CITY OF JOHANNESBURG

GROUP FINANCE

SECTION 71 REPORT

PERIOD ENDED 31 July 2023

CITY OF JOHANNESBURG MFMA IN-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2023

1. STRATEGIC THRUST

The City identified Seven (7) Priority Areas that the SDBIP, IDP and budget aim to achieve. The applicable Priority for this Report is:

- A well-run City.

2. OBJECTIVE

The Accounting Officer is required, in terms of the Municipal Finance Management Act, 2003 (the MFMA (Act No. 56 of 2003)) Section 71, and the Municipal Budget and Reporting Regulations (MBRR) Government Gazette 32141 of 17 April 2009, to submit to the mayor of a municipality a report in a prescribed format to review the performance of the budget compared to actual results monthly.

This report sets out the progress on the financial performance of the City of Johannesburg against the budget for the period ended 31 July 2023, in compliance with section 71 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).

3. SUMMARY

The attached in-year report (Annexure A) provides a high-level summary of Consolidated Monthly budget statement period ending July 2023 in the prescribed format. Material variances will be briefly referred to in this report. Reasons for variances are provided for material variances that are below 5% for revenue and above 5% for expenditure.

The actual year-to-date revenue variance is -21%, R1.4 billion underperformance [July 2022: -18%]. The actual operating expenditure is under budget by -36%, R2.5 billion [July 2022: -12%]. The net result is an operating deficit of R1.7 billion against a year-to-date (YTD) budgeted deficit of R548 million.

It is important to note that this performance includes an erroneous journal made at public safety that resulted in an over statement of the inventory consumed expenditure by R3 831 539 746,59. This error has the effect of overstating overall City expenditure by this amount and causing a deficit higher than what was expected at this stage in the financial year.

The Capital budget for the 2023/24 financial year amounts to R7.6 billion after the approval of the medium-term budget in Council. The total actual expenditure (excluding commitments) to date amounts to R208 thousand (3%) of the medium-term budget.

The total opening and closing investment balances including cash for the month of July 2023 were R3.9 billion and R2.9 billion respectively. This shows a decrease of R1 billion during the month as indicated in Table 1 below.

Jul 23	OPENING	CLOSING
Operational Call Deposits	39 210 677,66	45 801 396,41
Operational Term Deposits	-	-
Standard Bank Primary Account Balance	1 901 019 532,05	531 172 611,74
Absa Primary Account Balance	371 939,10	6 495 873,33
TOTAL UNENCUMBERED	**1 940 602 148,81**	**583 469 881,48**
Contingency Reserve Fund	136 177 076,28	401 177 076,28
Unfunded Liability Fund	2 030 000,00	2 030 000,00
COID	279 500 000,00	279 500 000,00
Capital Grants	-	-
Capital Replacement Reserve	18 017 240,66	18 140 152,79
Non-Sweeping Bank Accounts	1 585 878 868,16	1 651 915 895,60
TOTAL ENCUMBERED	**2 021 603 185,10**	**2 352 763 124,67**
TOTAL INVESTMENTS	**3 962 205 333,91**	**2 936 233 006,15**

Table 1: Cash Balances as at 31 July 2023; Source – Bank Statements

Jul 23	OPENING	CLOSING
Cash and Cash Equivalents	887 748 433,59	1 393 889 847,60
Interest Rate swaps	-219 825 100,55	-180 355 444,12
Tradable Instruments Portfolio	358 394 100,00	365 184 656,50
TOTAL SINKING FUND INVESTMENTS	**1 026 317 433,04**	**1 578 719 059,98**

Table 1a: Sinking Fund Balance as at 31 July 2023: Source –Sinking Fund AFS and Bank Statements

- Total unencumbered balances decreased by R1.4 billion during the month, which was primarily driven by the decrease in the primary bank account.
- Total encumbered balances increased by R331 million during this same period, with the highest increase being in the Contingency Reserve Fund portfolio.
- The combined movement resulted in the overall total balance decrease of R 1 billion.
- The Sinking Fund balances closed R552 million higher at R1.6 billion, with an increase of R506 million in the cash and cash equivalents and an increase of R7 million in the tradable

instrument's portfolios. The movements are largely due to a cash contribution to the fund of R500 million.

Cash movements analysis:

Inflows for the month of July amounted to R8 billion versus outflows of R9 billion (inclusive of payments for bulk purchases of electricity and water, as well as salaries city-wide). The resulting net movement was a decrease of R1 billion as depicted in Table 1.1 below.

Jul 23	
Description	**R**
Cash Collections	3 629 306 732,50
Revenue cash collections paid into Primary and Ordinary bank accounts	72 238 363,22
Direct Payments into MOE Revenue accounts	10 330 059,57
Prepaid Collections	199 434 192,21
Other Income (Interest Received, Vat Refund, Licensing Fees)	336 131 719,99
Operating Grants and Subsidies	3 422 396 000,00
Positive Sweepings and Non-Sweeping Movements	361 454 312,71
Total Cash Inflows	8 031 291 380,20
Outflows	
Description	**R**
Operational and Capital Expenditure and Treasury Transactions*	-5 297 978 747,55
Negative Sweepings and Non-Sweeping Movements	-3 759 284 960,38
Total Cash Outflows	-9 057 263 707,93
Net Movement	-1 025 972 327,73

Summary Table 1.1 Cash Movements as at 31 July 2023

Treasury transactions include loan repayments and finance charges as per the Redemption Schedule.

The inflows for the month of July include cash collection (R3.6 billion), receipts paid directly into MOE bank accounts (R10 million); service charges related receipts paid into the Ordinary and Primary bank accounts (R72 million), while cash outflows were more than the inflows resulting in a negative net movement on the overall cash balances.

The table below indicates the level of grant funding received during July 2023.

Grant Name	YTD Forecast per National Treasury Schedule	YTD Actual per Adjusted National Treasury Schedule	Variance
Operational			
Equitable Share Grant	2 938 814 000	2 938 814 000	-
Total Operational Grants	**2 938 814 000**	**2 938 814 000**	**-**
Conditional			
Urban Settlements Development Grant	351 596 000	-	-351 596 000
Informal Settlements Upgrading Partnership Grant	155 155 000	-	-155 155 000
Public Transport Network Grant	417 357 000	417 357 000	-
Neighbourhood Development Partnership Grant	43 225 000	43 225 000	-
Infrastructure Skills Develoment Grant	3 000 000	3 000 000	-
Programme and Project Preparation Support Grant	20 000 000	20 000 000	-
Total Conditional Grants	**990 333 000**	**483 582 000**	**-506 751 000**
Total Local Government Grants	**3 929 147 000**	**3 422 396 000**	**-506 751 000**

Table 4.1 – Source: National Treasury and Bank Statements

The USDG and ISUPG grants were not transferred during July as indicated on the National Treasury's payment schedule, due to the business plans of metropolitan municipalities not being approved by the Ministry of Human Settlements.

<u>Profit and cost centres movements analysis</u>

According to the City's business model, key cash generators are City Power, Joburg Water, Pikitup and Rates & Taxes. Cash generators or profit centres fund overall City operations including City cost centres like the Community Development Department. Table 3 below depicts movements and balances on sweeping and non-sweeping bank accounts for the month ended 31 July 2023 for all MOEs.

As depicted in the sweeping statements for the month ended 31 July 2023, City Power, JDA, Metrobus, Joshco, Procom Portfolio and MTC were overdrawn.

Entity	End of June Balance	Monthly Inflows	Monthly Outflows	Net Movement	End of July Balance
City Power	**-10 057 512 259,62**	827 167 673,74	-2 725 272 720,21	-1 898 105 046,47	**-11 955 617 306,09**
Joburg Water	1 566 964 554,25	904 495 962,50	-1 915 670 126,76	-1 011 174 164,26	555 790 389,99
Pikitup	578 568 082,61	295 771 577,14	-220 497 287,34	75 274 289,80	653 842 372,41
Parks Zoo	993 415 241,44	30 117 434,63	-188 579 703,76	-158 462 269,13	834 952 972,31
Fresh Produce	220 547 230,05	239 406 978,44	-39 310 415,52	200 096 562,92	420 643 792,97
JDA	**-670 612 072,03**	11 044 953,63	-210 715 946,18	-199 670 992,55	**-870 283 064,58**
Joshco	**-1 112 952 481,09**	6 743 957,58	-157 912 710,78	-151 168 753,20	**-1 264 121 234,29**
Metro Bus	**-542 328 730,32**	55 590 196,27	-41 402 302,72	14 187 893,55	**-528 140 836,77**
Propcom	250 504 195,54	63 051 264,21	-39 169 795,50	23 881 468,71	274 385 664,25
Propcom Portfolio	**-179 110 720,76**	12 801 544,32	-10 447 607,29	2 353 937,03	**-176 756 783,73**
Roads	206 577 734,56	23 391 655,08	-308 475 811,42	-285 084 156,34	-78 506 421,78
MTC	**119 523 622,74**	**168 812 017,67**	**-339 576 186,29**	**-170 764 168,62**	**-51 240 545,88**
JTC	61 308 419,01	404 046,91	-7 164 452,21	-6 760 405,30	54 548 013,70
Core	12 527 392 322,59	7 766 832 254,90	-5 227 408 778,38	2 539 423 476,52	15 066 815 799,11
Total Sweepings and Balances	**3 962 205 333,91**			**-1 025 972 327,73**	**2 936 233 006,15**

Table 3: Sweeping movements including Intercompany Transactions: Source: Sweeping and Bank Statements

Inflows for the month of July versus outflows resulted in a negative net movement of R1 billion.

The table below indicates that revenue generated by these entities were slightly lower than the expenditure cash outflows. This led to the negative movement for the month.

	YTD Net Movement	
Entity	**Jul 23**	**YTD**
City Power	-1 898 105 046,47	-1 898 105 046,47
Joburg Water	-1 011 174 164,26	-1 011 174 164,26
Pikitup	75 274 289,80	75 274 289,80
Parks Zoo	-158 462 269,13	-158 462 269,13
Fresh Produce	200 096 562,92	200 096 562,92
JDA	-199 670 992,55	-199 670 992,55
Joshco	-151 168 753,20	-151 168 753,20
Metro Bus	14 187 893,55	14 187 893,55
Propcom	23 881 468,71	23 881 468,71
Propcom Portfolio	2 353 937,03	2 353 937,03
Roads	-285 084 156,34	-285 084 156,34
MTC	-170 764 168,62	-170 764 168,62
JTC	-6 760 405,30	-6 760 405,30

Table 3.1(a): Sweeping movements analysis.

The above table reflects the ME net movements for the month of July.

The below table highlights the interest rates on sweeping balances:

Sweeping balances per annum

Row Labels	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
City Power	1 700	118	-1 284	-2 882	-4 404	-5 595	-6 782	-10 067
JDA	-145	-273	-273	-405	-308	-300	-625	-657
JOSHCO	145	84	197	78	12	-414	-1 133	-1 091
Metrobus	-424	-452	-500	-509	-424	-327	-478	-531
Total	**1 276**	**-523**	**-1 860**	**-3 717**	**-5 123**	**-6 637**	**-9 018**	**-12 347**

Average sweeping interest per annum

Period	2017	2018	2019	2020	2021	2022	2023
Average interest rate per financial period	7.44%	7.14%	6.60%	5.80%	3.75%	3.96%	5.66%

The interest rates are mainly influenced by the prime rate, amount being invested and the duration of the investment. The higher the bank balance and investment duration, the higher the interest rates the city is able to obtain on the invested amounts.

Entities with positive sweeping balances would have earned interest income at the above rates and entities with negative balances will incur interest costs. This process also ensures that working capital management is implemented at the entity levels so to prevent high negative balances from being maintained which would result eventually in the group's cash reserves being depleted.

Implementing agents sweeping interest

The entities who are agents have raised an issue where the departments who are owners of the project being implemented don't pay within the 30 days while the entities pay their suppliers within 30 days. This timing mismatch in cash flow results in entities sweeping balances being in a negative balance.

MFMA section 65(2)(e) and 99(2)(b) requires that the Municipality including entities must make payment within 30 days. The requirements provide the entities with the time required for the following to occur:

- Entity should make payment to the supplier after collecting from the department provided it is within 30 days. Therefore, entity should streamline their invoice receiving processes to ensure that claims can be provided to the departments within the same window. This will ensure that there are no mismatches in respect of inflows and outflows.
- Where the department has project managers, the supplier invoice should also be signed off by the department project managers. Or a confirmation email should be received from the project managers confirming their agreement with the invoice. This would avoid future disagreement between Entities and Departments in respect of work performed.
- Budget overruns if they occur should be supported by the department in the form of an approved budget lift memo before the entity incurs the expenditure. This would mean that possible budget overruns should be forecasted well in advance and addressed before the budget is fully consumed to avoid service delivery delays.

In addition, Group Accounting has issued related party directives which highlights the process to be followed on a monthly basis and at year end in resolving and reporting on related party balances. This then allows entities and departments to be able to quickly resolve differences and ensure settlement of outstanding amounts occurs timeously.

In addition to the above, Core Accounting reports on departments who have unresolved related party differences to EMT on a monthly basis through the audit readiness status presentation. This reporting is meant for the respective EDs' to engage their Finance Directors on resolving the highlighted the differences. In addition, Core Accounting also provides departmental audit readiness reports to the EDs to action and resolve any highlighted audit risk with their Finance Directors.

City Power Sweeping Balances

The growing sweeping balances for City Power has been due to the declining net cash from operating activities as highlighted in the below:

Description R'1000	2020	2021	2022	2023
Cash receipts from customers	15 112 380	15 202 298	16 323 204	16 024 208
Cash receipts from other income	403 097	365 814	382 907	
Cash receipts from grants	149 144	262 303	252 006	244 464
Interest received	41 939	76 825	75 292	97 093
	15 706 560	**15 907 240**	**17 033 409**	**16 365 765**
Cash payments to employees	-1 220 947	-1 316 243	-1 508 036	-1 689 052
Cash payments to suppliers	-13 849 400	-13 990 342	-15 378 770	-16 006 178
Taxes paid	-41 533	-195 819	-56 388	-95 436
Other Finance costs	-20 676	-10 406	-101 901	0
Finance cost-Loans to MOE	-327 657	-302 961	-277 085	-295 876
Finance cost-Sweeping balances	-226 145	-210 523	-270 627	-604 388
	-15 686 358	**-16 026 294**	**-17 592 807**	**-18 690 930**
Net cash from operating activities	**20 202**	**-119 054**	**-559 398**	**-2 325 165**
Purchases of PPE	-866 138	-758 066	-980 988	-1 105 922
Purchases of Intangible Assets	-41 413	-27 696	-60 566	-58 231
Net cash flow from investing activities	**-907 551**	**-785 762**	**-1 041 554**	**-1 164 153**
Finance lease payments	-6852	-6 354	-13 617	-3 528
Net loans	-10576	-236 539	-243 994	117 153
Cash from deposits	29252	47 646	63 695	1 148
Funds advanced by shareholder	**1 121 796**	**1 402 285**	**1 376 727**	**3 299 642**
Net cash from financing activities	**1 133 620**	**1 207 038**	**1 182 811**	**3 414 415**
Net cash movement	**246 271**	**302 222**	**-418 141**	**-74 903**
Opening cash balance	18966	265237	567 459	149 318
Closing cash balance	**265 237**	**567 459**	**149 318**	**74 415**

In the past four years, the sweeping interest has added R1.3 billion to the negative sweeping balance and the interest on loans has added R1.2 billion to the negative sweeping balances. From a budget perspective, City Power's capital expenditure is funded from IGF and Loans. From the above table, it is clear that City Power has not generated enough operating cash flow to be able to repay the loans which the Treasury Directorate has obtained on their behalf. In addition, the entity has also not generated enough cash from its operations to fund capital expenditure from IGF.

The red highlighted row represents the amounts that should have been allocated to City Power in the form of grants and subsidies to fund the shortfalls within the entity budget. Therefore, in order to turn the position around, the following action are proposed by Treasury:

- Pausing the interest on negative sweeping balance.
- The entity can pay the interest component of the loans already included in their balance sheet.
- Reviewing the funding capital funding structure of City Power specifically for IGF and Loan funding to be replaced by grant funding.

The pausing of interest on negative sweeping balance might have potential tax consequences for City Power. Therefore, the City would need to assess the tax implication of such financial assistance.

Financial assistance should be provided on the backing of a financial recovery plan which will to be implemented and monitored closely to ensure an improvement in the entity financial performance and cash flow position.

June 2023 Billing & July 2023 Collections; Year to Date Billing & Collections:

	Billing	Collections (Note 1)	%	Total Billing	Total Collections	%
	Jun 2023	Jul 2023		YTD: Jun'23 to Jun'23	YTD: Jul'23 to Jul'23	
	R 000's	R 000's		R 000's	R 000's	
Rates	1 207 009	1 053 789	87.3%	1 207 009	1 053 789	87.3%
Electricity	1 623 760	1 634 254	100.6%	1 623 760	1 634 254	100.6%
Water	1 827 087	1 020 310	55.8%	1 827 087	1 020 310	55.8%
Refuse	252 236	184 865	73.3%	252 236	184 865	73.3%
TOTAL	**4 910 092**	**3 893 218**	**79.3%**	**4 910 092**	**3 893 218**	**79.3%**

Note 1: Receipts are generally allocated to services in proportion to the total debt outstanding on an account.

The city billed R4.9 billion in June 2023 compared to R3.9 billion collected in July 2023. The year-to-date billing as at 30 June 2023 is R4.9 billion compared to R3.9 billion collected as at 31 July 2023.

The table below reflects the difference between the cash collections as reported by Treasury and RSSC.

Reconciliation between Treasury banking and RSSC collections

Description	Jul 2023	YTD
	R 000's	R 000's
Balance as reported by Treasury	3 911 309	3 911 309
Deposits reflected by Treasury in previous month	-141 005	-141 005
Refunds, Deposits and Sundry Revenue	-40 377	-40 377
Water: Industrial Effluent and Cross-Boundary Sales	24 554	24 554
Difference in electricity and water prepaid sales	-788	-788
Non-Cash Items:		
Staff Accounts	7 914	7 914
Departmental Settlements	131 611	131 611
Total Revenue as per Revenue Collection Report	**3 893 218**	**3 893 218**

The July 2023 deposits of approximately R141 million are mainly as a result of the monthly timing differences that occur due to electronic payments received at the end of the month and reflected on the Treasury Bank Statement for that month. These deposits are uploaded to the accounts and will only reflect in the following month on the RSSC Revenue Collections Report.

Revenue Performance: Actual vs. Budget

Description		Jun 2023	Jul 2023
Budget Billing	R 000	4 912 594	5 662 498
Actual Billing	R 000	4 910 092	5 249 429
Shortfall (-) / Surplus (+) in Billing	R 000	-2 502	-413 069
Budget Collection	R 000		4 960 938
Actual Revenue Collection	R 000		3 893 218
Shortfall (-) / Surplus (+) in Collections	R 000		-1 067 720
Actual Billing vs. Budgeted Billing	%	99.9%	92.7%
Actual Collection vs. Budgeted Collection	%		78.5%
Budgeted Collection (Jul) vs Budgeted Billing (Jun)	%		101.0%
Actual Collections (Jul) vs. Actual Billing (Jun)	%		79.3%

The actual billing of R4.9 billion for June 2023 was R2.5 million below the budgeted billing of R4.9 billion. The actual collection of R3.9 billion for July 2023 was R1 billion below the budgeted collection of R4.9 billion. The collection rate of 79.3% for July 2023 was 21.7% below the budgeted collection rate of 101%. Interventions in the billing and collection warrooms need to be intensified to ensure the gap in collections in closed in the months ahead to align with the budget targets.

4. POLICY IMPLICATION

None.

5. LEGAL AND CONSTITUTIONAL IMPLICATIONS

The city is progressively working towards full mSCOA compliance through the SAP Business Transformation Process, with its various release strategies. This report includes the schedules that represent the modules and components of SAP that can be produced using a hybrid of the SAP Budget Planning and Consolidation module and some manual interventions.

6. FINANCIAL IMPLICATIONS

None

7. COMMUNICATION IMPLICATIONS

None.

8. COMPLIANCE WITH MUNICIPAL STANDARD CHART OF ACCOUNTS (mSCOA)

The primary objective of the mSCOA regulation is to achieve uniformity across all governments (municipalities and municipal entities). All municipalities were expected to transact in line with the seven mSCOA segments from 01 July 2017.

The City does not have an mSCOA system for transacting; however, the City is still required to submit financial information to the National Treasury in terms of the seven mSCOA segments, and the project team is currently developing an interim reporting solution. The month 01 mSCOA data strings was submitted to the National Treasury on the 15th August 2023.

9. OTHER DEPARTMENTS/BODIES CONSULTED

The Core Departments and the Municipal Owned Entities are required to provide the details as contained in this report under the approval of each Chief Financial Officer monthly.

The table below highlights the compliance of departments and entities with the Section 71 process (Trial balance upload on Reporting platform by 5th working day):

No	Entity/Department	Operational Expenditure	Capital Expenditure
1	Core (All departments)	Yes (Quality certificate outstanding)	Yes
2	City Power	Yes	Yes
3	Joburg Water	Yes	Yes
4	Pikitup	Yes	Yes
5	Joburg Roads Agency	Yes	Yes
6	Joburg Development Agency	Yes	Yes
7	Metrobus	Yes	Yes
8	Joburg City Parks and Zoo	Yes	Yes
9	Joburg Property Company	Yes	Yes
10	Metro Trading Company	Yes	Yes
11	Joburg City Theatres	Yes	Yes
12	JOSCHO	Yes	Yes
13	Joburg Fresh Produce Market	Yes	Yes
14	Joburg Tourism Company	Yes	Yes

10. KEY PERFORMANCE INDICATOR

In-year budget monitoring in compliance with the MFMA.

It is recommended that.

- That the contents of this report with the attached Annexure A be noted.

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CHARITY-ANN WURAYAYI
GROUP HEAD GROUP ACCOUNTING

SENIOR LEGAL ADVISOR
GROUP LEGAL AND CONTRACTS

MALOPE RAMAGAGA
ACTING GROUP HEAD: RSSC

21-11-2023
DATE

SINOVUYO MPAKAMA
GROUP HEAD: TREASURY AND FINANCIAL STRATEGY AND PLANNING

21 - 11 - 2023
DATE

Moraka T.R..
TEBOGO MORAKA
GROUP CHIEF FINANCIAL OFFICER

23 - 11 - 2023
DATE

COUNCILLOR SELLO ENOCK MORERO
MMC GROUP FINANCE

30/11/2023
DATE

Annexure A

In-Year Report

Joburg

Budget year: 2023/24

Reporting Period: Month 01

July 2023

PART 1: IN-YEAR REPORT

1.1 Mayor's Report

On 12 May 2023, Council approved the 2023/24 Medium-term Revenue and Expenditure Framework (MTREF) for the City of Johannesburg. This gives effect to the financial plan of the City of Johannesburg, which includes its entities.

1.2 Executive Summary

The financial results of the City of Johannesburg for period ended 31 July 2023 are summarised as follows:

Consolidated Monthly budget statement - summary.

The summary of the consolidated monthly budget statement as reflected in table C4 provides the following information:

- Revenue by source.
- Expenditure by type; and
- Transfers recognised.

The table provides information related to the unaudited outcome, original budget, and the performance for the period under review, YTD variance and YTD percentage variance.

The total revenue excludes capital transfers and contributions. The reasons for variances are captured in Table SC1 of this report.

The operating revenue that was realized, excluding capital transfers and contributions, reflects a positive variance of R1.4 billion against the YTD budget for the period ended 31 July 2023.

The operating expenditure is underspent by R2.5 billion, against year-to-date expenditure budget of R7 billion.

Summary of Capital Expenditure

The following tables show the total budget (including that of the municipal entities) of R7.6 billion. The actual year to date expenditure (excluding commitments) amounts to R208 thousand (3%) of the medium-term budget.

Capital Expenditure per funding source as at 31 July 2022:

Description (R million)	Budget 22/23	YTD Exp	% Spent
CoJ Loans	1 830	4	0%
CRR / Cash	3 098	-6	0%
Nat Grant	320	-	0%
Prov Grant	-	-	0%
USDG	1 205	27	2%
USIP	685	2	0%
Other	590	3	1%
Total CoJ	7 728	31	0%

Capital Expenditure per funding source as at 31 July 2023:

Description (R million)	Budget 23/24	YTD Exp	% Spent
CoJ Loans	2 500	130	7%
CRR / Cash	2 000	11	2%
Nat Grant	446	-	0%
Prov Grant	-	-	0%
USDG	1 643	43	3%
USIP	715	-	0%
Other	338	24	13%
Total CoJ	7 642	208	4%

COJ Loans, cash and USDG funding sources have the spending in the month under review, while there has been no spending in the other grants namely: National and Provincial grants and USIP. When compared to the previous year overall spending (excluding commitments) has increased by 4%

Consolidated Summary - Capital Expenditure as 31 July 2023:

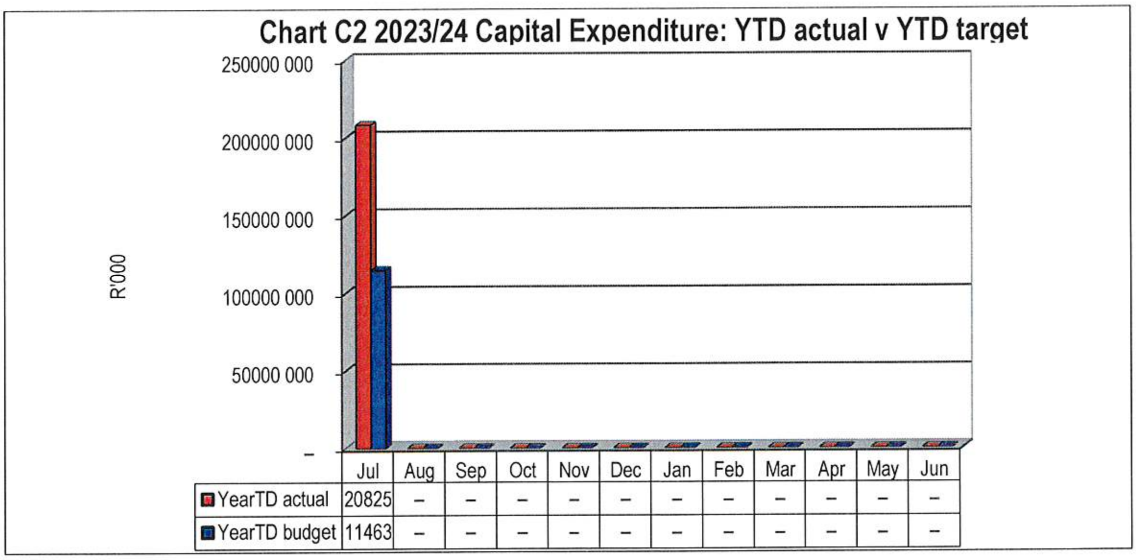
Description (R million)	Budget 23/24	YTD Exp	% Spent
Economic Development	6	0	0%
EISD	20	-	0%
Transportation	536	-	0%
Community Development	138	-	0%
Health	132	-	0%
Social Development	98	-	0%
Forensic	0	-	0%
Ombudsman	1	-	0%
Office of the City Manager	29	-	0%
Speaker	3	-	0%
Group ICT	410	-	0%
Group Finance	30	0	1%
Group Corporate Services	3	-	0%
Housing	1 456	-	0%
Development Planning	121	-	0%
Public Safety	64	-	0%
Total Core Administration	3 047	0	0%

Description (R million)	Budget 23/24	YTD Exp	% Spent
City Power	1 207	75	6%
Johannesburg Water	1 064	100	9%
Pikitup	100	3	3%
Jhb Roads Agency	860	-	0%
Metrobus	196	-	0%
Jhb City Parks and Zoo	65	0	0%
Jhb Development Agency	375	-	0%
Jhb Property Company	50	-	0%
Metro Trading Company	11	-	0%
Joburg Market	150	4	3%
JOSHCO	492	24	5%
Joburg City Theatres	21	1	7%
Joburg Tourism	5	-	0%
Total MEs	4 595	208	5%

The positive expenditure noted above is due to expenditure incurred at City Power, Johannesburg Water, Joshco, Joburg City Theatre and Pikitup. There is no expenditure that has occurred under core department, mainly as this is the first month of the new financial year and Core is still processing year end accruals.

Table SC12(Annexure) provides an illustration of actual capital expenditure compared to the budget target on a monthly and year-to-date basis.

The Chart below is an illustration of the Capital expenditure YTD actual vs YTD budget target:



Cash Flow

The cash flow of the City of Johannesburg, as depicted in Tables C1 and C7, indicates the following:

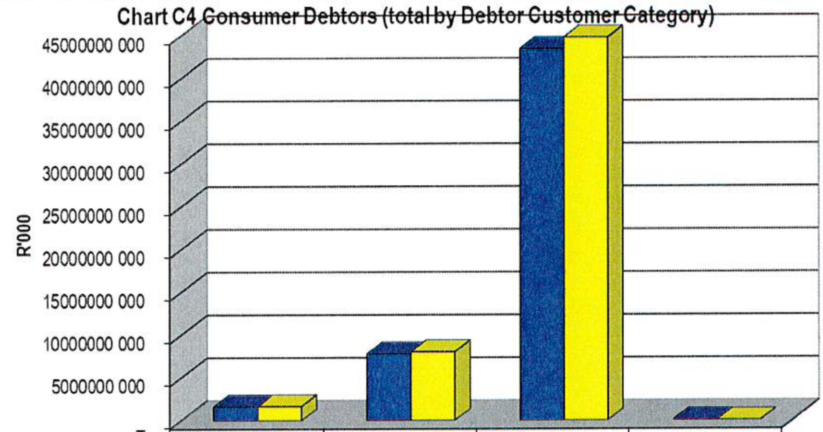
- Cash and Cash equivalents as at the end of July 2023 amount to R3 billion.
- The cash flow from operating activities is R451 million.
- The cash flow from investing activities amount to R550 million negative.
- The cash flow from financing activities amount to R25 million.

Debtor Age Analysis

The debtors' report, as reflected in Tables C1 and SC3 has been prepared based on the format required to be lodged electronically with the National Treasury. This format provides an extended age analysis, as well as age analysis by debtor type. It must be noted that SAP system is currently not configured to provide service charges figures for the periods over 90 days, however the Revenue department has engaged with OCIO on this matter and the results will be seen once the matter has been resolved. This matter is receiving attention in the broader context of the SAP Business transformation process.

Tables C1 and SC3 indicate that the total debtor's amount to R54.4 billion. Chart C3 below illustrates the Consumers debtors age analysis:

Chart C4 Consumer Debtors (total by Debtor Customer Category)



	Organs of State	Commercial	Households	Other
2022/23	1607125 104	7780718 113	43422731 127	-
Budget Year 2023/24	1656830 004	8021358 879	44765702 193	-

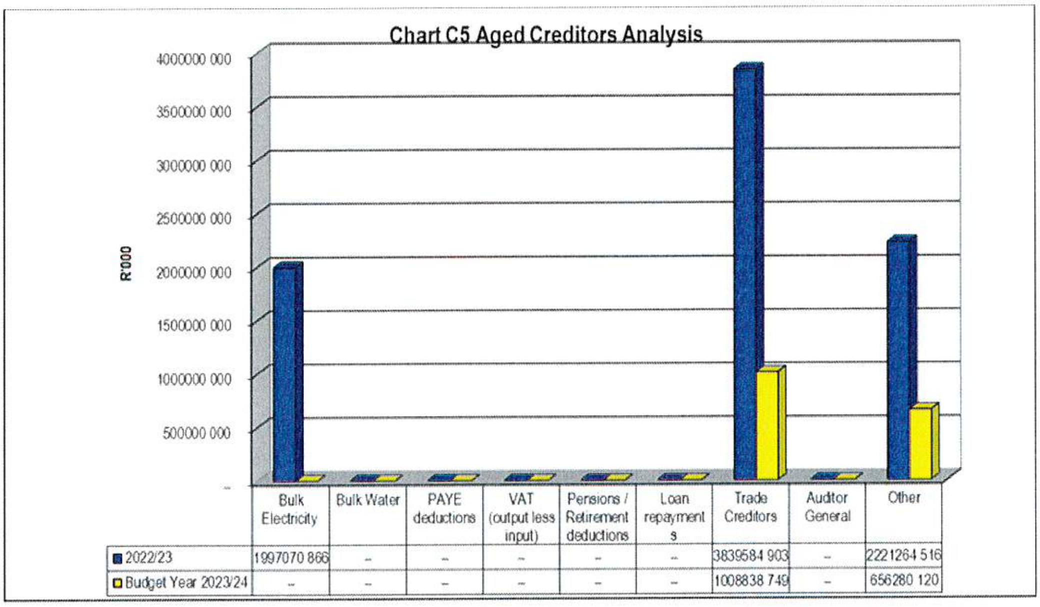
The following interventions / actions were implemented during July 2023 to increase collection levels:

(i) 6 169 electricity accounts were identified for disconnections, total value R7.4 billion of which R260 million were collected from 1 484 accounts.

(ii) 1 887 water accounts were identified for disconnections, total value R5.9 billion of which R141 million were collected from 2 386 accounts.

Creditors' age analysis

Tables C1 and SC4 provide an extended age analysis by creditor type. The chart compares this month's results with that of the previous financial year, which shows the aged creditors per category.



	Bulk Electricity	Bulk Water	PAYE deductions	VAT (output less input)	Pensions / Retirement deductions	Loan repayments	Trade Creditors	Auditor General	Other
2022/23	1997070 866	–	–	–	–	–	3839584 903	–	2221264 516
Budget Year 2023/24	–	–	–	–	–	–	1008838 749	–	656280 120

Parent (Core) municipality's financial performance (Table SC10)

This disclosure is required by the National treasury. Municipalities that have municipal entities should provide the monthly statement of financial performance for the parent municipality only.

1.3 In-year budget statement tables

The financial results for the period ended 31 July 2023 are reflected in Tables C1, C4, C6 and C7, and they are followed by the supporting documents contained in the SC Tables (SC1, SC3, SC4, SC10, SC11 and SC12). The tables listed above represent the modules and components of SAP that can be produced using a hybrid of the SAP Budget Planning and Consolidation (BPC) module and some manual interventions.

Summary of municipal entities (Table SC11)

The City of Joburg has 13 municipal entities, as indicated in Table SC11:

This table summarises the revenue, operating expenditure for these entities. The reasons for the variance are captured in Table SC1.

PART 2: SUPPORTING SCHEDULES

Table C1 – Monthly budget statement summary

JHB City Of Johannesburg - Table C1 Monthly Budget Statement Summary - M01 July

Description	Budget Year 2023/24							
R thousands	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<u>Financial Performance</u>								
Property rates	16 372 765	–	1 409 735	1 409 735	1 364 397	45 338	3%	16 372 765
Service charges	42 048 461	–	3 185 839	3 185 839	3 647 342	(461 502)	-13%	42 048 461
Investment revenue	–	–	–	–	–	–		–
Transfers and subsidies - Operational	174 350	–	3 019	3 019	14 227	(11 208)	-79%	174 350
Other own revenue	16 798 294	–	3 271 068	3 271 068	1 461 059	1 810 009	124%	–
Total Revenue (excluding capital transfers and contributions)	**75 393 870**	**–**	**7 869 660**	**7 869 660**	**6 487 024**	**1 382 636**	**21%**	**75 393 870**
Employee costs	19 007 361	–	1 521 694	1 521 694	1 577 529	(55 834)	-4%	19 007 361
Remuneration of Councillors	184 542	–	14 352	14 352	15 379	(1 027)	-7%	184 542
Depreciation and amortisation	4 784 336	–	344 806	344 806	398 052	(53 246)	-13%	4 784 336
Interest	2 171 098	–	90 933	90 933	180 925	(89 992)	-50%	2 171 098
Inventory consumed and bulk purchases	22 762 169	–	6 335 124	6 335 124	2 840 616	3 494 508	123%	22 762 169
Transfers and subsidies	138 835	–	(16 542)	(16 542)	10 759	(27 302)	-254%	138 835
Other expenditure	24 251 177	–	1 279 002	1 279 002	2 011 824	(732 822)	-36%	24 251 177
Total Expenditure	**73 299 518**	**–**	**9 569 369**	**9 569 369**	**7 035 084**	**2 534 285**	**36%**	**73 299 518**
Surplus/(Deficit)	**2 094 352**	**–**	**(1 699 709)**	**(1 699 709)**	**(548 060)**	**(1 151 649)**	**210%**	**2 094 352**
Transfers and subsidies - capital (monetary allocations)	3 208 307	–	144 630	144 630	219 077	(74 447)	-34%	3 208 307
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**5 302 659**	**–**	**(1 555 079)**	**(1 555 079)**	**(328 983)**	**(1 226 096)**	**373%**	**5 302 659**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**5 302 659**	**–**	**(1 555 079)**	**(1 555 079)**	**(328 983)**	**(1 226 096)**	**373%**	**5 302 659**
<u>Capital expenditure & funds sources</u>								
Capital expenditure	**7 642 206**	**–**	**208 254**	**208 254**	**114 633**	**93 621**	**82%**	**7 642 206**
Capital transfers recognised	3 142 206	–	66 616	66 616	47 133	19 483	41%	3 142 206
Borrowing	2 500 000	–	130 468	130 468	37 500	92 968	248%	2 500 000
Internally generated funds	2 000 000	–	11 170	11 170	30 000	(18 830)	-63%	2 000 000
Total sources of capital funds	**7 642 206**	**–**	**208 254**	**208 254**	**114 633**	**93 621**	**82%**	**7 642 206**
<u>Financial position</u>								
Total current assets	20 494 077	–		44 581 006				20 494 077
Total non current assets	92 317 514	–		35 561 868				92 317 514
Total current liabilities	16 092 009	–		19 557 516				16 092 009
Total non current liabilities	27 521 244	–		20 112 148				27 521 244
Community wealth/Equity	**69 198 337**	–		**32 114 022**				**69 198 337**
<u>Cash flows</u>								
Net cash from (used) operating	6 732 359	–	(985 542)	(985 542)	312 318	1 297 860	416%	(135 249 712)
Net cash from (used) investing	(6 784 366)	–	–	–	(43 146)	(43 146)	100%	(6 784 366)
Net cash from (used) financing	(300 820)	–	(25 163)	(25 163)	(233 402)	(208 239)	89%	(300 820)
Cash/cash equivalents at the month/year end	**4 096 684**	**–**	**–**	**(3 325 340)**	**4 485 280**	**7 810 620**	**174%**	**4 096 684**
Debtors & creditors analysis	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
<u>**Debtors Age Analysis**</u>								
Total By Income Source	–	–	–	–	–	–	–	–
<u>**Creditors Age Analysis**</u>								
Total Creditors	–	–	–	–	–	–	–	–

Table C4 - Monthly budget statement – Revenue and expenditure

JHB City Of Johannesburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	Ref	Budget Year 2023/24							
R thousands		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue									
Exchange Revenue									
Service charges - Electricity		23 097 508	–	1 666 137	1 666 137	2 067 292	(401 155)	-19%	23 097 508
Service charges - Water		9 486 608	–	719 833	719 833	790 551	(70 718)	-9%	9 486 608
Service charges - Waste Water Management		6 893 182	–	564 360	564 360	574 432	(10 072)	-2%	6 893 182
Service charges - Waste management		2 571 163	–	235 510	235 510	215 067	20 443	10%	2 571 163
Sale of Goods and Rendering of Services		870 667	–	63 110	63 110	72 114	(9 004)	-12%	870 667
Agency services		386 492	–	25 035	25 035	32 208	(7 173)	-22%	386 492
Interest		–	–	–	–	–	–		–
Interest earned from Receivables		332 416	–	49 109	49 109	27 701	21 408	77%	332 416
Interest from Current and Non Current Assets		174 350	–	3 019	3 019	14 227	(11 208)	-79%	174 350
Dividends		–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–		–
Rental from Fixed Assets		535 867	–	23 596	23 596	44 657	(21 061)	-47%	535 867
Licence and permits		–	–	232	232	–	232		–
Operational Revenue		1 046 832	–	57 776	57 776	87 235	(29 459)	-34%	1 046 832
Non-Exchange Revenue									
Property rates		16 372 765	–	1 409 735	1 409 735	1 364 397	45 338	3%	16 372 765
Surcharges and Taxes		302 905	–	27 265	27 265	25 242	2 023	8%	302 905
Fines, penalties and forfeits		951 574	–	8 216	8 216	79 297	(71 081)	-90%	951 574
Licence and permits		10 870	–	124	124	905	(781)	-86%	10 870
Transfers and subsidies - Operational		8 281 453	–	2 997 009	2 997 009	751 764	2 245 245	299%	8 281 453
Interest		116 245	–	19 481	19 481	9 687	9 794	101%	116 245
Fuel Levy		3 838 724	–	–	–	319 894	(319 894)	-100%	3 838 724
Operational Revenue		118 335	–	–	–	9 861	(9 861)	-100%	118 335
Gains on disposal of Assets		5 914	–	128	128	493	(365)	-74%	5 914
Other Gains		–	–	(14)	(14)	–	(14)		–
Discontinued Operations		–	–	0	0	–	0		–
Total Revenue (excluding capital transfers and contributions)		**75 393 870**	**–**	**7 869 660**	**7 869 660**	**6 487 024**	**1 382 636**	**21%**	**75 393 870**
Expenditure By Type									
Employee related costs		19 007 361	–	1 521 694	1 521 694	1 577 529	(55 834)	-4%	19 007 361
Remuneration of councillors		184 542	–	14 352	14 352	15 379	(1 027)	-7%	184 542
Bulk purchases - electricity		16 403 226	–	2 119 936	2 119 936	2 311 862	(191 925)	-8%	16 403 226
Inventory consumed		6 358 943	–	4 215 188	4 215 188	528 755	3 686 433	697%	6 358 943
Debt impairment		7 983 550	–	328 185	328 185	674 269	(346 085)	-51%	7 983 550
Depreciation and amortisation		4 784 336	–	344 806	344 806	398 052	(53 246)	-13%	4 784 336
Interest		2 171 098	–	90 933	90 933	180 925	(89 992)	-50%	2 171 098
Contracted services		7 575 012	–	282 338	282 338	618 869	(336 531)	-54%	7 575 012
Transfers and subsidies		138 835	–	(16 542)	(16 542)	10 759	(27 302)	-254%	138 835
Irrecoverable debts written off		–	–	(69 304)	(69 304)	–	(69 304)		–
Operational costs		6 772 269	–	479 456	479 456	558 658	(79 202)	-14%	6 772 269
Losses on Disposal of Assets		302	–	283	283	24	259	1080%	302
Other Losses		1 920 044	–	258 044	258 044	160 004	98 040	61%	1 920 044
Total Expenditure		**73 299 518**	**–**	**9 569 369**	**9 569 369**	**7 035 084**	**2 534 285**	**36%**	**73 299 518**
Surplus/(Deficit)		**2 094 352**	**–**	**(1 699 709)**	**(1 699 709)**	**(548 060)**	**(1 151 649)**	**0**	**2 094 352**
Transfers and subsidies - capital (monetary allocations)		3 208 307	–	144 630	144 630	219 077	(74 447)	(0)	3 208 307
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**5 302 659**	**–**	**(1 555 079)**	**(1 555 079)**	**(328 983)**			**5 302 659**
Income Tax		80 168	–	–	–	6 681	(6 681)	(0)	80 168
Surplus/(Deficit) after income tax		**5 222 491**	**–**	**(1 555 079)**	**(1 555 079)**	**(335 664)**			**5 222 491**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–			–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**5 222 491**	**–**	**(1 555 079)**	**(1 555 079)**	**(335 664)**			**5 222 491**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		–	–	–	–	–			–
Surplus/ (Deficit) for the year		**5 222 491**	**–**	**(1 555 079)**	**(1 555 079)**	**(335 664)**			**5 222 491**

It is important to note that this performance includes an erroneous journal made at public safety that resulted in an over statement of the inventory consumed expenditure by R3 831 539 746,59. This error has the effect of overstating overall City expenditure by this amount and causing a deficit higher than what was expected at this stage in the financial year.

Table C6 – Financial Position

JHB City Of Johannesburg - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	Budget Year 2023/24			
R thousands	1	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS					
Current assets					
Cash and cash equivalents		6 930 714	–	2 936 233	6 930 714
Trade and other receivables from exchange transactions		13 014 236	–	16 684 902	13 014 236
Receivables from non-exchange transactions		–	–	(499 400)	–
Current portion of non-current receivables		–	–	842 901	–
Inventory		549 127	–	(3 191 031)	549 127
VAT		–	–	27 933 969	–
Other current assets		–	–	(126 567)	–
Total current assets		20 494 077	–	44 581 006	20 494 077
Non current assets					
Investments		787 795	–	–	787 795
Investment property		1 036 836	–	27 841	1 036 836
Property, plant and equipment		85 737 194	–	32 354 019	85 737 194
Biological assets		29 386	–	–	29 386
Living and non-living resources		–	–	–	–
Heritage assets		–	–	–	–
Intangible assets		1 069 416	–	(19 215)	1 069 416
Trade and other receivables from exchange transactions		–	–	–	–
Non-current receivables from non-exchange transactions		64 463	–	53 350	64 463
Other non-current assets		3 592 423	–	3 145 873	3 592 423
Total non current assets		92 317 514	–	35 561 868	92 317 514
TOTAL ASSETS		112 811 590	–	80 142 874	112 811 590
LIABILITIES					
Current liabilities					
Bank overdraft		–	–	–	–
Financial liabilities		1 543 567	–	66 598	1 543 567
Consumer deposits		21 556	–	1 312 542	21 556
Trade and other payables from exchange transactions		13 751 867	–	(17 319 119)	13 751 867
Trade and other payables from non-exchange transactions		–	–	2 537 853	–
Provision		775 019	–	724 283	775 019
VAT		–	–	28 742 270	–
Other current liabilities		–	–	3 493 090	–
Total current liabilities		16 092 009	–	19 557 516	16 092 009
Non current liabilities					
Financial liabilities		20 121 909	–	18 616 950	20 121 909
Provision		7 399 335	–	943 169	7 399 335
Long term portion of trade payables		–	–	27 405	–
Other non-current liabilities		–	–	524 624	–
Total non current liabilities		27 521 244	–	20 112 148	27 521 244
TOTAL LIABILITIES		43 613 254	–	39 669 664	43 613 254
NET ASSETS	2	69 198 337	–	40 473 210	69 198 337
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)		69 198 337	–	31 286 041	69 198 337
Reserves and funds		–	–	207 582	–
Other		–	–	620 399	–
TOTAL COMMUNITY WEALTH/EQUITY	2	69 198 337	–	32 114 022	69 198 337

Table C7 – Cash flow

JHB City Of Johannesburg - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	2022/23	Budget Year 2023/24							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	14 889 119	–	1 109 664	1 109 664	1 240 760	(131 096)	-11%	14 889 119
Service charges		–	36 255 075	–	2 852 624	2 852 624	3 154 661	(302 038)	-10%	36 255 075
Other revenue		–	8 138 874	–	583 790	583 790	677 452	(93 662)	-14%	8 138 874
Transfers and Subsidies - Operational		–	8 281 453	–	2 938 814	2 938 814	751 764	2 187 050	291%	8 281 453
Transfers and Subsidies - Capital		–	3 208 307	–	483 582	483 582	219 077	264 505	121%	3 208 307
Interest		–	392 345	–	28 014	28 014	32 695	(4 681)	-14%	392 345
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(57 788 937)	–	(8 402 146)	(8 402 146)	(5 733 765)	2 668 381	-47%	(57 788 937)
Finance charges		–	(2 171 098)	–	(27 371)	(27 371)	(180 925)	(153 554)	85%	(2 171 098)
Transfers and Subsidies		–	(138 835)	–	(17 614)	(17 614)	(10 759)	6 855	-64%	(138 835)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**11 066 302**	**–**	**(450 643)**	**(450 643)**	**150 960**	**601 604**	**399%**	**11 066 302**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	5 582	–	–	–	465	(465)	-100%	5 582
Decrease (increase) in non-current receivables		–			–	–		–		
Decrease (increase) in non-current investments		–	(648 081)	–	–	–	(54 007)	54 007	-100%	(648 081)
Payments										
Capital assets		–	(7 642 206)	–	(550 356)	(550 356)	(114 633)	435 723	-380%	(7 642 206)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**(8 284 705)**	**–**	**(550 356)**	**(550 356)**	**(168 175)**	**382 181**	**-227%**	**(8 284 705)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	2 500 000	–	–	–	–	–		2 500 000
Increase (decrease) in consumer deposits		–	(213)	–	(190)	(190)	(18)	(172)	968%	(213)
Payments										
Repayment of borrowing		–	(2 800 606)	–	(24 973)	(24 973)	(233 384)	(208 411)	89%	(2 800 606)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**(300 820)**	**–**	**(25 163)**	**(25 163)**	**(233 402)**	**(208 239)**	**89%**	**(300 820)**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**2 480 777**	**–**	**(1 026 162)**	**(1 026 162)**	**(250 616)**			**2 480 777**
Cash/cash equivalents at beginning:		–	4 449 510	–	3 962 205	3 962 205	4 449 510			4 449 510
Cash/cash equivalents at month/year end:		–	6 930 287	–	2 936 233	2 936 233	4 198 894			6 930 714

ADDITIONAL SUPPORTING SCHEDULES: Table SC1: Variance reasons

JHB City of Johannesburg - Supporting Table SC1 Material variance explanations – M01 July				
Ref	**Description**	**YTD variance**	**Reasons for material deviations**	**Remedial or corrective steps/remarks**
1	<u>**Revenue By Source**</u> <u>**Exchange Revenue**</u>			
	Service charges: Electricity	(401 155)	The underperformance is mainly as a result of decreased consumption for all Industrial and Commercial customers has decreased. The units purchased from Eskom has dropped due to load shedding and customers using alternative sources of energy.	City Power has responded to these challenges associated with non-technical losses and revenue with the Revenue Enhancement Strategy. The strategy aims to reduce non-technical losses to12% and increase revenue in the current financial year. It has focused initiatives to improve revenue through accounting for revenue completeness and revenue accuracy. At the core of the Revenue Enhancement Strategy is a new data analytics capability, continuous process improvement and governance, use of technology, training of staff and management of various stakeholders. Below are the initiative in assisting with the reduction of non-technical losses. • Simulated billing and consumption analysis; Customer and meter data clean-up; Alarms automation

				• Improve collection; System updates; Alarms enhancement and COJ revenue enhancement.
	Service charges - Water	(70 718)	The under recovery is mainly as a result of a reduction in water consumption for business and households due to lower demands.	It is expected that with the stand by stand audit implemented by RSSC that revenue not billed will be identified and thus remedy the current revenue levels.
	Service charges - Waste Water Management	(10 072)	The under recovery is due to decreased billing on business customers as a result of less waste water received and treated.	No remedial action
	Service charges - Waste management	20 443	The over recovery is due to positive billing trend for Domestic Clients as property prices were adjusted by the revaluation of the property roll.	No remedial action as income is over budget.
	Sale of Goods and Rendering of Services	(9 004)	Community Development: The under recovery is mainly due a decrease in hall hiring as a result of the current economic conditions.	Revenue is dependent on public usage.
	Agency services	(7 173)	The under recovery is due to motorists utilizing third parties such as the Post Office, shops, and banks to renew their vehicle licence registrations instead of government DLTC's	Departments will implement measures to increase revenue.
	Interest earned from Receivables.	21 408	City Power & Joburg Water: The over performance is due to an increase in the number of long overdue debtors. Group Finance: due to interest charged on unfavourable sweeping bank balances of the entities.	Joburg Water and RSSC will be working together to reduce the number of outstanding debtors.
	Rental from Fixed Assets	(21 061)	The under recovery is due to the delays in the approval of reports by EAC that has resulted in the lease renewal period being longer than the average 3 months it takes for a lease to be renewed.	Need for greater speed and improved turnaround times for EAC approvals. To improve the revenue generation, JPC is currently performing a lease and

			Furthermore, the delays in council approvals for potential new leases has also stifled income received from the rental of facilities and equipment.	land audit to ensure optimal utilisation of the City's properties.
	Licence and permits.	232		
	Operational Revenue	(29 459)	City Power: due to under recovery on sundry revenue as a result of fewer insurance claims registered. Group Finance: Due to underperformance on pretermination and final notices revenue component. Movement is linked to the credit control measures instituted in line with debtors ageing. Public Safety (EMS): Due to the termination of the ambulance services contract and the decrease in bookings for training services. Transport department: Due to the delays in the operationalization of Johannesburg Intermodal Transport Interchange (JITI).	Group Finance: Once the EAC resolution is signed the department will be in a position to issue pre-terms and final notices to improve revenue collection. Transport department: Revenue recovery will start increasing as soon as JITI project is operationalised. Revenue will be recovered as per the business plan.
	Non-Exchange Revenue			
	Property rates	45 338	This line item is inclusive of revenue foregone. The over recovery is due to the following: (a) Journal adjustments amounting to R78.5 million that were processed on customer accounts due to changes in market value as a result of objections and valuation	In July 2023, the city implemented a new Valuation Roll and applications for rebates such as pensioner rebates, are being processed. This is expected to improve rebates revenue once the applications are completed and processed.

			appeal board decisions. Rates rebates for the month of July 2023 was R175.1 million. Revenue accruals for the Financial Year 2022/2023 were raised for an amount of R416.44 million. For the month of July 2023, accruals to the value of R228 000 were reversed. The revenue accruals are only reversed when the billing is realised in the Billing System. These are monitored monthly. This is done to ensure that the revenue is recognised and accounted for in the correct accounting period and to avoid double counting of revenue.	
	Surcharges and Taxes	2 023		
	Fines, penalties, and forfeits	(71 081)	The under recovery is mainly due to speed contract only finalised December 2022, going forward revenue will increase. The revenue is currently recognised on Bylaw enforcement e.g., illegal dumping, illegal connection etc (section 56's, Aarto 01 and Aarto 03 citations).	
	Licence and permits.	(781)	The under recovery is due application for business licences and permits not yet processed.	Revenue will increase as applications are received and processed.
	Transfers and subsidies - Operational	2 245 245	The over performance is attributable to grants of equitable share being paid in advance in the month of July. The grant is paid in three tranches within the new financial year which is in (JULY, DECEMBER, and MARCH).	

	Interest	9 794	Group Finance: Relates to penalties imposed. This line is jointly impacted with entries and billing adjustments. Reversal of penalties imposed is also used as a bargaining tool in settlement agreements with debtors. Customer journal adjustments processed to reduce penalties imposed for the month to the value of R1.5 million. Overall movement is informed by debtors ageing.	No action is required.
	Fuel Levy	(319 894)	The entry for July 2023 has not yet been processed. The non-conditional Operating Grant is based on Fuel Levy revenue.	The department will ensure that the revenue is recognised in the coming month.
	Operational Revenue	(9 861)	Johannesburg Water: due to Bulk Contributions fees on Water and Sewer not yet received from independent developers.	No action required
	Gains on disposal of Assets	(365)		
	Other Gains	(14)		
2	**Expenditure By Type**			
	Employee related costs	(55 834)	The year-to-date actual is in line with the year-to-date budget.	
	Remuneration of councillors	(1 027)	The under expenditure is due to remunerations of public office bearers not yet announced by the President and will be implemented once the recommendations have been published in the Government Gazette.	The salary adjustment will be implemented once the promulgation of public office bearers is announced by the GOGTA MEC and the President.

	Bulk purchases - electricity	(191 925)	The under expenditure is due to the following: (a) less units purchased from both Eskom and Kevin as a result of to low demand. (b) The impact of load shedding as well as customers using alternative sources of energy.	
	Inventory consumed.	3 686 433	The bulk of the variance is emanating from JMPD. During the year end stock taking process Stock figures were overstated and when the error was detected, an attempt was made to correct the error in Period 13 of the 2022/23 Financial records. However the correction ended up erroneously being made in the July 2023 general ledger, thereby inflating the monthly expenditure for inventory consumed resulting in the variance noted.	JMPD: The department has prepared a report on the prior year accrual error, and this is expected to be resolved in the upcoming months.
	Debt impairment	(346 085)	City Power: The under expenditure is due to an increase on collection levels. The year-to-date collection level is 94% which was used to determine the debt impairment reported is based on the actual billing against the target level of 93,2%. Group Finance: No entry was processed for the month of July 2023. Financial statements for 2022/2023 is still in process. The Bad Debt Provision is calculated in arrears monthly when possible. This item is a non-cash flow item and is computed in line with GRAP 104 (Financial Instruments) which requires that objective evidence be assessed as to the recoverability of the	Continued implementation of the Revenue Enhancement Strategy and respective initiatives aimed at reducing non-technical losses and increasing revenue. Credit control measures must be strictly enforced to ensure that every customer for both prepaid and conventional system honour their bills.

			financial assets (i.e., whether the financial assets is impaired or not).	
	Depreciation and amortisation	(53 246)	The under expenditure is as a result of assets that have been acquired and not yet capitalised.	Expenditure will improve during the financial year when assets are capitalised.
	Interest	(89 992)	Due to long term borrowings that have not yet been undertaken, as the year has just commenced.	
	Contracted services	(336 531)	Group Finance: Due to no major repairs and maintenance required as yet for stores in Main Reef, Randburg, Smit, Zondi, Hamberg, and Mofolo office, as well as under spending on ATTCOL and issuance of predetermination letters. City Manager: Due to under spending on repairs and maintenance, travel costs and legal expenses as the were no claims in the current fiscal year and majority of the directorate were preoccupied with accruals and year end reporting activities. City Power: as a result of under spending on security costs due to the company's cash flow difficulties which led to contracted suppliers not being paid during the period under review; and Consultant fees due to a decrease in programs undertaken and paid for during the reporting period under review. JRA: Due to the processes that are underway to procure new contractors. The process is normally lengthy. Therefore, an increase in contracted services is expected as soon as contracts are in place. Transport Department: Due to the delays in submission of contracted services invoices relating to	Group Finance: The expenditure is expected to improve in the coming months when payments in relation to new fiscal year are paid. City Power: increase the utilisation of shift workers for both planned and unplanned maintenance and reduce dependency on contractors. JRA: procurement processes to be finalised so that road maintenance and construction can commence

			existing contractor for payment processing and payment of compensation lump sum payable to the Rea Vaya Phase 1C (a) affected taxi operators due to delays is finalisation of the taxi operating licenses and delays in operationalisation of JITI.	
	Transfers and subsidies	(27 302)	Social Development: The under budget is due to the process for appointing NGO's still at the inception stage. The request to advertise needs to be provided to the Supply Chain Department. Payment is done per service activities rendered by appointed NGO's and it depends on whether targets are met or not. Group Finance: Due to no major claims received from entities in the e first month of the operation and as well as due to subsidies being payable to entities either monthly or quarterly or yearly	Group Finance: The expenditure is expected to improve in the coming months when claims are submitted from entities.
	Irrecoverable debts written off.	(69 304)		
	Operational costs	(79 202)	Group Finance: The underperformance is mostly the result of monthly operational costs such as fleet, rental and maintenance equipment, and contractor cell phones being paid in arrears, thus July invoices will be paid in August. The discrepancy is also related to the fact that most stakeholder engagement programs are scheduled to begin in the second quarter. Credit control campaigns, open days, GV leaflets and brochures, tariffs, and budget book	

			advertisements are examples of these programs. Community Development: Mainly due to the procurement of good and services being in the initial stages. Public Safety: The under expenditure is due to the year-end accrual process. The expenditure will commerce in the proceeding months.	
	Losses on Disposal of Assets	259		
	Other Losses	98 040		

Table SC3: Aged debtors' analysis

JHB City Of Johannesburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	NT Code	Budget Year 2023/24											
R thousands		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	632 335	758 970	474 865	1 101 146			2 120 690	12 029 396	17 117 402	15 251 232		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 166 825	631 200	439 881	790 160			2 295 116	7 824 740	13 147 922	10 910 015		
Receivables from Non-exchange Transactions - Property Rates	1400	745 058	453 455	643 341	908 190			1 534 220	7 472 420	11 756 684	9 914 830		
Receivables from Exchange Transactions - Waste Water Management	1500	390 078	382 218	242 667	510 767			1 008 736	5 807 968	8 342 434	7 327 471		
Receivables from Exchange Transactions - Waste Management	1600	195 233	117 159	98 856	243 577			502 581	3 674 400	4 831 806	4 420 558		
Receivables from Exchange Transactions - Property Rental Debtors	1700	(5 872)	9 332	9 332	18 351			18 144	950 779	1 000 066	987 275		
Interest on Arrear Debtor Accounts	1810									–	–		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–		
Other	1900	(218 861)	(132 371)	(97 712)	(179 515)			(277 601)	(846 365)	(1 752 424)	(1 303 480)		
Total By Income Source	**2000**	**2 904 797**	**2 219 962**	**1 811 230**	**3 392 677**	–	–	**7 201 886**	**36 913 339**	**54 443 891**	**47 507 902**	–	–
2022/23 - totals only		2 601 756	1 676 498	1 568 474	2 739 592	-	-	6 107 458	33 694 730	48 388 507	**42 541 779**		
Debtors Age Analysis By Customer Group													
Organs of State	2200	46 380	50 459	31 204	83 531			175 360	1 269 897	1 656 830	1 528 787		
Commercial	2300	571 188	377 428	274 280	567 656			1 141 939	5 088 869	8 021 359	6 798 464		
Households	2400	2 287 229	1 792 076	1 505 747	2 741 491			5 884 587	30 554 573	44 765 702	39 180 651		
Other	2500									–	–		
Total By Customer Group	**2600**	**2 904 797**	**2 219 962**	**1 811 230**	**3 392 677**	–	–	**7 201 886**	**36 913 339**	**54 443 891**	**47 507 902**	–	–

Table SC4: Aged creditors analysis

JHB City Of Johannesburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
R thousands		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									–	1 997 071
Bulk Water	0200									–	–
PAYE deductions	0300									–	–
VAT (output less input)	0400									–	–
Pensions / Retirement deductions	0500									–	–
Loan repayments	0600									–	–
Trade Creditors	0700	623 727	191 636	7 063	18 321	(15 224)	10 193	88 769	84 355	1 008 839	3 839 585
Auditor General	0800									–	–
Other	0900	177 512	242 586	4 378	(2 692)	3 623	61	25 088	205 724	656 280	2 221 265
Total By Customer Type	**1000**	**801 239**	**434 222**	**11 441**	**15 629**	**(11 602)**	**10 254**	**113 856**	**290 080**	**1 665 119**	8 057 920

Table SC 10 : Parent (Core) municipality's Financial performance

JHB City Of Johannesburg - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M01 July

Description	Ref	Budget Year 2023/24							
R thousands	1	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue									
Exchange Revenue									
Service charges - Electricity		–	–	–	–	–	–		–
Service charges - Water		–	–	–	–	–	–		–
Service charges - Waste Water Management		–	–	–	–	–	–		–
Service charges - Waste management		–	–	–	–	–	–		–
Sale of Goods and Rendering of Services		–	–	(18)	(18)	–	(18)		–
Agency services		–	–	–	–	–	–		–
Interest		386 492	–	25 035	25 035	32 208	(7 173)	-22%	386 492
Interest earned from Receivables		–	–	–	–	–	–		–
Interest earned from Current and Non Current Assets		1 462 814	–	171 402	171 402	121 901			1 462 814
Dividends		147 420	–	(1 035)	(1 035)	12 285	(13 320)	-108%	147 420
Rent on Land		–	–	–	–	–	–		–
Rental from Fixed Assets		–	–	–	–	–	–		–
Licence and permits		146 267	–	4 771	4 771	12 189	(7 418)	-61%	146 267
Operational Revenue		–	–	–	–	–	–		–
Non-Exchange Revenue		395 271	–	8 183	8 183	32 939	(24 756)	-75%	395 271
Property rates		–	–	–	–	–			–
Surcharges and Taxes		(951 486)	–	(8 204)	(8 204)	(79 290)			(951 486)
Fines, penalties and forfeits		(10 870)	–	(124)	(124)	(905)	781	-86%	(10 870)
Licences or permits		(8 280 856)	–	(2 947 921)	(2 947 921)	(751 714)			(8 280 856)
Transfer and subsidies - Operational		(116 245)	–	(19 481)	(19 481)	(9 687)			(116 245)
Interest		(3 838 724)	–	–	–	(319 894)			(3 838 724)
Fuel Levy		–	–	–	–	–			–
Operational Revenue		(5 000)	–	–	–	(417)			(5 000)
Gains on disposal of Assets		–	–	–	–	–			–
Other Gains		–	–	–	–	–			–
Discontinued Operations		–	–	–	–	–			–
Total Revenue (excluding capital transfers and contributions)		**(11 060 188)**	**–**	**(2 775 575)**	**(2 775 575)**	**(983 324)**	**(1 792 251)**	**182%**	**(11 060 188)**
Expenditure By Type									
Employee related costs		(951 486)	–	(8 204)	(8 204)	(79 290)	71 086	-90%	(951 486)
Remuneration of councillors		(10 870)	–	(124)	(124)	(905)	781	-86%	(10 870)
Bulk purchases - electricity		(8 280 856)	–	(2 947 921)	(2 947 921)	(751 714)	(2 196 207)	292%	(8 280 856)
Inventory consumed		(116 245)	–	(19 481)	(19 481)	(9 687)	(9 794)	101%	(116 245)
Debt impairment		(3 838 724)	–	–	–	(319 894)	319 894	-100%	(3 838 724)
Depreciation and amortisation		–	–	–	–	–	–		–
Interest		(5 000)	–	–	–	(417)	417	-100%	(5 000)
Contracted services		–	–	–	–	–	–		–
Transfers and subsidies		–	–	–	–	–	–		–
Irrecoverable debts written off		–	–	–	–	–	–		–
Operational costs		–	–	–	–	–	–		–
Losses on disposal of Assets		–	–	–	–	–			–
Other Losses		(69 144)	–	(3 656 845)	(3 656 845)	(5 748)			(69 144)
Total Expenditure		**(13 272 325)**	**–**	**(6 632 575)**	**(6 632 575)**	**(1 167 655)**	**(5 464 920)**	**468%**	**(13 272 325)**
Surplus/(Deficit)		2 212 138	–	3 857 000	3 857 000	184 331	3 672 669	1992%	2 212 138
Transfers and subsidies - capital (monetary allocations)		–	–	–	–	–	–		(69 144)
Transfers and subsidies - capital (in-kind)		(69 144)	–	(3 656 845)	(3 656 845)	(5 748)	(3 651 097)	63519%	(2 030 298)
Surplus/(Deficit) after capital transfers & contributions		2 142 993	–	200 156	200 156	178 583	21 573	12%	112 695
Income Tax		4 849 009	–	297 911	297 911	403 731	(105 819)	-26%	4 849 009
Surplus/(Deficit) after income tax		**(2 706 016)**	**–**	**(97 756)**	**(97 756)**	**(225 148)**	**127 392**	**-57%**	**(4 736 314)**

Table SC11: Summary of municipal entities performance

JHB City Of Johannesburg - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M01 July

Description	Ref	Budget Year 2023/24							
R thousands		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Municipal Entity									
Pikitup		2 606 997	–	239 238	239 238	217 612	21 626	10%	2 606 997
City Power		23 706 564	–	1 703 027	1 703 027	2 090 407	(387 381)	-19%	23 706 564
Johannesburg Water		16 997 017	–	1 359 785	1 359 785	1 395 777	(35 992)	-3%	16 997 017
Johannesburg Social Housing Company		303 597	–	16 501	16 501	25 300	(8 799)	-35%	303 597
Johannesburg Property Company		81 459	–	233	233	6 788	(6 555)	-97%	81 459
Metropolitan Trading Company		59 618	–	35 145	35 145	4 968	30 177	607%	59 618
Metrobus		63 682	–	5 622	5 622	5 307	315	6%	63 682
Johannesburg City Parks and Zoo		87 586	–	5 845	5 845	6 997	(1 152)	-16%	87 586
JDA		75 926	–	–	–	6 327	(6 327)	-100%	75 926
Johannesburg Roads Agency		128 962	–	273	273	10 747	(10 474)	-97%	128 962
Joburg City Theatres		67 394	–	2 266	2 266	5 616	(3 350)	-60%	67 394
Joburg Market		646 656	–	56 098	56 098	53 888	2 210	4%	646 656
Joburg Tourism Company		3 483	–	404	404	290	114	39%	3 483
Total Operating Revenue	1	**44 111 408**	**–**	**3 365 669**	**3 365 669**	**3 770 230**	**(404 562)**	**-11%**	**44 111 408**
Expenditure By Municipal Entity									
Pikitup		3 764 315	–	317 843	317 843	299 315	18 528	6%	3 764 315
City Power		22 722 431	–	2 465 651	2 465 651	2 847 435	(381 783)	-13%	22 722 431
Johannesburg Water		14 964 254	–	1 345 466	1 345 466	1 247 023	98 443	8%	14 964 254
Johannesburg Social Housing Company		355 355	–	(33 308)	(33 308)	29 614	(62 922)	-212%	355 355
Johannesburg Property Company		964 641	–	50 986	50 986	80 387	(29 401)	-37%	964 641
Metropolitan Trading Company		423 773	–	114 422	114 422	35 313	79 109	224%	423 773
Metrobus		601 623	–	41 294	41 294	50 136	(8 842)	-18%	601 623
Johannesburg City Parks and Zoo		1 257 264	–	86 061	86 061	93 540	(7 479)	-8%	1 257 264
JDA		108 145	–	6 900	6 900	9 013	(2 113)	-23%	108 145
Johannesburg Roads Agency		1 438 437	–	92 094	92 094	119 871	(27 777)	-23%	1 438 437
Joburg City Theatres		262 776	–	15 807	15 807	21 899	(6 092)	-28%	262 776
Joburg Market		558 591	–	35 284	35 284	46 551	(11 267)	-24%	558 591
Joburg Tourism Company		69 503	–	1 808	1 808	5 793	(3 985)	-69%	69 503
Total Operating Expenditure	2	**47 491 108**	**–**	**4 540 307**	**4 540 307**	**4 885 890**	**(345 583)**	**-7%**	**47 491 108**

Table SC12: Monthly Budget Statement

JHB City Of Johannesburg - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M01 July

Month	Budget Year 2023/24							
R thousands	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend								
July	114 633		208 254	208 254	114 633	(93 621)	-81.7%	3%
August	145 202					–		
September	313 330					–		
October	634 303					–		
November	1 100 478					–		
December	1 513 157					–		
January	1 513 157					–		
February	1 100 478					–		
March	634 303					–		
April	313 330					–		
May	145 202					–		
June	114 633					–		
Total Capital expenditure	**7 642 206**	**–**	**208 254**					