

Ubuntu Municipality



*menswaardigheid - hoop - erfenis
ubuntu - ihemba - izithethe
humanity - hope - heritage*

**IN-YEAR
REPORT
QUARTER 1
2020**

Jul-Sept 2019

**UBUNTU
LOCAL
MUNICIPALITY
(NC071)**

IN-YEAR REPORT OF MUNICIPALITY
Prepared in terms of Local Government
Municipal Finance Management Act (56/2003)
Municipal Budget and Reporting
Regulations, Government Gazette 32141, 17
May 2009

Budget and Treasury Office
MFMA: Sec.52(d) Quarterly Reporting

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GLOSSARY OF TERMS

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 Municipality.
Budget Related Policy	Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.
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.
Benchmarking	The process of comparing business processes and performance to industry bests and/or best practices from other industries.
Equitable Share	A general grant paid to municipalities. It is predominantly targeted to help with free basic services.
GFS	Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.
GRAP	Generally Recognised Accounting Practice. The standard for municipal accounting.
IDP	Integrated Development Plan. The main strategic planning document of the Municipality.
KPI	Key Performance Indicators. Measures of service output and/or outcome.
MFMA	The Municipal Finance Management Act – No. 53 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	Spending on the day to day expenses of the Municipality such as salaries and wages.

Predetermined Objectives	Strategic objectives, programs, projects, and performance indicators identified during the IDP/Budget process.
Quarterly	Period made up of three months July - September, October - December, January - March and April - June.
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 budget 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.
Vote	One of the main segments into which a budget is divided, usually at directorate / department level.

PART 1 – IN-YEAR REPORT

Section 1 – Mayors Report

The municipality's budget is being implemented in accordance with the Service Delivery and Budget Implementation plan.

The municipality is facing the following challenges:

1. Billing: The municipality is not billing all the services that it renders.
2. Cash collection, more needs to be done to ensure the credit control and debt collection policy is being adhered to. This will ensure that the municipality can pay all creditors within 30 days as per section 65 (2) (e) of the MFMA. This will also ensure that all creditors are paid off.
3. The Eskom debt is increasing monthly and more needs to be done on a strategic level to address this.
4. Service delivery standards need to be improved to ensure we meet the needs of the people we must serve.
5. Compliance to legislation and municipal policies needs to be strengthened to avoid adverse audit opinions.
6. Performance management needs to be adhered and appropriately executed.
7. Given the status of this report the possibility of an adjustment budget needs to be considered.

Section 2 – Resolutions

This will be tabled at council by earliest available council sitting.

Section 3 – Executive Summary

3.1 Introduction

Purpose

To present to Council the outcome of the Budget and Performance Assessment for quarter 1 of 2019/20 FY as required in terms of section 52(d), 71 & 72 of the Municipal Finance Management Act no 56 of 2003 (MFMA).

Background

Section 52(d) of MFMA provides that, the Mayor must within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

3.2 Consolidated performance

3.2.1 Against annual budget (originally approved).

3.2.2 Section 4 of this report includes the tables with detailed figures on performance.

Revenue by source

Property rates

- There was a system error with the billing of property rates for the month of September 2019 which resulted in a negative amount of R49.4 million being recorded into the system as a charge, however such an error has been subsequently corrected in quarter two and new account statements were issued to the customers.
- The year to date billing was much higher than the budgeted figure due data cleansing and correction of the system error.
- Collection rate has also improved.

Electricity service charges

- The municipality charge for the month of September 2019 is currently at R1.2 million and a total of R4.2 million for this quarter which is higher than the budgeted figure of R3.4 million owing to the internal controls improvement undertaken by the municipality.

Water service charges

- Water revenue is within the budget as approved by council, currently at R1.4 million for the month of September 2019. However, the municipality also experienced a system error in the billing of water during this quarter which resulted in the negative amount of R2.7 million being recorded for the quarter as contrasted to the budgeted figure of R1.1 million, such an error was corrected in the second quarter of the financial year.

Sanitation service charges

- Sanitation services charge is currently sitting at R 249 490 for the month of September 2019 which is in line with the approval of the council.

Refuse removal service charges

- Refuse removal services revenue is currently at R 299 894 for the month of September 2019 which is also in line with the approval of the council.

Operating Expenditure by type*Employee Related Cost*

- With the appointment of senior managers and key staff the personal cost will be in line with the budget.

Bulk Purchases

- The losses in the electricity department contributes to the high expenditure level in this department. The implementation of the plan considered in the Finance Committee meeting needs to be fast-tracked.
- The Municipality needs to review costing model used for water tariff setting. Considering ageing infrastructure and water bulk supply received from AM Conroy.

Other Materials (Repairs and Maintenance)

- A maintenance plan is needed to ensure all critical repairs and maintenance are done.
- Asset management office is working in ensuring critical infrastructure assets for basic service delivery are being identified for urgent repairs or replacement.

Contracted Services

- This needs to be adjusted in order to align with contracts entered into. Emphasis is placed on long term contracts.

Transfers & Subsidies

- The municipality does not transfer any grants to other organs or municipal entities.

Other Expenditures

- Serious implementation of cost containment is needed to avoid spending on non-priority items.

Capital Expenditure

The municipality has spent 4% of its capital expenditure to this date and measures are in place to ensure that there are no unspent grants at the end of the financial year through fast-tracking of the expenditure especially on the Municipal Infrastructure Grant.

Cash Flows

The municipality must maintain and improve on the current cash flow management processes put in place. More vigorous debt collection is needed to ensure the municipality has sufficient working capital as well as cash to pay of the ballooning creditors.

Section 4 – In-Year Budget statement table

4.1 Quarterly budget statement

4.1.1 Table C1: Quarterly Statement Summary

This table provide a summary of the most important information by pulling its information from the other tables to follow.

Northern Cape: Ubuntu(NC071) - Table C1 Quarterly Budget Summary for 1st Quarter ended 30 September 2019

Description	2018/19	Budget year 2019/20							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	M03 Sept Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	
Rend									
Financial Performance									
Property rates	9 937 176	9 636 098		(49 400 941)	20 499 317	2 409 025	18 090 293	751%	9 636 098
Service charges	24 556 128	26 991 405		3 243 569	(1 391 628)	6 747 851	(8 139 479)	-121%	26 991 405
Investment revenue	427 130	363 710		-	100	90 928	(90 828)	-100%	363 710
Transfers and subsidies	41 246 533	38 707 002		-	2 685 000	9 676 751	(6 991 751)	-72%	38 707 002
Other own revenue	22 798 324	37 858 726		28 741	1 967 593	9 464 682	(7 497 089)	-79%	37 858 726
Total Revenue (excluding capital transfers and contributions)	98 965 291	113 556 941	-	(46 128 631)	23 760 382	28 389 235	(4 628 853)	(16,30)	113 556 941
Employee costs	37 598 067	43 831 345		3 320 669	12 925 228	10 957 836	1 967 392	18%	43 831 345
Remuneration of councillors	2 331 510	2 691 490		210 393	841 572	672 873	168 700	25%	2 691 490
Depreciation & asset impairment	25 021 623	28 710 825		-	-	7 177 706	(7 177 706)	-100%	28 710 825
Finance charges	6 567 768	5 801 799		-	-	1 450 450	(1 450 450)	-100%	5 801 799
Materials and bulk purchases	18 238 278	19 522 451		-	73 111	4 880 613	(4 807 502)	-99%	19 522 451
Transfers and subsidies	-	82 385		-	-	20 596	(20 596)	-100%	82 385
Other expenditure	39 524 356	54 186 403		1 065 926	3 984 578	13 546 601	(9 562 023)	-71%	54 186 403
Total Expenditure	129 281 602	154 826 698	-	4 596 988	17 824 489	38 706 675	(20 882 186)	(53,95)	154 826 698
Surplus/(Deficit)	(30 316 311)	(41 269 757)	-	(50 725 619)	5 935 893	3 743 750	16 253 332	-	(41 269 757)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	4 000 000	14 975 001		-	-	3 743 750	(3 743 750)	-100%	14 975 001
Contributions recognised - capital and contributed assets	65 229	-		-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(26 251 082)	(26 294 756)	-	(50 725 619)	5 935 893	3 743 750	12 509 582	334,15	(26 294 756)
Share of surplus/ (deficit) of associates	-	-		-	-	-	-	-	-
Surplus/(Deficit) for the year	(26 251 082)	(26 294 756)	-	(50 725 619)	5 935 893	3 743 750	12 509 582	334,15	(26 294 756)
Capital expenditure & funds sources									
Capital expenditure	8 406 227	14 975 031		-	619 096	15 175 019	(14 555 923)	(95,92)	15 175 019
Transfers recognised - capital	-	14 975 000		-	513 895	3 743 750	(3 229 855)	-86%	14 975 000
Borrowing	-	11		-	-	3	(3)	-100%	11
Internally generated funds	3 483 119	-		-	-	-	-	-	-
Total sources of capital funds	3 483 119	14 975 011	-	-	513 895	3 743 753	(3 229 858)	(86,27)	14 975 011
Financial position									
Total current assets	116 370 565	18 008 247		(50 300 235)	12 808 258	4 502 062	8 306 196	184%	18 008 247
Total non current assets	539 130 284	642 320 445		-	621 909	160 580 111	(159 958 202)	-100%	642 320 445
Total current liabilities	104 508 637	1 530 468		425 384	8 735 763	382 617	8 353 146	2183%	1 530 468
Total non current liabilities	4 501 426	8 846 101		-	6 796	2 211 525	(2 204 729)	-100%	8 846 101
Community wealth/Equity	572 741 868	653 012 251		-	(1 248 282)	163 253 063	(164 501 345)	-101%	653 012 251
Cash flows									
Net cash from (used) operating	(84 453 553)	(39 548 526)		(4 596 988)	(17 824 489)	(9 887 132)	(7 937 358)	80%	(39 548 526)
Net cash from (used) investing	-	-		-	-	-	-	-	-
Net cash from (used) financing	14 386 541	(14 316 355)		(3 991)	-	(3 579 089)	3 579 089	-100%	(14 316 355)
Cash/cash equivalents at the year end	(72 672 192)	(53 864 850)	-	(20 745 641)	(32 021 088)	(13 466 203)	(18 554 885)	137,79	21 141 065
Collection Rate									
Property rates	-	60,00		-	-	70,00	-	-	70,00
Service charges	-	-		-	-	-	-	-	-
Service charges - electricity revenue	-	73,84		-	-	76,48	-	-	76,48
Service charges - water revenue	-	76,37		-	-	39,72	-	-	39,72
Service charges - sanitation revenue	-	75,77		-	-	139,17	-	-	139,17
Service charges - refuse revenue	-	74,22		-	-	74,22	-	-	74,22
Interest earned - outstanding debbrs	-	7,15		-	-	77,02	-	-	77,02

The municipality showed a Surplus of R 5.9 million for the first quarter excluding depreciation and asset impairment, 4% of the projected capital spending has been realized due.

4.1.2 Table C2: Quarterly Budget Statement – Financial Performance (Standard Classification)

Northern Cape: Ubuntu(NC071) - Table C2 Quarterly Budgeted Financial Performance by Functional Classification for 1st Quarter ended 30 September 2019

Description	Ref	Budget year 2019/20								
		2018/19	Original Budget	Adjusted Budget	M03 Sept Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Revenue - Functional										
<i>Municipal governance and administration</i>		60 688 449	71 350 104	-	(49 372 290)	22 535 048	17 837 526	4 697 522	26,34	71 350 104
Executive and council		1 351 438	1 001 444			250 000	250 361	(361)	-0%	1 001 444
Finance and administration		59 337 011	70 348 660		(49 372 290)	22 285 048	17 587 165	4 697 883	27%	70 348 660
Internal audit										
<i>Community and public safety</i>		686 913	700 015	-	-	3 184	175 004	(171 820)	(98,18)	700 015
Community and social services		686 808	689 105			3 184	172 276	(169 092)	-98%	689 105
Sport and recreation		105	10 910				2 728	(2 728)	-100%	10 910
Public safety										
Housing										
Health										
<i>Economic and environmental services</i>		12 532 903	33 854 431	-	90	2 568 514	8 463 608	(5 895 094)	(69,65)	33 854 431
Planning and development		13 518	83 896		90	2 435 496	20 974	2 414 522	11512%	83 896
Road transport		12 519 385	33 770 535			133 018	8 442 634	(8 309 616)	-98%	33 770 535
Environmental protection										
<i>Trading services</i>		29 122 255	22 627 392	-	3 243 569	(1 346 364)	5 656 848	(7 003 212)	(123,80)	22 627 392
Energy sources		16 784 057	9 975 608		1 249 625	4 344 789	2 493 902	1 850 887	74%	9 975 608
Water management		9 132 696	4 658 911		1 444 560	(2 748 228)	1 164 728	(3 912 956)	-336%	4 658 911
Waste water management		1 844 885	4 358 463		249 490	(1 360 060)	1 089 616	(2 449 676)	-225%	4 358 463
Waste management		1 360 616	3 634 410		299 894	(1 582 865)	908 603	(2 491 468)	-274%	3 634 410
Other	4									
Total Revenue - Functional	2	103 030 520	128 531 942	-	(46 128 631)	23 760 382	32 132 986	(8 372 604)	(26,08)	128 531 942
Expenditure - Functional										
<i>Municipal governance and administration</i>		52 823 886	67 505 610	-	2 226 833	8 547 084	16 876 403	(8 329 319)	(49,35)	67 505 610
Executive and council		5 718 880	2 741 490		397 315	1 972 516	685 373	1 287 144	188%	2 741 490
Finance and administration		47 105 006	64 764 120		1 829 518	6 574 568	16 191 030	(9 616 462)	-59%	64 764 120
Internal audit										
<i>Community and public safety</i>		1 704 937	1 829 276	-	149 818	588 854	457 319	131 535	28,76	1 829 276
Community and social services		1 637 559	1 817 660		137 230	561 456	454 415	107 041	24%	1 817 660
Sport and recreation		67 378	19		12 588	27 398	5	27 393	576700%	19
Public safety			11 597				2 899	(2 899)	-100%	11 597
Housing										
Health										
<i>Economic and environmental services</i>		23 632 378	21 382 742	-	1 300 603	5 128 605	5 345 686	(217 081)	(4,06)	21 382 742
Planning and development		18 056 079	12 238 879		886 524	3 312 930	3 059 720	253 210	8%	12 238 879
Road transport		5 576 299	9 143 863		414 079	1 815 675	2 285 966	(470 291)	-21%	9 143 863
Environmental protection										
<i>Trading services</i>		51 120 401	64 109 070	-	919 734	3 359 946	16 027 268	(12 467 322)	(77,79)	64 109 070
Energy sources		36 041 163	44 046 761		125 638	380 097	11 011 690	(10 631 593)	-97%	44 046 761
Water management		3 695 203	3 269 431		288 033	987 846	817 358	170 488	21%	3 269 431
Waste water management		5 403 668	8 078 666		258 440	1 111 272	2 019 667	(908 395)	-45%	8 078 666
Waste management		5 980 367	8 714 212		247 623	1 080 731	2 178 553	(1 097 822)	-50%	8 714 212
Other	4									
Total Expenditure - Functional	3	129 281 602	154 826 698	-	4 596 988	17 824 489	38 706 675	(20 882 186)	(53,95)	154 826 698
		(26 251 082)	(26 294 756)	-	(50 725 619)	5 935 893	-	12 509 582	-	(26 294 756)

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

The main functions are **Governance and Administration, Community and Public Safety, Economic and Environmental Service, and Trading Services.**

It is for this reason that Financial Performance is reported in standard classification, Table C2.

4.1.4 Table C4: Quarterly Budget Statement – Financial Performance (Revenue & Expenditure)

This table reflects the operating budget and actual figures of the financial performance. The revenue is specifically set out by source since council approves the revenue budget by source and expenditure budget by vote.

Northern Cape: Ubuntu(NC071) - Table C4 Quarterly Budgeted Financial Performance (All) for 1st Quarter ended 30 September 2019

Description	Ref	Budget year 2019/20								
		2018/19	Original Budget	Adjusted Budget	M03 Sept Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		9 937 176	9 636 098		(49 400 941)	20 499 317	2 409 025	18 090 293	751%	9 636 098
Service charges - electricity revenue		12 601 399	13 919 114		1 249 625	4 299 904	3 479 779	820 126	24%	13 919 114
Service charges - water revenue		9 132 696	4 749 668		1 444 560	(2 748 228)	1 187 417	(3 935 645)	-331%	4 749 668
Service charges - sanitation revenue		1 462 312	4 521 429		249 490	(1 360 060)	1 130 357	(2 490 417)	-220%	4 521 429
Service charges - refuse revenue		1 359 721	3 801 194		299 894	(1 583 244)	950 299	(2 533 543)	-267%	3 801 194
Rental of facilities and equipment		110 678	203 692		15 012	56 841	50 923	5 918	12%	203 692
Interest earned - external investments		427 130	363 710			100	90 928	(90 828)	-100%	363 710
Interest earned - outstanding debtors		9 053 016	3 170 471			1 709 502	792 618	916 884	116%	3 170 471
Dividends received		9 142				485	-	485	#DIV/0!	-
Fines, penalties and forfeits		11 431 873	33 402 104			40	8 350 526	(8 350 486)	-100%	33 402 104
Licences and permits										
Agency services		1 069 953	350 048			126 778	87 512	39 266	45%	350 048
Transfers and subsidies		41 246 533	38 707 002			2 685 000	9 676 751	(6 991 751)	-72%	38 707 002
Other revenue		389 650	732 411		13 729	73 947	183 103	(109 156)	-60%	732 411
Gains on disposal of PPE		734 012								
Total Revenue (excluding capital transfers and contributions)		98 965 291	113 556 941	-	(46 128 631)	23 760 382	28 389 235	(4 628 853)	(16,30)	113 556 941
Expenditure By Type										
Employee related costs		37 598 067	43 831 345		3 320 669	12 925 228	10 957 836	1 967 392	18%	43 831 345
Remuneration of councillors		2 331 510	2 691 490		210 393	841 572	672 873	168 700	25%	2 691 490
Debt impairment		19 924 654	35 096 848				8 774 212	(8 774 212)	-100%	35 096 848
Depreciation and asset impairment		25 021 623	28 710 825				7 177 706	(7 177 706)	-100%	28 710 825
Finance charges		6 567 768	5 801 799				1 450 450	(1 450 450)	-100%	5 801 799
Bulk purchases		18 239 879	19 491 162			73 111	4 872 791	(4 799 680)	-98%	19 491 162
Other materials		(1 601)	31 289				7 822	(7 822)	-100%	31 289
Contacted services		6 892 691	6 969 516		602 359	1 968 194	1 742 379	225 815	13%	6 969 516
Transfers and subsidies			82 385				20 596	(20 596)	-100%	82 385
Other expenditure		12 825 239	12 120 039		463 567	2 016 384	3 030 010	(1 013 626)	-33%	12 120 039
Loss on disposal of PPE		(118 228)								
Total Expenditure		129 281 602	154 826 698	-	4 596 988	17 824 489	38 706 675	(20 882 186)	(53,95)	154 826 698
Surplus/(Deficit)		(30 316 311)	(41 269 757)	-	(50 725 619)	5 935 893	-	16 253 332	-	(41 269 757)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		4 000 000	14 975 001				3 743 750	(3 743 750)	-100%	14 975 001
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		65 229								
Transfers and subsidies - capital (in-kind - all)		(26 251 082)	(26 294 756)		(50 725 619)	5 935 893	3 743 750	12 509 582	334,15	(26 294 756)
Surplus/(Deficit) after capital transfers and contributions										
Taxation		(26 251 082)	(26 294 756)		(50 725 619)	5 935 893	3 743 750	12 509 582	334,15	(26 294 756)
Surplus/(Deficit) after taxation										
Attributable to minorities		(26 251 082)	(26 294 756)		(50 725 619)	5 935 893	3 743 750	12 509 582	334,15	(26 294 756)
Surplus/(Deficit) attributable to municipality										
Share of surplus/ (deficit) of associate		(26 251 082)	(26 294 756)		(50 725 619)	5 935 893	3 743 750	12 509 582	334,15	(26 294 756)
Surplus/(Deficit) for the year		(26 251 082)	(26 294 756)	-	(50 725 619)	5 935 893	3 743 750	12 509 582	334,15	(26 294 756)

4.1.5 Table C5: Quarterly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

Table C5 depicts Capital Expenditure by standard classification and funding of these capital expenditures.

Northern Cape: Ubuntu(NC071) - Table C5 Quarterly Budgeted Capital Expenditure by Functional Classification and Funding for 1st Quarter ended 30 September 2019

Description	Ref	Budget year 2019/20								
		Audited Outcome	Original Budget	Adjusted Budget	M03 Sept Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Capital Expenditure - Functional										
<i>Municipal governance and administration</i>		8 406 227	28	-	-	-	7	(7)	-100%	28
Executive and council		405 063	1	-	-	-	0	(0)	-100%	1
Finance and administration		8 001 164	27	-	-	-	7	(7)	-100%	27
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>										
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	0	(0)	-100%	1
<i>Economic and environmental services</i>										
Planning and development		-	1	-	-	-	0	(0)	-100%	1
Road transport		-	1	-	-	-	0	(0)	-100%	1
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>										
Energy sources		-	14 975 002	-	-	619 096	3 743 751	(3 124 655)	(83,46)	14 975 002
Water management		-	5 005 001	-	-	503 469	1 251 250	(747 781)	-60%	5 005 001
Waste water management		-	9 970 001	-	-	115 627	2 492 500	(2 376 873)	-95%	9 970 001
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	8 406 227	14 975 031	-	-	619 096	3 743 758	(3 124 662)	(83,46)	14 975 031
Funded by										
National Government		-	14 975 000	-	-	513 895	3 743 750	(3 229 855)	-86%	14 975 000
Provincial Government		-	-	-	-	-	-	-	-	-
District/Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	14 975 000	-	-	513 895	3 743 750	(3 229 855)	(86,27)	14 975 000
Transfers recognised - capital		-	-	-	-	-	-	-	-	-
Borrowing	6	-	11	-	-	-	3	(3)	-100%	11
Internally generated funds		3 483 119	-	-	-	-	-	-	-	-
Total Capital Funding		3 483 119	14 975 011	-	-	513 895	3 743 753	(3 229 858)	(86,27)	14 975 011

4.1.6 Table C6: Quarterly Budget Statement – Financial Position

Northern Cape: Ubuntu(NC071) - Table C6 Quarterly Budget Statement - Financial Position (All) for 1st Quarter ended 30 September 2019

Description	Ref	Budget year 2019/20								
		2018/19	Budget year 2019/20							
Rand	1	Audited Outcome	Original Budget	Adjusted Budget	M03 Sept Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
ASSETS										
Current assets										
Cash		1 859 767	18 007 895		(1 878 424)	11 101 422	4 501 974	6 599 448	147%	18 007 895
Call deposits and investments		1 927			996 187	4 321 678	-	4 321 678		-
Consumer debtors		97 992 414	68		(47 944 642)	14 401 340	17	14 401 323	84713665%	68
Other debtors		20 047 905	257		(408 697)	(79 173)	64	(79 237)	-123326%	257
Current portion of long-term receivables		-			-	-	-	-		-
Inventory		122 815	27		-	-	7	(7)	-100%	27
Total current assets		120 024 828	18 008 247	-	(49 235 776)	29 745 267	4 502 062	25 243 205	560,70	18 008 247
Non current assets										
Long-term receivables										
Investments										
Investment property		29 637 896	624 867 333				156 216 833	(156 216 833)	-100%	624 867 333
Investment in Associates						621 909	3 793 761	(3 171 852)	-84%	15 175 044
Property, plant and equipment		509 492 388	15 175 044							
Biological										
Intangible			2 278 068				569 517	(569 517)	-100%	2 278 068
Other non-current assets										
Total non current assets		539 130 284	642 320 445	-	-	621 909	160 580 111	(159 958 202)	(99,61)	642 320 445
TOTAL ASSETS		659 155 112	660 328 692	-	(49 235 776)	30 367 176	165 082 173	(134 714 997)	(81,60)	660 328 692
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing		(91 361)								
Consumer deposits		14 316 384	28		(2 073)	(102 138)	7	(102 145)	-1450214%	28
Trade and other payables		80 679 226	1 530 290		427 457	8 837 901	382 573	8 455 329	2210%	1 530 290
Provisions		9 604 388	150				38	(38)	-100%	150
Total current liabilities		104 508 637	1 530 468	-	425 384	8 735 763	382 617	8 353 146	2 183,16	1 530 468
Non current liabilities										
Financial liabilities		337 426	1 618 517				404 629	(404 629)	-100%	1 618 517
Provisions		4 164 000	7 227 584			6 796	1 806 896	(1 800 100)	-100%	7 227 584
Total non current liabilities		4 501 426	8 846 101	-	-	6 796	2 211 525	(2 204 729)	(99,69)	8 846 101
TOTAL LIABILITIES		109 010 063	10 376 569	-	425 384	8 742 559	2 594 142	6 148 417	237,01	10 376 569
NET ASSETS	2	550 145 049	649 952 123	-	(49 661 160)	21 624 617	162 488 031	(140 863 414)	(86,69)	649 952 123
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		572 741 868	653 012 251			(1 248 282)	163 253 063	(164 501 345)	-101%	653 012 251
Reserves										
TOTAL COMMUNITY WEALTH/EQUITY	2	572 741 868	653 012 251	-	-	(1 248 282)	163 253 063	(164 501 345)	(0)	653 012 251

4.1.7 Table C7: Quarterly Budget Statement – Cash Flow

This table includes the balance of cashbook and current investment deposits.

Refer to PART 2 Section 7 for a more comprehensive picture of the cash position of the municipality which includes none-current investments and commitments against available resources.

NC071 Ubuntu - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Properly rates		7 260	5 782		334	773	1 446	(672)	-47%	5 782
Service charges		20 454	20 151		1 698	4 246	5 038	(792)	-16%	20 151
Other revenue		18 586	8 296		94	4 537	2 074	2 463	119%	8 296
Government- operating		41 247	38 707		330	17 433	9 677	7 756	80%	38 707
Government- capital		9 110	14 975		-	3 000	3 744	(744)	-20%	14 975
Interest		436	2 266		-	90	567	(476)	-84%	2 266
Dividends		-	-		-	-	-	-	-	-
Payments										
Suppliers and employees		(76 388)	(71 741)		(4 333)	(20 662)	(17 935)	2 726	-15%	(71 741)
Finance charges		(7 544)	(2 901)		-	-	(725)	(725)	100%	(2 901)
Transfers and Grants		(82)	(82)		-	-	(21)	(21)	100%	(82)
NET CASH FROM/(USED) OPERATING ACTIVITIES		13 162	15 453	-	(1 877)	9 418	3 863	(5 554)	-144%	15 453
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		(8 412)	(14 975)		(1)	(176)	(3 744)	(3 568)	95%	(14 975)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(8 412)	(14 975)	-	(1)	(176)	(3 744)	(3 568)	95%	(14 975)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-		-	-	-	-	-	-
Borrowing long term/refinancing		(8 067)	-		-	-	-	-	-	-
Increase (decrease) in consumer deposits		3	-		-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-		-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(8 064)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(3 315)	478	-	(1 878)	9 242	120			478
Cash/cash equivalents at beginning:		5 174	2 568			1 860	2 568			1 860
Cash/cash equivalents at month/year end:		1 860	3 046			11 101	2 688			2 338

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Debtors Analysis

5.1 Supporting Table SC3

NC071 Ubuntu - Supporting Table SC3 Monthly Budget Statement - aged debtors - (Q01)M03 September

Description	NT Code	Budget Year 2018/19									
		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											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	1 696	586	1 608	1 668	860	899	7 721	24 596	39 835	35 745
Trade and Other Receivables from Exchange Transactions - Electricity	1300	544	349	501	357	417	285	1 164	3 381	6 997	5 603
Receivables from Non-exchange Transactions - Property Rates	1400	2 104	132	256	1 119	396	377	2 325	14 654	21 363	18 871
Receivables from Exchange Transactions - Waste Water Management	1500	400	385	520	456	502	468	2 385	11 816	16 930	15 626
Receivables from Exchange Transactions - Waste Management	1600	440	403	522	488	539	513	2 587	13 685	19 177	17 812
Receivables from Exchange Transactions - Property Rental Debtors	1700	14	13	13	13	13	9	45	989	1 111	1 070
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fullless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	4	3	6	5	5	5	24	229	281	267
Total By Income Source	2000	5 203	1 871	3 626	4 106	2 733	2 555	16 251	69 349	105 695	94 995
2017/18 - totals only											
Debtors Age Analysis By Customer Group											
Organs of State	2200	1 435	267	382	925	314	186	673	2 365	6 546	4 463
Commercial	2300	1 041	265	294	1 247	290	231	1 559	7 224	12 153	10 552
Households	2400	2 727	1 339	2 950	1 933	2 129	2 138	14 019	59 761	86 996	79 979
Other	2500	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	5 203	1 871	3 626	4 106	2 733	2 555	16 251	69 349	105 695	94 995

Majority of the debt from households are from indigents. Currently we are in a process of identifying and with council recommendation writing off irrecoverable debt.

Total debt outstanding for the month under review is R105 million with these debts R94 million over 90 days old.

Section 6 – Creditor's Analysis

6.1 Supporting Table SC4

NC071 Ubuntu - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

Description	NT Code	Budget Year 2018/19								
		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	2 711	5 023	-	2 871	43 314	-	14 425	-	68 343
Bulk Water	0200	90	-	-	-	-	-	-	-	90
PAYE deductions	0300	373	553	593	1	-	-	-	-	1 520
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	561	548	-	-	-	1 495	-	-	2 603
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	1 117	1 517	709	787	1 998	16	2 579	-	8 724
Auditor General	0800	432	117	27	25	80	2 978	-	-	3 659
Other	0900	372	-	-	-	-	-	-	-	372
Total By Customer Type	1000	5 656	7 758	1 329	3 685	45 391	4 490	17 004	-	85 312

There is a material decrease in all creditors except for bulk electricity. The municipality is busy with cost of supply studies, field verifications plans and other methods in addressing this huge risk. The bulk electricity account is just increasing every month.

Total outstanding creditors at this ending quarter is just over R85 million, with a total of R5.6 million over 30 days old, this is in contravention with MFMA stating that creditors be paid within 30 days of invoice received. Municipality could be battling a problem in cash flow management.

Section 7 – Investment Portfolio Analysis

7.1 Supporting Table SC5

Call Investment accounts looks as follows at 30 September 2019.

NC071 Ubuntu - Supporting Table SC5 Monthly Budget Statement - investment portfolio - (Q1) M03 September 2019									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of Investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands									
Municipality									
BIBLIOTEEK PROJEK		12	Deposits - Bar	2019/06/30	0		0	135	135
DEERNISFONDS IOT		12	Deposits - Bar	2019/06/30	1		3	-	4
EIEFONDSE		12	Deposits - Bar	2019/06/30	79		11 558	3 192	14 829
ELECTRICAL PROJECT		12	Deposits - Bar	2019/06/30	29		6 038	3 000	9 066
EPWP PROJEK		12	Deposits - Bar	2019/06/30	1		182	31	214
ESKOM PAYMENTS Strat		12	Deposits - Bar	2019/06/30	1		20	573	595
FMG GRANT		12	Deposits - Bar	2019/06/30	8		2 566	1 265	3 839
KERKSTRAAT SUBSIDIE		12	Deposits - Bar	2019/06/30	2		888	-	890
MIGFONDSE		12	Deposits - Bar	2019/06/30	6		1 474	-	1 480
PROJ CONSOLIDAT MSIG		12	Deposits - Bar	2019/06/30	4		1 039	-	1 043
RETENTIONS		12	Deposits - Bar	2019/06/30	4		1 039	(175)	868
WSIG		12	Deposits - Bar	2019/06/30	-		8	-	8
Municipality sub-total					134		24 815	8 021	32 970
Entities									
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				134		24 815	8 021	32 970

Section 8 – Allocations, grant receipts and expenditure

8.1 Supporting Table SC6

NC071 Ubuntu - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - (Q1)M03 September										
Description	Ref	2018/19			Budget Year 2019/20					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		--	38 037	--	17 103	17 103	14 418	--		--
Local Government Equitable Share			34 602		14 418	14 418	14 418	--		
Finance Management			2 435		2 435	2 435				
EPWP Incentive			1 000		250	250				
Integrated National Electrification Programme										
	3									
Water Service Infrastructure grant										
Provincial Government:		--	660	--	330	--	--	--		--
Sport and Recreation			660		330					
	4									
Other transfers and grants [insert description]										
District Municipality:		--	--	--	--	--	--	--		--
[insert description]										
Other grant providers:		--	--	--	--	--	--	--		--
[insert description]										
Total Operating Transfers and Grants	5	--	38 697	--	17 433	17 103	14 418	--		--
Capital Transfers and Grants										
National Government:		--	14 975	--	3 000	3 000	3 000	--		--
Municipal Infrastructure Grant (MIG)			9 970		--					
Regional Bulk Infrastructure										
Other capital transfers [insert description]			5 005		3 000	3 000	3 000	--		--
Provincial Government:		--	--	--	--	--	--	--		--
[insert description]										
District Municipality:		--	--	--	--	--	--	--		--
[insert description]										
Other grant providers:		--	--	--	--	--	--	--		--
[insert description]										
Total Capital Transfers and Grants	5	--	14 975	--	3 000	3 000	3 000	--		--
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	--	53 672	--	20 433	20 103	17 418	--		--

8.2 Supporting Table SC7 (1) – Grand Expenditure

NC071 Ubuntu - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - (Q1)M03 September										
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										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		--	38 041	--	15 812	15 812	1 393	14 418	1034,7%	--
Local Government Equitable Share		--	34 602		14 418	14 418	--	14 418	#DIV/0!	
Finance Management			2 435		1 170	1 170	1 170	0	0,0%	
EPWP Incentive			1 000		223	223	223	--	--	
Integrated National Electrification Programme										
0										
0										
Water Service Infrastructure grant			4							
Provincial Government:		--	660	--	195	195	195	--	--	--
Sport and Recreation			660		195	195	195	--	--	
0										
0										
0										
Other transfers and grants [insert description]										
District Municipality:		--	--	--	--	--	--	--	--	--
[insert description]										
Other grant providers:		--	--	--	--	--	--	--	--	--
[insert description]										
Total operating expenditure of Transfers and Grants:		--	38 701	--	16 007	16 007	1 588	14 418	907,7%	--
Capital expenditure of Transfers and Grants										
National Government:		--	14 975	--	112	112	112	--	--	--
Municipal Infrastructure Grant (MIG)			9 970							
0										
0										
0										
0										
Other capital transfers [insert description]			5 005		112	112	112	--	--	
Provincial Government:		--	--	--	--	--	--	--	--	--
0										
District Municipality:		--	--	--	--	--	--	--	--	--
0										
Other grant providers:		--	--	--	--	--	--	--	--	--
0										
Total capital expenditure of Transfers and Grants		--	14 975	--	112	112	112	--	--	--
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		--	53 676	--	16 119	16 119	1 701	14 418	847,8%	--

8.3 Supporting Table SC7 (2) – Grant Expenditure against approved rollovers

No approved roll-overs exist for 2019/2020 from previous year.

Section 9 – Councilor’s allowances and employee benefits

9.1 Supporting Table SC8

NC071 Ubuntu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - (Q1)M03 September									
Summary of Employee and Councilor remuneration	Ref	2018/19		Budget Year 2019/20					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands		A	B	C					D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		-	1 524	-	92	339	362	(23)	-6%
Pension and UIF Contributions		-	194	-	7	29	-	29	
Medical Aid Contributions		-	-	-	4	12	-	12	
Motor Vehicle Allowance		-	432	-	35	131	121	10	8%
Cellphone Allowance		-	81	-	22	73	87	(14)	-16%
Housing Allowances		-	-	-	-	-	-	-	
Other benefits and allowances		-	-	-	-	-	-	-	
Sub Total - Councillors		-	2 231	-	160	584	570	14	3%
% increase	4								
Senior Managers of the Municipality									
Basic Salaries and Wages		-	2 450	-	78	229	-	229	
Pension and UIF Contributions		-	568	-	15	45	-	45	
Medical Aid Contributions		-	-	-	4	12	-	12	
Overtime		-	-	-	-	-	-	-	
Performance Bonus		-	-	-	-	-	-	-	
Motor Vehicle Allowance		-	236	-	10	30	-	30	
Cellphone Allowance		-	-	-	22	73	87	(14)	-16%
Housing Allowances		-	-	-	-	-	-	-	
Other benefits and allowances		-	-	-	51	173	-	173	
Payments in lieu of leave		-	-	-	-	-	-	-	
Long service awards		-	-	-	-	-	-	-	
Post-retirement benefit obligations		-	-	-	-	-	-	-	
Sub Total - Senior Managers of Municipality		-	3 254	-	180	562	87	475	547%
% increase	4								
Other Municipal Staff									
Basic Salaries and Wages		-	21 546	-	2 053	5 205	7 535	(2 329)	-31%
Pension and UIF Contributions		-	3 985	-	349	999	1 554	(555)	-36%
Medical Aid Contributions		-	387	-	15	46	234	(188)	-80%
Overtime		-	-	-	76	230	417	(186)	-45%
Performance Bonus		-	1 903	-	-	-	-	-	
Motor Vehicle Allowance		-	435	-	3	18	188	(169)	-90%
Cellphone Allowance		-	33	-	(21)	(70)	-	(70)	
Housing Allowances		-	518	-	35	35	150	(115)	-77%
Other benefits and allowances		-	883	-	74	326	620	(294)	-47%
Payments in lieu of leave		-	1 515	-	33	65	416	(351)	-84%
Long service awards		-	-	-	-	-	-	-	
Post-retirement benefit obligations		-	1 371	-	-	-	9	(9)	-100%
Sub Total - Other Municipal Staff		-	32 575	-	2 616	6 855	11 122	(4 267)	-38%
% increase	4								
Total Parent Municipality		-	38 060	-	2 956	8 002	11 779	(3 777)	-32%

Councilor’s upper limits were not yet gazetted at the preparation of this report and will be implemented as soon as concurrence from MEC is received.

CFO and Technical Manager were currently the only fulltime appointed Senior Managers, hence the slight increase in the section of senior managers cost for month under review. The upper limits gazettes for senior managers for the 2019/2020 financial year has not been released yet.

Section 10 – Capital program performance

10.1 Supporting Table SC12

NC071 Ubuntu - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - (Q1)M03 September

Month	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	-	1 248		-	-	1 248	1 248	100,0%	0%
August	-	1 248		-	-	2 496	2 496	100,0%	0%
September	-	1 248		112	112	3 744	3 632	97,0%	1%
October	-	1 248				4 992	-		
November	-	1 248				6 240	-		
December	-	1 248				7 488	-		
January	-	1 248				8 736	-		
February	-	1 248				9 984	-		
March	-	1 248				11 232	-		
April	-	1 248				12 480	-		
May	-	1 248				13 728	-		
June	-	1 248				14 976	-		
Total Capital expenditure	-	14 976		112					

In table C5 it was detected that the MIG grant contributes to the skew representation of performance.

Section 11 – Municipal manager’s quality certification

QUALITY CERTIFICATE

I Dibere Maposa as acting municipal manager of **Ubuntu Municipality**,
hereby certify that –

(mark as appropriate)

- The monthly budget statements
- The quarterly report on the implementation of the budget and financial state of the municipality
- The mid-year budget and performance assessment

For Financial **Quarter 1** of **2019/2020 financial year** has been prepared in accordance with the Municipal Finance Management Act and Regulations made under that Act.

Municipal or Acting Municipal Manager of **Ubuntu Local Municipality (NC071)**

Signature _____

Date _____

