

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



**In-Year Monitoring Report for the Month Ended  
31 August 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**

Due to financial limitations of the District Municipality, the transfers made to the local municipalities, i.e. the FBS Grant (Naledi, Mamusa and Lekwa Teemane) had to be stopped. However other support 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 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 District Municipality had to impair the R150m that was invested with VBS Mutual Bank. R100m was for RBIG, R29m MIG and R21m from our own revenue. This has a negative effect on projects that are funded by conditional grants because some of the projects had to be pushed or moved to the outer financial years.

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.

## **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 August 2019.

### **1.2.2 Consolidated Overview**

#### **1.2.2.1 Against Annual Budget (original)**

- **Revenue by source**

The municipality received the Equitable Share of **R131 798M**. The income received is for external investments which is **R20K**.

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 trances for the financial year. Municipality will not receive the Municipal Infrastructure Grant (MIG) as it will be administered form the Provincial and National CoGTA

- **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



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- **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 July 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 Mompoti - Table C1 Monthly Budget Statement Summary - M02 August

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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	-	550	-	20	40	92	(51)	-56%	550
Transfers and subsidies	-	311.151	-	263.659	263.659	51.859	211.801	408%	311.151
Other own revenue	-	16.335	-	4.322	5.255	2.723	2.532	93%	16.335
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	<b>328.036</b>	-	<b>268.001</b>	<b>268.954</b>	<b>54.673</b>	<b>214.282</b>	<b>392%</b>	<b>328.036</b>
Employee costs	-	142.929	-	17.408	35.904	23.403	12.501	53%	140.419
Remuneration of Councillors	-	7.578	-	158	393	1.628	(1.235)	-76%	9.766
Depreciation & asset impairment	-	11.459	-	-	-	2.063	(2.063)	-100%	12.379
Finance charges	-	10.800	-	1.800	1.800	1.800	-	-	10.800
Materials and bulk purchases	-	93.150	-	-	-	15.942	(15.942)	-100%	95.650
Transfers and subsidies	-	8.550	-	-	-	967	(967)	-100%	5.800
Other expenditure	-	55.088	-	6.396	7.459	10.877	(3.418)	-31%	65.261
<b>Total Expenditure</b>	-	<b>329.554</b>	-	<b>25.762</b>	<b>45.556</b>	<b>56.679</b>	<b>(11.123)</b>	<b>-20%</b>	<b>340.075</b>
<b>Surplus/(Deficit)</b>	-	<b>(1.518)</b>	-	<b>242.239</b>	<b>223.398</b>	<b>(2.007)</b>	<b>225.404</b>	<b>-11233%</b>	<b>(12.039)</b>
Transfers and subsidies - capital (monetary alloc	-	367.675	-	1.040	1.040	61.279	(60.239)	-98%	367.675
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	<b>366.157</b>	-	<b>243.279</b>	<b>224.438</b>	<b>59.273</b>	<b>165.165</b>	<b>279%</b>	<b>355.636</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	-	<b>366.157</b>	-	<b>243.279</b>	<b>224.438</b>	<b>59.273</b>	<b>165.165</b>	<b>279%</b>	<b>355.636</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	-	<b>215.808</b>	-	<b>1.622</b>	<b>1.622</b>	<b>35.968</b>	<b>(34.346)</b>	<b>-95%</b>	<b>215.808</b>
Capital transfers recognised	-	214.128	-	1.106	1.106	35.688	(34.582)	-97%	214.128
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	1.930	-	516	516	322	195	60%	1.930
<b>Total sources of capital funds</b>	-	<b>216.058</b>	-	<b>1.622</b>	<b>1.622</b>	<b>36.010</b>	<b>(34.388)</b>	<b>-95%</b>	<b>216.058</b>
<b>Financial position</b>									
Total current assets	-	-	-	-	(57.427)	-	-	-	-
Total non current assets	-	-	-	-	6.549	-	-	-	-
Total current liabilities	-	-	-	-	(9.343)	-	-	-	-
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	-	-	-	-	(2.321.408)	-	-	-	-
<b>Cash flows</b>									
Net cash from (used) operating	-	369.482	-	237.208	218.356	59.714	(158.642)	-266%	358.281
Net cash from (used) investing	-	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the month/year end</b>	-	<b>369.482</b>	-	<b>-</b>	<b>218.356</b>	<b>59.714</b>	<b>(158.642)</b>	<b>-266%</b>	<b>358.281</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	-	-	7.924	-	-	-	-	-	7.924
<b>Creditors Age Analysis</b>									
Total Creditors	-	1.318	116.631	5.372	4.951	868	173.417	-	302.557



### 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) - M02 August

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
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		-	129.732	-	182.955	183.908	21.622	162.286	751%	129.732
Executive and council		-	43.522	-	17.842	17.842	7.254	10.589	146%	43.522
Finance and administration		-	71.018	-	158.597	159.550	11.836	147.714	1248%	71.018
Internal audit		-	15.193	-	6.516	6.516	2.532	3.984	157%	15.193
<i><b>Community and public safety</b></i>		-	30.820	-	13.217	13.217	5.137	8.081	157%	30.820
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	30.820	-	13.217	13.217	5.137	8.081	157%	30.820
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		-	58.653	-	24.044	24.044	9.776	14.269	146%	58.653
Planning and development		-	40.433	-	16.230	16.230	6.739	9.491	141%	40.433
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	18.220	-	7.814	7.814	3.037	4.777	157%	18.220
<i><b>Trading services</b></i>		-	476.506	-	48.824	48.824	79.418	(30.593)	-39%	476.506
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	476.506	-	48.824	48.824	79.418	(30.593)	-39%	476.506
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	-	695.711	-	269.041	269.994	115.952	154.042	133%	695.711
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		-	129.028	-	17.046	31.114	21.400	9.714	45%	128.399
Executive and council		-	44.663	-	2.588	5.015	7.168	(2.153)	-30%	43.010
Finance and administration		-	69.301	-	13.165	23.620	11.721	11.899	102%	70.326
Internal audit		-	15.064	-	1.294	2.478	2.511	(32)	-1%	15.064
<i><b>Community and public safety</b></i>		-	30.720	-	2.848	4.904	5.120	(216)	-4%	30.720
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	30.720	-	2.848	4.904	5.120	(216)	-4%	30.720
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		-	65.477	-	3.433	6.538	11.288	(4.750)	-42%	67.727
Planning and development		-	48.658	-	1.834	3.866	8.485	(4.618)	-54%	50.908
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	16.819	-	1.599	2.672	2.803	(131)	-5%	16.819
<i><b>Trading services</b></i>		-	104.329	-	2.435	3.001	18.872	(15.871)	-84%	113.229
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	104.329	-	2.435	3.001	18.872	(15.871)	-84%	113.229
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	-	329.554	-	25.762	45.556	56.679	(11.123)	-20%	340.075
<b>Surplus/ (Deficit) for the year</b>		-	366.157	-	243.279	224.438	59.273	165.165	279%	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 R490,000 year to date. This is the investment interest realised from unspent grants.

### **Operating Expenditure**

The operating expenditure for the month of August 2019 is mainly employee related costs and remuneration of councillors. The Municipality did receive the first tranche of the equitable share in August. The Budget that council approved for 2019/20 MTREF was unfunded and therefore National Treasury delayed the funding until Council convene to take 12 resolutions.

One of the resolutions was 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) - M02

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
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Finance & Admin		-	30.301	-	141.562	142.515	5.050	137.465	2722.0%	30.301
Vote 2 - Executive & Council		-	43.522	-	17.842	17.842	7.254	10.589	146.0%	43.522
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	15.193	-	6.516	6.516	2.532	3.984	157.3%	15.193
Vote 5 - Water Management		-	476.506	-	48.824	48.824	79.418	(30.593)	-38.5%	476.506
Vote 6 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 8 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	17.763	-	7.618	7.618	2.960	4.657	157.3%	17.763
Vote 10 - Sports & Recreation		-	-	-	-	-	-	-	-	-
Vote 11 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 12 - Health		-	-	-	-	-	-	-	-	-
Vote 13 - Housing.		-	-	-	-	-	-	-	-	-
Vote 14 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 15 - Finance & Admin 2		-	40.716	-	17.035	17.035	6.786	10.249	151.0%	40.716
<b>Total Revenue by Vote</b>	2	-	<b>624.001</b>	-	<b>239.397</b>	<b>240.350</b>	<b>104.000</b>	<b>136.350</b>	<b>131.1%</b>	<b>624.001</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Finance & Admin		-	28.940	-	3.508	4.697	5.173	(477)	-9.2%	31.040
Vote 2 - Executive & Council		-	44.663	-	2.588	5.015	7.168	(2.153)	-30.0%	43.010
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 4 - Internal Audit		-	15.064	-	1.294	2.478	2.511	(32)	-1.3%	15.064
Vote 5 - Water Management		-	104.329	-	2.435	3.001	18.872	(15.871)	-84.1%	113.229
Vote 6 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 8 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	45.721	-	1.834	3.866	8.037	(4.171)	-51.9%	-
Vote 10 - Sports & Recreation		-	-	-	-	-	-	-	-	-
Vote 11 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 12 - Health		-	-	-	-	-	-	-	-	-
Vote 13 - Housing.		-	-	-	-	-	-	-	-	-
Vote 14 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 15 - Finance & Admin 2		-	40.361	-	9.657	18.924	6.548	12.376	189.0%	-
<b>Total Expenditure by Vote</b>	2	-	<b>279.079</b>	-	<b>21.315</b>	<b>37.981</b>	<b>48.308</b>	<b>(10.327)</b>	<b>-21.4%</b>	<b>202.342</b>
<b>Surplus/ (Deficit) for the year</b>	2	-	<b>344.922</b>	-	<b>218.082</b>	<b>202.369</b>	<b>55.692</b>	<b>146.678</b>	<b>263.4%</b>	<b>421.659</b>

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 Mompoti - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

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
<b>R thousands</b>										
<b>Revenue By Source</b>										
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	-	168	168	217	(49)	-23%	1.303
Interest earned - external investments		-	550	-	20	40	92	(51)	-56%	550
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	14.832	-	4.057	4.978	2.472	2.506	101%	14.832
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	311.151	-	263.659	263.659	51.859	211.801	408%	311.151
Other revenue		-	200	-	97	109	33	75	226%	200
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	<b>328.036</b>	-	<b>268.001</b>	<b>268.954</b>	<b>54.673</b>	<b>214.282</b>	<b>392%</b>	<b>328.036</b>
<b>Expenditure By Type</b>										
Employee related costs		-	142.929	-	17.408	35.904	23.403	12.501	53%	140.419
Remuneration of councillors		-	7.578	-	158	393	1.628	(1.235)	-76%	9.766
Debt impairment		-	800	-	-	-	283	(283)	-100%	1.700
Depreciation & asset impairment		-	11.459	-	-	-	2.063	(2.063)	-100%	12.379
Finance charges		-	10.800	-	1.800	1.800	1.800	-	-	10.800
Bulk purchases		-	92.500	-	-	-	15.833	(15.833)	-100%	95.000
Other materials		-	650	-	-	-	108	(108)	-100%	650
Contracted services		-	23.954	-	4.019	4.041	5.559	(1.518)	-27%	33.354
Transfers and subsidies		-	8.550	-	-	-	967	(967)	-100%	5.800
Other expenditure		-	30.334	-	2.376	3.418	5.034	(1.616)	-32%	30.207
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		-	<b>329.554</b>	-	<b>25.762</b>	<b>45.556</b>	<b>56.679</b>	<b>(11.123)</b>	<b>-20%</b>	<b>340.075</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (primarily allocations) (National / Provincial and District)		-	(1.518)	-	242.239	223.398	(2.007)	225.404	(0)	(12.039)
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	367.675	-	1.040	1.040	61.279	(60.239)	(0)	367.675
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		-	<b>366.157</b>	-	<b>243.279</b>	<b>224.438</b>	<b>59.273</b>			<b>355.636</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		-	<b>366.157</b>	-	<b>243.279</b>	<b>224.438</b>	<b>59.273</b>			<b>355.636</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		-	<b>366.157</b>	-	<b>243.279</b>	<b>224.438</b>	<b>59.273</b>			<b>355.636</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		-	<b>366.157</b>	-	<b>243.279</b>	<b>224.438</b>	<b>59.273</b>			<b>355.636</b>

References

**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 being the second month of the financial year.

- **Transferred recognized – operational**



The transfers recognized 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.

- **Expenditure by Type**

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

- **Employee Related costs and Remuneration.**

Remuneration related expenditure for the month of August amounts to **R11 808m** year to date is **R24 603m**. The employee related cost is overstated on the C-Schedule as the was a journal of **R5.6m** that was posted against the vote.

- **Bulk Purchases**

The amount reflected in table C4 excludes is outstanding money or invoices for Sedibeng Water. The Municipality is unable to service this account as Sedibeng expects **R21m** on monthly basis except the overdue amount. Highly unaffordable.

- **Other expenditure**

Other expenditure includes all other general operational costs of the municipality. The general expense as at the end of August 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) - 22/11/2019

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	1									
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Finance & Admin		-	1.500	-	-	-	250	(250)	-100%	1.500
Vote 2 - Executive & Council		-	350	-	-	-	58	(58)	-100%	350
Vote 4 - Internal Audit		-	130	-	-	-	22	(22)	-100%	130
Vote 5 - Water Management		-	145.788	-	1.621	1.621	24.298	(22.677)	-93%	145.788
Vote 6 - Waste Water Management		-	42.000	-	-	-	7.000	(7.000)	-100%	42.000
Vote 7 - Waste Management		-	25.450	-	-	-	4.242	(4.242)	-100%	25.450
Vote 9 - Planning and Development		-	150	-	-	-	25	(25)	-100%	150
Vote 15 - Finance & Admin 2		-	440	-	1	1	73	(73)	-99%	440
<b>Total Capital single-year expenditure</b>	4	-	215.808	-	1.622	1.622	35.968	(34.346)	-95%	215.808
<b>Total Capital Expenditure</b>		-	215.808	-	1.622	1.622	35.968	(34.346)	-95%	215.808
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	2.420	-	1	1	403	(403)	-100%	2.420
Executive and council		-	350	-	-	-	58	(58)	-100%	350
Finance and administration		-	1.940	-	1	1	323	(323)	-100%	1.940
Internal audit		-	130	-	-	-	22	(22)	-100%	130
<b>Community and public safety</b>		-	50	-	-	-	8	(8)	-100%	50
Public safety		-	50	-	-	-	8	(8)	-100%	50
<b>Economic and environmental services</b>		-	350	-	-	-	58	(58)	-100%	350
Planning and development		-	200	-	-	-	33	(33)	-100%	200
Environmental protection		-	150	-	-	-	25	(25)	-100%	150
<b>Trading services</b>		-	213.238	-	1.621	1.621	35.540	(33.918)	-95%	213.238
Water management		-	145.788	-	1.621	1.621	24.298	(22.677)	-93%	145.788
Waste water management		-	42.000	-	-	-	7.000	(7.000)	-100%	42.000
Waste management		-	25.450	-	-	-	4.242	(4.242)	-100%	25.450
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	-	216.058	-	1.622	1.622	36.010	(34.388)	-95%	216.058
<b>Funded by:</b>										
National Government		-	214.128	-	1.106	1.106	35.688	(34.582)	-97%	214.128
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	214.128	-	1.106	1.106	35.688	(34.582)	-97%	214.128
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	1.930	-	516	516	322	195	60%	1.930
<b>Total Capital Funding</b>		-	216.058	-	1.622	1.622	36.010	(34.388)	-95%	216.058

### 3.6 Table C6 Monthly Budget Statement Financial Position

DC39 Dr Ruth Segomotsi Mompoti - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		-	-	-	(344.328)	-
Call investment deposits		-	-	-	-	-
Consumer debtors		-	-	-	-	-
Other debtors		-	-	-	286.901	-
Current portion of long-term receivables		-	-	-	-	-
Inventory		-	-	-	-	-
<b>Total current assets</b>		-	-	-	(57.427)	-
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		-	-	-	5.512	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		-	-	-	-	-
Biological		-	-	-	-	-
Intangible		-	-	-	1.037	-
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		-	-	-	6.549	-
<b>TOTAL ASSETS</b>		-	-	-	(50.878)	-
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		-	-	-	-	-
Trade and other payables		-	-	-	-	-
Provisions		-	-	-	(9.343)	-
<b>Total current liabilities</b>		-	-	-	(9.343)	-
<b>Non current liabilities</b>						
Borrowing		-	-	-	-	-
Provisions		-	-	-	-	-
<b>Total non current liabilities</b>		-	-	-	-	-
<b>TOTAL LIABILITIES</b>		-	-	-	(9.343)	-
<b>NET ASSETS</b>	2	-	-	-	(41.535)	-
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		-	-	-	(2.321.408)	-
Reserves		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	-	-	-	(2.321.408)	-



### 1.3.7 Monthly Budget Statement – Cash Flows

DC39 Dr Ruth Segomotsi Mompoti - Table C7 Monthly Budget Statement - Cash Flow - M02 August

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
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		-	-	-	-	-	-	-	-	-
Service charges		-	-	-	-	-	-	-	-	-
Other revenue		-	40.716	-	17.035	17.035	6.786	10.249	151%	40.716
Government - operating		-	273.386	-	244.895	245.838	45.564	200.273	440%	273.386
Government - capital		-	367.675	-	1.040	1.040	61.279	(60.239)	-98%	367.675
Interest		-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		-	(297.945)	-	(23.962)	(43.756)	(51.566)	(7.810)	15%	(309.396)
Finance charges		-	(10.800)	-	(1.800)	(1.800)	(1.800)	-	-	(10.800)
Transfers and Grants		-	(3.550)	-	-	-	(550)	(550)	100%	(3.300)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	369.482	-	237.208	218.356	59.714	(158.642)	-266%	358.281
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	-	-	-	-	-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	369.482	-	237.208	218.356	59.714			358.281
Cash/cash equivalents at beginning:		-	-	-		-	-			-
Cash/cash equivalents at month/year end:		-	369.482	-		218.356	59.714			358.281

## 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 Mompati - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2019/20											Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo Council Policy		
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days					
R thousands																
<b>Debtors Age Analysis By Income Source</b>																
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 Debtors Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other	1900	-	-	7.924	-	-	-	-	-	-	-	7.924	-	-		
<b>Total By Income Source</b>	<b>2000</b>	<b>-</b>	<b>-</b>	<b>7.924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2018/19 - totals only</b>																
<b>Debtors Age Analysis By Customer Group</b>																
Organs of State	2200	-	-	1.788	-	-	-	-	-	-	-	1.788	-	-		
Commercial	2300	-	-	6.135	-	-	-	-	-	-	-	6.135	-	-		
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Total By Customer Group</b>	<b>2600</b>	<b>-</b>	<b>-</b>	<b>7.924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## 2.2 Creditors Analysis

The municipality's creditors as at the 31 August 2019 amounted to **R203m**. This amount is made up of various creditors which include amongst others the retentions withheld on various capital projects and Sedibeng Water outstanding invoices

### **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 **R32,238m**. 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 August 2019, the primary bank account had a cash balance of **R1 624m**





## **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;

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.

## **2.5 Grants Receipts**

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

## **2.6 Grants Expenditure**

The Municipality did not receive any capital grants during the month of August 2019.

## **Repairs and maintenance**

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

## **3. Conclusion**

It is still very early in the financial year to can fully analyze the financial performance of the municipality as this is the first month of the new 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**

**03 December 2019**




# 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:  \_\_\_\_\_

Date : 03 December 2019

**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: 03 December 2019