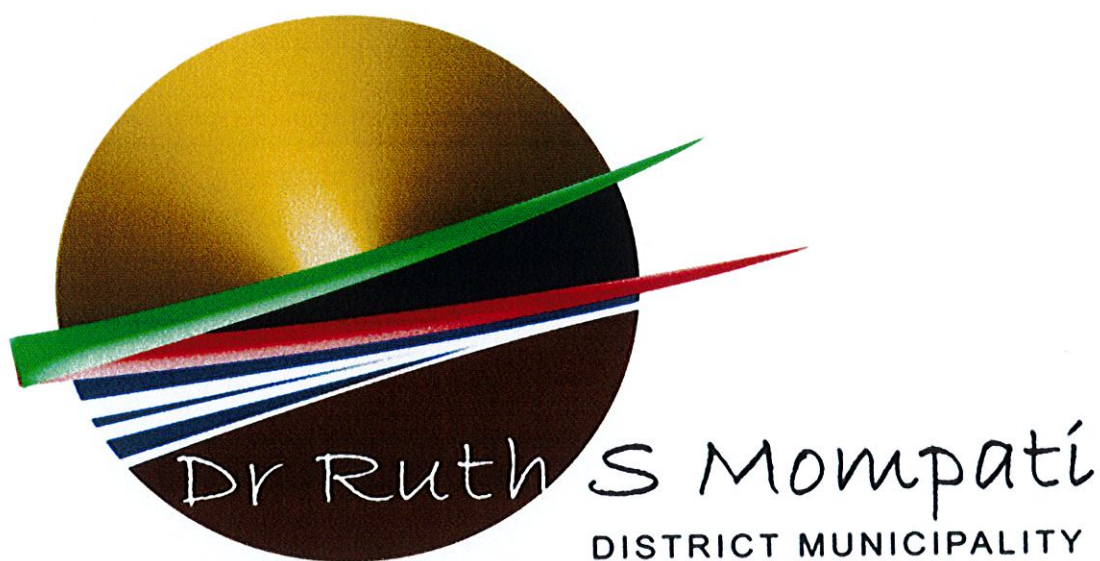


**MONTHLY BUDGET STATEMENT OF
DR RUTH SEGOMOTSI MOMPATI DISTRICT
MUNICIPALITY**



**In-Year Monitoring Report for the Month Ended
31 December 2019**

Report prepared in terms **Section 71** of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009.

SCHEDULE C

MONTHLY BUDGET STATEMENTS AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY

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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.

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 ratable 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.

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

Virement – A transfer of funds.

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 Eden District this means the different GFS classification the budget is divided.

DLG&HS – Department of Local Government and Human Settlements

MIG – Municipal Infrastructure Grant

WSIG – Water Services Infrastructure Grant

FMG – Financial Management Grant

MSIG – Municipal Systems Improvement Grant

Legislative Framework

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

The Municipal Finance Management Act – 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

1. IN-YEAR REPORTING

1.1 Executive Mayor's Report

1.1.1 Implementation of the Budget in line with the SDBIP

The municipality's strives to ensure alignment of the budget to the Service Delivery and Budget Implementation plan (SDBIP) and to ensure that all objectives are costed. Given the fact that financial resources are never sufficient to address all the needs identified in the departmental wish lists and the service delivery needs as identified by our communities, the process of prioritization of needs had to be strictly done.

Reasonable strides have been done by the municipality to cut costs and to implement a budget that only addresses the planned objectives. There has been serious cuts on non-priority areas and luxuries to afford the municipality to bridge the gap between the needs of our communities and the available resources.

All the objectives set in the SDBIP are aligned to the budget and even though not fully funded.

1.1.2 Service Level Agreements with the Local Municipalities

There are initiatives of the District Municipality to the local municipalities such as Internal Audit Support, Risk Management Support, IT Support and many other administrative supports are still being provided to the local municipalities.

The Service Level Agreements between Water Service Authority and the Water Services Providers have been entered and are in place with few municipalities, even though not fully budgeted for due to financial constraints. However, the District Municipality as a Water Service Authority is assisting Lekwa- Teemane, Naledi Local Municipality and Mamusa Local Municipality with water tankering and this is budgeted from the operating income. The existence of the District Municipality is to support the local municipalities in as far as the district municipality can afford.

1.1.3 A Summary of Financial Problems or Risks facing the Municipality

The District Municipality's financial situation has deteriorated over the years. The dependence on the grant funding is still continuing for the district, and the district has not yet identified any additional revenue sources. The cash flow of the district is getting lower and lower to an extent where some months conclude in a negative cash flow. The municipality does not have reserves.

The major risk that the district is facing is, the aging infrastructure that is depreciating at a high rate and that depreciation is not cash backed, and this is a high risk for the district municipality because the district would have to replace these infrastructural assets when they become damaged and fully used and this exercise has a serious financial bearing in the long run for the municipality.

The fact that the district municipality does not have other revenue sources other than the conditional grants also poses a threat and the risk of going concern for the municipality. High expenditure trends on operating costs must be monitored and curbed as these will affect the service delivery in the long run. The District Municipality has developed a Revenue Enhancement Strategy to ensure revenue collection.

1.1.4 Council Resolutions

The resolutions that will be presented to Council when this In-Year Report is tabled.

1.2 Executive Summary

1.2.1 Introduction

Section 71(1) of the Municipal Finance Management Act (MFMA) requires from the Municipal Manager, as Accounting Officer of the Municipality, to submit a report in a prescribed format to the Mayor within 10 working days after the end of each month on the state of the municipality's budget for that month and for the financial year up to the end of that month.

These figures are presented in terms of section 71 of the MFMA. The information is presented for the month and year to date ending 31 December 2019.

1.2.2 Consolidated Overview

1.2.2.1 Against Annual Budget (original)

- **Revenue by source**

The municipality received a second trench of Equitable share for the month of December 2019.

The municipality has got no other sources of revenue other than conditional grants, interest earned and revenue from the sale of bid documents which is very minimal. Therefore, this means that the municipality is heavily grant dependant. The grants received from National Treasury need to be strictly implemented as they are for specific purposes. These grants are received by the municipality in three tranches for the financial year. Municipality will not receive the Municipal Infrastructure Grant (MIG) as it will be administered from the Provincial and National CoGTA as cost reimbursement

- **Operating Expenditure by type**

Operating expenditure for the month of December amounts to **R67m** which is inclusive of the Sedibeng outstanding account of over **R300m**. The Municipality managed to pay its creditors and employees with the received equitable share for the month of December 2019.

- **Capital Expenditure**

The capital budget for the financial year amounts to **R360,755m**. This amount is made up of the Municipal Infrastructure Grant (MIG) **R131,473m**, Regional Bulk Water Infrastructure Grant (RBIG) **R121,693m**, Water Services Infrastructure Grant (WSIG) **R105,000m** and Rural Roads Assets Management Services Grant (RRAMS) **R2,589m**. As at the end of July 2019 expenditure incurred on grants was **R8,860m** all of this is accrued expenditure.

- **Material variances from SDBIP**

Variances and deficiencies will be explained in terms of the SDBIP and will be reported on by the Performance Management Unit during the quarterly performance reviews.

- **Remedial or corrective steps**

All Departmental Heads must monitor monthly income and expenditure reports and ensure spending is within budget that was approved by Council on the 30 May 2019. It is the responsibility of each Departmental Head to prevent any unauthorised expenditure by staying within the budgetary limits and also by ensuring that the money is spent on only the items that are budgeted for. Should such unauthorised expenditure occur, the relevant departmental head will be held responsible for that unauthorised expenditure.

- **Conclusion**

Detailed analysis of the municipal performance for the year to date ending 31 December 2019 will be presented under the different sections of the report.

The municipality must implement various cost saving measures and other activities to ensure that the municipal budget is implemented according to the mandate of Council.

1.3 Budget Statement Tables

1.3.1 Table C1: Monthly Budget Statement Summary

DC39 Dr Ruth Segomotsi Mompati - Table C1 Monthly Budget Statement Summary - M06 December

Description	2018/19	Budget Year 2019/20							
	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	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	-	550	-	495	2.485	275	2.210	804%	550
Transfers and subsidies	-	311.151	-	60.526	325.057	155.575	169.481	109%	311.151
Other own revenue	-	16.335	-	97	5.814	8.168	(2.354)	-29%	16.335
Total Revenue (excluding capital transfers and contributions)	-	328.036	-	61.118	333.356	164.018	169.338	103%	328.036
Employee costs	-	142.929	-	4.003	93.285	70.210	23.075	33%	140.419
Remuneration of Councillors	-	7.578	-	138	1.075	4.883	(3.808)	-78%	9.766
Depreciation & asset impairment	-	11.459	-	-	-	6.189	(6.189)	-100%	12.379
Finance charges	-	10.800	-	900	8.102	5.400	2.702	50%	10.800
Materials and bulk purchases	-	93.150	-	57.528	76.939	47.825	29.114	61%	95.650
Transfers and subsidies	-	8.550	-	60	134	2.900	(2.766)	-95%	5.800
Other expenditure	-	55.088	-	5.054	38.820	32.630	6.190	19%	65.261
Total Expenditure	-	329.554	-	67.684	218.354	170.038	48.317	28%	340.075
Surplus/(Deficit)	-	(1.518)	-	(6.566)	115.001	(6.020)	121.021	-2010%	(12.039)
Transfers and subsidies - capital (monetary alloc	-	367.675	-	-	29.423	183.838	(154.414)	-84%	367.675
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	366.157	-	(6.566)	144.424	177.818	(33.393)	-19%	355.636
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	366.157	-	(6.566)	144.424	177.818	(33.393)	-19%	355.636
Capital expenditure & funds sources									
Capital expenditure	1.418	244.000	-	8.860	87.361	122.000	(34.640)	-28%	244.000
Capital transfers recognised	1.418	241.280	-	8.783	60.832	120.640	(59.808)	-50%	241.280
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	2.970	-	78	26.537	1.485	25.052	1687%	2.970
Total sources of capital funds	1.418	244.250	-	8.860	87.370	122.125	(34.756)	-28%	244.250
Financial position									
Total current assets	401.932	-	-	-	834.565	-	-	-	-
Total non current assets	2.879.921	370.106	-	-	5.882.101	-	-	-	370.106
Total current liabilities	578.088	-	-	-	1.166.796	-	-	-	-
Total non current liabilities	86.365	-	-	-	172.730	-	-	-	-
Community wealth/Equity	2.617.401	(13.339)	-	-	5.379.226	-	-	-	(13.339)
Cash flows									
Net cash from (used) operating	-	369.482	-	(10.413)	132.556	179.141	46.584	26%	358.281
Net cash from (used) investing	(1.418)	(244.250)	-	(8.860)	(87.370)	(122.125)	(34.756)	28%	(244.250)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	(1.418)	125.232	-	-	45.187	57.015	11.829	21%	114.031
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	-	-	-	-	-	7.924	-	-	7.924
Creditors Age Analysis									
Total Creditors	8.516	33.957	33.364	46.673	(54.158)	(2.812)	243.490	-	309.030

1.3.2 Table C2 Monthly Budget Statement – Financial Performance per Standard Classification

DC39 Dr Ruth Segomotsi Mompoti - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	2018/19	Budget Year 2019/20							
		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>		-	129.732	-	(17.561)	(204.753)	64.866	(269.619)	-416%	129.732
Executive and council		-	43.522	-	(10.005)	(28.719)	21.761	(50.480)	-232%	43.522
Finance and administration		-	71.018	-	(3.890)	(165.853)	35.509	(201.362)	-567%	71.018
Internal audit		-	15.193	-	(3.665)	(10.181)	7.596	(17.777)	-234%	15.193
<i>Community and public safety</i>		-	30.820	-	(7.435)	(20.653)	15.410	(36.063)	-234%	30.820
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	30.820	-	(7.435)	(20.653)	15.410	(36.063)	-234%	30.820
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	58.653	-	(9.240)	(33.285)	29.327	(62.611)	-213%	58.653
Planning and development		-	40.433	-	(4.845)	(21.075)	20.217	(41.292)	-204%	40.433
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	18.220	-	(4.396)	(12.210)	9.110	(21.319)	-234%	18.220
<i>Trading services</i>		-	476.506	-	(26.881)	(104.089)	238.253	(342.342)	-144%	476.506
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	476.506	-	(26.881)	(104.089)	238.253	(342.342)	-144%	476.506
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	695.711	-	(61.118)	(362.779)	347.856	(710.634)	-204%	695.711
Expenditure - Functional										
<i>Governance and administration</i>		-	129.028	-	6.546	95.053	64.200	30.854	48%	128.399
Executive and council		-	44.663	-	2.788	17.784	21.505	(3.721)	-17%	43.010
Finance and administration		-	69.301	-	2.683	69.683	35.163	34.520	98%	70.326
Internal audit		-	15.064	-	1.075	7.586	7.532	55	1%	15.064
<i>Community and public safety</i>		-	30.720	-	2.570	15.723	15.360	363	2%	30.720
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	30.720	-	2.570	15.723	15.360	363	2%	30.720
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	65.477	-	(484)	17.392	33.864	(16.471)	-49%	67.727
Planning and development		-	48.658	-	(1.608)	9.463	25.454	(15.991)	-63%	50.908
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	16.819	-	1.125	7.929	8.410	(481)	-6%	16.819
<i>Trading services</i>		-	104.329	-	59.051	90.186	56.615	33.571	59%	113.229
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	104.329	-	59.051	90.186	56.615	33.571	59%	113.229
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	329.554	-	67.684	218.354	170.038	48.317	28%	340.075
Surplus/ (Deficit) for the year		-	366.157	-	(128.801)	(581.133)	177.818	(758.951)	-427%	355.636

This above table reflects on the operating budget (Financial Performance) per the standard classifications which is the Government Finance Statistics Functions and Sub-function. These are used by National Treasury to assist in the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures being used by the different institutions.

The main functions are Governance and Administration, Community and Public Safety, Economic and Environmental Services and Trading services and others. It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3 as prescribed by the MBRR.

Operating Revenue

Operating revenue to date is R325,000 year to date. This is the investment interest realised from Investments.

Operating Expenditure

The operating expenditure for the month of December 2019 is mainly employee related costs and remuneration of councillors. The Municipality received the second tranche of the equitable share in JDecember2019. The Budget that council approved for 2019/20 MTREF was unfunded and therefore National Treasury advised council to a resolution and to come up with a financial plan on how to deal with the deficit

1.3.3 Table C3 Monthly Budget Statement – Financial Performance (Revenue and Expenditure By Municipal Vote.

DC39 Dr Ruth Segomotsi Mompoti - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

Vote Description	Ref	2018/19	Budget Year 2019/20							
		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 - Office of the Mayor		-	30.301	-	(3.652)	(148.156)	15.151	(163.307)	-1077.9%	30.301
Vote 2 - Office of the Speaker		-	43.522	-	(10.005)	(28.719)	21.761	(50.480)	-232.0%	43.522
Vote 3 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	15.193	-	(3.665)	(10.181)	7.596	(17.777)	-234.0%	15.193
Vote 5 - Finance		-	476.506	-	(26.881)	(104.089)	238.253	(342.342)	-143.7%	476.506
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 8 - Environmental Health		-	-	-	-	-	-	-	-	-
Vote 9 - Fire and Disaster		-	17.763	-	-	(7.618)	8.881	(16.499)	-185.8%	17.763
Vote 10 - Engineering Services		-	-	-	-	-	-	-	-	-
Vote 11 - PMU		-	-	-	-	-	-	-	-	-
Vote 12 - EDTA		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 4]		-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	40.716	-	(238)	(17.697)	20.358	(38.055)	-186.9%	40.716
Total Revenue by Vote	2	-	624.001	-	(44.442)	(316.459)	312.001	(628.460)	-201.4%	624.001
Expenditure by Vote	1									
Vote 1 - Office of the Mayor		-	28.940	-	1.918	22.899	15.520	7.379	47.5%	31.040
Vote 2 - Office of the Speaker		-	44.663	-	2.788	17.784	21.505	(3.721)	-17.3%	43.010
Vote 3 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	15.064	-	1.075	7.586	7.532	55	0.7%	15.064
Vote 5 - Finance		-	104.329	-	59.051	90.186	56.615	33.571	59.3%	113.229
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 8 - Environmental Health		-	-	-	-	-	-	-	-	-
Vote 9 - Fire and Disaster		-	45.721	-	(2.028)	8.465	24.111	(15.645)	-64.9%	-
Vote 10 - Engineering Services		-	-	-	-	-	-	-	-	-
Vote 11 - PMU		-	-	-	-	-	-	-	-	-
Vote 12 - EDTA		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 4]		-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	40.361	-	765	46.784	19.643	27.141	138.2%	-
Total Expenditure by Vote	2	-	279.079	-	63.570	193.705	144.925	48.779	33.7%	202.342
Surplus/ (Deficit) for the year	2	-	344.922	-	(108.011)	(510.164)	167.076	(677.239)	-405.3%	421.659

Reporting per municipal vote provide details on the spread of spending over the various budget votes of the municipality. Revenue and expenditure are spread amongst various votes per their functions and priorities in line with the overall Service Delivery and Budget Implementation Plan.

1.3.4 Table C4 Monthly Budget Statement – Financial Performance (Revenue and Expenditure)

DC39 Dr Ruth Segomotsi Mompati - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	Budget Year 2019/20								
		2018/19 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		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	1.303	-	84	588	652	(64)	-10%	1.303
Interest earned - external investments		-	550	-	495	2.485	275	2.210	804%	550
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	14.832	-	-	4.978	7.416	(2.438)	-33%	14.832
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	311.151	-	60.526	325.057	155.575	169.481	109%	311.151
Other revenue		-	200	-	13	248	100	148	148%	200
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	328.036	-	61.118	333.356	164.018	169.338	103%	328.036
Expenditure By Type										
Employee related costs		-	142.929	-	4.003	93.285	70.210	23.075	33%	140.419
Remuneration of councillors		-	7.578	-	138	1.075	4.883	(3.808)	-78%	9.766
Debt impairment		-	800	-	-	-	850	(850)	-100%	1.700
Depreciation & asset impairment		-	11.459	-	-	-	6.189	(6.189)	-100%	12.379
Finance charges		-	10.800	-	900	8.102	5.400	2.702	50%	10.800
Bulk purchases		-	92.500	-	57.528	76.886	47.500	29.386	62%	95.000
Other materials		-	650	-	-	53	325	(272)	-84%	650
Contracted services		-	23.954	-	2.754	25.546	16.677	8.869	53%	33.354
Transfers and subsidies		-	8.550	-	60	134	2.900	(2.766)	-95%	5.800
Other expenditure		-	30.334	-	2.300	13.274	15.103	(1.830)	-12%	30.207
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		-	329.554	-	67.684	218.354	170.038	48.317	28%	340.075
Surplus/(Deficit)		-	(1.518)	-	(6.566)	115.001	(6.020)	121.021	(0)	(12.039)
(National / Provincial and District)		-	367.675	-	-	29.423	183.838	(154.414)	(0)	367.675
(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		-	366.157	-	(6.566)	144.424	177.818			355.636
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	366.157	-	(6.566)	144.424	177.818			355.636
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	366.157	-	(6.566)	144.424	177.818			355.636
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		-	366.157	-	(6.566)	144.424	177.818			355.636

Table C4 above presents

- Revenue by Source.

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

- Rental of facilities and equipment:

Slow income levels are reported due to this municipality's grants are all on Cost Reimbursement.

- **Transferred recognised – operational**

The transfers recognised represents all the operating grants budgeted for as gazette in the DoRA. These include the equitable share, the financial management grant, the rural road asset management system grant and the expanded public works grant. All grants are recognized as revenue once they have been spent.

- **Other revenue / Sundry income**

Other revenue reflects an amount of **R 248,000** for the month of December 2019

- **Expenditure by Type**

Expenditure by type reflects the operational budget per main type/category of expenditure.

- **Employee Related costs and Remuneration of Councilors.**

Remuneration related expenditure for the month of December amounts to R4.003m. To date, the total expenditure on salary related costs for officials amounts **R70.210m**, and Remuneration of councilors amount to **R4,833 To date.**

- **Bulk Purchases**

The amount of **R57.528m** reflected in table C4 excludes is outstanding money or invoices for Sedibeng Water. The Municipality is unable to service this account as Sedibeng expects **R60m** on monthly basis. Highly unaffordable.

- **Other expenditure**

Other expenditure includes all other general operational costs of the municipality. The general expense as at the end of December 2019 are within the budget.

1.3.5 Table C5 Monthly Budget Statement Capital Expenditure (Municipal Function)

DC39 Dr Ruth Segomotsi Mompoti - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Single Year expenditure appropriation	2									
Vote 1 - Office of the Mayor		-	400	-	21	75	200	(125)	-63%	400
Vote 2 - Office of the Speaker		-	900	-	-	-	450	(450)	-100%	900
Vote 3 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	130	-	8	8	65	(57)	-88%	130
Vote 5 - Finance		1.418	173.830	-	8.783	87.228	86.915	312	0%	173.830
Vote 6 - Corporate Services		-	42.000	-	-	-	21.000	(21.000)	-100%	42.000
Vote 7 - Planning and Development		-	25.450	-	-	-	12.725	(12.725)	-100%	25.450
Vote 8 - Environmental Health		-	-	-	-	-	-	-	-	-
Vote 9 - Fire and Disaster		-	850	-	45	45	425	(380)	-89%	850
Vote 10 - Engineering Services		-	-	-	-	-	-	-	-	-
Vote 11 - PMU		-	-	-	-	-	-	-	-	-
Vote 12 - EDTA		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 3]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 4]		-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	440	-	4	5	220	(215)	-98%	440
Total Capital single-year expenditure	4	1.418	244.000	-	8.860	87.361	122.000	(34.640)	-28%	244.000
Total Capital Expenditure		1.418	244.000	-	8.860	87.361	122.000	(34.640)	-28%	244.000
Capital Expenditure - Functional Classification										
Governance and administration		-	1.870	-	33	88	935	(847)	-91%	1.870
Executive and council		-	900	-	-	-	450	(450)	-100%	900
Finance and administration		-	840	-	25	80	420	(340)	-81%	840
Internal audit		-	130	-	8	8	65	(57)	-88%	130
Community and public safety		-	100	-	-	9	50	(41)	-82%	100
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	100	-	-	9	50	(41)	-82%	100
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	1.000	-	45	45	500	(455)	-91%	1.000
Planning and development		-	850	-	45	45	425	(380)	-89%	850
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	150	-	-	-	75	(75)	-100%	150
Trading services		1.418	241.280	-	8.783	87.228	120.640	(33.413)	-28%	241.280
Energy sources		-	-	-	-	-	-	-	-	-
Water management		1.418	173.830	-	8.783	87.228	86.915	312	0%	173.830
Waste water management		-	42.000	-	-	-	21.000	(21.000)	-100%	42.000
Waste management		-	25.450	-	-	-	12.725	(12.725)	-100%	25.450
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	1.418	244.250	-	8.860	87.370	122.125	(34.756)	-28%	244.250

3.6 Table C6 Monthly Budget Statement Financial Position

DC39 Dr Ruth Segomotsi Mompati - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		2.805	-	-	(32.484)	-
Call investment deposits		113.084	-	-	279.096	-
Consumer debtors		-	-	-	676	-
Other debtors		286.043	-	-	587.276	-
Current portion of long-term receivables		-	-	-	-	-
Inventory		-	-	-	-	-
Total current assets		401.932	-	-	834.565	-
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		5.512	-	-	11.025	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		2.873.372	370.106	-	5.869.003	370.106
Biological		-	-	-	-	-
Intangible		1.037	-	-	2.074	-
Other non-current assets		-	-	-	-	-
Total non current assets		2.879.921	370.106	-	5.882.101	370.106
TOTAL ASSETS		3.281.854	370.106	-	6.716.666	370.106
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		-	-	-	-	-
Trade and other payables		568.745	-	-	1.148.110	-
Provisions		9.343	-	-	18.685	-
Total current liabilities		578.088	-	-	1.166.796	-
Non current liabilities						
Borrowing		44.034	-	-	88.069	-
Provisions		42.331	-	-	84.661	-
Total non current liabilities		86.365	-	-	172.730	-
TOTAL LIABILITIES		664.452	-	-	1.339.526	-
NET ASSETS	2	2.617.401	370.106	-	5.377.140	370.106
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2.321.408	-	-	4.787.241	-
Reserves		295.993	(13.339)	-	591.986	(13.339)
TOTAL COMMUNITY WEALTH/EQUITY	2	2.617.401	(13.339)	-	5.379.226	(13.339)

1.

DC39 Dr Ruth Segomotsi Mompati - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2018/19	Budget Year 2019/20							
		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		-	-	-	-	-	-	-		-
Service charges		-	-	-	-	-	-	-		-
Other revenue		-	40 716	-	238	17 697	20 358	(2 661)	-13%	40 716
Government - operating		-	273 386	-	57 023	303 781	136 693	167 088	122%	273 386
Government - capital		-	367 675	-	-	29 423	183 838	(154 414)	-84%	367 675
Interest		-	-	-	-	-	-	-		-
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-	(297 945)	-	(66 724)	(210 119)	(154 698)	55 420	-36%	(309 396)
Finance charges		-	(10 800)	-	(900)	(8 102)	(5 400)	2 702	-50%	(10 800)
Transfers and Grants		-	(3 550)	-	(50)	(124)	(1 650)	(1 526)	92%	(3 300)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	369 482	-	(10 413)	132 556	179 141	46 584	26%	358 281
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(1 418)	(244 250)	-	(8 860)	(87 370)	(122 125)	(34 756)	28%	(244 250)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 418)	(244 250)	-	(8 860)	(87 370)	(122 125)	(34 756)	28%	(244 250)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		(1 418)	125 232	-	(19 273)	45 187	57 015			114 031
Cash/cash equivalents at beginning:		-	-	-	-	-	-			-
Cash/cash equivalents at month/year end:		(1 418)	125 232	-	(19 273)	45 187	57 015			114 031

3.7 Monthly Budget Statement – Cash Flows

PART 2

2. OTHER SUPPORTING INFORMATION

2.1 Debtors Age Analysis

The age analysis for debtors only includes those amounts which are current or past due. It does not include amounts which are due in future. The municipality does not have consumers who pay rates and taxes, but rather the debtors emanate from Department of Transport for the Rental of Municipal Building.

DC39 Dr Ruth Segomotsi Mompoti - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2019/20									Total over 90 days	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			
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	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	7 924	-	-	7 924	7 924	-	-
Total By Income Source	2000	-	-	-	-	-	7 924	-	-	7 924	7 924	-	-
2018/19 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	-	-	-	-	-	1 788	-	-	1 788	1 788	-	-
Commercial	2300	-	-	-	-	-	6 135	-	-	6 135	6 135	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	-	-	-	-	-	7 924	-	-	7 924	7 924	-	-

The total outstanding debtors as at the end of December 2019 amounted to **R7,924m**

2.2 Creditors Analysis

The municipality's creditors as at the 31 December 2019 amounted to **R309.030m**. This amount is made up of various creditors which include amongst others the retentions withheld on various capital projects and Sedibeng Water outstanding invoices

DC39 Dr Ruth Segomotsi Mompoti - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2019/20									Total	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			
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	26 450	-	12 231	-	-	-	243 144	-	-	281 825	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	513	-	-	-	-	-	-	-	513	-
Other	0900	(17 934)	33 444	21 133	46 673	(54 158)	(2 812)	346	-	-	26 692	-
Total By Customer Type	1000	8 516	33 957	33 364	46 673	(54 158)	(2 812)	243 490	-	309 030	-	-

2.2.1 The DBSA Loan

The municipality is also servicing a loan from the DBSA, this loan was taken-on since 2013-2014, thereafter a Restructured Loan Agreement was entered into between the municipality and the DBSA whereby the DBSA agreed to cut the accumulated interest on the loan provided the municipality commits to adhere to the repayment schedules, and as at the end of July the remaining balance was at **R26,838m**. The monthly repayment towards this has been provided in the budget at R900 000 as per the repayment agreement.

2.3 Cash and Cash Equivalents

The cash and cash equivalents consist of the petty cash amount up to R2,000 the primary bank account held at FNB and the short-term investment accounts. As at the end of December 2019, the primary bank account had a cash balance of **R16,145m** and the short-term investments, and amounts to **R10,416m** as at the end of December. The amount in short term investment accounts mainly consists of the FMG, MIG, the DWA RBIG Grant, WSIG and other grants received but not yet spent.

2.4 Investment Portfolio

Regulation 9 of the Investment Regulations requires that:

The Accounting Officer of a municipality or municipal entity must within 10 working days of the end of each month as part of the S71 report required by the Act, submit to the Mayor of the municipality or the board of directors of a municipal entity a report describing in accordance with the GRAP the investment portfolio of the municipality or the municipal entity as at the end of the month. Regulation 9 (1) further requires that the report must contain at least:

- i) The market value of each investment at the beginning of each period;
- ii) Any changes to the investment portfolio during the reporting period;
- iii) The market value of each and every investment at the end of the period;

The investment portfolio of the municipality as at the 31 December 2019 amounted to as indicated below.

These invested funds are those funds for the capital projects that have not yet been implemented. The interest raised from these short-term investments is already included in the budget at an estimate.

DC39 Dr Ruth Segomotsi Mompati - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID FNB Call Accounts	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands														
Municipality														
504-MIG		12 Months	Call Accounts	yes	Variable	5				4	0			4
505-DWA		12 Months	Call Accounts	yes	Variable	5				31	0			31
506-Department of Sport Grant		12 Months	Call Accounts	yes	Variable	5				1,017	5			1,022
509-FMG		12 Months	Call Accounts	yes	Variable	5				1,514	7			1,521
511-Municipal Building Fund		12 Months	Call Accounts	yes	Variable	5				19,692	45	(19,498)		239
512-Guarantees		12 Months	Call Accounts	yes	Variable	5				439	2			441
513-Leave Provision		12 Months	Call Accounts	yes	Variable	5				2,467	12			2,479
517-LG Seta Grant		12 Months	Call Accounts	yes	Variable	5				30	0			30
518-National Department Public Works		12 Months	Call Accounts	yes	Variable	5				50	0			50
519-Provincial Infrastructure Grant (MAMUSA LM MIG)		12 Months	Call Accounts	yes	Variable	5				2,291	11			2,302
520-Rural Transport Services Infrastructure Grant		12 Months	Call Accounts	yes	Variable	5				1,477	7	(363)		1,121
521-Rural Household Infrastructure Grant		12 Months	Call Accounts	yes	Variable	5				11	-			11
523-Equitable Share		12 Months	Call Accounts	yes	Variable	5				12	16			28
524-WSOG		12 Months	Call Accounts	yes	Variable	5				1,130	6			1,136
Municipality sub-total										30,165		(19,881)	-	10,416
Entities														
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									30,165		(19,881)	-	10,416

2.5 Grants Receipts

DC39 Dr Ruth Segomotsi Mompoti - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		310.577	372.071	-	314	3.815	367.941	(363.436)	-98.8%	372.071
Local Government Equitable Share		301.205	361.316	-	-	-	361.316	(361.316)	-100.0%	361.316
Finance Management		1.320	1.785	-	77	476	1.231	-	-	1.785
EPWP Incentive		1.278	2.050	-	236	939	874	-	-	2.050
5%MIG-PMU Operations		6.774	6.920	-	0	2.400	4.520	(2.120)	-46.9%	6.920
Total Operating Transfers and Grants	5	310.577	372.071	-	314	3.815	367.941	(363.436)	-98.8%	372.071
Capital Transfers and Grants										
National Government:		371.859	360.755	-	27.877	103.425	229.453	(96.661)	-42.1%	360.755
Municipal Infrastructure Grant (MIG)		128.708	131.473	-	6.877	13.967	110.628	(96.661)	-87.4%	131.473
Regional Bulk Infrastructure		149.150	121.693	-	-	50.692	71.001	-	-	121.693
Water Services Infrastructure Grant		91.557	105.000	-	21.000	38.421	45.579	-	-	105.000
Rural Transport Services and Infrastructure		2.444	2.589	-	-	345	2.244	-	-	2.589
Provincial Government:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	371.859	360.755	-	27.877	103.425	229.453	(96.661)	-42.1%	360.755
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	682.436	732.826	-	28.192	107.240	597.394	(460.096)	-77.0%	732.826

As indicated above, the municipality is almost 100% grant dependent. The following grants have been budgeted for.

2.6 Grants Expenditure

The Municipality received equitable share grant during the month of December 2019.

2.7 Repairs and maintenance

There was no expenditure incurred for repairs and maintenance. This repairs and maintenance of minor assets and not of the infrastructural assets.

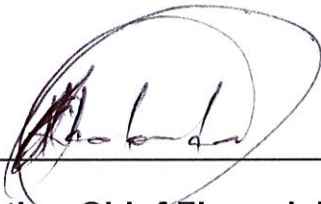
3. Conclusion

The financial performance of the municipality as this is the middle of the financial year. The delay in releasing grants for the municipality had a huge impact on service delivery and payments to service providers.

4. Recommendations

It is recommended that: -

- Managers should ensure that they implement the budget in line with the SDBIP and that only items that are budgeted for should be considered.
- All procurement plans must be linked to the departmental SDBIP
- That management continue to implement cost containment measures as per circular 82 and Municipal Cost Containment Regulations
- All managers that have to submit their inputs for the preparation of the Section 71 Reports must do so timeously so that the submission of the Section 71 Report must be done on time.



Acting Chief Financial Officer

23 January 2020

DR RUTH S. MOMPATI DISTRICT MUNICIPALITY

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **Jerry MONONELA**, Municipal Manager of Dr Ruth S Mompati District Municipality, hereby certify that this report and the supporting documentation are prepared in terms of S71 of the MFMA and in line with the in-year monitoring and reporting requirements of the Municipal Budget and Reporting Regulations (MBRR).

Print Name: MR. JERRY MONONELA

Signature: _____

A handwritten signature in black ink, appearing to be 'JERRY MONONELA', written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

Date : 23 January 2020

ACKNOWLEDGEMENT OF RECEIPT BY THE EXECUTIVE MAYOR

(or by any person receiving this report on behalf of the Executive Mayor)

I, **Boitumelo L Mahlangu**, the Executive Mayor of Dr Ruth Segomotsi Mompati receive this report in line with the S71(1) of the MFMA.



Signature _____

Date: 23 January 2020