

13203

## FINANCIAL REPORTING AS AT 30 APRIL 2019

*This report served before the Financial Services Portfolio Committee on 28 May 2019.  
The report was noted.*

### PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 30 April 2019 as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003).

### IDP STRATEGY AND OBJECTIVES

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial And Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 GRAP compliance
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all financial related policies
		5.1.1.4 Compliance with all MFMA and related local government financial legislation
	5.2.1 Sustainable Financial and supply chain Management	5.2.1.1 Provide continuous Internal Communication on Budget and Financial Management matters
		5.2.1.2 Asset Accounting Management
		5.2.1.3 Accurate and timeous billing and receipting of revenue
		5.2.1.4 Apply Adequate Internal controls
		5.2.1.5 Demand and acquisition management
		5.2.1.6 Contracts and Logistics management
		5.2.1.7 Apply adequate financial management methodologies

### DISCUSSION

**Section 71** of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) prescribes certain conditions that need to be complied with, in terms of the mentioned Act.

The Accounting Officer of the Municipality must report by no later than 10 working days after the end of each month to the Mayor and the relevant Provincial Treasury, a statement in the **prescribed format** on the state of the Municipality's budget.

**Section 66** of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported upon in a format and for the prescribed period. It is considered appropriate to report on this section of the Act on a monthly basis to coincide with the reporting requirements of Section 71(1) of the Act.

As mentioned above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. The National Treasury issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format was set out.

Furthermore, the National Treasury issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare the 2010/2011 Budget as well as the in-year reporting effective from July 2010.

The objectives of the budget format reforms in terms of these regulations are:

- ❖ To ensure that the Municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing Municipal Budget and Financial Reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of Municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

The Minister of Finance has, in terms of Section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs issued the Municipal Regulations on Standard Chart of Accounts as set out in Government Gazette No 37577 (**DMS 974357**) dated 22 April 2014.

These Regulations apply to all Municipalities and Municipal entities and indicate its applicability and relevance to each specific Municipal environment while accommodating organisational uniqueness and structural differences. These regulations took effect from 1 July 2017.

The objective of these regulations is to provide for a national standard, uniform recording and classification of municipal budget and financial information at transactional level by prescribing a standard chart of accounts for municipalities.

Once these regulations are effective, the financial reporting will be aligned (budget reporting and financial statements reporting). The regulations require that the financial system used by Municipalities must be compliant with the Standard Chart of Accounts. This means that the financial systems of Municipalities must be capable to accurately record all financial transactions in terms of the required segments. The current financial system used by the Municipality does not provide for the recording of financial transactions as required by the regulations.

The implementation of these regulations requires that the Municipality must proactively procure a financial system solution that will be compliant with the Standard Chart of Accounts. Of similar importance is the provision for training of responsible officials to ensure that they attend the trainings and workshops to be provided by the National Treasury.

In terms of Council Resolution 8901 dated 26 November 2013, Council was selected as a Pilot Site for the mSCOA implementation.

**Section 1** of the MFMA defines the Service Delivery and Budget Implementation Plan (SDBIP) as:

*“A detailed plan approved by the Mayor of a municipality in terms of Section 53(l)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:*

- (a) *Projections for each month of-*
  - (i) *Revenue to be collected, by source; and*
  - (ii) *Operational and capital expenditure, by vote.”*

Component 1, comprised of actual revenue collected by source and Component 2, comprised of actual operational and capital expenditure by vote for the month of April 2019 is included under **Annexures AA and AB (DMS 1341846)**.

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## PART 1 - IN-YEAR REPORTING

### 1. MAYOR'S REPORT FOR THE MONTH OF APRIL 2019

In terms of the Budget Regulations, Part 1 in-year reporting, the Mayor is required to provide a report / comments on:

- “(a) a summary of whether the Municipality's budget is being implemented in accordance with the service delivery and budget implementation plan and any service delivery agreements with municipal entities;

The Mayor has considered the Section 71 report for the month of April 2019, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in February 2019. A detail of all the points highlighted by the Mayor is included in the report.

#### **Operational Budget**

The monthly budget statement summary (Table C1) for the month of April 2019 (year to date actual) shows a surplus of R75,1 million. The surplus for the month is mainly as a result of under spending in certain operational projects, where at year end Departments fast track their outstanding tasks for the year. The performance in this area is **Acceptable**.

#### **Capital Budget**

Council is in the fourth quarter of the financial year and capital expenditure is fairly low at R332,8 million (56,76%). This is based on the Adjusted Capital Budget of R586 million. Expenditure is expected to rise as the year progresses. The performance in this area although is **not Acceptable proportionately**. The Project steering Committee is monitoring the capital projects to ensure that any issues are resolved promptly.

#### **Cash Flow**

In terms of Council's Adopted Working Capital Policy the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 1,94:1 (427 349/220 294). Therefore, the Municipality has a positive bank balance to defray its expenses. The performance in this area is although **is acceptable as, although it is below the policy target of 2:1, it is as a result of a strategic reason that the Chief Financial Officer has as yet not taken up the R310 million borrowing for this year. As a result the R171,5 million capex spent from borrowings is (see page 8 – source of capex funding) effectively coming out of working capital.**

### 2. RESOLUTIONS

Refer to the recommendations contained in this report.

### 3. EXECUTIVE SUMMARY

This section deals with the financial status of the Municipality at executive level and highlights matters that are of particular importance from the Chief Financial Officer's perspective.

### 3.1 Operating Budget

The following table represents an executive summary for the financial period ended 30 April 2019:

DESCRIPTION	ADJUSTED BUDGET 2018/2019	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2019 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (Excluding Capital Grants)	2,990,430,900	2,552,264,990	2,479,311,034	97.14%
Expenditure	3,049,388,800	2,513,679,082	2,404,227,386	95.65%
Surplus/(Deficit) (Excluding Capital Grants)	(58,957,900)	38,585,908	75,083,648	

### 3.2 Cash Flow Situation

#### **Council's Working Capital Policy:**

In terms of Council's Adopted Working Capital Policy, the objective is for the Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 1,94:1 (427 349/220 294). The Chief Financial Officer has as yet not taken up the R310 million borrowing for this year. As a result of the R171,5 million capex spent from borrowings is effectively coming out of working capital. The tender for the borrowing process will be finalised before 30 June 2019.

### 3.3 Grants Balances

DESCRIPTION OF GRANT	AMOUNT GAZETTED FOR MARCH 2019	AMOUNT RECEIVED FOR QUARTER ENDED MARCH 2019	AMOUNT GAZETTED FOR APRIL 2019	AMOUNT GAZETTED FOR MAY 2019	AMOUNT GAZETTED FOR JUNE 2019	TOTAL TO BE RECEIVED AS AT 30/06/2019	AMOUNT RECEIVED AS AT 30/04/2019	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/04/2019	% SPENT	COMMENTS
<b>NATIONAL TREASURY</b>											
Equitable Share	81 563 000	81 563 000	-	-	-	326 255 000	326 255 000	-	271 879 166.67	83%	In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. It is primarily for the provision of Basic Services
Municipal Infrastructure Grant	29 604 000	34 604 000	-	-	-	104 604 000	104 604 000	-	64 761 747	62%	This expenditure is as per claims submitted to COGTA.
Financial Management Grant	-	-	-	-	-	2 650 000	2 650 000	-	2 171 298	82%	Spending is in accordance with the support plan submitted to National Treasury for the grant
Municipal Water Infrastructure Grant-WSIG	10 000 000	-	-	-	-	16 000 000	-	16 000 000	5 835 047	36%	Spending is in accordance with the support plan submitted to National Treasury for the grant
Extended Public Works Programme	-	-	-	-	-	5 189 000	5 189 000	-	5 107 812	98%	The grant is for the operational expenditure for EPWP
Municipal System Improvement Grant	1 055 000	-	-	-	-	1 055 000	1 055 000	-	-	0%	The grant was received in March from Dora amended Gazette. The grant is to support the Re-demarcated municipalities on transition matters
Infrastructure Skills Development Grant	-	-	-	-	-	2 300 000	2 300 000	-	2 300 000	100%	uMhlathuze Municipality is no longer a beneficiary of this National Treasury grant as from the 1st February 2019.
Energy Efficiency and Demand Side management Grant	-	-	-	-	-	6 000 000	6 000 000	-	4 808 869	80%	To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency
<b>TOTAL NATIONAL TREASURY GRANTS</b>	<b>122 222 000</b>		-	-	-	<b>464 053 000</b>	<b>448 053 000</b>	<b>16 000 000</b>	<b>356 863 940</b>	<b>77%</b>	

DESCRIPTION OF GRANT	AMOUNT GAZETTED FOR MARCH 2018		AMOUNT GAZETTED FOR APRIL 2018	AMOUNT GAZETTED FOR MAY 2018	AMOUNT GAZETTED FOR JUNE 2018	TOTAL TO BE RECEIVED AS AT 30/06/2019	AMOUNT RECEIVED AS AT 30/04/2019	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/04/2019	% SPENT	COMMENTS
<b>PROVINCIAL TREASURY</b>											
Provincialisation of Libraries	-		-	-	-	8 275 000	8 275 000	-	17 747 027	214%	Expenditure shown is the total operating cost of the Libraries for the period. The Gazetted amount was received in November and we will therefore show it on the November Financial report.
Community Library Services Grant (Cyber cadets)	-		-	-	-	1 576 000	1 576 000	-	871 482	55%	Expenditure shown is the total operating cost of the Cybercadets for the period. The Gazetted amount was received in November and we will therefore show it on the November Financial report.
Housing Operating Account	-		-	-	-	3 447 074	3 447 074	0	10 861 189	315%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Museum Subsidy	-		-	-	-	192 000	192 000	-	3 275 391	1706%	Expenditure shown is the total operating cost of the Museum.
Sports and Recreation-Capital						7 850 000	5 283 000	2 567 000	1 399 385	18%	Sports and Recreation - Provincial Allocation for Construction of Fitness Centre at Esikhaleni
<b>TOTAL PROVINCIAL TREASURY GRANTS</b>	-		-	-	-	21 340 074	18 773 074	2 567 000	34 154 474	160%	
<b>TOTAL GRANTS AND SUBSIDIES</b>	122 222 000		-	-	-	485 393 074	466 826 074	18 567 000	391 018 414	81%	

### 3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 30 April 2019:

FUNCTION	ADJUSTED BUDGET 2018/2019	VIREMENTS	SYSTEM BUDGET	ACTUAL APRIL 2019 (YTD)	% OF DRAFT ADJUSTED BUDGET SPENT
	R	R	R	R	%
Finance and Administration	131 075 100	9 483 800	140 558 900	52 405 710	43.90%
Community and Social Services	60 859 800	(179 200)	60 680 600	30 996 308	53.31%
Energy Sources	95 772 500	(12 076 100)	83 696 400	53 605 557	55.83%
Executive and Council	388 700	-	388 700	170 806	0.00%
Environmental Protection	238 500	(7 800)	230 700	221 535	92.89%
Housing	-	6 339 900	6 339 900	-	0.00%
Planning and Development	4 838 000	(2 195 200)	2 642 800	584 658	12.08%
Public Safety	499 000	(50 000)	449 000	201 315	40.34%
Road Transport	142 214 300	(13 122 700)	129 091 600	75 636 659	51.11%
Sport and Recreation	19 133 700	(4 898 400)	14 235 300	8 180 230	29.74%
Waste Management	3 015 200	405 000	3 420 200	1 405 163	46.60%
Waste Water Management	49 215 200	10 692 100	59 907 300	51 479 573	104.60%
Water	70 710 000	5 608 600	76 318 600	57 904 894	81.89%
	<b>577 960 000</b>	<b>-</b>	<b>586 328 400</b>	<b>332 792 408</b>	<b>56.76%</b>

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2018/2019	ACTUAL APRIL 2019 (YTD)	% OF DRAFT ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	310 000 000	171 544 407	55.34%
Capital Replacement Reserve	147 104 600	73 463 783	49.94%
MIG	99 373 800	74 062 676	74.53%
Government Grants - National	22 000 000	11 992 413	54.51%
Government Grants - Provincial	7 850 000	1 729 129	22.03%
<b>TOTAL</b>	<b>586 328 400</b>	<b>332 792 408</b>	<b>56.76%</b>



### 3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 30 April 2019:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2018/2019	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2019 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	810,017,000	636,491,060	624,975,953	98.19%
Remuneration of Councillors	31,487,700	25,448,926	25,336,754	99.56%
Debt Impairment	29,729,500	24,774,583	24,774,583	100.00%
Depreciation and asset impairment	376,066,000	313,388,333	313,388,336	100.00%
Finance Charges	59,358,500	49,465,417	49,465,417	100.00%
Bulk Purchases - Electricity	871,144,200	708,121,294	700,434,715	98.91%
Bulk Purchases - Water	103,578,200	97,107,521	100,249,802	103.24%
Other Materials	126,546,000	107,500,015	90,740,125	84.41%
Contracted Services	367,296,300	322,453,417	295,661,643	91.69%
Transfers and grants	15,179,100	13,106,600	11,885,057	90.68%
Other Expenditure	258,986,300	215,821,917	167,315,001	77.52%
<b>TOTAL</b>	<b>3,049,388,800</b>	<b>2,513,679,082</b>	<b>2,404,227,386</b>	<b>95.65%</b>

#### **Pro-rata adopted budget**

The figures shown in the table above for the Pro-Rata Adopted Budget have been extracted from the 2018/19 Adjusted Budget Tables – Table SB14 - Budgeted monthly revenue and expenditure.

This table sets out Council's projected monthly revenue and expenditure and has been based on actual revenue and expenditure from previous months. It forms a more accurate comparison than the budget divided by 12 months.

It is important to note that the projected expenditure for the remainder of the financial year shows an acceleration in June 2019 mainly due to the higher tariffs charged for Electricity Purchases as well as other annual costs that are due in June of each year. Departmental spending patterns also accelerate.

#### **Employee related costs**

The Salary and wage collective agreement for the period 1 July 2018 to 30 June 2021 has been finalised. The salary increases and respective back pay has been calculated and is included in actual expenditure.

#### **Bulk Purchases - Electricity**

Electricity purchases are higher in July and August due to the increased tariff charged by Eskom in the winter months.

#### **Bulk Purchases – Water**

It bears noting that Council budgeted for a 5.5% increase in Water Purchases. However, the actual increase as per Mhlathuze Water is as follows:

- Potable water = 8.14%
- Raw water = 7.42%
- Clarified water = 12.11%

### 3.6 Revenue per Category

The source of funding for the above comprises the following revenue categories:

REVENUE BY SOURCE	ADJUSTED BUDGET 2018/2019	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2019 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	495 732 400	404 297 077	404 439 623	100.04%
Service Charges – Electricity revenue	1 443 738 600	1 229 659 881	1 158 918 497	94.25%
Service Charges – Water revenue	366 611 700	326 703 272	351 774 566	107.67%
Service Charges – Refuse revenue	84 371 500	68 093 987	71 377 496	104.82%
Service Charges – Sanitation revenue	123 455 200	84 322 625	83 517 208	99.04%
Rental of facilities and equipment	8 598 600	6 526 353	6 137 756	94.05%
Interest earned – external investments	55 000 000	41 250 000	23 408 181	56.75%
Interest earned – outstanding debtors	85 700	76 960	102 552	133.25%
Fines	7 698 200	6 777 882	9 919 683	146.35%
Licences and permits	3 307 500	2 954 322	2 622 137	88.76%
Agency services	5 796 500	5 540 043	4 822 964	87.06%
Operating Grants and Subsidies	354 985 300	345 085 488	344 321 209	99.78%
Gains on Disposal of PPE	759 300	759 300	1 402 599	184.72%
Other Revenue	40 290 400	30 217 800	16 546 563	54.76%
<b>TOTAL REVENUE (EXCLUDING CAPITAL GRANTS)</b>	<b>2 990 430 900</b>	<b>2 552 264 990</b>	<b>2 479 311 034</b>	<b>97.14%</b>

The above table represents operating revenue per category as at 30 April 2019.

#### **Pro-rata adjusted budget**

The figures shown in the table above for the Pro-Rata Adjusted Budget have been extracted from the 2018/19 Adjusted Budget Tables – Table SB14 - Budgeted monthly revenue and expenditure.

This table sets out Council's projected monthly revenue and expenditure and has been based on actual revenue and expenditure from previous months. It forms a more accurate comparison than the budget divided by 12 months.

**Rates** - Includes annual rates billing from annual rate payers, i.e. government accounts.

**Rental of facilities and equipment** – Decreased due to cancellation of Panda Petroleum's lease agreement.

**Agency services** – varies as it is dependent on the service rendered to the community and Council earns 8% commission from the revenue raised.

**Service Charges - Electricity Revenue** - Electricity revenue is higher in July and August due to high demand tariffs.

**Operating Grants and Subsidies** - the pro-rata budget used is as per payment schedule provided by National Treasury. An amount of R326 million (100% of the total equitable share) was received as at the end of April 2019.

### 3.7 Surplus and Deficit by Service Category

SERVICES	ADJUSTED BUDGET 2018/2019			ACTUAL AS AT 30 APRIL 2019		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Rates and General Services</b>						
Executive and Council	191	32,141	(31,950)	148	12,224	(12,076)
Finance and Administration	571,031	75,945	495,086	444,513	21,371	423,142
Community and Social Services	19,378	94,092	(74,714)	11,618	76,608	(64,990)
Sport and Recreation	21,565	161,514	(139,949)	3,087	126,589	(123,502)
Public Safety	1,002	75,081	(74,079)	630	63,402	(62,772)
Housing	3,858	18,279	(14,421)	1,331	15,345	(14,014)
Environmental Protection	1,009	11,049	(10,040)	667	8,680	(8,013)
Planning and Development	16,047	91,729	(75,682)	11,983	70,325	(58,342)
Internal Audit	-	6,588	(6,588)	-	1,653	(1,653)
Road Transport	29,336	285,220	(255,884)	12,140	223,551	(211,411)
Waste Water Management (Sanitation) (Portion of PMU funded by Rates & General Services)	-	47,615	(47,615)	-	39,844	(39,844)
Other	5	6,009	(6,004)	3	4,185	(4,182)
<b>Total Rates and General Services</b>	<b>663,422</b>	<b>905,262</b>	<b>(241,840)</b>	<b>486,120</b>	<b>663,777</b>	<b>(177,657)</b>
<b>Airport</b>	<b>736</b>	<b>161</b>	<b>575</b>	<b>-</b>	<b>119</b>	<b>(119)</b>
<b>Trading Services</b>						
Electricity	1,461,431	1,269,773	191,658	1,164,715	1,011,539	153,176
Water	518,970	483,725	35,245	443,121	420,668	22,453
Clarified Water	27,220	15,212	12,008	28,715	15,603	13,112
Sewerage	298,226	208,994	89,232	219,205	180,207	38,998
Refuse Removal	149,652	166,260	(16,608)	137,438	112,314	25,124
<b>Total Trading Services</b>	<b>2,455,499</b>	<b>2,143,964</b>	<b>311,535</b>	<b>1,993,194</b>	<b>1,740,331</b>	<b>252,863</b>
<b>Total Service Category</b>	<b>3,119,657</b>	<b>3,049,387</b>	<b>70,270</b>	<b>2,479,314</b>	<b>2,404,227</b>	<b>75,087</b>

The table above sets out the surplus and deficit for each service category. It bears noting that trading services namely, Electricity, Water, Clarified Water, Sewerage and Refuse Removal are expected to be profitable and they are yielding surpluses. **Water is yielding a profit based on inflated drought tariffs and 100% of equitable share have been received to date.**

As part of Council's Revenue Enhancement Policy approved in August 2013, a considerable effort needs to be made to improve the surplus for the remaining trading services by reducing expenditure and increasing revenue. For Rates, the primary solution is to reduce expenditures in specific areas that are Rates dependant.

From a sustainability perspective, it is of particular concern that all functions funded by Rates and General Income are not breaking even.

Taking into cognisance the above mentioned points, a revenue diversification project is at planning stage and the document has been prepared under **DMS 1277516** to enable Council to enhance existing revenue streams and to attract investments in the City that will provide revenue growth in the City and lessen the catastrophic risk of high reliance with revenue from electricity service charge.

### 3.8 Debtors Age Analysis

#### ➤ Debtors age analysis by category

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Government	8 931 868	331 251	163 844	10 714 448	20 141 411
Business	224 646 626	9 219 530	6 878 577	62 330 302	303 075 035
Households	55 549 516	7 787 083	6 071 805	125 522 405	194 930 809
Other	3 212 162	371 111	469 176	7 457 701	11 510 150
<b>Total</b>	<b>292 340 172</b>	<b>17 708 975</b>	<b>13 583 402</b>	<b>206 024 856</b>	<b>529 657 405</b>
<b>%</b>	<b>55.19%</b>	<b>3.34%</b>	<b>2.56%</b>	<b>38.90%</b>	

### FINANCIAL REPORTING ON INCOME / DEBT

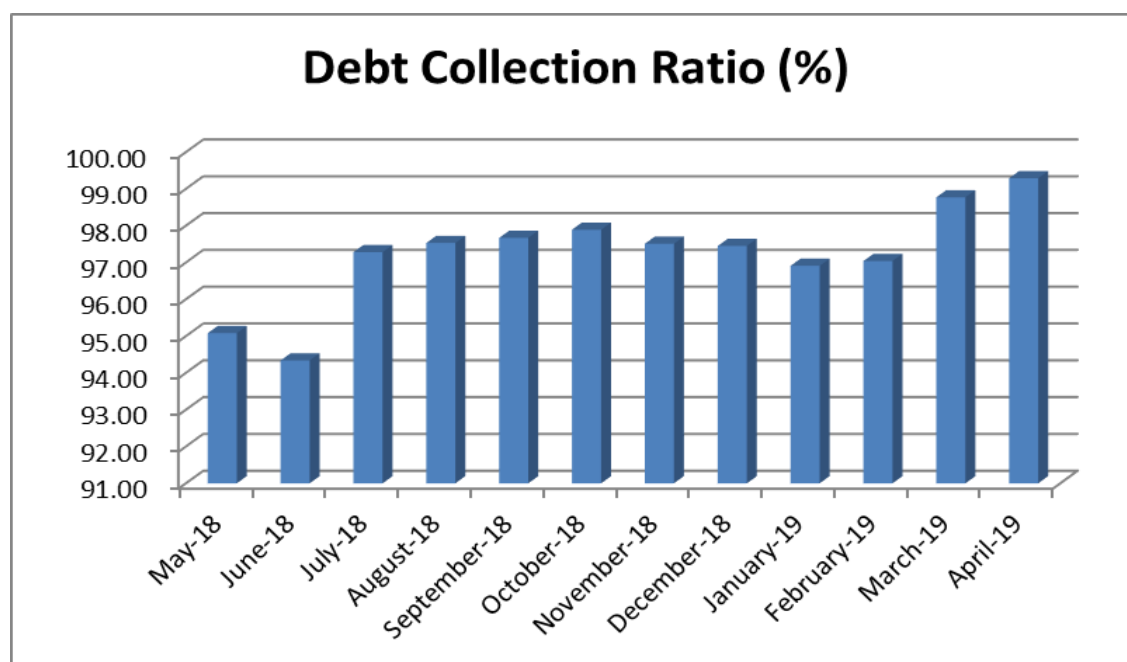
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National Treasury determined the formulas for every financial ratio in terms of Circular 71. These formulas will, therefore, be used in the reporting.

#### ➤ Debt Collection Rate

The Ratio indicates the collection rate, i.e. level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. The following formula and norm is included in the circular:

<i>Formula (As per circular 71)</i>	<i>Norm</i>
Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100	The norm is <b>95%</b>

Month	Debt Collection Ratio (%)
April-19	99.29
March-19	98.77
February-19	97.04
January-19	96.91
December-18	97.45
November-18	97.51
October-18	97.89
September-18	97.67
August-18	97.53
July-18	97.28
June-18	94.34
May-18	95.08



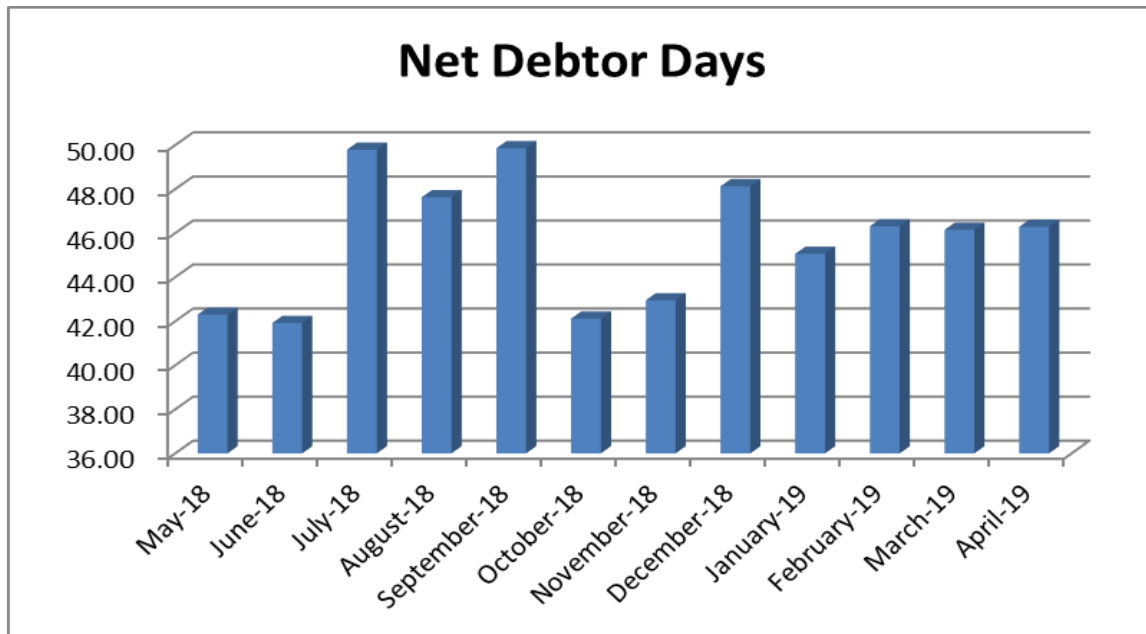
### ➤ **Net Debtors Days**

This ratio reflects the collection period. The Net Debtor Days refer to the average number of days required for a Municipality or Municipal Entity to receive payment from its Consumers for bills/invoices issued to them for services.

The Ratio excludes balances for Debtors which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of Credit Control procedures within the Municipality as well as the extent to which the Municipality has provided for doubtful debts.

<b>Formula (As per circular 71)</b>	<b>Norm</b>
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is <b>30 Days</b>

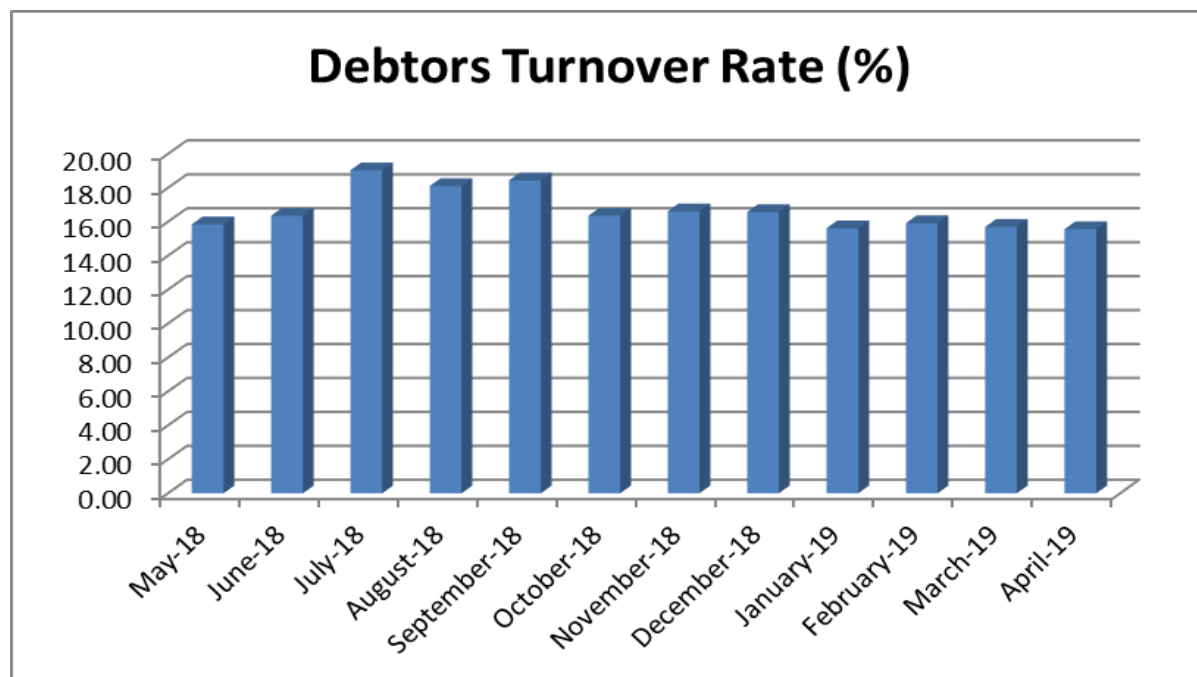
Month	Net Debtor Days
April-19	46.29
March-19	46.15
February-19	46.31
January-19	45.06
December-18	48.13
November-18	42.95
October-18	42.12
September-18	49.86
August-18	47.63
July-18	49.79
June-18	41.92
May-18	42.30



## Debtor's Turnover Rate

The norm is to be below 20%:

Month	Debtors Turnover Rate (%)
April-19	15.57
March-19	15.71
February-19	15.92
January-19	15.62
December-18	16.58
November-18	16.62
October-18	16.36
September-18	18.44
August-18	18.11
July-18	19.04
June-18	16.36
May-18	15.85



## Top Ten Business Debts

Top 10 Debtors							
Debtor No	Name		0-30 Days	31-60 days	61-90 days	Over 90 days	Grand Total
1854904	BASFOUR 3721 (PTY) LTD	December 2011	-	-	-	22 377 589.88	22 377 589.88
2289941	PANDA PETROLEUMS	September 2015	2 204.76	1 102.38	1 102.38	5 002 839.06	5 007 248.58
2247701	BEST CUT MEAT (PTY) LTD	August 2017	146 602.15	73 220.33	74 301.79	3 618 654.57	3 912 778.84
416383	RIVER ROCK INVEST (PTY) LTD	June 2009	126 314.86	63 157.43	63 157.43	2 506 634.91	2 759 264.63
1088329	KING CETSHWAYO DISTRICT MUNICIPALITY	March 2018	2 601 296.09	1 305 871.84	1 278 031.61	1 709 643.29	6 894 842.83
392020	RIVER ROCK INVEST (PTY) LTD	October 2010	427 325.62	210 096.03	263 664.50	1 299 618.74	2 200 704.89
1675831	KING CETSHWAYO DISTRICT MUNICIPALITY	March 2018	2 347 549.22	1 057 604.54	1 380 401.13	1 210 484.25	5 996 039.14
501543	KING CETSHWAYO DISTRICT MUNICIPALITY	March 2018	1 158 224.36	649 800.27	662 814.13	919 500.99	3 390 339.75
551583	KING CETSHWAYO DISTRICT MUNICIPALITY	March 2018	1 700 238.86	1 281 135.49	1 234 300.11	746 940.32	4 962 614.78
1632348	KING CETSHWAYO DISTRICT MUNICIPALITY	March 2018	594 046.46	400 513.94	347 599.64	666 336.88	2 008 496.92
<b>TOTALS</b>			<b>9 103 802.38</b>	<b>5 042 502.25</b>	<b>5 305 372.72</b>	<b>40 058 242.89</b>	<b>59 509 920.24</b>

Debtor	Background / Details
<b>Basfour 3721 (Pty) Ltd</b>	<p>The administration around this legal process is managed by the Finance Department.</p> <p>Basfour 3721 (Pty) Ltd / Indlovu Dev Trust Trustees is the account for the commission in respect of the 40% on sales above the agreed threshold in respect of the Golf Estate.</p> <p>The developer disputed the account. The dispute is of a contractual nature. The account was handed over to Council's attorneys. Summons was issued and the case was defended.</p> <p>The setting down of the court date by the Registrar of the High Court for the claim is still awaited.</p> <p>The advocate has provided a summary of the pre-trial processes that must now be completed. It includes several consultations with the relevant officials and witnesses.</p> <p><b>Update : April 2019</b></p> <p>There are no further progress to report and the matter is ongoing</p>
<b>Panda Petroleum</b>	<p>This debt is in respect of rental of town land in respect of the proposed truck stop in Alton. The debtor's failure to adhere to the agreement was been reported to the DMM City Development, Property Division to give the debtor notice in terms of the agreement.</p> <p>The debtor's account was handed over to Council's attorneys for collection but the file was pended under request from the legal section who advised that they will be dealing with the matter.</p> <p>Legal Services (Litigation sub-section) advised that it is their view that collection proceedings should proceed.</p> <p>It was confirmed that the agreement between Council and Panda Petroleum was terminated on 12 October 2017 (DMS 1234550). Subsequent to the termination, Panda Petroleum requested Council to consider amendment of the lease agreement. This request was considered to be out of time.</p> <p>The legal process to collect the debt is ongoing</p> <p><b>Update: March 2019</b></p> <p>There is no further progress as the legal process is continuing</p>
<b>Best Cut Meat (Pty) Ltd</b>	<p>The account relates to an electricity &amp; water account for the Best Cut factory in Empangeni in Business Rescue.</p> <p>The Business rescue Practitioner provided his Business Rescue Plan.</p> <p>The business rescue plan was adopted by the majority creditors. The property was sold by the Business Rescue Practitioner (BRP) on a public auction for R2.5 million subject to confirmation. On request by the BRP, the Chief Financial Officer, after consultation with the Municipal Manager indicated that Council would accept an amount of R2 million rand in settlement. This is due to the lengthy process that will follow if the sale do not go through and the company are then obliged to go into liquidation.</p> <p>The sale price were not acceptable to all preferent creditors and a second auction were held. The sale at that auction is in the process of approval</p> <p><b>Update: April 2019</b></p> <p>The matter is still ongoing</p>



Debtor	Background / Details
River Rock Investments	<p>The 2 accounts for River Rock Investments accounts relates to:</p> <ul style="list-style-type: none"> <li>- an account for rates that are levied in respect of the Caravan Park while the contract provides that the rental includes the rates.</li> <li>- an account for rental in respect of the area being used by Imvubu Lodge. They are paying a portion on the rental and have declared a dispute in terms of the provisions of the contract several years back and requested that the matter referred for arbitration. River Rock are paying their monthly charges, excluding the disputed charge.</li> <li>- Additional dispute relates to the cancellation of their lease agreement.</li> </ul> <p>Legal Services advised that on 9 January 2018 that River Rock Investments served the municipality with a summons wherein they are disputing that the lease expired on 31 May 2017 and the lease is on a month-to-month period until such time that the lease is allocated to another party.</p> <p>The contract made provision that the contract must be renewed at least 12 calendar months prior to the termination date and River Rock failed to exercise that option.</p> <p><b>Update: April 2019</b> There is no progress to report</p>
King Cetshwayo District Municipality	<p>The accounts relates to a dispute lodged by KCDM regarding the drought water tariff being charged</p> <p><b>Update: April 2019</b> The matter is ongoing.</p>

## Government Debt

The top ten (10) Government debtors are as follows:

Government Departments - Summary of ALL Debt									
Government Department	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
<b>National</b>	3 031 804	36 873	15 830	10 928	8 379	7 837	1 793 285	1 976 939	6 881 876
<b>Provincial</b>	6 740 999	390 416	406 492	157 678	263 061	115 543	3 754 699	4 609 722	16 438 609
<b>Totals</b>	<b>9 772 802</b>	<b>427 289</b>	<b>422 322</b>	<b>168 606</b>	<b>271 440</b>	<b>123 380</b>	<b>5 547 984</b>	<b>6 586 662</b>	<b>23 320 485</b>
National Departments									
National Departments	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
Public Works	3 031 804	36 873	15 830	10 928	8 379	7 837	824 350	1 492 527	5 428 528
Rural Development & land Reform	-	-	-	-	-	-	968 935	484 413	1 453 348
Provincial Departments									
Provincial Departments	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
Public Works	25 427	26 208	25 222	34 040	29 360	48 453	1 712 567	2 024 707	3 925 986
Education	2 012 878	37 137	77 794	66 952	61 899	34 011	1 338 427	854 307	4 483 404
Human Settlement	81 631	28 524	26 334	25 860	23 993	22 952	241 666	987 352	1 438 311
Department of Transport	148 817	104 390	41 970	1 250	931	1 055	130 947	-	429 360
Department of Health	4 303 822	194 156	235 084	29 576	146 878	9 072	331 082	743 356	5 993 026
COGTA	-	-	-	-	-	-	-	-	-
Department of Social Welfare	153 908	-	-	-	-	-	-	-	153 908
Department of Agriculture	14 516	-	88	-	-	-	11	-	14 615
SANRAL	-	-	-	-	-	-	-	-	-
Other Organs of State									
Other Organs of State	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
Transnet	2 743 029	207 457	196 344	194 135	194 031	87 117	504 206	602 144	4 728 464
ESKOM	198 372	89 894	54 506	36 241	2 575	967	5 199	32 929	420 683
Ingonyama Trust Board	392	243	-	-	-	-	1 455 520	3 854 864	5 311 018
Telkom	316 649	-	-	-	-	-	-	-	316 649
Foskor	35 576 211	-	-	-	-	-	-	-	35 576 211
SA Post Office	12 279	2 590	2 576	2 563	2 590	2 577	18 979	10 696	54 849
Richards Bay IDZ	1 310 396	-	-	-	-	-	-	-	1 310 396

### 3.9 Employee Debt / Councillor Debt

At a previous Financial Services Portfolio Committee meeting, Councillors requested that Official's and Councillor's debt be submitted to Council.

Employee debt amounts to R98 717,64 as per **Annexure AC - DMS 1341846**.

Councillor's debt amounts to R714,76 as per **Annexure AD - DMS 1341846**.

### 4. EXCEPTION REPORTING ON OPERATING EXPENSES - FOR ENTIRE MUNICIPALITY

The Chief Financial Officer will highlight the important observations on the operating expenditure in this Section, where after Departments will provide specific comment on their own Sections.

It is very important for Council and the Administration to understand that although the liquidity situation is improving and there is a surplus on the current figures, expenditure has to take place in accordance with the approved budget. **If not, the objective of attempting to create internal reserves for future Capital Expenditure from accumulated cash reserves is not going to materialise.**

#### 4.1 Employee related costs

The total employee related expenditure including overtime is within budgetary limits. A concerted effort has been made by the Municipal Manager and the Deputy Municipal Managers to reduce overtime expenditure.

##### 4.1.1 Employee Related Costs - Overtime

Below is a table indicating overtime expenditure at the request of Council, which allows for this expenditure to be monitored and managed on a monthly basis:

EXPENDITURE PER CATEGORY	ADJUSTED BUDGET 2018/2019	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2019 (YTD)	(OVER)/ UNDER EXPENDITURE	% OF PRO-RATA ADJUSTED BUDGET SPENT
		R	R	R	%
Overtime - Non-structured	31,403,700	26,169,750	20,484,679	5,685,071	78%
Overtime - Structured	22,499,600	18,749,667	16,095,872	2,653,794	86%
Shift Additional Remuneration	3,866,000	3,221,667	3,421,722	(200,055)	106%
<b>TOTAL</b>	<b>57,769,300</b>	<b>48,141,083</b>	<b>40,002,274</b>	<b>8,138,810</b>	<b>83%</b>

The overtime as per the table above has not exceeded 10% and no further comments are required.

In terms of Council Resolution 10542 dated 1 December 2015, Council resolved that:

*"2. the overtime paid as compensation for officials that were required to perform overtime work be condoned by Council."*

In terms of the approved Overtime Policy, overtime is limited to 10 hours per week. For April 2019, this equates to 4 weeks x 10 hours per week = 40 hours.

During the month of April 2019, the employees in the following functions worked overtime of more than 10 hours per week which is the maximum that can be allowed in terms of Council's revised overtime policy (**DMS 854249**).

The following table sets out the applicable information:

EMP NO	FUNCTION	FUNCTION DESCRIPTION	SALARY SCALE	OCCUPATION	1.5 OVERTIME - ACTUAL HOURS WORKED - NON- STRUCTURED	2 OVERTIME - ACTUAL HOURS WORKED - NON- STRUCTURED	TOTAL HRS - NON- STRUCTURED	MAXIMUM HRS ALLOWED PER MONTH	DIFFERENCE	NOTES
48140	FX015001002003	Sewerage - Sewerage Network	11	SUPERINTENDENT	11.00	34.00	45.00	40.00	5.00	a
2006156	FX015001002002	Sewerage - Pumpstations	4	HANDYMAN	39.00	10.00	49.00	40.00	9.00	b
49577	FX015001002003	Sewerage - Sewerage Network	3	GENERAL WORKER GR I	39.00	10.00	49.00	40.00	9.00	c
2015118	FX015001002003	Sewerage - Sewerage Network	3	GENERAL WORKER GR I	39.00	10.00	49.00	40.00	9.00	d
2018067	FX015001002003	Sewerage - Sewerage Network	2	GENERAL WORKER GR II	39.00	10.00	49.00	40.00	9.00	e
49460	FX015001002003	Sewerage - Sewerage Network	5	DRIVER/OPERATOR	33.00	12.00	45.00	40.00	5.00	f
2007120	FX015001002003	Sewerage - Sewerage Network	3	GENERAL WORKER GR I	33.00	12.00	45.00	40.00	5.00	g
2007143	FX015001002003	Sewerage - Sewerage Network	3	GENERAL WORKER GR I	33.00	12.00	45.00	40.00	5.00	h
2007150	FX015001002003	Sewerage - Sewerage Network	5	DRIVER	24.00	21.00	45.00	40.00	5.00	i
2014047	FX015001002003	Sewerage - Sewerage Network	11	SUPERINTENDENT	29.00	16.00	45.00	40.00	5.00	j
2008098	FX015001002003	Sewerage - Sewerage Network	6	OPERATOR GR I	28.50	16.00	44.50	40.00	4.50	k
<b>NOTES:</b>										
a	Employee 48140 worked 10 hrs x 1 Sunday & 7 hrs x 1 Sunday & 6 hrs x 2 Sundays = 29 hours but Sunday time is rounded up to 8 hrs therefore 1 hr x 1 Sunday & 2 hrs x 2 Sundays = 5 hours plus 11 hours at 1.5 = 45 hours paid BUT only 40 hours worked									
b	Employee 2006156 worked 10 hrs x 1 Sunday = 10 hours Sunday time plus 39 hours at 1.5 = 49 hours paid Special permission from MM for add 10 hrs worked DMS1334433 Dated 14/03/2019									
c	Employee 49577 worked 10 hrs x 1 Sunday = 10 hours Sunday time plus 39 hours at 1.5 = 49 hours paid Special permission from MM for add 10 hrs worked DMS1334433 Dated 14/03/2019									
d	Employee 2015118 worked 10 hrs x 1 Sunday = 10 hours Sunday time plus 39 hours at 1.5 = 49 hours paid Special permission from MM for add 10 hrs worked DMS1334433 Dated 14/03/2019									
e	Employee 2018067 worked 10 hrs x 1 Sunday = 10 hours Sunday time plus 39 hours at 1.5 = 49 hours paid Special permission from MM for add 10 hrs worked DMS1334433 Dated 14/03/2019									
f	Employee 49460 worked 5 hrs x 1 Sunday & 2 hrs x 1 Sundays = 7 hours but Sunday time is rounded up to 8 hrs therefore 3 hr x 1 Sunday & 2 hrs x 1 Sunday = 5 hours plus 33 hours at 1.5 = 45 hours paid BUT only 40 hours worked									
g	Employee 2007120 worked 5 hrs x 1 Sunday & 2 hrs x 1 Sunday = 7 hours but Sunday time is rounded up to 8 hrs therefore 3 hr x 1 Sunday & 2 hrs x 1 Sunday = 5 hours plus 33 hours at 1.5 = 45 hours paid BUT only 40 hours worked									
h	Employee 2007143 worked 5 hrs x 1 Sunday & 2 hrs x 1 Sunday = 7 hours but Sunday time is rounded up to 8 hrs therefore 3 hr x 1 Sunday & 2 hrs x 1 Sunday = 5 hours plus 33 hours at 1.5 = 45 hours paid BUT only 40 hours worked									
i	Employee 2007150 worked 5 hrs x 1 Sunday & 2 hrs x 1 Sunday = 7 hours but Sunday time is rounded up to 8 hrs therefore 3 hr x 1 Sunday & 2 hrs x 1 Sunday = 5 hours plus 33 hours at 1.5 = 45 hours paid BUT only 40 hours worked									
j	Employee 2014047 worked 5 hrs x 1 Sunday & 2 hrs x 1 Sunday = 7 hours but Sunday time is rounded up to 8 hrs therefore 3 hr x 1 Sunday & 2 hrs x 1 Sunday = 5 hours plus 33 hours at 1.5 = 45 hours paid BUT only 40 hours worked									
k	Employee 2008098 worked 4 hrs x 1 Sunday & 6 hrs x 1 Sunday & 1.5 hrs x 1 Sunday = 11.5 hours but Sunday time is rounded up to 8 hrs therefore 2 hr x 1 Sunday & 2.5 hrs x 1 Sunday = 4.5 hours plus 28.5 hours at 1.5 = 44.5 hours paid BUT only 40 hours worked									

**NOTES:**

**OFFICIAL FINAL VERSION**

## 4.2 Volume of Transfers

Department	Apr-19			Total Volume Of Virements	Total Volume Of Virements	Total Value of Virements
	Capital	Operating	Value	Capital	Operating	R
City Development	4	8	7 026 000	7	52	10 495 900
Community and Social Services	5	12	12 730 500	23	73	32 747 100
Corporate Services	4	8	5 525 200	17	75	26 214 200
Financial Services	1	6	1 399 400	8	24	9 808 300
Electrical and Energy Supply Services	4	6	7 386 700	16	35	23 146 200
Engineering Support Services	-	3	29 000	-	13	1 290 400
Roads and Stormwater	2	2	6 797 400	3	10	11 785 000
Water and Sanitation Services	4	7	6 834 000	11	32	73 853 600
Office of The Municipal Manager	1	1	143 700	1	17	713 100
<b>Total</b>	<b>25</b>	<b>53</b>	<b>47 871 900</b>	<b>86</b>	<b>331</b>	<b>190 053 800</b>

The table indicated above shows the virements received by Financial Services as at 30 April 2019 from the various departments.

## 4.3 Security

The table below indicates the pro-rata budget and actual expenditure for the line item. It is clearly evident that the expenditure is increasing at an alarming rate over the years:

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	
LINE ITEM	YEAR ACTUAL	YEAR ACTUAL	YEAR ACTUAL	YEAR ACTUAL	YEAR ACTUAL	YEAR ACTUAL	PRO-RATA ADJUSTED BUDGET	ACTUAL YTD 30/04/2019
	R	R	R	R	R	R	R	R
SAFEGUARD AND SECURITY	20,908,176	24,679,748	30,950,032	37,924,078	46,469,620	49,720,555	44,938,750	47,774,412

The spending patterns per department are as follows:

	ADJUSTED BUDGET 2018/2019	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2019 (YTD)	% OF PRO-RATA ADJUSTED BUDGET
	R	R	R	R
CITY DEVELOPMENT	2 432 600	2 027 167	2 255 903	111%
COMMUNITY SERVICES	21 190 200	17 658 500	18 674 707	106%
CORPORATE SERVICES	8 618 700	7 182 250	7 996 241	111%
FINANCIAL SERVICES	3 059 100	2 549 250	2 393 068	94%
ENERGY AND ELECTRICAL SOURCES	5 638 500	4 698 750	4 028 092	86%
INFRASTRUCTURE SERVICES	12 987 400	10 822 833	12 426 401	115%
<b>TOTAL</b>	<b>53 926 500</b>	<b>44 938 750</b>	<b>47 774 412</b>	<b>106%</b>

## 5. **IN-YEAR BUDGET STATEMENT TABLES**

The following monthly budget statement tables (**DMS 1341845**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
Table C1	Monthly Budget Statement Summary	A
Table C2	Monthly Budget Financial Performance (Standard Classification)	B
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	C
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
Table C3C	Monthly Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	E
Table C4	Monthly Budget Financial Performance (Revenue by source and Expenditure by Item)	F
Table C5	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	G
Table C5C	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	H
Table C6	Monthly Budgeted Financial Position	I
Table C7	Monthly Budgeted Cash Flows	J
Table SC1	Material variance explanations	K
Table SC2	Monthly Performance indicators	L
Table SC3	Aged Debtors	M
Table SC4	Aged Creditors	N
Table SC5	Investment Portfolio	O
Table SC6	Transfers and grant receipts	P
Table SC7(1)	Transfers and grant expenditure	Q
Table SC7(2)	Expenditure Against Approved Rollovers	R
Table SC8	Councillor and Staff Benefits	S
Table SC9	Monthly actuals and revised targets for cash receipts (cash flow)	T
Table SC12	Monthly capital expenditure trend	U
Table SC13a	Monthly capital expenditure on new assets by asset class	V
Table SC13b	Monthly capital expenditure on the renewal of existing assets by asset class	W
Table SC13c	Monthly repairs and maintenance expenditure by asset class	X
Table SC13d	Monthly depreciation by asset class	Y
Table SC13e	Monthly capital expenditure on upgrading of existing assets by assets class	Z

## PART 2 - SUPPORTING DOCUMENTATION

### 6. **DEBTORS ANALYSIS**

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 30 April 2019.

### 7. **CREDITORS ANALYSIS**

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 30 April 2019.

### 8. **INVESTMENT PORTFOLIO ANALYSIS**

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) for the month ended 30 April 2019.

## **9. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE**

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) for the month ended 30 April 2019.

## **10. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 30 April 2019.

## **11. CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 30 April 2019:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure G**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure H**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y**).
- ❑ Table SC13e - Monthly capital expenditure on upgrading of existing assets by assets class (**Annexure Z**).

## **12. MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

Refer to **DMS 1344005** (**Annexure AE**).

### **ENVIRONMENTAL IMPLICATIONS**

None

### **FINANCIAL IMPLICATIONS**

This has been covered in details throughout the report.

### **LEGAL IMPLICATIONS**

The monthly financial report is prepared in terms of Section 71 of the Municipal Finance Management Act, 2003 (MFMA), (Act 56 of 2003).

## **COMMENTS OF THE CHIEF FINANCIAL OFFICER**

Refer to the Executive summary contained in this report for comments.

## **COMMENTS OF THE MUNICIPAL MANAGER**

The report is noted by the Office of the Municipal Manager.

## **RECOMMENDED THAT:**

the financial position of the uMhlathuze Municipality as at 30 April 2019, as required in terms of Section 71 and Section 66 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and as set out in the monthly budget statement tables **(DMS 1341845)**, be noted.