



MATATIELE
LOCAL MUNICIPALITY

2020/2021
MONTHLY MAYORS
SECTION 71
REPORT

MONTH ENDED
31 JULY 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 52 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 July 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 July 2020 amounted to **R150,636,447** which represents **30%** of the total annual budget figure of **R509,920,764** (including grants). The majority of the revenue (**R112,420,000**) related to the first instalment of the equitable share.

Operating Expenditure by type

Operating expenditure for the month ended 31 July amounted to **R22,979,823**, which represents **7%** 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 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

EC441 Matatiele - Table C1 Monthly Budget Statement Summary - M01 July

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	44,904	48,190	-	33,016	33,016	4,016	29,000	722%	48,190
Service charges	58,434	68,817	-	3,489	3,489	5,735	(2,246)	-39%	68,817
Investment revenue	12,973	14,650	-	494	494	1,221	(726)	-59%	14,650
Transfers and subsidies	244,089	256,212	-	112,420	112,420	21,351	91,069	427%	256,212
Other own revenue	18,095	20,525	-	1,217	1,217	1,710	(493)	-29%	20,525
Total Revenue (excluding capital transfers and contributions)	378,495	408,394	-	150,636	150,636	34,033	116,604	343%	408,394
Employee costs	113,018	125,231	-	8,891	8,891	10,436	(1,545)	-15%	125,231
Remuneration of Councillors	20,447	21,537	-	1,723	1,723	1,795	(72)	-4%	21,537
Depreciation & asset impairment	10,319	33,110	-	-	-	2,759	(2,759)	-100%	33,110
Finance charges	3	-	-	-	-	-	-	-	-
Materials and bulk purchases	43,700	53,567	-	6,087	6,087	4,464	1,623	36%	53,567
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	130,058	174,949	-	6,227	6,227	14,579	(8,352)	-57%	174,949
Total Expenditure	317,545	408,393	-	22,928	22,928	34,033	(11,105)	-33%	408,393
Surplus/(Deficit)	60,950	1	-	127,709	127,709	0	127,709	168037564%	1
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	124,757	101,527	-	-	-	8,461	(8,461)	-100%	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	185,707	101,528	-	127,709	127,709	8,461	119,248	1409%	101,528
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	185,707	101,528	-	127,709	127,709	8,461	119,248	1409%	101,528
Capital expenditure & funds sources									
Capital expenditure	157,300	174,314	-	5,642	5,642	14,526	(8,884)	-61%	174,314
Capital transfers recognised	106,192	99,340	-	5,136	5,136	8,278	(3,143)	-38%	99,340
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	47,182	74,974	-	506	506	6,248	(5,742)	-92%	74,974
Total sources of capital funds	153,374	174,314	-	5,642	5,642	14,526	(8,884)	-61%	174,314
Financial position									
Total current assets	311,018	232,526	-	-	438,275	-	-	-	232,526
Total non current assets	1,134,160	1,143,450	-	-	1,137,992	-	-	-	1,143,450
Total current liabilities	108,296	97,388	-	-	111,551	-	-	-	97,388
Total non current liabilities	28,160	27,398	-	-	28,370	-	-	-	27,398
Community wealth/Equity	1,308,722	1,251,190	-	-	1,436,346	-	-	-	1,251,190
Cash flows									
Net cash from (used) operating	1,619,610	989,595	-	305,351	305,351	82,466	(222,885)	-270%	989,595
Net cash from (used) investing	(165,782)	(174,314)	-	(6,336)	(6,336)	(14,526)	(8,190)	56%	(174,314)
Net cash from (used) financing	(1,387)	(1,268)	-	(1,391)	(1,391)	(106)	1,285	-1216%	(1,268)
Cash/cash equivalents at the month/year end	1,463,842	857,073	-	-	300,404	110,894	(189,509)	-171%	816,792
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	36,746	14,492	7,096	2,455	2,384	2,066	10,985	103,701	179,925
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)

EC441 Matatiele - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

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		307,757	325,469	-	146,971	146,971	27,122	119,849	441.9%	325,469
Vote 3 - Corporate		471	350	-	2	2	29	(28)	-94.3%	350
Vote 4 - Development and Planning		481	145	-	5	5	12	(7)	-56.5%	145
Vote 5 - Community		17,667	27,546	-	1,051	1,051	2,296	(1,245)	-54.2%	27,546
Vote 6 - Infrastructure		176,876	156,410	-	2,608	2,608	13,034	(10,427)	-80.0%	156,410
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	503,252	509,921	-	150,636	150,636	42,493	108,143	254.5%	509,921
Expenditure by Vote	1									
Vote 1 - Executive and council		36,980	37,214	-	2,102	2,102	3,101	(999)	-32.2%	37,214
Vote 2 - Finance and Admin		81,425	100,989	-	5,064	5,064	8,416	(3,352)	-39.8%	100,989
Vote 3 - Corporate		60,793	73,840	-	4,025	4,025	6,153	(2,128)	-34.6%	73,840
Vote 4 - Development and Planning		15,706	25,584	-	702	702	2,132	(1,430)	-67.1%	25,584
Vote 5 - Community		47,150	59,983	-	3,267	3,267	4,999	(1,731)	-34.6%	59,983
Vote 6 - Infrastructure		75,492	110,783	-	7,768	7,768	9,232	(1,464)	-15.9%	110,783
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	317,545	408,393	-	22,928	22,928	34,033	(11,105)	-32.6%	408,393
Surplus/ (Deficit) for the year	2	185,707	101,528	-	127,709	127,709	8,461	119,248	1409.4%	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)

EC441 Matatiele - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

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	-	33,016	33,016	4,016	29,000	722%	48,190
Service charges - electricity revenue		47,645	53,291	-	2,546	2,546	4,441	(1,895)	-43%	53,291
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		10,790	15,526	-	943	943	1,294	(351)	-27%	15,526
Rental of facilities and equipment		1,488	500	-	141	141	42	99	238%	500
Interest earned - external investments		12,973	14,650	-	494	494	1,221	(726)	-59%	14,650
Interest earned - outstanding debtors		11,555	11,799	-	946	946	983	(37)	-4%	11,799
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,020	2,094	-	0	0	174	(174)	-100%	2,094
Licences and permits		2,557	4,525	-	90	90	377	(287)	-76%	4,525
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		244,089	256,212	-	112,420	112,420	21,351	91,069	427%	256,212
Other revenue		1,475	1,608	-	40	40	134	(94)	-70%	1,608
Gains		-	-	-	-	-	-	-	-	-
		378,495	408,394	-	150,636	150,636	34,033	116,604	343%	408,394
Total Revenue (excluding capital transfers and contributions)										
Expenditure By Type										
Employee related costs		113,018	125,231	-	8,891	8,891	10,436	(1,545)	-15%	125,231
Remuneration of councillors		20,447	21,537	-	1,723	1,723	1,795	(72)	-4%	21,537
Debt impairment		13,884	5,000	-	-	-	417	(417)	-100%	5,000
Depreciation & asset impairment		10,319	33,110	-	-	-	2,759	(2,759)	-100%	33,110
Finance charges		3	-	-	-	-	-	-	-	-
Bulk purchases		39,938	48,000	-	5,880	5,880	4,000	1,880	47%	48,000
Other materials		3,762	5,567	-	207	207	464	(257)	-55%	5,567
Contracted services		79,479	101,279	-	5,042	5,042	8,440	(3,398)	-40%	101,279
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		36,011	68,670	-	1,185	1,185	5,722	(4,537)	-79%	68,670
Losses		684	-	-	-	-	-	-	-	-
		317,545	408,393	-	22,928	22,928	34,033	(11,105)	-33%	408,393
Total Expenditure										
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		60,950	1	-	127,709	127,709	0	127,709	1,680	1
(National / Provincial and District)		124,757	101,527	-	-	-	8,461	(8,461)	(0)	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		185,707	101,528	-	127,709	127,709	8,461	-	-	101,528
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		185,707	101,528	-	127,709	127,709	8,461	-	-	101,528
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		185,707	101,528	-	127,709	127,709	8,461	-	-	101,528
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		185,707	101,528	-	127,709	127,709	8,461	-	-	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 % 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 billed amounted to R33,015,837, income received from property rates for the month of July 2020 amounted to R383,546.

Services Charges

Revenue from service charges includes electricity sales and revenue from waste removal. The income from services charges amounted to R 3,488,720 for the month ended 30 July 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 July 2020 amounted to R494,470

Interest on Outstanding Debtors

Interest on overdue accounts for the month ended 31 July 2020 amounts to R946,406, 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 July 2020 no revenue has been recognised for this category.

Licences and permits

Transfers and Subsidies-Operational

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively. The first instalments of the equitable share and Municipal infrastructure grant grants were received during July. Equitable share received mounted to R112,420,000 and MIG amounted R8,806,000. The first instalment for the Integrated electrification programme has been delayed and will be received in August due to national budget adjustments caused by the National disaster (Covid-19).

Other Revenue

Other revenue consists mostly skills development refund, sale of tender documents, insurance refund and other revenue. Other revenue amounted to R40,415 for the month ended 31 July 2020.

Operating Expenditure by type

Employee related costs/ Remuneration of Councillors

Remuneration related expenditure (Councillors and Staff) for the month ended 31 July 2020 amounted to R10,613,832 of an annual budget of R146,767,740 that represents 7% of the budgeted amount. The annual salary increase for employees was implemented in July and per SALGA, Circular 02/2020 on the Salary and Wage increase for the period 1 July 2020 - 30 June 2021.

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 July 2020.

Bulk Purchases

Expenditure relating to bulk purchase of Electricity amounted to R5,880,192 for the month ended 31 July 2020.

Other Materials

Other material consists of inventory purchases for material and supplies and amounted to R206,906 for the month ended 31 July 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 July 2020 amounts to R5,041,843.

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 R1,185,055 for the month ended 30 July 2020.

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

EC441 Matatiele - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

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		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 1 - Executive and council		-	520	-	-	-	43	(43)	-100%	520
Vote 2 - Finance and Admin		3,013	5,708	-	-	-	476	(476)	-100%	5,708
Vote 3 - Corporate		1,079	2,930	-	-	-	244	(244)	-100%	2,930
Vote 4 - Development and Planning		43	480	-	-	-	40	(40)	-100%	480
Vote 5 - Community		1,601	6,190	-	-	-	516	(516)	-100%	6,190
Vote 6 - Infrastructure		151,564	158,485	-	5,642	5,642	13,207	(7,565)	-57%	158,485
Vote 7 - Internal Audit		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	157,300	174,314	-	5,642	5,642	14,526	(8,884)	-61%	174,314
Total Capital Expenditure		157,300	174,314	-	5,642	5,642	14,526	(8,884)	-61%	174,314

The capital budget amounts to **R174,313,680** for the financial year. For the month ended 31 July 2020 capital expenditure amounted to **R5,641,962** representing **3%** of the budget.

3.1.6 C6 Monthly Budget Statement –Financial Position

EC441 Matatiele - Table C6 Monthly Budget Statement - Financial Position - M01 July

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		2,780	23,886	–	(579)	23,886
Call investment deposits		150,305	93,822	–	249,387	93,822
Consumer debtors		94,747	65,910	–	127,575	65,910
Other debtors		61,482	47,924	–	60,212	47,924
Current portion of long-term receivables		–	–	–	–	–
Inventory		1,704	984	–	1,681	984
Total current assets		311,018	232,526	–	438,275	232,526
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		35,575	35,947	–	35,575	35,947
Investments in Associate		–	–	–	–	–
Property, plant and equipment		1,098,253	1,107,177	–	1,102,084	1,107,177
Biological		–	–	–	–	–
Intangible		333	326	–	333	326
Other non-current assets		–	–	–	–	–
Total non current assets		1,134,160	1,143,450	–	1,137,992	1,143,450
TOTAL ASSETS		1,445,178	1,375,976	–	1,576,267	1,375,976
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		1,387	1,268	–	1,391	1,268
Trade and other payables		94,779	83,862	–	98,029	83,862
Provisions		12,131	12,258	–	12,131	12,258
Total current liabilities		108,296	97,388	–	111,551	97,388
Non current liabilities						
Borrowing		8,363	8,451	–	8,363	8,451
Provisions		19,797	18,947	–	20,007	18,947
Total non current liabilities		28,160	27,398	–	28,370	27,398
TOTAL LIABILITIES		136,456	124,787	–	139,921	124,787
NET ASSETS	2	1,308,722	1,251,190	–	1,436,346	1,251,190
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1,125,331	1,065,877	–	1,252,956	1,065,877
Reserves		183,391	185,313	–	183,391	185,313
TOTAL COMMUNITY WEALTH/EQUITY	2	1,308,722	1,251,190	–	1,436,346	1,251,190

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	9	49,807	-	-	-	4,151	(4,151)	-100%		49,807
Service charges	57,798	82,700	-	2,561	2,561	6,892	(4,330)	-63%		82,700
Other revenue	1,166,991	518,998	-	153,756	153,756	43,250	110,506	256%		518,998
Transfers and Subsidies - Operational	259,411	256,212	-	112,431	112,431	21,351	91,080	427%		256,212
Transfers and Subsidies - Capital	108,432	101,527	-	8,806	8,806	8,461	345	4%		101,527
Interest	(1,113)	(19,649)	-	(255)	(255)	(1,637)	1,382	-84%		(19,649)
Dividends	-	-	-	-	-	-	-			-
Payments										
Suppliers and employees	6,767	1,190	-	6,737	6,737	99	(6,638)	-6694%		1,190
Finance charges	-	-	-	-	-	-	-			-
Transfers and Grants	21,315	(1,190)	-	21,315	21,315	(99)	(21,414)	21594%		(1,190)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1,619,610	989,595	-	305,351	305,351	82,466	(222,885)	-270%	989,595
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	(165,782)	(174,314)	-	(6,336)	(6,336)	(14,526)	(8,190)	56%		(174,314)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(165,782)	(174,314)	-	(6,336)	(6,336)	(14,526)	(8,190)	56%	(174,314)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-			-
Borrowing long term/refinancing	-	-	-	-	-	-	-			-
Increase (decrease) in consumer deposits	(1,387)	(1,268)	-	(1,391)	(1,391)	(106)	(1,285)	1216%		(1,268)
Payments										
Repayment of borrowing	-	-	-	-	-	-	-			-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,387)	(1,268)	-	(1,391)	(1,391)	(106)	1,285	-1216%	(1,268)
NET INCREASE/ (DECREASE) IN CASH HELD		1,452,442	814,013	-	297,625	297,625	67,834			814,013
Cash/cash equivalents at beginning:	11,400	43,060	-	-	2,779	43,060				2,779
Cash/cash equivalents at month/year end:	1,463,842	857,073	-	-	300,404	110,894				816,792

PART 2 –SUPPORTING DOCUMENTATION

SECTION 4 __DEBTORS' ANALYSIS

Supporting Table SC3

EC441 Matatiele - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description		Budget Year 2020/21											Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo Council Policy
NT Code	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	2,298	1,357	583	389	396	269	421	222	5,934	1,696	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	32,820	-	-	655	603	517	2,806	54,997	92,398	59,578	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	924	493	426	385	355	317	1,501	12,613	17,013	15,170	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	42	27	3	3	3	3	7	35	125	53	-	-	
Interest on Arrear Debtor Accounts	1810	946	932	928	963	962	951	5,645	21,698	33,025	30,218	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(286)	11,684	5,156	60	65	8	605	14,138	31,430	14,876	-	-	
Total By Income Source	2000	36,746	14,492	7,096	2,455	2,384	2,066	10,985	103,701	179,925	121,592	-	-	
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	26,901	11,526	(21,968)	1,538	1,692	(18,180)	(10,278)	51,381	42,611	26,152	-	-	
Total By Customer Group	2600	36,746	14,492	7,096	2,455	2,384	2,066	10,985	103,701	179,925	121,592	-	-	

The total debt book for July 2020 is R179 925 436 has increased by R33 323 667 from the previous month balance of R146 601 769 and by R48 620 078 from 2018/19 closing balance of R131 305 358.

Debt is made up of the following:

- (i) Residential debt, R 53 305 831
- (ii) Commercial debt, R24 281 154
- (iii) Government debt, R 99 931 161
- (iv) Other R 2 407 288,89

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 -R 43 211 350,11
- Business R1 7 53 796,41

A total of R44 965 146 has been handed over for June 2020 with a collection of R45 790,09

SECTION 5 - CREDITORS' ANALYSIS

Supporting Table SC4

Description	NT Code	Budget Year 2020/21									Prior year totals for chart
		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	
R thousands											
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	65,817.20	8,826,015.38	- 1,563,362.45	- 20,015.38	7,328,470.13
INEP	338,213.94	11,430.35	-	- 11,430.35	349,644.29
EPWP	-	-	-	-	-
Municipal Electrification Intervention	263,979.23	705.32	-	- 705.32	264,684.55
Library and Archives	-	-	-	-	-
Finance Management Grant	-	-	-	-	-
Smart Grid	52,875.08	141.30	-	- 141.30	53,016.38
Establishment Plan	190,023.02	336.57	-	- 336.57	190,359.59
Housing Development Fund	1,932,763.15	3,423.37	-	- 3,423.37	1,936,186.52
Dedea	588,163.15	1,041.77	-	- 1,041.77	589,204.92
Total Conditional Investments	3,431,835	8,843,094	- 1,563,362	- 37,094	10,711,566

Unconditional Investments -Description	Opening Balance	Deposits	Withdrawals	Interest Earned	Closing Balance
Call Acc STD CRR	11,084,582.18	-	-	- 26,041.18	11,084,582.18
Call Acc STD CRR	10,835,541.87	25,456.10	-	- 25,456.10	10,860,997.97
Call Acc STD CRR	20,116,186.30	100,049.32	-	- 100,049.32	20,216,235.62
Call Acc STD CRR	-	50,162,054.79	-	- 162,054.79	50,162,054.79
Call ACC FNB Surplus Cash	6,805,414.00	-	-	- 12,016.01	6,805,414.00
Nedbank 366 Days	54,168,547.93	22,904.12	- 54,191,452.05	- 22,904.12	-
Nedbank 91 Days	-	50,140,438.35	-	- 140,438.35	50,140,438.35
Nedbank 32 Days	6,147,789.65	20,211.90	-	- 20,211.90	6,168,001.55
Nedbank relief fund	745,893.02	1,992.60	-	- 1,992.60	747,885.62
Nedbank COV -19 Solidarity	90,189.25	240.90	-	- 240.90	90,430.15
Nedbank call Surplus	31,348,912.73	166,633,109.19	- 120,950,771.54	- 21,657.14	77,031,250.38
Total Unconditional	141,343,057	267,106,457	- 175,142,224	- 533,062	233,307,291

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 30 July 2020 the conditional investments amounted to R10,711,566 and unconditional investments amounted to R233,307,291.

SECTION 7_ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

7.1 Supporting Table SC6

EC441 Matatiele - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M01 July

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:		234,919	255,022	-	112,420	112,420	21,252	91,168	429.0%	255,022
Local Government Equitable Share		234,919	249,823	-	112,420	112,420	20,819	91,601	440.0%	249,823
Finance Management Grant		-	1,700	-	-	-	142	(142)	-100.0%	1,700
EPWP		-	3,499	-	-	-	292	(292)	-100.0%	3,499
Provincial Government:		-	930	-	-	-	78	(78)	-100.0%	930
Sport and Recreation		-	930	-	-	-	78	(78)	-100.0%	930
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	234,919	255,952	-	112,420	112,420	21,329	91,091	427.1%	255,952
Capital Transfers and Grants										
National Government:		124,757	99,080	-	8,806	-	8,257	(3,874)	-46.9%	99,080
MIG		124,757	46,489	-	8,806	-	3,874	(3,874)	-100.0%	46,489
INEP		-	52,591	-	-	-	4,383	-	-	52,591
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	260	-	-	-	22	(22)	-100.0%	260
Sport and Recreation		-	260	-	-	-	22	(22)	-100.0%	260
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	124,757	99,340	-	8,806	-	8,278	(3,896)	-47.1%	99,340
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	359,676	355,292	-	121,226	112,420	29,608	87,195	294.5%	355,292

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively. The first instalments of the equitable share and Municipal infrastructure grant grants were received during July. Equitable share received mounted to R112,420,000 and MIG amounted R8,806,000. The first instalment for the Integrated electrification programme has been delayed and will be received in August due to national budget adjustments caused by the National disaster (Covid-19).

7.2 Supporting Table C7

EC441 Matatiele - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

Monthly Budget Outcome - transfers and grant expenditure - m01 July									
Description	Ref	Budget Year 2020/21							
		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	–	23,628	249,502	21,167	228,335	1078.7%	254,000
Local Government Equitable Share		248,801		22,928	248,801	20,733	228,068	1100.0%	248,801
Finance Management Grant		1,700		21	21	142	(121)	-85.4%	1,700
EPWP		3,499		680	680	292	388	133.1%	3,499
Other transfers and grants [insert description]							–		
Provincial Government:		930	–	–	–	78	(78)	-100.0%	930
Sport and Recreation		930				78	(78)	-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	–	23,628	249,502	21,244	228,258	1074.4%	254,930
Capital expenditure of Transfers and Grants									
National Government:		99,080	–	–	–	8,257	(8,257)	-100.0%	99,080
MIG		46,489				3,874	(3,874)	-100.0%	46,489
0		52,591				4,383	(4,383)	-100.0%	52,591
Other capital transfers [insert description]							–		
Provincial Government:		260	–	–	–	22	(22)	-100.0%	260
		260				22	(22)	-100.0%	260
District Municipality:		–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–		–
							–		
Total capital expenditure of Transfers and Grants		99,340	–	–	–	8,278	(8,278)	-100.0%	99,340
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		354,271	–	23,628	249,502	29,523	219,979	745.1%	354,271

Expenditure performance on operational grants amounts to R23,628,52 for the month ended 30 July 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

EC441 Matatiele - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July

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		11,952	13,114	-	996	996	1,093	(97)	-9%	13,114
Pension and UIF Contributions		712	739	-	60	60	62	(2)	-3%	739
Medical Aid Contributions		543	142	-	63	63	12	51	433%	142
Motor Vehicle Allowance		129	133	-	11	11	11	(0)	-3%	133
Cellphone Allowance		2,961	3,140	-	247	247	262	(15)	-6%	3,140
Housing Allowances		4,149	4,269	-	346	346	356	(10)	-3%	4,269
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		20,447	21,537	-	1,723	1,723	1,795	(72)	-4%	21,537
% increase	4		5.3%							5.3%
Other Municipal Staff										
Basic Salaries and Wages		91,637	103,247	-	7,406	7,406	8,604	(1,198)	-14%	103,247
Pension and UIF Contributions		540	988	-	45	45	82	(37)	-45%	988
Medical Aid Contributions		3,741	5,322	-	334	334	443	(109)	-25%	5,322
Overtime		2,359	692	-	103	103	58	45	78%	692
Performance Bonus		4,677	6,197	-	297	297	516	(220)	-43%	6,197
Motor Vehicle Allowance		3,272	4,114	-	323	323	343	(20)	-6%	4,114
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		3,558	4,672	-	339	339	389	(50)	-13%	4,672
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		2,990	-	-	45	45	-	45	#DIV/0!	-
Long service awards		243	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		113,018	125,231	-	8,891	8,891	10,436	(1,545)	-15%	125,231
% increase	4		10.8%							10.8%
Total Parent Municipality		133,465	146,768	-	10,614	10,614	12,231	(1,617)	-13%	146,768
Unpaid salary, allowances & benefits in arrears:										
Sub Total - Board Members of Entities	2	-	-	-	-	-	-	-	-	-
% increase	4									
TOTAL SALARY, ALLOWANCES & BENEFITS		133,465	146,768	-	10,614	10,614	12,231	(1,617)	-13%	146,768
% Increase	4		10.0%							10.0%
TOTAL MANAGERS AND STAFF		113,018	125,231	-	8,891	8,891	10,436	(1,545)	-15%	125,231

Remuneration related expenditure for the month ended 31 July 2020 amounted to R10,613,823, of the expenditure R1,722,615 relates to Remuneration of Councillors and R8,891,208 to Managers and staff.

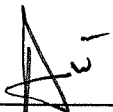
MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I Nelisile Richard Xolo, Acting Municipal Manager of **Matatiele Local Municipality**, hereby certify that the Section 71 report for the month of 31 July 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 Nelisile Richard Xolo

Acting Municipal Manager of Matatiele Local Municipality (EC441)

Signature



Date

17/08/2020