



MATATIELE
LOCAL MUNICIPALITY

2020/2021
MONTHLY MAYORS
SECTION 71
REPORT

MONTH ENDED
31 AUGUST 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 ended 31 August 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 of 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 August 2020 amounted to **R 21,176 ,197** which represents **4%** of the total annual budget figure of **R509,920,764** (including grants). The majority of the revenue recognised (**R (12,076,286.07)**) related to the municipal infrastructure grant.

Operating Expenditure by type

Operating expenditure for the month ended 31 August amounted to **R 25,961,207.** which represents **6%** of total operating expenditure budget figure of **R408,392,856** of this expenditure the majority relates to Council and employee related cost, Eskom bulk purchases and payment of monthly contracted services.

Capital Expenditure

The annual capital budget for the financial year amounts to **R174,313,680**, capital expenditure incurred for the month ended 31 July 2020 amounted to **R5,641,961**. This represents **3%** of the total capital expenditure.

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
R thousands									
Financial Performance									
Property rates	(6)	48,190	—	1,625	34,641	8,032	26,610	331%	48,190
Service charges	—	68,817	—	2,907	6,395	11,469	(5,074)	-44%	68,817
Investment revenue	—	14,650	—	832	1,327	2,442	(1,115)	-46%	14,650
Transfers and subsidies	4,044	256,212	—	1,385	113,805	42,702	71,103	167%	256,212
Other own revenue	1,682	20,525	—	1,840	3,058	3,421	(363)	-11%	20,525
Total Revenue (excluding capital transfers and contributions)	5,720	408,394	—	8,590	159,226	68,066	91,160	134%	408,394
Employee costs	4,816	125,231	—	9,993	18,884	20,872	(1,988)	-10%	125,231
Remuneration of Councillors	—	21,537	—	1,702	3,424	3,590	(165)	-5%	21,537
Depreciation & asset impairment	—	33,110	—	—	—	5,518	(5,518)	-100%	33,110
Finance charges	3	—	—	—	—	—	—	—	—
Materials and bulk purchases	1,325	53,567	—	6,637	12,724	8,928	3,796	43%	53,567
Transfers and subsidies	—	—	—	—	—	—	—	—	—
Other expenditure	23,671	174,949	—	7,630	13,857	29,158	(15,301)	-52%	174,949
Total Expenditure	29,815	408,393	—	25,961	48,889	68,065	(19,176)	-28%	408,393
Surplus/(Deficit)	(24,095)	1	—	(17,372)	110,337	0	110,337	—	1
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	—	101,527	—	12,587	12,587	16,921	(4,335)	-26%	101,527
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	(24,095)	101,528	—	(4,785)	122,924	16,921	106,002	626%	101,528
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	(24,095)	101,528	—	(4,785)	122,924	16,921	106,002	626%	101,528
Capital expenditure & funds sources									
Capital expenditure	93,308	174,314	—	18	24	29	(5,251)	-18%	174,105
Capital transfers recognised	79,000	99,340	—	5	11	17	(6,040)	-36%	99,340
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	10,383	74,974	—	12,744	13,250	12,461	789	6%	74,974
Total sources of capital funds	89,383	174,314	—	18,125	23,767	29,018	(5,251)	-18%	174,314
Financial position									
Total current assets	(420,780)	232,526	—	—	422	—	—	—	232,526
Total non current assets	323,902	1,143,450	—	—	1,156	—	—	—	—
Total current liabilities	30,703	97,388	—	—	110,685	—	—	—	—
Total non current liabilities	1,046	27,398	—	—	28,370	—	—	—	—
Community wealth/Equity	(24,095)	1,148,472	—	—	1,431,561	—	—	—	—
Cash flows									
Net cash from (used) operating	13,054	989,595	—	85	391	165	(225,915)	-137%	—
Net cash from (used) investing	(119,946)	(174,314)	—	(21)	(27)	(29)	(1,733)	6%	—
Net cash from (used) financing	11	(1,268)	—	(7)	(1,397)	(1,268)	129	-10%	—
Cash/cash equivalents at the month/year end	(392,258)	857,073	—	—	364,910	177,672	(187,238)	-105%	2,779
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	6,411,559	33,648,414	14,163,904	7,254,285	2,400,038	2,327,725	11,821,697	104,914,044	182,941,666
Creditors Age Analysis									
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
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		308,228	325,819	–	146,973	146,973	27,152	119,821	441%	–
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		308,228	325,819	–	146,973	146,973	27,152	119,821	441%	–
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		6,748	11,958	–	89	89	997	(907)	-91%	–
Community and social services		3,469	5,719	–	–	–	477	(477)	-100%	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		3,278	6,239	–	89	89	520	(430)	-83%	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		59,075	49,081	–	15	15	4,090	(4,075)	-100%	–
Planning and development		481	145	–	5	5	12	(7)	-56%	–
Road transport		58,594	48,936	–	9	9	4,078	(4,069)	-100%	–
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		129,201	123,062	–	3,560	3,560	10,255	(6,695)	-65%	–
Energy sources		118,282	107,474	–	2,598	2,598	8,956	(6,358)	-71%	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		10,919	15,588	–	961	961	1,299	(338)	-26%	–
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	503,252	509,921	–	150,636	150,636	42,493	108,143	254%	–
Expenditure - Functional										
<i>Governance and administration</i>		179,198	212,043	–	11,191	11,191	17,670	(6,479)	-37%	–
Executive and council		31,050	28,964	–	1,850	1,850	2,414	(564)	-23%	–
Finance and administration		145,895	179,004	–	9,188	9,188	14,917	(5,729)	-38%	–
Internal audit		2,253	4,075	–	153	153	340	(187)	-55%	–
<i>Community and public safety</i>		29,227	36,223	–	2,142	2,142	3,019	(877)	-29%	–
Community and social services		12,047	15,351	–	861	861	1,279	(418)	-33%	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		17,180	20,873	–	1,280	1,280	1,739	(459)	-26%	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		44,272	78,862	–	2,154	2,154	6,572	(4,417)	-67%	–
Planning and development		15,706	25,584	–	702	702	2,132	(1,430)	-67%	–
Road transport		28,566	53,278	–	1,453	1,453	4,440	(2,987)	-67%	–
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		64,848	81,265	–	7,441	7,441	6,772	669	10%	–
Energy sources		46,926	57,506	–	6,315	6,315	4,792	1,523	32%	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		17,922	23,759	–	1,125	1,125	1,980	(854)	-43%	–
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	317,545	408,393	–	22,928	22,928	34,033	(11,105)	-33%	–
Surplus/ (Deficit) for the year		185,707	101,528	–	127,709	127,709	8,461	119,248	1409%	–

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		1,717	325,469	–	3,558	150,529	54,245	96,284	177.5%	325,469
Vote 3 - Corporate		144	350	–	–	2	58	(57)	-97.1%	350
Vote 4 - Development and Planning		176	145	–	3	8	24	(16)	-67.3%	145
Vote 5 - Community		28	27,546	–	3,001	4,052	4,591	(539)	-11.7%	27,546
Vote 6 - Infrastructure		3,655	156,410	–	14,615	17,222	26,068	(8,846)	-33.9%	156,410
Vote 7 - Internal Audit		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	5,720	509,921	–	21,176	171,813	84,987	86,826	102.2%	509,921
Expenditure by Vote	1									
Vote 1 - Executive and council		1,206	37,214	–	1,868	3,717	6,202	(2,485)	-40.1%	37,214
Vote 2 - Finance and Admin		13,439	100,989	–	5,380	10,696	16,832	(6,136)	-36.5%	100,989
Vote 3 - Corporate		4,425	73,840	–	5,505	9,530	12,307	(2,777)	-22.6%	73,840
Vote 4 - Development and Planning		2,993	25,584	–	834	1,536	4,264	(2,728)	-64.0%	25,584
Vote 5 - Community		3,986	59,983	–	3,611	6,879	9,997	(3,119)	-31.2%	59,983
Vote 6 - Infrastructure		3,766	110,783	–	8,764	16,532	18,464	(1,932)	-10.5%	110,783
Vote 7 - Internal Audit		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	29,815	408,393	–	25,961	48,889	68,065	(19,176)	-28.2%	408,393
Surplus/ (Deficit) for the year	2	(24,095)	101,528	–	(4,785)	122,924	16,921	106,002	626.4%	101,528

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		(6)	48,190	–	1,625	34,641	8,032	26,610	331%	48,190
Service charges - electricity revenue		–	53,291	–	1,960	4,506	8,882	(4,376)	-49%	53,291
Service charges - water revenue		–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		–	15,526	–	947	1,890	2,588	(698)	-27%	15,526
Rental of facilities and equipment	1,488	–	500	–	162	302	83	219	263%	500
Interest earned - external investments	–	–	14,650	–	832	1,327	2,442	(1,115)	-46%	14,650
Interest earned - outstanding debtors	–	–	11,799	–	964	1,910	1,966	(56)	-3%	11,799
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	7	–	2,094	–	378	378	349	29	8%	2,094
Licences and permits	10	–	4,525	–	301	391	754	(363)	-48%	4,525
Agency services	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies	4,044	–	256,212	–	1,385	113,805	42,702	71,103	167%	256,212
Other revenue	178	–	1,608	–	36	76	268	(192)	-72%	1,608
Gains	–	–	–	–	–	–	–	–	–	–
		5,720	408,394	–	8,590	159,226	68,066	91,160	134%	408,394
Total Revenue (excluding capital transfers and contributions)										
Expenditure By Type										
Employee related costs		4,816	125,231	–	9,993	18,884	20,872	(1,988)	-10%	125,231
Remuneration of councillors		–	21,537	–	1,702	3,424	3,590	(165)	-5%	21,537
Debt impairment		–	5,000	–	–	–	833	(833)	-100%	5,000
Depreciation & asset impairment		–	33,110	–	–	–	5,518	(5,518)	-100%	33,110
Finance charges	3	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	48,000	–	6,334	12,214	8,000	4,214	53%	48,000
Other materials	1,325	–	5,567	–	303	510	928	(418)	-45%	5,567
Contracted services	19,695	–	101,279	–	5,678	10,720	16,880	(6,160)	-36%	101,279
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–
Other expenditure	3,291	–	68,670	–	1,952	3,137	11,445	(8,308)	-73%	68,670
Losses	684	–	–	–	–	–	–	–	–	–
Total Expenditure										
		29,815	408,393	–	25,961	48,889	68,065	(19,176)	-28%	408,393
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(24,095)	1	–	(17,372)	110,337	0	110,337	726	1
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	101,527	–	12,587	12,587	16,921	(4,335)	(0)	101,527
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions										
Taxation		(24,095)	101,528	–	(4,785)	122,924	16,921			101,528
Surplus/(Deficit) after taxation										
Attributable to minorities		(24,095)	101,528	–	(4,785)	122,924	16,921			101,528
Surplus/(Deficit) attributable to municipality										
Share of surplus/ (deficit) of associate		(24,095)	101,528	–	(4,785)	122,924	16,921			101,528
Surplus/ (Deficit) for the year										
		(24,095)	101,528	–	(4,785)	122,924	16,921			101,528

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 and represents 9% of the total 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 August 2020 amounted to R1,625,357.

Services Charges

Revenue from service charges includes electricity sales and revenue from waste removal. The income from services charges amounted to R R2,906,628 for the month ended 31 August 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 August 2020 amounted to R832,239.

Interest on Outstanding Debtors

Interest on overdue accounts for the month ended 31 August 2020 amounts to R963,844, 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 August 2020 an amount revenue of R 377,950 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 August 2020 an amount of R301, 482 was recognised ad licences and permits and represents 7% 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 recognised for operational transfers and subsidies amounted to R1,384,949 for the month ended 31 August 2020.

Other Revenue

Other revenue consists mostly skills development refund, sale of tender documents, insurance refund and other revenue. Other revenue amounted to R35,619 for the month ended 31 August 2020.

Operating Expenditure by type

Employee related costs/ Remuneration of Councillors

Remuneration related expenditure (Councillors and Staff) for the month ended 31 August 2020 amounted to R11,694,307 of an annual budget of R146,767,740 that represents 8% of the budgeted amount.

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 in 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 August 2020.

Bulk Purchases

Expenditure relating to bulk purchase of Electricity amounted to R6,333,880 for the month ended 31 August 2020.

Other Materials

Other material consists of inventory purchases for material and supplies and amounted to R303,149 for the month ended 31 August 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 August 2020 amounted to R5,678,367.

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 R1,951,504 for the month ended 30 August 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
R thousands	1									
Multi-Year expenditure appropriation	2									
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		-	-	-	-	-	-	-	-	-
Vote 8 - Null		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - Executive and council		-	520	-	-	-	87	(87)	-100%	520
Vote 2 - Finance and Admin		16	5,708	-	-	-	917	(917)	-100%	5,500
Vote 3 - Corporate		599	2,930	-	83	83	488	(406)	-83%	2,930
Vote 4 - Development and Planning		43	480	-	-	-	80	(80)	-100%	480
Vote 5 - Community		1,600	6,190	-	-	-	1,032	(1,032)	-100%	6,190
Vote 6 - Infrastructure		91,051	158,485	-	18,042	23,684	26,414	(2,730)	-10%	158,485
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	93,308	174,314	-	18,125	23,767	29,018	(5,251)	-18%	174,105
Total Capital Expenditure		93,308	174,314	-	18,125	23,767	29,018	(5,251)	-18%	174,105
Capital Expenditure - Functional Classification										
Governance and administration		615	9,159	-	83	83	1,492	(1,409)	-94%	9,159
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		615	9,159	-	83	83	1,492	(1,409)	-94%	9,159
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1,600	3,260	-	-	-	543	(543)	-100%	3,260
Community and social services		1,478	1,560	-	-	-	260	(260)	-100%	1,560
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		122	1,700	-	-	-	283	(283)	-100%	1,700
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		40,155	80,724	-	13,060	17,685	13,454	4,231	31%	80,724
Planning and development		43	480	-	-	-	80	(80)	-100%	480
Road transport		40,112	80,244	-	13,060	17,685	13,374	4,311	32%	80,244
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		50,939	81,171	-	4,982	5,999	13,528	(7,530)	-56%	81,171
Energy sources		50,939	78,241	-	4,982	5,999	13,040	(7,041)	-54%	78,241
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	2,930	-	-	-	488	(488)	-100%	2,930
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	93,308	174,314	-	18,125	23,767	29,018	(5,251)	-18%	174,314
Funded by:										
National Government		82,925	99,080	-	5,381	10,517	16,513	(5,996)	-36%	99,080
Provincial Government		-	260	-	-	-	43	(43)	-100%	260
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		82,925	99,340	-	5,381	10,517	16,557	(6,040)	-36%	99,340
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		10,383	74,974	-	12,744	13,250	12,461	789	6%	74,974
Total Capital Funding		93,308	174,314	-	18,125	23,767	29,018	(5,251)	-18%	174,314

The capital budget amounts to **R174,313,680** for the financial year. For the month ended 31 August 2020 capital expenditure amounted to **R18,124,820** representing **10%** of the budget.

3.1.6 C6 Monthly Budget Statement –Financial Position

EC441 Matatiele - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		(456,986)	23,886	–	5,049	23,886
Call investment deposits		43,294	93,822	–	221,030	93,822
Consumer debtors		(52,483)	65,910	–	131,268	65,910
Other debtors		45,870	47,924	–	63,126	47,924
Current portion of long-term receivables		–	–	–	–	–
Inventory		(475)	984	–	1,747	984
Total current assets		(420,780)	232,526	–	422,220	232,526
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		–	35,947	–	35,575	–
Investments in Associate		–	–	–	–	–
Property, plant and equipment		323,959	1,107,177	–	1,120,209	–
Biological		–	–	–	–	–
Intangible		(57)	326	–	333	–
Other non-current assets		–	–	–	–	–
Total non current assets		323,902	1,143,450	–	1,156,116	–
TOTAL ASSETS		(96,878)	1,375,976	–	1,578,336	232,526
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		(11)	1,268	–	1,397	–
Trade and other payables		30,714	83,862	–	97,157	–
Provisions		–	12,258	–	12,131	–
Total current liabilities		30,703	97,388	–	110,685	–
Non current liabilities						
Borrowing		–	8,451	–	8,363	–
Provisions		1,046	18,947	–	20,007	–
Total non current liabilities		1,046	27,398	–	28,370	–
TOTAL LIABILITIES		31,749	124,787	–	139,055	–
NET ASSETS	2	(128,627)	1,251,190	–	1,439,281	232,526
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(24,095)	963,159	–	1,248,171	–
Reserves		–	185,313	–	183,391	–
TOTAL COMMUNITY WEALTH/EQUITY	2	(24,095)	1,148,472	–	1,431,561	–

3.1.7 C7 Monthly Budget Statement –Cash Flow

Description	Ref	2019/20	Budget Year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	49,807	-	-	-	8,301	(8,301)	-100%	-
Service charges		171	82,700	-	2,369	4,931	13,783	(8,853)	-64%	-
Other revenue		13,491	518,998	-	81,304	235,060	86,500	148,560	172%	-
Transfers and Subsidies - Operational		746	256,212	-	2,590	115,021	42,702	72,319	169%	-
Transfers and Subsidies - Capital		-	101,527	-	14,000	22,806	16,921	5,885	35%	-
Interest		(18)	(19,649)	-	(88)	(343)	(3,275)	2,932	-90%	-
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(855)	1,190	-	-	6,737	198	(6,539)	-3297%	-
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(481)	(1,190)	-	(14,680)	6,635	(198)	(6,833)	3445%	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		13,054	989,595	-	85,496	390,847	164,933	(225,915)	-137%	-
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(119,946)	(174,314)	-	(20,983)	(27,319)	(29,052)	(1,733)	6%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(119,946)	(174,314)	-	(20,983)	(27,319)	(29,052)	(1,733)	6%	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		11	(1,268)	-	(7)	(1,397)	(1,268)	(129)	10%	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		11	(1,268)	-	(7)	(1,397)	(1,268)	129	-10%	-
NET INCREASE/ (DECREASE) IN CASH HELD		(106,881)	814,013	-	64,506	362,131	134,612			-
Cash/cash equivalents at beginning:		(285,377)	132,634	-		2,779	132,634			2,779
Cash/cash equivalents at month/year end:		(392,258)	946,647	-		364,910	267,245			2,779

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 i.L.o 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	1,948	1,016	1,045	565	371	364	652	251	6,211	2,202	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,954	31,378	-	-	617	570	2,868	55,210	92,597	59,265	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	945	652	419	393	362	338	1,561	12,825	17,496	15,479	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	46	30	3	3	3	3	5	36	131	51	-	-
Interest on Arrear Debtor Accounts	1810	1,004	941	927	921	958	959	5,862	22,380	33,951	31,080	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	515	(369)	11,770	5,372	89	94	873	14,213	32,556	20,641	-	-
Total By Income Source	2000	6,412	33,648	14,164	7,254	2,400	2,328	11,822	104,914	182,942	128,716	-	-
2019/20 - totals only		17,032,509	3,188,608	2,829,239	2,254,205	2,657,880	1,762,753	31,321,363	83,737,170	144,784	121,733		
Debtors Age Analysis By Customer Group													
Organs of State	2200	238	78	15,150	231	11	19,524	33	22,251	57,515	42,049	-	-
Commercial	2300	8,300	1,966	1,901	106	113	137	13,690	1,273	27,487	15,320	-	-
Households	2400	1,307	922	12,014	580	568	585	7,540	28,797	52,313	38,070	-	-
Other	2500	(3,433)	30,683	(14,991)	6,337	1,707	(17,918)	(9,441)	52,584	45,627	33,278	-	-
Total By Customer Group	2600	6,412	33,648	14,164	7,254	2,400	2,328	11,822	104,914	182,942	128,716	-	-

The total debt book for August 2020 is R182,941,666 has increased by R3,016,230 from the previous month balance of R179, 925,436 and by R17,151,889 from 2018/19 closing balance of R162,173,547.

Debt is made up of the following:

- (i) Residential debt, R 54,959,132
- (ii) Commercial debt, R24,066,427
- (iii) Government debt, R 101, 521,928
- (iv) Other R R2,394,674

The municipality implements the credit control and debt collection policy.

Debt that is above 90 days is handed over on a monthly basis to the municipal debt to collectors as follows:

- Households -R45,471,253
- Business R1,945 891

A total of R47,417,145 has been handed over for June 2020 with a collection of R20 725,93

SECTION 5 -CREDITORS' ANALYSIS

Supporting Table SC4

Description R thousands	NT Code	Budget Year 2020/21									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700									-	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	-	-	-	-	-	-	-	-	-	-

The municipality paid its creditors within 30 days for the month ended 30 July 2020.

SECTION 6- INVESTMENT POTFOLIO ANALYSIS

Conditional and Unconditional investment monitoring Information

Conditional Investments -Description	Opening Balance	Deposits	Withdrawals	Interest Earned	Closing Balance
Municipal Infrastructure Grant	7,328,470.13	6,948.14	- 7,310,609.30	- 6,948.14	24,808.97
INEP	349,644.29	14,000,945.91		- 945.91	14,350,590.20
EPWP	-	-	-	-	-
Municipal Electrification Intervention	264,684.55	716.11	-	- 716.11	265,400.66
Library and Archives	-	-	-	-	-
Finance Management Grant	-	-	-	-	-
Smart Grid	53,016.38	143.44	-	- 143.44	53,159.82
Establishment Plan	190,359.59	307.19	-	- 307.19	190,666.78
Housing Development Fund	1,936,186.52	3,124.43		- 3,124.43	1,939,310.95
Dedea	589,204.92	950.80		- 950.80	590,155.72
Total Conditional Investments	10,711,566	14,013,136	- 7,310,609	- 13,136	17,414,093

Unconditional Investments -Description	Opening Balance	Deposits	Withdrawals	Interest Earned	Closing Balance
Call Acc STD CRR	11,084,582.18	8,900,000.00		- 40,455.85	19,984,582.18
Call Acc STD CRR	10,860,997.97	24,444.68		- 24,444.68	10,885,442.65
Call Acc STD CRR	20,216,235.62	100,049.32		- 100,049.32	20,316,284.94
Call Acc STD CRR	50,162,054.79	193,219.18		- 193,219.18	50,355,273.97
Call ACC FNB Surplus Cash	6,805,414.00			- 12,053.97	6,805,414.00
Nedbank 91 Days	50,140,438.35	197,890.41		- 197,890.41	50,338,328.76
Nedbank 32 Days	6,168,001.55	20,616.45		- 20,616.45	6,188,618.00
Nedbank relief fund	747,885.62	2,023.33		- 2,023.33	749,908.95
Nedbank COV -19 Solidarity	90,430.15	243.35		- 243.35	90,673.50
Nedbank call Surplus	77,031,250.38	7,702,432.78	- 52,200,000.00	- 227,432.78	32,533,683.16
Total Unconditional	233,307,291	17,140,920	- 52,200,000	- 818,429	198,248,210

The municipality invests surplus funds in order to maximise the interest and to have cash readily available when needed and is done in line with the Cash Management and Investments policy. As at 31 July 2020 the conditional investments amounted to R17,414,093 and unconditional investments amounted to R198,248,210.

SECTION 7_ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

7.1 Supporting Table SC6

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										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		-	255,022	-	2,575	114,995	42,504	72,491	170.6%	255,022
Local Government Equitable Share		-	249,823	-	-	112,420	41,637	70,783	170.0%	249,823
Finance Management Grant		-	1,700	-	1,700	1,700	283	1,417	500.0%	1,700
EPWP		-	3,499	-	875	875	583	292	50.0%	3,499
Provincial Government:		-	930	-	-	-	155	(155)	-100.0%	930
Sport and Recreation		-	930	-	-	-	155	(155)	-100.0%	930
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	255,952	-	2,575	114,995	42,659	72,336	169.6%	255,952
Capital Transfers and Grants										
National Government:		-	101,527	-	14,000	22,806	16,921	650	3.8%	101,527
MIG		-	48,936	-	-	8,806	8,156	650	8.0%	48,936
INEP		-	52,591	-	14,000	14,000	8,765	-	-	52,591
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	260	-	-	-	43	(43)	-100.0%	260
Sport and Recreation		-	260	-	-	-	43	(43)	-100.0%	260
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	101,787	-	14,000	22,806	16,965	607	3.6%	101,787
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	357,739	-	16,575	137,801	59,623	72,943	122.3%	357,739

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively. The first instalment of the integrated national electrification programme grant was received, an amount of R14,000,000 was received during August.

7.2 Supporting Table C7

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										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		–	254,000	–	17,017	32,093	42,333	(10,240)	-24.2%	254,000
Local Government Equitable Share			248,801		16,336	30,711	41,467	(10,755)	-25.9%	248,801
Finance Management Grant			1,700			21	283	(263)	-92.7%	1,700
EPWP			3,499		681	1,361	583	778	133.4%	3,499
Provincial Government:		–	930	–	2	–	155	(155)	-100.0%	930
Sport and Recreation			930		2		155	(155)	-100.0%	930
Other transfers and grants [insert description]								–		
District Municipality:		–	–	–	–	–	–	–		–
[insert description]								–		
Other grant providers:		–	–	–	–	–	–	–		–
[insert description]								–		
Total operating expenditure of Transfers and Grants:		–	254,930	–	17,019	32,093	42,488	(10,395)	-24.5%	254,930
Capital expenditure of Transfers and Grants										
National Government:		–	101,527	–	5,654	11,009	16,921	(5,912)	-34.9%	101,527
MIG			48,936		5,721	10,565	8,156	2,409	29.5%	48,936
0			52,591		(67)	444	8,765	(8,321)	-94.9%	52,591
Other capital transfers [insert description]								–		
Provincial Government:		–	260	–	–	–	43	(43)	-100.0%	260
			260				43	(43)	-100.0%	260
District Municipality:		–	–	–	–	–	–	–		–
								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
Total capital expenditure of Transfers and Grants		–	101,787	–	5,654	11,009	16,965	(5,955)	-35.1%	101,787
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	356,717	–	22,673	43,102	59,453	(16,351)	-27.5%	356,717

Expenditure performance on operational grants amounted to R22,673,172 for the month ended 30 August 2020.

The equitable share is used for the day to day running of the Municipality.

SECTIONS 8_EXPENDITURE ON COUNCILLOR AND EMPLOYEE RELATED COSTS

Supporting Table C8

Summary of Employee and Councillor remuneration	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	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		-	13,114	-	986	1,982	2,186	(204)	-9%	13,114
Pension and UIF Contributions		-	739	-	59	119	123	(5)	-4%	739
Medical Aid Contributions		-	142	-	63	126	24	103	433%	142
Motor Vehicle Allowance		-	133	-	11	22	22	(1)	-3%	133
Cellphone Allowance		-	3,140	-	243	490	523	(33)	-6%	3,140
Housing Allowances		-	4,269	-	340	686	711	(26)	-4%	4,269
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		-	21,537	-	1,702	3,424	3,590	(165)	-5%	21,537
% increase	4									
Other Municipal Staff										
Basic Salaries and Wages		1,084	103,247	-	7,807	15,212	17,208	(1,996)	-12%	103,247
Pension and UIF Contributions		(3)	988	-	47	93	165	(72)	-44%	988
Medical Aid Contributions		-	5,322	-	328	663	887	(224)	-25%	5,322
Overtime		171	692	-	146	249	115	134	116%	692
Performance Bonus		428	6,197	-	900	1,196	1,033	163	16%	6,197
Motor Vehicle Allowance		-	4,114	-	348	671	686	(15)	-2%	4,114
Cellphone Allowance		-	-	-	73	73	-	73	#DIV/0!	-
Housing Allowances		31	4,672	-	338	677	779	(102)	-13%	4,672
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		2,862	-	-	7	52	-	52	#DIV/0!	-
Long service awards		243	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		4,816	125,231	-	9,993	18,884	20,872	(1,988)	-10%	125,231
% increase	4		2500.1%							2500.1%
Total Parent Municipality		4,816	146,768	-	11,694	22,308	24,461	(2,153)	-9%	146,768
Unpaid salary, allowances & benefits in arrears:			2947.2%							2947.2%
TOTAL SALARY, ALLOWANCES & BENEFITS		4,816	146,768	-	11,694	22,308	24,461	(2,153)	-9%	146,768
% increase	4		2947.2%							2947.2%
TOTAL MANAGERS AND STAFF		4,816	125,231	-	9,993	18,884	20,872	(1,988)	-10%	125,231

Remuneration related expenditure for the month ended 31 August 2020 amounted to R11,694,307, of the expenditure R1,701,578 relates to Remuneration of Councillors and R 9,992,729 to Managers and staff.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I Lizo Matiwane, Municipal Manager of **Matatiele Local Municipality**, hereby certify that the Section 71 report for the month of 31 August 2020 and the supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name Lizo Matiwane

Municipal Manager of Matatiele Local Municipality (EC441)

Signature



Date

11/09/2020