



2019/20 Financial Year

**October 2019
Monthly Statement**

Table of Contents

Glossary	3
PART 1:	
Section - 1. Purpose.....	6
Section - 1 Vision of Joe Gqabi District Municipality.....	7
Section - 1 Background.....	7
Section - 2 Executive summary.....	7
Section -3 Resolutions.....	16
Section - 4 Monthly Budget Tables.....	17
PART 2 :	
Section 5 - Perfomance Indicators.....	25
Section 6 – Debtors' analysis	27
Section 7 – Creditors' analysis	28
Section 8 – Investment portfolio analysis	30
Section 9 – Allocation and grant receipts and expenditure	31
Section 10 – Expenditure on councillor and employee benefits	33
Section 11 – Capital programme performance.....	36
Section 12 – Material variances to the SDBIP	42
Section 13 – Other supporting documentation.....	43
Section 14 – Municipal Manager’s quality certification.....	44

Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Joe Gqabi District Municipality.

Budget related policy – Policy of the municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as a non-current asset on the Municipality's balance sheet.

Cash flow statement – A statement including only actual receipts and expenditure by the Municipality. Cash payments and receipts do not always coincide with budgeted 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. The same principle applies with the cash receipts. The Municipality recognise the revenue on date of billing whilst payment may not appear in the same period; the receipt is recognised at date of receipt.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share – A general grant paid to Municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would 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; this Municipality will need to fully comply by the end of June 2012.

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.

MFMA – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

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 – Spending on the day to day expenses of the Municipality such as salaries and wages and general expenses.

Rates – Local Government tax levied in terms of the Local Government: Municipal Property Rates Act; Act 6 of 2004. The tax is based on the assessed market 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 budget estimates.

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

Unauthorised expenditure – Generally, is spending without, or in excess of, an approved budget.

Virements – A transfer of budget.

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.

MIG – Municipal Infrastructure Grant

MWIG – Municipal Water Infrastructure Grant

WSIG – Water Services Infrastructure Grant

RBIG - Regional Bulk Infrastructure Grant

Vote – One of the main segments into which a budget. In Joe Gqabi District Municipality this means at directorate level. The votes for Joe Gqabi therefore are:

- Management Services;
- Financial Services;
- Corporate Services;
- Technical Services; and
- Community Services.

PART 1: SECTION 1

TO: THE EXECUTIVE MAYOR

DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING OCTOBER 2019

1. PURPOSE

The purpose of this report is to comply with section 71 of the MFMA and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009 by the submission of a monthly budget statement to the Executive Mayor, National and Provincial Treasury containing prescribed financial performance particulars for the relevant reporting month and for the financial year up to the end of the relevant month, as legislated.

2. VISION OF JOE GQABI DISTRICT MUNICIPALITY

The vision of Joe Gqabi District is to provide an improved quality of life to all its residents.

3. BACKGROUND

Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 and the Municipal Budget and Reporting Regulations" necessitates that specific financial particulars be reported on and in the format prescribed.

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

Further, Section 71 of the MFMA requires that, "the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of the relevant month." For the reporting period

ending 30 September 2019, the ten working day reporting limit expires on 14 November 2019.

National Treasury has indicated that they wish to continue to directly monitor municipalities that have a significant impact on the South African economy.

SECTION 2–EXECUTIVE SUMMARY

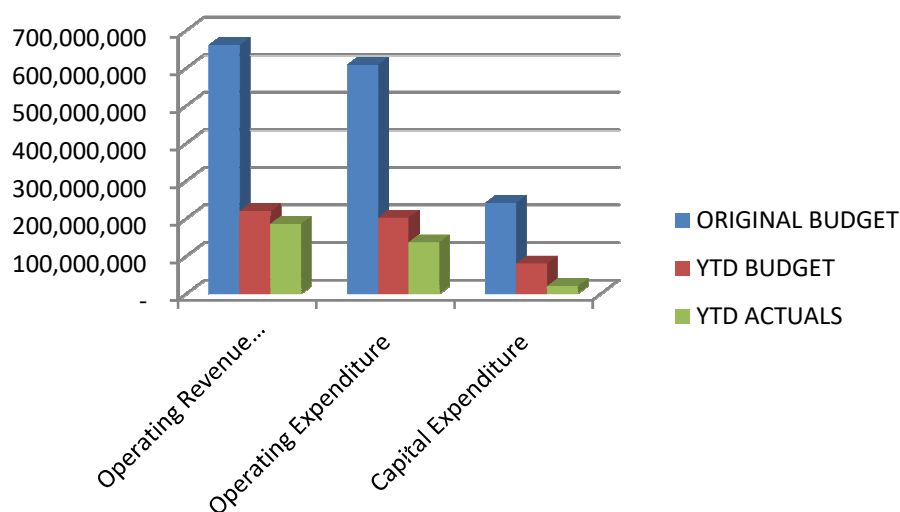
2.1 INTRODUCTION

This report has been prepared in accordance with the Municipal Budget and Reporting Regulations, 2008 and in line with Section 87 of the Municipal Finance Management Act, 2003.

2.2 CONSOLIDATED PERFORMANCE

TABLE 1

Original Budget Vs Actuals (M04)			
	Operating Revenue Excluding Capital Transfer & Contributions	Operating Expenditure	Capital Expenditure
ORIGINAL BUDGET	662 283 672	608 823 769	241 934 000
YTD BUDGET	220 761 224	202 941 256	80 644 667
YTD ACTUALS	185 971 067	136 987 073	21 078 188



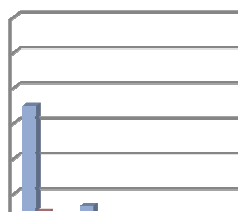
The year-to-date operating revenue excluding capital transfer of the municipality for the fourth month of the 2019/20 financial year amount to R185 million, which constitutes 84% of the year to date budget and 28% of the Approved budget.

The year-to-date operating expenditure of the municipality for the fourth month of the 2019/20 financial year amount to R136 million, which constitutes 68% of the year to date budget and 23% of the Approved budget.

The year-to-date capitalexpenditure of the municipality for the fourthmonth of the 2019/20 financial year amount to R 21,5million, which constitutes 26% of the year to date budget and 9% of the Approved budget.

2.3 OPERATING REVENUE
TABLE 2

Original Budget Vs Actuals (M04)
Government Grants & Subsidies(Exc
Service Charges : Water & Sanitation
Interest Earned - Outstanding Debt
Interest Earned - External Investme
Other Revenue
Agency Services
Rental of facilities and equipment



In the fourth month of the 2019
 R18.7 million. **Table 2** above
 contributors during the month :
 Service Charges (69%), Interest
 external investment (1%) and C

More detail with regard to mur
 C3, C4 SC8, SC9, SC10 and S