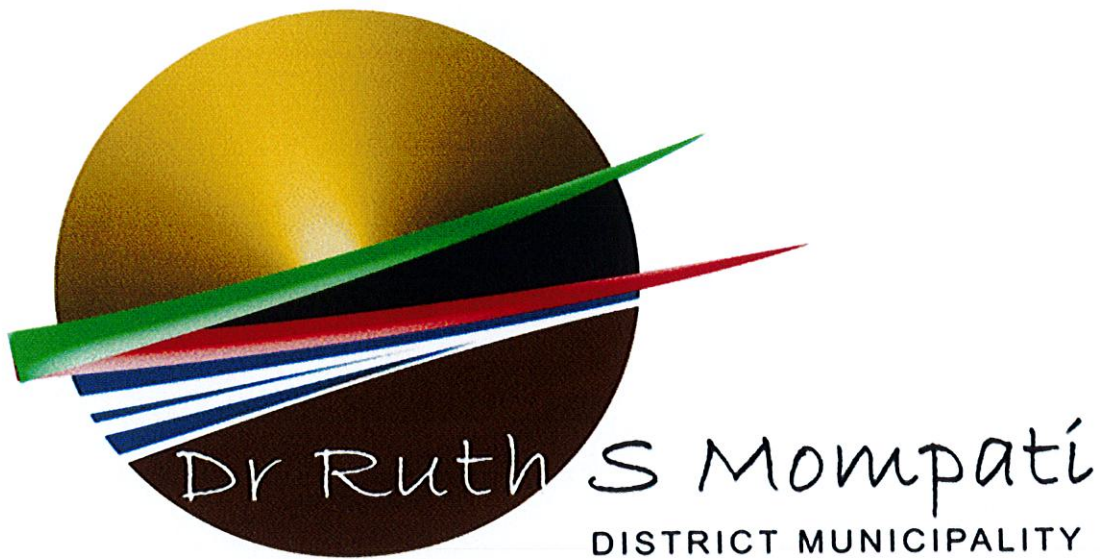


**MONTHLY BUDGET STATEMENT OF
DR RUTH SEGOMOTSI MOMPATI DISTRICT
MUNICIPALITY**



**In-Year Monitoring Report for the Month Ended
31 July 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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1.2.1 INTRODUCTION VII

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

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, 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 as 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/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 July 2019.

1.2.2 Consolidated Overview

1.2.2.1 Against Annual Budget (original)

- **Revenue by source**

There were no grants received for the month of July 2019. The income received is for external investments which is **R457,190.24** and Provincial Infrastructure Grant (PIG) of **R1,753,094.54**.

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 form the Provincial and National CoGTA

- **Operating Expenditure by type**

Operating expenditure for the month of July amounts to **R221m** which is inclusive of the Sedibeng outstanding account of **R206m**. The Municipality managed to pay its creditors and employees with the previous year's invested equitable share for the month of July 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 **R59,994m** 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 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 Mompati - Table C1 Monthly Budget Statement Summary - M01 July

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	18 332	15 382	-	457	457	14 925	(14 468)	-97%	-
Transfers and subsidies	303 803	320 660	-	-	-	320 660	(320 660)	-100%	-
Other own revenue	1 585	1 503	-	11	11	1 492	(1 480)	-99%	-
Total Revenue (excluding capital transfers and contributions)	323 720	337 545	-	469	469	337 076	(336 607)	-100%	-
Employee costs	129 404	145 156	-	12 145	12 145	133 011	(120 866)	-91%	-
Remuneration of Councillors	7 259	7 600	-	614	614	6 986	(6 372)	-91%	-
Depreciation & asset impairment	36 366	38 053	-	-	-	38 053	(38 053)	-100%	-
Finance charges	88	10 800	-	900	900	9 900	(9 000)	-91%	-
Materials and bulk purchases	106 141	94 180	-	206 236	206 236	(112 056)	318 292	-284%	-
Transfers and subsidies	10 110	13 500	-	-	-	13 500	(13 500)	-100%	-
Other expenditure	61 689	62 921	-	1 858	1 858	61 063	(59 206)	-97%	-
Total Expenditure	351 058	372 209	-	221 753	221 753	150 456	71 296	47%	-
Surplus/(Deficit)	(27 338)	(34 665)	-	(221 284)	(221 284)	186 620	(407 904)	-219%	-
Transfers and subsidies - capital (monetary allocation)	369 415	358 166	-	59 944	59 944	298 223	(238 279)	-80%	-
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	342 077	323 502	-	(161 341)	(161 341)	484 842	(646 183)	-133%	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	342 077	323 502	-	(161 341)	(161 341)	484 842	(646 183)	-133%	-
Capital expenditure & funds sources									
Capital expenditure	765 051	722 273	-	59 944	59 944	(662 329)	722 273	-109%	-
Capital transfers recognised	381 525	367 756	-	59 944	59 944	307 812	(247 869)	-81%	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	381 525	367 756	-	59 944	59 944	307 812	(247 869)	-81%	-
Financial position									
Total current assets	78 851	35 798	-	-	201 704	-	-	-	201 704
Total non current assets	2 608 456	2 838 872	-	-	2 871 356	-	-	-	2 871 356
Total current liabilities	217 857	231 195	-	-	382 264	-	-	-	238 523
Total non current liabilities	80 520	72 774	-	-	73 172	-	-	-	73 172
Community wealth/Equity	2 388 930	2 570 701	-	-	2 617 623	-	-	-	2 761 364
Cash flows									
Net cash from (used) operating	400 248	338 693	-	115 873	115 873	222 820	106 948	48%	-
Net cash from (used) investing	(378 690)	(358 166)	-	(59 944)	(59 944)	(298 223)	(238 279)	80%	-
Net cash from (used) financing	(11 880)	(10 800)	-	(900)	(900)	(9 900)	(9 000)	91%	-
Cash/cash equivalents at the month/year end	28 854	55 226	-	-	57 667	197	(57 470)	-29216%	2 638
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	1 162	5 884	125 058	4 659	982	188 463	-	9 136	335 344
Creditors Age Analysis									
Total Creditors	7 924	-	-	-	-	-	-	-	7 924

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

DC39 Dr Ruth Segomotsi Mompati - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

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>		130 683	129 732	-	490	490	129 243	(128 753)	-100%	-
Executive and council		39 961	43 522	-	-	-	43 522	(43 522)	-100%	-
Finance and administration		75 678	71 018	-	490	490	70 528	(70 039)	-99%	-
Internal audit		15 044	15 193	-	-	-	15 193	(15 193)	-100%	-
<i>Community and public safety</i>		31 390	30 820	-	-	-	30 820	(30 820)	-100%	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		31 390	30 820	-	-	-	30 820	(30 820)	-100%	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33 553	47 810	-	-	-	47 810	(47 810)	-100%	-
Planning and development		18 895	29 590	-	-	-	29 590	(29 590)	-100%	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		14 658	18 220	-	-	-	18 220	(18 220)	-100%	-
<i>Trading services</i>		512 125	469 587	-	1 753	1 753	467 834	(466 080)	-100%	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		512 125	469 587	-	1 753	1 753	467 834	(466 080)	-100%	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	15 725	17 763	-	-	-	17 763	(17 763)	-100%	-
Total Revenue - Functional	2	723 475	695 711	-	2 243	2 243	693 468	(691 226)	-100%	-
Expenditure - Functional										
<i>Governance and administration</i>		127 091	127 862	-	6 969	6 969	120 893	(113 925)	-94%	-
Executive and council		39 980	42 472	-	1 330	1 330	41 142	(39 811)	-97%	-
Finance and administration		73 160	70 328	-	4 558	4 558	65 769	(61 211)	-93%	-
Internal audit		13 951	15 063	-	1 080	1 080	13 982	(12 902)	-92%	-
<i>Community and public safety</i>		33 651	30 720	-	1 599	1 599	29 121	(27 522)	-95%	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		33 651	30 720	-	1 599	1 599	29 121	(27 522)	-95%	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		30 118	47 040	-	1 974	1 974	45 066	(43 092)	-96%	-
Planning and development		18 106	28 990	-	919	919	28 071	(27 152)	-97%	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		12 012	18 050	-	1 055	1 055	16 995	(15 940)	-94%	-
<i>Trading services</i>		168 138	151 052	-	60 405	60 405	90 647	(30 241)	-33%	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		168 138	151 052	-	60 405	60 405	90 647	(30 241)	-33%	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		16 232	17 663	-	842	842	16 820	(15 978)	-95%	-
Total Expenditure - Functional	3	375 230	374 336	-	71 789	71 789	302 547	(230 758)	-76%	-
Surplus/ (Deficit) for the year		348 246	321 375	-	(69 547)	(69 547)	390 921	(460 468)	-118%	-

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 from unspent grants .

Operating Expenditure.

The operating expenditure for the month of July 2019 is mainly employee related costs and remuneration of councillors. The Municipality did not receive the first tranche of the equitable share in July. 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 Mompati - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01

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										
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	1	17 851	18 300	-	-	-	(18 300)	18 300	-100.0%	-
Vote 2 - OFFICE OF THE SPEAKER		10 647	11 289	-	-	-	(11 289)	11 289	-100.0%	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		11 463	13 933	-	-	-	(13 933)	13 933	-100.0%	-
Vote 4 - INTERNAL AUDIT		15 044	15 193	-	-	-	(15 193)	15 193	-100.0%	-
Vote 5 - BUDGET AND TREASURY OFFICE		36 498	30 301	-	490	490	(29 812)	30 301	-101.6%	-
Vote 6 - COPORATE SERVICES		39 179	40 716	-	-	-	(40 716)	40 716	-100.0%	-
Vote 7 - PLANNING AND DEVELOPMENT		12 121	22 671	-	-	-	(22 671)	22 671	-100.0%	-
Vote 8 - ENVIRONMENTAL HEALTH		14 658	18 220	-	-	-	(18 220)	18 220	-100.0%	-
Vote 9 - FIRE AND DISASTER MANAGEMENT		31 390	30 820	-	-	-	(30 820)	30 820	-100.0%	-
Vote 10 - ENGINEERING SERVICES		518 899	469 587	-	1 753	1 753	(467 834)	469 587	-100.4%	-
Vote 11 - PROJECT MANAGEMENT UNIT		6 774	6 920	-	-	-	(6 920)	6 920	-100.0%	-
Vote 12 - ECONOMIC DEVELOPMENT, TOURISM AND AC		15 725	17 763	-	-	-	(17 763)	17 763	-100.0%	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	730 250	695 711	-	2 243	2 243	(693 468)	695 711	-100.3%	-
Expenditure by Vote										
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	1	17 649	18 100	-	135	135	(17 964)	18 100	-100.8%	-
Vote 2 - OFFICE OF THE SPEAKER		10 448	10 489	-	509	509	(9 979)	10 489	-105.1%	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		10 883	13 883	-	685	685	(13 198)	13 883	-105.2%	-
Vote 4 - INTERNAL AUDIT		13 951	15 063	-	1 080	1 080	(13 982)	15 063	-107.7%	-
Vote 5 - BUDGET AND TREASURY OFFICE		32 717	30 051	-	1 263	1 263	(28 789)	30 051	-104.4%	-
Vote 6 - COPORATE SERVICES		40 443	40 276	-	3 296	3 296	(36 981)	40 276	-108.9%	-
Vote 7 - PLANNING AND DEVELOPMENT		11 571	22 121	-	439	439	(21 682)	22 121	-102.0%	-
Vote 8 - ENVIRONMENTAL HEALTH		12 012	18 050	-	1 055	1 055	(16 995)	18 050	-106.2%	-
Vote 9 - FIRE AND DISASTER MANAGEMENT		33 651	30 720	-	1 599	1 599	(29 121)	30 720	-105.5%	-
Vote 10 - ENGINEERING SERVICES		168 138	151 052	-	60 405	60 405	(90 647)	151 052	-166.6%	-
Vote 11 - PROJECT MANAGEMENT UNIT		6 535	6 870	-	480	480	(6 389)	6 870	-107.5%	-
Vote 12 - ECONOMIC DEVELOPMENT, TOURISM AND AC		16 232	17 663	-	842	842	(16 820)	17 663	-105.0%	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	374 230	374 336	-	71 789	71 789	(302 547)	374 336	-123.7%	-
Surplus/ (Deficit) for the year	2	356 020	321 375	-	(69 547)	(69 547)	(390 921)	321 375	-82.2%	-

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) - M01 July

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 Source										
Property rates								-		
Service charges - electricity revenue								-		
Service charges - water revenue								-		
Service charges - sanitation revenue								-		
Service charges - refuse revenue								-		
Rental of facilities and equipment		1 185	1 303		-	-	1 303	(1 303)	-100%	
Interest earned - external investments		18 332	15 382		457	457	14 925	(14 468)	-97%	
Interest earned - outstanding debtors								-		
Dividends received								-		
Fines, penalties and forfeits								-		
Licences and permits								-		
Agency services								-		
Transfers and subsidies		303 803	320 660		-	-	320 660	(320 660)	-100%	
Other revenue		400	200		11	11	189	(177)	-94%	
Gains on disposal of PPE								-		
Total Revenue (excluding capital transfers and contributions)		323 720	337 545		469	469	337 076	(336 607)	-100%	-
Expenditure By Type										
Employee related costs		129 404	145 156		12 145	12 145	133 011	(120 866)	-91%	
Remuneration of councillors		7 259	7 600		614	614	6 986	(6 372)	-91%	
Debt impairment		1 500	800		-	-	800	(800)	-100%	
Depreciation & asset impairment		36 366	38 053		-	-	38 053	(38 053)	-100%	
Finance charges		88	10 800		900	900	9 900	(9 000)	-91%	
Bulk purchases		103 461	92 500		206 000	206 000	(113 500)	319 500	-281%	
Other materials		2 680	1 680		236	236	1 444	(1 208)	-84%	
Contracted services		30 116	30 237		771	771	29 466	(28 695)	-97%	
Transfers and subsidies		10 110	13 500		-	-	13 500	(13 500)	-100%	
Other expenditure		30 074	31 884		1 087	1 087	30 797	(29 710)	-96%	
Loss on disposal of PPE								-		
Total Expenditure		351 058	372 209		221 753	221 753	150 456	71 296	47%	-
Surplus/(Deficit)										
Transfers and subsidies - capital (national, provincial, district)		(27 338)	(34 665)		(221 284)	(221 284)	186 620	(407 904)	(0)	-
(National / Provincial and District)		369 415	358 166		59 944	59 944	298 223	(238 279)	(0)	
(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		342 077	323 502		(161 341)	(161 341)	484 842			-
Taxation								-		
Surplus/(Deficit) after taxation		342 077	323 502		(161 341)	(161 341)	484 842			-
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		342 077	323 502		(161 341)	(161 341)	484 842			-
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		342 077	323 502		(161 341)	(161 341)	484 842			-

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 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 469,000** for the month of July 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 July amounts to **R12,759m**. To date, the total expenditure on salary related costs for officials amounts **R12,145m**, and Remuneration of councilors amount to **R614,000**. The employee related cost is overstated on the C-Schedule as there 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. Highly unaffordable.

Other expenditure

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

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

DC39 Dr Ruth Segomotsi Mompati - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

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									
Multi-Year expenditure appropriation	2									
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR		200	200	-	-	-	(200)	200	-100%	-
Vote 2 - OFFICE OF THE SPEAKER		150	800	-	-	-	(800)	800	-100%	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		150	50	-	-	-	(50)	50	-100%	-
Vote 4 - INTERNAL AUDIT		150	130	-	-	-	(130)	130	-100%	-
Vote 5 - BUDGET AND TREASURY OFFICE		192	250	-	-	-	(250)	250	-100%	-
Vote 6 - COPORATE SERVICES		195	440	-	-	-	(440)	440	-100%	-
Vote 7 - PLANNING AND DEVELOPMENT		550	550	-	-	-	(550)	550	-100%	-
Vote 8 - ENVIRONMENTAL HEALTH		770	150	-	-	-	(150)	150	-100%	-
Vote 9 - FIRE AND DISASTER MANAGEMENT		1 000	100	-	-	-	(100)	100	-100%	-
Vote 10 - ENGINEERING SERVICES		379 008	358 316	-	-	-	(358 316)	358 316	-100%	-
Vote 11 - PROJECT MANAGEMENT UNIT		50	50	-	-	-	(50)	50	-100%	-
Vote 12 - ECONOMIC DEVELOPMENT, TOURISM AND AGR		110	100	-	-	-	(100)	100	-100%	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	382 525	361 136	-	-	-	(361 136)	361 136	-100%	-

1.3.6 Table C6 Monthly Budget Statement Financial Position

DC39 Dr Ruth Segomotsi Mompati - Table C6 Monthly Budget Statement - Financial Position - M01 July

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		3 747	4 009		5 544	5 544
Call investment deposits		29 709	31 789		110 447	110 447
Consumer debtors		45 395	-			
Other debtors						
Current portion of long-term receivables					85 713	85 713
Inventory						
Total current assets		78 851	35 798	-	201 704	201 704
Non current assets						
Long-term receivables						
Investments						
Investment property		6 126	5 806		5 512	5 512
Investments in Associate						
Property, plant and equipment		2 600 389	2 830 989		2 864 806	2 864 806
Biological						
Intangible		1 941	2 077		1 037	1 037
Other non-current assets						
Total non current assets		2 608 456	2 838 872	-	2 871 356	2 871 356
TOTAL ASSETS		2 687 307	2 874 670	-	3 073 060	3 073 060
LIABILITIES						
Current liabilities						
Bank overdraft						
Borrowing		11 880	10 800		10 800	10 800
Consumer deposits						
Trade and other payables		205 977	220 395		369 071	225 331
Provisions					2 393	2 393
Total current liabilities		217 857	231 195	-	382 264	238 523
Non current liabilities						
Borrowing		32 158	33 238		33 234	33 234
Provisions		48 362	39 537		39 938	39 938
Total non current liabilities		80 520	72 774	-	73 172	73 172
TOTAL LIABILITIES		298 377	303 969	-	455 436	311 696
NET ASSETS	2	2 388 930	2 570 701	-	2 617 623	2 761 364
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 378 858	2 560 187		2 617 623	2 761 364
Reserves		10 072	10 514			
TOTAL COMMUNITY WEALTH/EQUITY	2	2 388 930	2 570 701	-	2 617 623	2 761 364

1.3.7 Monthly Budget Statement – Cash Flows

DC39 Dr Ruth Segomotsi Mompoti - Table C7 Monthly Budget Statement - Cash Flow - M01 July

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates							-			
Service charges							-			
Other revenue		1 585	1 503		11	11	1 492	(1 480)	-99%	
Government - operating		342 247	313 740		201 704	201 704	112 036	89 668	80%	
Government - capital		371 859	330 625		1 753	1 753	328 872	(327 119)	-99%	
Interest		18 332	15 382		457	457	14 925	(14 468)	-97%	
Dividends							-			
Payments										
Suppliers and employees		(320 695)	(309 057)		(88 053)	(88 053)	(221 004)	(132 951)	60%	
Finance charges		(130)	-		-	-	-	-		
Transfers and Grants		(12 950)	(13 500)		-	-	(13 500)	(13 500)	100%	
NET CASH FROM/(USED) OPERATING ACTIVITIES		400 248	338 693	-	115 873	115 873	222 820	106 948	48%	-
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		(378 690)	(358 166)		(59 944)	(59 944)	(298 223)	(238 279)	80%	
NET CASH FROM/(USED) INVESTING ACTIVITIES		(378 690)	(358 166)	-	(59 944)	(59 944)	(298 223)	(238 279)	80%	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans							-			
Borrowing long term/refinancing							-			
Increase (decrease) in consumer deposits							-			
Payments										
Repayment of borrowing		(11 880)	(10 800)		(900)	(900)	(9 900)	(9 000)	91%	
NET CASH FROM/(USED) FINANCING ACTIVITIES		(11 880)	(10 800)	-	(900)	(900)	(9 900)	(9 000)	91%	-
NET INCREASE/ (DECREASE) IN CASH HELD		9 678	(30 273)	-	55 029	55 029	(85 302)			-
Cash/cash equivalents at beginning:		19 176	85 499			2 638	85 499			2 638
Cash/cash equivalents at month/year end:		28 854	55 226			57 667	197			2 638

PART 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.

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

DC39 Dr Ruth Segomotsi Mompati - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	NT Code	Budget Year 2019/20								Total
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	
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
Total By Income Source	2000	7 924	-	-	-	-	-	-	-	7 924
2018/19 - totals only										-
Debtors Age Analysis By Customer Group										
Organs of State	2200									-
Commercial	2300									-
Households	2400									-
Other	2500	7 924								7 924
Total By Customer Group	2600	7 924	-	-	-	-	-	-	-	7 924

2.2 Creditors Analysis

The municipalities creditors as at the 31 July 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 July 2018, the primary bank account had a cash balance of **R4,968m** and the short-term investments, and amounts to **R45,375m** as at the end of July. 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.



how can we help you?

BB511493 134272
 'DR RUTH SEGOMOTSI MOMPATI DISTRICT
 21 DE KOCK ST
 VRYBURG
 8601
 MATSHANGAZAM@BOPHIRIMA.CO.ZA

Vryburg
 P O Box 83
 Vryburg 8600
 Branch Code 240201

Customer VAT Registration Number : Not Provided
 Bank VAT Registration Number : 4210102051

Copy Tax Invoice/Statement Number : 1493

Statement Period : 30 July 2019 to 31 July 2019
 Statement Date : 31 July 2019

Public Sector Cheque Account 62419781374

Summary in Rand		ZAR
Opening Balance		5,585,078.20 Cr
Funds Received (Credits)	1	1,687.50 Cr
Cash Deposits	0	0.00
Other Deposits	0	0.00
Inter-Account Transfers In	0	0.00
Electronic Payments Received	1	1,687.50 Cr
Funds Used (Debits)	39	618,097.52 Dr
Cash Withdrawals (Branch)	0	0.00
Cash Withdrawals (Other)	0	0.00
Cheques Processed (Non Cash)	0	0.00
Debit Orders/Scheduled Payments	7	16,170.60 Dr
Account Payments	32	601,926.92 Dr
Inter-Account Transfers Out	0	0.00
Card Purchases (Swipes)	0	0.00
Fuel Purchases	0	0.00
Bank Charges	0	0.00
Service Fees	0	0.00
Cash Deposit Fees	0	0.00
Cash Handling Fees	0	0.00
Other Fees	0	0.00
Other Entries		
Interest on Credit Balance	0	0.00
Interest on Debit Balance	0	0.00
Inward Unpaid Items	0	0.00
Unpaid Cheques and Debits	0	0.00
Refunds/Adjustments	0	0.00
Closing Balance		4,968,668.18 Cr
Overdraft Limit		0.00

Contact us

e-Mail	info@fnb.co.za
Web	fnb.co.za
Lost Cards	087-575-9406
Account Enquiries	087-575-9479
Fraud	087-311-8607

Updated Terms and Conditions: Your transactional account terms and conditions have been updated. You can access the updated terms and conditions on our website.

Debit Interest Rates (Non NCA)
 Prima Linked - 11.99%

Pricing Option: Your account is currently on the Pay-As-You-Use pricing option. For more information, please Contact Us or visit our website.

2.5 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.

2.6 Grants Receipts

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

2.7 Grants Expenditure

The Municipality did not receive any capital grants during the month of July 2019. The only expenditure associated with grants in July was accrued for in 2018/2019 FY

2.10. Repairs and maintenance

Thjere was no expenditure incurred for repairs and manintenance. 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: Jerry Mononela

Signature: _____

A handwritten signature in black ink, appearing to be 'J. Mononela', written over a horizontal line.

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