

Monthly Budget Monitoring Report

May 2023



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Legislative framework

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

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

- The Municipal Finance Management Act – MFMA No. 56 of 2003, Section 71,
- and The Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.

28. The monthly budget statement of a municipality must be in the format specified in Schedule C and 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.

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

Report to the Executive Mayor

In accordance with Section 71(1) of the Municipal Finance Management Act, I submit the required statement on the state of George Municipality's budget reflecting the particulars up until the end of May 2023.

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

Municipal Manager

14 June 2023

Recommendations

These recommendations are linked to the responsibilities of the Mayor under S54 of the MFMA.

- (a) That Council notes the contents of this report and supporting documentations for May 2023.
- (b) That the directors ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan projections and that spending of funds and that revenue collection proceeds in accordance with the budget.

Part 1: Executive Summary

1.1 Introduction

The monthly Financial Monitoring Report (FMR) aims to provide a regular update on indicators critical to the organisation's viability and serve as an early warning indicator where remedial action is required. The consolidated performance is a high-level overview of the organisation's financial viability and sustainability. The Municipal Manager, as Accounting Officer of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a report in a prescribed format within 10 working days after the end of each month on the state of the Municipality's budget.

This report is a summary of the main budget issues arising from the monitoring process. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). Section 54 of the MFMA requires the Mayor to consider the Section 71 report and take appropriate action to ensure that the approved budget is implemented in accordance with the SDBIP.

1.2 Consolidated performance

The following table summarises the overall position on the capital and operating budgets. Take note that the Operating Expenditure only reflects the direct expenditure and exclude all indirect expenditure e.g. Administrative Recharges.

Rand Thousands	Capital Expenditure	Operating Income	Operating Expenditure
Original Budget	787 983	3 248 303	2 868 024
Adjustment Budget	1 147 027	3 708 518	3 006 202
Plan to Date (SDBIP)	592 831	2 411 190	2 155 291
Actual	497 103	2 421 062	2 056 360
Orders / Shadows	134 331	0	42 196
Variance to SDBIP	-95 728	9 872	-98 930
% Variance to SDBIP	-16%	0%	-5%
% of Adjusted budget 2022/23	43%	65%	68%
% of Adjusted budget 22/23 including shadows	55%	N/A	70%

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Operating Revenue by sources

Revenue by Source	Original Budget	Adjustments Budget	Planned Income to Date (SDBIP)	Actual Income to Date	Variance	% Variance
Property Rates	370 853 000	378 642 000	348 517 653	354 262 208	5 744 555	2%
	962 606 700	861 493 700	753 275 101	651 114 796	(102 160 304)	-14%
Reason for variance:						
Service Charges – Electricity						
	<ul style="list-style-type: none"> • Prepaid meters electricity consumption increased by 5% from the prior month, however, consumption decreased by -18% in comparison to May 2022 due to increased levels of loadshedding; this is approximately 2.3million less kWh consumption than last year for the same period. • Credit meters electricity consumption decreased by -17% from the prior month and decreased by -26% in comparison to May 2022; this is approximately 3.8million less kWh consumption than last year for the same period. • George Municipality embarked on a process to phase in new electricity tariff structure, phase 2 became effective from 1 May 2023: <ul style="list-style-type: none"> • If consumer had a 12-month average historic monthly consumption of above 400 units (kWh) and below 600 units (kWh), the consumer will be placed on a 30A; • If consumer had a 12-month average historic monthly consumption of above 600 units (kWh) the consumer will be placed on a 40A; • Indigent consumer will not be impacted by this phase, as all indigent consumers are dealt with in line with the Indigent Policy and placed on 20A; and • All consumer who has already made their selections will not be impacted. • However, Phase 3 will be implemented from 1 July 2023 and all consumers who has not made their selection yet, will be billed on their actual capacity. 					
Service Charges – Water	167 445 000	202 245 000	174 146 830	188 374 843	14 228 013	8%
Service Charges – Sewerage	159 335 000	152 012 000	139 123 502	145 016 397	5 892 895	4%
Service Charges – Refuse Removal	128 302 000	147 194 000	134 738 221	135 255 176	516 955	0%
Fines, Penalties and Forfeits	83 680 000	83 896 202	15 605 027	12 813 405	(2 791 622)	-18%

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Revenue by Source	Original Budget	Adjustments Budget	Planned Income to Date (SDBIP)	Actual Income to Date	Variance	% Variance
	Reason for variance:					
Licences or permits	3 863 334	3 863 334	4 838 556	2 937 711	(1 900 846)	-39%
	Reason for variance:					
Income for Agency Services	16 617 000	18 617 000	18 441 335	12 964 751	(5 476 584)	-30%
	Reason for variance:					
Rent of Facilities and Equipment	4 740 500	4 935 368	1 641 128	4 046 897	2 405 769	147%
	Reason for variance:					
Grants and Subsidies Received – Capital	370 399 117	809 999 892	229 878 127	248 699 311	18 821 184	8%
	Reason for variance:					
Grants and Subsidies Received – Operating	553 091 041	635 164 725	434 048 061	490 690 781	56 642 720	13%
	Reason for variance:					
Interest Earned – External Investments	57 219 045	43 892 153	37 944 373	43 694 888	5 750 515	15%

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Revenue by Source	Original Budget	Adjustments Budget	Planned Income to Date (SDBIP)	Actual Income to Date	Variance	% Variance
	Reason for variance:					
	• The new prime rate is 11.75% which resulted in higher-than-expected returns as at the end of May 2023.					
Interest Earned – Outstanding Debtors	9 060 560	11 060 560	8 528 607	12 703 921	4 175 314	49%
	Reason for variance:					
	• Provisions as included in the Customer Care, Credit Control and Debt Collection Policy are implemented on a daily and monthly basis to ensure that all monies and deposits due and payable to the municipality are collected and used to deliver services in the best interest of the community, residents, and customers, and in a financially sustainable manner.					
Other Revenue	25 534 000	28 502 499	25 265 017	25 385 885	120 867	0%
	Reason for variance:					
	Other revenue consists mainly of:					
	• Building plan approvals: R 11m, Application fees for land usage: R1.6m					
	• Collection charges: R3.3m; Insurance refunds: R1.8m; Cemetery and burials: R1.1m					
GIPTN Fare Revenue	82 819 182	66 188 363	58 670 299	57 277 909	(1 392 389)	-2%
Sale of Erven	6 100 000	2 100 000	1 861 470	5 405 224	3 543 755	190%
	Reason for variance:					
	• The sale of erven was more than anticipated for the current financial year.					
Development Charges	15 644 000	27 827 305	24 666 516	30 517 539	5 851 023	24%
	Reason for variance:					
	• More development charges were realised than anticipated, which is indicative of growth and development that takes place within George.					
	• Budget projections was revised upwards.					

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Revenue by Source	Original Budget	Adjustments Budget	Planned Income to Date (SDBIP)	Actual Income to Date	Variance	% Variance
Gain on Disposal of PPE	230 994 000	230 883 890	-	(100 110)	(100 110)	0%
Total Revenue	3 248 303 479	3 708 517 991	2 411 189 822	2 421 061 530	9 871 708	0%
% of Annual Budget Billed			65%			

Operating expenditure by type

Expenditure by Type	Original Budget	Adjustments Budget	Planned Expenditure to Date (SDBIP)	Actual Expenditure to Date	Variance	% Variance
Employee Related Costs	727 720 515	695 451 229	620 666 496	565 111 269	(55 555 227)	-9%
	Reason for variance:					
	<ul style="list-style-type: none"> The reason for the variance is due to vacant budgeted positions that have not been filled yet. 					
Remuneration of Councillors	26 170 670	27 916 470	25 298 630	22 644 283	(2 654 347)	-10%
	Reason for variance:					
	<ul style="list-style-type: none"> There are currently three vacant ward councillor positions in wards 16, 20 and 27; the by-elections will take place during July 2023. 					
Contracted Services	587 110 243	729 390 905	560 971 568	556 998 687	(3 972 881)	-1%
Bulk Purchases	667 159 159	628 680 564	510 290 215	476 559 109	(33 731 106)	-7%
Operating Leases	4 816 347	4 148 047	2 212 354	2 247 693	35 339	2%
Operational Cost	171 368 455	168 081 518	95 585 034	103 185 549	7 600 515	8%
	Reason for variance:					

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Expenditure by Type	Original Budget	Adjustments Budget	Planned Expenditure to Date (SDBIP)	Actual Expenditure to Date	Variance	% Variance
	<ul style="list-style-type: none"> Hire charges was R1.8m more than anticipated spending, dumping fees at the landfill site was R1.7m more than anticipated spending and software licences was R2.7m ahead of anticipated spending. External audit fees were R3.1m more than anticipated spending. The Vehicle tracking is R11.7m behind schedule. This is mainly the payments to the Department of Transport for the GIPTN. R5.3 million on order as at the end of May 2023. 					
Depreciation & Amortisation	158 810 336	182 330 286	171 854 351	164 831 200	(7 023 150)	-4%
Loss on Disposal of PPE	46 171 000	46 392 118	-	(156 449)	(156 449)	No Planned Spend
Bad Debts	122 257 000	122 257 000	24 483 254	22 539 367	(1 943 887)	-8%
	<p>Reason for variance:</p> <ul style="list-style-type: none"> Provisions as included in the Customer Care, Credit Control and Debt Collection Policy are implemented on a daily and monthly basis to ensure that all monies and deposits due and payable to the municipality are collected and used to deliver services in the best interest of the community, residents, and customers; and, in a financially sustainable manner. 					
Transfers and Subsidies Paid	42 636 400	45 402 741	19 426 385	30 134 688	10 708 303	55%
	<p>Reason for variance:</p> <ul style="list-style-type: none"> The expenditure for the consultation fees of Pegasys and Zutari - The reason for the inconsistency of the payments is we had some delays with receiving the claims from DTPW. The expenses are part of the Reimbursement Agreement with Province and is classified as "Implementation Support" on the monthly grant reports. 					
Inventory Consumed	272 853 386	321 031 089	109 419 513	95 543 200	(13 876 313)	-13%
	<p>Reason for variance:</p> <ul style="list-style-type: none"> Inventory consumed: Zero rated (petrol, diesel) is less than anticipated spending due to processing of outstanding requisitions that is still in progress. 					

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Expenditure by Type	Original Budget	Adjustments Budget	Planned Expenditure to Date (SDBIP)	Actual Expenditure to Date	Variance	% Variance
	<ul style="list-style-type: none"> • R13.2 million on order as at the end of May 2023. 					
Interest Expense	40 950 003	35 120 003	15 082 713	16 740 324	1 657 611	11%
Total Expenditure	2 868 023 514	3 006 201 970	2 155 290 512	2 056 378 920	(98 911 592)	-5%
% of Annual Budget Spent	68%					

Capital expenditure

Directorate	Original Budget	Adjusted Budget	Planned (SDBIP)	Actual	Variance	Variance (%)
Municipal Manager	215 000	210 000	80 413	96 182	15 768	0%
Corporate Services	6 630 000	7 118 264	3 620 509	4 692 923	1 072 414	30%
	548 630 212	890 224 881	451 873 759	376 345 921	(75 527 837)	-17%
Civil Engineering Services	Reason for variance:					
	<ul style="list-style-type: none"> Installation of Smart Water Meters – Contractor currently busy installing meters but are behind planned expenditure. Awaiting delivery of bulk order of smart meters. Extension of Water Works 20ml. Construction well under way, slightly behind programme. Completion of section 1A reached. The project budget was increased with the additional BFI allocation that affected the expenditure percentage for this year. The disaster recovery grant projects are behind planned expenditure. 					
Electrotechnical Services	152 086 022	163 941 297	91 007 765	65 887 818	(25 119 947)	-28%
	Reason for variance:					
	<ul style="list-style-type: none"> The following projects: New 20mva transformers – Glenwood; Thembalethu/ballots bay 66/11kv substation; Replacement of obsolete 11kv switchgear & equipment are in progress contractors are on site. There is a delay in the delivery of cables to start all street light projects. Renewable energy: 1 MW Project: Awaiting approval from Department of Environmental Affairs. 8 MW project: Consultant to be appointed to do basic assessment. Orders to the amount of R63 846 134 have been placed. 					

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Directorate	Original Budget	Adjusted Budget	Planned (SDBIP)	Actual	Variance	Variance (%)
	13 611 000	12 474 635	2 923 068	3 228 313	305 245	10%
Reason for variance:						
Human Settlements, Planning and Development and Property Management		<ul style="list-style-type: none"> Metro Grounds industrial: Since commencement of the project we have had to prepare a further ToR to first conclude on the road alignment for the proposed Rand street extension. This process is in progress and we are confident that we will spend the funds by the close of the financial year Upgrading of York hostel: The consultant confirmed that the consultancy fees for the year will be more than the budgeted amount, The Bid Specification meeting will be scheduled for the week of 23 April 2023 where after invoices will be submitted. 				
Community Services	64 044 002	70 120 213	41 787 842	44 865 899	3 078 058	7%
Financial Services	2 767 000	2 938 150	1 537 424	1 986 024	448 601	29%
Total Budget	787 983 236	1 147 027 440	592 830 780	497 103 080	(95 727 699)	-16%

% of Annual Budget Spent **43%**

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Top Ten Capital Projects

Number	UKEY number	Contact Persons	Project description	Original Budget R'000	Adjustment Budget R'000	YTD Expenditure R'000	Year to date Budget	Variance R'000	% Variance	Orders	Status of the project	At what stage is each project currently	Any challenges identified that is resulting in delays?	What measures are in place to remedy the existing challenges.
1	20211201122529	LINDSAY MOOIMAN/ GERARD DE SWARDT/ ANDRE SCHEEPERS	EXTENSION OF WATERWORKS 20ML	156 762 000.00	211 428 695.00	85 305 564.72	#####	- 80 227 254.66	-48.5	8 463 711.09	In process	Construction of Civil Works under way. MEI construction contract (FIDIC Yellow) in design stage - HAZOP scheduled early March 2023	No current delays. Project behind initial cashflow projection.	Expenditure will increase with MEI contract
2	20230330102364	LINDSAY MOOIMAN/ GERARD DE SWARDT/ ANDRE SCHEEPERS	STREETS AND STORM WATER(SPECIFIC PROJECTS)	-	81 572 640.00	-	6 797 720.00	- 6 797 720.00	-100.0	-				
3	20180723997146	RICUS FIVAZ	GIPTN ROAD REHABILITATION	33 606 959.00	40 443 959.00	39 952 933.35	33 249 293.69	6 703 639.66	20.2	343 294.12	In process	Construction that relates to the upgrading of Market Street is ongoing. The rest of the rehabilitation programme will get rolled out later in the financial year. Currently we are experiencing a delay with payments, which is the reason for the current spending variance.	None for now	No challenges at this stage
4	20230330102376	LINDSAY MOOIMAN/ GERARD DE SWARDT/ ANDRE SCHEEPERS	UPGRADING STORMWATER INFRASTRUCTURE(GEORGE SOUTH)	-	43 043 478.00	256 915.84	3 786 956.00	- 3 530 040.16	-93.2	-				
5	20220703041196	DANIEL GREEFF/RASMUS ESTERHYSEN	THEMBALETHU/B ALLOTS BAY 66/11KV SUBSTATION	33 074 783.00	33 074 783.00	11 102 052.19	15 580 020.38	- 4 477 968.19	-28.7	8 394 796.07	In process, is a multi year project. Spending for the previous financial year achieved	Civil Works in progress. Kerbs installed. Fencing completed. Final layer works still in progress. Access roads, Oil sump in construction	Building plans approval due to property not the property of the Municipality. Process to transfer in progress	Administration to assist. consultant to submit plans to town planning for approval. Item to council for approval in parallel

Top ten capital projects (continue)

Number	UKEY number	Contact Persons	Project description	Original Budget R'000	Adjustment Budget R'000	YTD Expenditure R'000	Year to date Budget	Variance R'000	% Variance	Orders	Status of the project	At what stage is each project currently	Any challenges identified that is resulting in delays?	What measures are in place to remedy the existing challenges.
6	20211201122535	LINDSAY MOOIMAN/ GERARD DE SWARDT/ ANDRE SCHEEPERS	REHABILITATION OF OLD WTW (6MI MODULE)		30 000 000.00	16 126 167.45	11 347 141.68	4 779 025.77	42.1	517 020.18				
7	20211201122538	LINDSAY MOOIMAN/ GERARD DE SWARDT/ ANDRE SCHEEPERS	UPGRADING OF MEUL STREET PUMPSTATION	17 606 957.00	25 606 957.00	20 812 030.17	20 377 897.48	434 132.69	2.1	1 095 347.04	In process	Construction	Emergency work done at Eden P/S; regular flooding of construction works at Meul PS by sewage overflows and leakage; Emergency pump repairs done at Meul and Y-piece installation completed during this period	Contract extension by 5% approved by BAC to cover Eden PS emergency works; Phase 2 consultant prelim designs completed for both Meul and Eden
8	20220703041398	DEON DE JAGER	INSTALLATION OF SMART METERS	23 000 000.00	23 000 000.00	6 661 710.91	12 291 478.29	- 5 629 767.38	-45.8	3 013 136.09	Supplier of Water Meters appointed. Ad hoc Contractors assisting with the installations appointed. Project Construction phase well underway	Construction Phase	None for now	No challenges at this stage
9	20220703041319	DANIEL GREEFF/RASMUS ESTERHYSSEN	RENEWABLE ENERGY PROJECT	20 000 000.00	20 000 000.00	4 642 148.42	14 497 309.97	- 9 855 161.55	-68.0	12 160 127.01	1 megawatt - busy with SCM process. Application submitted for basic assessment. 8 megawatt - planning phase EIA process	BSC Stage	None for now	No challenges at this stage
10	20230426054051	LINDSAY MOOIMAN/ GERARD DE SWARDT/ ANDRE SCHEEPERS	NGCANI STREET SECTION 2-4	-	19 807 500.00	-	-	-	0.0	-				
Totals				284 050 699.00	527 978 012.00	184 859 523.05	283 460 636.87	-98 601 113.82	-34.8	33 987 431.60				
Project status: If the project is in the SCM process of being procured. Please state in which stage (planning, specification, advertising, etc)														

1.3 Financial Ratios

Liquidity Management										
					NORM	QUARTER 1 ENDING SEP 2022	QUARTER 2 ENDING DEC 2022	QUARTER 3 ENDING MAR 2023	April 2023	May 2023
Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	1-3 months		3.70	3.17	4.05	4.85	3.03	
				Cash and cash equivalents	327 148 562	126 172 109	862 575 083	375 986 802	406 414 146	
				Unspent Conditional Grants	176 408 314	81 022 382	587 401 017	455 939 537	692 127 009	
				Overdraft	-	-	-	-	-	
				Short Term Investments	400 000 000	500 000 000	500 000 000	900 000 000	800 000 000	
				Total Annual Operational Expenditure	447 063 896	1 031 821 927	1 531 557 512	1 692 024 558	1 869 164 802	
<p>The norm is 1-3 months. This ratio gives an indication on the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that month. The monthly cost coverage is within the norm indicating that the municipality can afford monthly expenditure without levying/collecting additional revenues. The operational expenditure has accelerated as a result of the approaching financial year end and there is a receipt for the Municipal Disaster Recovery Grant which result in increased unspent conditional grants negatively affecting the ratio .</p>										
Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		2.12	2.28	1.75	1.64	1.54	
				Current Assets	1 118 372 439	990 656 639	2 068 687 370	1 735 898 264	1 643 058 248	
				Current Liabilities	528 059 427	435 356 056	1 184 634 178	1 059 215 961	1 064 751 016	
<p>This ratio indicates the municipality's ability to pay its debts due within a year out of the current assets. The ratio is within the norm.</p>										
Current Ratio adjusted for aged debtors	Current Assets less debtors older than 90 days / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		1.65	1.67	1.51	1.38	1.27	
				Current Assets	1 118 372 439	990 656 639	2 068 687 370	1 735 898 264	1 643 058 248	
				Debtors older than 90 days	245 956 498	264 236 039	282 830 493	274 133 319	291 442 630	
<p>This ratio indicates the municipality's ability to pay its debts due within a year out of the current assets but excluding the historic debt older than 90 days (which is less likely to be recovered). The ratio is below the norm. Debt older than 90 days is increasing.</p>										

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2.6 Table C6: Monthly Budget Statement: Financial Position

WC044 George - Table C6 Monthly Budget Statement - Financial Position - M11 May

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		592 536	1 078 307	1 469 634	406 414	1 469 634
Call investment deposits		–	–	–	800 000	–
Consumer debtors		188 127	163 111	94 302	211 684	94 302
Other debtors		70 127	79 061	78 872	85 615	78 872
Current portion of long-term receivables		227	3 839	3 839	(207)	3 839
Inventory		119 399	184 578	138 390	139 552	138 390
Total current assets		970 416	1 508 896	1 785 037	1 643 058	1 785 037
Non current assets						
Long-term receivables		332	36 387	36 387	997	36 387
Investments		–	–	–	–	–
Investment property		144 073	144 856	141 386	143 925	141 386
Investments in Associate		–	–	–	–	–
Property, plant and equipment		3 290 606	4 022 775	4 360 708	3 623 052	4 360 708
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		1 249	3 258	3 587	1 194	3 587
Other non-current assets		4 236	4 236	4 236	(43 813)	4 236
Total non current assets		3 440 496	4 211 513	4 546 305	3 725 354	4 546 305
TOTAL ASSETS		4 410 911	5 720 408	6 331 342	5 368 412	6 331 342
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		43 413	157 736	157 736	17 970	157 736
Consumer deposits		36 003	43 560	43 560	38 680	43 560
Trade and other payables		301 317	632 262	910 992	917 125	910 992
Provisions		91 079	145 635	151 872	90 976	151 872
Total current liabilities		471 812	979 193	1 264 160	1 064 751	1 264 160
Non current liabilities						
Borrowing		198 295	677 674	677 674	198 162	677 674
Provisions		331 622	245 271	249 201	331 622	249 201
Total non current liabilities		529 917	922 944	926 875	529 784	926 875
TOTAL LIABILITIES		1 001 729	1 902 138	2 191 035	1 594 535	2 191 035
NET ASSETS	2	3 409 182	3 818 271	4 140 307	3 773 877	4 140 307
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		3 373 310	3 602 195	3 924 231	3 738 005	3 924 231
Reserves		35 873	216 076	216 076	35 873	216 076
TOTAL COMMUNITY WEALTH/EQUITY	2	3 409 182	3 818 271	4 140 307	3 773 877	4 140 307

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The table below provides a breakdown of the outstanding commitments against the cash and cash equivalents at end of May 2023.

Cash and cash equivalents commitments - 31 May 2023	
	R'000
Cash and Cash Equivalents	1 206 414 147
Less: Ringfenced and Invested	895 490 900
Repayments of Loans - short term portion	3 412 726
Capital Replacement Reserve	5 099
Provision for Rehabilitation of Landfill Site	26 424 880
Compensation Provision - GIPTN Buy-ins and Buy Outs	13 338 484
Unspent External Loans	0
Unspent Conditional Grants	40 991 274
Housing Development Fund	2 638 539
Trade debtors - deposits	8 679 898
Investments	800 000 000
Working Capital	310 923 246

Financial problems or risks facing the municipality:

The working capital amounted to R310.9 million at the end of May 2023.

No financial problems or risks are facing the municipality currently. The municipality shows a healthy cash position.

2.7 Supporting documentation

2.7.1 Table SC3: Debtors Age Analysis

Description	NT Code	Budget Year 2022/23										
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	37 460	8 042	7 652	6 618	4 260	4 440	23 448	91 155	183 075	129 921	3 128
Trade and Other Receivables from Exchange Transactions - Electricity	1300	40 661	1 766	1 067	983	629	707	4 852	4 323	54 988	11 494	194
Receivables from Non-exchange Transactions - Property Rates	1400	32 284	2 628	1 750	1 389	1 176	1 108	5 376	16 740	62 451	25 789	97
Receivables from Exchange Transactions - Waste Water Management	1500	20 171	3 213	3 349	2 627	2 494	2 408	10 067	27 279	71 609	44 876	734
Receivables from Exchange Transactions - Waste Management	1600	19 558	3 247	3 327	2 622	2 454	2 371	9 678	24 028	67 286	41 154	761
Receivables from Exchange Transactions - Property Rental Debtors	1700	18	2	2	4	4	3	19	108	160	137	—
Interest on Arrear Debtor Accounts	1810	1 235	253	330	352	346	401	2 556	18 564	24 036	22 218	—
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	—	—	—	—	—	—	—	—	—	—	—
Other	1900	(12 837)	466	977	287	408	442	2 366	12 350	4 459	15 853	69
Total By Income Source	2000	138 551	19 618	18 453	14 882	11 771	11 881	58 362	194 547	468 065	291 443	4 982
2021/22 - totals only		122 925	13 219	11 505	9 535	8 929	8 203	40 789	163 407	378 514	230 864	2 187
Debtors Age Analysis By Customer Group												
Government	2200	5 450	660	339	254	257	221	616	—	7 796	1 348	—
Commercial	2300	50 200	2 664	1 351	1 297	700	743	6 347	9 234	72 536	18 322	—
Households	2400	84 557	16 273	16 744	13 311	10 794	10 900	51 293	184 692	388 564	270 990	4 982
Other	2500	(1 656)	21	20	21	20	16	106	620	(832)	783	—
Total By Customer Group	2600	138 551	19 618	18 453	14 882	11 771	11 881	58 362	194 547	468 065	291 443	4 982

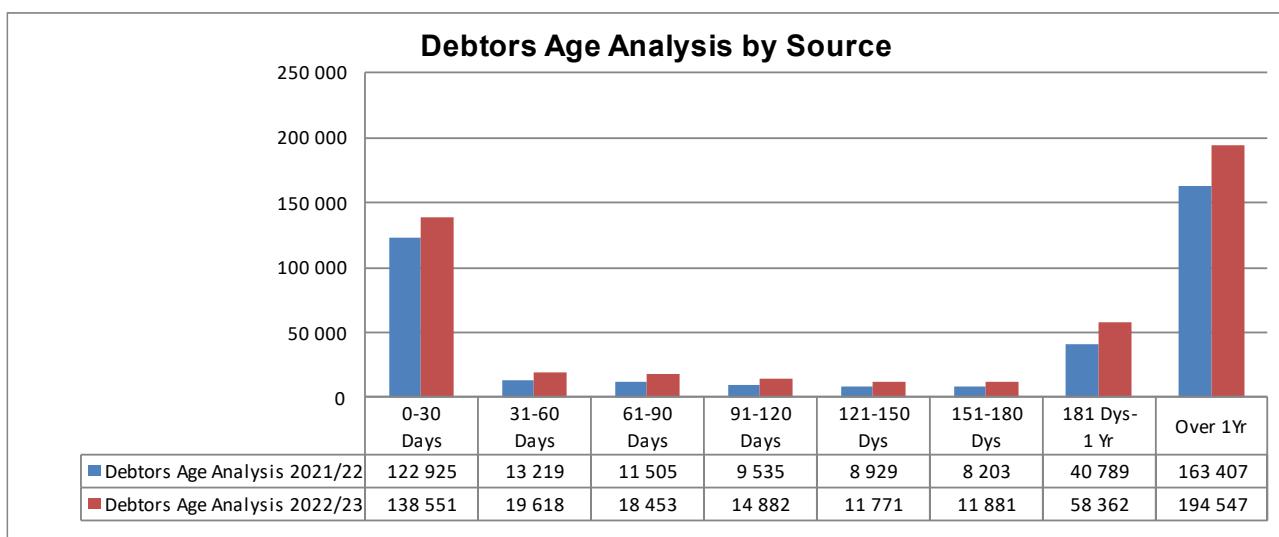
Monthly Budget Monitoring Report - May 2023

The Debtors age analysis includes only those consumer amounts which have become due and not the future amounts which will only fall due in coming months for consumers who have chosen to pay their rates and service charges on an instalment basis.

At the end of May 2023, an amount of R468 million (gross debtors – the provision for bad debt has not been considered) was outstanding for debtors, with R291.4 million outstanding for longer than 90 days.

Rising debt of Indigent households outstanding water debt is of concern. Council is in the process of installing smart water meters which will improve to overall efficiency of water meter readings and serve as an early detector tool for water leakages. A tender for the co-sourcing of the credit control and indigent management was advertised and are in the process of being evaluated; the purpose of the tender is to improve the effectiveness of credit control actions, debt collection, and indigent management to ensure that the indigent register is accurate and that the most vulnerable households benefit from the indigent support.

The following graph compares the debtor's age analysis end of May 2023 to the same period last year:



Debtors Collection rate:

Collection Rate Calculation 2022/2023								
Month	Gross Debtors Opening Balance	Billed Revenue	Gross Debtors Closing Balance	Bad Debts Written off	Cash Collected	Debt Collectio n Ratio	Monthly Report	Quarterly Report
Jul 22	R 372 375 288.00	R 162 772 424.00	R 419 603 230.00	R 1 830 158.42	R 113 714 323.58	69.86%	69.86%	87.08%
Aug 22	R 419 603 230.00	R 129 569 559.99	R 422 203 113.17	R 1 258 044.95	R 125 711 631.87	97.02%	97.02%	
Sep 22	R 422 203 113.17	R 138 060 288.72	R 423 551 108.75	R 1 350 668.62	R 135 361 624.52	98.05%	98.05%	
Oct 22	R 423 551 108.75	R 119 677 616.40	R 412 199 708.32	R 2 156 409.97	R 128 872 606.86	107.68%	107.68%	
Nov 22	R 412 199 708.32	R 122 643 112.19	R 424 475 295.21	R 1 259 823.20	R 109 107 702.10	88.96%	88.96%	96.68%
Dec 22	R 424 475 295.21	R 121 139 409.14	R 428 170 110.08	R 4 027 081.94	R 113 417 512.33	93.63%	93.63%	
Jan 23	R 428 170 110.08	R 127 245 904.02	R 441 581 674.03	R 2 478 874.99	R 111 355 465.08	87.51%	87.51%	
Feb 23	R 441 581 674.03	R 130 609 523.33	R 463 004 800.40	R 622 506.97	R 108 563 889.99	83.12%	83.12%	
Mar 23	R 463 004 800.40	R 125 699 845.69	R 454 329 072.95	R 2 388 383.80	R 131 987 189.34	105.00%	105.00%	91.75%
Apr 23	R 454 329 072.95	R 130 739 210.54	R 473 919 958.75	R 4 445 052.11	R 106 703 272.63	81.62%	81.62%	91.49%
May 23	R 473 919 958.75	R 124 544 628.20	R 468 064 761.07	R 4 405 245.82	R 125 994 580.06	101.16%	101.16%	

2.7.2 Table SC4: Creditors Age Analysis

The creditor's age analysis only includes those creditors that fall due within the next month

WC044 George - Supporting Table SC4 Monthly Budget Statement - aged creditors - M11 May

Description R thousands	NT Code	Budget Year 2022/23								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	55 237								55 237
Bulk Water	0200									-
PAYE deductions	0300	8 932								8 932
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	39 843	4 277	2	419	267				44 808
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	104 013	4 277	2	419	267	-	-	-	108 978

. Reasons for creditors outstanding longer than 30 days:

- There are no disputes to be resolved.

2.7.3 Table SC5: Investment Portfolio

INVESTMENT REGISTER															
No.	INV. TERM	INVEST DATE	MATURE DATE	RATES	ACC NO	ACB CREDITOR NUMBER	BANKING INSTITUTION	42817/0021 INVESTMENT AMOUNT	42817/0025 AMOUNT RECEIVED	42817/0020-5 BALANCE OF INVESTMENT	1/0880/100490000 INTEREST RECEIVED	DATE PAID BY BANK TO GM	RECEIPT DATE	REFERENCE	
Movement 1 July 2022 to 31 May 2023															
31	34	07 08 2022	08 09 2022	6,475%	708763278-021	90573616	STB	200 000 000,00	200 000 000,00	-	1 206 301,37	08 09 2022	13 09 2022	Kwit 0000163233	
32	61	15 09 2022	16 11 2022	6,600%	708763278-022	90575105	STB	200 000 000,00	200 000 000,00	-	2 206 027,40	16 11 2022	30 11 2022	Kwit 0050137801	
33	33	28 09 2022	29 11 2022	7,280%	76201312263	90575705	FNB	200 000 000,00	200 000 000,00	-	2 433 315,06	29 11 2022	02 12 2022	Kwit 0000166543	
34	92	20 10 2022	20 01 2022	7,330%	76201471796	90576412	FNB	100 000 000,00	100 000 000,00	-	1 847 561,64	20 01 2023	26 01 2023	Kwit 0000168420	
35	61	30 11 2022	30 01 2023	8,075%	708763278-023	90577990	STB	200 000 000,00	200 000 000,00	-	2 699 041,10	30 01 2023	06 02 2023	Kwit 0000168670	
36	90	30 11 2022	28 02 2023	8,275%	708763278-024	90578004	STB	200 000 000,00	200 000 000,00	-	4 080 821,92	28 02 2023	01 03 2023	Kwit 0000169692	
37	62	08 02 2023	11 04 2023	8,290%	76202307859	90580066	FNB	200 000 000,00	200 000 000,00	-	2 816 328,76	11 04 2023	12 04 2023	Kwit 0000171306	
38	90	08 02 2023	09 05 2023	8,350%	2080903179	90580063	ABSA	100 000 000,00	100 000 000,00	-	2 058 904,11	09 05 2023	11 05 2023	Kwit 0000172535	
39	61	05 04 2023	05 06 2023	8,700%	76202756098	90582030	FNB	200 000 000,00	-	200 000 000,00	-	TBA	TBA		
40	91	03 04 2023	03 07 2023	8,800%	708763278-025	90582004	STB	200 000 000,00	-	200 000 000,00	-	TBA	TBA		
41	91	06 04 2023	06 07 2023	8,858%	1766000029	90582050	NED	100 000 000,00	-	100 000 000,00	-	TBA	TBA		
42	61	21 04 2023	21 06 2023	8,750%	76202866566	90582537	FNB	200 000 000,00	-	200 000 000,00	-	TBA	TBA		
43	90	21 04 2023	20 07 2023	8,900%	2081033668	90582536	ABSA	100 000 000,00	-	100 000 000,00	-	TBA	TBA		
Balance as at 31 MAY 2023								2 200 000 000,00	1 400 000 000,00	800 000 000,00	19 348 301,36				
								1	1	1	1				

Section 9 (1) of the Budget and Reporting regulations states that the accounting officer of a municipality must report on the investment portfolio of the municipality at the end of the month.

The cash flow of the municipality is monitored regularly and from time-to-time cash flow surpluses are invested at financial institutions in order to maximise the interest yield.

Monthly Budget Monitoring Report - May 2023

2.7.6 Expenditure against approved Roll-Overs

WC044 George - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - May 2023

Description	Ref	Budget Year 2022/23				
		Approved Rollover 2021/22	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						%
EXPENDITURE						
<u>Operating expenditure of Approved Roll-overs</u>						
National Government:		-	-	-	-	-
Provincial Government:		17 469	233	1 739	(15 730)	-90,0%
Community Library Service Grant		167	-	-	(167)	
Community Development Workers (CDW) Operational Support Grant		94	-	-	(94)	
George Integrated Public Transport Network Operations		12 671	-	-	(12 671)	
Financial Management Capacity Building Grant		125	-	-	(125)	
Municipal Accreditation and Capacity Building Grant		255	-	210	(46)	
Inform Settlements Upgrading Partnership Grant Provinces (Beneficiaries)		2 716	-	873	(1 843)	
Local Government Public Employment Support Grant		1 441	233	656	(785)	
District Municipality:		120	-	-	(120)	-100,0%
Community Safety Plan Initiatives		120	-	-	(120)	-100,0%
Other grant providers:		-	-	-	-	
Parent Municipality / Entity		-	-	-	-	
Total operating expenditure of Approved Roll-overs		17 589	233	1 739	(15 850)	-90,1%
<u>Capital expenditure of Approved Roll-overs</u>						
National Government:		-	-	-	-	-
Provincial Government:		1 000	77	468	(532)	-53,2%
Library Grant		300	-	-	(300)	-100,0%
Development of Sport and Recreation facilities		700	77	468	(232)	
District Municipality:		1 000	267	299	(701)	-70,1%
JDMA - Micropreneur Facilities at Pacaltsdorp		1 000	267	299	(701)	-70,1%
Other grant providers:		-	-	-	-	
Transfer from Operational Revenue		-	-	-	-	
Total capital expenditure of Approved Roll-overs		2 000	344	767	(1 233)	-61,6%
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		19 589	577	2 507	(17 083)	-87,2%

2.8.9 Deviations – May 2023

DEVIATIONS - MAY 2023						
DIRECTORATE	SERVICE/GOODS	AWARDED TO	AMOUNT	VOTE/ JOB COSTING	VOTE DESCRIPTION	REASON
Corporate Services	Legal services	Fairbridges Wertheim Becker	150 000.00	20220703042714	Legal Cost	Impractical to follow the official procurement process- confidential legal services.
Electro-Technical Services	Software maintenance agreement	DigSilent Buyisa Pty Ltd	78 030.72	20190705043734	Computer Software	Sole supplier: DigSilent is the exclusive agent in South Africa

SUMMARY OF DEVIATIONS MAY 2023	
DIRECTORATE	AMOUNT
CORPORATE SERVICES	150 000.00
ELECTRO-TECHNICAL SERVICES	78 030.72
TOTAL	228 030.72

2.8.10 George Municipality: Charitable and Relief Fund

ABSA Cheque Account – 9149 5542 08

May 2023

DATE	BENEFICIARY	PURPOSE	CONTRIBUTIONS	DONATIONS	BALANCE
May 2023		OPENING BALANCE			5882.99
01 05 2023	Interest Received		22.97		
		CLOSING BALANCE			5905.96

QUALITY CERTIFICATE

I, M. R. GRATZ, the municipal manager of **GEORGE MUNICIPALITY** (name of municipality), hereby certify that –

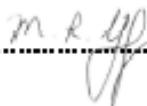
(mark as appropriate)

The monthly budget statement

For the month of **May 2023** (month/year) has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name M.R. GRATZ

Municipal Manager of **GEORGE WC044** (name and demarcation of municipality)

Signature 

Date 13/06/2023