CITY OF JOHANNESBURG

GROUP FINANCE

SECTION 71 REPORT

PERIOD ENDED 30 JUNE 2022

CITY OF JOHANNESBURG MFMA IN-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2022

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 30 June 2022, 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 June 2022 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 -7%, R4.6 billion under performance [June 2021: 8%], the actual operating expenditure is under budget by 6%, R3.7 billion [June 2021: 4%]. The net result is an operating surplus of R285 million against a year-to-date (YTD) budgeted surplus of R1.1 billion.

The approved Capital budget for the 2021/22 financial year amounts to R7.3 billion, adjusted. The total actual expenditure (excluding commitments) to date amounts to R6.4 billion (88%) of the approved budget.

The total opening and closing investment balances including cash for the month of June 2022 were R4.5 billion and R3.8 billion respectively. This shows a decrease of R683 million during the month as indicated in Table 1 below.

Jun 22	OPENING	CLOSING
Operational Call Deposits	1 183 620 903,91	379 933 023,08
Operational Term Deposits	-	-
Standard Bank Primary Account Balance	517 444 140,97	1 067 932 103,49
Absa Primary Account Balance	40 806 738,70	52 102 283,99
TOTAL UNENCUMBERED	**1 741 871 783,58**	**1 499 967 410,56**
Contingency Reserve Fund	136 177 076,28	136 177 076,28
Unfunded Liability Fund	2 030 000,00	2 030 000,00
COID	262 300 000,00	262 300 000,00
Capital Grants		
Capital Replacement Reserve	16 817 847,26	16 882 031,54
Non-Sweeping Bank Accounts	2 306 533 846,75	1 865 426 972,08
TOTAL ENCUMBERED	**2 723 858 770,29**	**2 282 816 079,90**
TOTAL INVESTMENTS	**4 465 730 553,87**	**3 782 783 490,46**

Table 1: Cash Balances as at 30 June 2022; Source – Bank Statements

Jun 22	OPENING	CLOSING
Cash and Cash Equivalents	1 909 077 845,83	2 012 099 308,66
Interest Rate swaps	47 315 902,52	-108 980 914,31
Tradable Instruments Portfolio	1 069 490 042,83	1 051 931 398,92
TOTAL SINKING FUND INVESTMENTS	**3 025 883 791,18**	**2 955 049 793,27**

Table 1a: Sinking Fund Balance as at 30 June 2022: Source –Sinking Fund AFS and Bank Statements

- Total unencumbered balances decreased by R242 million during the course of the month, which was primarily driven by a decrease in the operational call deposits portfolio to cover daily operational activities.

- Total encumbered balances decreased by R441 million during this same period, with the most decrease being in the non-sweeping's portfolio. This movement is due to transfers effected from the Absa revenue collections accounts into the STD Bank primary account. Absa Bank is not the City's primary banker and therefore it is being categorised as non-sweeping accounts. The combined movement resulted in the overall total balance decrease of R683 million.

- The Sinking Fund balances closed R71 million lower at R3 billion, with an increase of R103 million in the cash and cash equivalents portfolio. The tradable instruments portfolios reduced by R18 million. These movements are in respect of interest received and market movements. The interest rate swaps had a negative movement of R156 million during the month of June.

- Contributions into the Fund were stopped around May 2018. The reason for this was that the Fund was being investigated by GFIS and they wanted minimal movements within the Fund accounts as this could've obscured the context of certain transactions which needed to be investigated. The pause in contributions was for a total period of about 2 years. When it started being visible that the funding position of the fund was being severely compromised as a result of the pause in contributions, these were resumed in 2020/21.

- Total contributions in 2020/21 were R250 million. Contributions for the current financial year amounted to R312 million. The Fund remains adequately funded for the next three years; however, it is noted that the City will not be able to miss any contributions going forward if we are to maintain the positive funding status.

Cash movements analysis:

Inflows for the month of June amounted to R6.2 billion versus outflows of R6.9 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 R683 million as depicted in Table 1.1 below.

Jun 22	
Description	**R**
Cash Collections	3 395 098 601,60
Revenue cash collections paid into Primary and Ordinary bank accounts	83 545 021,96
Direct Payments into MOE Revenue accounts	10 833 124,68
Prepaid Collections	181 414 183,68
Operating Grants and Subsidies	-
Other Income (Interest Received, Vat Refund, Licensing Fees)	445 711 111,51
Long-Term Funding	1 500 000 000,00
Positive Sweepings and Non-Sweeping Movements	629 805 512,42
Total Cash Inflows	6 246 407 555,85
Outflows	
Description	**R**
Operational and Capital Expenditure and Treasury Transactions*	-6 831 975 392,71
Negative Sweepings and Non-Sweeping Movements	-97 379 226,54
Total Cash Outflows	-6 929 354 619,25
Net Movement	-682 947 063,40

Summary Table 1.1 Cash Movements as at 30 June 2022

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

- Other income includes licensing fees amounting to R118 million, VAT Refund of R249 million and interest received for the amount of R22.5 million.

<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 30 June 2022 for all MOEs.

As depicted in the sweeping statements for the month ended 30 June 2022, City Power, JDA, Metrobus, Joshco and Propcom Portfolio were overdrawn.

Entity	End of May Balance	Monthly Inflows	Monthly Outflows	Net Movement	End of June Balance
City Power	**-6 982 365 994,29**	1 878 691 047,46	-1 678 651 377,43	200 039 670,03	**-6 782 326 324,26**
Joburg Water	605 390 129,50	1 040 653 651,72	-1 052 968 859,90	-12 315 208,18	593 074 921,32
Pikitup	487 823 748,07	263 984 587,06	-322 188 942,74	-58 204 355,68	429 619 392,39
Parks Zoo	821 464 128,42	148 493 185,72	-128 048 224,92	20 444 960,80	841 909 089,22
Fresh Produce	403 561 794,08	84 482 311,59	-65 957 202,09	18 525 109,50	422 086 903,58
JDA	**-639 818 275,59**	114 930 491,40	-100 173 872,71	14 756 618,69	**-625 061 656,90**
Joshco	**-1 128 600 229,38**	158 515 069,45	-162 678 508,55	-4 163 439,10	**-1 132 763 668,48**
Metro Bus	**-421 640 232,61**	3 444 288,18	-57 992 707,13	-54 548 418,95	**-476 188 651,56**
Propcom	226 040 268,51	111 048 490,56	-16 372 033,53	94 676 457,03	320 716 725,54
Propcom Portfolio	**-202 278 027,53**	9 325 739,46	-12 475 297,86	-3 149 558,40	**-205 427 585,93**
Roads	260 848 408,73	291 935 185,66	-275 517 377,25	16 417 808,41	277 266 217,14
MTC	266 452 186,37	70 593 477,00	-51 137 510,04	19 455 966,96	285 908 153,33
Core	10 768 852 649,59	5 677 786 238,60	-6 612 668 913,12	-934 882 674,52	9 833 969 975,07
Total Sweepings and Balances	4 465 730 553,87			-682 947 063,40	3 782 783 490,46

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

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

	YTD Net Movement					
Entity	**Jul 21**	**Aug 21**	**Sep 21**	**Oct 21**	**Nov 21**	**Dec 21**
City Power	-1 109 580 053,28	-371 098 313,65	-1 113 183 443,64	1 310 044 278,20	13 968 191,23	-106 340 764,50
Joburg Water	-175 680 420,46	44 878 718,22	88 314 862,13	-153 996 744,31	112 836 141,55	145 493 789,58
Pikitup	-10 184 610,50	-10 895 734,14	25 368 174,21	30 569 654,21	-112 352 128,29	-37 073 077,53
Parks Zoo	-76 223 274,01	127 541 053,53	48 124 036,03	10 148 369,01	1 843 217,42	-62 079 917,39
Fresh Produce	-17 733 873,03	777 719,02	15 094 818,35	5 436 151,58	-2 650 200,11	-26 912 497,84
JDA	-328 536 429,39	-88 204 140,43	137 042 563,74	-113 134 903,09	-115 992 064,72	-109 029 898,00
Joshco	-182 613 502,59	-106 836 067,61	96 590 663,00	-114 523 225,24	-117 511 648,33	-160 709 189,07
Metro Bus	-14 358 512,10	64 321 104,69	20 799 826,54	34 893 436,08	29 108 857,56	16 418 425,88
Propcom	-14 914 409,80	37 878 760,38	-14 323 261,89	18 641 460,82	30 255 888,69	-5 476 831,16
Propcom Portfolio	5 627 140,98	11 296 580,61	277 032,37	4 442 168,27	4 909 091,44	3 708 210,07
Roads	-315 052 161,43	-16 469 440,96	71 088 729,18	-554 563,61	-56 529 490,75	-69 824 763,96
MTC	-105 835 993,75	-50 508 533,88	-42 852 146,79	3 368 739,98	140 829 200,29	11 883 202,21

Table 3.1(a): Sweeping movements analysis

YTD Net Movement						
Entity	**Jan 22**	**Feb 22**	**Mar 22**	**Apr 22**	**May 22**	**Jun 22**
City Power	50 739 655,18	-308 939 107,99	456 694 049,99	-262 859 888,69	-136 211 407,94	200 039 670,03
Joburg Water	-188 840 347,32	213 034 823,03	53 495 547,99	-127 535 475,35	135 372 239,67	-12 315 208,18
Pikitup	-27 802 065,55	108 078 640,02	90 912 048,98	-27 737 689,89	37 630 701,80	-58 204 355,68
Parks Zoo	14 603 634,78	-9 791 325,51	25 615 598,00	24 103 880,74	-748 331,34	20 444 960,80
Fresh Produce	6 206 285,87	2 186 532,57	-12 475 529,81	44 527 739,15	-13 199 107,42	18 525 109,50
JDA	19 361 787,28	946 181,15	57 695 217,17	213 196 905,30	-72 576 818,25	14 756 618,69
Joshco	-8 875 581,24	55 262 594,42	-32 244 157,66	-83 935 163,44	-58 935 982,16	-4 163 439,10
Metro Bus	-33 988 893,87	-74 581 725,94	-18 640 983,56	-83 507 076,61	-34 797 478,97	-54 548 418,95
Propcom	36 612 663,88	45 398 218,82	-8 960 925,46	-70 274 350,00	36 019 415,72	94 676 457,03
Propcom Portfolio	11 489 016,36	8 507 378,08	5 017 766,92	1 715 700,40	7 012 999,62	-3 149 558,40
Roads	73 609 145,58	52 961 490,81	38 033 301,69	15 282 528,07	11 254 819,09	16 417 808,41
MTC	-344 461 441,34	-103 810 275,03	20 986 067,52	-32 316 040,06	-22 157 301,79	19 455 966,97

Table 3.1(b): Sweeping movements analysis

May 2022 Billing & June 2022 Collections; Year to Date Billing & Collections:

	Billing	**Collections (Note 1)**	**%**	**Total Billing**	**Total Collections**	**%**
	May 2022	**Jun 2022**		**YTD: Jun'21 to May'22**	**YTD: Jul'21 to Jun'22**	
	R 000's	**R 000's**		**R 000's**	**R 000's**	
Assessment Rates	1 163 712	1 097 425	94.3%	13 997 892	13 148 598	93.9%
Electricity	1 609 321	1 665 245	103.5%	19 752 368	19 037 011	96.4%
Water	1 460 931	998 086	68.3%	16 356 532	12 353 313	75.5%
Refuse	293 048	208 645	71.2%	2 803 274	2 210 577	78.9%
TOTAL	**4 527 012**	**3 969 401**	**87.7%**	**52 910 066**	**46 749 499**	**88.4%**
Note 1: Receipts are generally allocated to services in proportion to the total debt outstanding on an account.						

The city billed R4.5 billion in May 2022 compared to R4 billion collected in June 2022. The year-to-date billing as at 30 June 2022 is R53 billion compared to R47 billion collected as at 30 June 2022.

Revenue Shared Services has set up a War room in February 2022 with the following objectives:

- Tracking of the City's revenue collection on a daily and weekly basis.
- Monitor the credit control measures by enforcing full credit control actions such as delivery of pre-termination notices and termination of electricity and water against the meter services accounts; and conduct ligation process against unmetered services accounts.
- Fast tracking of the billing queries that hinders collection.
- Monitor and fast track resolution on accounts with court orders for quicker resolution.

Reconciliation between Treasury banking and RSSC collections

Description	Jun 2022	YTD
	R 000's	R 000's
Balance as reported by Treasury	3 670 891	45 227 480
Deposits reflected by Treasury in previous month	230 215	597 093
Refunds, Deposits and Sundry Revenue	-61 757	-639 488
Water: Industrial Effluent and Cross-Boundary Sales	14 058	241 187
Difference in electricity and water prepaid sales	-2 577	-7 166
Non-Cash Items:		
Staff Accounts	5 584	64 384
Departmental Settlements	112 987	1 266 009
Total Revenue as per Revenue Collection Report	**3 969 401**	**46 749 499**

The June deposits of approximately R230 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		May 2022	Jun 2022
Adjusted Budget Billing	R 000	4 547 891	5 155 082
Actual Billing	R 000	4 527 012	4 071 016
Shortfall (-) / Surplus (+) in Billing	R 000	-20 879	-1 084 066
Adjusted Budget Collection	R 000		4 655 611
Actual Revenue Collection	R 000		3 969 401
Shortfall (-) / Surplus (+) in Collections	R 000		-686 210
Actual Billing vs. Adjusted Budgeted Billing	%	99.5%	79.0%
Actual Collection vs. Adjusted Budgeted Collection	%		85.3%
Budgeted Collection (Jun) vs. Budgeted Billing (May)	%		102.4%
Actual Collections (Jun) vs. Actual Billing (May)	%		87.7%

The actual billing of R4.53 billion for May 2022 was R21 million below the budgeted billing of R4.54 billion. The actual collection of R4 billion for June 2022 was R686 million below the budgeted collection of R4.7 billion. The collection rate of 87.7% for June 2022 was 14.7% below the budgeted collection rate of 102.4%.

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 August 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 – 12 mSCOA data strings was submitted to the National Treasury on the 14th July 2022.

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:

No	Entity/Department	Operational Expenditure	Capital Expenditure
1	Core (All departments)	Yes	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

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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GROUP HEAD GROUP ACCOUNTING

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SENIOR LEGAL ADVISOR
GROUP LEGAL AND CONTRACTS

LUFUNO MASHAU
ACTING GROUP HEAD: RSSC

23.09.2022
DATE

SYLVESTER MASHEGO
ACTING GROUP HEAD: TREASURY AND FINANCIAL STRATEGY AND PLANNING

23 September 2022
DATE

SINOVUYO MPAKAMA
ACTING GROUP CHIEF FINANCIAL OFFICER

24/09/2022
DATE

JULIE SUDDABY
COUNCILLOR JULIE SUDDABY
MMC: FINANCE

24 September 2022
DATE

Annexure A

In-Year Report

Budget year: 2021/22

Reporting Period: Month 12

June 2022

PART 1: IN-YEAR REPORT

1.1 Mayor's Report

On 27 May 2021, Council approved the 2021/22 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 30 June 2022 are summarised as follows:

<u>Consolidated Monthly budget statement - summary</u>

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 negative variance of R4.6 billion against the YTD budget for the period ended 30 June 2022.

The operating expenditure is underspent by R3.7 billion, against year-to-date expenditure budget of R64 billion.

<u>Summary of Capital Expenditure</u>

The following tables show the total budget (including that of the municipal entities) of R7.3 billion, adjusted. The actual year to date expenditure (excluding commitments) amounts to R6.4 billion (88%) of the approved adjusted budget.

Capital Expenditure per funding source as at 30 June 2021:

Description (R million)	Budget 20/21	YTD Exp	Commit-ments	Total Exp	% Spent
CoJ Loans	3 000	2 175	-	2 175	72%
CRR / Cash	1 620	1 125	-	1 125	69%
Nat Grant	788	714	-	714	91%
Prov Grant	8	0	-	0	1%
USDG	1 844	1 791	-	1 791	97%
Other	389	442	-	442	114%
Total CoJ	7 648	6 247	-	6 247	82%

Capital Expenditure per funding source as at 30 June 2022:

Description (R million)	Budget 21/22	YTD Exp	Commit-ments	Total Exp	% Spent
CoJ Loans	2 102	1 863	-	1 863	89%
CRR / Cash	2 599	2 093	-	2 093	81%
Nat Grant	288	211	-	211	73%
Prov Grant	16	15	-	15	92%
USDG	1 163	1 152	-	1 152	99%
USIP	629	612	-	612	97%
Other	519	497	-	497	96%
Total CoJ	7 317	6 442	-	6 442	88%

All funding sources spending is above 80% excluding National grants at 73%. When compared to the previous year overall spending (including commitments) has increased by 6%.

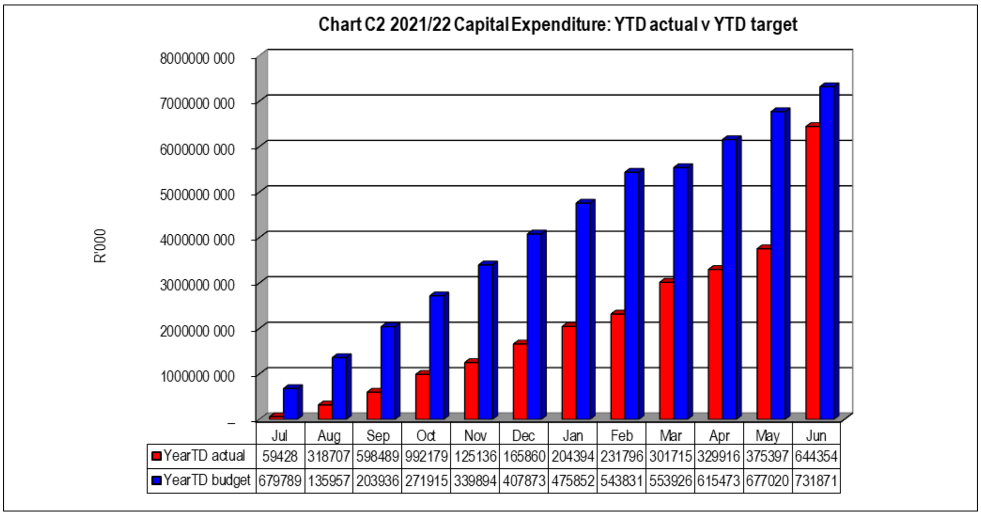
Consolidated Summary - Capital Expenditure as 30 June 2022:

Description (R million)	Budget 21/22	YTD Exp	Commit-ments	Total Exp	% Spent
City Power	980	995	-	995	102%
Johannesburg Water	1 097	1 015	-	1 015	93%
Pikitup	205	197	-	197	96%
Jhb Roads Agency	864	737	-	737	85%
Metrobus	48	35	-	35	74%
Jhb City Parks and Zoo	98	46	-	46	47%
Jhb Development Agency	214	161	-	161	75%
Jhb Property Company	42	17	-	17	42%
Metro Trading Company	34	31	-	31	93%
Joburg Market	159	137	-	137	86%
JOSHCO	628	572	-	572	91%
Joburg City Theatres	12	12	-	12	100%
Total MEs	4 379	3 956	-	3 956	90%

Description (R million)	Budget 21/22	YTD Exp	Commit- ments	Total Exp	% Spent
Economic Development	13	3	-	3	22%
EISD	22	3	-	3	15%
Transportation	415	293	-	293	70%
Community Development	140	86	-	86	62%
Health	65	49	-	49	76%
Social Development	49	36	-	36	73%
Forensic	5	5	-	5	100%
Ombudsman	-	-	-	-	0%
Office of the City Manager	291	249	-	249	86%
Speaker	2	0	-	0	8%
Group ICT	513	481	-	481	94%
Group Finance	6	0	-	0	4%
Group Corporate Services	4	4	-	4	101%
Housing	1 116	1 109	-	1 109	99%
Development Planning	157	107	-	107	68%
Public Safety	139	60	-	60	43%
Total Core Administration	2 938	2 486	-	2 486	85%

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

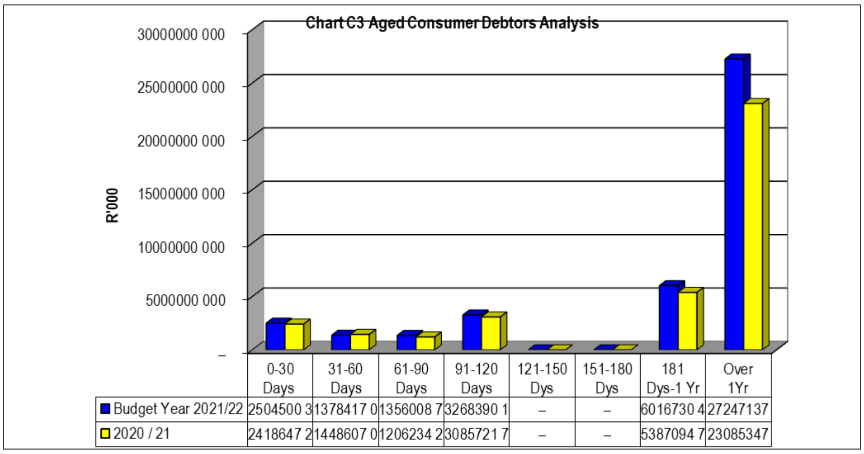
The cash flow of the City of Johannesburg, as depicted in Tables C1 and C7, indicates the following:

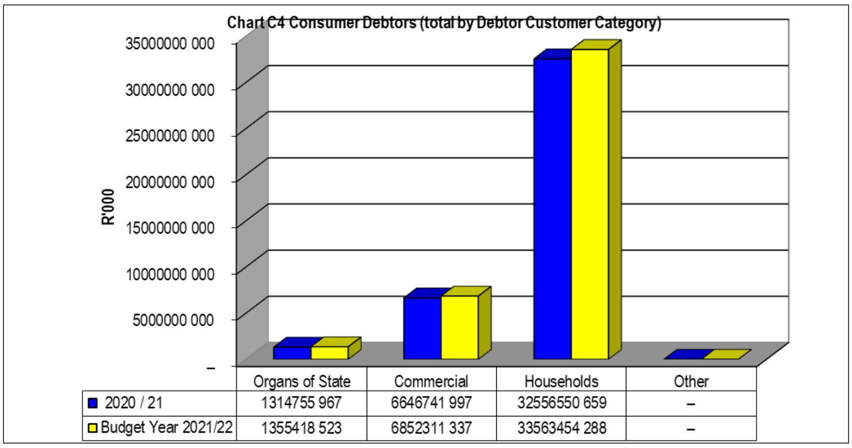
- Cash and Cash equivalents as at the end of June 2022 amount to R4.5 billion.
- The cash flow from operating activities is R3 billion.
- The cash flow from investing activities amount to R6 billion; negative
- The cash flow from financing activities amount to R 147 million.

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 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 R41.8 billion. Chart C3 below illustrates the Consumers debtors age analysis:





Interventions / Actions

The following interventions / actions were implemented during June 2022 to increase collection levels:

(i) 2 408 accounts were identified for delivery of pre-termination notices, total value R1.6 billion of which R45.4 million were collected from 853 accounts.

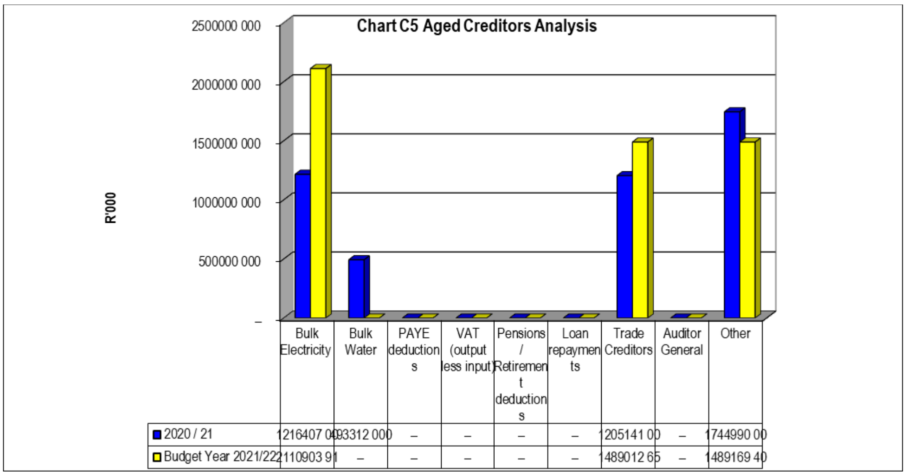
(ii) 7 393 accounts were identified for delivery of final notices, total value R900 million of which R11.1 million were collected from 934 accounts.

(iii) 4 549 electricity accounts were identified for disconnections, total value R3 billion of which R53.5 million were collected from 1 599 accounts.

(iv) 7 072 water accounts were identified for disconnections, total value R2.3 billion of which R72.9 million were collected from 2 866 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.



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. Summary of municipal entities (Table SC11)

The City of Joburg has 12 municipal entities, as indicated in Table SC11:

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

1.3 In-year budget statement tables

The financial results for the period ended 30 June 2022 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.

PART 2: SUPPORTING SCHEDULES

Table C1 – Monthly budget statement summary

JHB City Of Johannesburg - Table C1 Consolidated Monthly Budget Statement Summary - M12 June

Description	2020 / 21	Budget Year 2021/22							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	–	13 479 333	13 479 333	1 108 764	13 549 670	13 479 333	70 337	1%	13 479 333
Service charges	–	36 859 015	36 589 692	2 793 931	33 604 839	36 589 692	(2 984 852)	-8%	36 589 692
Investment revenue	–	330 905	194 847	19 155	196 006	194 847	1 160	1%	194 847
Transfers and subsidies	–	10 724 018	10 642 035	337 345	9 690 698	10 642 035	(951 337)	-9%	10 642 035
Other own revenue	–	4 453 511	4 255 697	391 377	3 557 803	4 255 697	(697 894)	-16%	4 255 697
	–	**65 846 782**	**65 161 604**	**4 650 572**	**60 599 017**	**65 161 604**	**(4 562 587)**	**-7%**	**65 161 604**
Total Revenue (excluding capital transfers and contributions)									
Employee costs	–	17 118 019	17 125 027	1 354 032	16 778 912	17 125 027	(346 115)	-2%	17 125 027
Remuneration of Councillors	–	187 015	176 515	14 070	163 530	176 515	(12 985)	-7%	176 515
Depreciation & asset impairment	–	4 332 706	4 332 676	90 499	3 526 290	4 332 676	(806 386)	-19%	4 332 676
Finance charges	–	3 177 846	2 665 725	15 960	2 311 622	2 665 725	(354 103)	-13%	2 665 725
Inventory consumed and bulk purchases	–	21 396 860	20 891 229	2 436 981	21 601 843	20 891 229	710 615	3%	20 891 229
Transfers and subsidies	–	512 293	141 716	12 262	50 807	141 716	(90 909)	-64%	141 716
Other expenditure	–	18 393 924	18 693 840	1 260 576	15 881 283	18 693 840	(2 812 557)	-15%	18 693 840
Total Expenditure	**–**	**65 118 662**	**64 026 727**	**5 184 379**	**60 314 287**	**64 026 727**	**(3 712 441)**	**-6%**	**64 026 727**
Surplus/(Deficit)	**–**	**728 120**	**1 134 876**	**(533 807)**	**284 730**	**1 134 876**	**(850 146)**	**-75%**	**1 134 876**
Transfers and subsidies - capital (monetary allocations) (National / Pro	–	1 972 300	2 096 926	(27 392)	1 327 843	2 096 926	(769 083)	-37%	2 096 926
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	553 178	518 900	43 227	399 987	518 900	(118 913)	-23%	518 900
Surplus/(Deficit) after capital transfers & contributions	**–**	**3 253 598**	**3 750 702**	**(517 973)**	**2 012 561**	**3 750 702**	**(1 738 142)**	**-46%**	**3 750 702**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**–**	**3 253 598**	**3 750 702**	**(517 973)**	**2 012 561**	**3 750 702**	**(1 738 142)**	**-46%**	**3 750 702**
Capital expenditure & funds sources									
Capital expenditure	**–**	**8 157 478**	**7 318 681**	**2 689 573**	**6 443 549**	**7 318 711**	**(875 162)**	**-12%**	**7 318 681**
Capital transfers recognised	–	2 525 478	2 615 826	969 660	2 486 114	2 615 826	(129 712)	-5%	2 615 826
Borrowing	–	3 032 000	2 101 890	773 698	1 862 906	2 101 920	(239 014)	-11%	2 101 890
Internally generated funds	**–**	**2 600 000**	**2 600 965**	**946 215**	**2 094 529**	**2 600 965**	**(506 436)**	**-19%**	**2 600 965**
Total sources of capital funds	**–**	**8 157 478**	**7 318 681**	**2 689 573**	**6 443 549**	**7 318 711**	**(875 162)**	**-12%**	**7 318 681**
Financial position									
Total current assets	–	17 735 260	20 015 198		55 758 960				20 015 198
Total non current assets	–	89 277 813	87 950 989		98 382 318				87 950 989
Total current liabilities	–	17 208 272	18 091 582		51 132 809				18 091 582
Total non current liabilities	–	27 966 068	27 503 677		43 625 138				27 503 677
Community wealth/Equity	**–**	**64 866 387**	**65 977 796**		**63 460 520**				**65 977 796**
Cash flows									
Net cash from (used) operating	–	6 364 485	6 969 091	(962 565)	2 985 592	6 969 091	3 983 499	57%	6 695 709
Net cash from (used) investing	–	(7 258 993)	(6 983 488)	(659 645)	(5 958 451)	(7 050 488)	(1 092 036)	15%	(6 983 488)
Net cash from (used) financing	–	1 721 018	733 547	(560 738)	146 822	733 547	586 724	80%	733 547
Cash/cash equivalents at the month/year end	**–**	**4 701 465**	**7 363 812**	**3 782 783**	**4 465 731**	**7 363 812**	**2 898 081**	**39%**	**7 363 812**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	2 504 500	1 378 417	1 356 009	3 268 390	–	–	6 016 730	27 247 137	41 771 184
Creditors Age Analysis									
Total Creditors	4 702 870	42 491	9 134	10 471	173 349	3 827	100 556	46 389	5 089 086

Table C4 - Monthly budget statement – Revenue and expenditure

JHB City Of Johannesburg - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 Jun

Description	Ref	Budget Year 2021/22							
R thousands		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source									
Property rates		13 479 333	13 479 333	1 108 764	13 549 670	13 479 333	70 337	1%	13 479 333
Service charges - electricity revenue		20 163 994	19 834 395	1 676 217	17 146 461	19 834 395	(2 687 933)	-14%	19 834 395
Service charges - water revenue		8 908 587	8 908 587	540 264	8 162 822	8 908 587	(745 765)	-8%	8 908 587
Service charges - sanitation revenue		5 544 750	5 544 750	362 935	5 843 602	5 544 750	298 852	5%	5 544 750
Service charges - refuse revenue		2 241 684	2 301 960	214 515	2 451 955	2 301 960	149 995	7%	2 301 960
Rental of facilities and equipment		486 989	489 856	3 741	317 413	489 856	(172 442)	-35%	489 856
Interest earned - external investments		330 905	194 847	19 155	196 006	194 847	1 160	1%	194 847
Interest earned - outstanding debtors		429 081	428 609	33 791	423 528	428 609	(5 082)	-1%	428 609
Dividends received		–	–	–	–	–	–		–
Fines, penalties and forfeits		1 118 233	850 355	772	62 674	850 355	(787 681)	-93%	850 355
Licences and permits		8 741	8 741	393	9 497	8 741	756	9%	8 741
Agency services		350 061	350 061	18 564	325 848	350 061	(24 213)	-7%	350 061
Transfers and subsidies		10 724 018	10 642 035	337 345	9 690 698	10 642 035	(951 337)	-9%	10 642 035
Other revenue		2 027 406	2 093 180	337 537	2 337 780	2 093 180	244 600	12%	2 093 180
Gains		33 000	34 895	(3 420)	81 063	34 895	46 168	132%	34 895
Total Revenue (excluding capital transfers and contributions)		**65 846 782**	**65 161 604**	**4 650 572**	**60 599 017**	**65 161 604**	**(4 562 587)**	**-7%**	**65 161 604**
									–
Expenditure By Type									–
Employee related costs		17 118 019	17 125 027	1 354 032	16 778 912	17 125 027	(346 115)	-2%	17 125 027
Remuneration of councillors		187 015	176 515	14 070	163 530	176 515	(12 985)	-7%	176 515
Debt impairment		5 183 337	5 318 842	312 653	5 497 706	5 318 842	178 864	3%	5 318 842
Depreciation & asset impairment		4 332 706	4 332 676	90 499	3 526 290	4 332 676	(806 386)	-19%	4 332 676
Finance charges		3 177 846	2 665 725	15 960	2 311 622	2 665 725	(354 103)	-13%	2 665 725
Bulk purchases - electricity		13 700 479	13 700 479	1 779 914	13 873 437	13 700 479	172 958	1%	13 700 479
Inventory consumed		7 696 381	7 190 750	657 067	7 728 407	7 190 750	537 657	7%	7 190 750
Contracted services		6 499 742	6 818 293	543 804	4 854 309	6 818 293	(1 963 984)	-29%	6 818 293
Transfers and subsidies		512 293	141 716	12 262	50 807	141 716	(90 909)	-64%	141 716
Other expenditure		6 710 513	6 556 403	398 288	5 487 835	6 556 403	(1 068 568)	-16%	6 556 403
Losses		331	302	5 830	41 433	302	41 131	13619%	302
Total Expenditure		**65 118 662**	**64 026 727**	**5 184 379**	**60 314 287**	**64 026 727**	**(3 712 441)**	**-6%**	**64 026 727**
Surplus/(Deficit)		**728 120**	**1 134 876**	**(533 807)**	**284 730**	**1 134 876**	**(850 146)**	**(0)**	**1 134 876**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 972 300	2 096 926	(27 392)	1 327 843	2 096 926	(769 083)	**(0)**	2 096 926
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		553 178	518 900	43 227	399 987	518 900	(118 913)	**(0)**	518 900
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**3 253 598**	**3 750 702**	**(517 973)**	**2 012 561**	**3 750 702**			**3 750 702**
Taxation		225 944	143 835	54	41 030	143 835	(102 805)	(0)	143 835
Surplus/(Deficit) after taxation		**3 027 654**	**3 606 868**	**(518 027)**	**1 971 531**	**3 606 868**			**3 606 868**
Attributable to minorities		–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**3 027 654**	**3 606 868**	**(518 027)**	**1 971 531**	**3 606 868**			**3 606 868**
Share of surplus/ (deficit) of associate		–	–	–	–	–			–
Surplus/ (Deficit) for the year		**3 027 654**	**3 606 868**	**(518 027)**	**1 971 531**	**3 606 868**			**3 606 868**

Table C6 – Financial Position

JHB City Of Johannesburg - Table C6 Consolidated Monthly Budget Statement - Financial Position - M12 June

Description	Ref	Budget Year 2021/22				
R thousands	1	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	Variance
ASSETS						
Current assets						
Cash		2 673 159	4 190 419	3 744 850	4 190 419	445 568
Call investment deposits		2 028 306	3 173 393	37 933	3 173 393	3 135 460
Consumer debtors		8 250 858	8 212 540	23 115 856	8 212 540	(14 903 316)
Other debtors		4 414 989	4 104 555	27 137 315	4 104 555	(23 032 760)
Current portion of long-term receivables		–	–	1 219 711	–	(1 219 711)
Inventory		367 949	334 291	503 294	334 291	(169 003)
Total current assets		**17 735 260**	**20 015 198**	**55 758 960**	**20 015 198**	**(35 743 761)**
Non current assets					–	
Long-term receivables		83 899	112 281	3 912 779	112 281	(3 800 498)
Investments		1 108 368	1 085 676	–	1 085 676	1 085 676
Investment property		1 655 336	749 661	7 645	749 661	742 017
Investments in Associate		25 027	23 313	(0)	23 313	23 313
Property, plant and equipment		80 309 661	81 234 376	85 127 170	81 234 376	(3 892 794)
Agricultural		–	–	–	–	–
Biological assets		640 631	29 553	(805)	29 553	30 358
Intangible assets		3 076 820	1 942 505	(2 075 927)	1 942 505	4 018 432
Other non-current assets		2 378 072	2 773 624	11 411 456	2 773 624	(8 637 832)
Total non current assets		**89 277 813**	**87 950 989**	**98 382 318**	**87 950 989**	**(10 431 329)**
TOTAL ASSETS		**107 013 073**	**107 966 187**	**154 141 278**	**107 966 187**	**(46 175 091)**
LIABILITIES					–	
Current liabilities					–	
Bank overdraft		–	–	–	–	–
Borrowing		3 681 062	3 679 169	696 232	3 679 169	2 982 937
Consumer deposits		20 300	15 249	1 368 208	15 249	(1 352 959)
Trade and other payables		13 096 159	13 818 373	47 953 803	13 818 373	(34 135 430)
Provisions		410 750	578 791	1 114 566	578 791	(535 775)
Total current liabilities		**17 208 272**	**18 091 582**	**51 132 809**	**18 091 582**	**(33 041 227)**
Non current liabilities					–	
Borrowing		21 105 197	20 628 527	39 284 446	20 628 527	(18 655 919)
Provisions		6 860 871	6 875 150	4 340 692	6 875 150	2 534 458
Total non current liabilities		**27 966 068**	**27 503 677**	**43 625 138**	**27 503 677**	**(16 121 461)**
TOTAL LIABILITIES		**45 174 340**	**45 595 259**	**94 757 946**	**45 595 259**	**(49 162 688)**
NET ASSETS	2	**61 838 733**	**62 370 929**	**59 383 331**	**62 370 929**	**2 987 597**
COMMUNITY WEALTH/EQUITY					–	
Accumulated Surplus/(Deficit)		64 866 387	65 977 796	62 316 435	65 977 796	3 661 361
Reserves		–	–	1 144 085	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**64 866 387**	**65 977 796**	**63 460 520**	**65 977 796**	**3 661 361**

Table C7 – Cash flow

JHB City Of Johannesburg - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M12 June

Description	Ref	Budget Year 2021/22							
R thousands	1	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		12 325 853	12 325 853	910 841	12 144 427	12 325 853	181 426	1%	12 325 853
Service charges		33 332 217	32 925 700	2 760 050	33 309 862	32 925 700	(384 163)	1%	43 206 003
Other revenue		2 750 139	2 306 872	787 575	8 814 077	2 306 872	(6 507 204)	282%	2 318 543
Transfers and Subsidies - Operational		10 724 018	10 642 035	–	9 302 788	10 642 035	1 339 247	-13%	350 061
Transfers and Subsidies - Capital		1 972 300	2 615 826	–	2 929 169	2 615 826	(313 343)	12%	2 615 826
Interest		720 367	194 847	22 583	225 163	194 847	(30 316)	16%	194 847
Dividends		–	–				–	0%	–
Payments							–		
Suppliers and employees		(51 873 087)	(51 234 601)	(4 742 034)	(61 411 212)	(51 234 601)	10 176 611	-20%	(51 234 601)
Finance charges		(3 177 846)	(2 665 725)	(700 204)	(2 299 800)	(2 665 725)	(365 925)	14%	(2 665 725)
Transfers and Grants		(512 293)	(141 716)	(1 376)	(28 882)	(141 716)	(112 834)	84%	(141 716)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**6 364 485**	**6 969 091**	**(962 565)**	**2 985 592**	**6 969 091**	3 983 499	**84%**	**6 695 709**
									–
CASH FLOWS FROM INVESTING ACTIVITIES									–
Receipts									
Proceeds on disposal of PPE		585 847	34 593			34 593	(34 593)	-100%	34 593
Decrease (increase) in non-current receivables							–		
Decrease (increase) in non-current investments		(549 270)	300 601			300 601	(300 601)	-100%	300 601
Payments									
Capital assets		(8 157 478)	(7 318 681)	(659 645)	(5 958 451)	(7 318 681)	(1 427 230)	19%	(7 318 681)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(7 258 993)**	**(6 983 488)**	**(659 645)**	**(5 958 451)**	**(7 050 488)**	**(1 092 036)**	**15%**	**(6 983 488)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–	–	–	–	–	–		–
Borrowing long term/refinancing		3 032 000	2 101 890		1 500 000	2 101 890	(3 601 890)	-171%	2 101 890
Increase (decrease) in consumer deposits		201	151			151	(151)	-100%	151
Payments									
Repayment of borrowing		(1 311 183)	(1 368 495)	(560 738)	(1 353 178)	(1 368 495)	(15 317)	1%	(1 368 495)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**1 721 018**	**733 547**	**(560 738)**	**146 822**	**733 547**	**3 586 724**	**489%**	**733 547**
NET INCREASE/ (DECREASE) IN CASH HELD		**(138 216)**	**719 150**	**(2 182 947)**	**(2 182 947)**	**719 150**			**719 150**
Cash/cash equivalents at beginning:		4 839 681	6 644 662	4 465 731	5 542 914	6 644 662			6 644 662
Cash/cash equivalents at month/year end:		4 701 465	7 363 812	3 782 783	4 465 731	7 363 812			7 363 812

PART 3: ADDITIONAL SUPPORTING SCHEDULES
Table SC1: Variance reasons

Ref	Description	YTD variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	**Revenue By Source**			
	Property rates	70 337	The year-to-date actual is in line with the year-to-date budget with the variance of 1%. This line item is inclusive of revenue foregone. Rates rebates for the month of June 2022 exceeded the budgeted amount by R 9 million (5%) and R85.8 million (4%) for the YTD. Total rebates granted for the month are 842 605 bringing the average number of rebates granted per month for this Financial Year to 836 274. Revenue accruals for 2021/2022 are in the process of being finalised and will adjust this line item accordingly.	
	Service charges - electricity revenue	(2 687 933)	The underperformance is mainly as a result of decreased consumption for all Industrial and Commercial customers as well as a negative impact on the revenue management initiatives due to Covid 19. The increase in total losses also contributed to the unfavourable variance.	City Power has responded to these challenges associated with revenue and non-technical losses with a Revenue Enhancement Strategy. The strategy aims to reduce non-technical losses and increase revenue. It has very 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 processes improvement and governance, use of technology, training of staff and management of various stakeholders. Below are the initiatives in assisting with the reduction of non-technical losses. • Prepaid Project (smart meter roll-out) • New Services Connections • Post Billing Process Optimization

				• Alarms • Queries.
	Service charges - water revenue	(745 765)	The underperformance is as a result of a decreased water consumption in business and households as well as the prolonged effects of lockdown which have continued to date.	It is expected that with the stand by stand audit that was implemented by RSSC the revenue not billed will be identified and billed in order to remedy the current revenue levels.
	Service charges - sanitation revenue	298 852	The over performance is due increased billing to business customers as a result of increased sewage water received and treated and furthermore due to additional billing resulting from the outcomes of stand-by-stand audits.	No remedial action.
	Service charges - refuse revenue	149 995	The over performance is as a result of increased billing for Domestic RCR with billing of revenue for non-sectional title properties that were previously billed incorrectly (Project Legogo)	No remedial action.
	Rental of facilities and equipment	(172 442)	The underperformance is due to: Joshco: Due to delayed occupancy of 80 Plein Street project. JPC Portfolio: Delays in the approval of reports by EAC has resulted in the lease renewal period being longer than the average 3 months it takes for a lease to be renewed. Delays in council approvals for potential new leases has also stifled income received from the rental of facilities and equipment.	Joshco: The Housing management will ensure that the 2022 projects for tenants are occupied timeously. JPC Portfolio: Highlight the need for greater speed and turnaround times for EAC approvals with the relevant officials.
	Interest earned - external investments	1 160	The year-to-date actual is in line with the year-to-date budget with the variance of less than 5%. The over performance is due to an increase in interest received from bank and other investments.	No action is required in the remaining month.
	Interest earned - outstanding debtors	(5 082)	The year-to-date actual is in line with the year-to-date budget with the variance of less than 5%. The underperformance is due to decreased interest charge on outstanding debtor’s book as a result of improved collections.	No remedial action.

	Fines, penalties, and forfeits	(787 681)	The underperformance is due to: JMPD: The speed cameras contract has expired, and a new contract is not yet in place as a result JMPD could only recognise revenue on Bylaws e.g., illegal dumping, illegal connection, land invaders etc (section 56's, Aarto 01 and Aarto 03 citations).	User department to speed up procurement process and ensure payments on all outstanding invoices.
	Licences and permits	756	Due to more business licence applications received. Licence and permits revenue is informed by business licence applications of businesses that seek to trade or export food items. More revenue is being generated due to large number of applications received on a monthly basis.	As the lockdown limitations are relaxed, more revenue will be collected.
	Agency services	(24 213)	Under performance due to the protest actions at the Driving Licence Testing Centre's (DLTC) that resulted in motorists utilizing other channels like the Post Office, banks, and supermarkets for licence renewals	No remedial action.
	Transfers and subsidies	(951 337)	The underperformance is due to City Manager: The under recovery is as a result of funds for Project Preparation Grant (PPG) that have not yet been recognized. The recognition will take effect after the claims made by the appropriate entities have been processed. To date the department has received R40 million claims to process. Economic Development: NDPG Public Employment Partnership revenue recognition journal outstanding regarding the payment to Johannesburg Inner City Partnership (JICP). Transport Department: The PTNG 2021/22 allocation includes the lump sum compensation amounts payable to the Rea Vaya Phase 1C (a) affected taxi operators. This forms the bulk of the allocation, and it is anticipated that the payments will be transacted before year end closure.	City Manager: Project Preparation Grant (PPG) claims will be processed as they come in from entities. Economic Development: The grant revenue recognition will be concluded post the accrual period as most of the funded programs/projects will be completed and invoices/claim will be done, already for the EPWP-Pikitup has sent their claim and for NDPG Market, JCPZ and JICP submitted their claim. Transport Department: It is anticipated that revenue recognition will start increasing as soon as the compensation payment is transacted before end of June 2022 - accruals.
	Other revenue	244 600	The over performance is due to: Joburg Water due to Bulk Contributions received on Water and Sewer. Metro Trading Company: due to major project completed on behalf of COJ-GICT (SAP Implementation, Refresh, and archive projects), as well as smart meter for City Power. Group Finance: attributable to the city	Joburg Water: No remedial action. Metro Trading Company: No remedial action required. Group Finance: No remedial action required.

			issuing more pre-termination notifications than expected owing to consumer non-payment.	
2	**Expenditure By Type**			
	Employee related costs	(346 115)	The year-to-date actual is in line with the budget with the variance of (2%). The under expenditure is mainly as a result of vacant positions in the process of being filled in various departments and entities.	Group Corporate Shared Services has started with the process of filling the vacant position.
	Remuneration of councillors	(12 985)	The variance is due to the fact that the Minister of COGTA's determination of councillor remuneration, which was gazetted on June 2, 2022, has not yet been implemented.	The implementation will begin in accordance with the recommendations in the gazette.
	Debt impairment	178 864	City Power: The over expenditure is due a decrease in collection level. The year-to-date collection level is 94.02% which was used to determine the debt impairment reported is based on the actual billing against the target level of 97%. Joburg Water: The over expenditure is due to reduced payment levels. The payment level year to date is 76.01% as compared to the budgeted payment level of 79.8% resulting in a higher contribution to Bad Debts.	City Power: Continued implementation of the Revenue Enhancement Strategy and respective initiatives aimed at reducing non-technical losses and increasing revenue in the next financial years. Joburg Water: The Entity and RSSC have been working together to reduce the outstanding balance. The numerous meetings have been held with the departments in order to speed up the collection process. There is slow progress of pre-termination notices and disconnections on government accounts and that result to low collection.
	Depreciation & asset impairment	(806 386)	The variance is due to Community Development: Due to delays in the capitalization of assets due to unresolved projects currently under investigation. Group Finance: Due to delays in procurement processes; furthermore, there has been no significant expenditures made to date with regard to the acquisition of capital assets. City Power: due to newly acquired assets not yet capitalized.	Community Development: Await GFIS to provide outcome of resolution on the investigations. Group Finance: No remedial action required, as this is a non-cash item. City Power: Asset capitalisation will be finalised during the year end process.
	Finance charges	(354 103)	The over expenditure is due to: Group Finance: The variance is mainly attributable to FNB financed loans being concluded on June 30, 2022. Johannesburg Property Company: The entity conducted a cost analysis study an opted for an outright purchase of second-hand printers instead of going the finance lease route.	No action is required as there will be savings.

	Bulk purchases	172 958	City Power: The over expenditure is due to an increase in the purchase price per unit of both Eskom and Kevin bulk purchases.	The negotiation of the Kelvin Power Purchase Agreement (PPA) has closed and as such City Power and Kelvin have successfully signed an extension of the Power Purchase Agreement based on amended terms that are commercially beneficial to both City Power and Kelvin. The Kelvin PPA is expected to realise a saving in excess of R1billion over the extension period.
	Other materials	537 657	The over expenditure is due to: Metrobus: Budget on this item was significantly cut and as a result there has been overspending mainly on repairs and maintenance to the bus fleet, and diesel. Joburg Water: The over expenditure is as a result of increased spending on items such as consumables, fuel costs and cleaning material. Pikitup: The over expenditure is as a result of increased fuel costs.	Metrobus: Activities on bus maintenance and diesel consumption are critical to the operations of the entity and cannot be stopped, without putting commuters at risk Joburg Water: No remedial action. Pikitup: Finance department has stepped in an attempt to decrease cost without impacting service delivery when possible. Furthermore, Pikitup has been tasked with the process of procuring fleet in December 2021 - as this is a tender process it is unlikely to be completed until early 2023.
	Contracted services	(1 963 984)	The under expenditure is due to the following: City Manager: Mainly due to no substantial repairs and maintenance work being done in the buildings, none spending on travelling due to cost containment and is also attributable to pending legal invoices that must be addressed before being paid out to service providers. The department has raised accruals amounting to R49 millions. City Power: Due to the following: Consultant fees are less than the budget due to the slow utilization of consultants in the year. • Legal expenses are less than the budget as they are paid directly by the COJ and there has been delays in the processing of invoices from COJ. • Commission paid is less than the budget due to less customers making use of third-party vending payments JRA: Due to under spending on contractors for rendering road maintenance services. The expenditure will increase once all the year-end accruals have been processed and contractors are utilised for assisting in road maintenance and traffic signals as well as the utilisation of more fleet.	City Manager: Accruals have been raised with Core Accounting in order to settle overdue invoices, thus spending will improve. City Power: Expenditure on contract services are expected to increase in the upcoming month of the financial year after year end accruals have been considered. Johannesburg Road Agency: Accrual process in July will ensure that all goods and services that have not yet been accounted for are included as part of the 2022 expenditure incurred.
	Transfers and subsidies	(90 909)	The under expenditure is due to the following: City Power: No donations paid to NGOs as well as no contributions to	Social Development: The Department needs to encourage appointed NGOs to meet their respective targets. Expenditure expected to increase

			community social investments because of an impact of the covid 19 pandemic. Social Development: The under expenditure is due to fewer service activities rendered by the appointed NGO's. The payment to NGO's depends on whether targets are met or not. The variance is going to change due to the accrual process which is currently underway. Economic Development: The under expenditure is as a result of the delay in processing the payment that was due, an amount of R110m will be accrued in regard of PEP programme.	subsequent to year end accrual process. Economic Development: The amounts will be accrued to improve the expenditure.
	Other expenditure	(1 068 568)	The under expenditure is due to the following: City Power: attributable to the following: • Kelvin lease is less than the budget due to City Power and Kelvin having successfully signed an extension of the Power Purchase Agreement based on amended terms that are commercially beneficial to both City Power and Kelvin. • Software licenses - inter-company are less than the budget as software licenses are paid annually and are not due yet • Departmental charges, rates and services are less than the budget due to less requests made on vegetation and grass cutting budget. Joburg Water: Due to savings incurred on Advertising, Software Licences, Employee Wellness as well as Training Courses. Social Development: as a result of both Support for the homeless project and the Youth Unit project that are not in a favourable position of implementation following the reallocation of funds from the Office of the Mayor. Purchase orders have been created and the variance is going to change due to the accrual process which is currently underway. Metro Bus : Major savings are on: recruitment fees, no tender for uniforms these are bought on a needs basis, estimates on municipal services such as water and electricity, Savings on hiring of buses because the contract with MAN Fleet came to an end and was not renewed, Savings on IT software costs because Oracle is no longer being used after it crashed , savings on publicity	City Power: Savings realised from Kelvin lease will be channelled towards other items such as security costs, software licences and cut off fees. Joburg Water: No remedial action. Social Development: Follow up with suppliers regarding invoices as well as the various user units regarding implementation of projects. Metrobus : The expenditure will likely increase once the implementation of SAGE accounting system is completed. EMS: Systems have to be put in place to account/accrue monthly expenditure and expenditure will improve pending the finalisation of the investigation on JPC.

			because this was centralised through the City as a shared service, savings on external insurance the entity has not yet received its premium invoices from AON , Further IT consultants have not yet bill the entity for the implementation of SAGE Accounting system, the project is currently on going. EMS: The expenditure is below the projected due to invoices received late and as a result the expenditure is being accounted for in the incorrect period and JPC payments are on hold due to the ongoing investigation.	

Table SC3: Aged debtors' analysis

JHB City Of Johannesburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

Description	NT Code	Budget Year 2021/22											
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	669 753	457 196	377 497	1 084 536			2 015 876	9 179 099	13 783 957	12 279 511	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	801 887	316 375	440 638	717 273			1 202 863	3 679 066	7 158 102	5 599 202	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	394 765	241 987	243 147	603 430			1 219 222	5 750 294	8 452 846	7 572 947	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	410 709	259 335	203 623	623 074			1 092 676	4 661 913	7 251 330	6 377 663	–	–
Receivables from Exchange Transactions - Waste Management	1600	232 241	94 359	81 983	231 032			477 114	3 061 772	4 178 500	3 769 918	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	(4 855)	9 164	9 122	9 044			8 980	914 993	946 448	933 017	–	–
Interest on Arrear Debtor Accounts	1810	–	–	–	–	–	–	–	–	–	–	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	–	–	–	–	–	–	–	–	–	–	–	–
Total By Income Source	**2000**	**2 504 500**	**1 378 417**	**1 356 009**	**3 268 390**	**–**	**–**	**6 016 730**	**27 247 137**	**41 771 184**	**36 532 258**	**–**	**–**
2021/22 - totals only		2 418 647	1 448 607	1 206 234	3 085 722	–	–	5 387 095	23 085 348	36 631 653	**31 558 164**	–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	45 394	30 730	25 079	55 018	–	–	174 242	1 024 956	1 355 419	1 254 216	–	–
Commercial	2300	609 049	296 256	218 231	725 749	–	–	1 044 224	3 958 802	6 852 311	5 728 775	–	–
Households	2400	1 850 057	1 051 431	1 112 699	2 487 623	–	–	4 798 265	22 263 380	33 563 454	29 549 268	–	–
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	**2600**	**2 504 500**	**1 378 417**	**1 356 009**	**3 268 390**	**–**	**–**	**6 016 730**	**27 247 137**	**41 771 184**	**36 532 258**	**–**	**–**

Table SC4: Aged creditors analysis

JHB City Of Johannesburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

Description R thousands	NT Code	Budget Year 2021/22									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	2 110 904								**2 110 904**	1 216 407
Bulk Water	0200									**–**	493 312
PAYE deductions	0300									**–**	–
VAT (output less input)	0400									**–**	–
Pensions / Retirement deductions	0500									**–**	–
Loan repayments	0600									**–**	–
Trade Creditors	0700	1 297 655	29 685	3 163	5 277	3 005	3 820	100 019	46 389	**1 489 013**	1 205 141
Auditor General	0800									**–**	–
Other	0900	1 294 311	12 806	5 971	5 194	170 344	7	537	–	**1 489 169**	1 744 990
Total By Customer Type	**1000**	**4 702 870**	**42 491**	**9 134**	**10 471**	**173 349**	**3 827**	**100 556**	**46 389**	**5 089 086**	4 659 850

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

JHB City Of Johannesburg - Supporting Table SC10 Monthly Budget Statement - Parent Municipality Financial Performance (revenue and expenditure) - M12 June

Description	Ref	Budget Year 2021/22							
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1							%	
Revenue By Source									
Property rates		13 479 333	13 479 333	1 108 764	13 549 670	13 479 333	70 337	1%	13 479 333
Service charges - electricity revenue		–	–	–	–	–	–		–
Service charges - water revenue		–	–	–	–	–	–		–
Service charges - sanitation revenue		–	–	–	–	–	–		–
Service charges - refuse revenue		–	–	1	69	–	69	#DIV/0!	–
Rental of facilities and equipment		172 663	172 663	183	49 167	172 663	(123 496)	-72%	172 663
Interest earned - external investments		312 900	165 000	14 039	149 077	165 000	(15 923)	-10%	165 000
Interest earned - outstanding debtors		1 465 249	1 480 054	(1 932)	1 075 500	1 480 054	(404 554)	-27%	1 480 054
Dividends received		–	–	–	–	–	–		–
Fines, penalties and forfeits		1 118 155	850 276	763	62 569	850 276	(787 707)	-93%	850 276
Licences and permits		8 741	8 741	153	7 172	8 741	(1 569)	-18%	8 741
Agency services		350 061	350 061	2	263 524	350 061	(86 537)	-25%	350 061
Transfers and subsidies		10 723 467	10 641 484	336 355	9 683 233	10 641 484	(958 251)	-9%	10 641 484
Other revenue		2 523 061	2 668 515	116 516	2 009 131	2 668 515	(659 384)	-25%	2 668 515
Gains		33 000	33 000	–	89 440	33 000	56 440	171%	33 000
Total Revenue (excluding capital transfers and contributions)		**30 186 630**	**29 849 127**	**1 574 844**	**26 938 553**	**29 849 127**	**(2 910 574)**	**-10%**	**29 849 127**
Expenditure By Type									–
Employee related costs		9 953 708	9 947 035	787 392	9 753 690	9 947 035	(193 344)	-2%	9 947 035
Remuneration of councillors		187 015	176 515	14 070	163 530	176 515	(12 985)	-7%	176 515
Debt impairment		1 619 517	1 617 828	42 980	1 095 572	1 617 828	(522 256)	-32%	1 617 828
Depreciation & asset impairment		2 901 906	2 927 626	(13 995)	2 349 705	2 927 626	(577 921)	-20%	2 927 626
Finance charges		3 304 453	2 769 440	(9 166)	2 221 156	2 769 440	(548 284)	-20%	2 769 440
Bulk purchases - electricity		–	–	–	–	–	–		–
Inventory consumed		222 758	48 330	6 044	29 760	48 330	(18 570)	-38%	48 330
Contracted services		2 759 683	3 151 063	207 933	1 719 237	3 151 063	(1 431 826)	-45%	3 151 063
Transfers and subsidies		5 777 409	5 219 263	419 122	5 083 862	5 219 263	(135 401)	-3%	5 219 263
Other expenditure		4 727 750	4 581 006	189 050	3 064 883	4 581 006	(1 516 123)	-33%	4 581 006
Losses		–	–	56	26 232	–	26 232	#DIV/0!	–
Total Expenditure		**31 454 199**	**30 438 106**	**1 643 485**	**25 507 627**	**30 438 106**	**(4 930 479)**	**-16%**	**30 438 106**
Surplus/(Deficit)		(1 267 569)	(588 979)	(68 641)	1 430 926	(588 979)	2 019 904	-343%	(588 979)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 307 239	1 439 871	(54 600)	829 328	1 439 871	(610 543)	-42%	1 439 871
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		88 700	101 300	–	7 753	101 300	(93 547)	-92%	101 300
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		128 370	952 192	(123 240)	2 268 006	952 192	1 315 814	138%	952 192
Taxation		–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		**128 370**	**952 192**	**(123 240)**	**2 268 006**	**952 192**	**1 315 814**	**138%**	**952 192**

Table SC11: Summary of municipal entities performance

JHB City Of Johannesburg - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M12 June

Description	Ref	Budget Year 2021/22							
R thousands		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Municipal Entity									
City Power		21 024 468	20 582 738	1 730 127	17 782 791	20 582 738	(2 799 947)	-14%	20 582 738
Johannesburg Water		15 012 320	15 004 314	952 604	14 549 831	15 004 314	(454 483)	-3%	15 004 314
Pikitup		3 409 192	3 454 219	316 799	3 596 601	3 454 219	142 382	4%	3 454 219
Johannesburg Roads Agency		1 576 064	1 603 576	149 869	1 551 645	1 603 576	(51 931)	-3%	1 603 576
Metrobus		767 489	614 079	9 487	563 730	614 079	(50 349)	-8%	614 079
Johannesburg City Parks and Zoo		1 207 251	1 250 120	142 327	1 252 863	1 250 120	2 743	0%	1 250 120
JDA		123 391	118 249	22 469	104 135	118 249	(14 114)	-12%	118 249
Johannesburg Property Company		1 014 692	893 787	59 851	750 781	893 787	(143 006)	-16%	893 787
Metropolitan Trading Company		556 548	556 648	227 785	1 113 127	556 648	556 479	100%	556 648
Joburg Market		553 649	567 171	44 141	547 106	567 171	(20 065)		567 171
Johannesburg Social Housing Company		257 576	331 837	28 798	338 835	331 837	6 999	2%	331 837
Joburg City Theatres		217 839	217 839	22 723	237 659	217 839	19 820	9%	217 839
Expenditure By Municipal Entity		–	–	–	–	–	–		–
Total Operating Revenue	1	**45 720 479**	**45 194 577**	**3 706 980**	**42 389 104**	**45 194 577**	**(2 805 473)**	**-6%**	**45 194 577**
Expenditure By Municipal Entity									–
City Power		19 378 544	19 061 690	2 070 905	18 415 874	19 061 690	(645 815)	-3%	19 061 690
Johannesburg Water		13 407 802	13 296 321	1 162 454	13 965 734	13 296 321	669 412	5%	13 296 321
Pikitup		3 078 269	3 197 809	294 751	3 204 524	3 197 809	6 715	0%	3 197 809
Johannesburg Roads Agency		1 576 035	1 603 576	126 717	1 385 340	1 603 576	(218 236)	-14%	1 603 576
Metrobus		767 489	614 079	56 636	629 124	614 079	15 045	2%	614 079
Johannesburg City Parks and Zoo		1 206 979	1 251 743	119 200	1 228 684	1 251 743	(23 059)	-2%	1 251 743
JDA		123 391	118 249	10 859	117 571	118 249	(678)	-1%	118 249
Johannesburg Property Company		1 014 692	893 787	59 851	616 561	893 787	(277 226)	-31%	893 787
Metropolitan Trading Company		556 518	556 618	227 785	1 151 466	556 618	594 848	107%	556 618
Joburg Market		444 892	451 227	41 504	432 079	451 227			451 227
Johannesburg Social Housing Company		257 576	331 836	33 681	427 980	331 836	(19 148)	-6%	331 836
Joburg City Theatres		217 839	217 839	27 268	242 359	217 839	96 143	44%	217 839
Surplus/ (Deficit) for the yr/period		–	–	–	–	–	24 520	#DIV/0!	–
Total Operating Expenditure	2	**42 030 026**	**41 594 775**	**4 231 611**	**41 817 296**	**41 594 775**	**222 522**	**1%**	**41 594 775**

Table SC12: Monthly Budget Statement

JHB City Of Johannesburg - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M12 June

Month	Budget Year 2021/22							
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	679 790	–	59 429	59 429	679 790	620 361	91%	1%
August	679 790	–	259 279	318 708	1 359 580	1 040 872	76,6%	4%
September	679 790	–	279 782	598 490	2 039 370	1 440 880	70,7%	7%
October	679 790	–	393 690	992 180	2 719 159	1 726 980	63,5%	12%
November	679 790	–	259 185	1 251 365	3 398 949	2 147 584	63%	15%
December	679 790	–	407 237	1 658 602	4 078 739	2 420 137	59,3%	20%
January	679 790	–	385 345	2 043 946	4 758 529	2 714 582	57,0%	25%
February	679 790	–	274 023	2 317 969	5 438 319	3 120 349	57,4%	28%
March	679 790	–	699 186	3 017 155	5 539 261	2 522 105	45,5%	37%
April	679 790	–	282 010	3 299 166	6 154 734	2 855 569	46,4%	40%
May	679 790	6 708 791	454 810	3 753 976	6 770 208	3 016 232	44,6%	46%
June	679 790	609 890	2 689 573	6 443 549	7 318 681	875 132	12,0%	79%
Total Capital expenditure	**8 157 478**	**7 318 681**	**6 443 549**					