

14168

## FINANCIAL REPORTING AS AT 31 JULY 2020

*This report served before the Financial Services Portfolio Committee on 29 September 2020. The report was noted.*

### PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 31 July 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 Julyor 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 Julyor 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 July 2020 is included under **Annexures Z and AA (DMS 1417202)**.

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## PART 1 - IN-YEAR REPORTING

### 1. **MAYOR'S REPORT FOR THE MONTH OF JULY 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 July 2020, and the performance of the Municipality against its budget is in line with the adopted budget that was approved by Council in May 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 July 2020 (year to date actual) shows a surplus of R259 million. The surplus for the month is mainly as a result of equitable share of R178 million received in July 2020. The performance in this area is **Acceptable**.

## Capital Budget

Capital expenditure amounted to R362 892 for the month of July 2020, this is due to the backlog to finalise 2019/20 capital projects which will be completed in 2020/21 financial year.

Capital expenditure is expected to rise as the year progresses. 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 2,75:1 (681 305/247 975). 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 31 July 2020:

DESCRIPTION	ADOPTED BUDGET 2020/2021	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL JULY 2020 (YTD)	% ADOPTED BUDGET SPENT
	R	R	R	%
Revenue (Excluding Capital Grants)	3 430 793 600	445 468 600	511 770 016	114,88%
Expenditure	3 485 273 600	297 395 600	252 428 729	84,88%
Surplus/(Deficit) (Excluding Capital Grants)	(54 480 000)	148 073 000	259 341 287	

### 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 2,75:1 (681 305/247 975).

### 3.3 Grants Balances

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 31/07/2020	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/07/2020	% SPENT	COMMENTS
<b>NATIONAL TREASURY</b>						
Equitable Share	396 870 000	178 591 000	218 279 000	33 072 500,00	8%	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	161 955 000	38 944 000	123 011 000	4 367 168	3%	IUDG aims to provide funding for public investment in infrastructure for the poor and to promote increased access to municipal own sources of capital finance in order to increase funding for investment in economic infrastructure,
Financial Management Grant	2 600 000	-	2 600 000	94 456	4%	Spending is in accordance with the support plan submitted to National Treasury for the grant
Water services infrastructure grant	25 000 000	5 000 000	20 000 000	-	0%	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service,
Extended Public Works Pogramme	4 278 000	-	4 278 000	284 759	7%	The grant is for the operational expenditure for EPWP.
Energy Efficiency and Demand Management	5 000 000	-	5 000 000	-	0%	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>595 703 000</b>	<b>222 535 000</b>	<b>373 168 000</b>	<b>37 818 883</b>	<b>6%</b>	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 31/07/2020	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/07/2020	% SPENT	COMMENTS
<b>PROVINCIAL TREASURY</b>						
Provincialisation of Libraries	8 932 000		8 932 000	1 674 893	19%	Expenditure shown is the total operating cost of the Libraries for the period.
Community Library Services Grant (Cyber cadets)	2 445 000		2 445 000	137 295	6%	Expenditure shown is the total operating cost of the Cybercadets for the Month of July.
Housing Operating Account	1 206 000		1 206 000	1 310 367	109%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Museum Subsidy	214 000		214 000	208 882	98%	Expenditure shown is the total operating cost of the Museum incurred in July 2020.
<b>TOTAL PROVINCIAL TREASURY GRANTS</b>	<b>12 797 000</b>	<b>-</b>	<b>12 797 000</b>	<b>3 331 437</b>	<b>26%</b>	
<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>608 500 000</b>	<b>222 535 000</b>	<b>385 965 000</b>	<b>41 150 321</b>	<b>7%</b>	

### 3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 31 July 2020:

<b>FUNCTION</b>	<b>ADOPTED BUDGET 2020/2021</b>	<b>ACTUAL JULY 2020 (YTD)</b>	<b>% OF ADOPTED BUDGET SPENT</b>
	<b>R</b>	<b>R</b>	<b>%</b>
Finance and Administration	34 516 900	-	0,00%
Community and Social Services	26 328 000	136 000	0,52%
Energy Sources	85 536 800	226 892	0,27%
Executive and Council	130 000	-	0,00%
Environmental Protection	1 600 000	-	0,00%
Planning and Development	3 090 000	-	0,00%
Public Safety	1 158 000	-	0,00%
Road Transport	165 325 600	-	0,00%
Sport and Recreation	27 847 000	-	0,00%
Waste Management	3 604 000	-	0,00%
Waste Water Management	48 604 900	-	0,00%
Water	274 092 900	-	0,00%
	<b>671 834 100</b>	<b>362 892</b>	<b>0,05%</b>

The total adopted Capital Budget funding structure is as follows:

<b>SOURCE OF FUNDING</b>	<b>ADOPTED BUDGET 2020/2021</b>	<b>ACTUAL JULY 2020 (YTD)</b>	<b>% OF ADOPTED BUDGET SPENT</b>
	<b>R</b>	<b>R</b>	<b>%</b>
Borrowing	157 000 000	-	0,00%
Capital Replacement Reserve	330 976 900	362 892	0,11%
Integrated Urban Development Grant	153 857 200	-	0,00%
Government Grants - National	30 000 000	-	0,00%
<b>TOTAL</b>	<b>671 834 100</b>	<b>362 892</b>	<b>0,05%</b>

### 3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 31 July 2020:

EXPENDITURE BY TYPE	ADOPTED BUDGET 2020/2021	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL JULY 2020 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Employee related costs	986 781 100	79 521 400	72 941 558	91,73%
Remuneration of Councillors	34 025 600	2 835 700	2 703 256	95,33%
Debt Impairment	35 000 000	2 916 700	2 916 700	100,00%
Depreciation and asset impairment	474 572 500	39 548 700	24 576 193	62,14%
Finance Charges	79 943 200	6 662 100	6 661 933	100,00%
Bulk Purchases - Electricity	1 028 596 400	112 137 000	123 411 941	110,05%
Bulk Purchases - Water	110 419 500	9 799 700	9 588 361	97,84%
Other Materials	143 839 600	10 075 700	977 877	9,71%
Contracted Services	289 826 700	15 176 300	3 005 419	19,80%
Transfers and grants	13 778 000	1 282 700	-	0,00%
Other Expenditure	288 491 000	17 439 600	5 645 491	32,37%
<b>TOTAL</b>	<b>3 485 273 600</b>	<b>297 395 600</b>	<b>252 428 729</b>	<b>84,88%</b>



### 3.6 Revenue per Category

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

REVENUE BY SOURCE	ADOPTED BUDGET 2020/2021	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL JULY 2020 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Rates	540 840 000	57 613 900	90 844 272	157,68%
Service Charges – Electricity revenue	1 666 176 600	139 547 800	171 463 181	122,87%
Service Charges – Water revenue	411 574 300	55 372 900	48 038 572	86,75%
Service Charges – Refuse revenue	117 414 400	10 289 800	5 515 957	53,61%
Service Charges – Sanitation revenue	111 886 000	9 819 000	7 976 349	81,23%
Rental of facilities and equipment	11 163 700	1 090 300	381 442	34,99%
Interest earned – external investments	63 000 000	5 250 000	1 790 581	34,11%
Interest earned – outstanding debtors	114 000	7 700	12 922	167,82%
Fines	10 596 900	598 700	347 518	58,05%
Licences and permits	3 406 700	-	261 233	0,00%
Agency services	5 970 400	64 700	1 387 144	2143,96%
Operating Grants and Subsidies	424 642 800	162 716 600	178 591 000	109,76%
Other Revenue	64 007 800	3 097 200	5 159 846	166,60%
<b>TOTAL REVENUE (EXCLUDING CAPITAL GRANTS)</b>	<b>3 430 793 600</b>	<b>445 468 600</b>	<b>511 770 016</b>	<b>114,88%</b>

The above table represents operating revenue per category as at 31 July 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	50 467 290	1 205 331	875 579	9 178 491	61 726 691
Business	310 647 221	20 621 835	20 598 350	158 672 450	510 539 856
Households	67 340 784	9 373 358	7 825 384	161 952 126	246 491 652
Other	6 773 583	355 077	233 798	12 110 848	19 473 306
<b>Total</b>	<b>435 228 878</b>	<b>31 555 601</b>	<b>29 533 111</b>	<b>341 913 915</b>	<b>838 231 505</b>
<b>%</b>	<b>51,92%</b>	<b>3,76%</b>	<b>3,52%</b>	<b>40,79%</b>	

### FINANCIAL REPORTING ON INCOME / DEBT

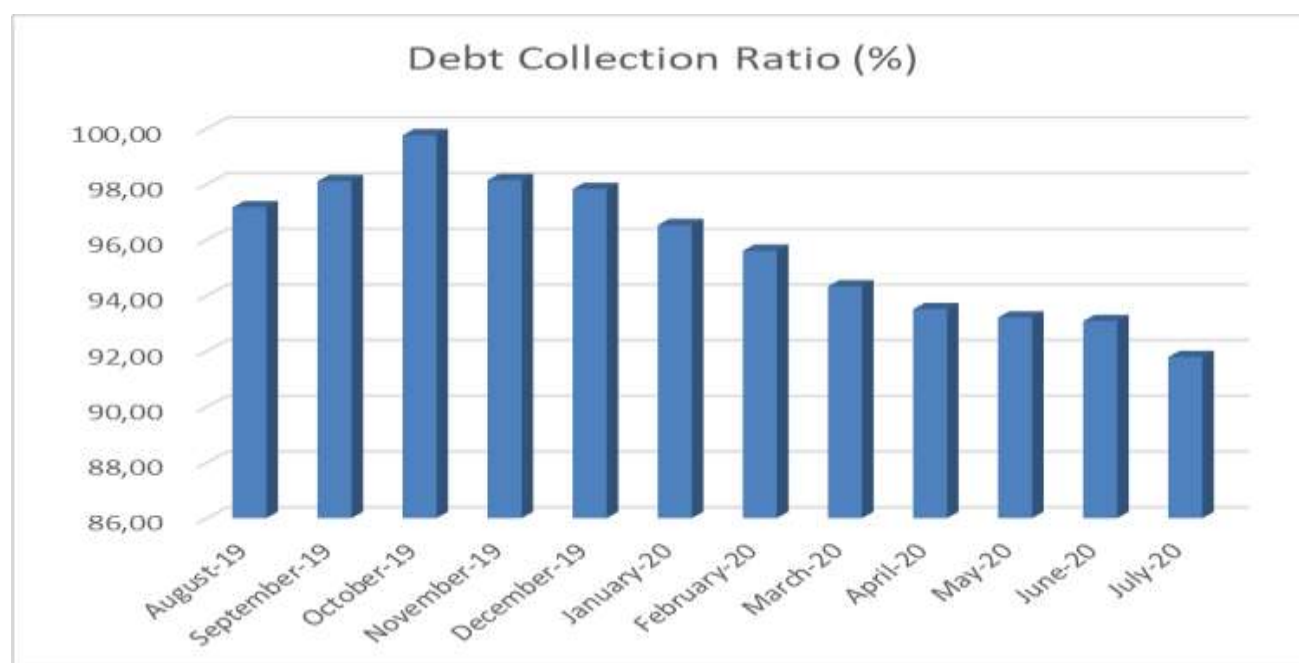
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National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

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

<b>Month</b>	<b>Debt Collection Ratio (%)</b>
July-20	91,79
June-20	93,08
May-20	93,21
April-20	93,51
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



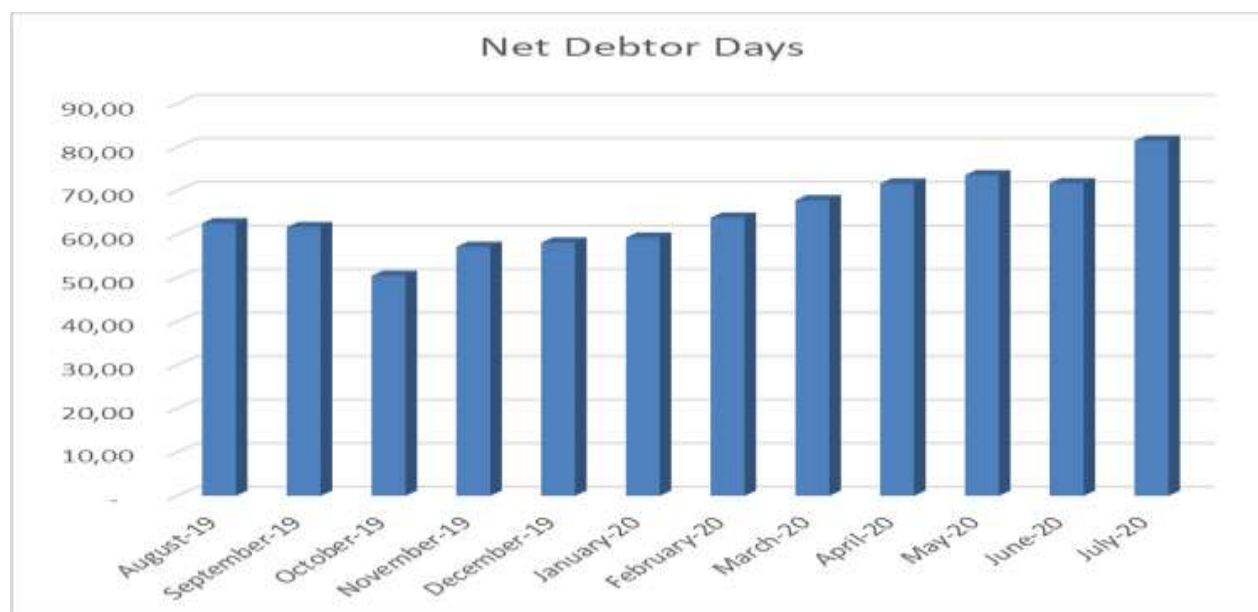
➤ **Net Debtors Days**

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:

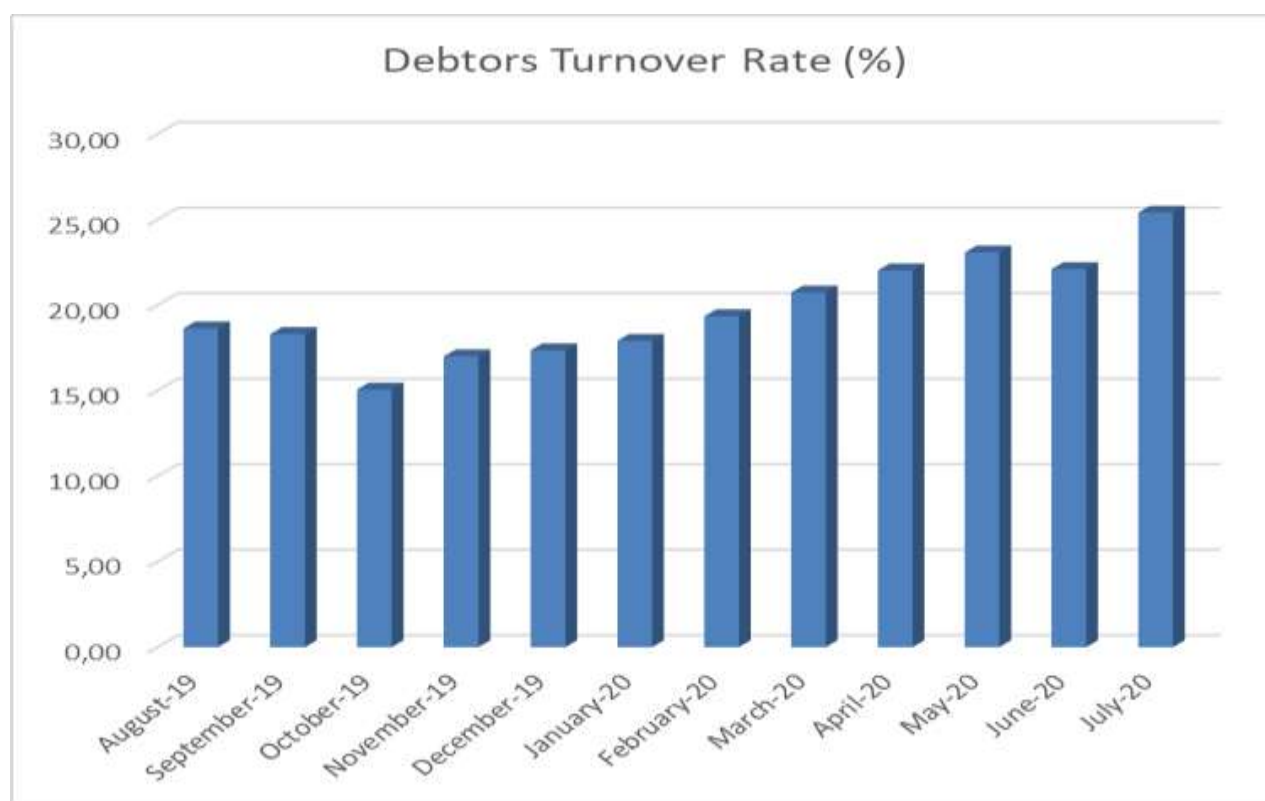
<b>Formula (As per circular 71)</b>	<b>Norm</b>
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is <b>30 Days</b>

<b>Month</b>	<b>Net Debtor Days</b>
July-20	81,55
June-20	71,77
May-20	73,63
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



## Debtors Turnover Rate

Month	Debtors Turnover Rate (%)
July-20	25,41
June-20	22,11
May-20	23,08
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



## **Top Ten (10) Business Debts**

TOP 10 DEBTORS							
Debtor Nr	Debtor Name	Date	0-30 days	31-60 days	61-90 days	Over 90 Days	Grand Total
531788	MHLATUZE WATER BOARD	August 2019	443	215	215	51 233 218	51 234 091
1854904	BASFOUR 3721 (PTY) LTD	December 2011	-	-	-	22 377 590	22 377 590
1088329	KING CETSWAYO DISTRICT MUNICIPALITY	March 2018	11 739 399	5 299 897	5 259 583	15 688 704	37 987 583
1675831	KING CETSWAYO DISTRICT MUNICIPALITY	March 2018	2 296 790	837 885	470 939	9 070 406	12 676 020
501543	KING CETSWAYO DISTRICT MUNICIPALITY	March 2018	15 169 134	7 048 027	6 861 662	8 720 798	37 799 620
551583	KING CETSWAYO DISTRICT MUNICIPALITY	March 2018	2 874 892	1 135 799	1 518 295	7 598 256	13 127 241
1610626	TISAND (PTY) LTD	March 2009	-	-	-	5 389 604	5 389 604
2289941	PANDA PETROLEUMS	September 2015	1 617	945	857	5 027 802	5 031 221
416383	RIVER ROCK INVEST (PTY) LTD	June 2009	131 873	65 936	65 936	3 063 007	3 326 753
1632348	KING CETSWAYO DISTRICT MUNICIPALITY	March 2018	904 037	426 598	396 141	3 060 257	4 787 034
<b>TOTAL</b>			<b>33 118 185</b>	<b>14 815 302</b>	<b>14 573 629</b>	<b>131 229 640</b>	<b>193 736 756</b>

### **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: July 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: July 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: July 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 July 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: July 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: July 2020**

A separate report will be submitted in this regard.

## **Government Debt**

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

<b>Government Departments - Summary of ALL Debt</b>									
<b>Government DepartmentS</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91 - 120 Days</b>	<b>121 - 150 Days</b>	<b>151 -180 Days</b>	<b>181 Days - 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
National	21 920 544	947 738	342 689	317 043	261 817	622 728	655 664	1 784 697	26 852 919
Provincial	29 143 122	538 076	931 685	781 682	490 986	102 250	1 508 653	3 750 290	37 246 745
Government accounts in Dispute	360 160	-	-	-	-	-	674 812	2 017 004	3 051 976
<b>National Departments</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91 - 120 Days</b>	<b>121 - 150 Days</b>	<b>151 -180 Days</b>	<b>181 Days-1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Public Works	21 293 740	833 085	213 632	195 998	139 863	133 434	442 708	1 701 031	24 953 489
Rural Development & land Reform	400 048	-	-	-	-	360 220	10 177	83 666	854 110
Department of Water Affairs and Sanitation	226 757	114 653	129 057	121 045	121 954	129 074	202 779		1 045 320
<b>Provincial Departments</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91 - 120 Days</b>	<b>121 - 150 Days</b>	<b>151 -180 Days</b>	<b>181 Days-1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Public Works	23 019 297	25 016	25 156	19 259	20 910	2 500	625 363	643 878	24 381 378
Education	1 560 818	375 074	835 830	644 794	215 099	70 567	107 224	333 691	4 143 096
Human Settlement	641 857	22 303	14 089	7 176	6 476	4 401	228 679	1 004 327	1 929 308
Department of Transport	247 606	62 037	12 531	4 547	3 385	3 738	39 991	109 661	483 497
Department of Health	3 574 768	50 534	44 080	105 901	245 110	21 039	506 932	1 658 069	6 206 434
Department of Social Welfare	82 984	3 113	-	-					86 097
Department of Agriculture	15 793	-	-	5	5	5	463	665	16 936
SANRAL	-	-	-	-	-	-	-	-0	-0
<b>Other Organs of State</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91 - 120 Days</b>	<b>121 - 150 Days</b>	<b>151 -180 Days</b>	<b>181 Days-1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Transnet	8 608 006	209 139	211 271	191 522	173 701	62 971	972 722	352 363	10 781 695
ESKOM	517 017	43 047	40 905	45 007	36 516	34 833	57 333	53 742	828 400
Ingonyama Trust Board	1 390 657	-	-	-	-	-	1 528 285	5 271 318	8 190 260
Telkom	749 344	3 477	-	-					752 822
Foskor	35 560 136	12 054	12 054	313 570	405 857	-	-	-	36 303 672
SA Post Office	11 750	2 863	2 889	2 908	2 899	2 933	17 714	53 652	97 608
Richards Bay IDZ	1 346 663	-	-	-	-	-77	-	-	1 346 586
Mhlathuze Water Board	228	215	215	215	215	215	215	51 232 572	51 234 091

NOTES:

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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 R416 515.01 as per **Annexure AC - DMS 1417202**.

Councillor's debt amounts to R165 171,06 as per **Annexure AD - DMS 1417202**.

## 4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1415955**) 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

### 5. DEBTORS ANALYSIS

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 31 July 2020.

### 6. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 31 July 2020.

### 7. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) for the month ended 31 July 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 31 July 2020.

### 9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 31 July 2020.

### 10. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 31 July 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 1420478** (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 31 July 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 1415955**), be noted.