

13919

FINANCIAL REPORTING AS AT 29 FEBRUARY 2020

This report is submitted directly to the Executive Committee and Council.

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 29 February 2020 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 ten (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 October 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 October 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 February 2020 is included under **Annexures Z and AA (DMS 1400468)**.

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PART 1 - IN-YEAR REPORTING

1. **MAYOR'S REPORT FOR THE MONTH OF FEBRUARY 2020**

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 February 2020, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in February 2020. 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 February 2020 (year to date actual) shows a surplus of R129,9 million. The surplus for the month is mainly as a result of equitable share of R271 million received from July till February 2020. The performance in this area is **Acceptable**.

Capital Budget

Council is in the third quarter of the financial year and capital expenditure is fairly low at R236,8 million (37,91%). This is based on the Adjusted Capital Budget of R622,9 million. Expenditure is expected to rise as the year progresses. The performance in this area **is not acceptable**. 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 2,28:1 (535 127/234 964). Therefore, the Municipality has a positive bank balance to defray its expenses. The performance in this area **is Acceptable**.

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 29 February 2020:

DESCRIPTION	ADJUSTED BUDGET 2019/2020	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL FEBRUARY 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (Excluding Capital Grants)	3 198 114 400	2 136 685 157	2 139 207 564	100,12%
Expenditure	3 292 395 000	1 968 929 376	2 009 302 165	102,05%
Surplus/(Deficit) (Excluding Capital Grants)	(94 280 600)	167 755 781	129 905 399	

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 2,28:1 (535 127/234 964).

3.3 Grants Balances

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2019/20	AMOUNT RECEIVED AS AT 29 FEBRUARY 2020	DIFFERENCE	ACTUAL EXPENDITURE AS AT 29/02/2020	% SPENT	COMMENTS
NATIONAL TREASURY						
Equitable Share	362 965 000	272 223 000	90 742 000	241 976 667	67%	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
Intergrated Urban Development Grant-IUDG	139 988 000	84 662 000	55 326 000	71 352 575	51%	This expenditure is as per claims submitted to COGTA.
Financial Management Grant	2 650 000	2 650 000	-	1 081 327	41%	Spending is in accordance with the support plan submitted to National Treasury for the grant
Water services infrastructure grant	40 000 000	5 000 000	35 000 000	9 361 045	23%	Spending is in accordance with the support plan submitted to National Treasury for the grant
Extended Public Works Pogramme	4 492 000	3 145 000	1 347 000	3 002 513	67%	The grant is for the operatonal expenditure for EPWP
Municipal System Improvement Grant	600 000	-	600 000	-	0%	The grant is to support the Re-dermacated municipalities on transition matters
TOTAL NATIONAL TREASURY GRANTS	550 695 000	367 680 000	183 015 000	326 774 127	59%	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2019/20	AMOUNT RECEIVED AS AT 29 FEBRUARY 2020	DIFFERENCE	ACTUAL EXPENDITURE AS AT 29/02/2020	% SPENT	COMMENTS
PROVINCIAL TREASURY						
Provincialisation of Libraries	8 689 000	8 689 000	-	15 966 205	184%	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)	2 283 000	1 688 000	595 000	1 039 223	46%	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	2 396 000	-	2 396 000	9 756 147	407%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Museum Subsidy	202 000	-	202 000	2 400 905	1189%	Expenditure shown is the total operating cost of the Museum incurred to date.
Sports and Recreation-Capital	8 243 000	4 121 500	4 121 500	-	0%	Sports and Recreation - Provincial Allocation for Construction of Fitness Centre at Esikhaleni
TOTAL PROVINCIAL TREASURY GRANTS	21 813 000	14 498 500	7 314 500	29 162 479	134%	
TOTAL GRANTS AND SUBSIDIES	572 508 000	382 178 500	190 329 500	355 936 606	62%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 29 February 2020:

FUNCTION	ADJUSTED BUDGET 2019/2020	ACTUAL FEBRUARY 2020 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	60 143 000	8 091 529	15,33%
Community and Social Services	48 361 200	15 601 245	33,34%
Energy Sources	76 054 300	35 278 942	39,23%
Environmental Protection	1 675 000	-	0,00%
Housing	6 339 900	-	0,00%
Planning and Development	35 615 300	1 625 464	4,56%
Public Safety	178 000	10 600	5,96%
Road Transport	125 465 500	74 250 643	63,29%
Sport and Recreation	29 963 500	3 854 056	11,60%
Waste Management	3 600 000	1 821 500	50,60%
Waste Water Management	75 559 200	40 614 228	57,58%
Water	159 951 100	55 671 092	32,81%
	622 906 000	236 819 299	37,91%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2019/2020	ACTUAL FEBRUARY 2020 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	50 608 500	14 267 884	28,19%
Capital Replacement Reserve	391 003 500	142 374 399	37,19%
Integrated Urban Development Grant	132 989 000	71 352 575	53,65%
Government Grants - National	40 062 000	6 543 497	13,09%
Government Grants - Provincial	8 243 000	2 280 945	27,67%
TOTAL	622 906 000	236 819 299	37,91%

3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 29 February 2020:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2019/2020	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL FEBRUARY 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	859 564 000	552 446 155	545 684 069	98,78%
Remuneration of Councillors	32 403 900	20 544 261	20 099 021	97,83%
Debt Impairment	31 453 900	20 969 267	20 969 267	100,00%
Depreciation and asset impairment	441 378 600	262 309 603	278 925 483	106,33%
Finance Charges	67 458 000	46 101 341	46 101 233	100,00%
Bulk Purchases - Electricity	990 263 100	642 613 312	641 410 504	99,81%
Bulk Purchases - Water	103 685 500	55 875 342	76 658 915	137,20%
Other Materials	119 503 900	40 943 747	35 917 324	87,72%
Contracted Services	363 431 600	184 585 985	174 415 796	94,49%
Transfers and grants	13 755 500	10 075 958	10 445 870	103,67%
Other Expenditure	269 497 000	132 464 405	158 674 681	119,79%
TOTAL	3 292 395 000	1 968 929 376	2 009 302 165	102,05%

3.6 Revenue per Category

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

REVENUE BY SOURCE	ADJUSTED BUDGET 2019/2020	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL FEBRUARY 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	510 226 700	351 750 095	349 218 657	99,28%
Service Charges – Electricity revenue	1 571 924 400	1 017 993 161	1 001 860 272	98,42%
Service Charges – Water revenue	388 298 900	292 151 209	316 953 893	108,49%
Service Charges – Refuse revenue	105 568 000	65 919 951	62 774 106	95,23%
Service Charges – Sanitation revenue	110 768 300	67 057 983	66 795 862	99,61%
Rental of facilities and equipment	10 642 300	4 266 774	5 062 708	118,65%
Interest earned – external investments	58 000 000	20 419 685	18 792 295	92,03%
Interest earned – outstanding debtors	108 700	82 626	90 420	109,43%
Fines	7 480 600	8 220 620	9 441 505	114,85%
Licences and permits	3 406 700	1 590 793	2 115 510	132,98%
Agency services	5 970 400	3 281 954	3 641 462	110,95%
Operating Grants and Subsidies	390 019 000	283 948 500	281 800 000	99,24%
Other Revenue	35 700 400	20 001 806	20 660 873	103,30%
TOTAL REVENUE (EXCLUDING CAPITAL GRANTS)	3 198 114 400	2 136 685 157	2 139 207 564	100,12%

The above table represents operating revenue per category as at 29 February 2020.

3.7 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	10 508 721	456 802	318 620	8 347 113	19 631 256
Business	264 407 385	9 135 293	7 288 667	132 189 451	413 020 796
Households	63 883 372	6 190 785	5 676 292	136 509 575	212 260 024
Other	4 696 276	339 898	841 180	9 221 748	15 099 102
Total	343 495 754	16 122 778	14 124 759	286 267 887	660 011 178
%	52,04%	2,44%	2,14%	43,37%	

FINANCIAL REPORTING ON INCOME / DEBT

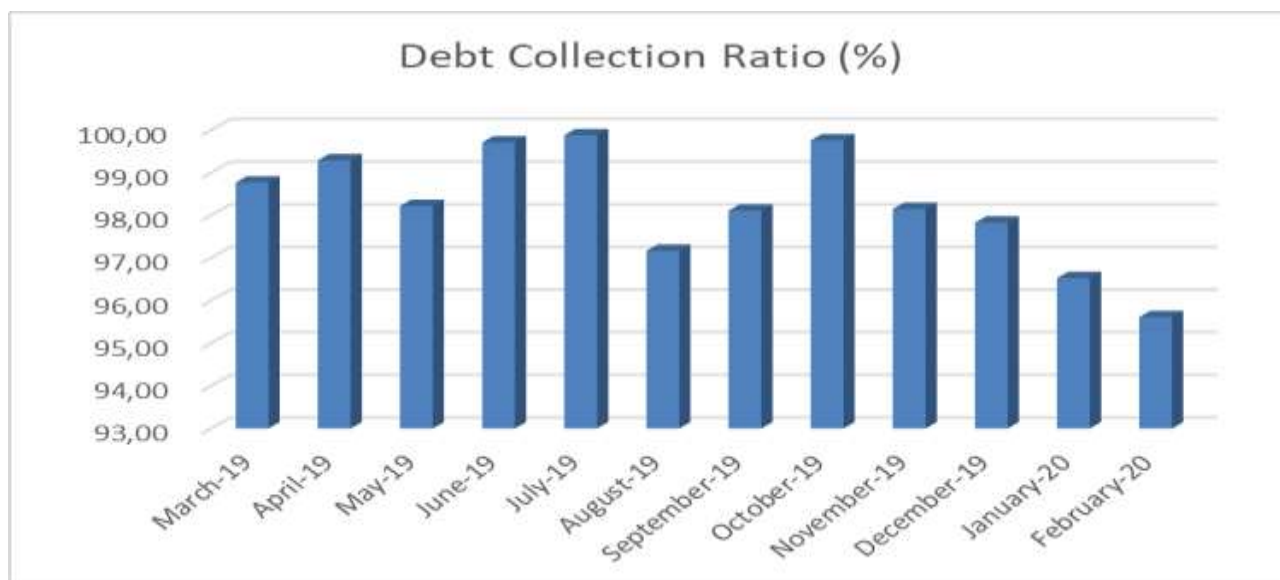
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National 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 95%

Month	Debt Collection Ratio (%)
February-20	95,61
January-20	96,53
December-19	97,83
November-19	98,15
October-19	99,76
September-19	98,11
August-19	97,17
July-19	99,88
June-19	99,71
May-19	98,22
April-19	99,29
March-19	98,77



➤ **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:

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

Month	Net Debtor Days
February-20	59,28
January-20	59,28
December-19	58,14
November-19	57,17
October-19	50,55
September-19	61,71
August-19	62,60
July-19	61,69
June-19	43,48
May-19	45,45
April-19	46,29
March-19	46,15



Top Ten (10) Business Debts

TOP 10 DEBTORS							
Debtor No	Name		0-30 days	31-60 days	61-90 days	Over 90 days	Grand Total
531788	Mhlathuze Water Board	August 2019	430,10	215,05	215,05	51 232 142,38	51 233 002,58
1854904	Basfour 3721 (Pty) Ltd	December 2011	-			22 377 589,88	22 377 589,88
1088329	King Cetshwayo District Municipality	March 2018	9 486 104,76	2 927 423,63	1 274 333,53	7 575 680,51	21 263 542,43
1675831	King Cetshwayo District Municipality	March 2018	3 746 915,59	1 235 391,55	1 194 077,03	7 146 603,70	13 322 987,87
551583	King Cetshwayo District Municipality	March 2018	2 702 839,52	784 258,62	1 299 115,69	5 411 650,82	10 197 864,65
2289941	Panda Petroleums	September 2015	2 106,78	1 165,87	1 136,54	5 013 838,36	5 018 247,55
501543	King Cetshwayo District Municipality	March 2018	12 452 033,90	3 704 682,00	907 778,07	3 657 184,65	20 721 678,62
416383	River Rock Investments (Pty) Ltd	June 2009	131 872,80	65 936,40	65 936,40	2 829 325,09	3 093 070,69
1632348	King Cetshwayo District Municipality	March 2018	746 663,94	354 568,64	388 838,26	2 332 780,96	3 822 851,80
392020	River Rock Investments (Pty) Ltd	June 2009	477 033,83	227 891,50	220 850,76	1 284 030,74	2 209 806,83
TOTAL			29 746 001,22	9 301 533,26	5 352 281,33	108 860 827,09	153 260 642,90

Mhlathuze Water Board

The administration around this legal process is managed by the Finance Department. The debt relates to an overcharge of the Department of Water and Sanitation (DWS) abstraction levies by Mhlathuze Water. The same levies were paid directly by Council to the DWS.

There has been several correspondences and meetings held in this regard. Mhlathuze Water requested extension until end February to review the charges.

Update: February 2020

No further correspondence or any payments were received. Credit Control action will follow in March 2020.

Basfour 3721 (Pty) Ltd

The administration around this legal process is managed by the Finance Department.

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.

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.

The setting down of the court date by the Registrar of the High Court for the claim is still awaited.

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.

Update: February 2020

A report has been completed that will serve shortly to propose a way forward.

Panda Petroleum

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.

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. Legal Services (Litigation sub-section) advised that it is their view that collection proceedings should proceed.

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.

Update: February 2020

There are negotiations underway with the debtor to settle the matter.

River Rock Investments

There are 2 accounts for River Rock Investments. The debt relates to:

- An account for rates that are levied in respect of the Caravan Park while the contract provides that the rental includes the rates.
- 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.
- Additional dispute relates to the cancellation of their lease agreement.

Legal Services advised that on 9 January 2018, 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. The contract made provision that it be renewed at least 12 calendar months prior to the termination date and River Rock failed to exercise that option. It has been advised that the debtor's application for the re-instatement of the lease over the Imvubu lodge area was unsuccessful in the High Court.

Update: February 2020

The dispute process regarding the lease amount and the rates being charges is continuing.

King Cetshwayo District Municipality

The accounts relates to a dispute lodged by KCDM regarding the drought water tariff being charged.

Update: February 2020

A separate report will be submitted in this regard.

Government Debt

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

Government Departments - Summary of ALL Debt									
Government 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
National	5 823 270	402 506	228 371	149 649	142 215	76 313	97 251	1 810 069	8 729 644
Provincial	5 782 287	431 809	216 903	430 831	14 080	122 074	2 515 906	5 738 428	15 252 316
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	5 228 111	296 389	149 284	149 649	142 215	76 313	87 074	1 726 404	7 855 438
Rural Development & land Reform	343 431	-12 250	-5 325				10 177	83 666	419 698
Department of Water Affairs and Sanitation	251 728	118 367	84 412						454 508
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	37 086	9 333	9 157	41 255	15 000	83 371	1 640 871	3 113 402	4 949 474
Education	1 869 225	323 033	126 265	126 979	-106 244	4 977	112 430	241 597	2 698 263
Human Settlement	69 141	22 015	22 125	10 661	6 729	6 621	227 700	997 144	1 362 136
Department of Transport	192 731	6 377	7 222	3 720	54 433	472	3 498	132 979	401 432
Department of Health	3 551 966	46 903	52 059	248 123	44 157	26 558	530 720	1 253 207	5 753 693
COGTA									-
Department of Social Welfare	54 222	24 055							78 276
Department of Agriculture	7 915	93	76	93	5	75	686	99	9 043
SANRAL								-0	-0
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	5 647 181	-284 805	165 403	-15 560	20 909	12 461	754 625	208 885	6 509 100
ESKOM	223 002	2 766	2 750	2 900	44 495	-62 204	14 484	45 624	273 816
Ingonyama Trust Board	667	391	341	341	243	243	1 559 673	5 285 808	6 847 708
Telkom	521 316		-1 861						519 455
Foskor	31 352 260								31 352 260
SA Post Office	16 464	2 897	2 860	2 897	2 902	3 348	16 482	39 981	87 830
Richards Bay IDZ	3 156 640	3 161 433	907 117						7 225 190
Mhlathuze Water Board	215	215	215	215	215	215	51 229 246	2 466	51 233 003

Government Debt Comments

The main issues on Government Debt remain the lack of available budget to the relevant government departments. The debt owing by government departments appear to be a long term issue that will require constant monitoring and intervention.

A dedicated team of officials are working on the government debt to ensure that the debt remain as low as practically possible.

The matter is ongoing.

3.8 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 R289 108,96 as per **Annexure AC - DMS 1400468**.

Councillor's debt amounts to R160 649,15 as per **Annexure AD - DMS 1400468**.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1399786**) 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
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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

5. **DEBTORS ANALYSIS**

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 29 February 2020.

6. **CREDITORS ANALYSIS**

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 29 February 2020.

7. **INVESTMENT PORTFOLIO ANALYSIS**

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) for the month ended 29 February 2020.

8. **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 29 February 2020.

9. **COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 29 February 2020.

10. **CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 29 February 2020:

- ❑ 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**).

11. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **DMS 1404248** (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 29 February 2020, 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 1399786**), be noted.