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FINANCIAL REPORTING AS AT 30 APRIL 2020

This report served before the Financial Services Portfolio Committee on 23 June 2020, the Executive Committee and Council on 24 June 2020.

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 30 April 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 April 2020 is included under **Annexures Z and AA (DMS 1404957)**.

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PART 1 - IN-YEAR REPORTING

1. **MAYOR'S REPORT FOR THE MONTH OF APRIL 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 April 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 April 2020 (year to date actual) shows a surplus of R184 million. There is an alarming increase in debtors due to collection challenges during lockdown however council has made payment options available to consumers. 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 R286,3 million (45,96%). This is based on the Adjusted Capital Budget of R622,9 million. Due to the pandemic, municipality has not been able to execute projects as planned. 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 2,83:1 (664 054/234 964). 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 30 April 2020:

DESCRIPTION	ADJUSTED BUDGET 2019/2020	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (Excluding Capital Grants)	3 198 114 400	2 712 465 859	2 671 595 895	98,49%
Expenditure	3 292 395 000	2 618 408 131	2 487 629 856	95,01%
Surplus/(Deficit) (Excluding Capital Grants)	(94 280 600)	94 057 728	183 966 039	

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 (664 054/234 964).

3.3 Grants Balances

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2019/20	AMOUNT RECEIVED AS AT 30 APRIL 2020	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/04/2020	% SPENT	COMMENTS
NATIONAL TREASURY						
Equitable Share	362 965 000	362 965 000	-	302 470 833	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.
Intergrated Urban Development Grant-IUDG	139 988 000	139 988 000	-	84 618 357	60%	This expenditure is as per report submitted to COGTA. An amount of R7 186 012 will be release to National Treasury to assist with the fight for Covid 19 pandemic .
Financial Management Grant	2 650 000	2 650 000	-	1 289 747	49%	Spending is in accordance with the support plan submitted to National Treasury for the grant.A lot of expenditure will happen at the last quarter of this financial year.
Water services infrastructure grant	40 000 000	5 000 000	35 000 000	9 361 045	23%	An amount of R 15 000 000 will not be transferred to the Municipality as per adjustment gazette 43180 dated 30 March 2020 Stopping and reallocation of funds.
Extended Public Works Pogramme	4 492 000	4 492 000	-	3 981 994	89%	The grant is for the operational 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	515 095 000	35 600 000	401 721 976	73%	

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2019/20	AMOUNT RECEIVED AS AT 30 APRIL 2020	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/04/2020	% SPENT	COMMENTS
PROVINCIAL TREASURY						
Provincialisation of Libraries	8 689 000	8 689 000	-	19 272 253	222%	Expenditure shown is the total operating cost of the Libraries for the period.
Community Library Services Grant (Cyber cadets)	2 283 000	1 688 000	595 000	1 322 204	58%	Expenditure shown is the total operating cost of the Cybercadets for the period. The payment received is per the MOA signed. The shortfall was accounted for in the adjusted budget.
Housing Operating Account	2 396 000	-	2 396 000	12 652 344	528%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Museum Subsidy	202 000	-	202 000	2 654 422	1314%	Expenditure shown is the total operating cost of the Museum incurred to date.
Sports and Recreation-Capital	8 243 000	8 243 000		-	0%	Sports and Recreation - Provincial Allocation for Construction of Fitness Centre at Esikhaleni
TOTAL PROVINCIAL TREASURY GRANTS	21 813 000	18 620 000	3 193 000	35 901 222	165%	
TOTAL GRANTS AND SUBSIDIES	572 508 000	533 715 000	38 793 000	437 623 197	76%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 30 April 2020:

FUNCTION	ADJUSTED BUDGET 2019/2020	ACTUAL APRIL 2020 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	60 143 000	17 166 383	28,54%
Community and Social Services	48 361 200	17 413 616	36,01%
Energy Sources	76 054 300	42 885 302	56,39%
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	85 971 055	68,52%
Sport and Recreation	29 963 500	3 854 056	12,86%
Waste Management	3 600 000	1 821 500	50,60%
Waste Water Management	75 559 200	45 327 304	59,99%
Water	159 951 100	70 215 445	43,90%
	622 906 000	286 290 725	45,96%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2019/2020	ACTUAL APRIL 2020 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	50 608 500	21 198 965	41,89%
Capital Replacement Reserve	391 003 500	167 567 004	42,86%
Integrated Urban Development Grant	132 989 000	84 618 357	63,63%
Government Grants - National	40 062 000	10 625 455	26,52%
Government Grants - Provincial	8 243 000	2 280 945	27,67%
TOTAL	622 906 000	286 290 725	45,96%

3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 30 April 2020:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2019/2020	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	859 564 000	708 145 852	681 226 519	96,20%
Remuneration of Councillors	32 403 900	26 473 461	25 278 255	95,49%
Debt Impairment	31 453 900	26 211 583	26 211 583	100,00%
Depreciation and asset impairment	441 378 600	367 815 500	360 166 111	97,92%
Finance Charges	67 458 000	56 779 941	56 779 617	100,00%
Bulk Purchases - Electricity	990 263 100	771 605 254	775 546 485	100,51%
Bulk Purchases - Water	103 685 500	95 283 500	96 130 945	100,89%
Other Materials	119 503 900	81 375 431	44 348 241	54,50%
Contracted Services	363 431 600	265 754 597	216 366 122	81,42%
Transfers and grants	13 755 500	11 982 800	10 690 186	89,21%
Other Expenditure	269 497 000	206 980 212	194 885 793	94,16%
TOTAL	3 292 395 000	2 618 408 131	2 487 629 856	95,01%

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 APRIL 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	510 226 700	431 752 487	428 677 534	99,29%
Service Charges – Electricity revenue	1 571 924 400	1 286 196 455	1 217 003 018	94,62%
Service Charges – Water revenue	388 298 900	351 990 409	396 571 970	112,67%
Service Charges – Refuse revenue	105 568 000	88 652 650	78 423 076	88,46%
Service Charges – Sanitation revenue	110 768 300	84 888 683	83 653 237	98,54%
Rental of facilities and equipment	10 642 300	6 657 214	5 869 608	88,17%
Interest earned – external investments	58 000 000	34 192 285	34 090 883	99,70%
Interest earned – outstanding debtors	108 700	101 308	123 353	121,76%
Fines	7 480 600	9 105 620	11 258 053	123,64%
Licences and permits	3 406 700	2 190 993	2 356 071	107,53%
Agency services	5 970 400	4 111 454	4 199 509	102,14%
Operating Grants and Subsidies	390 019 000	384 286 600	373 342 000	97,15%
Other Revenue	35 700 400	28 339 701	36 027 583	127,13%
TOTAL REVENUE (EXCLUDING CAPITAL GRANTS)	3 198 114 400	2 712 465 859	2 671 595 895	98,49%

The above table represents operating revenue per category as at 30 April 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	12 626 450	1 922 144	882 070	8 779 322	24 209 986
Business	269 188 039	21 378 627	13 845 354	146 378 295	450 790 315
Households	65 017 613	8 240 242	5 432 213	144 048 874	222 738 942
Other	6 060 672	1 324 829	213 571	10 078 611	17 677 683
Total	352 892 774	32 865 842	20 373 208	309 285 102	715 416 926
%	49,33%	4,59%	2,85%	43,23%	

FINANCIAL REPORTING ON INCOME / DEBT

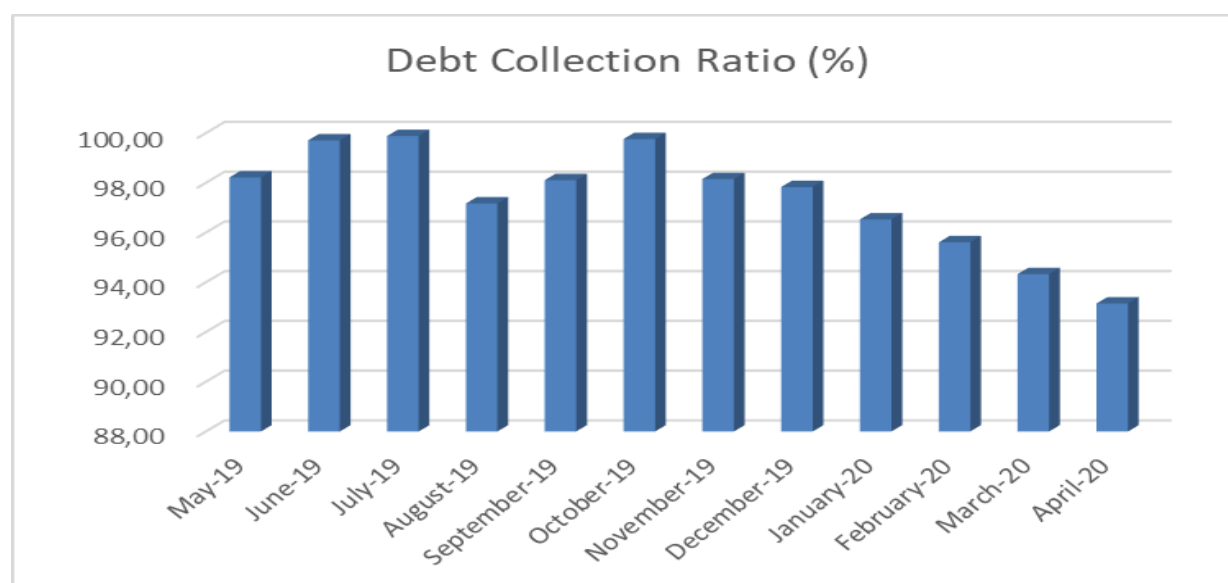
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National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

Formula (As per circular 71)	Norm
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 (%)
April-20	93,15
March-20	94,33
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



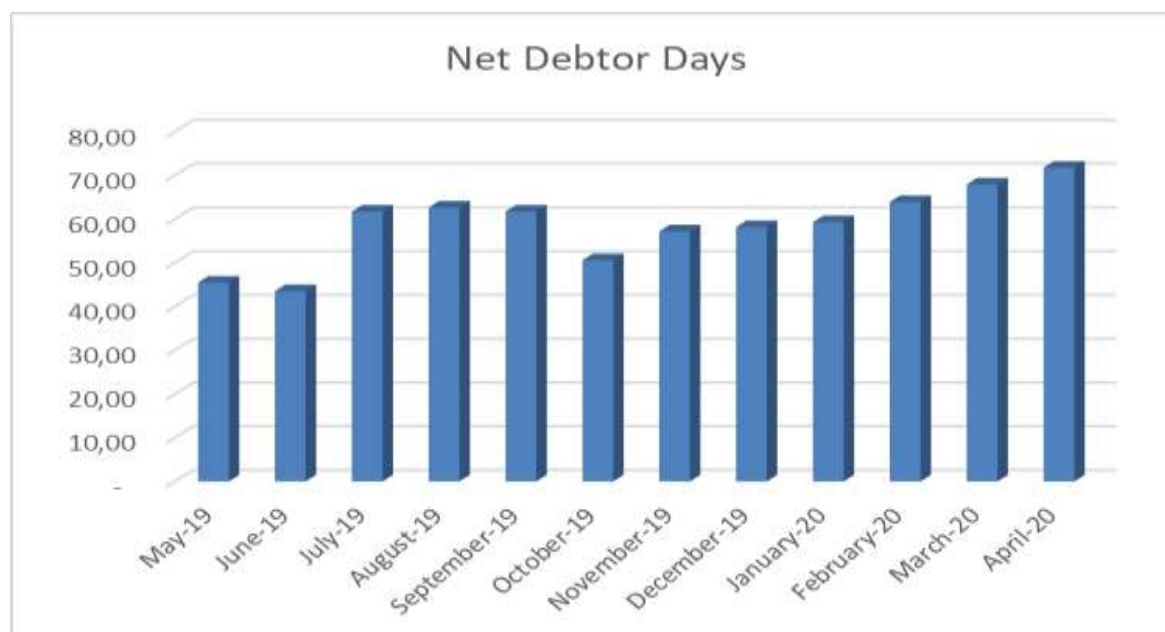
➤ **Net Debtors Days**

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:

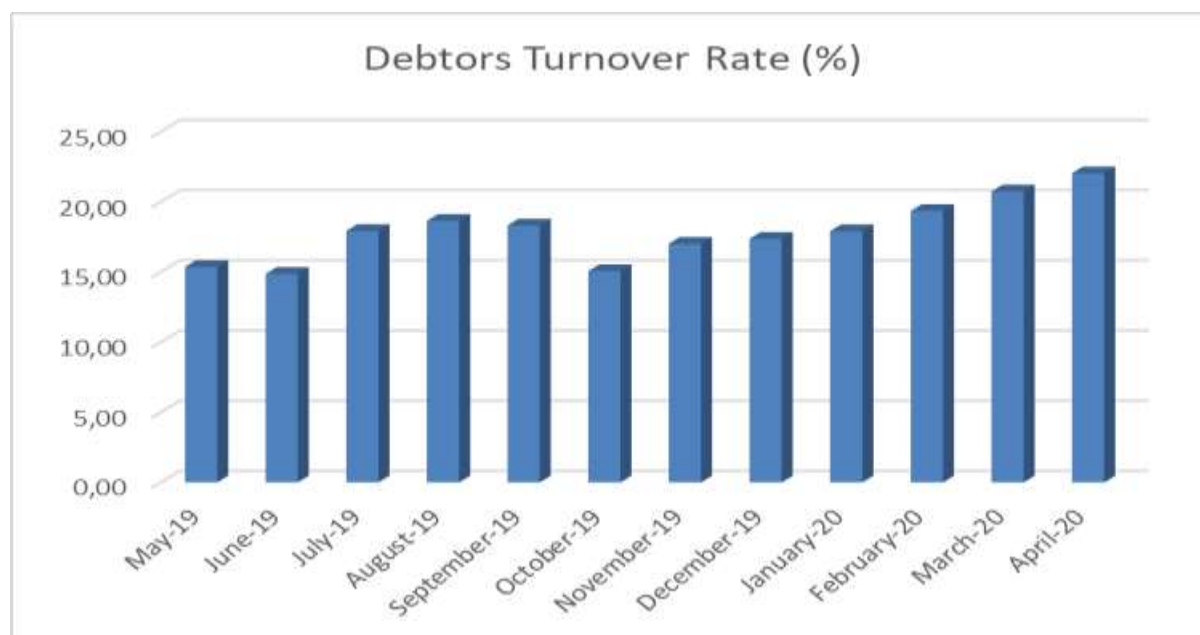
Formula (As per circular 71)	Norm
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

Month	Net Debtor Days
April-20	71,71
March-20	67,88
February-20	63,87
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



Debtors Turnover Rate

Month	Debtors Turnover Rate (%)
April-20	22,03
March-20	20,74
February-20	19,35
January-20	17,91
December-19	17,36
November-19	17,01
October-19	15,06
September-19	18,31
August-19	18,64
July-19	17,92
June-19	14,86
May-19	15,35



Top Ten (10) Business Debts

TOP 10 DEBTORS							
Debtor No	Name	Date	0-30 days	31-60 days	61-90 days	Over 90 days	Grand Total
531788	Mhlathuze Water Board	August 2019	430	215	215	51 232 572	51 233 433
1854904	Basfour 3721 (Pty) Ltd	December 2011	-			22 377 590	22 377 590
1088329	King Cetshwayo District Municipality	March 2018	10 748 113	4 899 002	4 587 103	11 777 438	32 011 655
1675831	King Cetshwayo District Municipality	March 2018	1 081 010	1 912 469	1 834 447	9 576 072	14 403 998
501543	King Cetshwayo District Municipality	March 2018	12 381 601	7 686 136	4 765 897	8 269 645	33 103 280
551583	King Cetshwayo District Municipality	March 2018	2 659 787	1 485 560	1 217 279	7 495 025	12 857 651
2289941	Panda Petroleums	September 2015	10 411	1 053	1 053	5 016 141	5 028 659
1632348	King Cetshwayo District Municipality	March 2018	837 282	427 075	319 589	3 076 188	4 660 133
416383	River Rock Investments (Pty) Ltd	June 2009	131 873	65 936	65 936	2 897 198	3 160 943
392020	River Rock Investments (Pty) Ltd	June 2009	453 446	236 583	240 451	1 254 920	2 185 401
			28 303 953	16 714 031	13 031 970	122 972 789	181 022 743

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. Some of the charges were also duplicated, i.e. Invoices levied by DWS on certain abstraction points together with MW also levying charges on same points. There has been several correspondences and meetings held in this regard. Mhlathuze Water requested extension until end February.

Update: April 2020

No further correspondence or any payments were received. Credit Control action will follow after the Lockdown.

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: April 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 Deputy Municipal Manager: 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: April 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: April 2020

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

King Cetshwayo District Municipality (KCDM)

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

Update: April 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	8 713 266	1 528 659	855 211	293 744	220 847	142 716	308 948	1 797 924	13 861 316
Provincial	5 441 259	965 200	139 414	149 209	152 607	366 098	2 382 643	6 004 680	15 601 111
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	8 463 164	1 415 099	374 311	175 377	148 685	148 042	298 771	1 714 258	12 737 708
Rural Development & land Reform	-8 395	351 826			-12 250	-5 325	10 177	83 666	419 698
Department of Water Affairs and Sanitation	250 103	121 954	129 074	118 367	84 412				703 910
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	49 457	27 744	9 335	9 279	9 103	41 201	1 706 316	3 144 903	4 997 339
Education	3 193 996	472 596	82 293	65 007	83 996	68 086	39 243	272 198	4 277 416
Human Settlement	92 884	47 296	21 845	10 589	6 669	6 352	230 829	998 676	1 415 141
Department of Transport	215 832	40 181	4 235	4 805	5 657	3 304	41 416	108 465	423 896
Department of Health	1 726 436	376 180	21 700	35 381	47 106	247 062	364 306	1 480 104	4 298 275
COGTA	-0	-0	-0	-0	-0	-0	-0	-0	-0
Department of Social Welfare	146 535	1 197	24 055						171 786
Department of Agriculture	16 119	5	5	93	76	93	532	333	17 257
SANRAL	-0	-0	-0	-0	-0	-0	-0	-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	15 861 986	236 656	-79 453	27 351	153 833	20 394	740 249	254 148	17 215 164
ESKOM	230 029	36 516	34 833	2 766	2 750	2 900	24 148	46 139	380 082
Ingonyama Trust Board	-1			50			1 528 235	5 285 808	6 814 092
Telkom	615 551								615 551
Foskor	25 330 143	442 019							25 772 162
SA Post Office	22 527	2 899	2 933	2 897	2 860	2 897	17 039	45 674	99 725
Richards Bay IDZ	77		-77						-0
Mhlathuze Water Board	215	215	215	215	215	215	215	51 231 927	51 233 433

NOTES:

OFFICIAL FINAL VERSION

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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 R350 861,27 as per **Annexure AC - DMS 1404957**.

Councillor's debt amounts to R171 462,77 as per **Annexure AD - DMS 1404957**.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1404178**) 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
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Table C5	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	G
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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 30 April 2020.

6. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 30 April 2020.

7. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) for the month ended 30 April 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 30 April 2020.

9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 30 April 2020.

10. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 30 April 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 1407706** (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 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 1404178**), be noted.