



MATATIELE
LOCAL MUNICIPALITY

2021/2022
MONTHLY
SECTION 71
REPORT

MONTH ENDED
30 SEPTEMBER 2021

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GLOSSARY

Annual Budget – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

Adjustment Budget – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.

Allocations (Transfers – see DORA) – Money received from Provincial or National Government.

Budget Related Policy(ies) – Policies of a Municipality affecting or affected by the budget, examples include Tariff Policy, Rates Policy, Credit Control and Debt Collection Policies.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet and must be included in the asset register.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings - for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services and to compensate loss of RSC levies.

Fruitless and Wasteful Expenditure – Expenditure that was made in vain and would/should have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.

MFMA – The Municipal Finance Management Act – Act No. 56 of 2003. The principle piece of legislation relating to municipal financial management. mSCOA – Municipal Standard Chart of Accounts.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating Expenditure –The day-to-day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the Rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budgeted estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

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

Virement – A transfer of funds within a vote.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In Garden Route District, this means the different GFS classification the budget is divided.

LEGISLATIVE FRAMEWORK

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

The municipal Finance Management Act No. 56 of 2003

Section 71: Monthly budget Statements

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

PART 1-IN-YEAR REPORT

Section 1-Resolutions

These are the resolutions being presented to Council in the monthly report on the implementation of budget and financial state of affairs of the municipality as required in terms of section 71 of the Municipal Finance Management Act 56 of 2003 and the Municipal Budget and Reporting Regulations

Regulation 28 of the Municipal Budget and Reporting Regulations states:

“The monthly budget statement of a municipality must be in the format specified in the Schedule C and include all required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.”

Recommendations:

- That, Council takes note of the monthly budget statement and supporting documentation for the month 30 September 2021.
- That, the submission of section 71 reports and to Provincial and National Treasuries 10 days after the end of each month be noted by Council.

Section 2-Executive summary

2.1 Introduction

The aim of the Financial Monitoring Report (FMR) is to provide a monthly update and report on the municipality's consolidated performance in terms of the budget, indicate any material variances from Service delivery and Budget Implementation Plan (SDBIP) and provide any remedial action or corrective steps to be taken.

2.2 Consolidated Performance (Revenue & Expenditure)

Revenue by source

The total revenue received for the month ended 30th September 2021 amounted to **R9,997,554** which represents **2%** of the total annual approved budget figure of **R573,218,160** (including grants). The majority of the revenue recognised this month of **R 4,289,821** related to service charges for the month. Revenue recognised to date represents **35%** of the total revenue budget.

Operating Expenditure by type

Operating expenditure for the month ended 30th September 2021 amounted to **R 27,384,677** which represents **6%** of total approved operating expenditure budget figure of **R430,345,896**, of this expenditure the majority relates to Council and employee related cost and payment of monthly contracted services. Operating expenditure incurred to date represents **21%** of the total operating expenditure budget.

Capital Expenditure

The approved annual capital budget for the financial year amounts to **R192,872,520**. Capital expenditure incurred for the month ended 30th September 2021 amounted to **R19,254,273**. This represents **10%** of the approved capital expenditure budget. Capital expenditure incurred to date represents **26%** of the total capital expenditure budget.

2.3 Material variances from the SDBIP

Variances and deficiencies are identified in terms of the SDBIP. These are reported on and monitored by the Performance Management Unit, situated in the Office of the Municipal Manager, as applicable.

2.4 Remedial or corrective steps

HODs and unit managers are sent monthly income and expenditure reports to monitor expenditure and revenue performance of each department, ensure spending is within budget and is aligned to the IDP's Strategic Goals.

Section 3

IN-YEAR BUDGET STATEMENT TABLES

3.1 Monthly budget statements

3.1.1 Table C1 Monthly Budget Statement Summary

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Properly rates	46 575	54 088	-	1 669	37 140	13 522	23 618	175%	54 088
Service charges	68 589	70 532	-	4 290	13 957	17 633	(3 676)	-21%	70 532
Investment revenue	8 825	14 650	-	840	2 127	3 862	(1 536)	-42%	14 650
Transfers and subsidies	306 535	267 313	-	-	109 698	66 828	42 770	64%	267 313
Other own revenue	21 978	21 163	-	3 199	6 520	5 291	1 229	23%	21 163
Total Revenue (excluding capital transfers and contributions)	452 962	427 747	-	9 998	169 343	106 937	62 406	58%	427 747
Employee costs	117 964	132 261	-	9 490	28 927	33 065	(4 138)	-13%	132 261
Remuneration of Councilors	19 979	21 690	-	1 690	5 082	5 422	(340)	-6%	21 690
Depreciation & asset impairment	112 287	35 300	-	-	-	8 625	(8 625)	-100%	35 300
Finance charges	1	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	53 959	57 379	-	6 487	28 022	14 345	13 677	95%	57 379
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	152 638	183 715	-	9 717	28 204	45 929	(17 725)	-39%	183 715
Total Expenditure	456 828	430 346	-	27 385	98 236	107 586	(17 350)	-18%	430 346
Surplus/(Deficit)	(4 326)	(2 599)	-	(17 387)	79 196	(859)	79 756	-12278%	(2 599)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	92 926	145 471	-	-	31 276	36 368	(5 092)	-14%	145 471
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	86 080	142 872	-	(17 387)	110 382	35 718	74 064	288%	142 872
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	86 080	142 872	-	(17 387)	110 382	35 718	74 064	288%	142 872
Capital expenditure & funds sources									
Capital expenditure	147 087	192 873	-	19 254	50 084	48 218	1 866	4%	192 873
Capital transfers recognised	78 799	142 872	-	19 174	48 051	36 718	12 333	35%	142 872
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	88 388	50 000	-	80	2 034	12 500	(10 466)	-94%	50 000
Total sources of capital funds	147 087	192 873	-	19 254	50 084	48 218	1 866	4%	192 873
Financial position									
Total current assets	384 721	264 567	-	-	449 712	-	-	-	264 567
Total non current assets	1 130 410	1 152 868	-	-	1 180 494	-	-	-	1 152 868
Total current liabilities	131 886	(62 284)	-	-	136 590	-	-	-	(62 284)
Total non current liabilities	32 753	(29 578)	-	-	32 753	-	-	-	(29 578)
Community wealth/Equity	1 501 560	1 509 297	-	-	1 460 864	-	-	-	1 509 297
Cash flows									
Net cash from (used) operating	500 027	140 857	-	7 170	120 774	35 214	(85 560)	-243%	140 857
Net cash from (used) investing	(161 457)	(192 872)	-	(20 529)	(55 897)	(48 218)	7 678	-16%	(192 872)
Net cash from (used) financing	110	-	-	1	6	-	(6)	#DIV/0!	-
Cash/cash equivalents at the month/year end	491 878	126 293	-	-	289 286	165 365	(123 991)	-75%	172 386
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	6 084	4 099	35 457	11 322	2 793	3 093	30 426	122 280	215 534
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

3.1.2 Table C2: Monthly Budget Statement –Financial Performance (Standard Classification)

Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		369 349	341 497	–	5 286	153 759	85 374	68 385	80%	341 497
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		369 349	341 497	–	5 286	153 759	85 374	68 385	80%	341 497
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		9 482	13 841	–	224	1 088	3 460	(2 391)	-89%	13 841
Community and social services		4 965	7 802	–	80	233	1 900	(1 667)	-88%	7 802
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		4 517	6 239	–	144	836	1 560	(724)	-46%	6 239
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		81 176	52 183	–	27	11 344	13 048	(1 702)	-13%	52 183
Planning and development		691	202	–	15	28	50	(22)	-44%	202
Road transport		60 486	51 981	–	12	11 315	12 995	(1 680)	-13%	51 981
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		185 421	165 897	–	4 461	34 446	41 424	(6 978)	-17%	165 897
Energy sources		91 020	150 099	–	3 483	31 496	37 525	(6 029)	-16%	150 099
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		14 401	15 598	–	977	2 950	3 899	(950)	-24%	15 598
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	545 428	573 218	–	9 988	280 618	143 385	57 314	40%	573 218
Expenditure - Functional										
Governance and administration		204 563	234 306	–	14 011	39 907	63 577	(23 670)	-37%	234 306
Executive and council		24 446	28 860	–	2 094	7 622	7 215	407	6%	28 860
Finance and administration		170 767	221 705	–	11 624	31 255	55 426	(24 172)	-44%	221 705
Internal audit		3 267	3 744	–	292	1 030	936	94	10%	3 744
Community and public safety		32 880	42 778	–	3 143	8 888	10 085	(1 734)	-16%	42 778
Community and social services		13 823	20 523	–	1 678	4 610	5 131	(520)	-10%	20 523
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		19 057	22 255	–	1 465	4 350	5 564	(1 214)	-22%	22 255
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		62 504	40 016	–	2 701	7 476	12 254	(4 784)	-36%	40 016
Planning and development		17 626	21 954	–	626	2 378	5 409	(3 111)	-57%	21 954
Road transport		44 878	27 062	–	2 075	5 092	6 766	(1 673)	-25%	27 062
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		156 940	84 242	–	7 539	33 890	21 080	12 839	61%	84 242
Energy sources		126 693	60 140	–	6 801	29 769	15 035	14 734	98%	60 140
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		30 246	24 102	–	729	4 130	6 025	(1 896)	-31%	24 102
Other		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	456 826	430 346	–	27 385	90 236	187 588	(17 358)	-16%	430 346
Surplus/ (Deficit) for the year		88 602	142 872	–	(17 387)	110 382	35 718	74 664	208%	142 872

This table reflects the operating budget (Financial Performance) in standard classification, the main functions are Governance and Administration, Community and Public Safety, Economic and Environmental Services and Trading services.

3.1.3 Table C3: Monthly Budget Statement –Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2020/21 Audited Outcome	Budget Year Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		369 128	341 022	-	5 276	152 161	85 255	66 905	78.5%	341 022
Vote 3 - Corporate		221	475	-	10	1 599	119	1 480	1246.2%	475
Vote 4 - Development and Planning		358	202	-	15	28	50	(22)	-43.6%	202
Vote 5 - Community		23 883	29 439	-	1 201	4 019	7 360	(3 341)	-45.4%	29 439
Vote 6 - Infrastructure		151 838	202 080	-	3 495	42 812	50 520	(7 708)	-15.3%	202 080
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	545 428	573 218	-	9 998	260 618	143 365	57 314	40.0%	573 218
Expenditure by Vote	1									
Vote 1 - Executive and council		24 449	28 660	-	2 094	7 622	7 215	407	5.6%	28 660
Vote 2 - Finance and Admin		114 083	153 257	-	6 962	17 527	38 314	(20 787)	-54.3%	153 257
Vote 3 - Corporate		64 630	68 449	-	4 663	13 728	17 112	(3 385)	-19.8%	68 449
Vote 4 - Development and Planning		15 680	21 954	-	626	2 378	5 489	(3 111)	-56.7%	21 954
Vote 5 - Community		63 127	66 680	-	3 872	13 090	16 720	(3 630)	-21.7%	66 680
Vote 6 - Infrastructure		171 571	87 202	-	8 876	34 862	21 801	13 061	59.9%	87 202
Vote 7 - Internal Audit		3 287	3 744	-	292	1 030	936	94	10.0%	3 744
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	456 828	430 346	-	27 385	90 236	107 586	(17 350)	-16.1%	430 346
Surplus/ (Deficit) for the year	2	88 600	142 872	-	(17 387)	110 382	35 718	74 664	269.0%	142 872

Reporting per municipal vote provides details on the spread of spending over the various function of council. Revenue is mainly budgeted under the Executive and Council function and therefore the majority of the revenue will be reflected under this function.

3.1.4 Table C4: Monthly Budget Statement –Financial Performance (revenue by source and expenditure by type)

Vote Description	Ref	2020/21	Budget Year 2021/22							
		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		46 575	54 088	-	1 669	37 140	13 522	23 618	175%	54 088
Service charges - electricity revenue		57 058	55 007	-	3 319	11 049	13 752	(2 702)	-20%	55 007
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		11 531	15 526	-	971	2 908	3 881	(973)	-25%	15 526
Rental of facilities and equipment		1 397	1 245	-	1 299	1 501	311	1 190	382%	1 245
Interest earned - external investments		8 625	14 650	-	840	2 127	3 662	(1 536)	-42%	14 650
Interest earned - outstanding debtors		13 357	11 799	-	1 568	3 806	2 950	857	29%	11 799
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		762	2 094	-	126	347	523	(176)	-34%	2 094
Licences and permits		3 787	4 525	-	29	503	1 131	(628)	-56%	4 525
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		306 535	267 313	-	-	109 598	66 828	42 770	64%	267 313
Other revenue		873	1 501	-	178	363	375	(12)	-3%	1 501
Gains		1 801	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		452 592	427 747	-	9 998	169 343	166 937	62 406	56%	427 747
Expenditure By Type										
Employee related costs		117 964	132 261	-	9 490	28 927	33 065	(4 138)	-13%	132 261
Remuneration of councillors		19 979	21 690	-	1 690	5 082	5 422	(340)	-6%	21 690
Debt Impairment		25 504	7 000	-	-	-	1 750	(1 750)	-100%	7 000
Depreciation & asset impairment		112 287	35 300	-	-	-	8 825	(8 825)	-100%	35 300
Finance charges		1	-	-	-	-	-	-	-	-
Bulk purchases - electricity		48 196	50 000	-	6 333	26 908	12 500	14 438	116%	50 000
Inventory consumed		5 793	7 379	-	154	1 084	1 845	(761)	-41%	7 379
Contracted services		93 011	105 630	-	7 353	20 754	26 408	(5 653)	-21%	105 630
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		34 123	71 086	-	2 364	7 450	17 771	(10 322)	-58%	71 086
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		456 828	430 346	-	27 385	90 238	107 596	(17 350)	-18%	430 346
Surplus/(Deficit)		(4 326)	(2 599)	-	(17 387)	79 106	(650)	79 756	(0)	(2 599)
Transfers and subsidies - capital (monetary allocations) (revenue) / Provincial and District		92 926	145 471	-	-	31 276	36 366	(5 092)	(0)	145 471
Transfers and subsidies - capital (monetary allocations) (expenditure) / 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		88 680	142 872	-	(17 387)	110 382	35 718			142 872
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		88 680	142 872	-	(17 387)	110 382	35 718			142 872
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		88 680	142 872	-	(17 387)	110 382	35 718			142 872
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		88 680	142 872	-	(17 387)	110 382	35 718			142 872

Revenue by Source

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

Property Rates

Property rates revenue is the major part of the municipal own revenue and represents **13%** of the total own revenue budget.

The municipality bills both annual and monthly rates at the beginning of the financial year i.e. July. The total property rates billed amounted to **R 1,634,968** income received from property rates for the month of September 2021 amounted to **R 2,875,540**.

Services Charges

Revenue from service charges includes electricity sales and revenue from waste removal. The total income from services charges amounted to **R 4,289,821** for the month ended 30th September 2021.

Interest earned on Investments

Reflects the interest in respect funds not immediately needed in the operations of the municipality, these short-term investments made with financial institutions include conditional grants. Interest on investments for the month ended 30th September 2021 amounted to **R 840,123**.

Interest on Outstanding Debtors

Interest on overdue accounts for the month ended 30th September 2021 amounted to **R1,567,560** the majority of the debtors are the government departments.

Fines, penalties and Forfeits

Revenue from fines, penalties and forfeits has an annual budget of **R 2,093,700** for the month ended 30th September 2021 an amount revenue of **R125,506** has been recognised for this category.

Licences and permits

The budget for licences and permits amounts to **R4,524,696** for the 2021/22 budget year. For the month ended 30th September 2021 an amount of **R 28,572** was recognised and represents 1% of the total revenue budget for this category.

Transfers and Subsidies-Operational

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively. No revenue was recognised on operating grants for the month ended 30th September 2021.

Other Revenue

Other revenue consists mostly skills development refund, sale of tender documents, insurance refund and other revenue. Other revenue amounted to **R178,088** for the month ended 30th September 2021.

Operating Expenditure by type

Employee related costs/ Remuneration of Councillors

Remuneration related expenditure for the month ended 30th September 2021 amounted **R 11,180,424** of the expenditure **R 1,690,053** relates to Remuneration of Councillors and **R 9,490,371** to Managers and staff, that represents 7% of the budgeted amount for this category.

Debt Impairment /Depreciation and Asset impairment

Currently the municipality accounts for Debt impairment at the end of the financial year, no expenditure is reflected for the month for this category.

The municipality is in a process of utilising the financial system (Munsoft) for the fixed asset register to allow for depreciation to be reported on a, monthly basis.
No depreciation was recorded for the month of September 2021.

Bulk Purchases

Expenditure relating to bulk electricity purchases amounts to **R 6,332,761** for the month.

Other Materials

Other material consists of inventory purchases for material and supplies and amounted to **R 154,498** for the month ended 30th September 2021.

Contracted Services

Expenditure under this category consists of repairs and maintenance of municipal fleet, repairs and maintenance of buildings and facilities, debt collection contract, waste removal, grass cutting, accounting and auditing contracts and all municipal and financial systems utilised by the municipality. The contracted services for the month ended 30th September 2021 amounted to **R 7,353,423**.

Other Expenditure

Other expenditure reflects all other expenses not specifically mentioned and consists of the following:

- Skills development levy
- Remuneration of ward committee
- Telephone expenses
- Fuel and Oil
- Travel and subsistence expenses.

Other expenditure amounted to **R 2,363,569** for the month ended 30th September 2021.

	2009/21	Budget Year 2011/22
--	---------	---------------------

Capital expenditure incurred for the month ended 30th September 2021 amounted to **R19,254,273**. This represents **10%** of the approved capital expenditure budget. Capital expenditure incurred to date represents **26%** of the total capital expenditure budget.

3.1.6 C6 Monthly Budget Statement –Financial Position

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		11 285	669	-	(2 726)	669
Call investment deposits		213 127	140 275	-	246 504	140 275
Consumer debtors		74 945	33 127	-	112 054	33 127
Other debtors		83 227	88 896	-	92 112	88 896
Current portion of long-term receivables		-	-	-	-	-
Inventory		2 137	1 600	-	1 768	1 600
Total current assets		384 721	264 567	-	449 712	264 567
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		3 589	2 327	-	3 589	2 327
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1 126 417	1 148 451	-	1 176 452	1 148 451
Biological		-	-	-	-	-
Intangible		403	590	-	453	590
Other non-current assets		-	1 500	-	-	1 500
Total non current assets		1 130 410	1 152 868	-	1 180 494	1 152 868
TOTAL ASSETS		1 515 131	1 417 435	-	1 630 207	1 417 435
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		1 497	(345)	-	1 503	(345)
Trade and other payables		115 082	(49 940)	-	119 769	(49 940)
Provisions		15 318	(11 998)	-	15 318	(11 998)
Total current liabilities		131 896	(62 284)	-	136 590	(62 284)
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		32 753	(29 578)	-	32 753	(29 578)
Total non current liabilities		32 753	(29 578)	-	32 753	(29 578)
TOTAL LIABILITIES		164 649	(91 861)	-	169 343	(91 861)
NET ASSETS	2	1 350 482	1 509 297	-	1 460 864	1 509 297
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 049 100	1 739 743	-	1 008 404	1 739 743
Reserves		452 460	(230 446)	-	452 460	(230 446)
TOTAL COMMUNITY WEALTH/EQUITY	2	1 501 560	1 509 297	-	1 460 864	1 509 297

3.1.7 C7 Monthly Budget Statement –Cash Flow

Description	Ref	2020/21	Budget Year 2021/22							
		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		17 483	45 975	–	3 187	5 471	11 494	(6 023)	-52%	45 975
Service charges		54 759	60 729	–	4 674	13 437	15 182	(1 745)	-11%	60 729
Other revenue		33 631	9 365	–	1 924	2 415	2 341	75	3%	9 365
Transfers and Subsidies - Operational		309 461	267 313	–	15	190 770	66 828	43 942	66%	267 313
Transfers and Subsidies - Capital		92 926	145 471	–	14 649	49 907	36 368	13 629	37%	145 471
Interest		8 570	–	–	–	–	–	–	–	–
Dividends		–	–	–	–	–	–	–	–	–
Payments										
Suppliers and employees		(16 811)	(387 996)	–	(17 279)	(61 317)	(96 999)	(36 682)	37%	(387 996)
Finance charges		–	–	–	–	–	–	–	–	–
Transfers and Grants		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		900 627	140 857	–	7 170	120 774	35 214	(85 960)	-243%	140 857
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–
Payments										
Capital assets		(161 457)	(192 872)	–	(20 529)	(55 087)	(48 218)	7 678	-16%	(192 872)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(161 457)	(192 872)	–	(20 529)	(55 087)	(48 218)	7 678	-16%	(192 872)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		110	–	–	1	6	–	6	#DIV/0!	–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		110	–	–	1	6	–	(6)	#DIV/0!	–
NET INCREASE/ (DECREASE) IN CASH HELD		339 680	(52 016)	–	(13 358)	64 884	(13 004)			(52 016)
Cash/cash equivalents at beginning		153 196	178 309	–		224 412	178 309			224 412
Cash/cash equivalents at month/year end		491 876	126 293	–		289 296	165 305			172 396

PART 2 –SUPPORTING DOCUMENTATION

SECTION 4 __DEBTORS' ANALYSIS

Supporting Table SC3

Description	NT Code	Budget Year 2021/22										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts L.L.O Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-180 Days	181-360 Days	181 Days-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	1 069	1 311	1 249	1 837	1 214	893	3 819	782	14 474	9 546			
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 558	893	32 101	48	19	508	2 322	89 546	57 036	62 443			
Receivables from Non-exchange Transactions - Property Rates	1400	--	--	--	--	--	--	--	--	--	--			
Receivables from Exchange Transactions - Waste Water Management	1500	843	842	808	431	421	405	1 833	18 082	23 365	21 272			
Receivables from Exchange Transactions - Waste Management	1600	--	--	--	--	--	--	--	7	7	7			
Receivables from Exchange Transactions - Property Rental Debtors	1700	1 593	1 127	1 098	1 162	1 089	1 063	5 680	29 531	42 121	38 295			
Interest on Asset Debtor Accounts	1810	--	--	--	--	--	--	--	--	--	--			
Receivables unclassified, irregular, bad debts and wasteful expenditure	1820	127	76	1	8 844	71	232	15 873	14 312	36 631	38 323			
Other	1900	--	--	--	--	--	--	--	--	--	--			
Total By Income Source	2900	6 084	4 080	35 457	11 322	2 793	3 683	38 436	122 280	215 534	188 895	--	--	
2021/22 - totals only		14 483	3 543	3 490	19 456	3 204	3 308	122 445	118 122	179	152			
Debtors Age Analysis By Customer Group														
Organs of State	2200	--	--	--	--	--	--	--	--	--	--			
Commercial	2300	2 213	1 797	33 367	2 331	1 987	1 686	9 215	65 288	117 694	80 317			
Households	2400	3 218	1 886	1 321	8 982	498	878	16 172	19 082	53 386	47 191			
Other	2500	654	834	288	430	388	819	3 838	37 910	44 442	42 386			
Total By Customer Group	2800	6 084	4 080	35 457	11 322	2 793	3 683	38 436	122 280	215 534	188 895	--	--	

The total debt book for September 2021 of **R 212 690 501** (including current of **R 6 124 892** which is not yet due) has decreased by **R116 407** from the previous month closing balance of **R 211 716 750** and increased by **R973 750** from the last quarter of the previous financial year. Debt is made up of the following:

Residential debt:

R 65 833 309.74

Commercial debt

R 29 897 810.46

Government debt

R 114 197 661.21

Other

R 2 761 719.21

The municipality implements the credit control and debt collection policy.

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

Maluti

R 47 258 804.86 (including current)

Cedarville

R 4 024 749.27 (including current)

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

SECTION 5 -CREDITORS' ANALYSIS

Supporting Table SC4

Description	NT Code	Budget Year 2021/22								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700									-
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	-	-	-	-	-	-	-	-	-

The municipality paid its creditors within 30 days for the month ended 30th September 2021.

SECTION 6- INVESTMENT POTFOLIO ANALYSIS

Conditional and Unconditional investment monitoring Information

Conditional Investments -Description	Opening Balance	Deposits	Withdrawals	Interest Earned	Closing Balance
Municipal Infrastructure Grant	8 993 998	14 680 463	(3 800 169)	(31 463)	19 874 292
INEP	2 325 128	25 179	(1 993 673)	(25 179)	356 634
EPWP	-	-	-	-	-
Municipal Electrification Intervention	273 473	697	-	(695)	274 170
Library and Archives	-	-	-	-	-
Finance Management Grant	-	-	-	-	-
Smart Grid	54 777	140	-	(140)	54 916
Establishment Plan	193 900	303	-	(303)	194 203
Housing Development Fund	1 976 480	3 087	-	(3 087)	1 979 567
Dedea	601 467	939	-	(939)	602 406
Total Conditional Investments	14 419 223	14 710 807	(5 793 842)	(61 806)	23 336 188

Unconditional Investments -Description	Opening Balance	Deposits	Withdrawals	Interest Earned	Closing Balance
Call Acc STD CRR	56 884 582	4 800 000	-	(123 899)	61 684 582
Call Acc STD CRR	11 177 436	24 345	-	(24 345)	11 201 781
Call Acc STD CRR	21 494 285	96 822	-	(93 595)	21 591 107
Call ACC FNB Surplus Cash	6 805 396	-	-	(10 982)	6 805 396
Nedbank 32 Days	6 424 722	20 462	-	(20 462)	6 445 184
Nedbank relief fund	772 718	1 969	-	(1 969)	774 687
Nedbank COV -19 Solidarity	93 462	238	-	(238)	93 700
Nedbank call Surplus	63 728 997	244 904	(33 128 238)	(243 860)	30 845 663
Nedbank Retention	26 849 703	68 411	-	(68 411)	26 918 115
Termination Guarantee	144 641	-	-	(24)	144 641
Account Gaurantee	6 202 000	-	-	(1 020)	6 202 000
Call Acc STD CRR	50 271 233	184 932	-	(184 932)	50 456 164
Total Unconditional	250 849 174	5 442 083	(33 128 238)	(773 737)	223 163 019

The municipality invests surplus funds in order to maximise the interest and to have cash readily available when needed and is done in line with the Cash Management and Investments policy. As at 30th September 2021 the conditional investments amounted to R23,336,188 and unconditional investments amounted to R223,163,019.

Total investments as at 30th September 2021 amounted to R246,449,207.

SECTION 7_ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

7.1 Supporting Table SC6

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		-	285 383	-	-	110 716	66 341	43 138	65.0%	285 383
Local Government Equitable Share			258 826		-	107 844	64 707	43 138	66.7%	258 826
Expanded Public Works Programme Integrated Grant			4 887		-	1 222	1 222			4 887
Local Government Financial Management Grant			1 650		-	1 650	413			1 650
Provincial Government:		-	650	-	-	-	163	-		650
Human Settlement Development										
IDP										
Libraries, Archives and Museums			650				163			650
Library Service										
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	-	286 013	-	-	110 716	66 503	43 138	64.9%	286 013
Capital Transfers and Grants										
National Government:		-	145 471	-	14 649	49 997	36 368	-		145 471
Municipal Infrastructure Grant (MIG)			51 971		14 649	30 997	12 993			51 971
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]			93 500			19 000	23 375			93 500
Other capital transfers [insert description]										
Provincial Government:		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	-	145 471	-	14 649	49 997	36 368	-		145 471
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	411 484	-	14 649	160 713	102 871	43 138	41.9%	411 484

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively.

7.2 Supporting Table SC7

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		—	265 363	—	17 864	52 826	66 341	—		265 363
Local Government Equitable Share			266 826		16 980	50 212	64 707			266 826
Expendable Public Works Programme Integrated Grant			4 687		782	2 348	1 222	—		4 687
Local Government Financial Management Grant			1 650		102	266	413			1 650
0								—		—
0								—		—
0								—		—
0								—		—
Provincial Government:		—	650	—	—	—	163	(163)	-100.0%	650
Human Settlement Development			—		—	—	—	—		—
IDP			—		—	—	—	—		—
Libraries, Archives and Museums			650		—	—	163	(163)	-100.0%	650
Library Service			—		—	—	—	—		—
Other transfers/grants (insert description)			—		—	—	—	—		—
District Municipality:		—	—	—	—	—	—	—		—
(insert description)			—		—	—	—	—		—
Other grant providers:		—	—	—	—	—	—	—		—
0			—		—	—	—	—		—
Total operating expenditure of Transfers and Grants:		—	266 013	—	17 864	52 826	66 303	(163)	-0.2%	266 013
Capital expenditure of Transfers and Grants										
National Government:		—	145 471	—	18 329	48 455	36 368	—		145 471
Municipal Infrastructure Grant (MIG)			51 971		3 664	13 673	12 953			51 971
Integrated National Electrification Programme (Municipal Grant) (Schedule 5B)			93 500		15 665	34 782	23 375			93 500
0								—		—
0								—		—
Other capital transfers (insert description)			—		—	—	—	—		—
Provincial Government:		—	—	—	—	—	—	—		—
0			—		—	—	—	—		—
0			—		—	—	—	—		—
District Municipality:		—	—	—	—	—	—	—		—
0			—		—	—	—	—		—
Other grant providers:		—	—	—	—	—	—	—		—
0			—		—	—	—	—		—
Total capital expenditure of Transfers and Grants:		—	145 471	—	18 329	48 455	36 368	—		145 471
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS										
		—	411 484	—	36 193	101 281	102 671	(163)	-0.2%	411 484

Expenditure performance on grants amounted to R37,1 million for the month ended 30th September 2021.

The equitable share is used for the day to day running of the Municipality.

SECTIONS 8 EXPENDITURE ON COUNCILLOR AND EMPLOYEE RELATED COSTS

Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands		A	B	C					
	1								D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		12 087	13 601	-	1 011	3 032	3 420	(388)	-11%
Pension and UIF Contributions		741	808	-	61	184	202	(18)	-9%
Medical Aid Contributions		540	541	-	65	206	35	171	484%
Motor Vehicle Allowance		129	136	-	15	44	34	10	29%
Cellphone Allowance		2 279	2 361	-	189	568	590	(30)	-5%
Housing Allowances		4 204	4 532	-	350	1 048	1 133	(84)	-7%
Other benefits and allowances		-	-	-	-	-	-	-	-
Sub Total - Councillors		19 979	21 880	-	1 690	5 962	5 422	(348)	-6%
% Increase	4		8.0%						8.0%
Senior Managers of the Municipality	3								
Basic Salaries and Wages		1 004	3 200	-	80	240	800	(560)	-70%
Pension and UIF Contributions		70	139	-	6	18	35	(17)	-50%
Medical Aid Contributions		-	121	-	-	-	30	(30)	-100%
Overtime		-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-
Motor Vehicle Allowance		577	1 813	-	49	147	453	(306)	-67%
Cellphone Allowance		-	-	-	-	-	-	-	-
Housing Allowances		577	1 380	-	49	147	347	(200)	-58%
Other benefits and allowances		170	499	-	13	40	125	(85)	-68%
Payments in lieu of leave		-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2 479	7 162	-	197	582	1 798	(1 198)	-67%
% Increase	4		188.9%						188.9%
Other Municipal Staff									
Basic Salaries and Wages		75 738	87 626	-	6 284	19 157	21 967	(2 750)	-13%
Pension and UIF Contributions		12 615	14 324	-	1 042	3 106	3 581	(475)	-13%
Medical Aid Contributions		5 568	5 134	-	375	1 128	1 284	(156)	-12%
Overtime		2 147	1 816	-	226	667	479	188	39%
Performance Bonus		5 961	6 332	-	278	1 426	1 583	(157)	-10%
Motor Vehicle Allowance		4 966	4 832	-	401	1 322	1 208	114	9%
Cellphone Allowance		6	6	-	1	2	2	(0)	-2%
Housing Allowances		-	2 531	-	-	-	633	(633)	-100%
Other benefits and allowances		4 344	2 398	-	358	1 144	599	544	91%
Payments in lieu of leave		3 821	-	-	313	331	-	331	#DIV/0!
Long service awards		290	-	-	15	53	-	53	#DIV/0!
Post-retirement benefit obligations		-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		115 485	125 899	-	9 293	28 335	31 273	(2 940)	-8%
% Increase	4		8.3%						8.3%
Total Parent Municipality		120 243	130 921	-	11 180	34 816	36 488	(4 476)	-12%

Remuneration related expenditure for the month ended 30th September 2021 amounted to R 11, 8 million of the expenditure R1,7 million relates to Remuneration of Councillors and R9,2 million to Managers and staff.

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

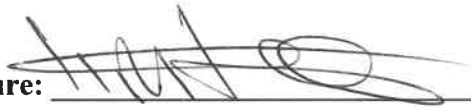
I, **Lizo Matiwane**, the Municipal Manager of Matatiele Local Municipality do hereby certify that-

The monthly budget statements (Section 71 Report) on the implementation of the budget and financial state of affairs of the municipality for the month ended 30th September 2021 has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print Name: Lizo Matiwane

Municipal Manager of Matatiele Local Municipality

Signature:



Date:

13th / 10 / 2021