	295 429 415	49%
2019/2020	672 953 577	547 670 375	324 150 308	59%
2020/2021	775 704 200	622 343 316	352 373 242	57%
2021/2022	878 708564	707 270 530	331 614 945	47%
2022/2023	816 631 240	707118 915	297 794 635	42%
2023/2024	979 566 233	808 831 215	383 605 443	47%

Revenue collected has increased by 2% as compared to 2022/23 financial year at this stage of the year. However, detailed analysis on revenue sources have revealed decline in the major revenue sources such as refuse collection, electricity and property rates. Revenue collection by source is shown below.

Section 71 of the MFMA stipulates that revenue be shown by source

Summary 3: Operating Cash Income by Source

Source	Original Cash Budget (R000)	Revised Cash Budget (R000)	Planned YTD (SDBIP) (R000)	DECEMBER 2023		
				Actual YTD (R000)	Variance (R000)	Variance (%)
Property Rates	126 342	126 342	61 051	44 356	-16 695	-27
Electricity Tariffs	338 924	338 924	165 009	135 840	-29 169	-18
Refuse Tariffs	31 970	31 970	16 560	9 137	-7 423	-45
Equitable Share Grant	229 921	229 921	175 192	175 192	0	0
Interest & Investments	4 794	4 794	2 397	3 090	693	29
Rentals	4 759	4 759	2 261	1 868	-394	-17
Interest from Debtors	4 705	4 705	2 194	1 298	-897	-41
Fines	5 667	5 667	2 833	1 110	-1 724	-61
Licenses & Permits	3 695	3 695	1 848	2164	316	17
Agency Income	4 582	4 582	2 291	3 684	1 393	61
Other	9 472	9 472	4 736	2 161	-2 575	-54
Sale of PPE	27 000	27 000	0	-	-	0
Conditional Grant Funding Released	16 999	16 999	13 525	3708	-9 817	-73
TOTAL	808 831	808 831	449 897	383 605	-66 292	-15

ADJUSTMENT BUDGET CONSIDERATIONS

The adjustment budget will be based on the budget performance of the first half of the year. Management and councilors will team up to address all impediments that hamper revenue collection in all revenue streams. Installation of smart Electricity meters will assist the municipality to increase revenue collection.

The adjustment budget will take into account the actual revenue collection potential over the past six months. In addition to the revise revenue outlook, expenditure on non – essential items need to be curbed.

1. An accurate salary Budget will be done to determine the correct figure for employee related cost, taking into account the SALGA collective wage agreement of 5.4% that was not implemented in the first six months of the year.
2. Councilors' upper limit has been paid and have to be considered in the adjustment budget with a budget increase of R1.28 million
3. Provision for Bad debt has been re – calculated and shows an increased debt impairment largely due to the growth in our debtors figure over the past six months as reflected in the 2023 Audited Annual Financial Statement
4. Depreciation is as per the 2023 AFS and the Fixed Asset Register.
5. Payment arrangements that have been prepared between the municipality and the major creditors will be budgeted for in the adjustment budget and paid in the second half of the year.
6. Bulk Electricity Purchases is under budgeted and will have to be adjusted upwards in the adjustment budget.
7. Cutting the budget is not always the only viable option in order to have a funded budget since the municipality has overspent its budget in the last three years when the budget was adjusted downwards. To remain viable, the municipality must commit itself to rather increase revenue to meet the shortfall in the budget instead of cutting the expenditure budget. This and other budget adjustment issues will be discussed before the conclusion of the 2023/24 adjustment budget.
8. Below are the Revenue and Expenditure budget adjustment proposals which will be discussed by management before concluding the 2023/24 adjustment budget to Council in February.

REVENUE BUDGET ADJUSTMENT BUDGET PROPOSALS

REVENUE BUDGET				
REVENUE SOURCES	2023/24 BUDGET	2023/24 PROPOSED ADJUSTMENT BUDGET	Increase / (Decrease)	Remarks
Property rates	151 491 633	151 491 633	0	Remains same
Service charges - electricity revenue	368 182 651	245 481 032	-122 701 619	Decrease based on mid - year performance
Service charges - refuse revenue	82 520 604	86 989 280	4 468 676	Increase based on mid - year performance
Rental of facilities and equipment	4 758 570	4 758 570	0	Remains same
Interest earned - external investments	4 794 400	5 345 119	550 719	Increase based on mid - year performance
Interest earned - outstanding debtors	57 295 205	94 882 678	37 587 473	Increase based on mid - year performance
Fines, penalties and forfeits	5 666 683	2 219 184	-3 447 499	Decrease based on mid - year performance
Licences and permits	3 695 300	4 327 936	632 636	Increase based on mid - year performance
Agency services	4 582 200	5 789 398	1 207 198	Increase based on mid - year performance
Transfers and Subsidies	256 965 900	256 965 900	0	Remains same
Other revenue	12 613 300	4 426 946	-8 186 354	Decrease based on mid - year performance
Sale of land	27 000 000	27 000 000	0	Remains same
TOTAL	979 566 446	889 677 676	-89 888 770	

EXPENDITURE BUDGET ADJUSTMENT PROPOSALS

EXPENDITURE BUDGET				
EXPENDITURE TYPE	2023/24 BUDGET	2023/24 PROPOSED ADJUSTMENT BUDGET	Increase /(Decrease)	Remarks
Employee related costs	363 813 775	363 813 775	0	Remains same
Remuneration of councillors	26 544 292	27 824 292	1 280 000	Increase based on the councillors upper limit
Debt impairment	50 570 443	100 299 600	49 729 157	Increased based on the 2023 Annual Financial Statement
Depreciation & asset impairment	53 678 008	54 678 008	1 000 000	Increased based on the 2023 Annual Financial Statement
Finance charges	52 195 367	90 466 378	38 271 011	Increase based on mid - year performance report
Bulk purchases	312 847 972	395 758 685	82 910 713	Increase based on mid - year performance report
Other materials	11 458 300	11 458 300	0	Remains same
Contracted services	44 856 858	46 856 858	2 000 000	Increase based on mid - year performance
Transfers and subsidies	2 200 000	2 200 000	0	Remains same
Other expenditure	60 379 243	57 829 393	-2 549 850	Decrease based on re - allocations
TOTAL	978 544 258	1 151 185 289	172 641 031	

PART 2

MID YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT- SUPPORTING DOCUMENTATIONS

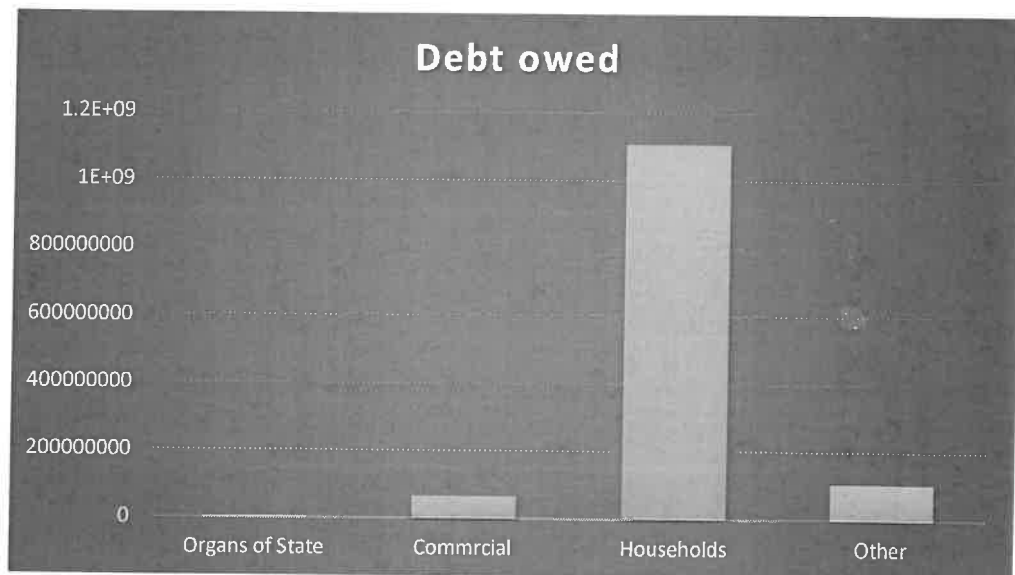
1. Debtors analysis

Supporting Table SC3 provides a breakdown of the consumer debtors. The outstanding debtors at the end of December 2023 amounts to R1.3 billion. The total debtors figure as at 31st December 2016 was R552.2 million, this shows an increase of about R734.7 million in 7 years. A Debt collection company that was appointed to cleanse the municipality's debtor's book and to collect debts that are collectable could not produce a credible report. The municipality is exploring other ways to do this by using the OVIO.

Households account for 86% of the debts owed to the municipality, Businesses collectively owe 5% of the total debt and Government departments accounted for 0.4% of the total debt

The debtor analysis is graphically presented in:

Chart 3 – Debtor analysis as at 31/12/2023



2. Creditors analysis

Supporting Table SC4 provides details on aged creditors. Not all creditors are paid within 30 days. The reasons for this are that invoices are not received on time, but more importantly because of financial constraints.

For the month of December 2023, creditors to the amount of R28.9 million were outstanding beyond 30 days, while the total creditors as per the Age Creditors analysis amounted to R1.322 billion. About 99% of this amount represents Eskom Bulk purchases account. The municipality has now started paying the

monthly Eskom accounts. This will help reduce the creditors amount by year end and in particular the Eskom bill.

3. Investment portfolio analysis

Supporting Table SC5 display the Council's Investment Portfolio and indicates that R61.4 million is invested at the end of December 2023 in short term deposit .It must be noted that this amount includes all balances held in the municipality's accounts including conditional grants.

4. Allocation and grant receipts and expenditure

Supporting Tables SC6 and SC7 (1) provide detail of grants separately as income and expenditure, as far as revenue is recognized and expenditure is appropriated. Grants and subsidies to the amount of R188.1 million were received during the first half of the financial year whilst capital expenditure to the amount of R95.7 million was made for the first six months. It is forecasted that all grants as gazette for the 2023/2024 financial year will be received and spent by 30 June 2024.

As at 31 December 2024, expenditure on MIG projects was R30.9 million (vat inclusive) and represents 48% of the MIG budget. There was no allocations for the INEP grant for the 2023/24

5. Councillor allowances and employee benefits

Supporting Table SC8 provides the detail for Councillor and employee benefits paid.

Councillor remuneration shows over expenditure of 11% when compared to expected remuneration by December 2023. Councillors' upper limit was paid in December 2023 with a back pay from July 2023. This was not budgeted in the original 2023/24 adopted budget in May 2023, and will be corrected in the adjustment budget so as to keep any variance by 30th of June 2024 to zero percent.

Employee related costs paid for the first six months ending 31 December 2023 amounts to R164.3 million, which is 45.2% of the budgeted amount. The municipality budgeted for the SALGA approved 5.4% increase in salaries in the 2023/24 adopted budget in May 2023. An adjusted budget will be required on employee related costs to take off the SALGA 5.4% increase in salaries as budgeted in May 2023 as this will not be implemented in the 2023/24 financial year.

6. **Material variances to the service delivery and budget implementation plan**

Supporting Table SC9 provides details of monthly cash flow performance and targets for the rest of the year showing receipts by source and payments by type per month.

The budgeted cash receipts by source amounts to R808.8 million and for operating cash payments by type to R804.7 million which resulted in a projected net increase in cash of R4.1 million by June 2024.

The implementation of the operating budget against the service delivery targets are however falling behind as the projected receipts lag behind total payments in some months. As at 31 December, actual receipts amounted to R383.6 million while cash payments amounted to R360.6 million reflecting a deficit of R23.0 million. **The cash surplus has assisted the municipality in paying Eskom accounts in October and November 2023. This were in addition to the R30 million paid to Eskom in July 2023.**

Monthly cash receipts show that all sources of revenue except Property rates, interest on Investment, Fines and Agency fees are below the monthly SDBIP targets. Revenue sources such as Service charges – Refuse and Electricity, Licences and permits and Rentals are consistently below the monthly targets. These monthly targets will need to be revised downwards in an adjustment budget.

7. Capital programme performance

Supporting Table SC12 provides information on the actual monthly capital expenditure against the SDBIP targets for the first half of the financial year.

The expenditure on capital projects is above the approved SDBIP. This shows that departmental expenditure performance is in line with SDBIP targets for the period ending 31st December 2023.

Early indications are that all grants will be spent by June 2024 and there will be no unspent grant from the 2023/24 financial year, based on the mid – year performance assessment.

The Budget for the Department of Transport was R5.0 million. This will be revised with the correct budget allocation from the department to the municipality to reflect the expenditure for the year.

Supporting Tables SC13a, SC13b and SC13e provide details of capital expenditure by asset classification for both new and replacement of assets separately, whilst supporting Table SC13c measures the extent to which Council's assets are maintained in the operating budget.

The year-to-date expenditure on new assets is reflected in table SC13a and amounts to R7.6 million compared to the year-to-date planned budget of R2.8 million. This is a negative deviation of R4.8 million.

In table SC13e, the year-to-date expenditure on replacement of assets amounts to R78.2 million against the year-to-date planned budget of R45.1million. This amounts to R33.1 million over spending. The reason for the over expenditure was due to the incorrect budget provision for the department of Transport grant. This will be corrected in the adjustment budget in February 2024.

The year-to-date actual expenditure on repairs and maintenance amounts to R22.4 million against the planned figure of R19.6 million. This indicates over expenditure on repairs and maintenance. Repairs and maintenance on electricity infrastructure is the main contributor to the over expenditure

8. Performance indicators

The municipality's assessment as a going concern is based on the following ratios. Most of the ratios calculated and analysed below indicate that the municipality is not financially sustainable. However, the municipality has plans in place to remedy the situation and to achieve financial sustainability in three years' time.

1. Net Debtors Days

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality to receive payment from its consumers for bills/invoices issued to them for services.

The ratio excludes balances for Debtors, which the municipality or municipal entity has assessed as potentially irrecoverable.

The norm is **30 Days**

Description	Year			
	2019/20	2020/21	2021/22	2022/23
Gross Debtos - Provision for Bad debt	629 374 898	677 140 143	781 735 721	1 238 543 134
Actual Billed Revenue	416 726 462	432 662 416	465 422 529	441 451 821
Ratio	551,00	571,00	613,00	1024,00

The table above is reflecting an consistent trend in the number of debtor's collection period. It has been increasing from 2019/20 to the current year 2022/23. The ratio has increased from 551 days in 219/20 to 1024 days in 2022/23. The 2022/23 figure reflects significant increase of the debtors collection days as it is far above the treasury norm of 30 days.

The ratios for the past four years are above the required norm of 30 days in all the financial years; this confirms that the municipality will be exposed to significant cash flow risk in the near future if it does not improve its processes of debtor's collection.

2. Cash /Cost Coverage Ratio (Excluding Unspent Conditional Grants)

The ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month.

The norm ranges between: **1 month to 3 months**

Description	Year			
	2019/20	2020/21	2021/22	2022/23
[(Cash and cash equivalents - unspent Grants - Bank Overdraft) + Short term investment]	2 228 481	3 959 716	4 305 493	26 788 328
Monthly operating Expenditure excluding (depreciations, Provision for bad debt, impairment and Loss on Disposal	59 457 024	60 865 780	67 637 719	79 148 807
Ratio	0,04	0,07	0,06	0,34

The cash coverage ratio reflects a persistent poor result from 2019/20 to 2021/22 financial years respectively which is far below the acceptable norm in the financial years under review. There has been a slight improvement in 2022/23, but this is still below the treasury norm of 1 to 3 months.

This indicates that the municipality will be vulnerable and at high risk in the event of financial shock; it is also indicating that the municipality will be unable to pay its monthly fixed expenses with cash available (cash and cash equivalents plus short term investments excluding unspent conditional grants) without collecting any additional revenue, during the next financial period

3. Debt Coverage Ratio

The ratio indicates the extent of Total Borrowings in relation to Total Operating Revenue. It indicates short and long term debt financing relative to operating revenue of the municipality.

The norm is **45%**

Description	Year			
	2019/20	2020/21	2021/22	2022/32
Total Borrowing (Overdraft +Current finance lease obligation+ non - finance lease obligation + short term borrowings + long term borrowings)	0	0	0	74 330
Total Operating Revenue	721 680 451	772 182 244	718 294 950	939 903 558
Ratio	0%	0	0%	0008%

The table above reflects a standing trend of zero percent from the 2019/20 financial year to 2021/22 financial year. The municipality contracted a finance lease in 2022/23 totaling R74 330 for the next 3 years.

The municipality is below 45% norm which is reflecting that the municipality still has a capacity to take increase funding from borrowing however this is not feasible in the case of Enoch Mgijima due to the cash flow problems that are also reflected by the Cash /Cost Coverage Ratio results.

4. Current Ratio

The ratio is used to assess the Municipality's ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables).

The treasury norm ranges between: **1.5:1 to 2:1** for municipalities.

The table below shows a declining trend from 0.36 in 2019/20 to 0.17 in 2021/22 financial year and the trend is constantly below the acceptable norm. This is a worrying trend for the municipality and calls for urgent action by the municipality's management.

The ratio result is indicating that the municipality will be unable to pay all its current / short term obligations as they fall due. This is an indication of serious financial distress in the municipality

Description	Year			
	2019/20	2020/21	2021/22	2022/23
Current Assets	230 796 014	124 077 876	171 752 621	236 060 792
Current Liabilities	633 395 457	713 358 381	1 027 444 604	1 277 306 425
Ratio	0,36	0,17	0,17	0,18

5. Asset management to Capital Expenditure Ratio

This ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritisation of expenditure towards current operations versus future capacity in terms of Municipal Services.

The norm ranges between: **10% and 20%**

Description	Year			
	2019/20	2020/21	2021/22	2022/23
Capital Expenditure	49 870 282	68 686 757	137 202 461	137 890 325
Total Expenditure	988 100 742	914 976 728	1 114 472 337	1 296 860 572
Ratio	5%	8%	12,30%	10,60%

The table above shows a trend on capital expenditure ratio of 5% and 8% from 2019/20 financial year to 2020/21 financial year respectively. The ratio has improved slightly to 12.3% in 2021/22 and decreased to 10.6% in 2022/23 but is within the treasury range of 10% to 20%.

The ratio reflects an improving but inconsistent trend each year and reflects lower spending on infrastructure assets by the municipality and holds potential risk to service delivery. The municipality plans to increase its Revenue base so as to be able to budget for own funded capital projects from 2026/27 financial year.

6. Creditors payment period

This ratio indicates the average number of days taken for Trade Creditors to be paid.

The norm is **30 days**

Description	Year			
	2019/20	2020/21	2021/22	2022/23
Trade Creditors	455 861 464	637 722 309	908 748 636	1 209 413 787
Contracted Services	27 196 904	21 247 015	27 907 289	45 375 196
Repairs and Maintenance	5 607 216	4 801 836	9 804 450	30 661 134
General Expenditure	56 200 072	43 673 361	42 671 007	95 482 478
Bulk Purchases	247 520 602	277 911 140	327 270 906	311 219 146
Capital credit Purchases	49 870 282	68 686 757	137 202 461	137 890 325
Ratio	431	559	609	711

As per the table above, the municipality's creditors' payment period reflects an increasing trend from 431 days in 2019/20 financial year, 559 days in 2020/21, 609 days in 2021/22 and 711 days in the 2022/23 financial year. This is a worrying trend which the municipality plans to change. The biggest creditor that hardly get paid is Eskom which accounts for about 98% of the municipality's total payables as at June 2023. This ratio is set to continue rising until the municipality starts to service its current Eskom accounts.

7. Remuneration (Employee Related Costs & Councillors Remuneration) as a percentage of Total Operating Expenditure

The ratio measures the extent of Remuneration to Total Operating Expenditure.

The norm ranges between **25% and 40%**.

Description	Year			
	2019/20	2020/21	2021/22	2022/23
Remuneration [Employee + Councillors]	344 979 060	356 131 178	344 310 948	368 721 824
Total Operating Expenditure	988 100 752	914 976 728	1 114 472 337	1 158 970 247
Ratio	35%	39%	30.9%	31,8

The table above shows a fluctuating trend of 35%, 39% and 31% in the three preceding years respectively and a much lower ratio in 2022/23 which are all within the acceptable treasury norm.

Summary of the municipality's historical performance

The analyses of the ratios above are good indicators of what has transpired in the last 4 years and painted a very dim picture of the future sustainability of the municipality. The results of the ratios calculated are summarised below:

1. The current ratio is less than one, indicating that the municipality does not have the sufficient cash on hand to meet its short-term obligations.
2. The debtors' impairment provision as a percentage of accounts receivable is very high indicating that a large portion of the accounts receivable may not be realised.

3. The creditors as a percentage of cash and cash equivalents is exceptionally high, indicating the inability to pay creditors. Creditors payment period in days is far more than the acceptable norm (MFMA sec 65 (e)).
4. The financial statements for the past 4 years indicate negative operating cash deficit.
5. The municipality appears to be highly solvent, however, based on the current ratio, the municipality is not liquid to enable it to meet its short term liabilities. It may, however, be able to meet its long-term liabilities.
6. The municipality is left with a deficit after all its expenses have been deducted from revenue.
7. The municipality has had recurring operating deficits in the past years evident from the deficit in the prior years audited AFS and in the current year.

The Enoch Mgijima Local Municipality's Annual Financial Statements are however prepared on a going concern basis despite the presence of some material uncertainties highlighted in the short term.

Management's assumption is that the municipality will continue to exist as a going concern and to exist in the foreseeable future unless de – established or merged into a new entity by the Municipal Demarcation Board and the Cooperative governance and traditional affairs.

The municipality is aware of the following financial challenges which threaten its financial viability and as a going concern: - Operating at a deficit as reported in the Financial Performance at year end - The municipality's inability to pay its major creditors over the past 12 months - Longer debtors payment period - Increase in Eskom debt, and - The growing debtors figures and increase in debt impairment that has to be written off at year end.

The municipality has the following plans in place in order to turn the financial situation around:

- i. Data cleansing project: A service Provider has been appointed to do a data purification exercise to cleanse the municipality's R1.2 billion debtors' figure. When completed, debts that are collectable will be handed over to established and credible debt collectors.
- ii. The municipality recently has appointed a debt collection firm to collect debts older than 120 days
- iii. Council has approved debt incentive scheme to all debtors to settle their debts within a stipulated time period. This debt amnesty will enable old outstanding debtors to be collected

- iv. The municipality's smart meter project will be revived in 2024 and significant revenue from electricity sales is anticipated. This will enable the municipality to pay its creditors as they fall due and report surplus at year end from 2023.
- v. As part of the turnaround strategy of the municipality, the municipality is currently implementing financial recovery plan that entails the implementation of set of activities that will improve the financial viability of the municipality. This is one of the mandates of the section 139 intervention.
- vi. The municipality has also developed its own turn around plan aimed at improving revenue collection from all revenue sources and to improve service delivery to the community. All departments have set of targeted activities to achieve the above goals.
- vii. Cost containment measures as contained in MFMA circulars 68 and 87 are currently being implemented with the aim of curbing expenditure on non – essential procurement.

The municipality has a plan in place to remedy the precarious cash position that it finds itself after the amalgamation in August 2016.

Maximising revenue collection from electricity sales is one of the key priorities that the municipality has identified as a leverage to solve its cash flow challenges. The municipality has seen a disjuncture between the Eskom monthly bills and the receipts from electricity sales over the past five years. Monthly electricity sales are significantly lower than the corresponding Eskom bills in each month. This is one area that the municipality is seriously working on to turn around the precarious financial affairs of the municipality.

The municipality envisages returning to full financial viability in 2025/26 financial year with the implementation of these targeted interventions by the municipality and to remain as a going concern thereafter.

PART 3

PAST YEARS AUDIT REPORT AND PROGRESS ON RESOLVING PROBLEMS IDENTIFIED IN THE AUDIT REPORT

Summary of Progress Made on Implementation of Previous Year Audit Report

Comparison of the AG report of 2016/17 to 2022/23

In evaluating the audit report for the year, it is important to reflect on the audit report of the previous financial years to determine whether there is an improvement or regression in the financial and performance management practices in the Municipality.

The table below compares the Management Letter from 2017 to 2022 as this formed the basis of the Operation Clean Audit programme launched in 2018/19.

AUDIT REPORT FINDINGS	Opinion	Affecting opinion	Emphasis of matter	Non - Compliance	Performance information	Total
2016/17	Disclaimer	52	6	83	20	161
2017/18	Disclaimer	43	4	45	21	131
2018/19	Adverse	35	16	45	16	112
2019/20	Qualified	12	10	28	12	62
2020/21	Qualified	29	17	17	3	66
2021/22	Qualified	21	10	19	15	65
2022/23	Qualified	12	41	44	6	103

The Municipality received 103 findings in 2023, up from 65 findings received in 2021/22. There were 10 repeat findings reported by the Auditor in 2023. In 2016/17, the Auditor General reported findings related to historical information and opening balances from the merged entities. In 2019, measures were put in place to clear these historical balances / prior year errors. Provincial Treasury and the Audit Committee were part of the team established by Enoch Mgijima Municipality to assist in clearing these findings. The major issues remaining now to be cleared are non – compliance to relevant legislations, Leave provision calculations, issues affecting the Annual Performance Report, Unauthorised Irregular Fruitless & Wasteful Expenditure and issues affecting Revenue from both exchange and non – exchange transactions. Revenue findings have to do mainly with our Financial System where in some

instances the Debtors Age Analysis figures do not tally with the debtors figure in the sub ledger. Management is working with the System Administrators to correct these.

Management will develop an Audit Action Plan (AAP) to address these issues highlighted in the 2023 Audit Report and will be presented to Council after it has been reviewed by the Internal Audit and the Audit Committee.

Below is the breakdown of the number of findings per department / section as reflected in the detailed management report of the Auditor General.

No.	Departments / Section	Responsible Official	Number of audit findings
1	Budget & Reporting	Mr. Thomas Abofra	4
2	Risk Management	Mr. Tshepang Mnyande	1
3	Revenue Management	Mrs. N. Yalezo	17
4	Expenditure Management & Payroll	Mrs. N.E. Mbele - Tyali	17
5	Internal Audit	Internal Audit	5
6	ICT	Mr. Mpateni	2
7	Legal Services	Mr. E. Mani	4
8	Supply Chain Management	Mr. A. Hoko	28
9	Audit of Predetermine Outcome - AOPO	Miss N. Mani	6
10	Human Resource Department	Mr. Mike Ngxobongwana	9
11	IDP	Miss Z. Jam Jam	1
12	Asset Management	Mr. X. Mabele	8

FINANCIAL VIABILITY AND FINANCIAL REFORMS

ENOCH MGIJIMA LOCAL MUNICIPALITY AS A GOING CONCERN

The municipality is considered to be a going concern and to exist in the foreseeable future unless de – established or merged into a new entity by the Municipal Demarcation Board and COGTA.

There are however some serious challenges facing the municipality that the municipality has to address. The following are considered as serious challenges facing the municipality:

1. Cash flow challenges resulting in the municipality not being able to pay its creditors on time as per sec 65(e) of the MFMA.
2. Challenges in collecting revenue from consumers
3. Liquidity challenges
4. Limited capital funding as a result of low revenue collection to fund own – funded capital projects.

When council approved the 2023/24 Budget, it did so on the assumption that revenue collection will be stepped up using a number of targeted interventions such as stricter implementation of the credit control policy. Revenue from electricity sales will be maximised so that the electricity function will not only breakeven but also generate surplus cash that can be used to sustain the entire electrical infrastructural network.

To be financially viable, the municipality will control excessive expenditure on non - core activities and personnel costs while at the same time maximising revenue collection. Employee related costs such as Night shift allowance, standby allowance and overtime is being monitored. Hiring of contract workers and casual workers are challenges faced by the municipality in the short term. There are plans that the municipality is currently implementing in the current financial year so as to turn things around in 2023/24.

The municipality has developed a turn around strategy with the aim of addressing the challenges mentioned above. Financial Recovery Plan developed by the National Treasury is also implemented with the same aim of addressing the challenges faced by the municipality. The implementation of these intervention plans has so far not resulted in any significant improvement in the municipality's current precarious situation.

The 2023/24 Budget was prepared with the aim of improving the liquidity position of the municipality and meeting creditors short term obligation as they fall due. One other long-term plan is to pay off the ever-increasing Eskom debt and to start servicing the current debts each month.

Budget performance for the past six months showed no improvement in terms of improved revenue collection and controlled expenditure with certain expenditure types. This will remain a challenge as we move to the second half of the year.

FINANCIAL VIABILITY AND SUSTAINABILITY OF THE MUNICIPALITY

There are plans in place to reduce expenditure and increase revenue collection in all revenue sources in the current year. The municipality is implementing the following intervention programmes all aimed at achieving financial viability and sustainability in the shortest possible time:

- Municipality turnaround strategy
- Revenue enhancement strategy
- Financial Recovery Plan
- Budget Funding Plan

It is worth noting that in the past six months the implementation of the above intervention programmes have been very slow in addressing the challenges faced by the municipality.

Management acknowledged the risk posed by a number of challenges facing the municipality. Management is also aware of the risks that threaten the sustainability and continuous existence of the municipality as a going concern.

1. With improvement in the revenue collection and reducing expenditure on non – core expenditure items, the municipality hopes to have a ratio more than one which will enable the municipality to meet its short term obligations. Currently, the ratio is less than 1, which indicates short term liquidity challenges in attending to short term obligations.
2. The municipality has plans in place to improve its revenue collection by strictly implementing the credit control policy. Provision for debt impairment in the budget is projected to be lower than in the 2024/25 budget with improved revenue collection outlook..
3. Creditor's payment ratio is a function of the municipality's good financial standing. As the cash position improves, the number of days taken to pay its creditors will reduce. Future creditor payment days is set to decrease as the municipality improves its liquidity position through the interventions mentioned above.
4. The major cause of the negative cash flow was increased spending compared to revenue collected over the period under consideration. This will improve with the implementation of the revenue enhancement strategy and the financial recovery plan being implemented in the 2023/24 financial year.
5. Improvement in the current ratio will depend on the successful implementation of the cost containment measures, the financial recovery plan and the installation of the smart electricity meters to maximise revenue collection from electricity sales in the next three years.
6. The municipality recorded five consecutive operating deficits from 2018 to 2023 June. To avoid re – occurrence of operating deficits, sustainable plans are in place to increase revenue and to monitor the operating budget. Budget spending will be closely monitored and reported in all sec 71 reports to council
7. Own funded projects in the past could not be completed because of lack of funds. The municipality has since stopped budgeting for projects that are own

- funded. In the 2023/24 budget, there are no own - funded capital projects. All Capital projects in the budget are grant funded.
8. The municipality has appointed a qualified legal personnel whose task is to assess all legal claims against the municipality and to advise council timeously to avoid unnecessary claims against the municipality. In the past, the absence of a legal unit has led to cases not either being followed or defended thereby resulting in judgment being passed against the municipality.
 9. Over the past three years Council has adopted unfunded budget. Unfunded budget means the municipality will not be able to have funds available to implement all operational and capital projects. This has implications for the continuous existence of the municipality as a viable and sustainable institution. The municipality has developed a budget funding plan with the aim of achieving a funded budget by 2026/27 financial year.
 10. In August 2020, National Treasury requested all municipalities that have adopted unfunded budget, developed a plan that will ensure that the municipalities have a funded budget by 2023/2024. Management developed a plan that was submitted to National Treasury. The plan was premised on increasing revenue by the installation of the smart electricity meters to all households to curb the widespread electricity theft and reducing expenditure particularly on employee related costs. The intervention measures were not achieved and the 2023/24 target could not be met. A new budget funding plan has now been developed in July 2023 with the aim of achieving a funded budget by 2026/27.
 11. In the first six months of the 2023/24 financial year, the municipality did not achieve any substantial progress in making sure that the municipality achieve a funded budget. To achieve a funded budget, the municipality needs to pay off its Eskom accounts thereby reducing the current liability and also having a surplus in its operating budget.
 12. Results of the first six months financial performance of the municipality have highlighted the need to speed up the implementation of the interventions mentioned above with more emphasise on smart meter installations if all creditors can be paid on time and own funded capital projects implemented by the municipality.

FINANCIAL REFORMS: m SCOA IMPLEMENTATION UPDATES

The municipality implemented the m SCOA financial reform in July 2017. Since then the municipality has been transacting and extracting reports from its core system. The municipality did not procure a new system but rather chose to remain with the system provider – BCX. The system provider has upgraded the system to be m SCOA compliant by moving from the earlier version of 'evenus' to 'Solar'.

Work groups from all departments were set up that saw to the implementation of the m SCOA financial reform. That committee is still active and meets quarterly to appraise the m SCOA implementation progress. The municipality developed a m SCOA road map implementation plan. Progress on this road map is reported quarterly to the PMS for evaluation and monitoring. In the second quarter of the current year, the Committee highlighted some challenges that need to be addressed for the municipality to be fully m SCOA compliant. Areas that need attention are as follows:

- i. Completion of the Asset module to be fully functional so that Asset reports can be generated from the system and monthly depreciations can be calculated and reported in the monthly sec 71 reports. Currently the municipality determine depreciation only at year end.
- ii. Seamless integration of the debtors' sub ledger is currently not complete as the Age debtors is not the same as the debtors' figure in the general ledger.
- iii. The Budget module is currently unable to generate accurate cash flow statements from the system for the monthly report. The system administrators are still working on this.
- iv. Contract management is also not yet active

In the first half the year, 3 new modules were presented to management by the system provider BCX. There are: the AFS preparation module, the cemetery module and the SCM module. Summary of these modules will be presented to senior management and the executive council committee for their approval before implementation.

The committee is worried that 6 years after the implementation of the m SCOA reform, the system cannot be able to perform the above functionalities.

Recommendations by the committee is that other service providers should be called to come and present their m SCOA systems for management to determine if we can procure a new m SCOA system with a new service provider.

Currently, the m SCOA steering committee is working with the current service provider to attend to the issues raised above.

Below is the progress report on status of the various functionalities.

MUNICIPAL STANDARD CHARTS OF ACCOUNTS – m SCOA ROAD MAP: 2023/24

The municipality started the m SCOA implementation in July 2017 and has made considerable progress. The municipality planned to report on progress on the implementation of this financial and business reform each quarter to management and EXCO.

Our next targets for 2023/24 financial year are:

1. Activation and loading of the municipal assets register into the financial system so as to be m SCOA compliant. Currently our Asset Register is in excel format. This will be completed by March 2024 when training of municipal staff is completed on how to run monthly and yearly asset report. Depreciation will be calculated and reflected in our monthly C Schedules.
2. Activation and implementation of Contract management m SCOA module. This will be achieved by April 31st, 2024.
3. Perfection of the cash flow reporting. The table C7 and the supporting table SC 9 of the monthly schedule C will be improved by April 31st, 2024.
4. Creditors age analyses reconciliation will be completed in April 2024
5. Identification of Training needs by departments / sections

Below is a complete schedule of all m SCOA modules / activities to be completed by June 2024.

Key activities	Target dates
1. Activation of the m SCOA Asset module	31/03.2024
2. Cash flow reporting: C7 (perfection)	31/04/2024
3. Contract management module	31/04/2024
4. Creditor's module / Reconciliation	28/02/2024
5. AFS Preparation module	31/05/2024
6. Cemetery management module	31/03/2024
7. Perfect alignment between the Debtors Age and the sub ledger	31/12/2023

The municipality will have to procure a new server for hoisting of the modules as the current server has run out of space. Estimated cost of the server is R2.0 million. Additional costs for the modules will also have to be provided in the 2023/24 adjustment budget.

The m SCOA steering committee has also resolved to invite presentations from other service providers. This will ensure that the best financial system suitable for our needs is available for all departments at all times

In quarter 2, municipal officials were presented with 3 new modules. These are: SCM module, Cemetery module and AFS module. Officials from Community services and BTO were in attendance. The municipality will make a report to management and EXCO in order to seek approval for the procurement of these modules.

The municipality has achieved the following two milestones:

- Bank Reconciliation prepared from the system. This activity was completed on the 14th and 15th of June 2021 with the assistance of BCX. The Financial Reporting section is now able to generate its month end and year end Bank Reconciliation directly from the system.
- Cash flow budgeting from the municipality's financial system. This was a key milestone achieved in April 2023. The municipality can now prepare its tabled and adopted budget completely from the m SCOA financial system.
- Balance Sheet budgeting A6 perfection was achieved in March 31st this year.
- Cash flow budgeting was achieved in May 30 2023. SA30 and A7 cash flow is aligned to the A6 table with the closing balances in A7 aligning to the A6

1. Main Budget Tables: Table C1 to C7

2. Supporting Tables: Table SC1 to SC13

EC139 Enoch Mgijima - Table C1 Monthly Budget Statement Summary - M06 December

Description	2022/23	Budget Year 2023/24							
	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	143 505	151 492	151 492	(1 418)	150 865	75 746	75 120	99%	151 492
Service charges	293 208	459 103	450 703	25 673	166 235	179 191	(12 956)	-7%	450 703
Investment revenue	4 691	4 794	4 794	483	3 345	1 855	1 491	80%	4 794
Transfers and subsidies - Operational	275 184	246 920	256 966	76 640	188 109	163 906	24 203		256 966
Other own revenue	109 647	115 611	115 611	10 922	66 531	36 357	30 174	83%	-
Total Revenue (excluding capital transfers and contributions)	826 235	977 920	979 566	112 300	575 085	457 054	118 031	28%	979 566
Employee costs	338 399	363 814	363 814	27 642	164 338	179 895	(15 558)		363 814
Remuneration of Councillors	26 863	26 544	26 544	3 488	13 912	12 498	1 413		26 544
Depreciation and amortisation	141 561	53 678	53 678	-	-	26 837	(26 837)		53 678
Interest	89 944	52 195	52 195	2 331	45 233	3 769	41 465		52 195
Inventory consumed and bulk purchases	314 917	326 284	324 796	51 428	213 494	175 883	37 611		324 796
Transfers and subsidies	1 616	2 200	2 200	135	823	1 100	(277)	-25%	2 200
Other expenditure	337 506	150 881	155 317	18 511	70 190	72 941	(2 751)	-4%	155 317
Total Expenditure	1 250 804	975 596	978 544	103 534	507 989	472 923	35 066	7%	978 544
Surplus/(Deficit)	(424 570)	2 325	1 022	8 766	67 096	(15 869)	82 965	-523%	1 022
Transfers and subsidies - capital (monetary allocations)	106 750	113 159	113 159	-	68 215	56 983	11 231	20%	113 159
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(317 819)	115 484	114 181	8 766	135 311	41 114	94 197	229%	114 181
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(317 819)	115 484	114 181	8 766	135 311	41 114	94 197	229%	114 181
Capital expenditure & funds sources									
Capital expenditure	12 019	117 409	117 409	25 861	96 284	58 702	37 582	64%	117 409
Capital transfers recognised	7 168	113 159	113 159	25 391	95 671	56 577	39 094	69%	113 159
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	4 851	4 250	4 250	469	612	2 125	(1 513)	-71%	4 250
Total sources of capital funds	12 019	117 409	117 409	25 861	96 284	58 702	37 582	64%	117 409
Financial position									
Total current assets	681 224	286 211	284 909		816 518				284 909
Total non current assets	1 661 638	1 593 742	1 593 742		1 757 922				1 593 742
Total current liabilities	1 723 970	1 015 121	1 015 121		1 887 722				1 015 121
Total non current liabilities	253 521	233 731	233 731		253 521				233 731
Community wealth/Equity	296 804	631 102	631 102		433 197				631 102
Cash flows									
Net cash from (used) operating	242 459	94 574	93 271	57 062	423 194	34 460	(388 734)	-1128%	93 271
Net cash from (used) investing	(12 111)	(90 409)	(90 409)	(25 861)	(96 284)	(45 205)	51 079	-113%	(90 409)
Net cash from (used) financing	-	-	-	20	112	-	(112)	#DIV/0!	-
Cash/cash equivalents at the month/year end	294 719	5 378	4 076	364 220	364 220	(9 531)	(373 751)	3921%	40 059
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	46 533	37 439	33 841	1 286 904	-	-	-	-	1 404 716
Creditors Age Analysis									
Total Creditors	31 315	3 798	49 447	1 237 557	-	-	-	-	1 322 116

EC139 Enoch Mgijima - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		465 474	429 323	432 053	4 074	281 604	234 955	46 649	20%	432 053
Executive and council		175 958	190 000	190 000	0	96 676	126 251	(29 575)	-23%	190 000
Finance and administration		289 516	239 322	242 052	4 074	184 928	108 704	76 224	70%	242 052
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15 896	29 187	36 503	922	6 973	16 515	(9 542)	-58%	36 503
Community and social services		7 136	18 544	25 860	101	964	13 543	(12 579)	-93%	25 860
Sport and recreation		109	51	51	10	60	29	31	109%	51
Public safety		8 652	10 592	10 592	811	5 949	2 943	3 005	102%	10 592
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		76 101	99 385	99 385	(15)	78 277	49 600	28 677	58%	99 385
Planning and development		26 932	47 000	47 000	-	25 695	23 500	2 195	9%	47 000
Road transport		51 007	52 339	52 339	(18)	52 568	26 070	26 498	102%	52 339
Environmental protection		(1 838)	45	45	3	14	30	(16)	-52%	45
<i>Trading services</i>		375 484	533 185	524 785	107 317	276 431	212 966	63 465	30%	524 785
Energy sources		275 304	416 248	407 848	19 342	129 433	162 127	(32 694)	-20%	407 848
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		100 180	116 937	116 937	87 975	146 998	50 839	96 159	189%	116 937
<i>Other</i>	4	30	-	-	2	15	-	15	#DIV/0!	-
Total Revenue - Functional	2	932 985	1 091 079	1 092 725	112 300	643 300	514 037	129 263	25%	1 092 725
Expenditure - Functional										
<i>Governance and administration</i>		498 474	358 058	354 733	31 267	174 257	149 630	24 627	16%	354 733
Executive and council		86 312	101 599	95 929	12 455	41 294	46 338	(5 044)	-11%	95 929
Finance and administration		412 162	256 459	258 804	18 812	132 963	103 292	29 671	29%	258 804
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		84 588	77 081	85 157	8 677	47 917	41 387	6 530	16%	85 157
Community and social services		19 466	16 183	23 499	2 802	15 310	11 239	4 071	36%	23 499
Sport and recreation		30 540	24 455	24 450	2 735	15 487	11 848	3 639	31%	24 450
Public safety		34 581	36 443	37 208	3 141	17 120	18 300	(1 180)	-6%	37 208
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		139 931	78 706	83 501	3 249	23 848	43 494	(19 646)	-45%	83 501
Planning and development		11 490	13 727	13 727	1 098	6 218	6 558	(340)	-5%	13 727
Road transport		127 700	64 081	68 871	2 082	17 270	36 517	(19 246)	-53%	68 871
Environmental protection		741	898	903	70	360	419	(59)	-14%	903
<i>Trading services</i>		527 812	461 750	455 153	60 341	261 967	238 412	23 555	10%	455 153
Energy sources		123 166	386 919	380 321	56 598	238 541	202 112	36 430	18%	380 321
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		404 646	74 832	74 832	3 742	23 426	36 301	(12 875)	-35%	74 832
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1 250 804	975 596	978 544	103 534	507 989	472 923	35 066	7%	978 544
Surplus/ (Deficit) for the year		(317 819)	115 484	114 181	8 766	135 311	41 114	94 197	229%	114 181

EC139 Enoch Mgijima - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Municipal Manager		3 088	2 430	2 430	-	711	1 215	(504)	-41,5%	2 430
Vote 02 - Administration & Human Resources		-	-	2 730	-	683	1 241	(558)	-45,0%	2 730
Vote 03 - Budget & Treasury		285 841	204 135	204 135	3 815	182 287	92 054	90 233	98,0%	204 135
Vote 04 - Council Administration		172 870	187 570	187 570	0	95 965	125 036	(29 071)	-23,3%	187 570
Vote 05 - Community Services		105 452	133 442	133 442	88 097	148 114	60 037	88 077	146,7%	133 442
Vote 06 - Technical Services		326 539	472 185	463 785	19 323	182 148	188 349	(6 201)	-3,3%	463 785
Vote 07 - Public Safety		8 825	10 763	18 079	811	6 007	6 354	(348)	-5,5%	18 079
Vote 08 - Iped		26 932	47 000	47 000	-	25 695	23 500	2 195	9,3%	47 000
Vote 09 - Human Settlements		3 438	33 555	33 555	254	1 691	16 251	(14 560)	-89,6%	33 555
Vote 10 - Health Services		-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	932 985	1 091 079	1 092 725	112 300	643 300	514 037	129 263	25,1%	1 092 725
Expenditure by Vote	1									
Vote 01 - Municipal Manager		38 812	56 689	53 004	7 181	21 386	25 701	(4 315)	-16,8%	53 004
Vote 02 - Administration & Human Resources		27 536	31 531	34 231	2 543	15 833	16 670	(836)	-5,0%	34 231
Vote 03 - Budget & Treasury		252 652	141 291	141 091	9 943	88 459	45 997	42 462	92,3%	141 091
Vote 04 - Council Administration		47 499	44 911	42 926	5 274	19 908	20 637	(729)	-3,5%	42 926
Vote 05 - Community Services		458 197	134 749	135 449	8 281	49 901	65 979	(16 078)	-24,4%	135 449
Vote 06 - Technical Services		266 102	469 890	468 083	60 843	261 024	248 192	12 832	5,2%	468 083
Vote 07 - Public Safety		59 669	50 509	57 935	6 751	35 923	27 906	8 017	28,7%	57 935
Vote 08 - Iped		11 490	13 727	13 727	1 098	6 218	6 558	(340)	-5,2%	13 727
Vote 09 - Human Settlements		88 847	32 300	32 100	1 620	9 337	15 283	(5 946)	-38,9%	32 100
Vote 10 - Health Services		-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1 250 804	975 596	978 544	103 534	507 989	472 923	35 066	7,4%	978 544
Surplus/ (Deficit) for the year	2	(317 819)	115 484	114 181	8 766	135 311	41 114	94 197	229,1%	114 181

EC139 Enoch Mgijima - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		242 772	376 583	368 183	18 361	122 741	141 732	(18 991)	-13%	368 183
Service charges - Water								-		
Service charges - Waste Water Management								-		
Service charges - Waste management		50 436	82 521	82 521	7 312	43 495	37 459	6 036	16%	82 521
Sale of Goods and Rendering of Services		2 702	3 169	3 169	157	1 498	1 755	(257)	-15%	3 169
Agency services		195	4 582	4 582	0	63	138	(76)	-55%	4 582
Interest								-		
Interest earned from Receivables		51 552	36 927	36 927	5 451	32 550	7 470	25 079	336%	36 927
Interest from Current and Non Current Assets		4 691	4 794	4 794	483	3 345	1 855	1 491	80%	4 794
Dividends								-		
Rent on Land								-		
Rental from Fixed Assets		3 622	4 759	4 759	248	1 868	1 768	100	6%	4 759
Licence and permits		3 458	3 695	3 695	222	2 164	1 780	384	22%	3 695
Operational Revenue		4 874	9 444	9 444	864	4 087	2 250	1 836	82%	9 444
Non-Exchange Revenue										
Property rates		143 505	151 492	151 492	(1 418)	150 865	75 746	75 120	99%	151 492
Surcharges and Taxes								-		
Fines, penalties and forfeits		3 917	5 667	5 667	84	1 110	3 285	(2 176)	-66%	5 667
Licence and permits								-		
Transfers and subsidies - Operational		275 184	246 920	256 966	76 640	188 109	163 906	24 203	15%	256 966
Interest		36 036	20 369	20 369	3 897	23 192	4 410	18 782	426%	20 369
Fuel Levy								-		
Operational Revenue								-		
Gains on disposal of Assets		290	27 000	27 000	-	-	13 500	(13 500)	-100%	27 000
Other Gains		3 001	-	-	-	-	-	-		-
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		826 235	977 920	979 566	112 300	575 085	457 054	118 031	26%	979 566
Expenditure By Type										
Employee related costs		338 399	363 814	363 814	27 642	164 338	179 895	(15 558)	-9%	363 814
Remuneration of councillors		26 863	26 544	26 544	3 488	13 912	12 498	1 413	11%	26 544
Bulk purchases - electricity		311 219	317 945	312 848	51 178	208 001	169 198	38 802	23%	312 848
Inventory consumed		3 698	8 338	11 948	250	5 493	6 685	(1 192)	-18%	11 948
Debt impairment		-	50 570	50 570	-	-	25 285	(25 285)	-100%	50 570
Depreciation and amortisation		141 561	53 678	53 678	-	-	26 837	(26 837)	-100%	53 678
Interest		89 944	52 195	52 195	2 331	45 233	3 769	41 465	1100%	52 195
Contracted services		73 272	52 269	46 917	9 960	43 231	21 134	22 098	105%	46 917
Transfers and subsidies		1 616	2 200	2 200	135	823	1 100	(277)	-25%	2 200
Irrecoverable debts written off		99 356	-	-	-	-	-	-		-
Operational costs		164 592	48 041	57 829	8 551	26 958	26 522	436	2%	57 829
Losses on Disposal of Assets		-	-	-	-	-	-	-		-
Other Losses		286	-	-	-	-	-	-		-
Total Expenditure		1 250 804	975 596	978 544	103 534	507 989	472 923	35 066	7%	978 544
Surplus/(Deficit)		(424 570)	2 325	1 022	8 766	67 096	(15 869)	82 965	(0)	1 022
Transfers and subsidies - capital (monetary allocations)		106 750	113 159	113 159	-	68 215	56 983	11 231	0	113 159
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		(317 819)	115 484	114 181	8 766	135 311	41 114	94 197	0	114 181
Income Tax										
Surplus/(Deficit) after income tax		(317 819)	115 484	114 181	8 766	135 311	41 114			114 181
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(317 819)	115 484	114 181	8 766	135 311	41 114			114 181
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		(317 819)	115 484	114 181	8 766	135 311	41 114			114 181

EC139 Enoch Mgijima - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		2 203	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		1 569	1 000	1 000	28	171	500	(329)	-66%	1 000
Vote 04 - Council Administration		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		0	11 500	11 500	5 045	11 819	5 750	6 069	106%	11 500
Vote 06 - Technical Services		6 075	55 909	55 909	19 706	57 852	27 952	29 900	107%	55 909
Vote 07 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 08 - Iped		0	47 000	47 000	1 081	23 056	23 500	(444)	-2%	47 000
Vote 09 - Human Settlements		-	2 000	2 000	-	3 385	1 000	2 385	238%	2 000
Vote 10 - Health Services		-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	9 847	117 409	117 409	25 861	96 284	58 702	37 582	64%	117 409
Single Year expenditure appropriation	2									
Vote 01 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		-	-	-	-	-	-	-	-	-
Vote 04 - Council Administration		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		2 172	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 08 - Iped		-	-	-	-	-	-	-	-	-
Vote 09 - Human Settlements		-	-	-	-	-	-	-	-	-
Vote 10 - Health Services		-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	2 172	-	-	-	-	-	-	-	-
Total Capital Expenditure		12 019	117 409	117 409	25 861	96 284	58 702	37 582	64%	117 409
Capital Expenditure - Functional Classification										
Governance and administration		3 772	1 000	1 000	28	171	500	(329)	-66%	1 000
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		3 772	1 000	1 000	28	171	500	(329)	-66%	1 000
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		0	11 000	11 000	3 262	11 151	5 500	5 651	103%	11 000
Community and social services		-	11 000	11 000	3 262	11 151	5 500	5 651	103%	11 000
Sport and recreation		0	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		6 075	102 409	100 909	20 787	79 792	50 521	29 272	58%	100 909
Planning and development		0	47 000	47 000	1 081	23 056	23 500	(444)	-2%	47 000
Road transport		6 075	55 409	53 909	19 706	56 736	27 021	29 715	110%	53 909
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		2 172	3 000	4 500	1 783	5 169	2 181	2 988	137%	4 500
Energy sources		(0)	500	2 000	-	1 116	931	185	20%	2 000
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 172	2 500	2 500	1 783	4 053	1 250	2 803	224%	2 500
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	12 019	117 409	117 409	25 861	96 284	58 702	37 582	64%	117 409
Funded by:										
National Government		(0)	61 159	61 159	8 702	27 157	30 577	(3 420)	-11%	61 159
Provincial Government		7 168	52 000	52 000	16 689	68 514	26 000	42 514	164%	52 000
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		7 168	113 159	113 159	25 391	95 671	56 577	39 094	69%	113 159
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		4 851	4 250	4 250	469	612	2 125	(1 513)	-71%	4 250
Total Capital Funding		12 019	117 409	117 409	25 861	96 284	58 702	37 582	64%	117 409

EC139 Enoch Mgiijima - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Properly rates		66 958	136 342	136 342	6 908	43 360	68 171	(24 812)	-36%	136 342
Service charges		228 157	396 689	388 289	14 402	124 618	194 144	(69 526)	-36%	388 289
Other revenue		853 124	51 016	51 016	98 147	695 151	25 508	669 643	2625%	51 016
Transfers and Subsidies - Operational		76 437	246 920	256 966	77 733	189 807	128 483	61 324	48%	256 966
Transfers and Subsidies - Capital		103 781	113 159	113 159	-	22 784	56 580	(33 796)	-60%	113 159
Interest		4 691	4 794	4 794	483	3 345	2 397	948	40%	4 794
Dividends								-		
Payments										
Suppliers and employees		(1 090 691)	(799 952)	(802 900)	(140 611)	(655 871)	(413 626)	242 246	-59%	(802 900)
Interest		-	(52 195)	(52 195)	-	-	(26 098)	(26 098)	100%	(52 195)
Transfers and Subsidies		-	(2 200)	(2 200)	-	-	(1 100)	(1 100)	100%	(2 200)
NET CASH FROM/(USED) OPERATING ACTIVITIES		242 459	94 574	93 271	57 062	423 194	34 460	(388 734)	-1128%	93 271
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	27 000	27 000	-	-	13 500	(13 500)	-100%	27 000
Decrease (increase) in non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(12 111)	(117 409)	(117 409)	(25 861)	(96 284)	(58 705)	37 579	-64%	(117 409)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(12 111)	(90 409)	(90 409)	(25 861)	(96 284)	(45 205)	51 079	-113%	(90 409)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		-	-	-	20	112	-	112	#DIV/0!	-
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	20	112	-	(112)	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		64 371	1 214	1 214	333 000	37 198	1 214			37 198
Cash/cash equivalents at month/year end:		294 719	5 378	4 076	364 220	364 220	(9 531)			40 059

SUPPORTING TABLES – DECEMBER 2023 C SCHEDULES

EC139 Enoch Mgijima - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source Service charges - electricity revenue Agency services	17 608 41	The municipality has managed to collect on electricity The municipality has managed to collect on Agency services	
2	Expenditure By Type Variances was not Calculated			
3	Capital Expenditure Vote 06 - Technical Services	(9 230)	this shows an underexpenditure	Municipality is still waiting for MIG and INEG allocation
4	Financial Position Variances was not Calculated			
5	Cash Flow Property rates Transfers and Subsidies - Capital	20 998 (5 948)	The municipality has managed to collect on property rates The municipality has only received 16% of its capital allocation	
6	Measureable performance			
7	Municipal Entities			

EC139 Enoch Mgijima - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December

Description of financial indicator	Basis of calculation	Ref	2022/23	Budget Year 2023/24			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		7,2%	10,9%	10,8%	8,9%	8,0%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure ex cl. transfers and grants		0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		413,1%	157,1%	157,1%	314,9%	157,1%
Gearing	Long Term Borrowing/ Funds & Reserves		0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	39,5%	28,2%	28,1%	43,3%	28,1%
Liquidity Ratio	Monetary Assets/Current Liabilities		2,2%	0,5%	0,4%	0,9%	0,4%
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		27,5%	0,0%	0,0%	0,0%	0,0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0,0%	0,0%	0,0%	0,0%	0,0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		41,0%	37,2%	37,1%	28,6%	37,1%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		19,8%	8,1%	7,7%	7,8%	7,7%
Interest & Depreciation	I&D/Total Revenue - capital revenue		28,0%	10,8%	10,8%	7,9%	8,0%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		0,0%	0,0%	0,0%	0,0%	0,0%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		52,0%	0,0%	0,0%	0,0%	0,0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		10,2%	1,4%	1,0%	52,1%	2,3%

EC139 Enoch Mqijima - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2023/24										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy		
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total						
R thousands																
Debtors Age Analysis By Income Source																
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	17 703	11 099	9 163	113 099	-	-	-	-	-	-	-	-	151 065	113 099	-
Receivables from Non-exchange Transactions - Property Rates	1400	11 039	8 678	7 733	373 654	-	-	-	-	-	-	-	-	401 104	373 654	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	8 072	7 574	7 282	433 338	-	-	-	-	-	-	-	-	456 265	433 338	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	9 348	9 717	9 375	383 075	-	-	-	-	-	-	-	-	411 515	383 075	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	370	372	287	(16 261)	-	-	-	-	-	-	-	-	(15 233)	(16 261)	-
Total By Income Source	2000	46 533	37 439	33 841	1 286 904	-	-	-	-	-	-	-	-	1 404 716	1 286 904	-
2022/23 - totals only		72601634 1/8	27665449 1/7	37620986	24421337	26793138 1/9	20162825 1/5	#####	#####	#####	#####	#####	#####	1 271 759	1 133 871	0
Debtors Age Analysis By Customer Group																
Organs of State	2200	1 871	736	1 278	5 180	-	-	-	-	-	-	-	-	9 064	5 180	-
Commercial	2300	14 620	8 635	5 706	66 452	-	-	-	-	-	-	-	-	95 414	66 452	-
Households	2400	22 590	20 695	20 432	1 107 776	-	-	-	-	-	-	-	-	1 171 493	1 107 776	-
Other	2500	7 451	7 373	6 425	107 496	-	-	-	-	-	-	-	-	128 745	107 496	-
Total By Customer Group	2600	46 533	37 439	33 841	1 286 904	-	-	-	-	-	-	-	-	1 404 716	1 286 904	-

EC139 Enoch Mqijima - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

R thousands	Description	NT Code	Budget Year 2023/24										Total		
			0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year					
	Creditors Age Analysis By Customer Type														
	Bulk Electricity	0100	28 852	-	43 417	1 231 862									1 304 130
	Bulk Water	0200	-	-	-	-									-
	PAYE deductions	0300	-	-	-	-									-
	VAT (output less input)	0400	-	-	-	-									-
	Pensions / Retirement deductions	0500	-	-	-	-									-
	Loan repayments	0600	-	-	-	-									-
	Trade Creditors	0700	2 463	3 798	4 164	5 695									16 120
	Auditor General	0800	-	-	1 866	-									1 866
	Other	0900	-	-	-	-									-
	Total By Customer Type	1000	31 315	3 798	49 447	1 237 557									1 322 116

EC139 Enoch Mgijima - Supporting Table SC5 Monthly Budget Statement - investme

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months						
R thousands								
Municipality								
624-59044-162		12	Call Account	8 797	28 000	187		36 984
628-52253-261		12	Call Account- DOTG	9 258	(9 256)	26	-	28
628-52254-300		12	Call Account- COVID	1	-	0	-	1
624-96427-967		12	Call Account- EPWP	1	1 093		4	1 094
624-96436-265		12	Call Account -MSIG	17 450	7 006		126	24 456
624-96439-607		12	Call Account- FMG	3 101	-		20	3 101
624-96441-842		12	Call Account -MIG	2 742	(1 899)		11	843
625-99305-763		12	Call Account-INEP	11	-	0		11
628-97156-529		12	Call Account-OTP	283	-	2	-	285
630-58979-411		12	Call Account-					-
630-58980-822		12	Call Account-					-
Municipality sub-total				41 645	24 944	216	161	66 804
Entities								
Entities sub-total				-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2			41 645		216	161	66 804

EC139 Enoch Mgijima - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		221 597	238 670	238 670	76 640	174 500	154 343	20 157	13,1%	238 670
Equitable Share		215 409	229 922	229 922	76 640	172 440	153 128	19 312	12,6%	229 922
Expanded Public Works Programme Integrated Grant		3 088	2 430	2 430	-	711	1 215	(504)	-41,5%	2 430
Local Government Financial Management Grant		3 100	3 100	3 100	-	1 349	-	1 349		3 100
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-		-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-		-
Municipal Infrastructure Grant	3	-	3 218	3 218	-	-	-	-		3 218
Other transfers and grants [insert description]		-	-	-	-	-	-	-		-
Provincial Government:		53 587	8 250	18 296	-	12 927	9 563	3 364	35,2%	18 296
Capacity Building and Other Grants		53 587	8 250	18 296	-	12 927	9 563	3 364	35,2%	18 296
Infrastructure Grant		-	-	-	-	-	-	-		-
Other transfers and grants [insert description]		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	683	-	683		-
Education Training and Development Practices SETA		-	-	-	-	-	-	-		-
Local Government Water and Related Service SETA		-	-	-	-	683	-	683		-
Total Operating Transfers and Grants	5	275 184	246 920	256 966	76 640	188 109	163 906	24 203	14,8%	256 966
Capital Transfers and Grants										
National Government:		77 401	61 159	61 159	-	-	30 983	(30 983)	-100,0%	61 159
Integrated National Electrification Programme Grant		9 737	-	-	-	-	-	-		-
Municipal Infrastructure Grant		67 664	61 159	61 159	-	-	30 983	(30 983)	-100,0%	61 159
Provincial Government:		29 349	52 000	52 000	-	68 215	26 000	42 215	162,4%	52 000
Infrastructure Grant		29 349	52 000	52 000	-	68 215	26 000	42 215	162,4%	52 000
District Municipality:		-	-	-	-	-	-	-		-
Specify (Add grant description)		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Development Corporation Eastern Cape		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	106 750	113 159	113 159	-	68 215	56 983	11 231	19,7%	113 159
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	381 934	360 079	370 125	76 640	256 324	220 889	35 434	16,0%	370 125

EC139 Enoch Mgijima - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2022/23	Budget Year 2023/24							
		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:		737 221	639 332	637 687	47 520	283 201	289 987	(6 786)	-2,3%	637 687
Equitable Share		729 276	630 584	628 959	47 312	280 169	285 816	(5 647)	-2,0%	628 959
Expanded Public Works Programme Integrated Grant		4 975	2 430	2 430	182	1 483	1 215	268	22,1%	2 430
Local Government Financial Management Grant		2 970	3 100	3 080	26	1 549	1 347	202	15,0%	3 080
Municipal Demarcation Transition Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	3 218	3 218	-	-	1 609	(1 609)	-100,0%	3 218
Provincial Government:		48 337	8 250	18 296	1 326	7 365	8 690	(1 326)	-15,3%	18 296
Capacity Building and Other Grants		48 337	8 250	18 296	1 326	7 365	8 690	(1 326)	-15,3%	18 296
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	47	960	-	960	#DIV/0!	-
Local Government Water and Related Service SETA		-	-	-	47	960	-	960		-
Total operating expenditure of Transfers and Grants:		785 558	647 582	655 983	48 893	291 526	298 677	(7 151)	-2,4%	655 983
Capital expenditure of Transfers and Grants										
National Government:		(0)	61 159	61 159	8 702	27 157	30 577	(3 420)	-11,2%	61 159
Integrated National Electrification Programme Grant		(0)	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		0	61 159	61 159	8 702	27 157	30 577	(3 420)	-11,2%	61 159
Provincial Government:		7 168	52 000	52 000	16 689	68 514	26 000	42 514	163,5%	52 000
Infrastructure Grant		7 168	52 000	52 000	16 689	68 514	26 000	42 514	163,5%	52 000
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Development Corporation Eastern Cape		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		7 168	113 159	113 159	25 391	95 671	56 577	39 094	69,1%	113 159
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		792 726	760 741	769 142	74 285	387 197	355 254	31 943	9,0%	769 142

EC139 Enoch Mqijima - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		17 375	15 586	15 586	2 773	9 997	7 400	2 597	35%	15 586
Pension and UIF Contributions		777	1 402	1 402	63	362	668	(305)	-46%	1 402
Medical Aid Contributions		219	583	583	(27)	(503)	138	(641)	-466%	583
Motor Vehicle Allowance		1 319	1 547	1 547	120	483	786	(303)	-39%	1 547
Cellphone Allowance		2 978	3 106	3 106	244	1 458	1 493	(35)	-2%	3 106
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		4 195	4 320	4 320	314	2 115	2 014	101	5%	4 320
Sub Total - Councillors		26 863	26 544	26 544	3 488	13 912	12 498	1 413	11%	26 544
% increase	4		-1,2%	-1,2%						-1,2%
Senior Managers of the Municipality										
Basic Salaries and Wages		-	9 229	9 229	519	1 039	4 631	(3 592)	-78%	9 229
Pension and UIF Contributions		-	557	557	72	143	287	(144)	-50%	557
Medical Aid Contributions		-	65	65	19	37	34	3	9%	65
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	51	51	-	-	26	(26)	-100%	51
Motor Vehicle Allowance		-	168	168	68	135	84	51	61%	168
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	11	23	-	23	#DIV/0!	-
Other benefits and allowances		-	12	12	0	0	6	(6)	-98%	12
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment	2	-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	10 081	10 081	689	1 377	5 067	(3 690)	-73%	10 081
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Other Municipal Staff										
Basic Salaries and Wages		241 291	248 262	248 262	18 869	115 790	124 812	(9 022)	-7%	248 262
Pension and UIF Contributions		39 872	43 841	43 841	3 151	19 243	21 207	(1 963)	-9%	43 841
Medical Aid Contributions		19 956	19 210	19 210	1 419	8 664	8 027	638	8%	19 210
Overtime		5 198	7 197	7 197	398	2 211	3 577	(1 366)	-38%	7 197
Performance Bonus		18 091	18 701	18 701	1 269	8 973	8 955	18	0%	18 701
Motor Vehicle Allowance		9 118	8 951	8 951	700	4 473	4 507	(35)	-1%	8 951
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		679	705	705	45	305	334	(28)	-9%	705
Other benefits and allowances		2 103	2 803	2 803	158	1 050	1 379	(328)	-24%	2 803
Payments in lieu of leave		(9)	2 500	2 500	301	1 608	1 250	358	29%	2 500
Long service awards		2 099	1 564	1 564	644	644	782	(139)	-18%	1 564
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment	2	-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		338 399	353 733	353 733	26 954	162 961	174 828	(11 868)	-7%	353 733
% increase	4		4,5%	4,5%						4,5%
Total Parent Municipality		365 261	390 358	390 358	31 130	178 250	192 394	(14 144)	-7%	390 358

EC139 Enoch Mqijima - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Ref	Description	Budget Year 2023/24												2023/24 Medium Term Revenue & Expenditure Framework		
		July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
1	Cash Receipts By Source															
	Property rates	4 646	7 186	6 515	6 343	11 761	6 908	11 362	11 362	11 362	11 362	36 173	136 342	171 825	182 242	
	Service charges - Electricity revenue	14 727	14 011	12 844	22 140	37 692	12 913	27 544	27 544	27 544	27 544	78 480	330 524	374 734	393 308	
	Service charges - Water revenue															
	Service charges - Waste Water Management	1 467	1 733	1 716	2 015	1 873	1 489	4 814	4 814	4 814	4 814	23 403	57 764	66 330	70 905	
	Rental of facilities and equipment	328	277	262	344	325	233	397	397	397	397	1 010	4 759	4 759	4 759	
	Interest earned - external investments	656	811	610	504	281	483	400	400	400	400	(548)	4 794	2 927	2 931	
	Interest earned - outstanding debtors															
	Dividends received															
	Fines, penalties and forfeits	63	102	129	288	394	80	472	472	472	472	2 249	5 667	1 859	1 868	
	Licences and permits	380	378	333	338	514	222	308	308	308	308	(8)	3 695	3 833	4 016	
	Agency services	8	13	15	17	10	0	382	382	382	382	2 610	4 582	4 738	5 138	
	Transfers and Subsidies - Operational	-	99 508	-	5 250	7 316	77 733	21 414	21 414	21 414	21 414	(39 910)	256 966	256 029	252 050	
	Other revenue	225 521	83 708	53 994	31 752	197 515	97 613	2 693	2 693	2 693	2 693	(671 253)	32 313	35 952	36 246	
	Cash Receipts by Source	247 795	207 725	76 418	68 991	257 660	197 673	69 784	69 784	69 784	69 784	(567 794)	837 408	922 986	953 464	
	Other Cash Flows by Source															
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	50 163	4 603	5 411	(37 393)	-	9 430	9 430	9 430	9 430	43 225	113 159	197 877	95 662	
	Transfers and subsidies - capital (monetary allocations) (Nat / Prov Deparm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Proceeds on Disposal of Fixed and Intangible Assets)	-	-	-	-	-	-	2 250	2 250	2 250	2 250	15 750	27 000	27 000	27 000	
	Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Increase (decrease) in consumer deposits	14	4	28	20	27	20	-	-	-	-	(112)	-	-	-	
	Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Cash Receipts by Source	247 808	257 893	81 049	74 421	220 314	197 693	81 464	81 464	81 464	81 464	(508 931)	977 567	1 147 863	1 076 126	

EC139 Enoch Mgiijima - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

Description	Ref	Budget Year 2023/24								
		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 on new assets by Asset Class/Sub-class										
Infrastructure		-	2 500	2 500	1 783	4 053	1 250	(2 803)	-224,2%	2 500
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	2 500	2 500	1 783	4 053	1 250	(2 803)	-224,2%	2 500
Landfill Sites		-	2 500	2 500	1 783	4 053	1 250	(2 803)	-224,2%	2 500
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		0	2 000	2 000	-	3 385	1 000	(2 385)	-238,5%	2 000
Community Facilities		-	2 000	2 000	-	3 385	1 000	(2 385)	-238,5%	2 000
Halls		-	2 000	2 000	-	3 385	1 000	(2 385)	-238,5%	2 000
Centres		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Computer Equipment		210	1 000	1 000	28	171	500	329	65,7%	1 000
Computer Equipment		210	1 000	1 000	28	171	500	329	65,7%	1 000
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		1 359	-	-	-	-	-	-	-	-
Machinery and Equipment		1 359	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living resources		-	-	-	-	-	-	-	-	-
Matule		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	1 569	5 500	5 500	1 811	7 609	2 750	(4 859)	-176,7%	5 500

EC139 Enoch Mgijima - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M06

Description	Ref	Budget Year 2023/24								
		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 on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		2 203	43 159	39 659	18 984	54 659	19 989	(34 671)	-173,5%	39 659
Roads Infrastructure		2 203	43 159	39 659	18 984	54 659	19 989	(34 671)	-173,5%	39 659
Roads		2 203	43 159	39 659	18 984	54 659	19 989	(34 671)	-173,5%	39 659
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure										
Capital Spares										
Community Assets		0	47 000	47 000	1 081	23 056	23 500	444	1,9%	47 000
Community Facilities		0	47 000	47 000	1 081	23 056	23 500	444	1,9%	47 000
Halls										
Centres										
Capital Spares		0	47 000	47 000	1 081	23 056	23 500	444	1,9%	47 000
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets										
Monuments										
Biological or Cultivated Assets										
Biological or Cultivated Assets										
Intangible Assets										
Servitudes										
Licences and Rights										
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment										
Computer Equipment										
Furniture and Office Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Machinery and Equipment										
Transport Assets		8 247	3 250	3 250	441	441	1 625	1 184	72,9%	3 250
Transport Assets		8 247	3 250	3 250	441	441	1 625	1 184	72,9%	3 250
Land										
Land										
Zoo's, Marine and Non-biological Animals										
Zoo's, Marine and Non-biological Animals										
Living resources										
Mature										
Policing and Protection										
Zoological plants and animals										
Immature										
Policing and Protection										
Zoological plants and animals										
Total Capital Expenditure on renewal of existing assets	1	10 450	93 409	89 909	20 505	78 157	45 114	(33 043)	-73,2%	89 909

EC139 Enoch Mjijima - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M06 December

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		75 121	23 730	25 720	2 902	18 138	13 618	(4 520)	-33,2%	25 720
Roads Infrastructure		49 743	3 580	7 070	17	2 692	4 245	1 553	36,6%	7 070
Roads										
Road Structures		49 704	3 500	6 990	17	2 672	4 207	1 534	36,5%	6 990
Road Furniture		39	80	80	-	20	39	19	48,5%	80
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		25 378	20 150	18 650	2 885	15 445	9 373	(6 073)	-64,8%	18 650
Power Plants		24 215	20 150	18 650	2 702	14 706	9 373	(5 334)	-56,9%	18 650
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks		1 163	-	-	183	739	-	(739)	#DIV/0!	-
Capital Spares										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Capital Spares										
Community Assets		517	-	-	-	-	-	-	-	-
Community Facilities		517	-	-	-	-	-	-	-	-
Halls										
Centres										
Public Open Space		517	-	-	-	-	-	-	-	-
Unimproved Property										
Other assets		715	10 601	6 801	521	721	3 021	2 301	76,1%	6 801
Operational Buildings		715	10 601	6 801	521	721	3 021	2 301	76,1%	6 801
Municipal Offices		715	10 601	6 801	521	721	3 021	2 301	76,1%	6 801
Pay/Enquiry Points										
Building Plan Offices										
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment										
Furniture and Office Equipment		5 194	2 895	2 895	2 396	3 365	1 954	(1 411)	-72,2%	2 895
Furniture and Office Equipment		5 194	2 895	2 895	2 396	3 365	1 954	(1 411)	-72,2%	2 895
Machinery and Equipment		143	2 238	2 256	104	202	769	567	73,7%	2 256
Machinery and Equipment		143	2 238	2 256	104	202	769	567	73,7%	2 256
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Land		-	-	-	-	-	-	-	-	-
Land										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection										
Zoological plants and animals										
Total Repairs and Maintenance Expenditure	1	81 690	39 464	37 672	5 922	22 426	19 362	(3 064)	-15,8%	37 672

EC139 Enoch Mgijima - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class -

Description	Ref	Budget Year 2023/24								
		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 on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		(0)	9 500	13 000	282	2 751	6 338	3 587	58,6%	13 000
Roads Infrastructure		-	9 000	11 000	282	1 635	5 407	3 772	69,8%	11 000
Roads		-	9 000	10 700	59	1 413	5 332	3 919	73,5%	10 700
Road Structures		-	-	300	223	223	75	(148)	-197,1%	300
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		(0)	500	2 000	-	1 116	931	(185)	-19,8%	2 000
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	500	2 000	-	1 116	931	(185)	-19,8%	2 000
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		(0)	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		-	9 000	9 000	3 262	7 766	4 500	(3 266)	-72,6%	9 000
Community Facilities		-	9 000	9 000	3 262	7 766	4 500	(3 266)	-72,6%	9 000
Halls		-	-	-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	9 000	9 000	3 262	7 766	4 500	(3 266)	-72,6%	9 000
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing	1	(0)	18 500	22 000	3 544	10 518	10 838	321	3,0%	22 000

Recommendations to Council

It is recommended that Council,

- Note the mid – year budget assessment and performance report for the period ending 31 December 2023
- Consider an adjustment budget for the shortfalls in the 2023/24 expenditure budget
- Consider adjustment budget for any under collection, shortfalls, over/underspending, unauthorised expenditure for the period ending December 2023

QUALITY CERTIFICATE

I, A. NTENGENYANE the Municipal Manager of ENOCH MGIJIMA LOCAL MUNICIPALITY, hereby certify that the mid-year budget and performance assessment report for the first half of the financial year ending December 2023 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.



MRS. A. NTEGENYANE
MUNICIPAL MANAGER
ENOCH MGIJIMA LOCAL MUNICIPALITY (EC139)

Date: 14 January 2024