



***MONTHLY BUDGET STATEMENT:
S71 MONTHLY REPORT: JULY 2023***

To comply with section 71 of the MFMA and the requirements as promulgated in the MBRR Government Gazette No 32141 of 17 April 2009 by submitting the Monthly Budget Statement to the Executive Mayor, National and Provincial Treasury within 10 working days after the end of each month, containing prescribed financial performance particulars for that reporting month and for the financial year up to the end of that month.

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Due date: 15 August 2023

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List of Abbreviations and Acronyms used in the MBS

AFS – Annual Financial Statements
AGSA - Auditor-General of South Africa
BTO - Budget and Treasury Office
CAPEX – Capital Expenditure
CFO - Chief Financial Officer
COGHSTA - Department of Co-operative Governance, Human Settlement and Traditional Affairs
DBSA - Development Bank of South Africa
DoRA - Division of Revenue Act
DPW – Department of Public Works
DSAC – Department of Sports, Arts and Culture
DWS - Department of Water and Sanitation
ED - Executive Director
EEDG - Energy Efficiency and Demand Side Management Grant
EPWP - Expanded Public Works Programme
FMG – Financial Management Grant
FY – Financial Year
GG – Government Gazette
GRAP - Generally Recognised Accounting Practices
GURP - Galeshewe Urban Renewal Programme
IDP - Integrated Development Plan
INEP - Integrated National Electrification Programme
ISDG - Infrastructure Skills Development Grant
IT - Information Technology
IUDG –Integrated Urban Development Grant
IYM – In-year Monitoring
KPA or KPI - Key Performance Area or Indicator
MBRR - Municipal Budget and Reporting Regulations (GG 32141 of 17 April 2009)
MBS – Monthly Budget Statement
MFMA - Municipal Finance Management Act (Act 56 of 2003)
MIG - Municipal Infrastructure Grant
MM - Municipal Manager
MSA - Municipal Systems Act
MSIG - Municipal Systems Improvement Grant
MTREF - Medium Term Revenue and Expenditure Framework
NDPG - Neighbourhood Development Partnership Grant
NERSA - National Energy Regulator of South Africa (“the Regulator”)
NT - National Treasury
OPEX – Operational Expenditure
O/S - Outstanding
PPE - Property, Plant and Equipment
R&M - Repairs and Maintenance
SALGA - South African Local Government Association
SCM - Supply Chain Management
SCOA – Standard Chart of Accounts
SDBIP - Service Delivery and Budget Implementation Plan
SEDP - Strategic Economic Development and Planning
SLA -Service Level Agreement
SMME - Small, Medium and Micro Enterprises
SPCA - Society For The Prevention Of Cruelty To Animals
SPLM - Sol Plaatje Local Municipality
VAT – Value Added Tax
YTD – Year to date
WRM - Water Resource Management
WRL - Water Research Levy
WSIG – Water Services Infrastructure Grant

PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT: S71 MONTHLY REPORT FOR THE PERIOD ENDING 31 JULY 2023

1. Purpose

The purpose of this report is to comply with section 71 of the MFMA and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009 by the submission of a monthly budget statement to the Executive Mayor, National and Provincial Treasury containing prescribed financial performance particulars for that reporting month and for the financial year up to the end of that month, as legislated.

The municipality realises, the critical importance of having a minimum 3 month's cash coverage which is a sound directive and required norm from National Treasury. This has been the focus of the municipality for the past few months to ensure that Sol Plaatje Municipality recovers fully to ensure its sustainability and financial viability. Serious actions will have to be taken to realise this target and Council's buy-in, to the turn the municipality around is critically important.

The municipality's main goal is to remain positive and committed in stabilising the municipality, improving its cash position and improving on quality service being rendered. The municipality is facing serious challenges pertaining to the debt owed to Eskom and the Department of Water and Sanitation. And as a show of good faith, the municipality has been paying what it can afford in terms of available cash, however both commitments are one of our top priorities. The municipality's main objective is to keep communication open and maintain an amicable working relationship with both institutions, as formal disputes and litigation can have serious repercussions for the municipality and the community. The escalation in debt owed to ESKOM and DWS is a major concern. The three high months billed for electricity is detrimental to the cash flow of the municipality and a mammoth task to settle in full, based on our current collection trend. However, due to the debt agreement with DWS and the Incentive scheme initiated by the Department, the municipality has made significant strides in reducing the arrear debt owed to the Department and settled all invoices raised for the 2022/23 financial year in full.

Currently, the total debtor's book is standing at R3,509,411 billion, of which 86% of the debt is owed in excess of 90 days. The municipality is urging government, businesses and households to meet their obligation to the municipality or make payment arrangements with the municipality. The cash collection is not at desired level and this does not bode well for the municipality's financial position. *There needs to a major paradigm shift in the payment culture across all debtor groups. This can only be achieved when the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied to all customer groups.* Consumers that are not paying for services, must remember that no municipality will remain sustainable and functional if it expected to provide "services for free". And in the same breath, the municipality must employ all measures to ensure that customers receive quality and reliable services. The value of providing these services, should never be underestimated by the municipality as there a direct correlation between providing quality services and consumers' willingness to pay.

Tough decisions have to be taken to have a meaningful impact and produce positive results. This action is long overdue, especially in light of the municipality's financial crisis and major threat to its financial viability and sustainability. The municipality also envisage to implement our Revenue Collection Action Plan ("**RCA Plan**"), prioritizing the collection of overdue Municipal debt from all our Customer Groups that are in arrears and *are able* to pay their accounts, but are unwilling to make payment or make a payment arrangement. The Plan further provides for a Credit Control, Indigent

Sol Plaatje (NC091): Monthly Budget Statement: S71 Monthly Report: July 2023

Assistance Awareness and Account Payment Campaign. We believe that this campaign will be informative and create an awareness to customers as to the assistance provided by the Municipality in relation to the payment of accounts and the social package offered to indigents (including child headed households). The Municipality will offer its customers payment discounts for accounts settled before the due date and discount incentives to all customers that settle their outstanding accounts in full. The campaign will also educate consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery.

In order for the municipality to thrive, overall performance must improve, the quality of services rendered must improve, accountability must be enforced which must be complimented by strict consequence management. Serious consideration should be given to the service delivery and financial implications of all decisions taken. Ensure that acts, regulations and policies are adhered to diligently, consistently and fairly. Enhance revenue collection and ensure that operational and capital funds are spent effectively with good value for money. Improving on preventative maintenance and spending funds cost-effectively and efficiently to address service delivery challenges can no longer be delayed, we have noted an increase in emergency maintenance which seems excessive as no competitive bidding is taking as a result of the impact of asset failure on service delivery. We are striving to ensure assets are maintained at desired levels and are being utilised optimally. The spending of funds will have to be prioritised, wastage be curbed and overall personnel performance and productivity be monitored and improved. Municipal officials should also take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure. Refrain from committing acts of financial misconduct and/or criminal offences as per Chapter 15 of the MFMA.

It is imperative that all municipal officials must have the inherent desire to do their job to the best of their ability, take pride and ownership in their work, take accountability for their job functions, doing the right thing consistently and work as a collective, cohesive team to achieve the municipality's strategic objectives. Foremost to all of these, have the community's best interest at heart.

2. Background

Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 and the Municipal Budget and Reporting Regulations" necessitates those specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance. "The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required Tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."

Further, Section 71 of the MFMA requires that, "the accounting officer of a municipality must by no later than **10 working days** after the end of each month submit to the Mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of that month." For the reporting period ending **31 July 2023**, the ten working day reporting limit expires on **15 August 2023**. The National Treasury will use only the *m*SCOA data strings required for submission as prescribed and all publications will use the data collected from the *m*SCOA data strings" which must be submitted before or on **15 August 2023**, (ten working day limit).

3. Executive summary

The Statement of Financial Performance shown in Annexure A, Table C4, is prepared on the prescribed monthly C-schedules, detailing Revenue by source and Expenditure by type. The consolidated summary of the financial performance is indicated in Table 1 and Table 2 below:

Summary Statement of Financial Performance: YTD Budget					
Description R thousand (R'000)	YTD Budget July 2023	YTD Actual July 2023	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	226,634	447,738	221,104	197.6%	97.6%
Total Revenue (including capital transfers and contributions)	226,634	447,738	221,104	197.6%	97.6%
Total Operational Expenditure	224,272	23,233	(201,039)	10.4%	-89.6%

Table 1: Consolidated summary: Statement of Financial Performance: YTD Budget

As indicated in Table 1 above, as at 31 July 2023, the billed revenue excluding capital grants amounted to R447,738 million which resulted in a satisfactory variance of 97.6% when compared to the YTD Budget of R226,634 million. Reasons are articulated in Section 4.1 below. The billed revenue including capital grants amounted to R447,738 million, resulting in a satisfactory variance of 97.6% when compared to the YTD budget of R226.634 million. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met. There is an error with the YTD budget of capital grants. This was taken up with our service provider. The Total Operational Expenditure resulted in an unsatisfactory variance of minus 89.6%. Reasons for the significant variances are articulated in Section 4.1 and 4.2 below.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual July 2023	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 8.33%
Total Revenue (excluding capital transfers and contributions)	2,719,604	447,738	221,104	16.5%	8.1%
Total Revenue (including capital transfers and contributions)	2,933,837	447,738	203,252	15.3%	6.9%
Total Operational Expenditure	2,691,252	23,233	(201,038)	0.9%	-7.5%

Table 2: Consolidated summary: Statement of Financial Performance: Original Budget

Indicated in Table 2 above is the YTD actual compared to the Original Budget. When calculating the ideal In-Year-Monitoring percentage of 8.33% [calculated as follow: (100/12 months x 1 month of the year)] as at the end of July 2023, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of 8.1%. The Total operational revenue including capital grants versus the Original Budget resulted in an satisfactory variance of 6.9%. The Total Operational Expenditure resulted in an unsatisfactory variance of minus 7.5%.

Please note that certain Revenue by source and Expenditure by type categories are showing excessive negative and/or positive variances. This is due to fact that the YTD budgets were all systematically determined on a straight-line basis by dividing the total budget per category per line item by 12. The capital projections were also done in the same fashion. Please note that variances within a 5 to 10 percent range, as prescribed by National Treasury are acceptable and need not necessarily be explained.

4.1 Operating Revenue by Source

Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance 1YM % - 8.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Revenue										
Exchange Revenue										
Service charges - Electricity	1,034,872	79,072	79,072	86,239	91.7%	(7,167)	-8.3%	7.6%	(7,167)	-0.7%
Service charges - Water	327,114	29,157	29,157	27,259	107.0%	1,898	7.0%	8.9%	1,898	0.6%
Service charges - Waste Water Management	89,858	8,005	8,005	7,488	106.9%	517	6.9%	8.9%	517	0.6%
Service charges - Waste management	65,412	6,499	6,499	5,451	119.2%	1,048	19.2%	9.9%	1,048	1.6%
Sale of Goods and Rendering of Services	15,579	3,688	3,688	1,298	284.1%	2,390	184.1%	23.7%	2,390	15.3%
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	168,880	19,387	19,387	14,073	137.8%	5,314	37.8%	11.5%	5,314	3.1%
Interest from Current and Non Current Assets	7,000	(1,243)	(1,243)	583	-213.1%	(1,826)	-313.1%	-17.8%	(1,826)	-26.1%
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	26,930	2,653	2,653	2,244	118.2%	409	18.2%	9.9%	409	1.5%
Licence and permits	1,200	65	65	100	64.6%	(35)	-35.4%	5.4%	(35)	-2.9%
Operational Revenue	3,134	220	220	261	84.1%	(41)	-15.9%	7.0%	(41)	-1.3%
Non-Exchange Revenue										
Property rates	660,893	186,215	186,215	55,074	338.1%	131,141	238.1%	28.2%	131,141	19.8%
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	30,660	823	823	2,555	32.2%	(1,732)	-67.8%	2.7%	(1,732)	-5.7%
Licence and permits	6,150	1,015	1,015	512	198.0%	502	98.0%	16.5%	502	8.2%
Transfers and subsidies - Operational	281,921	109,640	109,640	23,493	466.7%	86,147	366.7%	38.9%	86,147	30.6%
Interest	-	-	-	-	-	-	-	-	-	-
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	-	570	570	-	-	570	-	-	570	-
Gains on disposal of Assets	-	-	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	2,719,604	445,767	445,767	226,634	196.7%	219,133	96.7%	16.4%	219,133	8.1%
Transfers and subsidies - capital	214,233	-	-	-	#DIV/0!	-	-	0.0%	(17,853)	-8.3%
Total Revenue (including capital transfers and contributions)	2,933,837	445,767	445,767	226,634	196.7%	219,133	96.7%	15.2%	201,280	6.9%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

Exchange Revenue

- ❖ Service charges - Electricity revenue is showing an under-recovery of 8.3%. It is imperative that the Billing section does a proper investigation to ensure that all properties have functional meters installed and are billed accurately. The same applies to all Service charges. Service charges Water, Sanitation and Refuse are all showing an over-recovery when compared to the YTD budget.
- ❖ Sale of Goods and Rendering of Services is overstated by 184.1%, as a result of advance receipts on the approval of buildings plan to the tune of R2,833 million.
- ❖ Interest earned from Receivables is showing a positive variance of 37.8% due to the increase in specifically debt over 90 days and the recent consecutive interest rate hikes.
- ❖ Interest from Current and Non-current Assets shows a negative variance of minus 313%, as a result of accrued interest revenue that was recognised for the 2022/23 financial year. It should be noted that investments have been declining year-on-year but have remained relatively constant for the previous financial year. This however, also served as a major impediment that is preventing the municipality from actually earning more interest. Due to financial constraints the municipality could not increase its investments which largely contributes to the lower interest earned. The bulk of the interest earned will be recognised as part of the year-end procedures.
- ❖ Rental of facilities and equipment is showing a positive variance of 18.2%, as the YTD actual is slightly higher than anticipated.

- ❖ Licences and permits is showing a negative variance of 35.4%, as a result of the receipts on Road & Trsp: Operator & Pub Driv Permits being lower than anticipated.
- ❖ Operational Revenue is showing a negative variance of 15.9%, predominantly due to Commission: Insurance being understated, as a result of the non-interface of Payday system with the financial system for the month of July 2023.

Non-Exchange Revenue

- ❖ Property Rates is showing a positive YTD variance of 238.1%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing a negative variance of minus 67.8% as a result of an under-recovery on Penalties: Disconnection fees resulting from an actual of 2.08% against an Original target of R20,000 million. This must be directed to our Credit Control Office for remedial action to be taken.
- ❖ Licences and permits is showing a positive variance of 98.0%. There are possible outstanding payments due to the Department of Transport, Safety and Liaison. Road & Trsp: Motor Vehicle Licenses is showing an actual achieved of 20.52% against an annual target of R3,950 million.
- ❖ Transfers and subsidies - Operational is showing a positive variance of 366.7%, due to the receipt of the first tranche of the Equitable Share.
- ❖ Operational Revenue is showing movement of R570 thousand against a zero budget. This will be investigated and taken up with our service provider.
- ❖ Transfers and subsidies - Capital is showing an error, as no YTD budget is populated. This was taken up with our service provider. Capital grants remains lower than anticipated due to poor capital grant expenditure. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

Comparison against Original Budget

Based on the IYM percentage of 8.33%, the majority of revenue sources are performing satisfactorily.

Exchange Revenue

- ❖ Service charges against the Original budget is performing satisfactorily.
- ❖ Sale of Goods and Rendering of Services is overstated by 15.3%. Same factors are applicable as described in the paragraph above.
- ❖ Interest earned from Receivables is showing a positive variance of 3.1%.
- ❖ Interest from Current and Non-current Assets shows a negative variance of minus 26.1%. Same factors are applicable as described in the paragraph above.
- ❖ Rental of facilities and equipment is showing a positive variance of 1.5%.
- ❖ Licences and permits is showing a satisfactory variance of minus 2.9%.
- ❖ Operational Revenue is showing a satisfactory variance of minus 1.3%.

Non-Exchange Revenue

- ❖ Property Rates is showing a positive variance of 19.8%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing a satisfactory variance of minus 5.7% Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing a positive variance of 8.2%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Operational is showing a positive variance of 30.6%, due to the receipt of the first tranche of the Equitable Share.

- ❖ Operational Revenue is showing movement of R570 thousand against a zero budget. This will be investigated and taken up with our service provider.
- ❖ Transfers and subsidies - Capital is showing an error, as no YTD budget is populated. This was taken up with our service provider. Capital grants remains lower than anticipated due to poor capital grant expenditure. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

Indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 July 2023. The main contributors of the municipality's revenue are Service Charges (27.4%), Property Rates (41.5%) and Transfers and subsidies (24.5%). The contribution per Revenue source is distorted, as a result of the annual billing of Property rates and the first tranche of the Equitable share received.

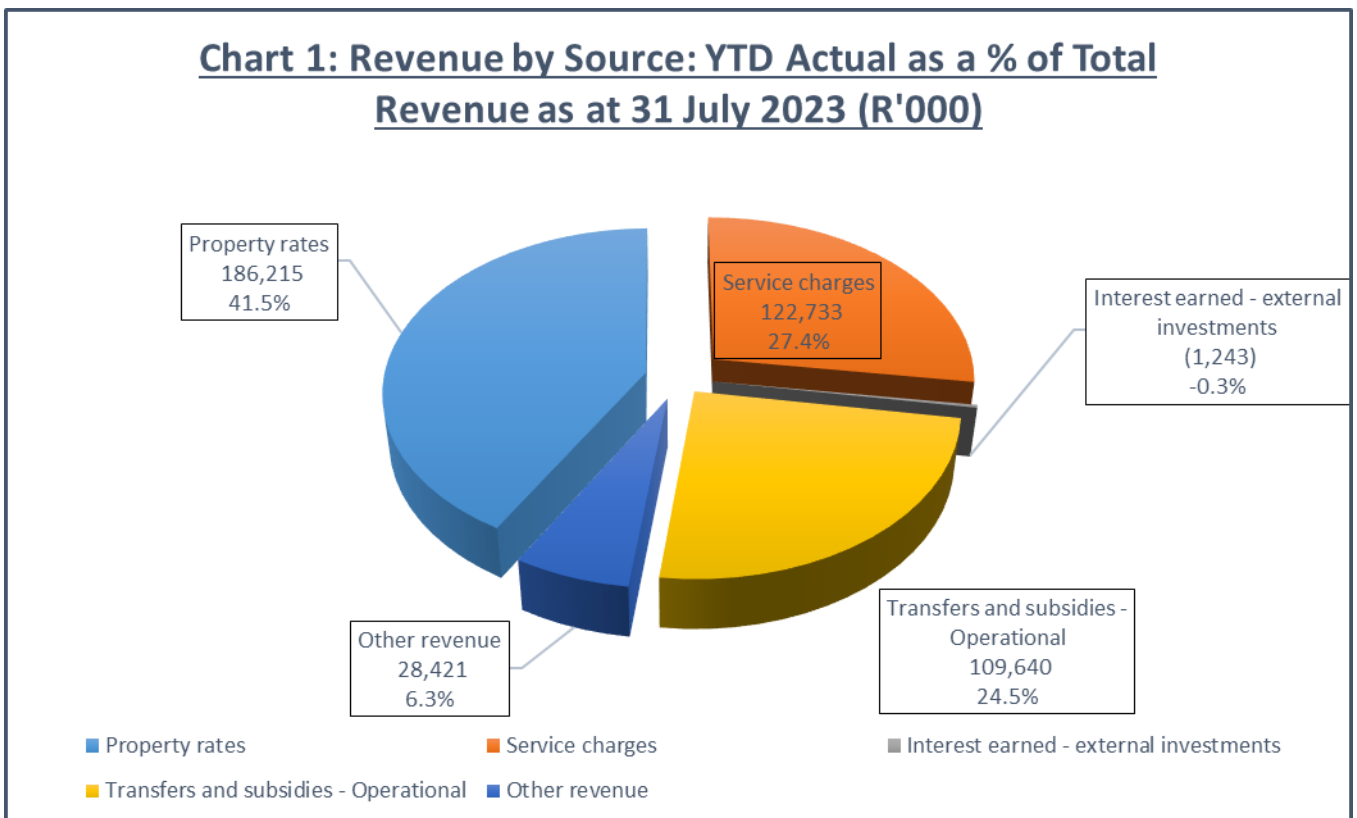


Chart 1: Revenue by Source: YTD Actual as a percentage of Total Revenue

4.2 Operating Expenditure by Type

Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 8.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Expenditure By Type										
Employee related costs	881,637	1,262	1,262	73,470	1.7%	(72,208)	-98.3%	0.1%	(72,208)	-8.2%
Remuneration of councillors	35,559	-	-	2,963	0.0%	(2,963)	-100.0%	0.0%	(2,963)	-8.3%
Bulk purchases - electricity	785,000	-	-	65,417	0.0%	(65,417)	-100.0%	0.0%	(65,417)	-8.3%
Inventory consumed	305,900	5,181	5,181	25,492	20.3%	(20,310)	-79.7%	1.7%	(20,310)	-6.6%
Debt impairment	317,500	-	-	26,458	0.0%	(26,458)	-100.0%	0.0%	(26,458)	-8.3%
Depreciation and amortisation	86,650	-	-	7,221	0.0%	(7,221)	-100.0%	0.0%	(7,221)	-8.3%
Interest	19,495	0	0	1,625	0.0%	(1,624)	-100.0%	0.0%	(1,624)	-8.3%
Contracted services	48,113	184	184	4,009	4.6%	(3,825)	-95.4%	0.4%	(3,825)	-7.9%
Transfers and subsidies	4,560	-	-	380	0.0%	(380)	-100.0%	0.0%	(380)	-8.3%
Irrecoverable debts written off	-	1	1	-		1			1	
Operational costs	145,639	16,830	16,830	12,137	138.7%	4,693	38.7%	11.6%	4,694	3.2%
Losses on Disposal of Assets	-	-	-	-		-			-	
Other Losses	61,200	-	-	5,100	0.0%	(5,100)	-100.0%	0.0%	(5,100)	-8.3%
Total Expenditure	2,691,252	23,458	23,458	224,272	10.5%	(200,813)	-89.5%	0.9%	(200,813)	-7.5%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 July 2023 current YTD expenditure shows an unsatisfactory variance of minus 89.5%. The YTD actual amounted to R23,458 million against the YTD Budget of R224,272 million.

- ❖ Employee related costs shows a negative variance of minus 98.3%. The payroll (Payday) interface with the financial system did not happen timeously due to the delay in the finalization of the salary increases, the set-up of new salary control votes for Councillors to align to mSCOA version 6.7 and a new release that was not loaded timeously on the Payday system. Actuals for July 2023 are reflecting in August month. The minimal movement of R1,262 million pertains to medical aid costs for pensioners and bus allowances paid to the service provider for transportation of lower-level staff. Post-retirement benefit obligations are not factored in and will only be finalised as part of year-end procedures.
- ❖ Remuneration of councillors is showing a negative variance of minus 100%, also as a result of the Payday interface error articulated under Employee related costs. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils must still be issued for the current financial year.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of minus 100%, due to the fact that the June 2023 invoice was recognised in the 2022/23 financial year, based on the accrual accounting principle. The invoice for July 2023 is captured on the system.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of minus 79.7%. Expenditure for the first month of the year is normally low, due later re-opening of the financial year after year-end closure. Various commitments are raised on the system, awaiting delivery of goods and services. It has been reiterated monthly that expenditure on Inventory consumed needs to be monitored closely and remedial action be taken to ensure that funds are spent effectively with good value for money and that funds will be fully spent at year-end. The major backlog and deterioration of infrastructure and high-level of crisis management is negatively influencing this expenditure line items and sound financial management of budgets is not adequately exercised. Deviations and re-directing of funds to manage crises is severely and rapidly depleting the R&M budget. Lack of maintenance plans and planned maintenance is impeding on the municipality's ability to maintain assets optimally. There are limited resources available with severe budgetary constraints with the current cash flow position putting major strain on the municipality's finances to actually address service delivery challenges. The municipality is obligated to ensure that tariffs are cost-reflective

whilst ensuring that tariff increases are inflationary related as prescribed by NT's annual MFMA Budget circulars. This is a major impediment for the municipality to increase the R&M to a desired level to actually address backlogs, whilst employee costs, provision for bad debts and other expenditure is putting further strain on the budgets each year.

R&M Expenditure per Directorate per Inventory type as at 31 Jul 2023 (Amounts in Rand)	Original Budget	Preliminary Adjusted Budget	Curr Mth Exp	YTD Movement	% Spent Original Budget	Comment
☐ VOTE 1 - COUNCILLORS AND ADMIN	286,000	286,000	11,898	11,898	4%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	118,000	118,000	11,898	11,898	10%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	2,000	2,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	166,000	166,000	-	-	0%	UNDERSPENT
☐ VOTE 2 - MUNICIPAL AND GENERAL	30,576,000	30,576,000	109,235	109,235	0%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	670,000	670,000	30,644	30,644	5%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	-	-	-	-	-	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	250,000	245,000	17,566	17,566	7%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	5,000	-	-	-	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	29,656,000	29,656,000	61,025	61,025	0%	UNDERSPENT
☐ VOTE 3 - MUNICIPAL MANAGER	138,000	138,000	18,226	18,226	13%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	120,000	120,000	18,226	18,226	15%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,000	18,000	-	-	0%	UNDERSPENT
☐ VOTE 4 - CORPORATE SERVICES	10,645,730	10,645,730	103,607	103,607	1%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	867,000	867,000	16,184	16,184	2%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	260,000	260,000	17,788	17,788	7%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	340,730	340,730	56,151	56,151	16%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	9,178,000	9,178,000	13,484	13,484	0%	UNDERSPENT
☐ VOTE 5 - COMMUNITY SERVICES	34,528,500	34,528,500	903,863	903,863	3%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,008,500	1,008,500	22,272	22,272	2%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	58,000	58,000	-	-	0%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	195,000	195,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	965,000	965,000	25,966	25,966	3%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	7,457,000	7,457,000	625,820	625,820	8%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	953,000	953,000	5,715	5,715	1%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	23,892,000	23,892,000	224,089	224,089	1%	UNDERSPENT
☐ VOTE 6 - FINANCIAL SERVICES	2,399,000	2,399,000	149,526	149,526	6%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,270,000	1,270,000	117,062	117,062	9%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	159,000	159,000	17,481	17,481	11%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	172,000	172,000	12,330	12,330	7%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	-	-	-	-	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	798,000	798,000	2,653	2,653	0%	UNDERSPENT
☐ VOTE 7 - STRATEGY & ECONOMIC DEVELOPMENT	6,430,000	6,430,000	121,787	121,787	2%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	464,000	464,000	118	118	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	61,000	61,000	8,260	8,260	14%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	362,000	362,000	34,129	34,129	9%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	6,000	6,000	440	440	7%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	5,537,000	5,537,000	78,841	78,841	1%	UNDERSPENT
☐ VOTE 8 - INFRASTRUCTURE SERVICES	220,896,654	220,896,654	3,763,225	3,763,225	2%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	677,000	677,000	7,023	7,023	1%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	2,000	-	-	0%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	13,660,000	13,660,000	1,211,157	1,211,157	9%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	721,000	721,000	86,304	86,304	12%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,650,000	6,650,000	689,155	689,155	10%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	360,000	360,000	39,536	39,536	11%	SATISFACTORY
2323600 (INVENTORY - MATERIALS & SUPPLIES)	137,626,654	137,626,654	1,730,050	1,730,050	1%	UNDERSPENT
2326600 (INVENTORY - WATER)	61,200,000	61,200,000	-	-	0%	UNDERSPENT
Grand Total	305,899,884	305,899,884	5,181,367	5,181,367	2%	UNDERSPENT

Table 4.1 R&M Expenditure per Directorate per inventory type

R&M Expenditure per Service per Inventory Type as at 31 Jul 2023 (Amounts in Rand)	Original Budget	Preliminary Adjustment Budget	Curr Mth Exp	YTD Movement	% Spent Original Budget	Comment
2480 - REFUSE	20,731,000	20,731,000	604,571	604,571	3%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	71,000	71,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	210,000	210,000	-	-	0%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	5,000,000	5,000,000	449,936	449,936	9%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	750,000	750,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	14,700,000	14,700,000	154,635	154,635	1%	UNDERSPENT
2830 - ROADS	46,038,000	46,038,000	262,485	262,485	1%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	50,000	50,000	5,520	5,520	11%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	54,000	54,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	45,934,000	45,934,000	256,965	256,965	1%	UNDERSPENT
2840 - HOUSING	3,497,000	3,497,000	47,546	47,546	1%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	98,000	98,000	-	-	0%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	125,000	125,000	27,522	27,522	22%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	150,000	150,000	11,722	11,722	8%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	-	-	-	-	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	3,123,000	3,123,000	8,303	8,303	0%	UNDERSPENT
2850 - SEWERAGE	20,739,000	20,739,000	591,029	591,029	3%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	45,000	45,000	-	-	0%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	150,000	150,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	239,000	239,000	29,856	29,856	12%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	1,700,000	1,700,000	219,637	219,637	13%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,505,000	18,505,000	341,536	341,536	2%	UNDERSPENT
2860 - WATER	105,314,000	105,314,000	1,996,396	1,996,396	2%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	95,000	95,000	-	-	0%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	13,510,000	13,510,000	1,211,157	1,211,157	9%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	105,000	105,000	15,235	15,235	15%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	1,600,000	1,600,000	177,280	177,280	11%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	260,000	260,000	39,536	39,536	15%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	28,544,000	28,544,000	553,187	553,187	2%	UNDERSPENT
2326600 (INVENTORY - WATER)	61,200,000	61,200,000	-	-	0%	UNDERSPENT
2880 - ELECTRICITY	49,461,000	49,461,000	757,548	757,548	2%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	194,000	194,000	-	-	0%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	71,000	71,000	1,799	1,799	3%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	49,195,000	49,195,000	755,749	755,749	2%	UNDERSPENT
Grand Total	245,780,000	245,780,000	4,259,575	4,259,575	2%	UNDERSPENT

Table 4.2 R&M Expenditure per Service per inventory type

- ❖ Debt impairment will be provided for on a quarterly basis and the journal for the first quarter will be processed during August 2023.
- ❖ Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Herewith the response from the Asset Management Unit, why Depreciation cannot be recognised at least quarterly “The Asset Management System currently do not interface with the financial system and this make it difficult, to post the transactions for depreciation monthly or quarterly. We currently have to pass journals in the financial system to recognise depreciation in the general ledger. This is due to the fact that the systems do not interface. Once journals are passed for depreciation and changes needs to be done for depreciation due to asset processes like disposals or impairment recognition, we will have to pass new journals for the correction of depreciation. The Asset Management System can currently interface with the Financial System but requires authorization from the service provider of the Financial System. Asset Management is one of the core functions that will be dealt with by the re-established mSCOA Steering Committee.”
- ❖ Interest is showing a negative variance of 100%. Interest on External borrowing is paid bi-annually and the first instalment for the current financial year is due at the end of December 2023. The interest on overdue accounts for the July 2023 Eskom bulk account was captured on the system under Bulk purchases electricity, as there is no provision for Interest on overdue accounts. This will be addressed during the Adjustment budget and corrective journals processed. All Interest paid on overdue accounts must be recognized as Fruitless and Wasteful expenditure in the Annual Financial Statements.
- ❖ Expenditure on Contracted services is lower than anticipated. Prepaid Electricity Vendors is 0% spent versus an Original budget of R26,300 million. The July 2023 invoice is unpaid and payment should be effected during August 2023. The line item OS: B&A Project Management is 1% spent

versus an Original budget of R5,060 million. C&PS: Legal Cost Advice & Litigation is 0.92% spent versus a budget of R6,160 million.

- ❖ Transfers and subsidies show a negative variance of minus 100%. The grant due to the SPCA must still be paid for the current year. Other grants show minimal movement due to cash flow constraints.
- ❖ The movement under Irrecoverable debts written-off must be investigated.
- ❖ Operational cost is showing an unsatisfactory variance of 38.7% as a result of the following line items under Operational Cost (OC)
 - Cost incurred of R3,122 million on OC: Cash Discount which is currently reflecting as an expense with a zero budget, but these costs will be transferred and debited against Revenue at year-end because it is considered Revenue foregone. The prorata split is done manually between Property rates and service charges, excluding Electricity Revenue because the system cannot handle the automated split per Revenue source. This will be discussed again with our service provider.
 - Cost incurred of R2,392 million on OC: Ext Com Serv Prov - S/Ware Licences, for predominantly annual software licenses fees.
 - Cost incurred of R9,449 million on OC: Professional Bodies M/Ship & Subs, for predominantly annual SALGA membership fees.
- ❖ Other Losses is showing a negative variance of minus 100%. Bulk purchases Water is treated in line with GRAP 12. The invoices are captured on the balance sheet under Water: Input Vol: Bulk Purchases and then journalized to the Income Statement and is simultaneously split between Water Inventory and Water losses. The municipality is awaiting the July 2023 invoice from DWS, and hence no corrective journal was processed.

Operating Expenditure by Type: Comparison against Original Budget

Indicated in Table 4 above, is the YTD actual compared to the Original Budget. The ideal In-Year-Monitoring percentage as at the end of July 2023 is 8.33%. The total operational expenditure against the Original budget is 0.9% spent, resulting in an unsatisfactory variance of minus 7.5%.

- ❖ Employee related costs shows a negative variance of minus 8.2%. Same factors are applicable as explained above.
- ❖ Remuneration of councillors is showing a negative variance of minus 8.3%. Same factors are applicable as explained above.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of minus 8.3%. Same factors are applicable as explained above.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of minus 6.6%. Same factors are applicable as explained above.
- ❖ Debt impairment will be provided for on a quarterly basis and the journal for the first quarter will be processed during August 2023.
- ❖ Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Same factors are applicable as explained above.
- ❖ Interest is showing a negative variance of 8.3%. Same factors are applicable as explained above.
- ❖ Expenditure on Contracted services is lower than anticipated. Same factors are applicable as explained above.
- ❖ Transfers and subsidies show a negative variance of minus 8.3%. Same factors are applicable as explained above.
- ❖ The movement under Irrecoverable debts written-off must be investigated.
- ❖ Operational cost is showing a satisfactory variance of 3.2%. Same factors are applicable as explained above.
- ❖ Other Losses is showing a negative variance of minus 8.3%. Same factors are applicable as explained above.

Chart 2: Expenditure by Type : YTD Actual as a % of Total Expenditure as at 31 July 2023 (R'000)

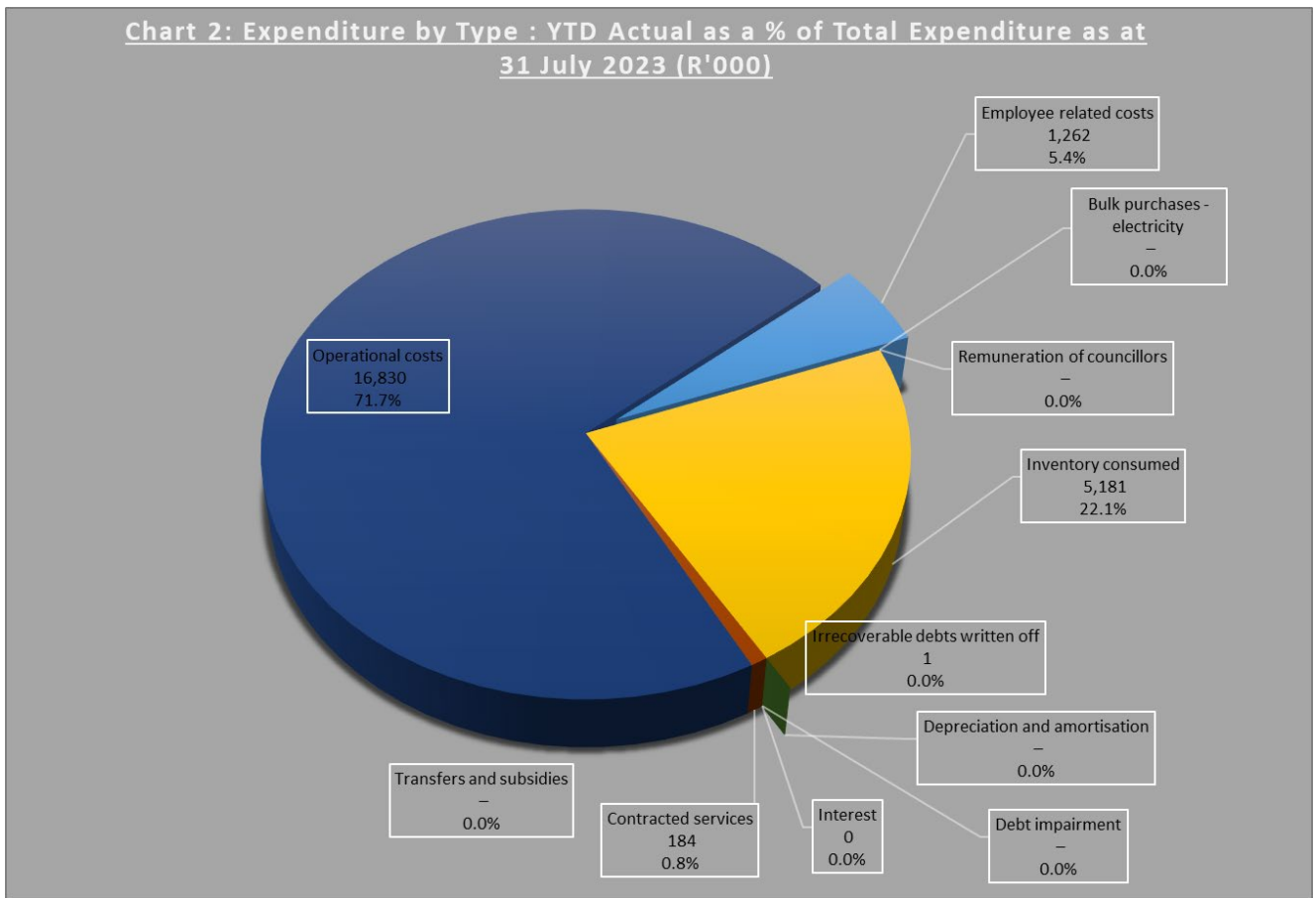


Chart 2: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

Also indicated in Chart 2 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 July 2023. The main cost drivers of the municipality are Employee Related Costs, Debt Impairment and Bulk Purchases – Electricity. It should be noted that these percentages are distorted as a result of the following:

- ❖ Employee costs and Councillors remuneration not interfacing with the financial system.
- ❖ The Post-retirement benefit obligations under Employee related costs will be finalized as part of the year-end procedures.
- ❖ Depreciation is not provided for and will only be finalized at year-end.
- ❖ The Eskom Bulk invoice for July 2023 must still be captured on the system.
- ❖ Debt impairment is not provided for as yet.
- ❖ Other losses must be journalized, once invoice is received from DWS and captured on the system.

Bulk Purchases: Electricity, Water inventory and Water losses

❖ Indicated in Table 5.1 below, is the YTD expenditure on Bulk Purchases: Electricity. When compared to the IYM percentage of 8.33% as at end of July 2023, Bulk Purchases Electricity is showing an unsatisfactory variance of minus 8.33%. This is as a result of the June 2023 invoice being recognised in the 2022/23 financial year. The July 2023 invoice was captured on the system during August 2023.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 8.33%
BULK PURCHASES: ELECTRICITY	785,000,000	-	-	0.00%	-8.33%
Total	785,000,000	-	-	0.00%	-8.33%

Table 5.1: Summary of YTD Bulk Electricity expenditure

❖ Indicated in Table 5.2 below, is the Water inventory and Water losses which is showing an unsatisfactory variance of minus 8.33%, when compared to the ideal percentage of 8.33%. During the Adjustment budget for 2021/22 and advised by NT, Bulk purchases Water was split between Inventory Water and Water losses in the Statement of Financial Performance aligned to GRAP 12. A corrective journal for the actuals will be effected on the system. The municipality is awaiting the invoice for July 2023 from DWS.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 8.33%
INVENTORY - WATER	61,200,000	-	-	0.0%	-8.3%
NON-REVENUE WATER LOSSES	61,200,000	-	-	0.0%	-8.3%
Total	122,400,000	-	-	0.0%	-8.3%

Table 5.2: Summary of YTD Bulk Water expenditure

Organ of state	Arrear debt of unpaid invoices	Current Account due (July 2023)	Total Outstanding Debt	YTD Interest charged 2023/24
ESKOM	810,170,964.36	131,031,834.60	941,202,798.96	8,735,898.94
DWS (Water boards)	110,636,611.49	82,471.24	110,719,082.73	-
Grand Total	920,807,575.85	131,114,305.84	1,051,921,881.69	8,735,898.94

Fin year	Outstanding Debt	Fin year	Outstanding Debt
2021/22	523,810,617.99	2021/22	110,636,611.49
2022/23	286,360,346.37	2022/23	-
2023/24	131,031,834.60	2023/24	82,471.24
Grand Total ESKOM	941,202,798.96	Grand Total DWS	110,719,082.73

Table 6.1: Summary of outstanding Bulk costs debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R941,203 million. The debt for 2021/22 (R523,811m) and 2022/23 (R286.360m) has not been settled in full. The current arrangement with ESKOM is that the municipality must at least settle the current account on a monthly basis, whilst the repayment proposal by the municipality must still be approved by ESKOM. Therefore, there was no formal payment arrangement in place for 2022/23 financial year. The municipality is struggling to meet the monthly current account but pays what is available from a cash perspective. The total year to date interest charged on overdue accounts due to ESKOM amounts to R8,736 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review.

Also, indicated in Table 6.1 above, is the total outstanding debt owed to DWS which amounts to R110,719 million. There are still outstanding invoices for 2021/22 financial year (R110,637m). All the invoices for the 2022/23 financial year, has been settled in full. The municipality opted to partake in the Department's Debt Incentive Scheme which constitutes of the following conditions:

- Settling 10% of the arrear debt (municipality complied)
- Settling the current account each month (municipality complied since inception of Incentive scheme but have defaulted twice but have since settled all invoices for 2022/23 in full.
- Settling the monthly debt instalment (municipality complied, but defaulted for February 2023, but has since caught up again)
- Repayment of debt over 12 months (municipality requested 24-month repayment period)

Also included in the Incentive scheme, is the writing-off of all accrued interest and suppression of interest going forward, hence no interest was charged for the prior and current financial year. The repayment proposal was approved by the Department.

Fin year	Month	Invoice amount	Paid to date (2023/24 FY)	Outstanding Balance	Arrear Debt	Current Acc
2021/22	Oct-21	51,027,860.62	-	51,027,860.62	51,027,860.62	
2021/22	Nov-21	50,812,779.51	-	50,812,779.51	50,812,779.51	
2021/22	Dec-21	51,379,198.31	-	51,379,198.31	51,379,198.31	
2021/22	Jan-22	53,401,058.31	-	53,401,058.31	53,401,058.31	
2021/22	Feb-22	51,445,498.50	-	51,445,498.50	51,445,498.50	
2021/22	Mar-22	54,651,968.15	-	54,651,968.15	54,651,968.15	
2021/22	Apr-22	51,834,528.52	-	51,834,528.52	51,834,528.52	
2021/22	May-22	57,826,269.53	-	57,826,269.53	57,826,269.53	
2021/22	Jun-22	101,431,456.54	-	101,431,456.54	101,431,456.54	
2022/23	Dec-22	48,088,331.42	-	48,088,331.42	48,088,331.42	
2022/23	Jan-23	59,491,314.63	-	59,491,314.63	59,491,314.63	
2022/23	Feb-23	56,821,014.10	-	56,821,014.10	56,821,014.10	
2022/23	Apr-23	45,105,989.70	-	45,105,989.70	45,105,989.70	
2022/23	May-23	65,831,382.23	-	65,831,382.23	65,831,382.23	
2022/23	Jun-23	114,263,826.52	103,241,512.23	11,022,314.29	11,022,314.29	
2023/24	Jul-23	131,031,834.60	-	131,031,834.60		131,031,834.60
Total ESKOM (Bulk electricity)		1,044,444,311.19	103,241,512.23	941,202,798.96	810,170,964.36	131,031,834.60

Table 6.2: Summary of outstanding ESKOM debt

Indicated in Table 6.2 above, is the detailed breakdown of outstanding balances per invoice, amounting to R941,203 million pertaining to the debt owed to ESKOM. The outstanding balance is then split into the arrear debt (R810,171 million) and the current account (R131,0324 million). As per the July 2023 invoice, the debt owed showed R1,044,444 billion was outstanding, the discrepancy is as a result of the delayed release of R103,242 million on 1 August 2023, due to some challenges on the temporary release limit increase that the municipality arranged with the bank. Our current limit is R70,000 million.

FIN YEAR PER PERIOD	AMOUNT	FIN YEAR PER PAYMENT DATE	AMOUNT
2022/23	R 607,483,087.93	2022/23	R 607,483,087.93
202207	R 53,019,940.09	20220713	R 53,019,940.09
202208	R 79,537,674.82	20220815	R 40,000,000.00
202209	R 109,064,695.35	20220824	R 39,537,674.82
202210	R 58,357,071.08	20220919	R 109,064,695.35
202211	R 59,750,383.02	20221028	R 58,357,071.08
202212	R 20,000,000.00	20221130	R 59,750,383.02
202301	R 22,000,000.00	20221230	R 20,000,000.00
202302	R 45,000,000.00	20230131	R 22,000,000.00
202303	R 35,000,000.00	20230228	R 45,000,000.00
202304	R 47,000,000.00	20230316	R 35,000,000.00
202305	R 50,753,323.57	20230417	R 25,000,000.00
202306	R 28,000,000.00	20230428	R 22,000,000.00
2023/24	R 103,241,512.23	20230505	R 15,753,323.56
202307	R 103,241,512.23	20230530	R 35,000,000.01
Grand Total	R 710,724,600.16	20230630	R 28,000,000.00
		2023/24	R 103,241,512.23
		20230801	R 103,241,512.23
		Grand Total	R 710,724,600.16

Table 6.3: Summary of ESKOM payments

Indicated in Table 6.3 above, is the total amount paid to ESKOM per financial year, per financial period and per payment date for the 2022/23 and 2023/24 financial year which amounted to R710,725 million. For the month of July 2023, the municipality settled R103,242 million on the current account of June 2023, amounting to R114,264 million.

Fin year	Month	Invoice amount	Paid to date (2022/23 FY)	Outstanding Balance	Arrear Debt	Current Acc
2021/22	INTEREST (APR-JUN 2022)	6,191,399.16	-	6,191,399.16	6,191,399.16	
2021/22	Aug-21	15,074,754.70	-	15,074,754.70	15,074,754.70	
2021/22	Sep-21	15,794,682.80	15,794,682.80	-	-	
2021/22	Oct-21	15,275,086.61	-	15,275,086.61	15,275,086.61	
2021/22	Nov-21	14,522,530.48	-	14,522,530.48	14,522,530.48	
2021/22	Dec-21	11,107,773.22	-	11,107,773.22	11,107,773.22	
2021/22	Jan-22	17,098,078.18	-	17,098,078.18	17,098,078.18	
2021/22	Feb-22	16,436,776.66	-	16,436,776.66	16,436,776.66	
2021/22	Mar-22	14,930,212.48	-	14,930,212.48	14,930,212.48	
2022/23	WRM LEVIES JUN 2023	82,471.24	82,471.24	-		
2023/24	WRM LEVIES JUL 2023	82,471.24	-	82,471.24		82,471.24
Total DWS (Waterboard)		126,596,236.77	15,877,154.04	110,719,082.73	110,636,611.49	82,471.24

Table 6.4: Summary of outstanding DWS debt

Indicated in Table 6.4 above, is the detailed breakdown of outstanding balances per invoice amounting to R110,719 million pertaining to debt owed to DWS. The outstanding balance is then split into the arrear debt (R110,637 million) and the current account of (R82 thousand), pertaining to WRM levies. The municipality is still awaiting the invoice for July 2023. The servitude (free water) period which commences from 1 April each year is now exhausted.

FIN YEAR PER PERIOD	AMOUNT	FIN YEAR PER PAYMENT DATE	AMOUNT
2022/23	182,284,059.00	2022/23	182,284,059.00
202207	2,334,243.57	20220714	82,471.24
202208	38,036,976.25	20220728	1,388,435.69
202209	164,942.48	20220802	863,336.64
202210	33,851,895.86	20220816	38,036,976.25
202211	20,941,921.16	20220901	82,471.24
202212	7,835,604.54	20220920	82,471.24
202301	17,118,802.20	20221021	82,471.24
202302	82,471.24	20221031	33,769,424.62
202303	27,817,868.18	20221111	82,471.24
202304	15,906,705.34	20221124	20,859,449.92
202305	18,027,685.70	20221229	7,835,604.54
202306	164,942.48	20230109	82,471.24
2023/24	15,877,154.04	20230124	16,953,859.72
202307	15,877,154.04	20230126	82,471.24
Grand Total	198,161,213.04	20230220	82,471.24
		20230317	27,735,396.94
		20230322	82,471.24
		20230421	77,850.54
		20230502	15,828,854.80
		20230508	6,000,000.00
		20230522	4,620.70
		20230530	12,023,065.00
		20230605	82,471.24
		20230629	82,471.24
		2023/24	15,877,154.04
		20230727	82,471.24
		20230712	15,794,682.80
		Grand Total	198,161,213.04

Table 6.5: Summary of DWS payments

Indicated in Table 6.5 above, is the total amount paid to DWS per financial year, per financial period and per payment date for the 2022/23 and 2023/24 financial year amounting to R198,161 million. For the month of July 2023, the municipality settled an amount of R15,877 million on the outstanding debt, of which R15,795 million was on the arrear debt.

Monthly and YTD comparison of debt owed to Eskom and DWS

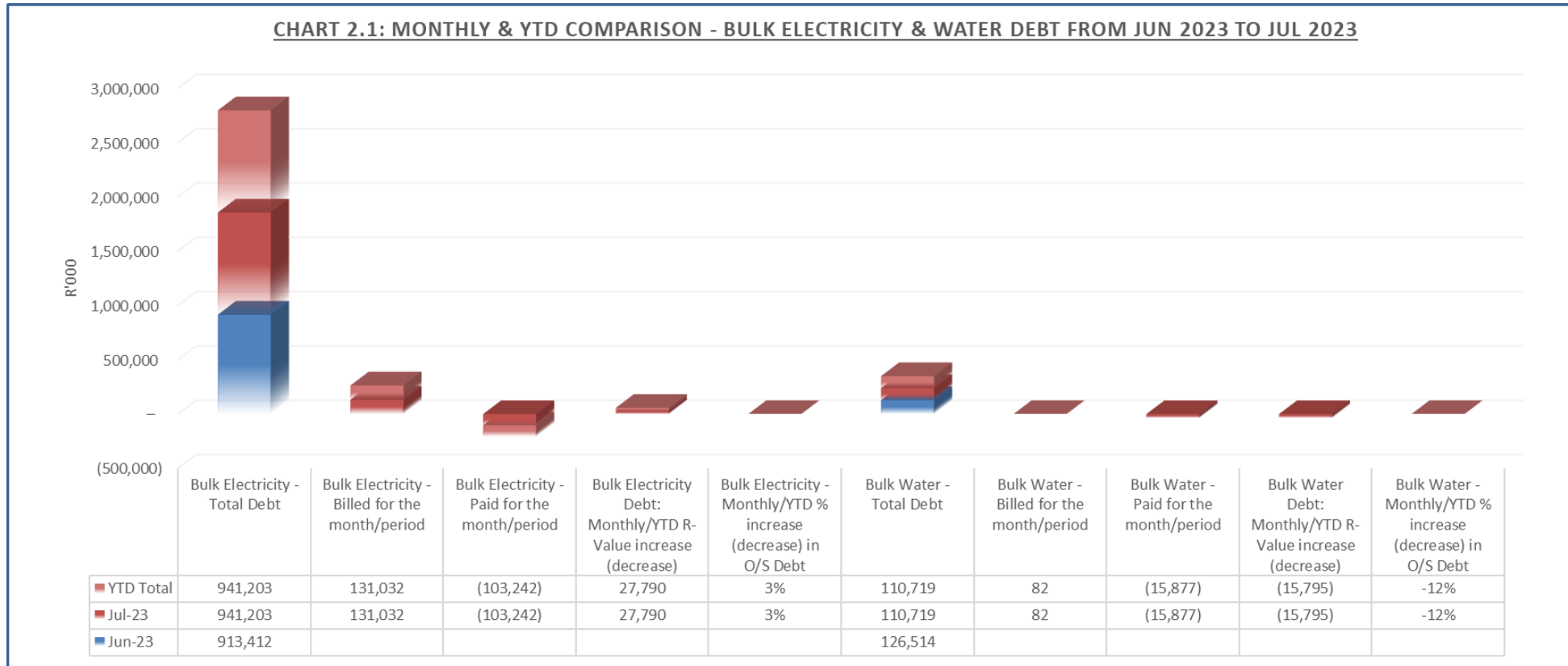


Chart 2.1: Monthly & YTD comparison - Bulk electricity & Water debt

Indicated in Chart 2.1 above, is the monthly and YTD comparison of Bulk electricity and Water debt. From June 2023 to July 2023, debt owed to ESKOM increased by R27,790 million or 3%, from R913,412 million to R941,203 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R27,790 million or 3%, from R913,412 million to R941,203 million. The total YTD billing for July 2023, amounted to R131,032 million, whilst the municipality settled an amount of R103,242 million for the same period.

From June 2023 to July 2023, debt owed to DWS decreased by R15,795 million or minus 12%, from R126,514 million to R110,719 million. When comparing the total outstanding debt to June 2022, the outstanding debt decreased by R15,795 million or minus 12% from R126,514 million to R110,719 million. The total YTD billing for July 2023, amounted to R82 thousand, whilst the municipality settled an amount of R15,877 million for the same period.

4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - July 2023										
Capital expenditure	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 8.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	249,473	2	2	20,789	0.01%	(20,788)	-100.0%	0.0%	(20,788)	-8.3%
Funded by										
Capital transfers recognised	214,233	2	2	17,853	0.01%	(17,851)	-100.0%	0.0%	(17,851)	-8.3%
Internally generated funds	35,240	-	-	2,937	0.0%	(2,937)	-100.0%	0.0%	(2,937)	-8.3%
Weighting Capital transfer recognised	85.9%	100.0%	100.0%	85.9%						
Weighting Internally generated funds	14.1%	0.0%	0.0%	14.1%						

Table 7: High level summary: Capital Expenditure

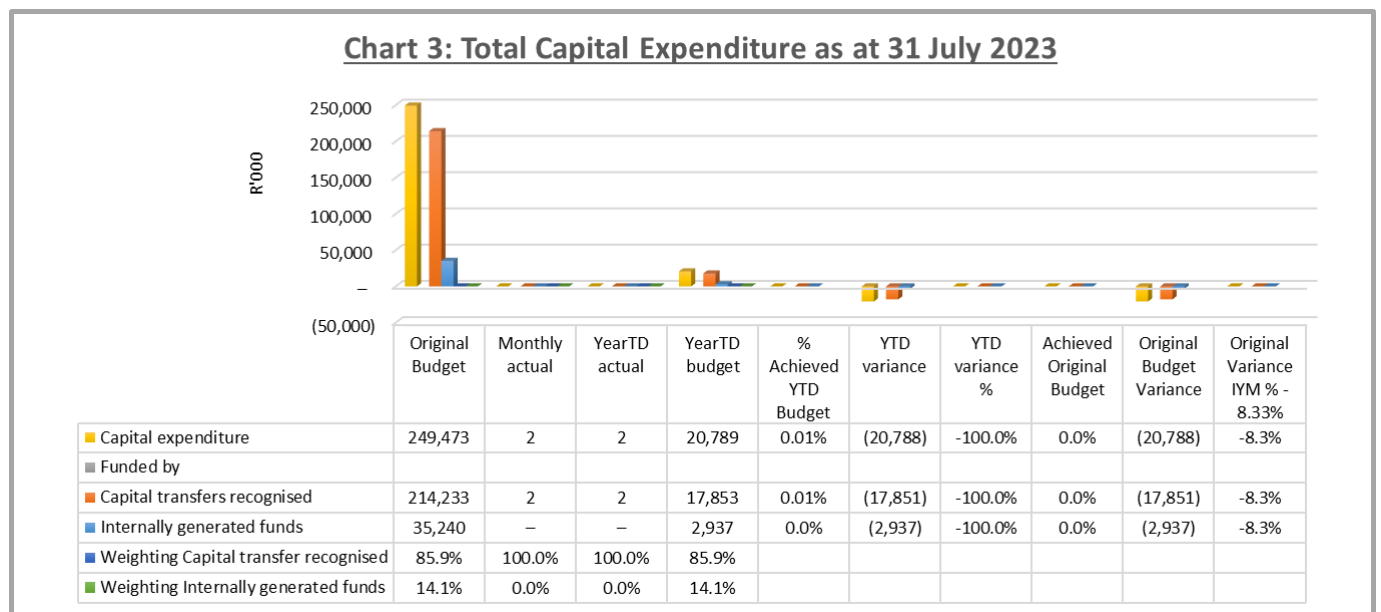


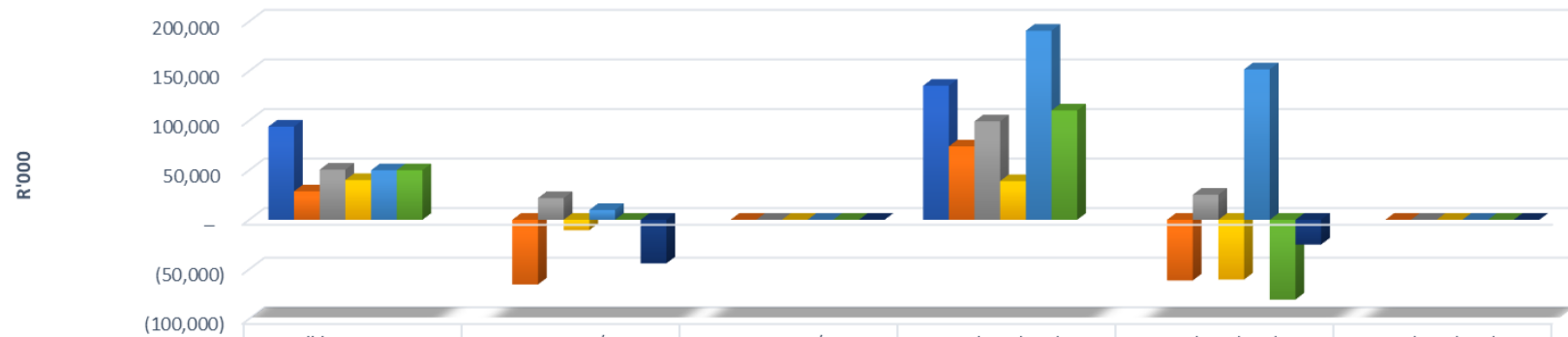
Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of July 2023 amounted to R2 thousand and 0.01% spent when compared to the YTD budget of R20,789 million and 0.01% spent when compared to the Original Budget of R249,473 million. The total YTD capex is funded from Capital grants R2 thousand (0.01%) and Internally generated funds zero rand (0.0%). Capex is extremely low and major intervention is required for the financial year. Planning of project managers also needs to improve going forward. One of the major challenges that the municipality is experiencing is in respect of tendering processes.

The majority of capital projects are based on a functionality criteria. Bidders either do not meet the functionality criteria or submit incomplete tender documents resulting in bidders being non-responsive. And due to the non-responsiveness of bidders, these bids unfortunately have to be re-advertised. The municipality has been implementing more compulsory site meetings to sensitise service providers on the compliance issues pertaining to bid documents. Secondly, project managers need to realistically anticipate challenges and immediately address delays in order to ensure that projects are completed within the specified timeframe. Contract management also needs to be monitored more closely, placing emphasis on the performance of appointed service providers and addressing issues of non-performance immediately. The Project Management Unit (PMU) is not adequately staffed, resulting in a lack of qualified permanently appointed project managers. Lastly, it is advised that disputes, if any are addressed and resolved expeditiously. The capital expenditure is slow and overall capital expenditure remains a major concern. Remedial action will have to be taken going forward to ensure improvement on capex. It should be noted that capital expenditure excludes VAT and commitments. The capital expenditure report shown in Annexure A, Table C5 has been prepared on the prescribed monthly C-schedule, and is categorised by municipal vote and functional classification.

4.4 Cash flows

Chart 4: Current investment deposits and Cash & cash equivalents at year-end



	Call investment deposits at year-end	Investments / Year-on-year R-Value Increase (Decrease)	Investments / Year-on-year % Increase/(Decrease)	Cash and cash equivalents at year-end	Cash and cash equivalents / Year-on-year R-Value Increase/(Decrease)	Cash and cash equivalents / Year-on-year % Increase/(Decrease)
■ 30 June 2018	93,978			135,240		
■ 30 June 2019	28,701	(65,278)	-69%	74,019	(61,221)	-45%
■ 30 June 2020	50,594	21,893	76%	99,307	25,287	34%
■ 30 June 2021	40,099	(10,495)	-21%	39,010	(60,297)	-61%
■ 30 June 2022	49,975	9,876	25%	190,783	151,773	389%
■ 30 June 2023 (Prelim results)	49,975	-	0%	110,276	(80,507)	-42%
■ Total Increase (Decrease) - 2018 to 2023		(44,003)	-47%		(24,965)	-18%

Chart 4: Call investment deposits and Cash & cash equivalents at year-end

Investments decreased by R65,278 million or 69% from 2018 to 2019. Investments increased by R21,893 million or 76% from 2019 to 2020. Investments decreased by R10,495 million or 21% from 2020 to 2021. Investments increased by R9,876 million or 25% from 2021 to 2022. The total investment remained the same from 2022 to 2023. From 2018 to 2023, the total investments decreased by R44,003 million or 47%. The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents. There has been a substantial increase in the Cash and Cash equivalents for the year ended 30 June 2022, due to portion of the Equitable Share that was held as reserve, to avert a crisis situation, where the municipality cannot pay salaries. This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, variation orders on contracts, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

Chart 5: Call investment deposits incl interest for the period ending 31 July 2023

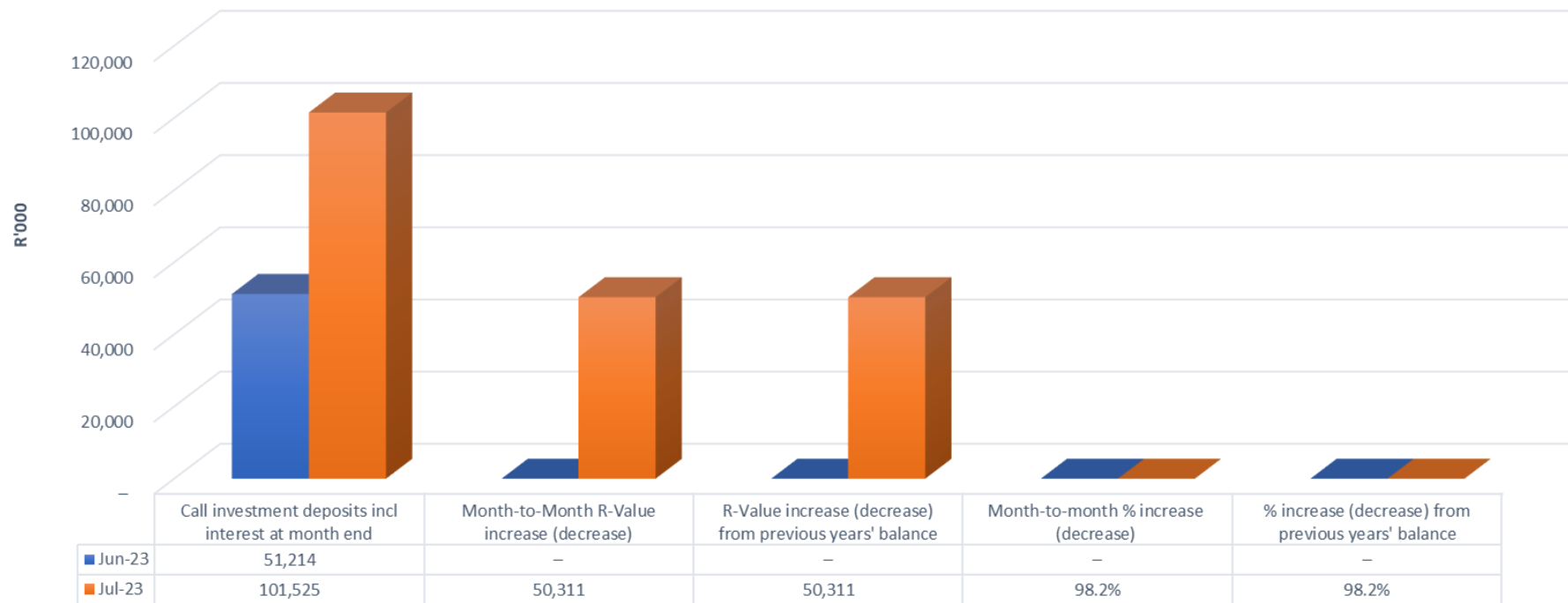


Chart 5: Call investment deposits at month-end

As indicated in the Chart 5 above from June 2023 to July 2023 investments incl interest increased by R50,311 million or 98.2%, in respect of the month-to-month comparison. Investments increased by R50,311 million or 98.2% when compared to the previous years' balance of R51,214 million. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments. The non-charging of the basic charge for the 2018/19 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.

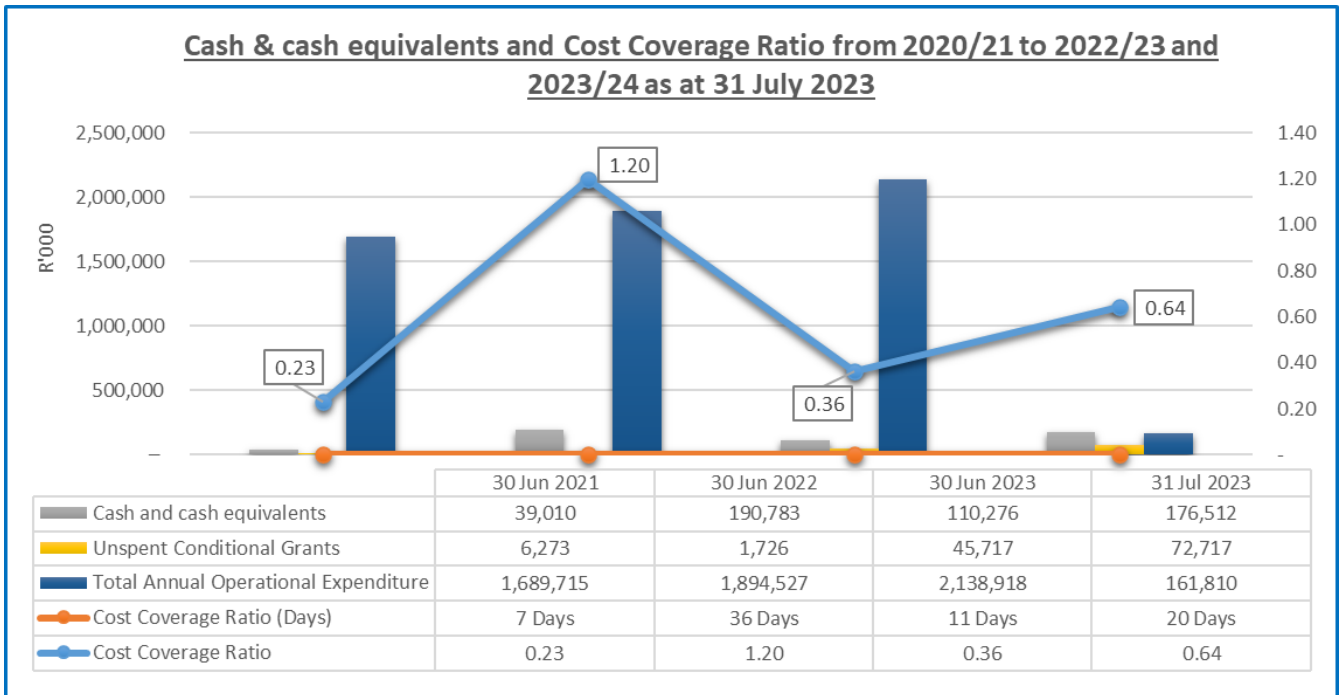


Chart 6: Cash & cash equivalents and Cost coverage ratio

Indicated in Chart 6 above, is the Cost coverage ratio, number of days coverage and the Cash and cash equivalents for the year. The required NT norm is 3 months Cost coverage. The audited outcome for the year ended 30 June 2021 is (0.23; 7 days; R39,010m). There was a marginal improvement for the year ended 30 June 2022 (1.20; 35 days; R190,783m), but this was as a result of increased Cash and cash equivalents, which was predominantly Equitable share funds that the municipality was saving to build up some kind of reserve. The preliminary outcomes for the year ended 30 June 2023 is (0.37; 11 days; R110,276m).

The Cost coverage ratio as at 31 July 2023 is estimated at (0.64; 20 days; R176,512m). The YTD expenditure is severely understated, subsequently the total annual expenditure was restated, to include average Bulk purchases electricity costs and actual Employee costs and Councillor's remuneration that did not interface with financial system.

Cash at this stage is monitored on a daily basis. The Cost coverage ratio is a critical indicator that the municipality is in a severe cash flow crisis and not in the conducive position to settle short-term commitments. This is a critical threat to the municipality's ability to pay salaries, bulk accounts and day-to-day operations which can have a detrimental effect on service delivery and irrevocably damage the municipality's relationship with its service providers and further tarnishing the municipality's reputation. This is also evident by the escalation in debt owed to ESKOM and DWS. However, as a result of the debt agreement with DWS and the Incentive initiated by the Department, the municipality has made significant strides in reducing the arrear debt and settling all invoices for the 2022/23 financial year in full.

The only way to address these issues, is to work as a collective team, enforce accountability within all departments and to collect outstanding debt and improve the collection rate. Therefore, the municipality must apply the Credit Control Policy diligently, consistently and fairly to ensure the credibility of the municipality. During the 2022/23 Mid-year engagement, National Treasury recommended that the Credit Control and Debt Collection Policy must be 100% applied. Generally, the payment culture of all consumers and stakeholders must improve. The municipality also needs to spend funds effectively and efficiently with good value for money. Cost containment measures must be stringently applied.

4. In-year budget statement tables

The financial results for the period under review are attached consisting of the following Tables, in Annexure A

- (a) Table C1: Summary
- (b) Table C2: Financial Performance (Functional Classification)
- (c) Table C3: Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table C4: Financial Performance (Revenue and Expenditure)
- (e) Table C5: Capital Expenditure by vote, functional classification and funding
- (f) Table C6: Statement of Financial Position
- (g) Table C7: Cash Flow

PART 2: SUPPORTING DOCUMENTATION

5. Debtors' Analysis

NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	NT Code	Budget Year 2023/24										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 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	30,582	18,729	16,866	17,205	16,789	14,820	85,388	520,157	720,537	654,359	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	54,887	26,446	12,138	15,196	10,191	6,342	43,225	160,951	329,376	235,904	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	179,065	16,151	14,097	13,174	13,782	12,425	65,682	593,297	907,673	698,361	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	8,551	5,299	4,943	4,772	4,717	4,838	25,560	165,699	224,378	205,586	-	-
Receivables from Exchange Transactions - Waste Management	1600	7,119	4,096	3,750	3,613	3,555	3,452	19,262	128,835	173,681	158,716	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,790	1,582	1,558	1,552	1,542	1,547	8,966	49,161	67,698	62,768	-	-
Interest on Arrear Debtor Accounts	1810	19,023	18,660	17,327	17,071	16,841	17,269	81,491	605,715	793,399	738,388	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-
Other	1900	6,573	9,539	3,292	17,930	3,500	7,292	39,144	205,400	292,670	273,266	-	-
Total By Income Source	2000	307,590	100,502	73,972	90,513	70,917	67,985	368,719	2,429,214	3,509,411	3,027,347	-	-
2022/23 - totals only		332898198	64595844	60836849	#####	0	0	0	0	3,102,829	2,644,498	0	0
Debtors Age Analysis By Customer Group													
Organs of State	2200	157,961	17,597	9,199	9,346	8,296	8,625	51,233	567,767	830,023	645,266	-	-
Commercial	2300	65,912	26,194	18,582	23,608	15,538	12,664	64,256	369,491	596,245	485,556	-	-
Households	2400	81,288	55,197	44,856	55,968	45,811	45,484	246,242	1,437,799	2,012,644	1,831,304	-	-
Other	2500	2,430	1,514	1,334	1,591	1,273	1,212	6,988	54,158	70,500	65,222	-	-
Total By Customer Group	2600	307,590	100,502	73,972	90,513	70,917	67,985	368,719	2,429,214	3,509,411	3,027,347	-	-

Table 8: Supporting Table SC3: Aged Debtors

Indicated in Table 8 above, is the total outstanding debt by Income Source and Customer Group, with the total O/S Debt amounting to R3,509,411 billion as at the end of July 2023. The Credit control office implemented the following contingencies. In the light of current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements or not in discussions with the municipality, should be done with immediate effect. The municipality will be embarking on Credit Control and Indigent Assistance Awareness Campaign. Through this campaign we seek to educate Consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery. We aim to have our customers (from all our Customer Groups) that are in arrears and are able to pay their accounts, to make payment or make a payment arrangement on their account. The campaign will also inform and create an awareness to customers as to the assistance provided by the Municipality in relation to the payment of accounts (our social package, discounts and incentives).

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which decreased to 86% for the month under review. Debt over 90 days decreased by R21,747 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R128,182 million. It is concerning that total debt over 90 days is hovering at an average of 90 percent. During the 2023/24 MTREF Budget Benchmark exercise NT also encouraged to explore all avenues to recoup long outstanding debt, to improve on financial liquidity and to improve the collection to at least 89% to be realistically funded from a cash perspective.

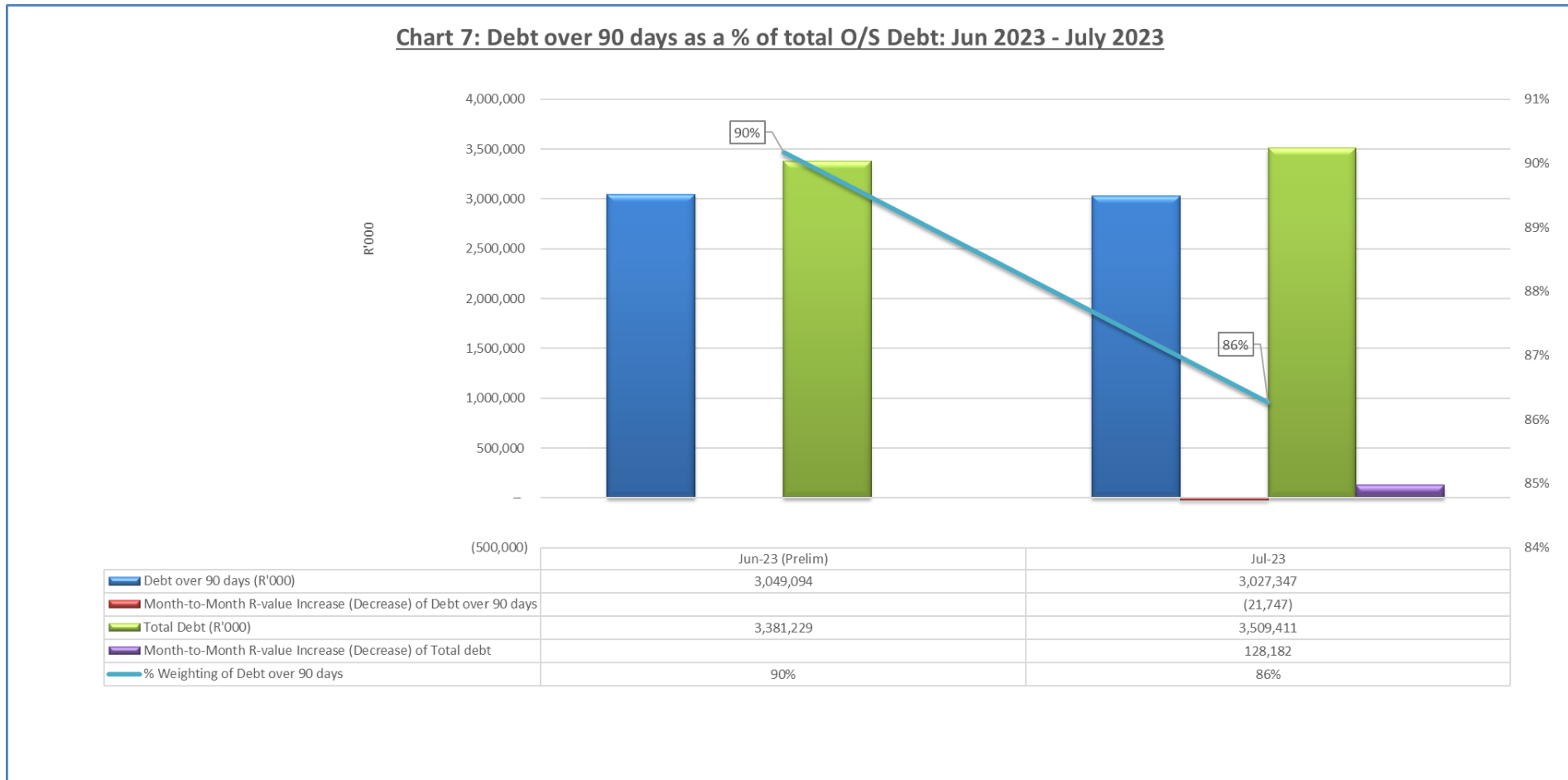


Chart 7: Debt over 90 days as a percentage of Total O/S Debt

Chart 8: Outstanding Debt by Income Source as at 31 July 2023

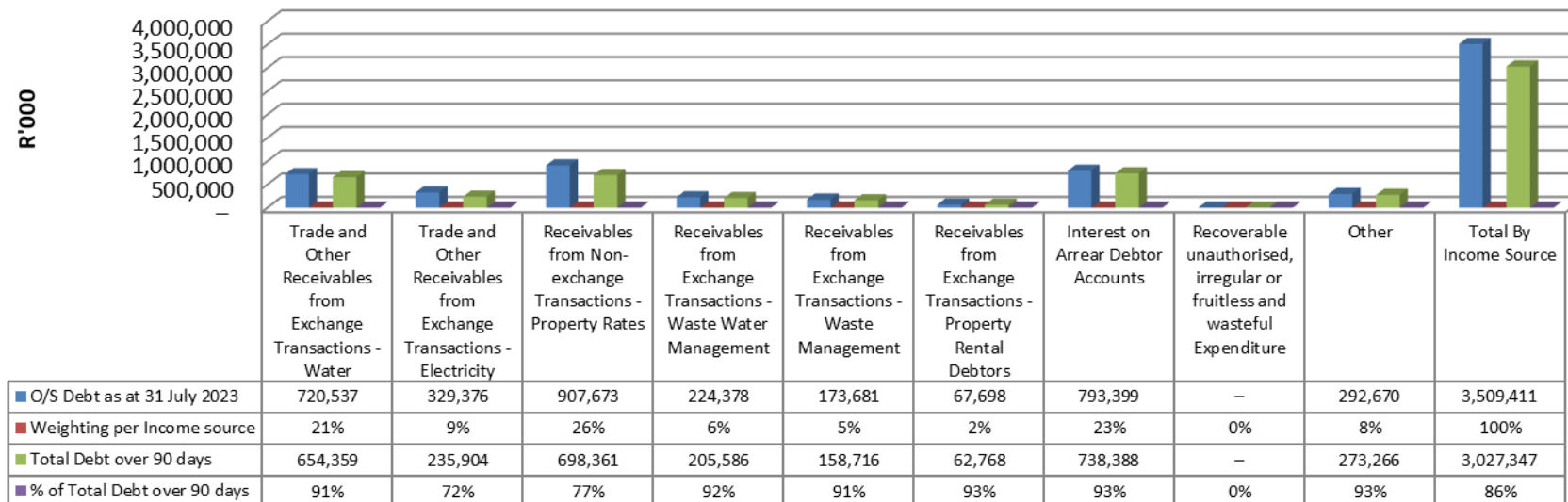


Chart 8: Outstanding Debt by Income Source

Indicated in Chart 8 above, is the total outstanding debt per Income Source, including the weighting and the percentage of Total Debt over 90 days as at the end of July 2023. The highest percentage weighting of debt owed is attributable to:

- ❖ Receivables from Non-exchange Transactions - Property Rates at 26%
- ❖ Interest on Arrear Debtor Accounts 23%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 21%

The highest percentage weighting of debt owed in excess of 90 days is attributable to:

- ❖ Interest on Arrear Debtor Accounts at 93%;
- ❖ Receivables from Exchange Transactions - Property Rental Debtors and Other at 93%
- ❖ Receivables from Exchange Transactions – Water, Waste Water Management and Waste Management at 91%, 92% and 91%, respectively.

Description	O/S Debt as at 30 June 2023	O/S Debt as at 31 July 2023	Percentage month-on-month Increase/ (Decrease) in Debtors	Increase / (Decrease)	Weighting of Debt per Category as a % of Total O/S
	R'000	R'000	%	R'000	%
Debtors Age Analysis By Income Source					
Trade and Other Receivables from Exchange Transactions - Water	706,876	720,537	1.9%	13,661	20.5%
Trade and Other Receivables from Exchange Transactions - Electricity	310,311	329,376	5.8%	19,065	9.4%
Receivables from Non-exchange Transactions - Property Rates	807,899	907,673	11.0%	99,773	25.9%
Receivables from Exchange Transactions - Waste Water Management	219,808	224,378	2.0%	4,571	6.4%
Receivables from Exchange Transactions - Waste Management	169,845	173,681	2.2%	3,836	4.9%
Receivables from Exchange Transactions - Property Rental Debtors	66,057	67,698	2.4%	1,641	1.9%
Interest on Arrear Debtor Accounts	811,669	793,399	-2.3%	(18,271)	22.6%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-				
Other	288,764	292,670	1.3%	3,905	8.3%
Total By Income Source	3,381,229	3,509,411	3.7%	128,182	100.0%
Debtors Age Analysis By Customer Group					
Organs of State	780,231	830,023	6.0%	49,792	23.7%
Commercial	567,428	596,245	4.8%	28,817	17.0%
Households	1,964,587	2,012,644	2.4%	48,057	57.3%
Other	68,983	70,500	2.2%	1,517	2.0%
Total By Customer Group	3,381,229	3,509,411	3.7%	128,182	100.0%

Table 9: Month-on-month growth in outstanding debtors

Indicated in Table 9 above is the month-on-month growth in outstanding debt, per Income Source and per Customer Group, from June 2023 to July 2023, the municipality's total O/S debt increased by 3.7% or R128,182 million.

O/S debt per Income Source

- ❖ Trade and Other Receivables from Exchange Transactions - Water increased by 1.9%.
- ❖ Trade and Other Receivables from Exchange Transactions - Electricity increased by 5.8%.
- ❖ Receivables from Non-exchange Transactions - Property Rates increased by 11%, as a result of the annual billing on Property rates.
- ❖ Receivables from Exchange Transactions - Waste Water Management increased by 2.0%.
- ❖ Receivables from Exchange Transactions - Waste Management increased by 2.2%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors increased by 2.4%.
- ❖ Interest on Arrear Debtor Accounts decreased by 2.3%.
- ❖ Other increased by 1.3%.

O/S debt per Customer Group

- ❖ Organs of State increased by 6.0%.
- ❖ Commercial debtors increased by 4.8%.
- ❖ Debt owed by Households increased by 2.4%.
- ❖ Other Debt increased by 2.2%.

Weighting per Customer Group

- ❖ Government debt constitutes 23.7%, Businesses 17.0%, Households 57.3% and Other 2.0% of the total outstanding debt.

- There is an error on the C-schedules, supporting schedule SC3 – Aged Debtors for the audited outcome for 2021/22. This error affected Chart C3 Aged Consumer Debtors Analysis. The problem has been resolved by our financial system provider (BCX). However, the totals are for July 2022, this will have to be confirmed with NT, if it for the same period or the audited outcomes that are required. The error on Chart C4 Consumer Debtors (total by Debtor Customer Category) must be communicated to NT as the 2021/22 audited actuals is not aligned to the AFS and is based on an erroneous formula which the municipality is strictly prohibited from

fixing manually. The C-schedule for this reason, is completely password protected. The corrected charts are indicated below.

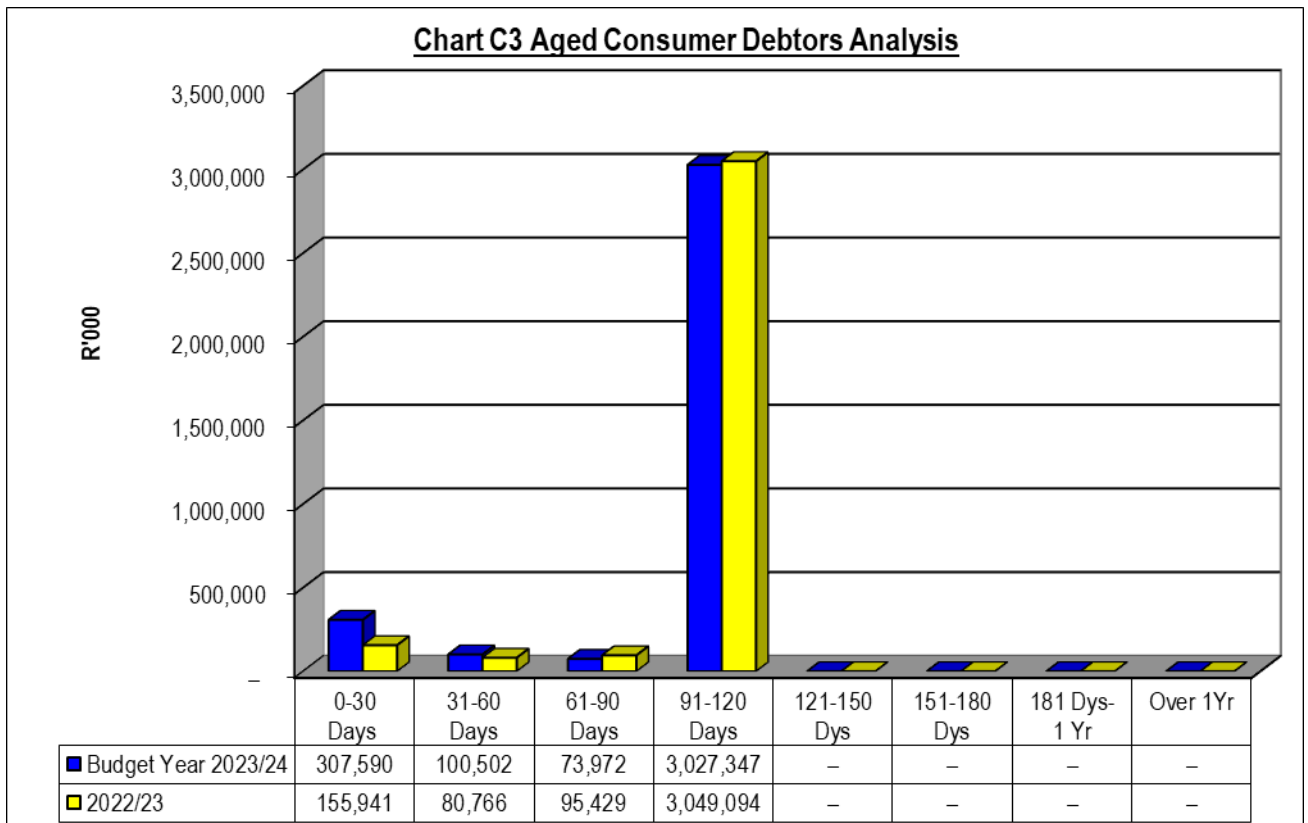


Chart 9.1: Aged Consumer Debtor Analysis

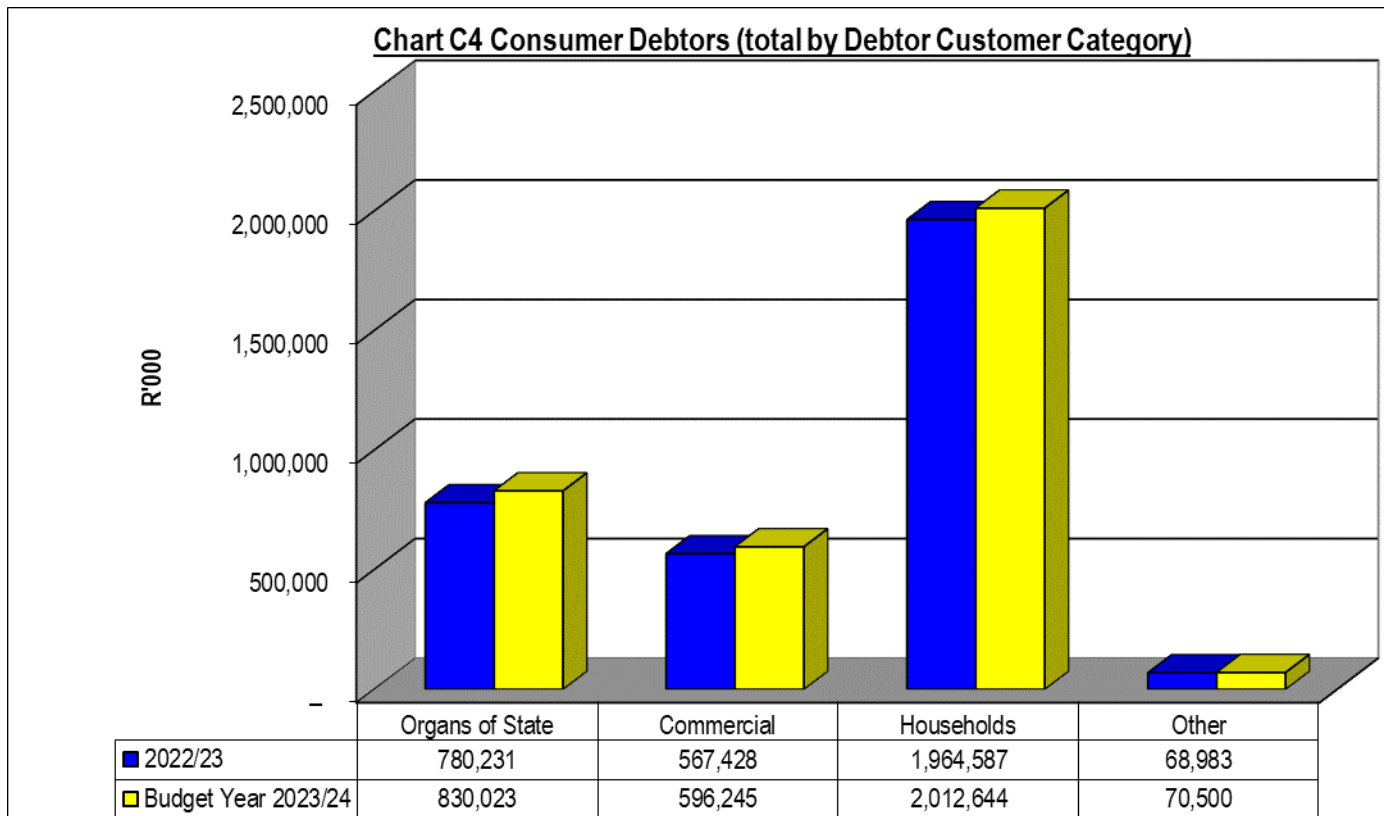


Chart 9.2: Consumer Debtors (total by Debtor Customer Category)

Chart 10: Debtor's Age Analysis per Customer Group as at 31 July 2023

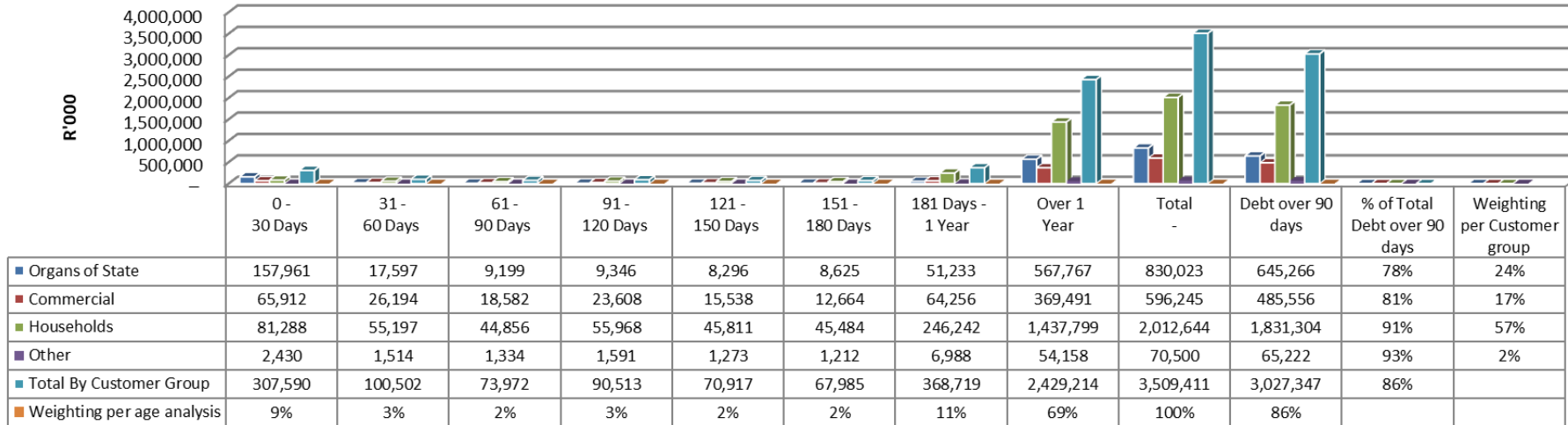


Chart 10: Debtor's Age Analysis per Customer Group

Chart 10 above, illustrates that the bulk of SPM debt is aged over 90 days with a total weighting of 86%. An analysis revealed that the catalysts for this condition are the sheer volume of accountholders in arrears, the poor economic circumstances of a large number of our accountholders, and the increasing cost of services beyond the Municipality's control. This is compounded by the large number of water leaks that go unreported which causes the accountholder's account to escalate beyond their means to pay. In addition to this, there is a substantial portion of irrecoverable, stagnant debt that attracts interest every month. We have a backlog of processing this debt and submitting this to Council for approval to write off. We have revised our policies to make our processes more effective. This will allow us to focus on preventing debt from ageing where possible in tracing and updating our debtors' information and of course recovering outstanding amounts. We anticipate a marked turnaround of this trend and in conjunction with a concerted effort to retard the escalation of ageing debt, we are focusing on improving the accuracy and regularity of our billing as well as our communication with our accountholders. Indigent verification is a continuous process and we are encouraging accountholders whose households qualify, to approach the Municipality for an assessment and possible registration as an Indigent Household. The benefits of this are the provision of free basic services and assistance with arrear debt owed to the Municipality. The Covid-19 pandemic also adversely affected consumer's ability to pay, this is evident by the average monthly collection rate of 78.5%. The municipality has been providing additional incentives to assist consumers to settle their arrear accounts. The payment culture of consumers needs to improve across all areas.

During the Mid-year Budget Assessment for the 2021/22 financial year and indicated below are the Revenue enhancement strategies that can be implemented to ensure the completeness of Revenue, improve the collection rate, enhance customer relations and reduce losses

- Disconnection of consumers to be applied consistently and fairly in line with the Credit Control Policy
- Engagements with provincial government to collect outstanding debt.
- Data cleansing of the entire debtor's book
- Data cleansing to positively influence the reachability of consumers and assist tremendously in the electronic distribution of municipal accounts via short messaging services (sms) and e-mail.
- Improve in the accuracy of monthly billing.
- Ensure meters are read consistently and timeously.
- Significantly reduce interim readings and ultimately eliminate interim readings.
- Reduce material billing errors by thoroughly interrogating billing exception reports prior to final billing run.
- Enhance customer relations and consumer satisfaction by improving on the turnaround time when dealing with billing queries.
- Introduce electronic complaints management system/register for account queries.
- Ensure faulty and bypassed electricity meters are replaced.
- Ensure that stuck, leaking, faulty or damaged water meters are replaced.
- Do regular follow-ups on meter replacements.
- Accurately update the system with latest information
- Reduce the turnaround time for installation of replacement or new meters.
- Ensure improved synergy and improved communication between internal department like Town Planning, Infrastructure, GIS and Billing
- Interrogate billing and prepaid electricity reports on a monthly basis and take immediate remedial action to address anomalies or discrepancies.
- Ensure that all billable properties are billed for Property rates and services.
- Ensure that customers are billed at the correct approved tariff by linking each customer to the correct tariff code loaded on the system.
- Reduce Electricity and Water losses.
- Finalise the Riverton reclamation dam to reduce water losses at the Plant by at least 6%
- Introduce automated metering for bulk consumers.
- Electricity Cost of Supply Study was finalised
- Ensure qualifying indigents are registered on the system, immediately upon verification.
- Improve on indigent management in terms of consumption and ensure prepaid electricity meters are installed immediately for all approved indigents.
- Improve on service delivery and personnel performance, to enhance customer's willingness to pay.
- Reduce or curb unnecessary expenditure by diligently applying cost containment measures.
- Prioritisation of spending
- Improve on routine maintenance on particularly revenue generating assets.
- Spend funds effectively with good value for money.

Revised collection rate

As per Table 10 below, when taking into consideration what was billed in June 2023 and received in July 2023, the monthly collection rate is 98%. The monthly collection is higher, due to the R50 million that we received from the Department of Public Works in respect of predominantly Property rates. The low collection rate is not an ideal situation and is having a dire impact on the cash flow of the municipality. The current status quo cannot continue, and drastic action will have to be taken to address this critical issue. Indicated in Table 11 below is the revised average collection of 49.3% for the period under review. The collection rate is distorted, due to the annual billing on Property rates.

When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report (Payments per Service per Day/Period) includes all monies received from 1 July to 31 July 2023. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, had until the end of September 2023 to settle their outstanding accounts.

Monthly Collection Rate	Debits (Billed June 2023)	Credits (Received July 2023)	% Collected
PROPERTY RATES	46,427,262	67,449,122	145%
ELECTRICITY	44,801,155	42,149,007	94%
WATER	23,505,908	13,235,904	56%
SEWERAGE	9,259,758	4,048,717	44%
REFUSE	7,336,140	3,475,029	47%
OTHER	28,892,442	26,132,192	90%
Total	160,222,666	156,489,971	98%

Table 10: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL JULY 2023	YTD RECEIPTS	Rate
PROPERTY RATES	R 186,215,312	R 63,787,225	34.3%
SERVICE CHARGE ELECTRICITY	R 50,658,866	R 32,538,235	64.2%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 28,412,996	R 28,412,996	100.0%
SERVICE CHARGE WATER	R 29,157,500	R 11,051,875	37.9%
SERVICE CHARGE SANITATION	R 8,004,902	R 3,475,160	43.4%
SERVICE CHARGE REFUSE	R 6,498,895	R 2,915,617	44.9%
OTHER	R 28,892,442	R 23,045,311	79.8%
UNALLOCATED CREDITS		R 1,480,037	
REVISED AVERAGE COLLECTION RATE - JULY 2023	R 337,840,912	R 166,706,456	49.3%

Table 11: Revised Average collection rate

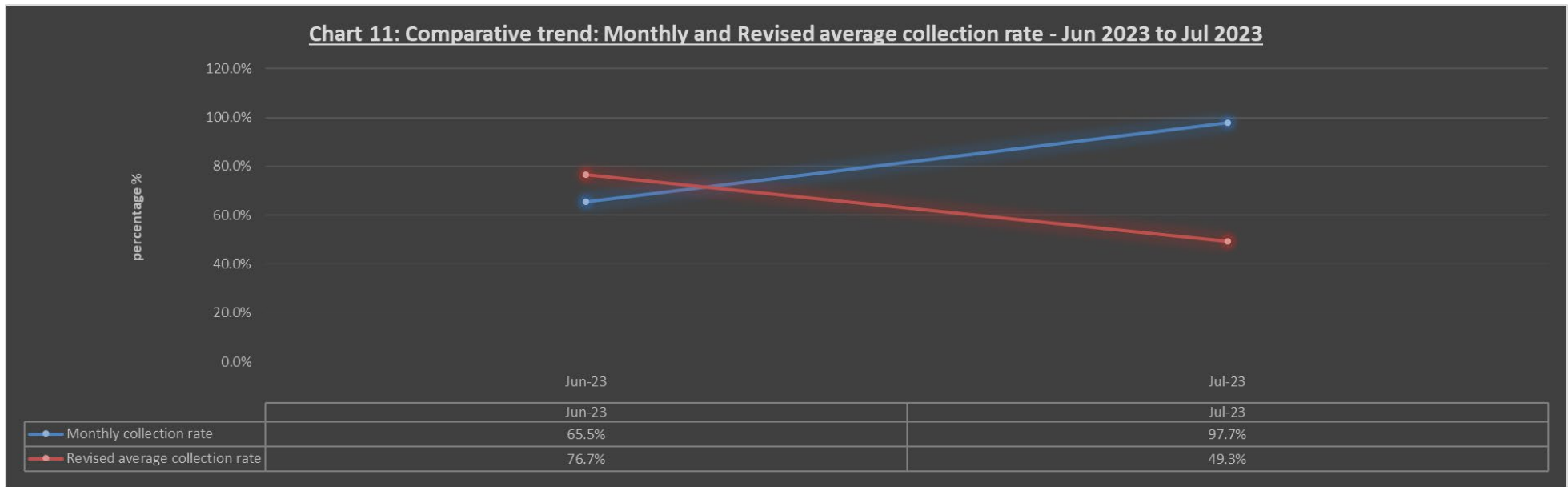


Chart 11: Comparative trend: Monthly and Revised average collection rate

Indicated in Chart 11 above, is the comparative trend between the monthly and average collection rate from June 2023 to July 2023. The monthly collection rate for July 2023, is higher due to the R50 million receipt from Department of Public Works, in respect of Property rates. The revised average collection rate for July 2022 is low, due to the annual billing of Property rates. It should be noted that the monthly collection rate takes into account what was billed in the previous month and received in the current month. The receipts are also based on the billing cycle, which will normally be from 26th of the previous month to 25th of the current month. The monthly collection rate also excludes Prepaid electricity sales. The average collection rate of approximately 78% is not ideal because on a monthly basis, the municipality is not receiving enough cash to cover its commitments.

During the 2023/24 MTREF Benchmark engagement, NT advised that the municipality, “must make an effort to collect long outstanding debtors and strive to push collection rate beyond 89% so that we are able to make a surplus on the cash flow which will enable the municipality to cover all the proposed expenditures including bulk purchases for Eskom and Water Board. As things stand, if you look at the cash flow, it shows that the municipality will collect less revenue than the proposed expenditure, however, the budget on A8 remains funded because of huge outstanding debtors that the municipality is still anticipating to collect, hence our plea for the municipality to collect those long outstanding debtors not written off.”

BS566 Payments per Service per Day/Period - Service			
Per Service	Tariff Code	Jul-23	TOTAL
PROPERTY RATES	VA	3,133,783.15	3,133,783.15
PROPERTY RATES	VA2010	-	-
PROPERTY RATES	VARESD	11,075,354.00	11,075,354.00
PROPERTY RATES	VASRA	270,372.82	270,372.82
PROPERTY RATES	VABCOM	13,261,315.73	13,261,315.73
PROPERTY RATES	VAIND	1,282,988.54	1,282,988.54
PROPERTY RATES	VAFAG	79,964.80	79,964.80
PROPERTY RATES	VAFARE	18,775.78	18,775.78
PROPERTY RATES	VAMUN	-	-
PROPERTY RATES	VAGOVN	34,450,508.21	34,450,508.21
PROPERTY RATES	VARESV	169,143.80	169,143.80
PROPERTY RATES	VAGOVN	-	-
PROPERTY RATES	VAPBO	-	-
PROPERTY RATES	VAFABC	45,017.99	45,017.99
TOTAL PROPERTY RATES		63,787,224.82	63,787,224.82
BASIC ELECTRICITY	BE	585,084.35	585,084.35
ELECTRICITY	EL	31,953,150.47	31,953,150.47
PREPAID ELECTRICITY		28,412,995.50	28,412,995.50
TOTAL ELECTRICITY		60,951,230.32	60,951,230.32
BASIC WATER	BW	36,847.90	36,847.90
WATER CONSUMPTION	WA	11,015,027.51	11,015,027.51
TOTAL WATER		11,051,875.41	11,051,875.41
BASIC SEWERAGE	BS	249,540.47	249,540.47
SANITATION	SE	3,225,619.99	3,225,619.99
TOTAL SANITATION		3,475,160.46	3,475,160.46
REFUSE	BR	2,712,561.83	2,712,561.83
ADD REFUSE	RF	203,054.73	203,054.73
TOTAL REFUSE		2,915,616.56	2,915,616.56
INTEREST ON ARREARS	IN0001	3.54	3.54
INTEREST ON ARREARS	INBR	58,856.25	58,856.25
INTEREST ON ARREARS	INSE	74,785.19	74,785.19
INTEREST ON ARREARS	INWA	261,174.34	261,174.34
INTEREST ON ARREARS	INSU	68,246.90	68,246.90
INTEREST ON ARREARS	INBS	11,118.22	11,118.22
INTEREST ON ARREARS	INEL	838,999.52	838,999.52
INTEREST ON ARREARS	INBE	15,727.30	15,727.30
INTEREST ON ARREARS	INBW	1,939.13	1,939.13
INTEREST ON ARREARS	INRF	1,200.70	1,200.70
INTEREST ON ARREARS	INVA	12,646,187.89	12,646,187.89
TOTAL INTEREST ON ARREARS		13,978,238.98	13,978,238.98
DEPOSITS	DEWE	811,358.43	811,358.43
CREDITS NOT YET ALLOCATED	EX	6,759,036.63	6,759,036.63
SUNDRY DEBTORS	SU	910,268.92	910,268.92
DOGS	SU01	-	-
HOUSE RENTALS	SU10	81,856.00	81,856.00
HOUSE RENTALS CRU'S	SU11	79,194.39	79,194.39
MISC 1	SU50	72,329.50	72,329.50
MISC 3	SU52	-	-
MISC 3	SU15	333,116.87	333,116.87
INFORMAL HOUSING	SU60	3,446.20	3,446.20
ARREARS MAGIC	SU70	118.51	118.51
SU ARRANGEMENTS B/F	SUARBF	-	-
SUNDRY COMMISSION	SUCOMM	562.60	562.60
COMM ON PNP	SUEASY	15,784.42	15,784.42
OTHER		9,067,072.47	9,067,072.47
VAT	VAT	7,607,817.22	7,607,817.22
TOTAL RECEIPTS		144,421,240.74	144,421,240.74
TOTAL RECEIPTS LESS VAT		136,813,423.52	136,813,423.52
TOTAL RECEIPTS INCL PREPAIDS		165,226,419.02	165,226,419.02

Table 12.1: BS566 report on receipts per service

BS566 Payments per Service per Day/Period - Debtor type			
Debtor Type Description	Debtor Type	Jul-23	TOTAL
BUSINESS KVA	BK	9,344,226.00	9,344,226.00
BUSINESS RESIDENTIAL	BR	687,404.96	687,404.96
BUSINESS	BU	25,435,414.59	25,435,414.59
CHURCHES	CH	69,518.91	69,518.91
COUNCILLOR	CL	54,365.51	54,365.51
COMMERCIAL	CO	2,294,271.27	2,294,271.27
SCHOOLS	GS	1,735,215.61	1,735,215.61
INDIGENTS CANCELLED	IC	636,630.12	636,630.12
INDIGENTS	ID	1,144,525.94	1,144,525.94
INDIGENTS INFORMAL SETTLEMENT	IF	75,183.49	75,183.49
INDIGENT - LATE ESTATE	IL	514.68	514.68
INDIGENT PENDING	IP	379,428.97	379,428.97
INDUSTRIAL	IN	828,568.38	828,568.38
MUNICIPAL DEPARTMENTAL	MD	500.00	500.00
MUNICIPAL	MU	552,699.26	552,699.26
NAT: POLICE	N3	12,633.77	12,633.77
NAT: DEFENCE AND MILITARY VETERA	ND	1,970,299.20	1,970,299.20
NAT: CORRECTIONAL SERVICES	NN	457,843.37	457,843.37
NAT: PUBLIC WORKS	NP	3,367,112.65	3,367,112.65
NON-STAFF ACCOUNTS PAID BY STAFF	NS	277,781.54	277,781.54
OPEN SPACE	OP	8,828.29	8,828.29
OTHER	OT	210,482.57	210,482.57
PUBLIC: OTHER: PROV PUBLIC ENTIT	P0	9,512.17	9,512.17
PROV: SOCIAL DEVELOPMENT	P1	5,725.94	5,725.94
PROV: HOUSING AND LOCAL GOVERNME	P2	486.04	486.04
PROV: OFFICE OF THE PREMIER	P3	136,170.75	136,170.75
PROV: OTHER DEPARTMENTS	P4	113,415.84	113,415.84
PROV: AGRICULTURE	PA	100,195.24	100,195.24
PROV: EDUCATION	PE	3,051,171.98	3,051,171.98
PROV: HEALTH	PH	4,077,639.01	4,077,639.01
PROV: PUBLIC WORKS, ROADS & TRAN	PP	51,808,487.00	51,808,487.00
PROV: SPORT, ARTS & CULTURE	PS	53,813.10	53,813.10
RESIDENTIAL	RE	27,020,224.89	27,020,224.89
SUNDRY DEBTOR	SD	268.60	268.60
STAFF	ST	595,501.97	595,501.97
UNKNOWN	UN	289,597.82	289,597.82
EXCEPTIONAL CIRCUMSTANCES	IE	7,764.09	7,764.09
VAT	VAT	7,607,817.22	7,607,817.22
TOTAL RECEIPTS		144,421,240.74	144,421,240.74
TOTAL RECEIPTS LESS VAT		136,813,423.52	136,813,423.52

Table 12.2: BS566 report on receipts per debtor type

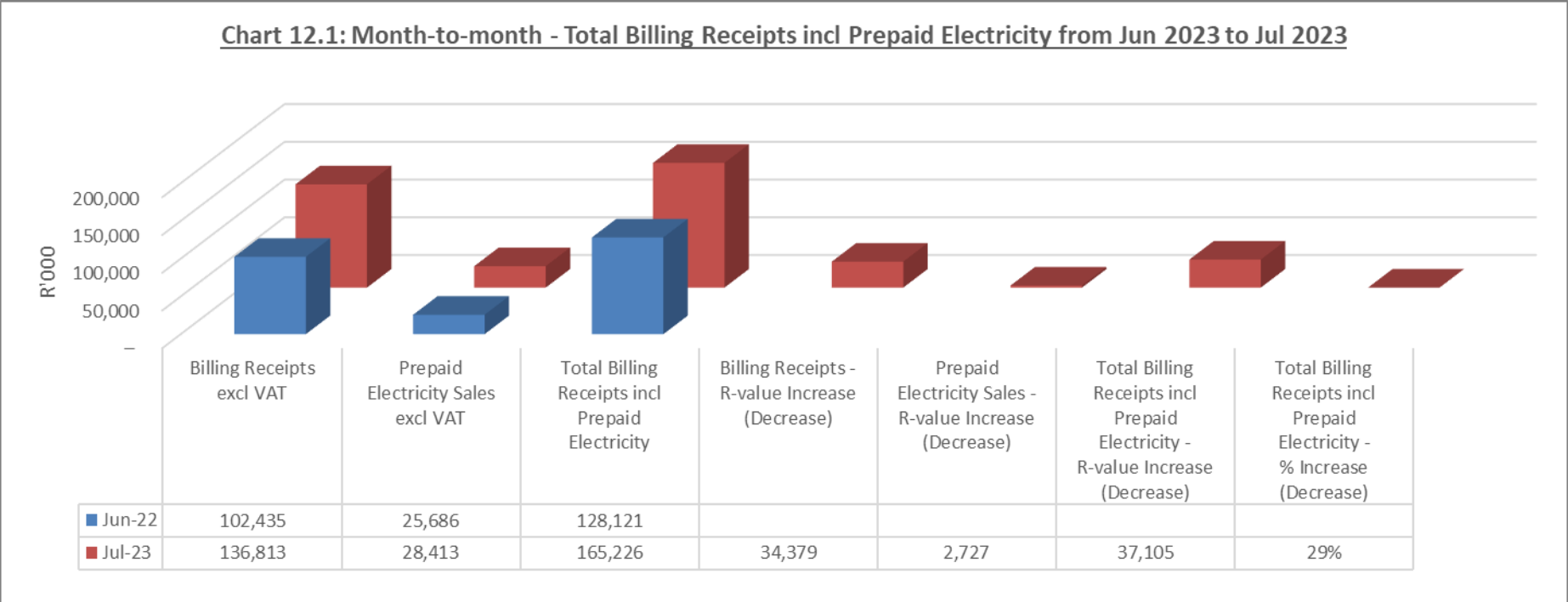


Chart 12.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity

As indicated in Chart 12.1 above, the Total Billing Receipts including Prepaid Electricity amounted to R165,226 million which resulted in an increase of R37,105 million or 29% in respect of the month-to-month comparison. Billing receipts increased by R34,379 million, whilst Prepaid Electricity Sales increased by R2,727 million. The current month shows a significant improvement, which is the ideal situation that the municipality should achieve, to become financially stable. The situation for the past few months/years does not bode well for the municipality’s cash flow because on a monthly basis the municipality does not collect sufficient cash to cover its monthly commitments. Unallocated billing receipts at month end amounted to R1,480 million. Unallocated receipts are not factored into the actual receipts as per the chart above. All unallocated receipts are investigated and assistance from the bank is also requested when the municipality is unable to trace receipts so that it can be allocated timeously and accurately.

Chart 12.2: Monthly billing receipts per revenue source from Jun 2023 - Jul 2023

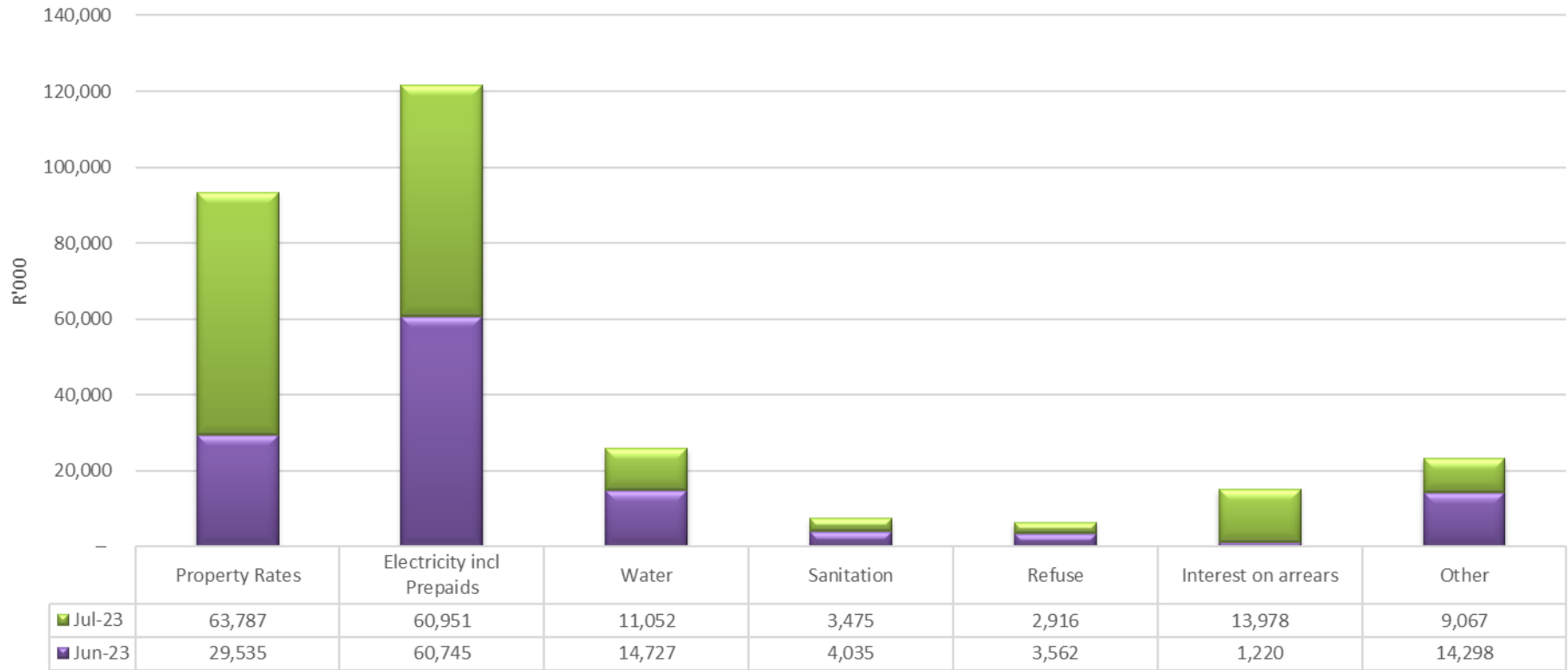


Chart 12.2: Monthly billing receipts per revenue source

Indicated in Chart 12.2 above, is the month-to-month receipts per Revenue source. Receipts are relatively constant based on the month-to-month comparison. The upward trend for July 2022 was significant and indicative of the fact that the municipality can collect its outstanding debt, provided that the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied. The only revenue streams that are showing improvement in relation to the monthly comparison, is Property Rates. Electricity sales and Interest on arrears. Water, Sanitation, Refuse and Other, are showing a decline.

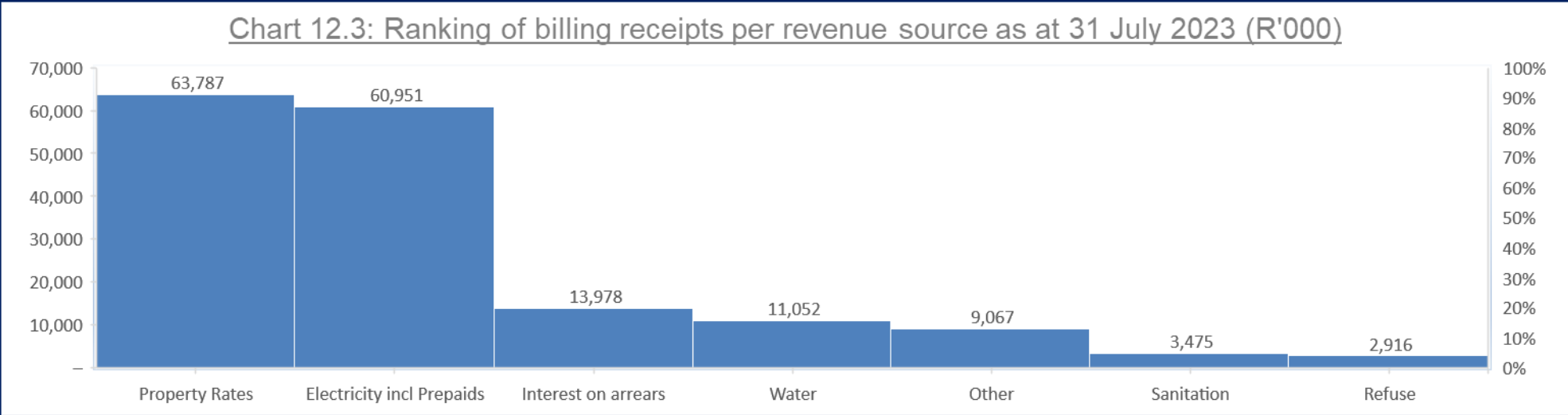


Chart 12.3: Ranking of billing receipts per revenue source

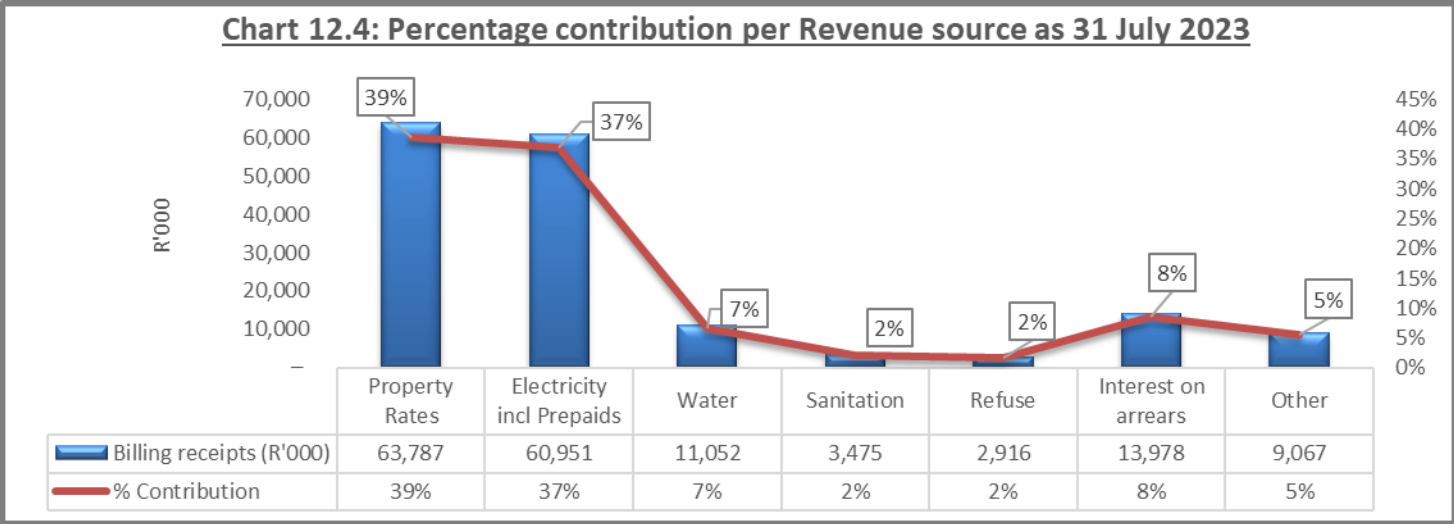


Chart 12.4: Percentage contribution of billing receipts per revenue source

Indicated in pareto Chart 12.3 and bar Chart 12.4 above, is the ranking and percentage contribution of receipts per revenue source as 31 July 2023. Data from the above pareto chart, indicates that Property rates is the highest contributor at R63,787 million (39%), followed closely by Electricity incl Prepays at R60,951 million (37%) being received. This illustrates the sensitivity and vulnerability in respect of Electricity sales that the municipality is facing. Any major reductions in this revenue source can severely affect the municipality’s financial position and this was clearly demonstrated when the municipality

had to abolish the implementation of the basic charge in 2018/19 financial year. Measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 7% and Interest on arrears 8% overall.

Receipts from Sanitation and Refuse is extremely low and on average the municipality collects approximately 54% from these revenue sources. The lowest contributor in respect of actual receipts, has always been Interest on arrears. This demonstrates the fact that the municipality is facing challenges in collecting long outstanding debt. It should be noted that in terms of the approved Customer Care, Credit Control and Debt Collection Policy, it outlines that “the municipality shall implement an incentive for settlement of arrears accounts as illustrated below:

- a) 100 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account may be written off if such account is settled in full prior to the next billing run of such account.
- b) 85 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account may be written off if such account is settled in full over a period of two consecutive months.
- c) 50 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account will be written off if such account is settled in full over a period of three consecutive months.”

The above incentives then negatively influence the collectability of this revenue source, but positively influences the collection of other services.

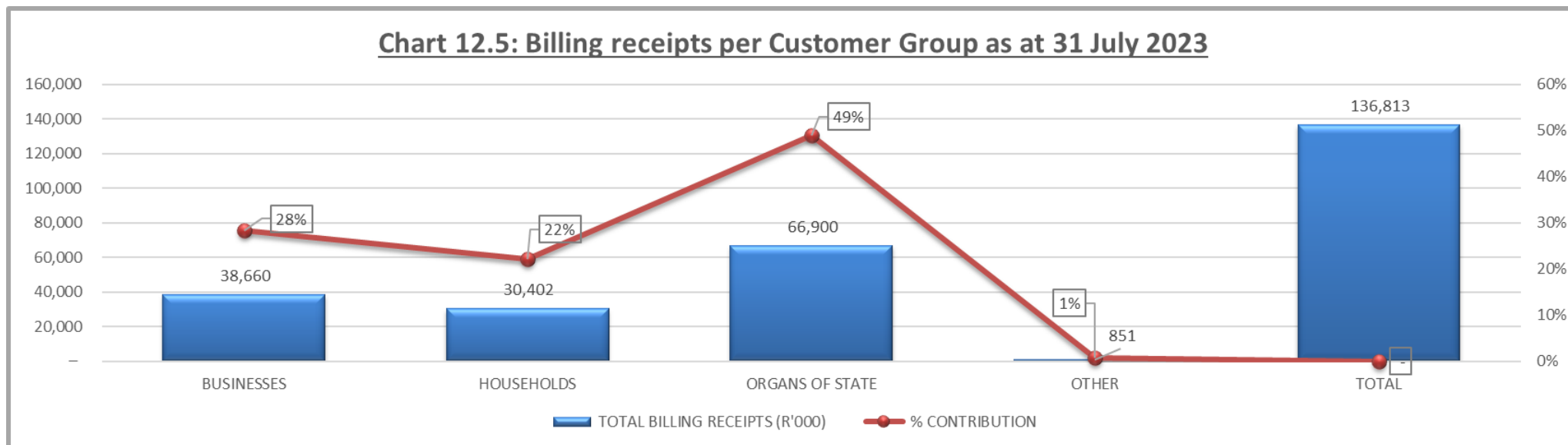


Chart 12.5: Billing receipts per Customer Group

MONTHLY BILLING RECEIPTS PER DEBTOR GROUP (R'000)	Sum of Jul-23	Sum of TOTAL
BUSINESSES	38,660	38,660
HOUSEHOLDS	30,402	30,402
ORGANS OF STATE	66,900	66,900
OTHER	851	851
Grand Total	136,813	136,813

Table 12.3: Monthly Billing Receipts Per Debtor Group

Indicated in Chart 12.5 above, is the billing receipts and percentage contribution per major Customer group as at 31 July 2023. The municipality received R38,660 million (28%) from Businesses, Households R30,402 million (22%), Organs of State R66,900 million (49%) and Other R851 thousand (1%). Indicated in Table 12.3 above, are the monthly billing receipts per Debtor Group.

6. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description	NT Code	Budget Year 2023/24									Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year			
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	131,032	11,022	65,831	45,106	-	56,821	107,580	523,811	941,203	708,701	
Bulk Water	0200	82	-	-	-	-	-	-	110,637	110,719	176,654	
PAYE deductions	0300	11,745	-	-	-	-	-	-	-	11,745	9,306	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	8,364	-	-	-	-	-	-	-	8,364	7,779	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	89	-	-	-	-	-	-	-	89	1,875	
Auditor General	0800	-	-	-	-	-	-	-	-	-	57	
Other	0900	17,562	-	-	2,729	-	-	-	-	20,292	67,083	
Total By Customer Type	1000	168,875	11,022	65,831	47,835	-	56,821	107,580	634,447	1,092,412	971,455	

Table 14: Supporting Table SC4: Aged Creditors

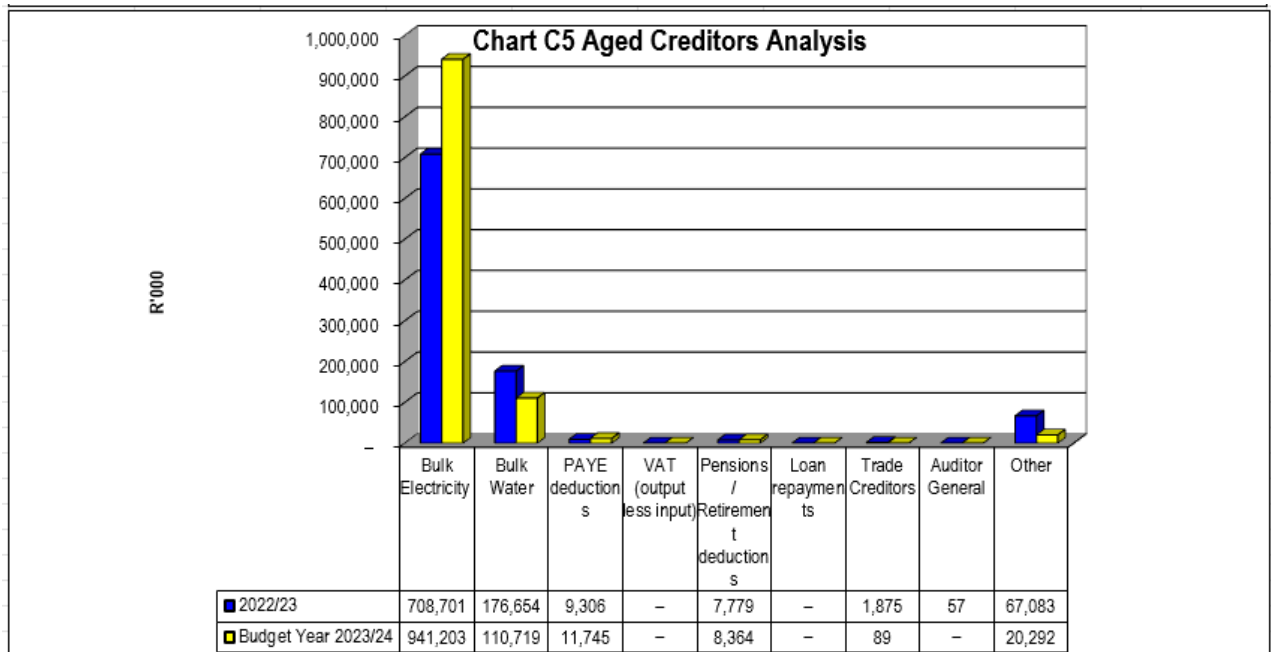


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2022/23 is based on the outstanding creditors as at 31 July 2022 (prior year totals for the same period).

Bulk Electricity – As at the 31 July 2023, the outstanding debt owed to ESKOM amounted to R941,203 million. The current agreement with ESKOM is that the municipality must settle its monthly current account. No formal payment agreement with ESKOM was concluded for the 2022/23 financial year.

Bulk Water – As at the 31 July 2023, the outstanding debt owed to DWS is R110,719 million. A payment agreement with DWS for the 2022/23 financial year has been concluded and the municipality is participating in the Incentive scheme that the Department is providing to municipalities. All invoices for 2022/23 financial year were settled in full.

PAYE and Pension statutory deductions are paid over monthly to the relevant institutions on or before seventh of the new month.

VAT – after the monthly VAT reconciliation, we claimed an amount of R1,450 million from SARS.

Trade creditors are all suppliers registered on the municipality's database and it is a prerequisite for these suppliers to be registered on the Central Supplier Database (CSD).

Auditor General – the current account due to the AGSA is zero rand, as no invoice was raised for the month of July 2023.

Other creditors – includes Sundry creditors which were unpaid as at 31 July 2023 of which the biggest contributor is other third party salary payments amounting to R16,730 million which was paid by 7 August 2023.

7. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 July 2023, the value of total investments made was R51,215 million including interest. Part of investments made during the month where interest accrued which reflected an increase in investments. The disclosure of interest has to be discussed with NT so that the municipality can align interest received to the data strings, whilst NT must provide guidance of the YTD accrued interest that are not yet reflected in the books. This exercise is normally performed during year-end procedures. The municipality invested R50 million during July 2023. The closing balance of investments as at 31 July 2023, amounted to R101,525 million.

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M01 July

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
First National Bank 62776321293		6 months	Call a/c	No	Variable	5.2	0			5,500	35	-	-	5,535
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			600	4	(4)	-	600
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,000	36	(35)	-	5,001
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,500	35	-	-	5,535
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,001	35	-	-	5,036
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	740.00%	0		2023/06/28	7,401	67	-	-	7,468
Standard Bank - 048466271-087		48 hours	Notice	No	Variable	880.00%	0		2023/08/31	-	169	(157)	50,000	50,012
Standard Bank 048466271-086		12 months	Notice	No	Fixed	902.50%	0		2023/11/10	22,212	125	-	-	22,337
Municipality sub-total										51,214		(196)	50,000	101,525

Table 15: Supporting Table SC5: Investment portfolio

8. Allocation and grant receipts and expenditure

Operational and Capital Grants: Receipts

NC091 Sol Plaatje - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M01 July

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:	1,2									
Operating Transfers and Grants										
National Government:		243,716	273,621	273,621	109,640	109,640	22,802	86,838	380.8%	273,621
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		234,202	263,135	263,135	109,640	109,640	21,928	87,712	400.0%	263,135
Expanded Public Works Programme Integrated Grant		3,959	3,286	3,286	-	-	274	(274)	-100.0%	3,286
Infrastructure Skills Development Grant		3,856	5,500	5,500	-	-	458	(458)	-100.0%	5,500
Local Government Financial Management Grant		1,700	1,700	1,700	-	-	142	(142)	-100.0%	1,700
Municipal Disaster Relief Grant	3	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		15,000	8,300	8,300	-	-	692	(692)	-100.0%	8,300
Capacity Building and Other Grants		8,700	8,300	8,300	-	-	692	(692)	-100.0%	8,300
Infrastructure Grant		6,300	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	258,716	281,921	281,921	109,640	109,640	23,493	86,147	366.7%	281,921
Capital Transfers and Grants										
National Government:		108,149	214,233	214,233	-	-	17,853	(17,853)	-100.0%	214,233
Energy Efficiency and Demand Side Management Grant		4,000	4,000	4,000	-	-	333	(333)	-100.0%	4,000
Integrated National Electrification Programme Grant		24,400	48,026	48,026	-	-	4,002	(4,002)	-100.0%	48,026
Integrated Urban Development Grant		70,390	74,207	74,207	-	-	6,184	(6,184)	-100.0%	74,207
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	2,000	2,000	-	-	167	(167)	-100.0%	2,000
Regional Bulk Infrastructure Grant		-	86,000	86,000	-	-	7,167	(7,167)	-100.0%	86,000
Water Services Infrastructure Grant		9,359	-	-	-	-	-	-	-	-
Provincial Government:		3,387	-	-	-	-	-	-	-	-
Infrastructure Grant		3,387	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	111,536	214,233	214,233	-	-	17,853	(17,853)	-100.0%	214,233
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	370,253	496,154	496,154	109,640	109,640	41,346	68,294	165.2%	496,154

Table 16: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

Equitable Share - R109,640 million

ISDG – R3,000 million

Capital grant monies received for the month under review.

INEP – R9,000 million

IUDG – R18,000 million

There are some mapping errors pertaining to operational and capital grants. This was brought under attention of our financial system vendor and the matter is being investigated to find a solution. Capital grants specifically is allocated to the Statement of Financial Position as receipts and is not mapped to the C-schedule. However, on a monthly basis journals are processed to recognize capital grant receipts in the Statement of Financial Performance, once all conditions of the grant have been met.

Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

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:		133,043	141,242	221,655	165	165	18,474	(18,309)	-99.1%	221,655
Equitable Share		123,113	130,756	211,169	147	147	17,600	(17,453)	-99.2%	211,169
Expanded Public Works Programme Integrated Grant		4,374	3,286	3,286	-	-	274	(274)	-100.0%	3,286
Infrastructure Skills Development Grant		3,856	5,500	5,500	18	18	458	(441)	-96.2%	5,500
Local Government Financial Management Grant		1,700	1,700	1,700	0	0	142	(141)	-99.8%	1,700
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		11,438	8,300	10,100	-	-	842	(842)	-100.0%	10,100
Capacity Building and Other Grants		8,500	8,300	8,300	-	-	692	(692)	-100.0%	8,300
Infrastructure Grant		2,938	-	1,800	-	-	150	(150)	-100.0%	1,800
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		144,481	149,542	231,755	165	165	19,316	(19,150)	-99.1%	231,755
Capital expenditure of Transfers and Grants										
National Government:		96,392	214,233	214,233	2	2	17,853	(17,851)	-100.0%	214,233
Energy Efficiency and Demand Side Management Grant		4,000	4,000	4,000	-	-	333	(333)	-100.0%	4,000
Integrated National Electrification Programme Grant		22,829	48,026	48,026	-	-	4,002	(4,002)	-100.0%	48,026
Integrated Urban Development Grant		61,424	74,207	74,207	2	2	6,184	(6,182)	-100.0%	74,207
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	2,000	2,000	-	-	167	(167)	-100.0%	2,000
Regional Bulk Infrastructure Grant		-	86,000	86,000	-	-	7,167	(7,167)	-100.0%	86,000
Water Services Infrastructure Grant		8,138	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		96,392	214,233	214,233	2	2	17,853	(17,851)	-100.0%	214,233
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		240,873	363,775	445,988	167	167	37,168	(37,001)	-99.6%	445,988

Table 17: Supporting Table SC7(1): Transfers and grant expenditure

The municipality is experiencing huge challenges in respect of funding for the EPWP which is not sufficient and this is putting strain on the municipality's finances. The total YTD expenditure is reflecting zero rand spent, as a result of the error of the interface between the payroll and financial system. For reporting purposes to NT and the Dept of Public Works, the municipality is only expected to report up until the allocation amount. The current years' gazetted allocation for the EPWP is R3,286 million. In addition to this, the municipality budgeted R10,000 million for this programme.

Description	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	48,026,000	-	-	-	0.0%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	74,207,000	1,772	1,772	10,175,160	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	-	-	2,278,850	0.0%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	2,000,000	-	-	-	0.0%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	86,000,000	-	-	-	0.0%
Grand Total	214,233,000	1,772	1,772	12,454,010	0.0%

Table 18: Summary of expenditure per grant

As indicated in Table 18 above, the YTD grant expenditure amounts to R2 thousand or 0.01% spent against the Original capital grant allocation of R214,233 million. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It remains concerning that YTD capital expenditure is so low. It should be noted that grant expenditure excludes VAT which will be recognized at year-end in the Statement of Financial performance, when all conditions of the grant have been met. Capex also excludes Commitments. Please refer to

Section 4.3 in the Executive Summary which highlights some of the factors that negatively influences the delay in grant expenditure.

Rollover Grants: Expenditure

The municipality must submit the rollover request for the 2022/23 financial year on or before 31 August 2023.

Table 19: Supporting Table SC7(2) - Expenditure against approved rollovers

Table 19 is not populated because the rollover request must still be submitted.

9. Councillor and board member allowances and employee benefits

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July

Summary of Employee and Councillor remuneration	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		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages								-		
Pension and UIF Contributions		882	-	-	-	-	-	-		-
Medical Aid Contributions		425	-	-	-	-	-	-		-
Motor Vehicle Allowance								-		
Cellphone Allowance		3,040	2,938	2,938	-	-	245	(245)	-100%	2,938
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		27,876	32,621	32,621	-	-	2,718	(2,718)	-100%	32,621
Sub Total - Councillors		32,224	35,559	35,559			2,963	(2,963)	-100%	35,559
% increase	4		10.3%	10.3%						10.3%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		6,171	8,158	8,158	-	-	680	(680)	-100%	8,158
Pension and UIF Contributions		856	1,558	1,558	-	-	130	(130)	-100%	1,558
Medical Aid Contributions		233	215	215	-	-	18	(18)	-100%	215
Overtime								-		
Performance Bonus								-		
Motor Vehicle Allowance		1,479	1,985	1,985	-	-	165	(165)	-100%	1,985
Cellphone Allowance		132	202	202	-	-	17	(17)	-100%	202
Housing Allowances		28	26	26	-	-	2	(2)	-100%	26
Other benefits and allowances								-		
Payments in lieu of leave								-		
Long service awards		44	46	46	-	-	4	(4)	-100%	46
Post-retirement benefit obligations	2							-		
Entertainment								-		
Scarcity								-		
Acting and post related allowance								-		
In kind benefits								-		
Sub Total - Senior Managers of Municipality		8,943	12,190	12,190			1,016	(1,016)	-100%	12,190
% increase	4		36.3%	36.3%						36.3%
Other Municipal Staff										
Basic Salaries and Wages		434,437	475,973	467,553	-	-	38,963	(38,963)	-100%	467,553
Pension and UIF Contributions		79,164	91,654	91,654	-	-	7,638	(7,638)	-100%	91,654
Medical Aid Contributions		50,925	59,955	59,955	592	592	4,996	(4,405)	-88%	59,955
Overtime		67,363	47,280	47,280	-	-	3,940	(3,940)	-100%	47,280
Performance Bonus		30,249	36,505	36,505	-	-	3,042	(3,042)	-100%	36,505
Motor Vehicle Allowance		42,144	50,649	50,649	-	-	4,221	(4,221)	-100%	50,649
Cellphone Allowance		1,456	2,054	2,054	-	-	171	(171)	-100%	2,054
Housing Allowances		2,737	2,866	2,866	-	-	239	(239)	-100%	2,866
Other benefits and allowances		20,261	19,589	28,010	670	670	2,334	(1,664)	-71%	28,010
Payments in lieu of leave		14,403	15,000	15,000	-	-	1,250	(1,250)	-100%	15,000
Long service awards		27,890	26,922	26,922	-	-	2,244	(2,244)	-100%	26,922
Post-retirement benefit obligations	2	39,393	41,000	41,000	-	-	3,417	(3,417)	-100%	41,000
Entertainment								-		
Scarcity								-		
Acting and post related allowance								-		
In kind benefits								-		
Sub Total - Other Municipal Staff		810,422	869,447	869,447	1,262	1,262	72,454	(71,192)	-98%	869,447
% increase	4		7.3%	7.3%						7.3%
Total Parent Municipality		851,589	917,196	917,196	1,262	1,262	76,433	(75,172)	-98%	917,196
TOTAL SALARY, ALLOWANCES & BENEFITS		851,589	917,196	917,196	1,262	1,262	76,433	(75,172)	-98%	917,196
% increase	4		7.7%	7.7%						7.7%
TOTAL MANAGERS AND STAFF		819,365	881,637	881,637	1,262	1,262	73,470	(72,208)	-98%	881,637

Table 20: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 20 above, Employee related costs is not satisfactory and showing a negative variance of minus 98%. The payroll (Payday) interface with the financial system did not happen timeously due to the delay in the finalization of the salary increases, the set-up of new salary control votes for Councillors to align to mSCOA version 6.7 and a new release that was not loaded timeously on the Payday system. Actuals for July 2023 are reflecting in August month. The minimal movement of R1,262 million pertains to medical aid costs for pensioners and bus allowances paid to the service provider for transportation of lower-level staff. Post-retirement benefit obligations will be finalized as part of the year-end procedures. It should be noted that the disclosure normally under Performance bonus, is the annual bonuses or 13th cheques that is budgeted for and paid out

to employees. This is not subject to any performance appraisal. Councillors Remuneration is showing a negative variance of minus 100% when compared to the YTD Budget. This is also attributable to error as outlined, in that the actuals from Payday did not interface timeously with the Solar financial system. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils will be issued later in the current financial year.

Management needs to do more to address the issues on Overtime which is normally higher than the ideal IYM percentage. For reporting purposes on Overtime, the municipality is only concentrating on (Overtime Structured and Non-structured). However, as per NT mapping Night-shift allowance and Payments - Shift Add Remuneration is also mapped to Overtime.

The Overtime controls is no longer as effective and the desired outcome to remain within budget, was not achieved for 2022/23 financial year. The same trend will probably transpire for the current year. Overtime can be monitored by implementing more stringent control measures. The municipality should also ensure that critical positions to compliment capacity on the ground is expedited and filled with qualified personnel. The lack of capacity in certain departments, like Water services and the severe service delivery challenges is negatively impacting on the management of Overtime expenditure. Overtime hours were limited to 30 hours per month within most departments, but this control has been relaxed, negatively contributing to the overall Overtime expenditure. The Overtime policy was developed and approved by Council. There are some challenges with the implementation, especially pertaining to time-off in lieu of Overtime remuneration.

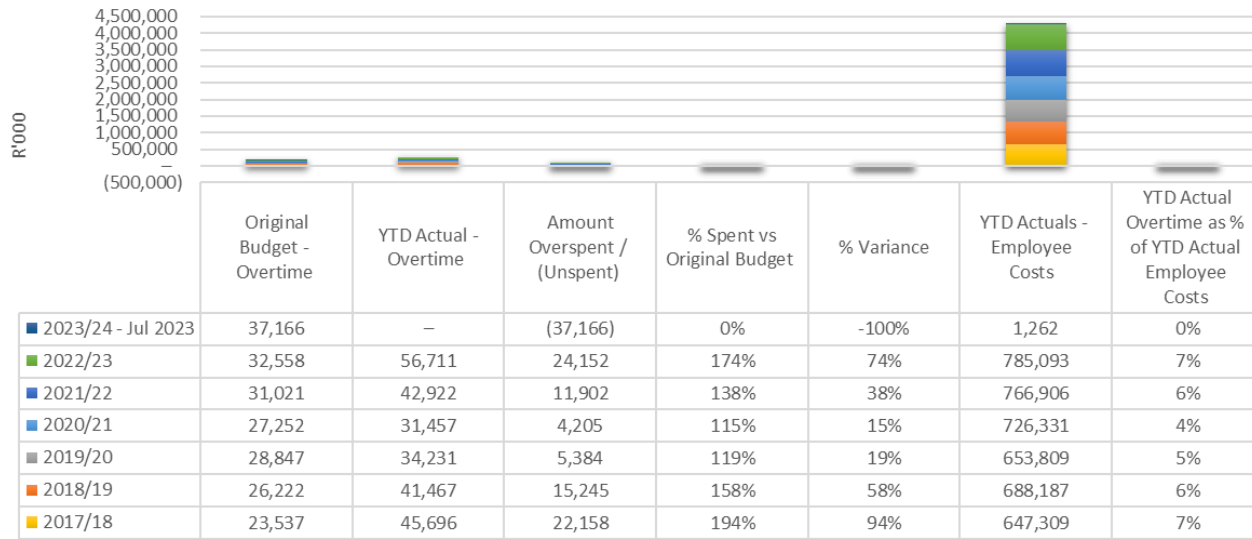
And indicated in Table 21 below, is the YTD Overtime expenditure per line item and also per Directorate as at end of July 2023.

Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	Original Variance IYM % - 8.33%
MS: OVERTIME - NON STRUCTURED	28,662,000	-	-	0.0%	-8.3%
MS: OVERTIME - STRUCTURED	8,504,033	-	-	0.0%	-8.3%
Overtime as at 31 July 2023	37,166,033	-	-	0.0%	-8.3%
Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	Original Variance IYM % - 8.33%
20-EXECUTIVE AND COUNCIL	282,000	-	-	0.0%	-8.3%
21-MUNICIPAL AND GENERAL	-	-	-	-	-8.3%
22-MUNICIPAL MANAGER	-	-	-	-	-
23-CORPORATE SERVICES	1,870,000	-	-	0.0%	-8.3%
24-COMMUNITY SERVICES	14,740,033	-	-	0.0%	-8.3%
26-FINANCIAL SERVICES	521,000	-	-	0.0%	-8.3%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	747,000	-	-	0.0%	-8.3%
28-INFRASTRUCTURE SERVICES	19,006,000	-	-	0.0%	-8.3%
Overtime as at 31 July 2023	37,166,033	-	-	0.0%	-8.3%

Table 21: Current YTD Overtime expenditure excl Night-shift allowance

Overtime was capped at 30 hours across most units within the municipality but this has since been relaxed. The YTD Overtime expenditure is showing zero spent, as a result of the payroll actuals not interfacing timeously with the Solar financial system, resulting in a negative variance of 8.3% for the period under review.

Chart 14.1: Overtime Actual vs Budget - 2017/18 to 2023/24



Indicated in Chart 14.1, is the actual Overtime versus Budget from 2017/18 to 2023/24 financial year, disclosing the percentage spent and the amount overspent/unspent per financial year. The chart also articulates the actual Overtime as a percentage of Total Employee costs for the same period.

Indicated in Chart 14.2 is the monthly and annual Overtime comparison from July 2018 to July 2023. There has been a substantial decrease in Overtime expenditure from 2018/19 to 2020/21. As reiterated, controls to curb Overtime is no longer as effective and the YTD actual for 2022/23 financial year was R24,152 million overspent. Serious remedial action will have to be implemented to reduce Overtime expenditure.

Chart 14.1: Overtime Actual vs Budget

Chart 14.2: Monthly and Annual Overtime Comparison - Jul 2018 to Jul 2023

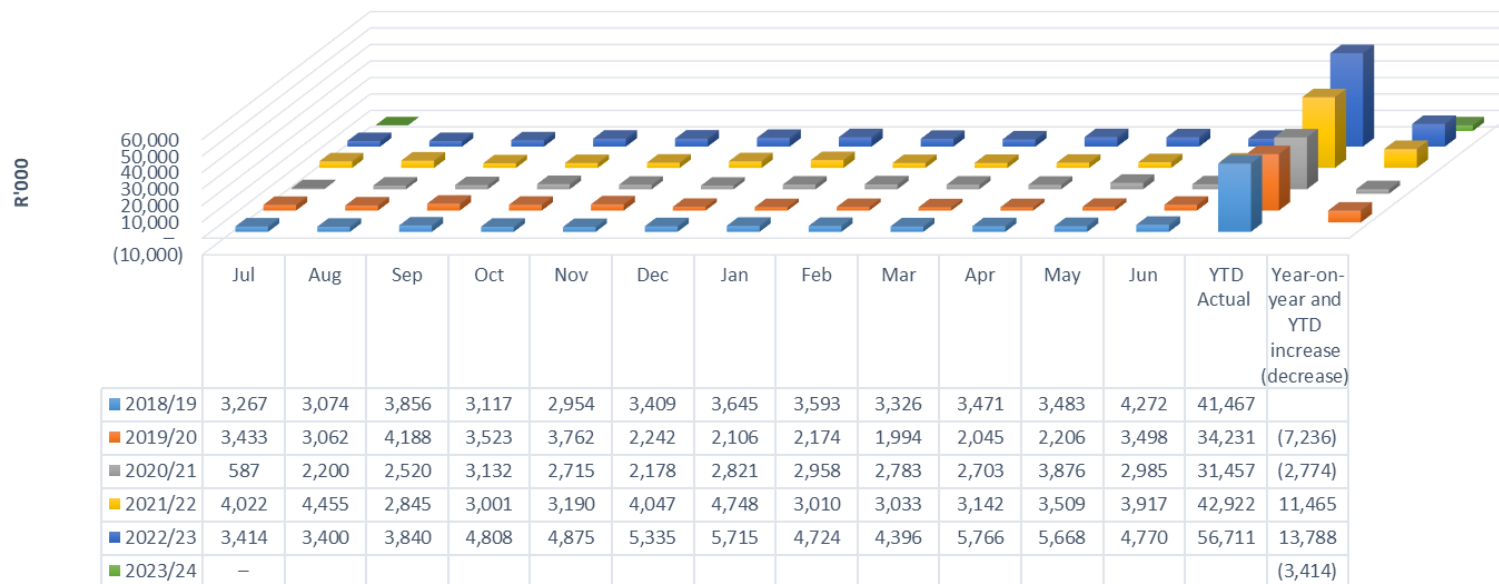


Chart 14.2: Monthly and Annual Overtime Comparison

The BTO office recommended the following precautionary measures.

- The monitoring of daily tasks/assignments. This means that work that can be done during normal working hours should be monitored closely. Ideally, put emphasis on performance and especially the quality of work done.
- Finding means to actually verify work performed, even if this means that for the first few questionable overtime work that managers/supervisors actually go out to the site, if possible.
- Using the vehicle tracking reports to ascertain the timespan at a particular site.
- Making sure that the hours claimed are legitimate and is actually consistent and correlates to the normal estimated time to complete a job of a similar nature.
- Request a detailed description of the nature of work done and insist on the exact site where work was performed being specified.
- Ensure that managers remain vigilant and question hours claimed and not just sign Overtime forms. We believe that this will make workers more aware that they cannot just claim hours like they did in the past.
- Stopping planned Overtime, unless it is to avoid major shutdowns or service interruptions.
- The adherence to the Overtime Policy stipulations, is imperative in order to address the issues on overtime.

Listed below are the challenges with regard to Overtime which was identified during the 2012/13 MTREF

- Ensuring accountability across all directorates and ensuring that Executive directors, Line Managers and Supervisors take full responsibility
- Identify and investigate possible abuse and alleged fraudulent allegations and taking disciplinary action, where applicable
- Ensuring the compliance and adherence to applicable laws and regulations and internal policies
- Approval of Overtime prior to it being incurred
- Inability to manage overtime proactively
- To remain within the budgeted Overtime
- Curbing / Limiting / Curtailing expenditure on Overtime
- Monitoring expenditure on Overtime
- Utilizing the available workforce optimally
- Unduly compromising or hampering service delivery, which basically means that work that could have been done during normal hours is deliberately delayed so that work can be finalized after hours
- Implementing an alternative method of compensation
- Addressing the immediate infrastructure maintenance requirements, specifically addressing preventative maintenance
- Ensuring and enhancing the lifespan of Property, plant and equipment
- Improve both the personal productivity of individual employees and the overall productivity of departments and the entire municipal system
- Difficult to track departmental overtime on more than a monthly or even quarterly basis, by then it's too late to take meaningful action to minimize overtime costs

10. Material variances to the service delivery and budget implementation plan

Material variances pertaining to financial performance are primarily addressed in the Executive summary under Sections 4.1 to 4.3 or emphasised elsewhere in this Monthly Budget Statement. Any other material variances to the SDBIP will be included in the quarterly Section 52 (d) report for the period ending 30 September 2023.

11. Capital programme performance

Please refer to notes on Capital Expenditure in the Executive Summary. Section 4.3.

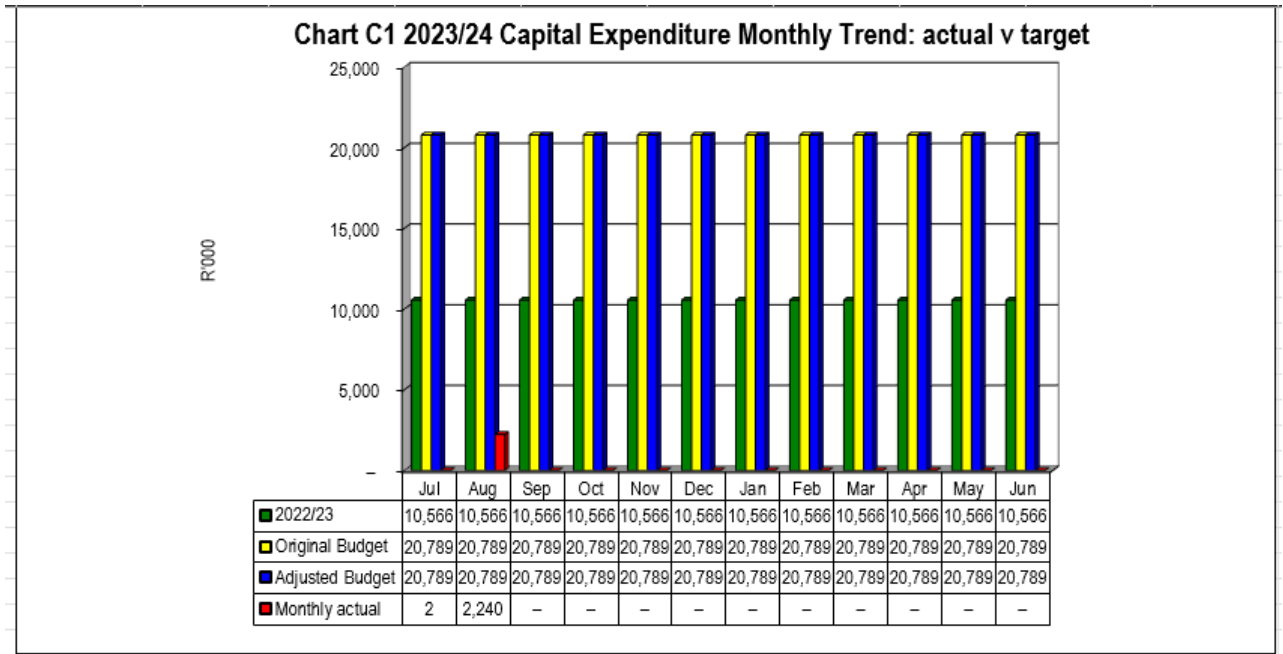


Chart 15: Capital Expenditure Monthly Trend: actual v target

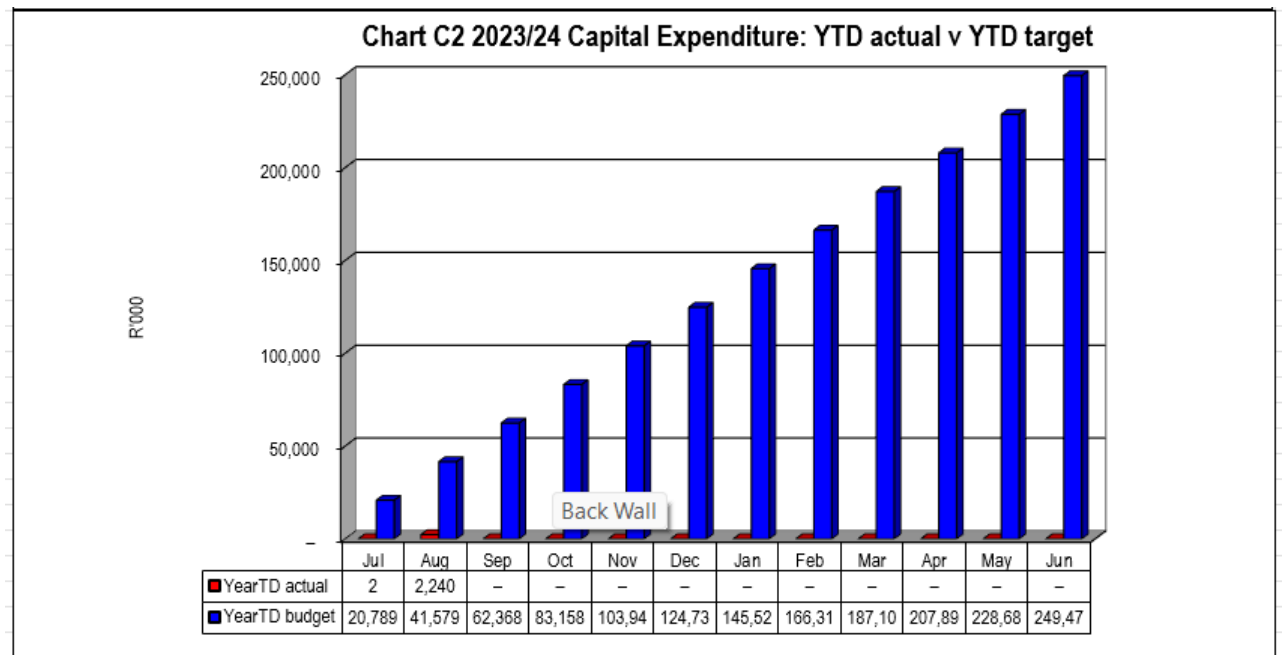


Chart 16: Capital Expenditure: YTD actual vs YTD target

Indicated in Table 22 below, is a list of projects with the applicable funding source. The total capex is normally slow during the start of the financial year. However, capital expenditure is extremely poor compared to prior years for the same period. Urgent intervention from management is required to remedy the situation. The actual monthly expenditure for July 2023 amounted to R2 thousand. The total YTD Capex amounts to R2 thousand. Please note that Commitments amounting to R16,628 million is excluded from the YTD movement. Capital expenditure is also exclusive of VAT.

Description	Original Budget	Curr Mth Exp	Commitment	YTD Movement	Unspend Budget	% Original	Funding source
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	5,000,000	-	-	-	5,000,000	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ-FLEET REPLACEMENT	5,000,000	-	3,948,152	-	5,000,000	0.0%	INTERNALLY GENERATED FUNDS
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	3,000,000	-	-	-	3,000,000	0.0%	INTERNALLY GENERATED FUNDS
ACQ-COMPUTER EQUIPMENT REPLACEMENT	4,500,000	-	52,500	-	4,500,000	0.0%	INTERNALLY GENERATED FUNDS
ACQ STORMWAT PROJ-STORWAT CHANNEL GALASH	2,000,000	-	-	-	2,000,000	0.0%	NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)
PHDA PLANNING & SURVEYING	10,000,000	-	-	-	10,000,000	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CIER RDS ROADS	20,000,000	-	-	-	20,000,000	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
UPGRADE GRAVEL ROADS WARDS VARIOUS	20,000,000	1,772	10,175,160	1,772	19,998,228	0.009%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000,000	-	-	-	2,000,000	0.0%	INTERNALLY GENERATED FUNDS
WSDP DEVELOPMENT	1,200,000	-	-	-	1,200,000	0.0%	INTERNALLY GENERATED FUNDS
SMARTBALL LEAK DETECTION	5,847,676	-	-	-	5,847,676	0.0%	INTERNALLY GENERATED FUNDS
EMERGENCY METER INSTALLATIONS (PHASE 1)	6,225,255	-	-	-	6,225,255	0.0%	INTERNALLY GENERATED FUNDS
EMERGENCY LEAK REPAIR ON 6 MAJOR LEAKS	168,750	-	-	-	168,750	0.0%	INTERNALLY GENERATED FUNDS
WEST BYPASS LEAK REPAIRS AND REFURBISH	293,325	-	-	-	293,325	0.0%	INTERNALLY GENERATED FUNDS
MR LEAK AND SLEAK DATA SYSTEM	879,759	-	-	-	879,759	0.0%	INTERNALLY GENERATED FUNDS
PIPE CONDITION ASSESS AND CATHOD PROTECT	1,848,991	-	-	-	1,848,991	0.0%	INTERNALLY GENERATED FUNDS
PROJECT MANAGEMENT	3,230,055	-	-	-	3,230,055	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
SMARTBALL SURVEY PRIORITY LEAK REPAIRS	12,954,638	-	-	-	12,954,638	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
WTW OHS & SECURITY MANAGEMENT	5,919,628	-	-	-	5,919,628	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
KBY NETWORK LEAK DETECTION & REPAIR PH 2	4,843,043	-	-	-	4,843,043	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
RITCHIE SUBZONE SMART METER INSTALL	106,687	-	-	-	106,687	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
RIVERTON TO MIDSTATION BULK PIPELINE REP	3,740,594	-	-	-	3,740,594	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
EASTERN BYPASS REPAIR COATING AND REFURB	2,820,018	-	-	-	2,820,018	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
WEST BYPASS REPLACE OF CORRODED SECTION	579,133	-	-	-	579,133	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
EAST BYPASS REPLACE OF CORRODE10KM LINE	5,069,101	-	-	-	5,069,101	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
KBY NETWORK LEAK DETECTION & REPAIR PH 1	4,531,850	-	-	-	4,531,850	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
KBY BULK METERS & PRESSURE MANAGEMENT	766,944	-	-	-	766,944	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
WATER PIPES REFURB PROG VARIOUS WARDS	19,207,000	-	-	-	19,207,000	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
POWER; ABSTRACTION & PUMPSTATION REPAIRS	9,486,736	-	-	-	9,486,736	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
NEWTOWN RESERVOIR EMERGENCY LEAK REPAIRS	4,725,460	-	-	-	4,725,460	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
OLD WTP MAJOR REFURBISH AND BUILD WORKS	468,275	-	-	-	468,275	0.0%	INTERNALLY GENERATED FUNDS
NEW WTW FILTER REFURBISH&BACKWASH SYSTEM	502,226	-	-	-	502,226	0.0%	INTERNALLY GENERATED FUNDS
NEW WTP MAJOR REFURBISH&AND BUILD WORKS	1,305,743	-	-	-	1,305,743	0.0%	INTERNALLY GENERATED FUNDS
OLD WTP CLHORINE & DOSING WORKS UPGRADE	16,598,092	-	-	-	16,598,092	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
NEW WTP CLHORINE & DOSING WORKS UPGRADE	10,628,021	-	-	-	10,628,021	0.0%	RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)
UPGRADE HADISON PARK 66/11 KV SUBSTATION	23,546,000	-	-	-	23,546,000	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
EEDSM PROJECTS	4,000,000	-	2,278,850	-	4,000,000	0.0%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
ELECTRIFICATION WITDAM -138	900,000	-	-	-	900,000	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ASHNURN/COLVILLE UPGRADES	1,500,000	-	-	-	1,500,000	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
RONALD'S VLEI SWITCH HOUSE NO.1	1,500,000	-	-	-	1,500,000	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ELECTRIFICATION LETABO PARK	12,680,000	-	-	-	12,680,000	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ELECTRIFIC LERATO PARK LINK SERV NETWORK	7,900,000	-	-	-	7,900,000	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
CAPITAL SPARES-ACQ-PREPAID METERS	2,000,000	-	173,750	-	2,000,000	0.0%	INTERNALLY GENERATED FUNDS
TOTAL	249,473,000	1,772	16,628,412	1,772	249,471,228	0.001%	

Table 22: Detailed capital expenditure report

Description	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	48,026,000	-	-	-	0.0%
INTERNALLY GENERATED FUNDS	35,240,000	-	-	4,174,402	0.0%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	74,207,000	1,772	1,772	10,175,160	0.002%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	-	-	2,278,850	0.0%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	2,000,000	-	-	-	0.0%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	86,000,000	-	-	-	-
Grand Total	249,473,000	1,772	1,772	16,628,412	0.001%

Table 23: Summary of capital expenditure per funding source

Indicated in Table 23 above, is a summary of the capital expenditure per funding source compared to the Original budget. Overall spending on grants is extremely low. The percentage expenditure on IUDG (0.002%), whilst all other grants are showing zero rand spent. Commitments on grants amounts to R12 million. Spending on Internally generated funds is also 0% spent. Implementation of projects normally delayed due to the finalization of procurement processes. Payment certificates are settled once work is completed. Capex for the first quarter is normally slow for this reason, in that commencement of procurement processes is not aligned to the budget approval and specifications are not done early so that it can be advertised timeously.

12. Other supporting documents

There is no additional information or supporting documentation for July 2023. The audited outcomes disclosed in this report are based on the preliminary results as at 30 June 2023 and are subject to change, whilst the municipality is in the process to finalise the annual financial statements.

13. Conclusion

This report meets the MFMA requirement for the Executive Mayor to receive the Section 71 'Monthly Budget Statement' within 10 working days after the end of the month.

Communication

In compliance to legislative requirements (Section 71 of the MFMA), this document is provided to all stakeholders by placing it on the Sol Plaatje municipal website: www.solplaatje.org.za or can be viewed or downloaded from the following link: <http://www.solplaatje.org.za/Aboutus/Pages/Documents.aspx>

14. Annexures

Annexure A – Prescribed Tables in terms of GG 32141 of 17 April 2009

NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M01 July

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	610,991	660,893	660,893	186,215	186,215	55,074	131,141	238%	660,893
Service charges	1,183,433	1,517,256	1,517,256	122,733	122,733	126,438	(3,705)	-3%	1,517,256
Investment revenue	8,550	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	8,550	7,000	7,000	(1,243)	(1,243)	583	(1,826)	-313%	7,000
Other own revenue	606,314	534,455	534,455	138,061	138,061	44,538	93,523	210%	-
Total Revenue (excluding capital transfers and contributions)	2,417,837	2,719,604	2,719,604	445,767	445,767	226,634	219,133	97%	2,719,604
Employee costs	819,365	881,637	881,637	1,262	1,262	73,470	(72,208)		881,637
Remuneration of Councillors	32,224	35,559	35,559	-	-	2,963	(2,963)		35,559
Depreciation and amortisation	9	86,650	86,650	-	-	7,221	(7,221)		86,650
Interest	113,955	19,495	19,495	0	0	1,625	(1,624)		19,495
Inventory consumed and bulk purchases	926,212	1,090,900	1,090,900	5,181	5,181	90,908	(85,727)		1,090,900
Transfers and subsidies	2,599	4,560	4,560	-	-	380	(380)	-100%	4,560
Other expenditure	641,563	572,452	572,452	17,015	17,015	47,705	(30,690)	-64%	572,452
Total Expenditure	2,535,927	2,691,252	2,691,252	23,458	23,458	224,272	(200,813)	-90%	2,691,252
Surplus/(Deficit)	(118,090)	28,351	28,351	422,308	422,308	2,362	419,946	17781%	28,351
Transfers and subsidies - capital (monetary)	108,149	214,233	214,233	-	-	-	-		214,233
Transfers and subsidies - capital (in-kind)	3,387	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(6,554)	242,584	242,584	422,308	422,308	2,362	419,946	17781%	242,584
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(6,554)	242,584	242,584	422,308	422,308	2,362	419,946	17781%	242,584
Capital expenditure & funds sources									
Capital expenditure	126,792	249,473	249,473	2	2	20,789	(20,788)	-100%	249,473
Capital transfers recognised	96,392	214,233	214,233	2	2	17,853	(17,851)	-100%	214,233
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	30,401	35,240	35,240	-	-	2,937	(2,937)	-100%	35,240
Total sources of capital funds	126,792	249,473	249,473	2	2	20,789	(20,788)	-100%	249,473
Financial position									
Total current assets	2,475,995	3,472,014	3,472,014		2,702,452				3,472,014
Total non current assets	2,373,829	2,466,074	2,466,074		2,366,893				2,466,074
Total current liabilities	1,479,791	1,151,431	1,151,431		1,334,374				1,151,431
Total non current liabilities	416,743	443,824	443,824		422,990				443,824
Community wealth/Equity	2,954,279	4,342,835	4,342,835		3,311,981				4,342,835
Cash flows									
Net cash from (used) operating	(926,548)	238,844	238,844	(306)	257,960	19,904	(238,057)	-1196%	238,844
Net cash from (used) investing	(100,695)	(213,757)	(249,473)	(2)	(2)	(17,813)	(17,811)	100%	(213,757)
Net cash from (used) financing	-	(13,351)	(13,351)	-	-	(1,113)	(1,113)	100%	(13,351)
Cash/cash equivalents at the month/year end	(829,652)	210,043	174,327	-	368,234	199,285	(168,949)	-85%	122,012
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	307,590	100,502	73,972	90,513	70,917	67,985	368,719	#####	3,509,411
Creditors Age Analysis									
Total Creditors	168,875	11,022	65,831	47,835	-	56,821	107,580	634,447	1,092,412

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

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									
Revenue - Functional										
Governance and administration		1,174,323	1,271,802	1,271,802	303,872	303,872	105,983	197,889	187%	1,271,802
Executive and council		497,571	580,455	580,455	117,106	117,106	48,371	68,735	142%	580,455
Finance and administration		676,752	691,347	691,347	186,767	186,767	57,612	129,154	224%	691,347
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		31,035	41,568	41,568	3,167	3,167	3,464	(297)	-9%	41,568
Community and social services		11,662	11,782	11,782	431	431	982	(551)	-56%	11,782
Sport and recreation		2,428	2,265	2,265	82	82	189	(107)	-57%	2,265
Public safety		412	750	750	13	13	62	(50)	-80%	750
Housing		12,972	26,701	26,701	2,636	2,636	2,225	411	18%	26,701
Health		3,560	70	70	5	5	6	(1)	-16%	70
Economic and environmental services		22,120	16,520	16,520	3,633	3,633	1,377	2,257	164%	16,520
Planning and development		5,342	5,595	5,595	3,152	3,152	466	2,686	576%	5,595
Road transport		16,779	10,925	10,925	481	481	910	(429)	-47%	10,925
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		1,291,774	1,594,737	1,594,737	133,991	133,991	132,895	1,097	1%	1,594,737
Energy sources		774,151	1,052,252	1,052,252	80,884	80,884	87,688	(6,803)	-8%	1,052,252
Water management		328,261	364,714	364,714	35,034	35,034	30,393	4,641	15%	364,714
Waste water management		108,190	101,358	101,358	10,127	10,127	8,447	1,680	20%	101,358
Waste management		81,173	76,413	76,413	7,946	7,946	6,368	1,578	25%	76,413
Other	4	10,121	9,210	9,210	1,103	1,103	767	335	44%	9,210
Total Revenue - Functional	2	2,529,373	2,933,837	2,933,837	445,767	445,767	244,486	201,280	82%	2,933,837
Expenditure - Functional										
Governance and administration		737,364	662,700	743,143	17,853	17,853	61,929	(44,076)	-71%	743,143
Executive and council		488,466	287,301	449,301	14,064	14,064	37,442	(23,378)	-62%	449,301
Finance and administration		243,509	368,723	287,166	3,766	3,766	23,931	(20,165)	-84%	287,166
Internal audit		5,389	6,676	6,676	23	23	556	(533)	-96%	6,676
Community and public safety		186,049	195,332	195,332	656	656	16,278	(15,622)	-96%	195,332
Community and social services		45,474	49,529	49,529	132	132	4,127	(3,995)	-97%	49,529
Sport and recreation		59,536	56,350	56,350	260	260	4,696	(4,436)	-94%	56,350
Public safety		40,998	42,115	42,115	129	129	3,510	(3,381)	-96%	42,115
Housing		20,961	26,752	26,752	104	104	2,229	(2,125)	-95%	26,752
Health		19,080	20,586	20,586	30	30	1,716	(1,685)	-98%	20,586
Economic and environmental services		138,722	256,194	175,751	384	384	14,646	(14,262)	-97%	175,751
Planning and development		42,376	132,278	51,835	32	32	4,320	(4,287)	-99%	51,835
Road transport		95,510	123,016	123,016	352	352	10,251	(9,899)	-97%	123,016
Environmental protection		836	900	900	-	-	75	(75)	-100%	900
Trading services		1,450,719	1,551,892	1,551,892	4,529	4,529	129,324	(124,795)	-96%	1,551,892
Energy sources		955,434	1,031,152	1,031,152	840	840	85,929	(85,090)	-99%	1,031,152
Water management		332,132	341,800	341,800	2,066	2,066	28,483	(26,418)	-93%	341,800
Waste water management		91,153	102,527	102,527	768	768	8,544	(7,776)	-91%	102,527
Waste management		72,000	76,413	76,413	856	856	6,368	(5,511)	-87%	76,413
Other		23,073	25,135	25,135	36	36	2,095	(2,059)	-98%	25,135
Total Expenditure - Functional	3	2,535,927	2,691,252	2,691,252	23,458	23,458	224,272	(200,813)	-90%	2,691,252
Surplus/ (Deficit) for the year		(6,554)	242,584	242,584	422,308	422,308	20,214	402,094	1989%	242,584

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

Vote 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 by Vote	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		497,571	580,455	580,455	117,106	117,106	48,371	68,735	142.1%	580,455
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		5,432	6,961	6,961	3	3	580	(577)	-99.5%	6,961
Vote 05 - Community Services		124,394	109,495	109,495	9,980	9,980	9,125	855	9.4%	109,495
Vote 06 - Financial Services		670,630	683,585	683,585	186,714	186,714	56,965	129,748	227.8%	683,585
Vote 07 - Strategy Econ Development And Planning		6,867	8,015	8,015	3,209	3,209	668	2,541	380.5%	8,015
Vote 08 - Infrastructure And Services		1,224,479	1,545,325	1,545,325	128,755	128,755	128,777	(22)	0.0%	1,545,325
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	2,529,373	2,933,837	2,933,837	445,767	445,767	244,486	201,280	82.3%	2,933,837
Expenditure by Vote	1									
Vote 01 - Executive & Council		58,420	59,173	59,173	43	43	4,931	(4,888)	-99.1%	59,173
Vote 02 - Municipal And General		417,977	214,468	376,468	13,945	13,945	31,372	(17,427)	-55.5%	376,468
Vote 03 - Municipal Manager		22,364	26,161	26,161	99	99	2,180	(2,081)	-95.5%	26,161
Vote 04 - Corporate Services		67,854	81,959	81,959	162	162	6,830	(6,668)	-97.6%	81,959
Vote 05 - Community Services		298,326	312,712	312,712	1,435	1,435	26,060	(24,625)	-94.5%	312,712
Vote 06 - Financial Services		127,801	237,712	156,155	3,326	3,326	13,013	(9,687)	-74.4%	156,155
Vote 07 - Strategy Econ Development And Planning		57,587	143,730	63,287	189	189	5,274	(5,085)	-96.4%	63,287
Vote 08 - Infrastructure And Services		1,485,597	1,615,337	1,615,337	4,260	4,260	134,612	(130,352)	-96.8%	1,615,337
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	2,535,927	2,691,252	2,691,252	23,458	23,458	224,272	(200,813)	-89.5%	2,691,252
Surplus/ (Deficit) for the year	2	(6,554)	242,584	242,584	422,308	422,308	20,214	402,094	1989.1%	242,584

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

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		755,740	1,034,872	1,034,872	79,072	79,072	86,239	(7,167)	-8%	1,034,872
Service charges - Water		271,599	327,114	327,114	29,157	29,157	27,259	1,898	7%	327,114
Service charges - Waste Water Management		89,203	89,858	89,858	8,005	8,005	7,488	517	7%	89,858
Service charges - Waste management		66,890	65,412	65,412	6,499	6,499	5,451	1,048	19%	65,412
Sale of Goods and Rendering of Services		13,750	15,579	15,579	3,688	3,688	1,298	2,390	184%	15,579
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		199,982	168,880	168,880	19,387	19,387	14,073	5,314	38%	168,880
Interest from Current and Non Current Assets		8,550	7,000	7,000	(1,243)	(1,243)	583	-	-	7,000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		26,000	26,930	26,930	2,653	2,653	2,244	409	18%	26,930
Licence and permits		1,056	1,200	1,200	65	65	100	(35)	-35%	1,200
Operational Revenue		3,299	3,134	3,134	220	220	261	(41)	-16%	3,134
Non-Exchange Revenue										
Property rates		610,991	660,893	660,893	186,215	186,215	55,074	131,141	238%	660,893
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		59,462	30,660	30,660	823	823	2,555	(1,732)	-	30,660
Licence and permits		7,965	6,150	6,150	1,015	1,015	512	502	-	6,150
Transfers and subsidies - Operational		258,716	281,921	281,921	109,640	109,640	23,493	86,147	-	281,921
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		4,037	-	-	570	570	-	570	#DIV/0!	-
Gains on disposal of Assets		5,891	-	-	-	-	-	-	-	-
Other Gains		34,705	-	-	-	-	-	-	-	-
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		2,417,837	2,719,604	2,719,604	445,767	445,767	226,634	219,133	97%	2,719,604
Expenditure By Type										
Employee related costs		819,365	881,637	881,637	1,262	1,262	73,470	(72,208)	-98%	881,637
Remuneration of councillors		32,224	35,559	35,559	-	-	2,963	(2,963)	-100%	35,559
Bulk purchases - electricity		672,362	785,000	785,000	-	-	65,417	(65,417)	-	785,000
Inventory consumed		253,850	305,900	305,900	5,181	5,181	25,492	(20,310)	-	305,900
Debt impairment		397,000	317,500	317,500	-	-	26,458	(26,458)	-100%	317,500
Depreciation and amortisation		9	86,650	86,650	-	-	7,221	(7,221)	-100%	86,650
Interest		113,955	19,495	19,495	0	0	1,625	(1,624)	-100%	19,495
Contracted services		45,261	48,113	48,113	184	184	4,009	(3,825)	-95%	48,113
Transfers and subsidies		2,599	4,560	4,560	-	-	380	(380)	-100%	4,560
Irrecoverable debts written off		-	-	-	1	1	-	1	-	-
Operational costs		120,417	145,639	145,639	16,830	16,830	12,137	4,693	39%	145,639
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Other Losses		78,885	61,200	61,200	-	-	5,100	(5,100)	-	61,200
Total Expenditure		2,535,927	2,691,252	2,691,252	23,458	23,458	224,272	(200,813)	-90%	2,691,252
Surplus/(Deficit)		(118,090)	28,351	28,351	422,308	422,308	2,362	419,946	0	28,351
Transfers and subsidies - capital (monetary allocations)		108,149	214,233	214,233	-	-	-	-	-	214,233
Transfers and subsidies - capital (in-kind)		3,387	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(6,554)	242,584	242,584	422,308	422,308	2,362			242,584
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(6,554)	242,584	242,584	422,308	422,308	2,362			242,584
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(6,554)	242,584	242,584	422,308	422,308	2,362			242,584
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(6,554)	242,584	242,584	422,308	422,308	2,362			242,584

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

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 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		8,996	10,000	10,000	-	-	833	(833)	-100%	10,000
Vote 08 - Infrastructure And Services		82,240	183,117	183,117	2	2	15,260	(15,258)	-100%	183,117
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4.7	91,236	193,117	193,117	2	2	16,093	(16,091)	-100%	193,117
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		14,805	19,500	19,500	-	-	1,625	(1,625)	-100%	19,500
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		-	-	-	-	-	-	-	-	-
Vote 08 - Infrastructure And Services		20,751	36,856	36,856	-	-	3,071	(3,071)	-100%	36,856
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	35,557	56,356	56,356	-	-	4,696	(4,696)	-100%	56,356
Total Capital Expenditure		126,792	249,473	249,473	2	2	20,789	(20,788)	-100%	249,473
Capital Expenditure - Functional Classification										
Governance and administration		14,805	19,500	19,500	-	-	1,625	(1,625)	-100%	19,500
Executive and council		14,805	19,500	19,500	-	-	1,625	(1,625)	-100%	19,500
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		44,387	50,000	50,000	2	2	4,167	(4,165)	-100%	50,000
Planning and development		8,996	10,000	10,000	-	-	833	(833)	-100%	10,000
Road transport		35,392	40,000	40,000	2	2	3,333	(3,332)	-100%	40,000
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		67,600	179,973	179,973	-	-	14,998	(14,998)	-100%	179,973
Energy sources		37,385	54,026	54,026	-	-	4,502	(4,502)	-100%	54,026
Water management		9,679	125,947	125,947	-	-	10,496	(10,496)	-100%	125,947
Waste water management		20,535	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	126,792	249,473	249,473	2	2	20,789	(20,788)	-100%	249,473
Funded by:										
National Government		96,392	214,233	214,233	2	2	17,853	(17,851)	-100%	214,233
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		96,392	214,233	214,233	2	2	17,853	(17,851)	-100%	214,233
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		30,401	35,240	35,240	-	-	2,937	(2,937)	-100%	35,240
Total Capital Funding		126,792	249,473	249,473	2	2	20,789	(20,788)	-100%	249,473

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		109,536	174,327	174,327	176,512	174,327
Trade and other receivables from exchange transactions		1,294,555	734,354	734,354	1,357,329	734,354
Receivables from non-exchange transactions		871,777	2,173,122	2,173,122	970,371	2,173,122
Current portion of non-current receivables		-	-	-	-	-
Inventory		57,694	27,461	27,461	55,609	27,461
VAT		142,430	362,625	362,625	142,773	362,625
Other current assets		1	126	126	(143)	126
Total current assets		2,475,995	3,472,014	3,472,014	2,702,452	3,472,014
Non current assets						
Investments						
Investment property		237,477	223,856	223,856	237,402	223,856
Property, plant and equipment		2,103,020	2,190,939	2,190,939	2,096,159	2,190,939
Biological assets						
Living and non-living resources						
Heritage assets		12,071	12,071	12,071	12,071	12,071
Intangible assets		21,262	3,492	3,492	21,262	3,492
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	35,716	35,716	-	35,716
Other non-current assets		-	-	-	-	-
Total non current assets		2,373,829	2,466,074	2,466,074	2,366,893	2,466,074
TOTAL ASSETS		4,849,824	5,938,089	5,938,089	5,069,345	5,938,089
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Consumer deposits		45,776	49,391	49,391	45,994	49,391
Trade and other payables from exchange transactions		1,283,659	937,683	937,683	1,042,163	937,683
Trade and other payables from non-exchange transactions		9,859	-	-	87,735	-
Provision		-	-	-	1,005	-
VAT		140,498	70,327	70,327	157,478	70,327
Other current liabilities		-	94,029	94,029	-	94,029
Total current liabilities		1,479,791	1,151,431	1,151,431	1,334,374	1,151,431
Non current liabilities						
Financial liabilities		159,430	158,166	158,166	159,430	158,166
Provision		257,313	285,658	285,658	263,560	285,658
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		416,743	443,824	443,824	422,990	443,824
TOTAL LIABILITIES		1,896,534	1,595,254	1,595,254	1,757,364	1,595,254
NET ASSETS	2	2,953,290	4,342,835	4,342,835	3,311,981	4,342,835
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		2,890,213	4,261,958	4,261,958	3,221,854	4,261,958
Reserves and funds		64,066	80,876	80,876	90,127	80,876
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	2,954,279	4,342,835	4,342,835	3,311,981	4,342,835

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M01 July

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		453,721	543,052	543,052	61,382	61,382	45,254	16,128	36%	543,052
Service charges		1,024,883	1,354,795	1,354,795	73,704	73,704	112,900	(39,196)	-35%	1,354,795
Other revenue		735,624	79,844	79,844	89,253	89,253	6,654	82,599	1241%	79,844
Transfers and Subsidies - Operational		89,218	281,921	281,921	112,640	112,640	23,493	89,147	379%	281,921
Transfers and Subsidies - Capital		113,738	214,233	214,233	27,000	27,000	17,853	9,147	51%	214,233
Interest		-	-	-	428	428	-	428	#DIV/0!	-
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(3,343,733)	(2,215,507)	(2,215,507)	(367,114)	(108,848)	(184,626)	(75,778)	41%	(2,215,507)
Interest		-	(19,495)	(19,495)	2,401	2,401	(1,625)	(4,026)	248%	(19,495)
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(926,548)	238,844	238,844	(306)	257,960	19,904	(238,057)	-1196%	238,844
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	35,716	-	-	-	2,976	(2,976)	-100%	35,716
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(100,695)	(249,473)	(249,473)	(2)	(2)	(20,789)	(20,788)	100%	(249,473)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(100,695)	(213,757)	(249,473)	(2)	(2)	(17,813)	(17,811)	100%	(213,757)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	(13,351)	(13,351)	-	-	(1,113)	(1,113)	100%	(13,351)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(13,351)	(13,351)	-	-	(1,113)	(1,113)	100%	(13,351)
NET INCREASE/ (DECREASE) IN CASH HELD		(1,027,243)	11,736	(23,980)	(308)	257,958	978			11,736
Cash/cash equivalents at beginning:		197,591	198,307	198,307	66,236	110,276	198,307			110,276
Cash/cash equivalents at month/year end:		(829,652)	210,043	174,327		368,234	199,285			122,012

The BTO made a concerted effort to align the Cash and equivalents of A6 and A7 for the Original budget for 2023/24 financial year, by relooking at the mapping as advised by NT and BCX. However, there appears to be some system errors that must be resolved so that the monthly and YTD actuals populate correctly. The Cash and Cash equivalents is also significantly overstated. As per C6, the Cash and cash equivalents is R176,512 million as per the Cash book balance.

15. Municipal Manager's quality certification

Quality Certificate

I, BS Matlala, the Municipal Manager of Sol Plaatje Local Municipality, hereby certify that

(mark as appropriate)

the Monthly Budget Statement

Quarterly Report on the implementation of the budget and financial state affairs of the municipality

Mid-year Budget and Performance Assessment

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

Print name: Mr. BS. Matlala

Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: _____



Date: 15 /08/2023