



MATATIELE
LOCAL MUNICIPALITY

2020/2021
MONTHLY MAYORS
SECTION 71
REPORT

MONTH ENDED
30TH JUNE 2021

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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 30th June 2021.
- 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 30th June 2021 amounted to **R 36,466,964** which represents **7%** of the total annual approved budget figure of **R509,920,764** (including grants) and **7%** of the adjusted budget figure of **R 555,327,264**, revenue recognised to date represents **98%** of the adjusted budget. The majority of the revenue recognised this month of **R15,618,385** related to electricity sales for the month.

Operating Expenditure by type

Operating expenditure for the month ended 30th June 2021 amounted to **R 33,523,231** which represents **8%** of total approved operating expenditure budget figure of **R408,392,856** and **8%** of the adjusted budget amount of **R 439,610,076**, 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 188,712,684**. Capital expenditure incurred for the month ended 30th June 2021 amounted to **R18,374,354**. This represents **11%** of the approved capital expenditure budget and **10%** of the adjusted capital budget. Capital expenditure incurred to date represents **79%** of the total capital expenditure 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
R thousands									
Financial Performance									
Property rates	44,904	48,190	48,190	11	46,575	48,190	(1,615)	-3%	48,190
Service charges	58,434	68,817	68,817	16,584	68,626	68,817	(191)	-0%	68,817
Investment revenue	12,973	14,650	14,650	1,057	8,825	14,650	(5,825)	-40%	14,650
Transfers and subsidies	244,441	256,212	309,524	2,088	306,535	309,524	(2,988)	-1%	309,524
Other own revenue	19,092	20,525	21,270	1,528	20,886	21,270	(384)	-2%	21,270
Total Revenue (excluding capital transfers and contributions)	379,844	408,394	462,450	21,268	451,447	462,450	(11,003)	-2%	462,450
Employee costs	115,402	125,231	125,231	10,811	113,413	125,231	(11,818)	-9%	125,231
Remuneration of Councillors	20,834	21,537	21,537	1,715	20,033	21,537	(1,504)	-7%	21,537
Depreciation & asset impairment	47,731	33,110	33,110	-	-	33,110	(33,110)	-100%	33,110
Finance charges	3	-	-	1	1	-	1	-	-
Materials and bulk purchases	44,131	53,567	54,561	810	48,974	54,561	(5,586)	-10%	54,561
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	129,629	174,949	205,172	20,187	122,138	205,172	(83,034)	-40%	205,172
Total Expenditure	357,729	408,393	439,610	33,523	304,559	439,610	(135,051)	-31%	439,610
Surplus/(Deficit)	22,114	1	22,840	(12,255)	146,888	22,840	124,048	543%	22,840
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	124,782	101,527	93,186	11,199	92,791	93,186	(395)	-0%	93,186
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	116,026	(1,056)	239,679	116,026	123,653	107%	116,026
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	146,896	101,528	116,026	(1,056)	239,679	116,026	123,653	107%	116,026
Capital expenditure & funds sources									
Capital expenditure	155,644	174,314	188,713	18,374	148,323	188,713	(40,390)	-21%	188,713
Capital transfers recognised	95,417	99,340	90,739	6,789	78,670	90,739	(12,069)	-13%	90,739
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	60,228	74,974	97,974	11,585	69,652	97,974	(28,321)	-29%	97,974
Total sources of capital funds	155,644	174,314	188,713	18,374	148,323	188,713	(40,390)	-21%	188,713
Financial position									
Total current assets	266,693	232,526	200,528		312,531				200,528
Total non current assets	1,094,663	1,143,450	1,157,849		1,142,898				1,157,849
Total current liabilities	63,077	97,388	106,093		118,525				106,093
Total non current liabilities	29,028	27,398	26,760		28,039				26,760
Community wealth/Equity	1,269,250	1,251,190	1,225,524		1,308,865				1,225,524
Cash flows									
Net cash from (used) operating	482,077	479,324	571,969	128,389	2,143,947	989,595	(1,154,352)	-117%	989,595
Net cash from (used) investing	(155,644)	(174,314)	(188,713)	(20,699)	(136,163)	(188,713)	(52,549)	28%	(188,713)
Net cash from (used) financing	1	(1,268)	(1,387)	(14)	(1,476)	(1,268)	207	-16%	(1,268)
Cash/cash equivalents at the month/year end	450,431	440,625	637,314	-	2,009,239	1,055,059	(954,180)	-90%	802,545
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	14,463	3,545	3,490	19,456	3,204	3,308	12,245	119,122	178,833
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>		309,200	325,819	376,426	3,096	371,075	376,426	(5,352)	-1%	376,426
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		309,200	325,819	376,426	3,096	371,075	376,426	(5,352)	-1%	376,426
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		7,125	11,958	11,693	(424)	8,335	11,693	(3,359)	-29%	11,693
Community and social services		3,469	5,719	5,454	(751)	3,820	5,454	(1,634)	-30%	5,454
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		3,655	6,239	6,239	328	4,514	6,239	(1,725)	-28%	6,239
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		59,075	49,081	60,654	6,437	60,626	60,654	(28)	0%	60,654
Planning and development		481	145	202	15	140	202	(62)	-31%	202
Road transport		58,594	48,936	60,452	6,423	60,486	60,452	34	0%	60,452
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		129,225	123,062	106,863	23,357	104,203	106,863	(2,660)	-2%	106,863
Energy sources		118,306	107,474	87,474	20,810	90,922	87,474	3,448	4%	87,474
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		10,919	15,588	19,388	2,547	13,281	19,388	(6,107)	-31%	19,388
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	504,625	509,921	555,636	32,467	544,238	555,636	(11,398)	-2%	555,636
Expenditure - Functional										
<i>Governance and administration</i>		181,281	212,043	230,379	23,233	165,785	230,379	(64,594)	-28%	230,379
Executive and council		31,048	37,214	28,364	2,170	24,463	28,364	(3,901)	-14%	28,364
Finance and administration		147,900	174,829	197,941	20,735	138,049	197,941	(59,891)	-30%	197,941
Internal audit		2,333	–	4,075	328	3,273	4,075	(802)	-20%	4,075
<i>Community and public safety</i>		29,228	36,223	38,064	3,508	30,257	38,064	(7,807)	-21%	38,064
Community and social services		12,048	15,351	17,191	1,051	11,831	17,191	(5,360)	-31%	17,191
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		17,180	20,873	20,873	2,457	18,425	20,873	(2,447)	-12%	20,873
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		82,373	78,862	85,462	3,180	36,622	85,462	(48,840)	-57%	85,462
Planning and development		15,981	25,584	31,084	1,594	16,769	31,084	(14,315)	-46%	31,084
Road transport		66,392	53,278	54,378	1,586	19,852	54,378	(34,526)	-63%	54,378
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		64,848	81,265	85,705	3,602	71,896	85,705	(13,810)	-16%	85,705
Energy sources		46,926	57,506	58,006	893	50,956	58,006	(7,049)	-12%	58,006
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		17,922	23,759	27,700	2,709	20,939	27,700	(6,760)	-24%	27,700
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	357,729	408,393	439,610	33,523	304,559	439,610	(135,051)	-31%	439,610
Surplus/ (Deficit) for the year		146,896	101,528	116,026	(1,056)	239,679	116,026	123,653	107%	116,026

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	375,951	2,123	369,811	375,951	(6,140)	-1.6%	375,951
Vote 3 - Corporate		471	350	475	973	1,264	475	789	166.0%	475
Vote 4 - Development and Planning		481	145	202	15	140	202	(62)	-30.7%	202
Vote 5 - Community		18,044	27,546	31,082	2,123	21,616	31,082	(9,466)	-30.5%	31,082
Vote 6 - Infrastructure		176,900	156,410	147,926	27,233	151,407	147,926	3,481	2.4%	147,926
Vote 7 - Internal Audit		—	—	—	—	—	—	—		—
Total Revenue by Vote	2	504,625	509,921	555,636	32,467	544,238	555,636	(11,398)	-2.1%	555,636
Expenditure by Vote	1									
Vote 1 - Executive and council		31,048	37,214	28,364	2,170	24,463	28,364	(3,901)	-13.8%	28,364
Vote 2 - Finance and Admin		88,195	100,989	122,666	14,491	77,251	122,666	(45,415)	-37.0%	122,666
Vote 3 - Corporate		59,705	73,840	75,274	6,245	60,798	75,274	(14,476)	-19.2%	75,274
Vote 4 - Development and Planning		15,981	25,584	31,084	1,594	16,769	31,084	(14,315)	-46.1%	31,084
Vote 5 - Community		47,150	59,983	65,763	6,217	51,196	65,763	(14,567)	-22.2%	65,763
Vote 6 - Infrastructure		113,317	110,783	112,383	2,479	70,809	112,383	(41,575)	-37.0%	112,383
Vote 7 - Internal Audit		2,333	—	4,075	328	3,273	4,075	(802)	-19.7%	4,075
Total Expenditure by Vote	2	357,729	408,393	439,610	33,523	304,559	439,610	(135,051)	-30.7%	439,610
Surplus/ (Deficit) for the year	2	146,896	101,528	116,026	(1,056)	239,679	116,026	123,653	106.6%	116,026

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	11	46,575	48,190	(1,615)	-3%	48,190
Service charges - electricity revenue		47,645	53,291	53,291	15,618	57,095	53,291	3,804	7%	53,291
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		10,790	15,526	15,526	965	11,531	15,526	(3,995)	-26%	15,526
Rental of facilities and equipment		803	500	1,245	322	2,109	1,245	864	69%	1,245
Interest earned - external investments		12,973	14,650	14,650	1,057	8,825	14,650	(5,825)	-40%	14,650
Interest earned - outstanding debtors		11,555	11,799	11,799	942	13,357	11,799	1,558	13%	11,799
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,398	2,094	2,094	58	760	2,094	(1,334)	-64%	2,094
Licences and permits		2,557	4,525	4,525	271	3,787	4,525	(738)	-16%	4,525
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		244,441	256,212	309,524	2,088	306,535	309,524	(2,988)	-1%	309,524
Other revenue		2,779	1,608	1,608	(65)	873	1,608	(735)	-46%	1,608
Gains		-	-	-	-	-	-	-	-	-
		379,844	408,394	462,450	21,268	451,447	462,450	(11,003)	-2%	462,450
Total Revenue (excluding capital transfers and contributions)										
Expenditure By Type										
Employee related costs		115,402	125,231	125,231	10,811	113,413	125,231	(11,818)	-9%	125,231
Remuneration of councillors		20,834	21,537	21,537	1,715	20,033	21,537	(1,504)	-7%	21,537
Debt impairment		13,884	5,000	5,000	-	-	5,000	(5,000)	-100%	5,000
Depreciation & asset impairment		47,731	33,110	33,110	-	-	33,110	(33,110)	-100%	33,110
Finance charges		3	-	-	1	1	-	1	#DIV/0!	-
Bulk purchases		39,938	48,000	48,000	(92)	43,357	48,000	(4,643)	-10%	48,000
Other materials		4,192	5,567	6,561	902	5,617	6,561	(943)	-14%	6,561
Contracted services		81,078	101,279	131,110	15,200	89,764	131,110	(41,347)	-32%	131,110
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		33,957	68,670	69,062	4,986	32,375	69,062	(36,687)	-53%	69,062
Losses		711	-	-	-	-	-	-	-	-
		357,729	408,393	439,610	33,523	304,559	439,610	(135,051)	-31%	439,610
Total Expenditure										
Surplus/(Deficit)		22,114	1	22,840	(12,255)	146,888	22,840	124,048	0	22,840
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		124,782	101,527	93,186	11,199	92,791	93,186	(395)	(0)	93,186
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	116,026	(1,056)	239,679	116,026			116,026
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		146,896	101,528	116,026	(1,056)	239,679	116,026			116,026
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		146,896	101,528	116,026	(1,056)	239,679	116,026			116,026
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		146,896	101,528	116,026	(1,056)	239,679	116,026			116,026

Revenue by Source

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

Property Rates

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 R11 000.

Services Charges

Revenue from service charges includes electricity sales and revenue from waste removal. The total income from services charges amounted to R16,583,507 for the month ended 30th June 2021.

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 30th June 2021 amounted to R 1,56,964.

Interest on Outstanding Debtors

Interest on overdue accounts for the month ended 30th June 2021 amounted to R 942,448 the majority of the debtors are the government departments.

Fines, penalties and Forfeits

Revenue from fines, penalties and forfeits has an annual budget of R 2,093,700 for the month ended 30th June 2021 an amount revenue of R 58,187 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 30th June 2021 an amount of R 270,841 was recognised and represents 6% 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. No grant was received in the month of June 2021.

Other Revenue

Other revenue consists mostly skills development refund, sale of tender documents, insurance refund and other revenue. Other revenue amounted to R 65,467 for the month ended 30th June 2021.

Operating Expenditure by type

Employee related costs/ Remuneration of Councillors

Remuneration related expenditure for the month ended 30th June 2021 amounted R 12,536,302 of the expenditure R 1,715,235 relates to Remuneration of Councillors and R 10,811,067 to Managers and staff, that represents 9% 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 June 2021.

Bulk Purchases

Expenditure relating to bulk electricity purchases amounts to R-91 711 for the month, this is relating to a correcting journal to exclude connection fees incorrectly included under bulk purchases, the expenditure for the month of June has been accrued and was not paid for the month and by the time the month end was completed.

Other Materials

Other material consists of inventory purchases for material and supplies and amounted to R 901,501 for the month ended 30th June 2021.

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 30th June 2021 amounted to R 15,200,163.

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 R 4,986,371 for the month ended 30th June 2021.

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									
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		4,259	9,159	8,459	1,697	5,700	8,459	(2,758)	-33%	8,459
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		4,259	9,159	8,459	1,697	5,700	8,459	(2,758)	-33%	8,459
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,601	3,260	3,260	1	539	3,260	(2,721)	-83%	3,260
Community and social services		1,479	1,560	1,560	1	384	1,560	(1,176)	-75%	1,560
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		122	1,700	1,700	-	155	1,700	(1,545)	-91%	1,700
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		87,749	80,724	109,841	10,273	93,871	109,841	(15,970)	-15%	109,841
Planning and development		43	480	570	43	473	570	(97)	-17%	570
Road transport		87,706	80,244	109,271	10,230	93,398	109,271	(15,873)	-15%	109,271
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		62,036	81,171	67,153	6,403	48,212	67,153	(18,941)	-28%	67,153
Energy sources		62,036	78,241	64,223	6,390	48,088	64,223	(16,134)	-25%	64,223
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	2,930	2,930	13	124	2,930	(2,806)	-96%	2,930
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	155,644	174,314	188,713	18,374	148,323	188,713	(40,390)	-21%	188,713
Funded by:										
National Government		95,416	99,080	90,479	6,788	78,560	90,479	(11,919)	-13%	90,479
Provincial Government	1	260	260	260	1	110	260	(150)	-58%	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		95,417	99,340	90,739	6,789	78,670	90,739	(12,069)	-13%	90,739
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		60,228	74,974	97,974	11,585	69,652	97,974	(28,321)	-29%	97,974
Total Capital Funding		155,644	174,314	188,713	18,374	148,323	188,713	(40,390)	-21%	188,713

The approved annual capital budget for the financial year amounts to **R174,313,680**, this was adjusted to **R 188,712,684**. Capital expenditure incurred for the month ended 30th June 2021 amounted to **R 18,374,353**. This represents **11%** of the approved capital expenditure budget and **10%** of the adjusted capital budget. Capital expenditure incurred to date represents **79%** of the total capital expenditure 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
R thousands	1					
ASSETS						
Current assets						
Cash		153,085	23,886	23,985	(49,802)	23,985
Call investment deposits		–	93,822	61,875	178,504	61,875
Consumer debtors		8,258	65,910	66,534	123,370	66,534
Other debtors		103,648	47,924	47,299	58,084	47,299
Current portion of long-term receivables		–	–	–	–	–
Inventory		1,703	984	834	2,375	834
Total current assets		266,693	232,526	200,528	312,531	200,528
Non current assets						
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	1,121,576	1,107,173	1,121,576
Biological		–	–	–	–	–
Intangible		333	326	326	151	326
Other non-current assets		688	–	–	–	–
Total non current assets		1,094,663	1,143,450	1,157,849	1,142,898	1,157,849
TOTAL ASSETS		1,361,356	1,375,976	1,358,377	1,455,429	1,358,377
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		345	1,268	1,268	1,360	1,268
Trade and other payables		50,733	83,862	90,385	105,009	90,385
Provisions		11,998	12,258	14,440	12,157	14,440
Total current liabilities		63,077	97,388	106,093	118,525	106,093
Non current liabilities						
Borrowing		–	8,451	–	8,184	–
Provisions		29,028	18,947	26,760	19,855	26,760
Total non current liabilities		29,028	27,398	26,760	28,039	26,760
TOTAL LIABILITIES		92,106	124,787	132,853	146,564	132,853
NET ASSETS	2	1,269,250	1,251,190	1,225,524	1,308,865	1,225,524
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1,038,804	793,988	808,486	1,125,474	808,486
Reserves		230,446	457,202	417,038	183,391	417,038
TOTAL COMMUNITY WEALTH/EQUITY	2	1,269,250	1,251,190	1,225,524	1,308,865	1,225,524

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		–	49,807	49,807	494	16,856	49,807	(32,951)	-66%	49,807
Service charges		86,333	82,700	82,700	6,918	47,775	82,700	(34,926)	-42%	82,700
Other revenue		4,149	8,726	8,726	114,597	1,662,468	518,998	1,143,470	220%	518,998
Transfers and Subsidies - Operational		242,957	256,212	305,993	10	306,993	256,212	50,781	20%	256,212
Transfers and Subsidies - Capital		124,782	101,527	92,926	–	69,926	101,527	(31,601)	-31%	101,527
Interest		24,528	(19,649)	26,449	(485)	(4,079)	(19,649)	15,570	-79%	(19,649)
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(672)	1,190	6,297	(14)	6,390	1,190	(5,200)	-437%	1,190
Finance charges		–	–	–	–	–	–	–		–
Transfers and Grants		–	(1,190)	(930)	6,871	37,618	(1,190)	(38,808)	3261%	(1,190)
NET CASH FROM/(USED) OPERATING ACTIVITIES		482,077	479,324	571,969	128,389	2,143,947	989,595	(1,154,352)	-117%	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		(155,644)	(174,314)	(188,713)	(20,699)	(136,163)	(188,713)	(52,549)	28%	(188,713)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(155,644)	(174,314)	(188,713)	(20,699)	(136,163)	(188,713)	(52,549)	28%	(188,713)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		1	(1,268)	(1,387)	(14)	(1,476)	(1,268)	(207)	16%	(1,268)
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		1	(1,268)	(1,387)	(14)	(1,476)	(1,268)	207	-16%	(1,268)
NET INCREASE/ (DECREASE) IN CASH HELD		326,434	303,742	381,869	107,675	2,006,308	799,614			799,614
Cash/cash equivalents at beginning:		123,997	136,883	255,445		2,931	255,445			2,931
Cash/cash equivalents at month/year end:		450,431	440,625	637,314		2,009,239	1,055,059			802,545

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.t.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		
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200									-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	4,210	1,480	1,051	1,304	1,102	1,082	1,956	567	12,752	6,011	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	111	286	626	561	532	546	2,466	60,271	65,308	64,375	-	-
Receivables from Exchange Transactions - Waste Water Management	1500									-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	920	623	512	477	457	442	2,038	17,319	22,790	20,734	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700								7	7	7	-	-
Interest on Arrear Debtor Accounts	1810	1,177	1,084	1,068	1,138	1,113	1,095	5,407	26,929	39,010	35,681	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-
Other	1900	8,045	72	233	15,977	0	143	377	14,029	38,876	30,527	-	-
Total By Income Source	2000	14,463	3,545	3,490	19,456	3,204	3,308	12,245	119,122	178,833	157,335	-	-
2019/20 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	2,615	1,939	1,701	2,088	1,953	1,945	6,373	64,884	83,498	77,243	-	-
Commercial	2300	11,792	1,600	1,780	17,360	1,243	1,356	5,842	54,106	95,079	79,907	-	-
Households	2400	56	6	9	8	8	7	29	132	256	185	-	-
Other	2500									-	-	-	-
Total By Customer Group	2600	14,463	3,545	3,490	19,456	3,204	3,308	12,245	119,122	178,833	157,335	-	-

The total debt book for June 2021 of R 175 188 132.64 (including current of R14 270 252.3 which is not yet due) has decreased by R6 044 335 from the previous quarter balance of R 166 962 215.47 and decreased by R6112 952 from the previous month. Debt is made up of the following:

Residential debt:

R 63 575 106.73

Commercial debt

R 29 754 319.47

Government debt

R 79 533 765.86

Other

R 2 324 940.58

The municipality implements the credit control and debt collection policy.

There are two areas in which the municipality is not able to collect and the debt totals to

Maluti

R43 612 274.56(including current)

Cedarville

R3 707 958.21 (including current)

The municipality makes use of debt collectors in implementing the credit and debt collection policy. A new service provider has been appointed to start looking at debt that is older than 90 days.

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 30th June 2021.

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	6,701,045.85	17,073.87	(6,708,119.72)	(17,073.87)	10,000.00
INEP	2,539,653.62	6,470.94	(1,727,792.69)	(6,470.94)	818,331.87
EPWP	-	-	-	-	-
Municipal Electrification Intervention	271,415.43	691.61	-	(691.61)	272,107.04
Library and Archives	-	-	-	-	-
Finance Management Grant	-	-	-	-	-
Smart Grid	54,364.57	138.57	-	(138.57)	54,503.14
Establishment Plan	193,393.51	302.01	-	(302.01)	193,695.52
Housing Development Fund	1,967,045.10	3,071.82	-	(3,071.82)	1,970,116.92
Dedea	598,595.56	934.79	-	(934.79)	599,530.35
Total Conditional Investments	12,325,514	28,684	- 8,435,912	- 28,684	3,918,285

Unconditional Investments -Description	Opening Balance	Deposits	Withdrawals	Interest Earned	Closing Balance
Call Acc STD CRR	50,884,582.18	6,000,000.00	-	(114,315.73)	56,884,582.18
Call Acc STD CRR	11,103,107.74	24,183.48	-	(24,183.48)	11,127,291.22
Call Acc STD CRR	21,197,364.38	96,821.92	-	(96,821.92)	21,294,186.30
Call ACC FNB Surplus Cash	6,805,414.00	-	(18.20)	(10,981.86)	6,805,395.80
Nedbank 32 Days	6,364,375.54	20,269.98	-	(20,269.98)	6,384,645.52
Nedbank relief fund	766,904.68	1,953.94	-	(1,953.94)	768,858.62
Nedbank COV -19 Solidarity	92,751.18	243.84	-	(243.84)	92,995.02
Nedbank call Surplus	68,736,840.74	51,645,675.90	(41,247,523.23)	(208,470.32)	79,134,993.41
Nedbank Retention	26,684,885.48	30,705.92	-	(307,705.92)	26,715,591.40
NEDBANK	50,483,350.69	82,523.28	(50,565,873.97)	(82,523.28)	-
Total Unconditional	243,119,577	57,789,149	- 41,247,541	- 867,470	209,208,539
Total Investments					213,126,824

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 30th June 2021 the conditional investments amounted to R3,918,285 and unconditional investments amounted to R209,208,539.

Total investments as at 30th June 2021 amounted to R213,126,824.

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	Full Year Forecast
R thousands									
RECEIPTS:	1,2								
Operating Transfers and Grants									
National Government:		240,621	255,022	304,803	–	304,803	304,803	–	304,803
Local Government Equitable Share		234,919	249,823	299,604	–	299,604	299,604	–	299,604
Finance Management Grant		1,700	1,700	1,700	–	1,700	1,700	–	1,700
EPWP		3,257	3,499	3,499	–	3,499	3,499	–	3,499
Disaster relief grant		745	–	–	–	–	–	–	–
Provincial Government:		1,197	930	4,721	–	4,441	4,441	–	4,441
Sport and Recreation		1,197	930	930	–	650	650	–	650
DEDEAT		–	–	3,791	–	3,791	3,791	–	3,791
District Municipality:		–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	241,818	255,952	309,523	–	309,243	309,243	–	309,243
Capital Transfers and Grants									
National Government:		128,432	101,527	92,926	–	92,926	92,926	–	92,926
MIG		58,255	48,936	60,335	–	60,335	60,335	–	60,335
INEP		70,177	52,591	32,591	–	32,591	32,591	–	32,591
Other capital transfers <i>[insert description]</i>		–	–	–	–	–	–	–	–
Provincial Government:		–	260	260	–	–	260	(260)	260
Sport and Recreation		–	260	260	–	–	260	(260)	260
District Municipality:		–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–
<i>[insert description]</i>		–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	128,432	101,787	93,186	–	92,926	93,186	(260)	93,186
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	370,250	357,739	402,709	–	402,169	402,429	(260)	402,429

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively. No grant was received in the month of June 2021.

7.2 Supporting Table SC7

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										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		239,876	255,022	304,803	29,571	220,543	304,803	(84,260)	-27.6%	304,803
Local Government Equitable Share		234,919	249,823	299,604	28,914	215,344	299,604	(84,260)	-28.1%	299,604
Finance Management Grant		1,700	1,700	1,700	657	1,700	1,700	-		1,700
EPWP		3,257	3,499	3,499	-	3,499	3,499	-		3,499
Disaster relief grant		-	-	-	-	-	-	-		-
Provincial Government:		1,197	930	4,721	457	1,667	4,721	(3,054)	-64.7%	4,721
Sport and Recreation		1,197	930	930	10	66	930	(864)	-92.9%	930
DEDEAT		-	-	3,791	447	1,600	3,791	(2,190)	-57.8%	3,791
District Municipality:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:		241,073	255,952	309,523	30,028	222,209	309,523	(87,314)	-28.2%	309,523
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		128,432	101,527	92,926	6,753	81,007	92,926	(11,919)	-12.8%	92,926
MIG		58,255	48,936	60,335	3,501	52,784	60,335	(7,550)	-12.5%	60,335
0		70,177	52,591	32,591	3,252	28,222	32,591	(4,369)	-13.4%	32,591
Other capital transfers [insert description]		-	-	-	-	-	-	-		-
Provincial Government:		-	260	260	-	-	260	(260)	-100.0%	260
		-	260	260	-	-	260	(260)	-100.0%	260
District Municipality:		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants		128,432	101,787	93,186	6,753	81,007	93,186	(12,179)	-13.1%	93,186
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		369,505	357,739	402,709	36,781	303,216	402,709	(99,493)	-24.7%	402,709

Expenditure performance on grants amounted to R36,7 million for the month ended 30th June 2021.

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	13,114	990	13,084	13,114	(30)	0%	13,114
Pension and UIF Contributions		–	739	739	60	589	739	(150)	-20%	739
Medical Aid Contributions		–	142	142	65	409	142	267	188%	142
Motor Vehicle Allowance		–	133	133	11	108	133	(25)	-19%	133
Cellphone Allowance		–	3,140	3,140	246	2,465	3,140	(675)	-22%	3,140
Housing Allowances		–	4,269	4,269	344	3,378	4,269	(891)	-21%	4,269
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		–	21,537	21,537	1,715	20,033	21,537	(1,504)	-7%	21,537
% increase	4									
Other Municipal Staff										
Basic Salaries and Wages		1,084	103,247	103,247	7,269	94,633	103,247	(8,614)	-8%	103,247
Pension and UIF Contributions		(3)	988	988	36	441	988	(547)	-55%	988
Medical Aid Contributions		–	5,322	5,322	367	3,538	5,322	(1,784)	-34%	5,322
Overtime		(54)	692	692	180	1,651	692	959	139%	692
Performance Bonus		322	6,197	6,197	1,766	4,573	6,197	(1,625)	-26%	6,197
Motor Vehicle Allowance		–	4,114	4,114	438	3,964	4,114	(150)	-4%	4,114
Cellphone Allowance		–	–	–	–	–	–	–	–	–
Housing Allowances		–	4,672	4,672	393	3,583	4,672	(1,089)	-23%	4,672
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Payments in lieu of leave		698	–	–	332	885	–	885	#DIV/0!	–
Long service awards		5	–	–	31	145	–	145	#DIV/0!	–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		2,051	125,231	125,231	10,811	113,413	125,231	(11,818)	-9%	125,231
% increase	4		6005.5%	6005.5%						6005.5%
Total Parent Municipality		2,051	146,768	146,768	12,526	133,446	146,768	(13,322)	-9%	146,768
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		2,051	146,768	146,768	12,526	133,446	146,768	(13,322)	-9%	146,768
% increase	4		7055.5%	7055.5%						7055.5%
TOTAL MANAGERS AND STAFF		2,051	125,231	125,231	10,811	113,413	125,231	(11,818)	-9%	125,231

Remuneration related expenditure for the month ended 30th June 2021 amounted to R 12,5 million of the expenditure R1,7 million relates to Remuneration of Councillors and R10,8 million to Managers and staff.

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

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

The monthly budget statements (Section 71 Report) on the implementation of the budget and financial state of affairs of the municipality for the month ended 30th June 2021 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: _____

14/07/2021