



MATATIELE  
LOCAL MUNICIPALITY

2020/2021  
MONTHLY MAYORS  
SECTION 71  
REPORT

MONTH ENDED  
31<sup>ST</sup> OCTOBER 2020

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## GLOSSARY

**Annual Budget** – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

**Adjustment Budget** – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.

**Allocations (Transfers – see DORA)** – Money received from Provincial or National Government.

**Budget Related Policy(ies)** – Policies of a Municipality affecting or affected by the budget, examples include Tariff Policy, Rates Policy, Credit Control and Debt Collection Policies.

**Capital Expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet and must be included in the asset register.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings - for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services and to compensate loss of RSC levies.

**Fruitless and Wasteful Expenditure** – Expenditure that was made in vain and would/should have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.

**MFMA** – The Municipal Finance Management Act – Act No. 56 of 2003. The principle piece of legislation relating to municipal financial management. mSCOA – Municipal Standard Chart of Accounts.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

**Operating Expenditure** – The day-to-day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the Rand.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budgeted estimates.

**Strategic Objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised Expenditure** – Generally, spending without, or in excess of, an Approved Budget.

**Virement** – A transfer of funds within a vote.

**Virement Policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**Vote** – One of the main segments into which a budget is divided. In Garden Route District, this means the different GFS classification the budget is divided.

## LEGISLATIVE FRAMEWORK

This report has been prepared in terms of the following enabling legislation:

**The municipal Finance Management Act No. 56 of 2003**

Section 71: Monthly budget Statements

**Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations**

## PART 1-IN-YEAR REPORT

### Section 1-Resolutions

These are the resolutions being presented to Council in the monthly report on the implementation of budget and financial state of affairs of the municipality as required in terms of section 71 of the Municipal Finance Management Act 56 of 2003 and the Municipal Budget and Reporting Regulations

Regulation 28 of the Municipal Budget and Reporting Regulations states:

“The monthly budget statement of a municipality must be in the format specified in the Schedule C and include all required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.”

#### **Recommendations:**

- That, Council takes note of the monthly budget statement and supporting documentation for the month 31<sup>st</sup> October 2020.
- That, the submission of section 71 reports and to Provincial and National Treasuries 10 days after the end of each month be noted by Council.

## **Section 2-Executive summary**

### **2.1 Introduction**

The aim if the Financial Monitoring Report (FMR) is to provide a monthly update and report on the municipality's consolidated performance in terms of the budget, indicate any material variances from Service delivery and Budget Implementation Plan (SDBIP) and provide any remedial action or corrective steps to be taken.

### **2.2 Consolidated Performance (Revenue & Expenditure)**

#### **Revenue by source**

The total revenue received for the month ended 31<sup>st</sup> October 2020 amounted to **R 12,581,602** which represents 2% of the total annual approved budget figure of **R509,920,764** (including grants) and 2% of the adjusted budget figure of **R 539,701,764**. The majority of the revenue recognised **R 2,514,235** related to service charges: electricity revenue.

#### **Operating Expenditure by type**

Operating expenditure for the month ended 31<sup>st</sup> October amounted to **R 28,794,643** which represents 7% of total approved operating expenditure budget figure of **R408,392,856** and 7% of the adjusted budget amount of **R 435,074,576**, of this expenditure the majority relates to Council and employee related cost and payment of monthly contracted services.

#### **Capital Expenditure**

The approved annual capital budget for the financial year amounts to **R174,313,680**, this was adjusted to **R 177,313,684**. Capital expenditure incurred for the month ended 31<sup>st</sup> October 2020 amounted to **R 17,279,788**. This represents 10% of the approved capital expenditure budget and 10% of the adjusted capital budget.

### **2.3 Material variances from the SDBIP**

Variances and deficiencies are identified in terms of the SDBIP. These are reported on and monitored by the Performance Management Unit, situated in the Office of the Municipal Manager, as applicable.

## **2.4 Remedial or corrective steps**

HODs and unit managers are sent monthly income and expenditure reports to monitor expenditure and revenue performance of each department, ensure spending is within budget and is aligned to the IDP's Strategic Goals.

## Section 3

## IN-YEAR BUDGET STATEMENT TABLES

## 3.1 Monthly budget statements

## 3.1.1 Table C1 Monthly Budget Statement Summary

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	44,904	48,190	48,190	1,633	37,907	16,063	21,844	136%	48,190
Service charges	58,434	68,817	68,817	3,461	15,499	22,939	(7,440)	-32%	68,817
Investment revenue	12,973	14,650	14,650	577	2,678	4,883	(2,205)	-45%	14,650
Transfers and subsidies	244,441	256,212	305,993	610	114,415	85,404	29,011	34%	305,993
Other own revenue	19,092	20,525	20,525	1,949	6,949	6,842	107	2%	20,525
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>379,844</b>	<b>408,394</b>	<b>458,175</b>	<b>8,231</b>	<b>177,448</b>	<b>136,131</b>	<b>41,317</b>	<b>30%</b>	<b>458,175</b>
Employee costs	115,402	125,231	125,231	10,129	38,111	41,744	(3,633)	-9%	125,231
Remuneration of Councillors	20,834	21,537	21,537	1,638	6,724	7,179	(455)	-6%	21,537
Depreciation & asset impairment	47,731	33,110	33,110	-	-	11,037	(11,037)	-100%	33,110
Finance charges	3	-	-	-	-	-	-	-	-
Materials and bulk purchases	44,131	53,567	53,717	9,067	22,190	17,906	4,284	24%	53,717
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	129,629	174,949	201,480	7,961	29,202	67,160	(37,958)	-57%	201,480
<b>Total Expenditure</b>	<b>357,729</b>	<b>408,393</b>	<b>435,075</b>	<b>28,795</b>	<b>96,227</b>	<b>145,025</b>	<b>(48,798)</b>	<b>-34%</b>	<b>435,075</b>
<b>Surplus/(Deficit)</b>	<b>22,114</b>	<b>1</b>	<b>23,100</b>	<b>(20,564)</b>	<b>81,221</b>	<b>(8,894)</b>	<b>90,115</b>	<b>-1013%</b>	<b>23,100</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	124,782	101,527	81,527	4,351	16,937	33,842	(16,905)	-50%	81,527
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>146,896</b>	<b>101,528</b>	<b>104,627</b>	<b>(16,213)</b>	<b>98,159</b>	<b>24,949</b>	<b>73,210</b>	<b>293%</b>	<b>104,627</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>146,896</b>	<b>101,528</b>	<b>104,627</b>	<b>(16,213)</b>	<b>98,159</b>	<b>24,949</b>	<b>73,210</b>	<b>293%</b>	<b>104,627</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>155,644</b>	<b>174,314</b>	<b>177,314</b>	<b>17,280</b>	<b>47,206</b>	<b>59,105</b>	<b>(11,898)</b>	<b>-20%</b>	<b>177,314</b>
Capital transfers recognised	95,417	99,340	79,340	13,603	27,716	26,447	1,269	5%	79,340
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	60,228	74,974	97,974	3,677	19,490	32,658	(13,168)	-40%	97,974
<b>Total sources of capital funds</b>	<b>155,644</b>	<b>174,314</b>	<b>177,314</b>	<b>17,280</b>	<b>47,206</b>	<b>59,105</b>	<b>(11,898)</b>	<b>-20%</b>	<b>177,314</b>
<b>Financial position</b>									
Total current assets	266,693	232,526	232,475	-	320,015	-	-	-	232,475
Total non current assets	1,094,663	1,143,450	1,146,450	-	1,176,253	-	-	-	1,146,450
Total current liabilities	63,077	97,388	97,238	-	120,268	-	-	-	97,238
Total non current liabilities	29,028	27,398	27,398	-	28,370	-	-	-	27,398
Community wealth/Equity	1,269,250	1,251,190	1,254,289	-	1,347,631	-	-	-	1,254,289
<b>Cash flows</b>									
Net cash from (used) operating	184,732	140,489	140,453	302,538	757,025	46,818	(710,207)	-1517%	140,453
Net cash from (used) investing	(155,644)	(174,314)	(177,314)	(20,283)	(55,420)	(59,105)	(3,684)	6%	(177,314)
Net cash from (used) financing	5	-	-	(21)	(1,407)	-	1,407	#DIV/0!	-
<b>Cash/cash equivalents at the month/year end</b>	<b>153,090</b>	<b>9,235</b>	<b>6,199</b>	<b>-</b>	<b>702,976</b>	<b>30,773</b>	<b>(672,203)</b>	<b>-2184%</b>	<b>(34,082)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	7,082	5,133	3,997	29,818	13,508	7,196	10,441	104,094	181,270
<b>Creditors Age Analysis</b>									
Total Creditors	-	-	-	-	-	-	-	-	-



**3.1.2 Table C2: Monthly Budget Statement –Financial Performance (Standard Classification)**

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		309,200	325,819	375,600	3,634	158,025	125,200	32,825	26%	375,600
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		309,200	325,819	375,600	3,634	158,025	125,200	32,825	26%	375,600
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		7,125	11,958	11,958	1,032	3,528	3,986	(458)	-11%	11,958
Community and social services		3,469	5,719	5,719	573	1,933	1,906	27	1%	5,719
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		3,655	6,239	6,239	460	1,595	2,080	(485)	-23%	6,239
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		59,075	49,081	49,081	4,373	16,515	16,360	155	1%	49,081
Planning and development		481	145	145	10	39	48	(10)	-20%	145
Road transport		58,594	48,936	48,936	4,363	16,477	16,312	165	1%	48,936
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		129,225	123,062	103,062	3,542	16,318	34,358	(18,037)	-53%	103,062
Energy sources		118,306	107,474	87,474	2,586	12,477	29,158	(16,681)	-57%	87,474
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10,919	15,588	15,588	956	3,840	5,196	(1,356)	-26%	15,588
<i>Other</i>	<b>4</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>2</b>	<b>504,625</b>	<b>509,921</b>	<b>539,702</b>	<b>12,582</b>	<b>194,386</b>	<b>179,901</b>	<b>14,485</b>	<b>8%</b>	<b>539,702</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		181,281	212,043	229,625	14,300	50,492	76,542	(26,049)	-34%	229,625
Executive and council		31,048	28,964	28,964	1,922	7,693	9,655	(1,962)	-20%	28,964
Finance and administration		147,900	179,004	196,586	12,128	41,913	65,529	(23,616)	-36%	196,586
Internal audit		2,333	4,075	4,075	250	887	1,358	(471)	-35%	4,075
<i>Community and public safety</i>		29,228	36,223	38,223	1,641	8,590	12,741	(4,151)	-33%	38,223
Community and social services		12,048	15,351	17,351	281	3,013	5,784	(2,770)	-48%	17,351
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		17,180	20,873	20,873	1,360	5,577	6,958	(1,381)	-20%	20,873
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		82,373	78,862	85,462	2,537	9,214	28,487	(19,273)	-68%	85,462
Planning and development		15,981	25,584	31,084	711	2,910	10,361	(7,452)	-72%	31,084
Road transport		66,392	53,278	54,378	1,825	6,304	18,126	(11,822)	-65%	54,378
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		64,848	81,265	81,765	10,318	27,931	27,255	676	2%	81,765
Energy sources		46,926	57,506	58,006	8,968	23,030	19,335	3,695	19%	58,006
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		17,922	23,759	23,759	1,349	4,901	7,920	(3,019)	-38%	23,759
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>357,729</b>	<b>408,393</b>	<b>435,075</b>	<b>28,795</b>	<b>96,227</b>	<b>145,025</b>	<b>(48,798)</b>	<b>-34%</b>	<b>435,075</b>
<b>Surplus/ (Deficit) for the year</b>		<b>146,896</b>	<b>101,528</b>	<b>104,627</b>	<b>(16,213)</b>	<b>98,158</b>	<b>34,876</b>	<b>63,283</b>	<b>181%</b>	<b>104,627</b>

This table reflects the operating budget (Financial Performance) in standard classification, the main functions are Governance and Administration, Community and Public Safety, Economic and Environmental Services and Trading services.

### 3.1.3 Table C3: Monthly Budget Statement –Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	–	–	–	–		–
Vote 2 - Finance and Admin		308,729	325,469	375,250	3,584	157,963	125,083	32,879	26.3%	375,250
Vote 3 - Corporate		471	350	350	51	62	117	(55)	-47.1%	350
Vote 4 - Development and Planning		481	145	145	10	39	48	(10)	-19.8%	145
Vote 5 - Community		18,044	27,546	27,546	1,988	7,368	9,182	(1,814)	-19.8%	27,546
Vote 6 - Infrastructure		176,900	156,410	136,410	6,949	28,954	45,470	(16,516)	-36.3%	136,410
Vote 7 - Internal Audit		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	504,625	509,921	539,702	12,582	194,386	179,901	14,485	8.1%	539,702
Expenditure by Vote	1									
Vote 1 - Executive and council		31,048	37,214	28,964	1,922	7,693	9,655	(1,962)	-20.3%	28,964
Vote 2 - Finance and Admin		88,195	100,989	121,321	5,990	22,540	40,440	(17,900)	-44.3%	121,321
Vote 3 - Corporate		59,705	73,840	75,265	6,138	19,373	25,088	(5,716)	-22.8%	75,265
Vote 4 - Development and Planning		15,981	25,584	31,084	711	2,910	10,361	(7,452)	-71.9%	31,084
Vote 5 - Community		47,150	59,983	61,983	2,990	13,491	20,661	(7,170)	-34.7%	61,983
Vote 6 - Infrastructure		113,317	110,783	112,383	10,794	29,334	37,461	(8,127)	-21.7%	112,383
Vote 7 - Internal Audit		2,333	–	4,075	250	887	1,358	(471)	-34.7%	4,075
Total Expenditure by Vote	2	357,729	408,393	435,075	28,795	96,227	145,025	(48,798)	-33.6%	435,075
Surplus/ (Deficit) for the year	2	146,896	101,528	104,627	(16,213)	98,159	34,876	63,283	181.5%	104,627

Reporting per municipal vote provides details on the spread of spending over the various function of council. Revenue is mainly budgeted under the Executive and Council function and therefore the majority of the revenue will be reflected under this function.

### 3.1.4 Table C4: Monthly Budget Statement –Financial Performance (revenue by source and expenditure by type)

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		44,904	48,190	48,190	1,633	37,907	16,063	21,844	136%	48,190
Service charges - electricity revenue		47,645	53,291	53,291	2,514	11,714	17,764	(6,050)	-34%	53,291
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		10,790	15,526	15,526	947	3,785	5,175	(1,391)	-27%	15,526
Rental of facilities and equipment		803	500	500	99	469	167	303	182%	500
Interest earned - external investments		12,973	14,650	14,650	577	2,678	4,883	(2,205)	-45%	14,650
Interest earned - outstanding debtors		11,555	11,799	11,799	1,311	4,649	3,933	716	18%	11,799
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,398	2,094	2,094	4	384	698	(314)	-45%	2,094
Licences and permits		2,557	4,525	4,525	464	1,224	1,508	(284)	-19%	4,525
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		244,441	256,212	305,993	610	114,415	85,404	29,011	34%	305,993
Other revenue		2,779	1,608	1,608	71	223	536	(313)	-58%	1,608
Gains		-	-	-	-	-	-	-	-	-
		379,844	408,394	458,175	8,231	177,448	136,131	41,317	30%	458,175
Total Revenue (excluding capital transfers and contributions)										
Expenditure By Type										
Employee related costs		115,402	125,231	125,231	10,129	38,111	41,744	(3,633)	-9%	125,231
Remuneration of councillors		20,834	21,537	21,537	1,638	6,724	7,179	(455)	-6%	21,537
Debt impairment		13,884	5,000	5,000	-	-	1,667	(1,667)	-100%	5,000
Depreciation & asset impairment		47,731	33,110	33,110	-	-	11,037	(11,037)	-100%	33,110
Finance charges		3	-	-	-	-	-	-	-	-
Bulk purchases		39,938	48,000	48,000	8,247	20,461	16,000	4,461	28%	48,000
Other materials		4,192	5,567	5,717	820	1,729	1,906	(177)	-9%	5,717
Contracted services		81,078	101,279	125,811	5,731	22,404	41,937	(19,532)	-47%	125,811
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		33,957	68,670	70,670	2,230	6,798	23,557	(16,759)	-71%	70,670
Losses		711	-	-	-	-	-	-	-	-
		357,729	408,393	435,075	28,795	96,227	145,025	(48,798)	-34%	435,075
Total Expenditure										
Surplus/(Deficit)		22,114	1	23,100	(20,564)	81,221	(8,894)	90,115	(0)	23,100
Transfers and subsidies - capital (monetary allocations)										
(National / Provincial and District)		124,782	101,527	81,527	4,351	16,937	33,842	(16,905)	(0)	81,527
Transfers and subsidies - capital (monetary allocations)										
(National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		146,896	101,528	104,627	(16,213)	98,159	24,949			104,627
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		146,896	101,528	104,627	(16,213)	98,159	24,949			104,627
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		146,896	101,528	104,627	(16,213)	98,159	24,949			104,627
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		146,896	101,528	104,627	(16,213)	98,159	24,949			104,627

## **Revenue by Source**

Revenue by source explains the types of income budgeted for and the performance of these individually.

### **Property**

Property rates revenue is the major part of the municipal own revenue.

The municipality bills both annual and monthly rates at the beginning of the financial year i.e. July. The total property rates revenue for the month of October 2020 amounted to R 1,633,051

### **Services Charges**

Revenue from service charges includes electricity sales and revenue from waste removal. The income from services charges amounted to R3,461,333 for the month ended 31<sup>st</sup> October 2020.

### **Interest earned on Investments**

Reflects the interest in respect funds not immediately needed in the operations of the municipality, these short-term investments made with financial institutions include conditional grants. Interest on investments for the month ended 31<sup>st</sup> October 2020 amounted to R576,782.

### **Interest on Outstanding Debtors**

Interest on overdue accounts for the month ended 31<sup>st</sup> October 2020 amounts to R1,311,416, the majority of the debtors are the government departments.

### **Fines, penalties and Forfeits**

Revenue from fines, penalties and forfeits has an annual budget of R4,524,696, for the month ended 31<sup>st</sup> October 2020 an amount revenue of R 3,637 has been recognised for this category.

### **Licences and permits**

The budget for licences and permits amounts to R4,524,696 for the 2020/21 budget year. For the month ended 31<sup>st</sup> October 2020 an amount of R463,935 was recognised and represents 10% of the total revenue budget for this category.

### Transfers and Subsidies-Operational

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively. Revenue of R610,476 was recognised for operational transfers and subsidies for the month ended 31<sup>st</sup> October 2020.

### Other Revenue

Other revenue consists mostly skills development refund, sale of tender documents, insurance refund and other revenue. Other revenue amounted to R71,049 for the month ended 31<sup>st</sup> October 2020

### Operating Expenditure by type

#### Employee related costs/ Remuneration of Councillors

Remuneration related expenditure for the month ended 31<sup>st</sup> October 2020 amounted to R 11,766,662, of the expenditure R 1,638,112 relates to Remuneration of Councillors and R 10,128,550 to Managers and staff, that represents 8% of the budgeted amount for this category.

#### Debt Impairment /Depreciation and Asset impairment

Currently the municipality accounts for Debt impairment at the end of the financial year, no expenditure is reflected for the month for this category.

The municipality is in a process of utilising the financial system (Munsoft) for the fixed asset register to allow for depreciation to be reported on a, monthly basis.

No depreciation was recorded for the month of October 2020.

### Bulk Purchases

Expenditure relating to bulk electricity purchases of R 8,246,981 was incurred during the month ended 31<sup>st</sup> October 2020. The municipality did not receive the invoice for the month when the month was closed.

### Other Materials

Other material consists of inventory purchases for material and supplies and amounted to R819,775 for the month ended 31<sup>st</sup> October 2020. The procurement of Covid related PPE is also included under this category.

### Contracted Services

Expenditure under this category consists of repairs and maintenance of municipal fleet, repairs and maintenance of buildings and facilities, debt collection contract, waste removal, grass cutting, accounting and auditing contracts and all municipal and financial systems utilised by the municipality. The contracted services for the month ended 31<sup>st</sup> October 2020 amounted to R5,731,386.

### Other Expenditure

Other expenditure reflects all other expenses not specifically mentioned and consists of the following:

- Skills development levy
- Remuneration of ward committee
- Telephone expenses
- Fuel and Oil
- Travel and subsistence expenses.

Other expenditure amounted to R2,229,838 for the month ended 31<sup>st</sup> October 2020.

### 3.1.5 Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding)

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-
Vote 4 - Development and Planning		-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	-	-	-	-	-	-	-	-
Vote 7 - Internal Audit		71,334	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	<b>4,7</b>	<b>71,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		3,013	6,029	6,029	26	26	2,010	(1,984)	-99%	6,029
Vote 3 - Corporate		1,246	3,130	3,130	21	120	1,043	(923)	-88%	3,130
Vote 4 - Development and Planning		43	480	480	-	-	160	(160)	-100%	480
Vote 5 - Community		1,601	6,190	6,190	28	57	2,063	(2,007)	-97%	6,190
Vote 6 - Infrastructure		78,408	158,485	161,485	17,205	47,003	53,828	(6,825)	-13%	161,485
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	<b>4</b>	<b>84,310</b>	<b>174,314</b>	<b>177,314</b>	<b>17,280</b>	<b>47,206</b>	<b>59,105</b>	<b>(11,898)</b>	<b>-20%</b>	<b>177,314</b>
<b>Total Capital Expenditure</b>		<b>155,644</b>	<b>174,314</b>	<b>177,314</b>	<b>17,280</b>	<b>47,206</b>	<b>59,105</b>	<b>(11,898)</b>	<b>-20%</b>	<b>177,314</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>4,259</b>	<b>9,159</b>	<b>9,159</b>	<b>47</b>	<b>146</b>	<b>3,053</b>	<b>(2,907)</b>	<b>-95%</b>	<b>9,159</b>
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		4,259	9,159	9,159	47	146	3,053	(2,907)	-95%	9,159
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>1,601</b>	<b>3,260</b>	<b>3,260</b>	<b>28</b>	<b>57</b>	<b>1,087</b>	<b>(1,030)</b>	<b>-95%</b>	<b>3,260</b>
Community and social services		1,479	1,560	1,560	28	57	520	(463)	-89%	1,560
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		122	1,700	1,700	-	-	567	(567)	-100%	1,700
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>87,749</b>	<b>80,724</b>	<b>92,224</b>	<b>11,734</b>	<b>34,019</b>	<b>30,741</b>	<b>3,278</b>	<b>11%</b>	<b>92,224</b>
Planning and development		43	480	480	-	-	160	(160)	-100%	480
Road transport		87,706	80,244	91,744	11,734	34,019	30,581	3,438	11%	91,744
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>62,036</b>	<b>81,171</b>	<b>72,671</b>	<b>5,471</b>	<b>12,984</b>	<b>24,224</b>	<b>(11,240)</b>	<b>-46%</b>	<b>72,671</b>
Energy sources		62,036	78,241	69,741	5,471	12,984	23,247	(10,263)	-44%	69,741
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	2,930	2,930	-	-	977	(977)	-100%	2,930
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>155,644</b>	<b>174,314</b>	<b>177,314</b>	<b>17,280</b>	<b>47,206</b>	<b>59,105</b>	<b>(11,898)</b>	<b>-20%</b>	<b>177,314</b>
<b>Funded by:</b>										
National Government		95,416	99,080	79,080	13,575	27,659	26,360	1,299	5%	79,080
Provincial Government		-	260	260	28	57	87	(30)	-35%	260
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>95,417</b>	<b>99,340</b>	<b>79,340</b>	<b>13,603</b>	<b>27,716</b>	<b>26,447</b>	<b>1,269</b>	<b>5%</b>	<b>79,340</b>
Borrowing		-	-	-	-	-	-	-	-	-
Internally generated funds		60,228	74,974	97,974	3,677	19,490	32,658	(13,168)	-40%	97,974
<b>Total Capital Funding</b>		<b>155,644</b>	<b>174,314</b>	<b>177,314</b>	<b>17,280</b>	<b>47,206</b>	<b>59,105</b>	<b>(11,898)</b>	<b>-20%</b>	<b>177,314</b>

The approved annual capital budget for the financial year amounts to **R174,313,680**, this was adjusted to **R 177,313,684**. Capital expenditure incurred for the month ended 31st October 2020 amounted to **R 17,279,788**. This represents **10%** of the approved capital expenditure budget and **10%** of the adjusted capital budget.

## 3.1.6 C6 Monthly Budget Statement –Financial Position

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		153,085	23,886	23,985	(96,095)	23,985
Call investment deposits		–	93,822	93,822	220,678	93,822
Consumer debtors		8,258	66,534	66,534	125,214	66,534
Other debtors		103,648	47,299	47,299	68,693	47,299
Current portion of long-term receivables		–	–	–	–	–
Inventory		1,703	984	834	1,525	834
<b>Total current assets</b>		<b>266,693</b>	<b>232,526</b>	<b>232,475</b>	<b>320,015</b>	<b>232,475</b>
<b>Non current assets</b>						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		35,575	35,947	35,947	35,575	35,947
Investments in Associate		–	–	–	–	–
Property, plant and equipment		1,058,068	1,107,177	1,110,177	1,140,346	1,110,177
Biological		–	–	–	–	–
Intangible		333	326	326	333	326
Other non-current assets		688	–	–	–	–
<b>Total non current assets</b>		<b>1,094,663</b>	<b>1,143,450</b>	<b>1,146,450</b>	<b>1,176,253</b>	<b>1,146,450</b>
<b>TOTAL ASSETS</b>		<b>1,361,356</b>	<b>1,375,976</b>	<b>1,378,926</b>	<b>1,496,268</b>	<b>1,378,926</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		345	1,268	1,268	1,407	1,268
Trade and other payables		50,733	81,679	81,529	106,730	81,529
Provisions		11,998	14,440	14,440	12,131	14,440
<b>Total current liabilities</b>		<b>63,077</b>	<b>97,388</b>	<b>97,238</b>	<b>120,268</b>	<b>97,238</b>
<b>Non current liabilities</b>						
Borrowing		–	–	–	8,363	–
Provisions		29,028	27,398	27,398	20,007	27,398
<b>Total non current liabilities</b>		<b>29,028</b>	<b>27,398</b>	<b>27,398</b>	<b>28,370</b>	<b>27,398</b>
<b>TOTAL LIABILITIES</b>		<b>92,106</b>	<b>124,787</b>	<b>124,637</b>	<b>148,638</b>	<b>124,637</b>
<b>NET ASSETS</b>	<b>2</b>	<b>1,269,250</b>	<b>1,251,190</b>	<b>1,254,289</b>	<b>1,347,631</b>	<b>1,254,289</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		1,038,804	793,988	797,087	1,164,240	797,087
Reserves		230,446	457,202	457,202	183,391	457,202
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>1,269,250</b>	<b>1,251,190</b>	<b>1,254,289</b>	<b>1,347,631</b>	<b>1,254,289</b>



## 3.1.7 C7 Monthly Budget Statement –Cash Flow

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts										
Property rates		-	49,807	49,807	314	314	16,602	(16,288)	-98%	49,807
Service charges		86,333	82,700	82,700	2,992	12,262	27,567	(15,305)	-56%	82,700
Other revenue		4,149	8,726	8,726	298,625	580,216	2,909	577,307	19847%	8,726
Transfers and Subsidies - Operational		242,957	256,212	305,993	672	115,710	101,998	13,713	13%	305,993
Transfers and Subsidies - Capital		124,782	101,527	81,527	-	36,418	27,176	9,242	34%	81,527
Interest		24,528	11,799	11,799	(445)	(1,636)	3,933	(5,569)	-142%	11,799
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(298,014)	(370,283)	(400,099)	(345)	6,381	(133,366)	(139,748)	105%	(400,099)
Finance charges		(3)	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	725	7,360	-	(7,360)	#DIV/0!	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>184,732</b>	<b>140,489</b>	<b>140,453</b>	<b>302,538</b>	<b>757,025</b>	<b>46,818</b>	<b>(710,207)</b>	<b>-1517%</b>	<b>140,453</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(155,644)	(174,314)	(177,314)	(20,283)	(55,420)	(59,105)	(3,684)	6%	(177,314)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(155,644)</b>	<b>(174,314)</b>	<b>(177,314)</b>	<b>(20,283)</b>	<b>(55,420)</b>	<b>(59,105)</b>	<b>(3,684)</b>	<b>6%</b>	<b>(177,314)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		5	-	-	(21)	(1,407)	-	(1,407)	#DIV/0!	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>5</b>	<b>-</b>	<b>-</b>	<b>(21)</b>	<b>(1,407)</b>	<b>-</b>	<b>1,407</b>	<b>#DIV/0!</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>29,092</b>	<b>(33,825)</b>	<b>(36,861)</b>	<b>282,234</b>	<b>700,197</b>	<b>(12,287)</b>			<b>(36,861)</b>
Cash/cash equivalents at beginning:		123,997	43,060	43,060		2,779	43,060			2,779
Cash/cash equivalents at month/year end:		153,090	9,235	6,199		702,976	30,773			(34,082)

## PART 2 –SUPPORTING DOCUMENTATION

### SECTION 4\_\_DEBTORS' ANALYSIS

#### Supporting Table SC3

Description	NT Code	Budget Year 2020/21											Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts LLo Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days			
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200									-	-	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3,119	2,049	910	641	528	444	1,305	350	9,347	3,268	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	1,578	928	1,070	26,853	4	4	2,452	49,016	81,903	78,328	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500									-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	1,029	739	652	614	412	399	1,658	15,473	20,976	18,556	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700								10	10	10	-	-	
Interest on Arrear Debtor Accounts	1810	1,319	1,413	987	875	869	864	4,425	24,447	35,196	31,479	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-	
Other	1900	37	4	379	836	11,695	5,485	601	14,798	33,836	33,416	-	-	
Total By Income Source	2000	7,082	5,133	3,997	29,818	13,508	7,196	10,441	104,094	181,270	165,057	-	-	
2019/20 - totals only		17032509	3188608	2829239	2254205	2657880	1762753	31321363	83737170	144,784	121,733			
Debtors Age Analysis By Customer Group														
Organs of State	2200									-	-	-	-	
Commercial	2300	1,830	2,667	1,873	28,200	1,106	1,017	4,604	55,613	96,909	90,540	-	-	
Households	2400	4,838	2,063	1,729	1,208	12,168	5,945	4,033	28,826	60,811	52,181	-	-	
Other	2500	415	403	396	410	234	234	1,804	19,655	23,550	22,336	-	-	
Total By Customer Group	2600	7,082	5,133	3,997	29,818	13,508	7,196	10,441	104,094	181,270	165,057	-	-	

Debtors collection for the month ended 31 October 2020 is 219%.

Debt is made up of the following:

Residential debt:

**R 57,141,594.34**

Commercial debt

**R 24,814,918.91**

Government debt

**R 93,447,007.70**

Other

**R 2,349,249.79**

**MUNICIPAL MANAGER'S QUALITY CERTIFICATE****QUALITY CERTIFICATE**


I, **Lizo Matiwane**, the Acting Municipal Manager of Matatiele Local Municipality do hereby certify that-

The monthly budget statement (Section 71 Report) on the implementation of the budget and financial state of affairs of the municipality for the month ended 31<sup>st</sup> October 2020 has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

**Print Name:** **Lizo Matiwane**

**Municipal Manager of Matatiele Local Municipality**

**Signature:**



**Date:**

13/11/2020