CITY OF JOHANNESBURG

GROUP FINANCE

SECTION 71 REPORT

PERIOD ENDED 30 SEPTEMBER 2023

CITY OF JOHANNESBURG MFMA IN-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 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 September 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 3%, R537 million under performance [September 2022: -4%]. The actual operating expenditure is over budget by 10%, R2 billion [September 2022: -8%]. The net result is an operating deficit of R3.7 billion against a year-to-date (YTD) budgeted deficit of R1.1 billion.

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 R924 million (12%) of the medium-term budget.

The total opening and closing investment balances including cash for the month of September 2023 were R3.3 billion and R2. 7 billion respectively. This shows an increase of R632 million during the month as indicated in Table 1 below.

Sep 23	OPENING R	CLOSING R
Operational Call Deposits	46 516 232,13	46 751 125,36
Operational Term Deposits	-	-
Standard Bank Primary Account Balance	120 198 963,34	349 104 387,34
Absa Primary Account Balance	104 377 113,62	40 655 939,73
TOTAL UNENCUMBERED	**271 092 309,09**	**436 511 452,43**
Contingency Reserve Fund	401 177 076,28	1 177 076,28
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	18 268 028,44	18 396 805,53
Non-Sweeping Bank Accounts	2 394 956 042,49	1 997 827 549,79
TOTAL ENCUMBERED	**3 095 931 147,21**	**2 298 931 431,60**
TOTAL INVESTMENTS	**3 367 023 456,31**	**2 735 442 884,03**

Table 1: Cash Balances as at 30 September2023; Source – Bank Statements

Sep 23	OPENING R	CLOSING R
Cash and Cash Equivalents	1 412 237 606,01	1 424 883 292,84
Interest Rate swaps	-177 821 962,20	-290 608 735,11
Tradable Instruments Portfolio	354 243 753,00	348 448 225,50
TOTAL SINKING FUND INVESTMENTS	**1 588 659 396,81**	**1 482 722 783,23**

Table 1a: Sinking Fund Balance as at 30 September2023: Source –Sinking Fund AFS and Bank Statements

- Total unencumbered balances increased by R165 million during the course of the month, which was primarily driven by the decrease in the primary bank account.

- Total encumbered balances decreased by R797 million during this same period, with the decrease being in the non-sweeping portfolio, as well as the Contingency Reserve portfolio. The combined movement resulted in the overall total balance decrease of R632 million.

- The Sinking Fund balances closed R106 million lower at R1.5 billion, with an increase of R12.6 million in the cash and cash equivalents and a decrease of R6 million in the tradable instrument's portfolios. The interest rate swaps reflect a negative movement of R 113 million during the month of September.

Cash movements analysis:

Inflows for the month of September amounted to R6.2 billion versus outflows of R6.8 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 R632 million as depicted in Table 1.1 below.

Sep 23	
Description	**R**
Cash Collections	4 108 346 593,73
Revenue cash collections paid Into Primary and Ordinary bank accounts	189 135 984,89
Direct Payments into MOE Revenue accounts	11 500 122,48
Prepaid Collections	158 044 303,24
Other Income (Interest Received, Vat Refund, Licensing Fees)	1 217 564 248,43
Operating Grants and Subsidies	-
Positive Sweepings and Non-Sweeping Movements	523 858 061,61
Total Cash Inflows	6 208 449 314,38
Outflows	
Description	**R**
Operational and Capital Expenditure and Treasury Transactions*	-4 838 710 019,76
Negative Sweepings and Non-Sweeping Movements	-2 001 319 866,90
Total Cash Outflows	-6 840 029 886,66
Net Movement	-631 580 572,28

Summary Table 1.1 Cash Movements as at 30 September2023

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

The inflows for the month of September include cash collection (R4.1 billion), receipts paid directly into MOE bank accounts (R12 million); service charges related receipts paid into the Ordinary and Primary bank accounts (R189 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 September2023.

Grant Name	YTD Forecast per National Treasury Schedule R	YTD Actual per Adjusted National Treasury Schedule R	Variance R
Operational			
Equitable Share Grant	2 938 814 000,00	2 938 814 000,00	-
Fuel Levy Grant	1 279 575 000,00	1 279 575 000,00	-
Total Operational Grants	**4 218 389 000,00**	**4 218 389 000,00**	-
Conditional			
Urban Settlements Development Grant	351 596 000,00	351 596 000,00	-
Informal Settlements Upgrading Partnership	155 155 000,00	155 155 000,00	-
Public Transport Network Grant	417 357 000,00	417 357 000,00	-
Neighbourhood Development Partnership Gr	43 225 000,00	43 225 000,00	-
Infrastructure Skills Develoment Grant	3 000 000,00	3 000 000,00	-
Programme and Project Preparation Support	20 000 000,00	20 000 000,00	-
Expanded Public Works Programme	3 494 000,00	3 494 000,00	-
Financial Management Grant	1 000 000,00	1 000 000,00	-
Total Conditional Grants	**994 827 000,00**	**994 827 000,00**	-
Total Local Government Grants	**5 213 216 000,00**	**5 213 216 000,00**	-

Table 4.1 – Source: National Treasury and Bank Statements

The table below indicates the year-to-date expenditure as at 30 September 2023 against FY2023/24 allocations.

FY2023/24				
Conditional Grant Name	YTD Allocations received R	Expenditure R	Unspent R	% Expenditure against YTD Allocations received
USDG	351 596 000,00	192 939 658,50	158 656 341,50	55%
ISUPG	155 155 000,00	43 888 562,12	111 266 437,88	28%
PTNG	417 357 000,00	30 600 000	386 757 000,00	7%
NDPG	43 225 000,00	2 571 400	40 653 600,00	6%
ISDG	3 000 000,00	885 684	2 114 316,00	30%
EPWP	3 494 000,00	1 830 332	1 663 668,00	52%
FMG	1 000 000,00	249 879	750 121,00	25%
PPPSG	20 000 000,00	469 245	19 530 755,47	2%
Totals	**994 827 000,00**	**273 434 760,15**	**721 392 239,85**	**27%**

Table 4.2: Local Government Grants in R'000; Source – Monthly Reporting by Grant Owners

Profit and cost centres movements analysis

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 September 2023 for all MOEs.

As depicted in the sweeping statements for the month ended 30 September 2023, City Power, JDA, Metrobus, Joshco, Procom Portfolio, JHB Roads and MTC were overdrawn.

Entity	End of August Balance R	Monthly Inflows R	Monthly Outflows R	Net Movement R	End of September Balance R
City Power	**-12 319 396 923,81**	1 298 262 779,65	-2 991 853 920,20	-1 693 591 140,55	**-14 012 988 064,36**
Joburg Water	885 873 063,18	617 493 689,89	-1 032 910 788,74	-415 417 098,85	470 455 964,33
Pikitup	973 141 459,87	246 426 921,01	-136 760 799,94	109 666 121,07	1 082 807 580,94
Parks Zoo	1 005 121 777,09	144 400 817,87	-70 845 961,04	73 554 856,83	1 078 676 633,92
Fresh Produce	392 806 493,93	2 582 747,23	-33 774 882,62	-31 192 135,39	361 614 358,54
JDA	**-834 530 067,38**	174 315 346,91	-56 504 069,46	117 811 277,45	**-716 718 789,93**
Joshco	**-1 436 505 700,90**	89 697 974,83	-92 932 453,70	-3 234 478,87	**-1 439 740 179,77**
Metro Bus	**-579 519 043,07**	53 162 395,40	-28 829 128,71	24 333 266,69	**-555 185 776,38**
Propcom	337 615 359,90	28 946 148,58	-38 275 500,92	-9 329 352,34	328 286 007,56
Propcom Portfolio	**-193 811 059,74**	31 450 068,90	-2 986 752,39	28 463 316,51	**-165 347 743,23**
Roads	**-112 224 924,81**	**127 340 060,97**	**-119 706 967,22**	**7 633 093,75**	**-104 591 831,07**
MTC	**-33 274 414,08**	**41 631 953,13**	**-145 013 407,22**	**-103 381 454,09**	**-136 655 868,17**
JTC	66 004 202,35	7 035 025,96	-1 490 495,92	5 544 530,04	71 548 732,39
Core	15 215 803 039,62	5 797 984 769,88	-4 540 426 144,41	1 257 558 625,47	16 473 361 665,08
Total Sweepings and Balances	**3 367 023 456,30**			**-631 580 572,28**	**2 735 442 884,02**

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

Inflows for the month of September versus outflows resulted in a negative net movement of R632 million.

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

YTD Net Movement				
Entity	**July 2023 R**	**Aug 2023 R**	**Sept 2023 R**	**YTD R**
City Power	-1 898 105 046,47	-363 779 617,72	-1 693 591 140,55	-3 955 475 804,74
Joburg Water	-1 011 174 164,26	330 082 673,19	-415 417 098,85	-1 096 508 589,92
Pikitup	75 274 289,80	319 299 087,46	109 666 121,07	504 239 498,33
Parks Zoo	-158 462 269,13	170 168 804,78	73 554 856,83	85 261 392,48
Fresh Produce	200 096 562,92	-27 837 299,04	-31 192 135,39	141 067 128,49
JDA	-199 670 992,55	35 752 997,20	117 811 277,45	-46 106 717,90
Joshco	-151 168 753,20	-172 384 466,61	-3 234 478,87	-326 787 698,68
Metro Bus	14 187 893,55	-51 378 206,30	24 333 266,69	-12 857 046,06
Propcom	23 881 468,71	63 229 695,65	-9 329 352,34	77 781 812,02
Propcom Portfolio	2 353 937,03	-17 054 276,01	28 463 316,51	13 762 977,53
Roads	-285 084 156,34	-33 718 503,03	7 633 093,75	-311 169 565,62
MTC	-170 764 168,62	17 966 131,80	-103 381 454,09	-256 179 490,91
JTC	-6 760 405,30	11 456 188,65	5 544 530,04	10 240 313,39

Table 3.1(a): Sweeping movements analysis.

The above table reflects the ME net movements for the month of July and September 2023.

August 2023 Billing & September 2023 Collections; Year to Date Billing & Collections:

	Billing	**Collections (Note 1)**	**%**	**Total Billing**	**Total Collections**	**%**
	Aug 2023	**Sep 2023**		**YTD: Jun'23 to Aug'23**	**YTD: Jul'23 to Sep'23**	
	R 000's	**R 000's**		**R 000's**	**R 000's**	
Rates	1 429 559	1 466 816	102.6%	4 100 317	3 938 070	96.0%
Electricity	1 992 929	1 854 942	93.1%	5 570 396	5 397 913	96.9%
Water	1 641 036	1 122 530	68.4%	5 023 436	3 352 754	66.7%
Refuse	266 714	196 148	73.5%	793 509	620 949	78.3%
TOTAL	**5 330 238**	**4 640 436**	**87.1%**	**15 487 658**	**13 309 686**	**85.9%**
Note 1: Receipts are generally allocated to services in proportion to the total debt outstanding on an account.						

The city billed R5.3 billion in August 2023 compared to R4.6 billion collected in September 2023. The year-to-date billing as at 31 August 2023 is R15 billion compared to R13 billion collected as at 30 September 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	Sep 2023	YTD
	R 000's	R 000's
Balance as reported by Treasury	4 467 027	12 829 161
Deposits reflected by Treasury in previous month	38 927	83 948
Refunds, Deposits and Sundry Revenue	-25 133	-97 948
Water: Industrial Effluent and Cross-Boundary Sales	20 397	84 694
Difference in electricity and water prepaid sales	1 335	-4 266
Non-Cash Items:		
Staff Accounts	7 865	23 471
Departmental Settlements	130 018	390 626
Total Revenue as per Revenue Collection Report	**4 640 436**	**13 309 686**

The September 2023 deposits of approximately R39 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		Aug 2023	Sep 2023
Budget Billing	R 000	5 804 904	5 476 882
Actual Billing	R 000	5 330 238	5 190 859
Shortfall (-) / Surplus (+) in Billing	R 000	-474 666	-286 023
Budget Collection	R 000		4 787 960
Actual Revenue Collection	R 000		4 640 436
Shortfall (-) / Surplus (+) in Collections	R 000		-147 524
Actual Billing vs. Budgeted Billing	%	91.8%	94.8%
Actual Collection vs. Budgeted Collection	%		96.9%
Budgeted Collection (Sep) vs Budgeted Billing (Aug)	%		82.5%
Actual Collections (Sep) vs. Actual Billing (Aug)	%		87.1%

The actual billing of R5.3 billion for August 2023 was R475 million below the budgeted billing of R5.8 billion. The actual collection of R4.6 billion for September 2023 was R147 million below the budgeted collection of R4.8 billion. The collection rate of 87.1 % for September 2023 was 4.6% above the budgeted collection rate of 82.5%.

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 03 mSCOA data strings was submitted to the National Treasury on the 13th October 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.

Author: Matshepiso Sedibe
Assistant Director: Operating Budget Reporting
011 021 2302

CHARITY-ANN WURAYAYI
GROUP HEAD GROUP ACCOUNTING

SENIOR LEGAL ADVISOR
GROUP LEGAL AND CONTRACTS

MALORE RAMAGAGA
ACTING GROUP HEAD: RSSC

21-11-2023
DATE

SINOVUYO MPAKAMA
GROUP HEAD: TREASURY AND FINANCIAL STRATEGY AND PLANNING

21-11-2023
DATE

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

Budget year: 2023/24

Reporting Period: Month 03

September 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 30 September 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 negative variance of R537 million against the YTD budget for the period ended 30 September 2023.

The operating expenditure is over-spent by R2 billion, against year-to-date expenditure budget of R20 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 R924 million (12%) of the medium-term budget.

Capital Expenditure per funding source as at 30 September 2022:

Description (R million)	Budget 22/23	Total Exp	% Spent
CoJ Loans	1 830	299	16%
CRR / Cash	3 111	200	6%
Nat Grant	320	0	0%
Prov Grant	-	-	0%
USDG	1 205	229	19%
USIP	685	63	9%
Other	590	62	11%
Total CoJ	7 741	854	11%

Capital Expenditure per funding source as at 30 September 2023:

Description (R million)	Budget 23/24	YTD Exp	% Spent
CoJ Loans	2 500	411	16%
CRR / Cash	2 000	230	11%
Nat Grant	446	8	2%
Prov Grant	-	-	0%
USDG	1 643	193	12%
USIP	715	7	1%
Other	338	76	23%
Total CoJ	7 642	924	12%

COJ Loans, cash and USDG funding sources have the spending in the month under review. USIP, National grants have commenced reflecting expenditure. Provincial grants have not occurred spending to date. When compared to the previous year overall spending (excluding commitments) has increased by 1%.

Consolidated Summary - Capital Expenditure as 30 September 2023:

Description (R million)	Budget 23/24	YTD Exp	% Spent
Economic Development	6	1	10%
EISD	20	-	0%
Transportation	536	-	0%
Community Development	138	0	0%
Health	132	-	0%
Social Development	98	-	0%
Forensic	0	-	0%
Ombudsman	1	-	0%
Office of the City Manager	29	0	1%
Speaker	3	-	0%
Group ICT	410	-	0%
Group Finance	30	5	16%
Group Corporate Services	3	-	0%
Housing	1 456	49	3%
Development Planning	121	-	0%
Public Safety	64	24	38%
Total Core Administration	3 047	79	3%

Description (R million)	Budget 23/24	YTD Exp	% Spent
City Power	1 207	251	21%
Johannesburg Water	1 064	259	24%
Pikitup	100	16	16%
Jhb Roads Agency	860	110	13%
Metrobus	196	5	3%
Jhb City Parks and Zoo	65	5	7%
Jhb Development Agency	375	39	10%
Jhb Property Company	50	5	11%
Metro Trading Company	11	-	0%
Joburg Market	150	15	10%
JOSHCO	492	131	27%
Joburg City Theatres	21	8	39%
Joburg Tourism	5	1	18%
Total MEs	4 595	845	18%

The negative movement is due to accruals that have been reversed in the current month. In addition, a number of departments have not started spending while 1 municipal entity, namely Metro Trading Company have not started spending. Joburg Tourism only started spending at 1% in the current month of September.

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:

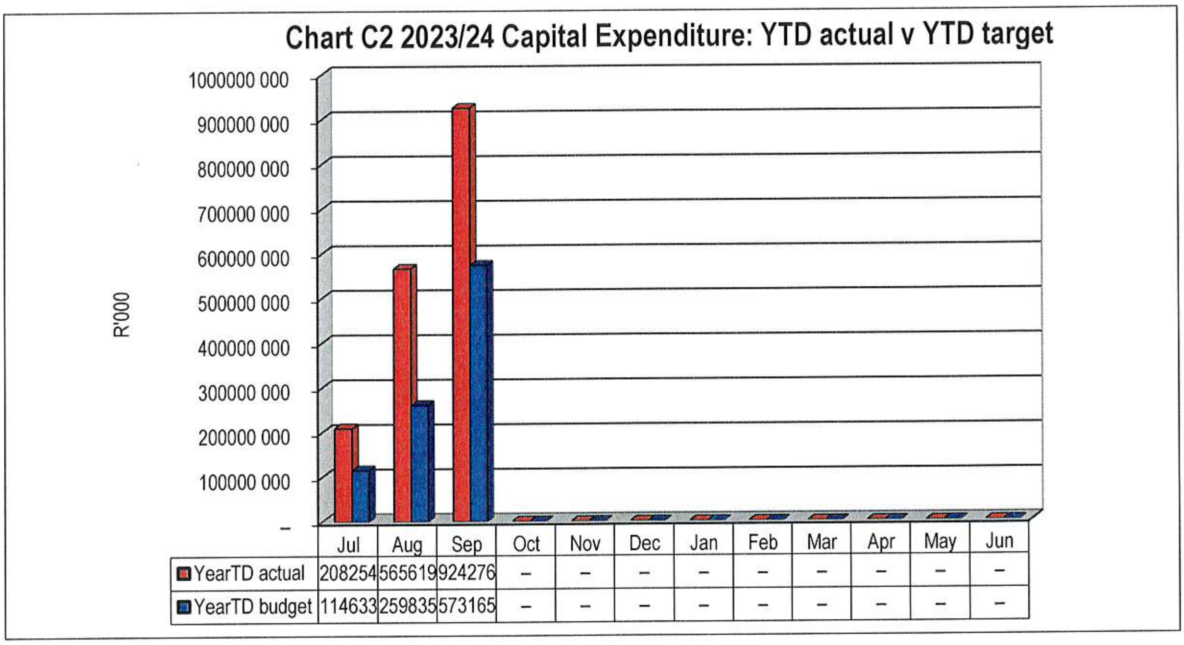


Chart C2 2023/24 Capital Expenditure: YTD actual v YTD target

Cash Flow

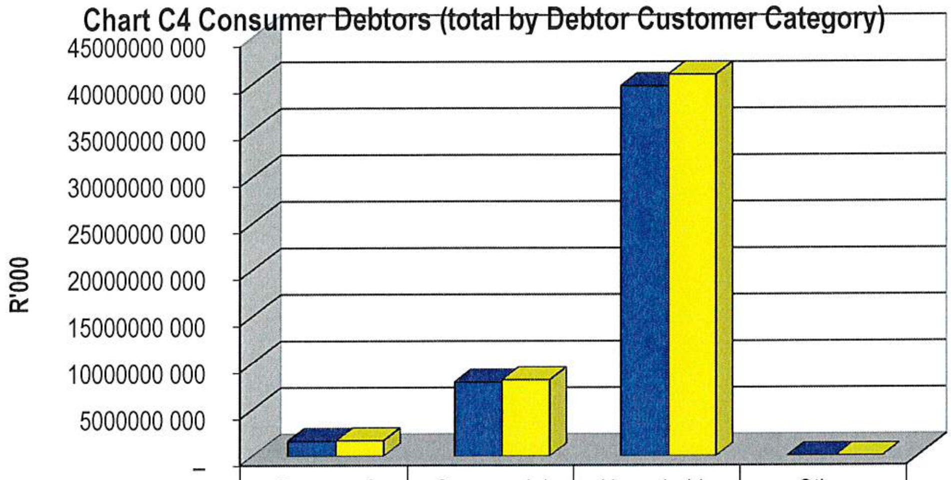
The cash flow of the City of Johannesburg, as depicted in Tables C1 and C7, indicates the following:

- Cash and Cash equivalents as at the end of September 2023 amount to R2.7 billion.
- The cash flow from operating activities is R478 million, negative.
- The cash flow from investing activities amount to R1.3 billion, negative.
- The cash flow from financing activities amount to R567 million, positive.

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 R50 billion. Chart C3 below illustrates the Consumers debtors age analysis:



	Organs of State	Commercial	Households	Other
2022/23	1613236 726	7924574 927	39759500 790	-
Budget Year 2023/24	1663130 646	8169664 873	40989176 072	-

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

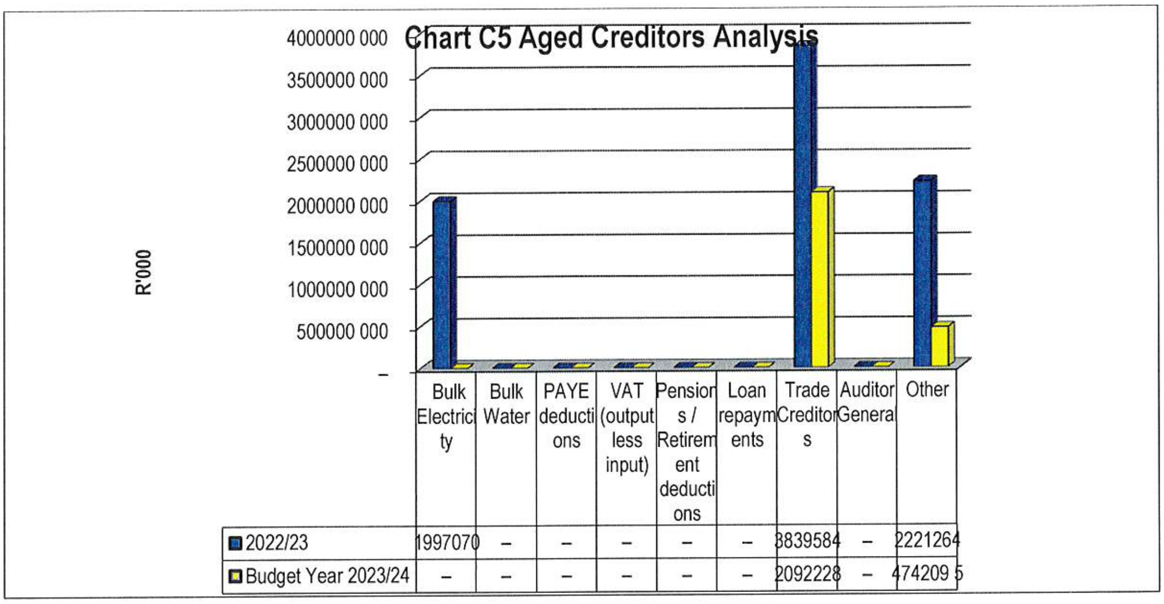
(i) 55 233 accounts were identified for delivery of pre-termination notices, total value R9,6 billion of which R201,2 million were collected from 1 106 accounts.

(ii) 4 006 electricity accounts were identified for disconnections, total value R2,2 billion of which R32,5 million were collected from 357 accounts.

(iii) 17 189 water accounts were identified for disconnections, total value R4,0 billion of which R61,6 million were collected from 1 466 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.

1.3 In-year budget statement tables

The financial results for the period ended 30 September 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 - M03 September

Description	Budget Year 2023/24							
R thousands	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance								
Property rates	16 372 765	–	1 342 731	3 954 330	4 093 191	(138 861)	-3%	16 372 765
Service charges	42 048 461	–	3 409 511	9 972 705	10 904 452	(931 746)	-9%	42 048 461
Investment revenue	–	–	–	–	–	–		–
Transfers and subsidies - Operational	174 350	–	12 500	25 453	42 681	(17 228)	-40%	174 350
Other own revenue	16 798 294	–	700 662	4 777 578	4 226 932	550 646	13%	–
Total Revenue (excluding capital transfers and contributions)	**75 393 870**	–	**5 465 405**	**18 730 066**	**19 267 256**	**(537 189)**	**-3%**	**75 393 870**
Employee costs	19 007 361	–	1 607 617	4 693 221	4 738 432	(45 212)	-1%	19 007 361
Remuneration of Councillors	184 542	–	14 308	42 734	46 137	(3 403)	-7%	184 542
Depreciation and amortisation	4 784 336	–	364 052	1 061 482	1 194 156	(132 673)	-11%	4 784 336
Interest	2 171 098	–	234 370	577 030	542 776	34 254	6%	2 171 098
Inventory consumed and bulk purchases	22 762 169	–	1 802 943	10 883 413	7 779 785	3 103 627	40%	22 762 169
Transfers and subsidies	138 835	–	13 070	(1 179)	41 989	(43 167)	-103%	138 835
Other expenditure	24 251 177	–	2 000 203	5 150 148	6 037 992	(887 844)	-15%	24 251 177
Total Expenditure	**73 299 518**	–	**6 036 563**	**22 406 849**	**20 381 267**	**2 025 582**	**10%**	**73 299 518**
Surplus/(Deficit)	**2 094 352**	–	**(571 159)**	**(3 676 783)**	**(1 114 011)**	**(2 562 772)**	**230%**	**2 094 352**
Transfers and subsidies - capital (monetary allocations)	3 208 307	–	196 875	520 801	752 872	(232 071)	-31%	3 208 307
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**5 302 659**	–	**(374 284)**	**(3 155 982)**	**(361 139)**	**(2 794 842)**	**774%**	**5 302 659**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**5 302 659**	–	**(374 284)**	**(3 155 982)**	**(361 139)**	**(2 794 842)**	**774%**	**5 302 659**
Capital expenditure & funds sources								
Capital expenditure	**7 642 206**	–	**358 657**	**924 276**	**573 165**	**351 111**	**61%**	**7 642 206**
Capital transfers recognised	3 142 206	–	117 745	283 755	235 665	48 090	20%	3 142 206
Borrowing	2 500 000	–	74 059	410 533	187 500	223 033	119%	2 500 000
Internally generated funds	**2 000 000**	–	**166 853**	**229 988**	**150 000**	**79 988**	**53%**	**2 000 000**
Total sources of capital funds	**7 642 206**	–	**358 657**	**924 276**	**573 165**	**351 111**	**61%**	**7 642 206**
Financial position								
Total current assets	20 494 077	–		46 481 226				20 494 077
Total non current assets	92 317 514	–		35 953 396				92 317 514
Total current liabilities	16 092 009	–		19 511 513				16 092 009
Total non current liabilities	27 521 244	–		21 553 946				27 521 244
Community wealth/Equity	**69 198 337**	–		**31 914 369**				**69 198 337**
Cash flows								
Net cash from (used) operating	11 066 302	–	(928 636)	(477 574)	1 077 838	1 555 412	144%	11 066 302
Net cash from (used) investing	(8 284 705)	–	(325 449)	(1 316 220)	(733 790)	582 430	-79%	(8 284 705)
Net cash from (used) financing	(300 393)	–	622 505	567 031	(700 205)	(1 267 236)	181%	(300 393)
Cash/cash equivalents at the month/year end	**6 930 713**	–	**2 735 443**	**2 735 443**	**4 093 353**	**1 357 910**	**33%**	**6 930 713**
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**
Debtors Age Analysis								
Total By Income Source	1 696 643	1 389 123	4 450 732	–	–	5 382 120	35 212 761	50 821 972
Creditors Age Analysis								
Total Creditors	379 186	14 062	92 128	6 097	5 299	36 939	393 352	2 566 438

Table C4 - Monthly budget statement – Revenue and expenditure

JHB City Of Johannesburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

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	–	1 786 431	5 174 587	6 164 302	(989 716)	-16%	23 097 508
Service charges - Water		9 486 608	–	792 084	2 342 638	2 371 652	(29 014)	-1%	9 486 608
Service charges - Waste Water Management		6 893 182	–	585 461	1 734 582	1 723 296	11 286	1%	6 893 182
Service charges - Waste management		2 571 163	–	245 536	720 898	645 201	75 697	12%	2 571 163
Sale of Goods and Rendering of Services		870 667	–	71 142	188 674	216 343	(27 668)	-13%	870 667
Agency services		386 492	–	33 083	87 969	96 624	(8 655)	-9%	386 492
Interest		–	–	–	–	–	–		–
Interest earned from Receivables		332 416	–	45 828	135 876	83 103	52 773	64%	332 416
Interest from Current and Non Current Assets		174 350	–	12 500	25 453	42 681		–	174 350
Dividends		–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–		–
Rental from Fixed Assets		535 867	–	25 537	72 450	133 970	(61 521)	-46%	535 867
Licence and permits		–	–	175	696	–	696		–
Operational Revenue		1 046 832	–	84 551	204 533	261 706	(57 173)	-22%	1 046 832
Non-Exchange Revenue									
Property rates		16 372 765	–	1 342 731	3 954 330	4 093 191	(138 861)	-3%	16 372 765
Surcharges and Taxes		302 905	–	27 703	74 606	75 727	(1 121)	-1%	302 905
Fines, penalties and forfeits		951 574	–	413	106 178	237 891	(131 713)	-55%	951 574
Licence and permits		10 870	–	3 081	3 385	2 715	670	25%	10 870
Transfers and subsidies - Operational		8 281 453	–	67 386	3 183 740	2 099 048	1 084 692	52%	8 281 453
Interest		116 245	–	17 738	63 853	29 061	34 792	120%	116 245
Fuel Levy		3 838 724	–	319 894	650 487	959 682	(309 195)	-32%	3 838 724
Operational Revenue		118 335	–	–	–	29 584	(29 584)	-100%	118 335
Gains on disposal of Assets		5 914	–	848	3 028	1 479	1 549	105%	5 914
Other Gains		–	–	3 285	2 103	–	2 103		–
Discontinued Operations		–	–	–	0	–	0		–
Total Revenue (excluding capital transfers and contributions)		**75 393 870**	**–**	**5 465 405**	**18 730 066**	**19 267 256**	**(537 189)**	**-3%**	**75 393 870**
Expenditure By Type									
Employee related costs		19 007 361	–	1 607 617	4 693 221	4 738 432	(45 212)	-1%	19 007 361
Remuneration of councillors		184 542	–	14 308	42 734	46 137	(3 403)	-7%	184 542
Bulk purchases - electricity		16 403 226	–	1 244 480	5 514 339	6 191 392	(677 052)	-11%	16 403 226
Inventory consumed		6 358 943	–	558 463	5 369 073	1 588 394	3 780 680	238%	6 358 943
Debt impairment		7 983 550	–	994 310	1 849 175	2 020 103	(170 928)	-8%	7 983 550
Depreciation and amortisation		4 784 336	–	364 052	1 061 482	1 194 156	(132 673)	-11%	4 784 336
Interest		2 171 098	–	234 370	577 030	542 776	34 254	6%	2 171 098
Contracted services		7 575 012	–	369 058	1 179 966	1 858 619	(678 654)	-37%	7 575 012
Transfers and subsidies		138 835	–	13 070	(1 179)	41 989	(43 167)	-103%	138 835
Irrecoverable debts written off		–	–	49 303	82 987	–	82 987		–
Operational costs		6 772 269	–	353 456	1 318 618	1 679 186	(360 568)	-21%	6 772 269
Losses on Disposal of Assets		302	–	2 714	18 734	72	18 662	25920%	302
Other Losses		1 920 044	–	231 361	700 669	480 012	220 657	46%	1 920 044
Total Expenditure		**73 299 518**	**–**	**6 036 563**	**22 406 849**	**20 381 267**	**2 025 582**	**10%**	**73 299 518**
Surplus/(Deficit)		**2 094 352**	**–**	**(571 159)**	**(3 676 783)**	**(1 114 011)**	**(2 562 772)**	**230%**	**2 094 352**
Transfers and subsidies - capital (monetary allocations)		3 208 307	–	196 875	520 801	752 872	(232 071)	-31%	3 208 307
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**5 302 659**	**–**	**(374 284)**	**(3 155 982)**	**(361 139)**			**5 302 659**
Income Tax		80 168	–	–	–	20 043		–	80 168
Surplus/(Deficit) after income tax		**5 222 491**	**–**	**(374 284)**	**(3 155 982)**	**(381 182)**			**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**	**–**	**(374 284)**	**(3 155 982)**	**(381 182)**			**5 222 491**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		–	–	–	–	–			–
Surplus/ (Deficit) for the year		**5 222 491**	**–**	**(374 284)**	**(3 155 982)**	**(381 182)**			**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 - M03 September

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	–	2 735 443	6 930 714
Trade and other receivables from exchange transactions		13 014 236	–	17 652 038	13 014 236
Receivables from non-exchange transactions		–	–	(822 840)	–
Current portion of non-current receivables		–	–	1 510 727	–
Inventory		549 127	–	(3 113 331)	549 127
VAT		–	–	28 576 264	–
Other current assets		–	–	(57 074)	–
Total current assets		20 494 077	–	46 481 226	20 494 077
Non current assets					
Investments		787 795	–	–	787 795
Investment property		1 036 836	–	27 295	1 036 836
Property, plant and equipment		85 737 194	–	32 314 658	85 737 194
Biological assets		29 386	–	–	29 386
Living and non-living resources		–	–	–	–
Heritage assets		–	–	–	–
Intangible assets		1 069 416	–	(60 522)	1 069 416
Trade and other receivables from exchange transactions		–	–	–	–
Non-current receivables from non-exchange transactions		64 463	–	53 419	64 463
Other non-current assets		3 592 423	–	3 618 546	3 592 423
Total non current assets		92 317 514	–	35 953 396	92 317 514
TOTAL ASSETS		112 811 590	–	82 434 622	112 811 590
LIABILITIES					
Current liabilities					
Bank overdraft		–	–	–	–
Financial liabilities		1 543 567	–	198 600	1 543 567
Consumer deposits		21 556	–	1 308 908	21 556
Trade and other payables from exchange transactions		13 751 867	–	(18 740 402)	13 751 867
Trade and other payables from non-exchange transactions		–	–	2 993 025	–
Provision		775 019	–	746 127	775 019
VAT		–	–	29 342 287	–
Other current liabilities		–	–	3 662 970	–
Total current liabilities		16 092 009	–	19 511 513	16 092 009
Non current liabilities					
Financial liabilities		20 121 909	–	20 622 791	20 121 909
Provision		7 399 335	–	995 810	7 399 335
Long term portion of trade payables		–	–	21 981	–
Other non-current liabilities		–	–	(86 636)	–
Total non current liabilities		27 521 244	–	21 553 946	27 521 244
TOTAL LIABILITIES		43 613 254	–	41 065 459	43 613 254
NET ASSETS	2	69 198 337	–	41 369 162	69 198 337
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)		69 198 337	–	31 087 799	69 198 337
Reserves and funds		–	–	206 171	–
Other		–	–	620 399	–
TOTAL COMMUNITY WEALTH/EQUITY	2	69 198 337	–	31 914 369	69 198 337

Table C7 – Cash flow

JHB City Of Johannesburg - Table C7 Monthly Budget Statement - Cash Flow - M03 September

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
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates		14 889 119		1 187 575	3 459 456	3 722 280	(262 824)	-7%	14 889 119
Service charges		36 255 075		3 279 452	9 420 683	9 428 970	(8 287)	-0%	36 255 075
Other revenue		8 138 874		928 508	2 750 357	2 032 356	718 001	35%	8 138 874
Transfers and Subsidies - Operational		8 281 453		–	4 218 389	2 099 048	2 119 341	101%	8 281 453
Transfers and Subsidies - Capital		3 208 307		–	994 827	752 872	241 955	32%	3 208 307
Interest		392 345		30 215	90 346	98 085	(7 739)	-8%	392 345
Dividends							–		
Payments									
Suppliers and employees		(57 788 937)		(6 279 205)	(21 254 949)	(16 471 007)	4 783 942	-29%	(57 788 937)
Finance charges		(2 171 098)		(66 993)	(119 272)	(542 776)	(423 504)	78%	(2 171 098)
Transfers and Subsidies		(138 835)		(8 189)	(37 411)	(41 989)	(4 578)	11%	(138 835)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**11 066 302**	**–**	**(928 636)**	**(477 574)**	**1 077 838**	**1 555 412**	**144%**	**11 066 302**
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		5 582	–	–	–	1 396	(1 396)	-100%	5 582
Decrease (increase) in non-current receivables			–				–		
Decrease (increase) in non-current investments		(648 081)	–	–	–	(162 020)	162 020	-100%	(648 081)
Payments									
Capital assets		(7 642 206)	–	(325 449)	(1 316 220)	(573 165)	743 055	-130%	(7 642 206)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(8 284 705)**	**–**	**(325 449)**	**(1 316 220)**	**(733 790)**	**582 430**	**-79%**	**(8 284 705)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–	–	670 000	670 000	–	670 000		–
Borrowing long term/refinancing		2 500 000	–	–	–	–	–		2 500 000
Increase (decrease) in consumer deposits		213	–			(53)	53	-100%	213
Payments									
Repayment of borrowing		(2 800 606)	–	(47 495)	(102 969)	(700 152)	(597 183)	85%	(2 800 606)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(300 393)**	**–**	**622 505**	**567 031**	**(700 205)**	**(1 267 236)**	**181%**	**(300 393)**
NET INCREASE/ (DECREASE) IN CASH HELD		**2 481 204**	**–**	**(631 581)**	**(1 226 762)**	**(356 157)**			**2 481 204**
Cash/cash equivalents at beginning:		4 449 510		3 367 023	3 367 023	4 449 510			4 449 510
Cash/cash equivalents at month/year end:		6 930 713		2 735 443	2 735 443	4 093 353			6 930 713

ADDITIONAL SUPPORTING SCHEDULES: Table SC1: Variance reasons

JHB City of Johannesburg - Supporting Table SC1 Material variance explanations – M03 September

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	(989 716)	The underperformance is mainly as a result of decreased consumption of all Industrial and Commercial customers. 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	(29 014)	The year to actual is in line with the year to date budget.	No remedial action
	Service charges - Waste Water Management	11 286	The year to actual is performing in line with the year-to-date budget.	No remedial action
	Service charges - Waste management	75 697	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	(27 668)	Johannesburg Development Agency: Due to the under collection of revenue relating to capital projects that have not yet been received from the project implementation team .Community Development: The under recovery is mainly due to a decrease in hall hiring as a result of the current economic conditions. Johannesburg Civic Theatre: Due to a reduction in events that were booked under theatre rentals.	JDA: Revenue will be recognized once departments are billed starting from mid-quarter two. Community development and JCT: Revenue is dependent on public usage
	Agency services	(8 655)	The under recovery is due to motorists utilizing third parties such as the Post Office, retailers and banks to renew their vehicle licence registrations instead of government DLTC's.	Departments will implement measures to increase revenue.
	Interest earned from Receivables.	52 773	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. Group Finance: The Cash Flow is closely monitored at MOE's level to try and address these outcomes.

	Rental from Fixed Assets	(61 521)	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. Furthermore, the delays in council approvals for potential new leases has also stifled income received from the rental of facilities and equipment.	Need for greater speed and improved turnaround times for EAC approvals. To improve the revenue generation, JPC is currently performing a lease and land audit to ensure optimal utilisation of the City's properties.
	Licence and permits.	696		
	Operational Revenue	(57 173)	City Power: Due to under recovery on sundry revenue as a result of fewer insurance claims registered. Johannesburg Road Agency: Due to under recovery on management fees, jobbing's as well as reinstatements for the current month under review. Transport department: Due to the delays in the operationalization of Johannesburg Intermodal Transport Interchange (JITI). Group Finance: Due to underperformance on (a) pretermination and final notices revenue component. Movement is linked to the credit control measures instituted in line with debtors ageing. In September 2023, the department issued 46,614 pre-termination notifications, and the charges will be handled in October 2023. (b) Internal recoveries; an agency fee income of R109 million was obtained from entities during the period July to	Transport department: Revenue recovery will start increasing as soon as JITI project is operationalised. All other revenue will be recovered as per the business plan.

			September 2023, arising from the rates imposed on services performed by RSSC on behalf of the entities.	
	Non-Exchange Revenue			
	Property rates	(138 861)	This line item is inclusive of revenue foregone. The over recovery is due to the following : (a) Journal adjustments amounting to R104 million that were processed on customer accounts due to changes in market value as a result of objections and valuation appeal board decisions. (b) Rates rebates for the month of September 2023 was R184 million. Rebates were under-budget for the month by R 13 million (7%) and for the YTD by R55 million (12%). The City implemented a new Valuation Roll and applications for rebates (e.g. pensioner rebates), are being processed. 4000 pensioner rebate applications were processed for the month. The underspend in rebates is expected to change once the applications for more rebates are processed.	The revenue is expected to improve once all the rebates' applications are completed and processed.
	Surcharges and Taxes	(1 121)		
	Fines, penalties, and forfeits	(131 713)	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.	670	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	1 084 692	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	34 792	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 R2 million and R7 million YTD. Overall movement is informed by debtors ageing.	
	Fuel Levy	(309 195)	The entry for first quarter has not yet been processed. The non-conditional operating grant is based on Fuel Levy revenue, which has not yet been received for the first quarter from National Treasury. The grant is normally paid in three instalments which is in July, December 2023, and March 2024.	The department will ensure that the revenue is recognised in the coming months.
	Operational Revenue	(29 584)	Johannesburg Water: Due to Bulk contributions fees on Water and Sewer not yet received from independent developers.	
2	**Expenditure By Type**			

	Employee related costs	(45 212)	The year-to-date actual is in line with the year-to-date budget.	
	Remuneration of councillors	(3 403)	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 COGTA MEC and the President.
	Bulk purchases - electricity	(677 052)	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.	3 780 680	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.	The department has prepared a report on the error, and this is expected to be resolved in the October TB.
	Debt impairment	(170 928)	City Power: The under expenditure is due to an increase on collection levels. The year-to-date collection level is 96.78% which was used to determine the debt impairment reported is based on	Continued implementation of the Revenue Enhancement Strategy and respective initiatives aimed at reducing non-technical losses and increasing revenue . Credit control measures must be

			the actual billing against the target level of 93,2%. Group Finance: The provision entry was recently processed for the year to date, after 2022/2023 Financial Statements were finalised. 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 financial assets (i.e. whether the financial assets is impaired or not).	strictly enforced to ensure that every customer for both prepaid and conventional system honour their bills.
	Depreciation and amortisation	(132 673)	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	34 254	Due to long term borrowings that have not yet been undertaken to date.	
	Contracted services	(678 654)	City Power: As a result of under spending on (a) repairs and maintenance due to reduced utilization of contractors as more employees are being recruited to maintain City Power infrastructure. (b) Commission paid due to less customers making use of third party vending payments . Transport department: : Due to the delays in the submission of contracted services invoices relating to existing contractor for payment processing and payment of compensation lump sum payable to the Rea Vaya Phase 1C (a) affected taxi operators as a result of the delays is finalisation of	City Power: The entity will increase the utilisation of shift workers for both planned and unplanned maintenance and reduce dependency on contractors. Transport department: The department is in the process of following up on outstanding invoices and finalisation operational licenses for affected taxi operators to commence with the transaction of compensation payment as this is the bulk of expenditure budgeted for by the department. Group Finance: The expenditure are expected to improve in the coming months when payments in relation to new

			the taxi operating licenses and delays in operationalisation of JITI. Group Finance: Due to no major repairs and maintenance required as yet for stores in Main Reef, Randburg, Smit, Zondi, Humberg, and Mofolo office , as well as under spending on ATTCOL and issuance of pretermination letters. City Manager: Due to under spending on repairs and maintenance, travel costs and legal expenses as there were no claims incurred to date and majority of the directorate were preoccupied with accruals and year end reporting activities.	fiscal year are paid. City Manager: The expenditure will increase in the upcoming months.
	Transfers and subsidies	(43 167)	Economic Development: The under budget is due to the prior year that have been processed in August 2023. Group Finance: Due to no major claims received from entities 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.	82 987		
	Operational costs	(360 568)	Group Finance: Due to under spending on operational costs such as fleet, rental and maintenance equipment, and contractor cell phones . The other contributor is under spending on stakeholder engagement programs (namely: credit control campaigns, open days, tariffs, and budget	The expenditure will improve in the proceeding months of the financial year.

			book advertisements) which are scheduled to begin in the second quarter. Public Safety : The under expenditure is due to the department still finalising the reversals of prior year accruals, there is minimum spending to date that has occurred in the new financial year. City Manager: Due to under spending on insurance claims as a results of premiums for the 2023/24 fiscal year not yet paid pending EAC approval, as well as savings on Joburg Opens that have not to taken place and deferred to the second quarter. City Power: Due to under spending on the following: • .Software licenses - inter-company are less than the budget as software licenses are not due for payment yet as they are paid per annum; • Legal expenses as a result of payments being directly processed by the City; • Stores and materials due to less consumables utilised to date .	

Table SC3: Aged debtors' analysis

JHB City Of Johannesburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

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	744 138	550 904	399 169	1 627 356			1 838 874	12 614 516	17 774 957	16 080 745		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	880 185	365 750	341 530	679 319			1 176 529	5 088 832	8 532 145	6 944 680		
Receivables from Non-exchange Transactions - Property Rates	1400	841 421	472 642	408 556	1 236 724			1 339 410	7 575 705	11 874 458	10 151 839		
Receivables from Exchange Transactions - Waste Water Management	1500	440 488	311 444	210 038	758 830			846 537	6 051 645	8 618 983	7 657 012		
Receivables from Exchange Transactions - Waste Management	1600	188 479	136 569	113 805	302 265			437 663	3 759 179	4 937 960	4 499 107		
Receivables from Exchange Transactions - Property Rental Debtors	1700	(5 754)	9 583	9 386	18 329			18 044	950 445	1 000 033	986 818		
Interest on Arrear Debtor Accounts	1810									–	–		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–		
Other	1900	(398 366)	(150 250)	(93 361)	(172 090)			(274 938)	(827 560)	(1 916 563)	(1 274 587)		
Total By Income Source	**2000**	**2 690 592**	**1 696 643**	**1 389 123**	**4 450 732**	**–**	**–**	**5 382 120**	**35 212 761**	**50 821 972**	**45 045 614**	**–**	**–**
2022/23 - totals only		2 601 756	1 676 497	1 568 473	2 739 591			6 107 457	33 694 729	48 388 503	**42 541 777**		
Debtors Age Analysis By Customer Group													
Organs of State	2200	11 777	44 512	31 233	107 267			146 072	1 322 268	1 663 131	1 575 608		
Commercial	2300	721 980	338 179	246 139	720 716			906 422	5 236 229	8 169 665	6 863 367		
Households	2400	1 956 835	1 313 951	1 111 751	3 622 749			4 329 626	28 654 264	40 989 176	36 606 639		
Other	2500									–	–		
Total By Customer Group	**2600**	**2 690 592**	**1 696 643**	**1 389 123**	**4 450 732**	**–**	**–**	**5 382 120**	**35 212 761**	**50 821 972**	**45 045 614**	**–**	**–**

Table SC4: Aged creditors analysis

JHB City Of Johannesburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

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	1 389 953	375 480	6 368	87 007	2 861	5 299	36 939	188 320	2 092 229	3 839 585
Auditor General	0800									–	–
Other	0900	249 421	3 706	7 694	5 121	3 236	–	–	205 032	474 210	2 221 265
Total By Customer Type	**1000**	**1 639 374**	**379 186**	**14 062**	**92 128**	**6 097**	**5 299**	**36 939**	**393 352**	**2 566 438**	**8 057 920**

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

JHB City Of Johannesburg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

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	–	1 786 431	5 174 587	6 164 302	(989 716)	-16%	23 097 508
Service charges - Water		9 486 608	–	792 084	2 342 638	2 371 652	(29 014)	-1%	9 486 608
Service charges - Waste Water Management		6 893 182	–	585 461	1 734 582	1 723 296	11 286	1%	6 893 182
Service charges - Waste management		2 571 163	–	245 536	720 898	645 201	75 697	12%	2 571 163
Sale of Goods and Rendering of Services		870 667	–	71 142	188 674	216 343	(27 668)	-13%	870 667
Agency services		386 492	–	33 083	87 969	96 624	(8 655)	-9%	386 492
Interest		–	–	–	–	–	–		–
Interest earned from Receivables		332 416	–	45 828	135 876	83 103	52 773	64%	332 416
Interest from Current and Non Current Assets		174 350	–	12 500	25 453	42 681		–	174 350
Dividends		–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–		–
Rental from Fixed Assets		535 867	–	25 537	72 450	133 970	(61 521)	-46%	535 867
Licence and permits		–	–	175	696	–	696		–
Operational Revenue		1 046 832	–	84 551	204 533	261 706	(57 173)	-22%	1 046 832
Non-Exchange Revenue									
Property rates		16 372 765	–	1 342 731	3 954 330	4 093 191	(138 861)	-3%	16 372 765
Surcharges and Taxes		302 905	–	27 703	74 606	75 727	(1 121)	-1%	302 905
Fines, penalties and forfeits		951 574	–	413	106 178	237 891	(131 713)	-55%	951 574
Licence and permits		10 870	–	3 081	3 385	2 715	670	25%	10 870
Transfers and subsidies - Operational		8 281 453	–	67 386	3 183 740	2 099 048	1 084 692	52%	8 281 453
Interest		116 245	–	17 738	63 853	29 061	34 792	120%	116 245
Fuel Levy		3 838 724	–	319 894	650 487	959 682	(309 195)	-32%	3 838 724
Operational Revenue		118 335	–	–	–	29 584	(29 584)	-100%	118 335
Gains on disposal of Assets		5 914	–	848	3 028	1 479	1 549	105%	5 914
Other Gains		–	–	3 285	2 103	–	2 103		–
Discontinued Operations		–	–	–	0	–	0		–
Total Revenue (excluding capital transfers and contributions)		75 393 870	–	5 465 405	18 730 066	19 267 256	(537 189)	-3%	75 393 870
Expenditure By Type									
Employee related costs		19 007 361	–	1 607 617	4 693 221	4 738 432	(45 212)	-1%	19 007 361
Remuneration of councillors		184 542	–	14 308	42 734	46 137	(3 403)	-7%	184 542
Bulk purchases - electricity		16 403 226	–	1 244 480	5 514 339	6 191 392	(677 052)	-11%	16 403 226
Inventory consumed		6 358 943	–	558 463	5 369 073	1 588 394	3 780 680	238%	6 358 943
Debt impairment		7 983 550	–	994 310	1 849 175	2 020 103	(170 928)	-8%	7 983 550
Depreciation and amortisation		4 784 336	–	364 052	1 061 482	1 194 156	(132 673)	-11%	4 784 336
Interest		2 171 098	–	234 370	577 030	542 776	34 254	6%	2 171 098
Contracted services		7 575 012	–	369 058	1 179 966	1 858 619	(678 654)	-37%	7 575 012
Transfers and subsidies		138 835	–	13 070	(1 179)	41 989	(43 167)	-103%	138 835
Irrecoverable debts written off		–	–	49 303	82 987	–	82 987		–
Operational costs		6 772 269	–	353 456	1 318 618	1 679 186	(360 568)	-21%	6 772 269
Losses on Disposal of Assets		302	–	2 714	18 734	72	18 662	25920%	302
Other Losses		1 920 044	–	231 361	700 669	480 012	220 657	46%	1 920 044
Total Expenditure		73 299 518	–	6 036 563	22 406 849	20 381 267	2 025 582	10%	73 299 518
Surplus/(Deficit)		2 094 352	–	(571 159)	(3 676 783)	(1 114 011)	(2 562 772)	230%	2 094 352
Transfers and subsidies - capital (monetary allocations)		3 208 307	–	196 875	520 801	752 872	(232 071)	-31%	3 208 307
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		5 302 659	–	(374 284)	(3 155 982)	(361 139)			5 302 659
Income Tax		80 168	–	–	–	20 043		–	80 168
Surplus/(Deficit) after income tax		5 222 491	–	(374 284)	(3 155 982)	(381 182)			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	–	(374 284)	(3 155 982)	(381 182)			5 222 491
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		–	–	–	–	–			–
Surplus/ (Deficit) for the year		5 222 491	–	(374 284)	(3 155 982)	(381 182)			5 222 491

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 - M03 September

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	–	249 840	732 055	652 836	79 219	12%	2 606 997
City Power		23 706 564	–	1 825 116	5 278 997	6 303 649	(1 024 652)	-16%	23 706 564
Johannesburg Water		16 997 017	–	1 500 437	4 396 723	4 212 972	183 751	4%	16 997 017
Johannesburg Social Housing Company		303 597	–	22 886	57 171	75 900	(18 729)	-25%	303 597
Johannesburg Property Company		81 459	–	2 174	2 640	20 364	(17 724)	-87%	81 459
Metropolitan Trading Company		59 618	–	29 759	76 279	14 904	61 375	412%	59 618
Metrobus		63 682	–	4 797	16 881	15 921	960	6%	63 682
Johannesburg City Parks and Zoo		87 586	–	20 032	36 774	20 991	15 783	75%	87 586
JDA		75 926	–	4 243	8 424	18 981	(10 557)	-56%	75 926
Johannesburg Roads Agency		128 962	–	8 475	13 404	32 241	(18 837)	-58%	128 962
Joburg City Theatres		67 394	–	8 086	17 966	16 848	1 118	7%	67 394
Joburg Market		646 656	–	60 262	176 143	161 664	14 479	9%	646 656
Joburg Tourism Company		3 483	–	468	1 306	870	436	50%	3 483
Total Operating Revenue	1	**44 111 408**	**–**	**3 667 759**	**10 619 349**	**11 368 759**	**(749 411)**	**-7%**	**44 111 408**
Expenditure By Municipal Entity									
Pikitup		3 764 315	–	334 813	956 844	910 672	46 172	5%	3 764 315
City Power		22 722 431	–	1 635 529	6 675 052	7 795 406	(1 120 353)	-14%	22 722 431
Johannesburg Water		14 964 254	–	1 354 904	4 115 600	3 741 069	374 531	10%	14 964 254
Johannesburg Social Housing Company		355 355	–	106 475	218 568	88 842	129 726	146%	355 355
Johannesburg Property Company		964 641	–	65 444	178 331	241 161	(62 830)	-26%	964 641
Metropolitan Trading Company		423 773	–	55 597	222 972	105 939	117 033	110%	423 773
Metrobus		601 623	–	65 016	157 087	150 408	6 678	4%	601 623
Johannesburg City Parks and Zoo		1 257 264	–	69 090	260 406	280 220	(19 814)	-7%	1 257 264
JDA		108 145	–	7 114	22 240	27 039	(4 799)	-18%	108 145
Johannesburg Roads Agency		1 438 437	–	119 697	310 336	359 613	(49 277)	-14%	1 438 437
Joburg City Theatres		262 776	–	25 692	58 560	65 697	(7 137)	-11%	262 776
Joburg Market		558 591	–	43 222	125 126	139 653	(14 527)	-10%	558 591
Joburg Tourism Company		69 503	–	8 003	11 250	17 379	(6 129)	-35%	69 503
Total Operating Expenditure	2	**47 491 108**	**–**	**3 890 596**	**13 312 373**	**13 923 098**	**(610 725)**	**-4%**	**47 491 108**

Table SC12: Monthly Budget Statement

JHB City Of Johannesburg - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 September

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		357 365	565 619	259 835	(305 784)	-117,7%	7%
September	313 330		358 657	924 276	573 165	(351 111)	-61,3%	12%
October	634 303				1 207 468	–		
November	1 100 478				2 307 946	–		
December	1 513 157				3 821 103	–		
January	1 513 157				5 334 260	–		
February	1 100 478				6 434 738	–		
March	634 303				7 069 041	–		
April	313 330				7 382 371	–		
May	145 202				7 527 573	–		
June	114 633				7 642 206	–		
Total Capital expenditure	**7 642 206**	**–**	**924 276**					