

ITEM 306

FINANCIAL REPORT AS AT 31 JANUARY 2021

This report served before the Financial Services Portfolio Committee, Executive Committee and Council. The report was noted.

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 31 January 2021 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 November 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 November 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 January 2021 is included under **Annexures Z and AA (DMS 1446637)**.

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PART 1 - IN-YEAR REPORTING

1. **MAYOR'S REPORT FOR THE MONTH OF JANUARY 2021**

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 January 2021, and the performance of the Municipality against its budget is in line with the special adjusted budget that was approved by Council in September 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 January 2021 (year to date actual) shows a surplus of R358,7 million. The surplus for the month is mainly as a result of under spending with most activities except for the bulk purchase of Water and Electricity which are marginally over budget at this stage. From an overall economic perspective these two commodities are at least a positive indicator under the current very strained economic climate.

Council has also received the second trench of Equitable share amount of R184,6 million which contributed to the surplus. The performance in this area is **Acceptable**.

Capital Budget

Council is in the third quarter of the financial year and capital expenditure is very low at R177,3 million (19,45%). This is based on the Adjusted Capital Budget of R911,5 million. Expenditure is expected to rise as the year progresses. The performance in this area although is **Not Acceptable Proportionately**. The Chief Financial Officer has advised the administration to rather look more realistically at this year's adjustments budget in conjunction with the five-year capital budget that they are currently compiling. This do ensure we achieve a good capital spend, but more importantly deliver quality projects.

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 3,15:1 (600 945/247 975). 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 January 2021:

DESCRIPTION	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL JAN 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (Excluding Capital Grants)	3 496 411 600	2 183 572 867	2 200 068 790	100,76%
Expenditure	3 594 077 400	1 942 940 214	1 841 341 398	94,77%
Surplus/(Deficit) (Excluding Capital Grants)	(97 665 800)	240 632 653	358 727 391	

The contradictory situation we find ourselves with Opex is that we are budgeting a deficit but currently sit with a surplus after seven months of the year has gone. One of the reasons is clearly due to the impact this pandemic is having on service delivery, details are addressed under 3.5 below.

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 3,15:1 (782 094/247 975). Although this cash coverage is also an indication of underspending on both Capex and Opex.

3.3 Grants Balances

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 31/01/2021	ACTUAL EXPENDITURE AS AT 31/01/2021	% SPENT	COMMENTS
NATIONAL TREASURY					
Equitable Share	462 487 000	363 269 000	269 784 083	68%	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	161 955 200	97 946 000	19 199 912	12%	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	771 600	30%	FMG aims to strengthen Municipal financial management capacity. Spending is in accordance with the support plan submitted to National Treasury for the grant,
Water services infrastructure grant	25 000 000	15 000 000	21 038 823	84%	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	2 995 000	2 097 166	49%	The grant is for the operational expenditure for EPWP.
Energy Efficiency and Demand Management	4 500 000	3 500 000	-	0%	Appointment of service provider was adjudicated and appointed during the month of December 2020. The service provider is waiting for material which will be delivered during February 2020 and work can commence.
TOTAL NATIONAL TREASURY GRANTS	660 820 200	485 310 000	312 891 584	53%	

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2020/21	1AMOUNT RECEIVED AS AT 31/01/2021	ACTUAL EXPENDITURE AS AT 31/01/2021	% SPENT	COMMENTS
PROVINCIAL TREASURY					
Provincialisation of Libraries	8 932 000	8 932 000	14 766 895	165%	Expenditure shown is the total operating cost of the Libraries for the period.
Museum Subsidy	214 000	-	1 776 129	830%	Expenditure shown is the total operating cost of the Museum incurred thus far.
Housing Operating Account	1 206 000	-	9 893 829	820%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Community Library Services Grant (Cyber cadets)	2 445 000	1 808 000	1 122 460	46%	Expenditure shown is the total operating cost of the Cybercadets for the period.
TOTAL PROVINCIAL TREASURY GRANTS	12 797 000	10 740 000	27 559 312	215%	
TOTAL GRANTS AND SUBSIDIES	673 617 200	496 050 000	340 450 896	56%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 31 January 2021:

FUNCTION	ADJUSTED BUDGET 2020/2021	ACTUAL JANUARY 2021 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	103 533 000	23 375 219	22,58%
Community and Social Services	50 884 600	4 267 985	8,39%
Energy Sources	96 644 900	22 445 183	23,22%
Executive and Council	51 000	-	0,00%
Environmental Protection	2 834 900	44 185	1,56%
Housing	6 339 900	1 446 452	22,82%
Planning and Development	10 852 800	118 095	1,09%
Public Safety	1 301 100	180 595	13,88%
Road Transport	213 504 800	10 819 938	5,07%
Sport and Recreation	49 987 900	4 118 980	8,24%
Waste Management	5 382 500	2 946 000	54,73%
Waste Water Management	54 246 300	9 700 193	17,88%
Water	315 948 400	97 853 572	30,97%
	911 512 100	177 316 396	19,45%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2020/2021	ACTUAL JANUARY 2021 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	174 011 300	36 327 308	20,88%
Capital Replacement Reserve	554 143 600	105 521 100	19,04%
Integrated Urban Development Grant	153 857 200	14 429 165	9,38%
Government Grants - National	29 500 000	21 038 823	71,32%
TOTAL	911 512 100	177 316 396	19,45%

3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 31 January 2021:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL JAN 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	987 684 300	546 614 842	527 914 722	96,58%
Remuneration of Councillors	34 025 600	19 496 918	18 419 262	94,47%
Debt Impairment	90 060 600	50 734 237	53 988 005	106,41%
Depreciation and asset impairment	480 252 300	256 745 985	210 306 231	81,91%
Finance Charges	79 943 200	33 310 400	33 349 555	100,12%
Bulk Purchases - Electricity	1 027 696 400	615 439 467	635 371 468	103,24%
Bulk Purchases - Water	110 419 500	60 867 640	70 317 876	115,53%
Other Materials	144 085 500	66 232 355	48 798 650	73,68%
Contracted Services	327 958 900	151 525 035	98 152 275	64,78%
Transfers and grants	14 378 000	10 243 700	8 343 187	81,45%
Other Expenditure	297 573 100	131 729 636	136 380 168	103,53%
TOTAL	3 594 077 400	1 942 940 214	1 841 341 398	94,77%

The above table represents operating expenditure per category as at 31 January 2021.

Other Materials – there has been delays on materials issued due to lockdown and the municipality not working at full capacity. There is also outstanding expenditure on fuel issued due to system challenges.

Contracted Services – due to lockdown there has been delays with SCM processes which results in orders to the amount of R31 million. These orders will be processed in the coming months which will increase contracted services expenditure.

At the previous Financial Services Portfolio Committee meeting, Councillors requested the breakdown of other expenditure. The table below represents Other Expenditure:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2020/21	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL AS AT 31 JANUARY 2021	(OVER) / UNDER SPENT
Abstraction Levies	20 442 300	11 924 675	15 159 111	(3 234 436)
Advertising and Municipal Activities	10 005 300	-	2 127 400	(2 127 400)
Bank Charges	14 844 400	8 659 233	4 046 101	4 613 132
Commission:Prepaid Electricity	7 334 200	4 278 283	3 227 154	1 051 130
Communications:SMS Bulk Message Service	3 033 300	1 769 425	280 702	1 488 723
Courier and Delivery Services	89 700	52 325	785	51 540
Drivers Licences and Permits	56 100	32 725	12 630	20 095
Dumping Fees (District Council)	9 256 300	5 399 508	4 713 485	686 023
Entertainment	540 100	315 058	12 991	302 068
Events	1 992 300	1 162 175	53 500	1 108 675
External Audit Fees	5 996 100	3 497 725	1 914 045	1 583 680
Hire Charges:Machinery and Equipment	5 522 000	3 221 167	241 800	2 979 367
Hire Charges:Other Assets	80 700	47 075	6 485	40 590
Hire Charges:Transport Assets	10 093 800	5 888 050	8 617 393	(2 729 343)
IE:Op Cost:Bursaries (Employees)	825 200	481 367	74 730	406 637
Indigent Relief	900 000	525 000	852 449	(327 449)
Insurance Underwriting:Premiums	12 000 000	7 000 000	5 833 333	1 166 667
Insurance:Claims paid to Third Parties	348 000	203 000	54 573	148 427
Insurance:Excess Payments	1 060 000	618 333	405 236	213 097
Laundry Services	55 000	32 083	1 755	30 328
Municipal Services	99 123 700	57 822 158	52 669 051	5 153 107
Operating Leases:Computer Equipment	755 500	440 708	-	440 708
Operating Leases:Machinery and Equipment	278 100	162 225	-	162 225
Operating Leases:Other Assets	5 200	3 033	-	3 033
Operating Leases:Transport Assets	49 900	29 108	-	29 108
Permits	45 000	26 250	59 740	(33 490)
Postage/Stamps/Franking Machines	8 416 900	4 909 858	1 456 895	3 452 963
Printing, Publications And Books	1 457 800	850 383	105 080	745 303
Professional Bodies,Membership&Subscription	11 395 100	6 647 142	10 067 539	(3 420 398)
Radio and TV Transmissions	1 556 600	908 017	243 396	664 621
Remuneration to Ward Committees	5 859 300	3 417 925	2 968 768	449 157
Signage	860 600	502 017	3 690	498 327
Skills Development Fund Levy	7 706 000	4 495 167	3 222 902	1 272 264
Software Licences	17 166 200	10 013 617	5 759 151	4 254 466
Specialised Computer Service	6 468 500	3 773 292	1 922 244	1 851 048
Storage of Files (Archiving)	294 200	171 617	117 453	54 163
Telephone, Fax, Telegraph and Telex	3 797 600	2 215 267	1 588 411	626 856
Travel and Subsistence	7 213 800	4 208 050	491 638	3 716 412
Uniform & Protective Clothing Frontline	1 831 800	1 068 550	59 984	1 008 566
Uniform and Protective Clothing PPE	9 278 000	5 412 167	3 167 910	2 244 256
Vehicle Tracking	4 238 300	2 472 342	1 748 874	723 468
Workmen's Compensation Fund	5 300 200	3 091 783	3 091 783	0

3.6 Revenue per Category

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

REVENUE BY SOURCE	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL JAN 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	540 840 000	338 652 216	344 123 170	101,62%
Service Charges – Electricity revenue	1 666 176 600	1 036 152 502	973 340 571	93,94%
Service Charges – Water revenue	411 574 300	250 611 139	337 268 302	134,58%
Service Charges – Refuse revenue	117 414 400	63 000 399	59 630 415	94,65%
Service Charges – Sanitation revenue	111 886 000	63 573 565	62 446 130	98,23%
Rental of facilities and equipment	11 163 700	5 421 044	3 960 840	73,06%
Interest earned – external investments	63 000 000	30 903 020	10 996 626	35,58%
Interest earned – outstanding debtors	114 000	67 648	96 278	142,32%
Fines	10 596 900	4 887 578	5 084 576	104,03%
Licences and permits	3 406 700	1 959 944	1 409 234	71,90%
Agency services	5 970 400	3 683 424	2 282 071	61,96%
Operating Grants and Subsidies	490 259 800	362 326 000	375 579 265	103,66%
Other Revenue	64 008 800	22 334 389	23 851 314	106,79%
TOTAL OPERATING REVENUE	3 496 411 600	2 183 572 867	2 200 068 790	100,76%

The above table represents operating revenue per category as at 31 January 2021.

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	14 913 443	2 272 631	2 006 391	16 242 419	35 434 884
Other Organs of State	235 386 458	5 961 740	9 570 995	50 412 069	301 331 262
Business	71 727 521	9 240 144	7 905 057	191 450 550	280 323 272
Households	59 027 565	19 657 789	16 233 215	166 421 031	261 057 472
Other	6 913 696	891 375	1 735 272	14 028 701	23 569 044
Total	387 968 683	38 023 679	37 450 930	438 554 770	901 715 934
%	43,03%	4,22%	4,15%	48,64%	

FINANCIAL REPORTING ON INCOME / DEBT

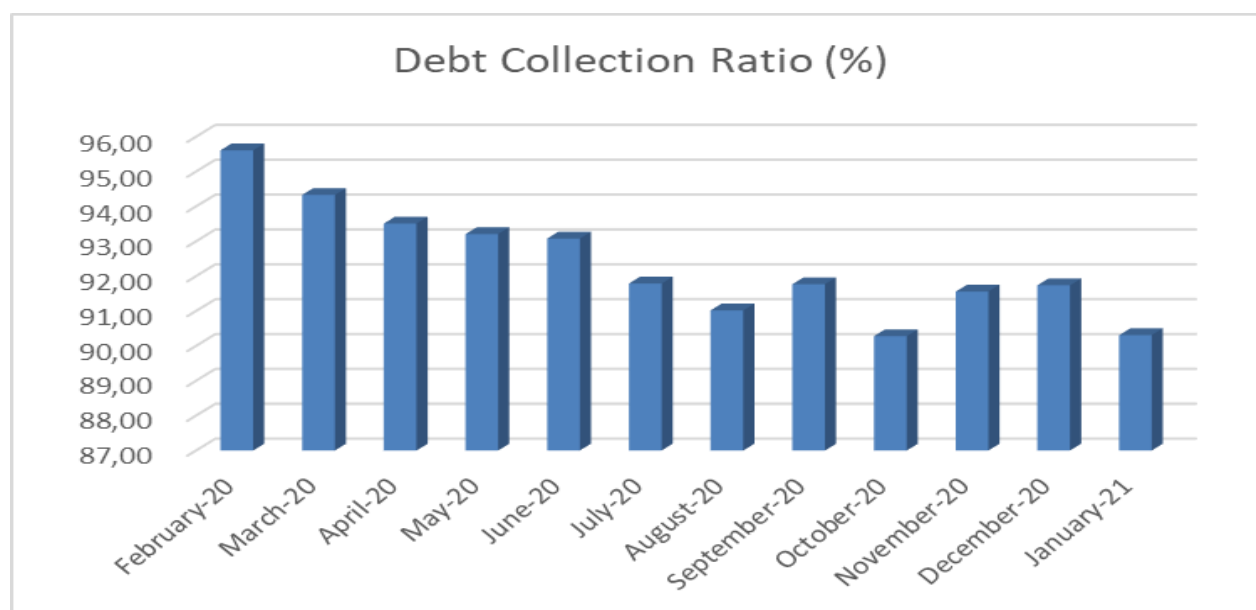
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National 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 (%)
January-21	90,31
December-20	91,74
November-20	91,56
October-20	90,28
September-20	91,77
August-20	91,02
July-20	91,79
June-20	93,08
May-20	93,21
April-20	93,51
March-20	94,33
February-20	95,61



➤ **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:

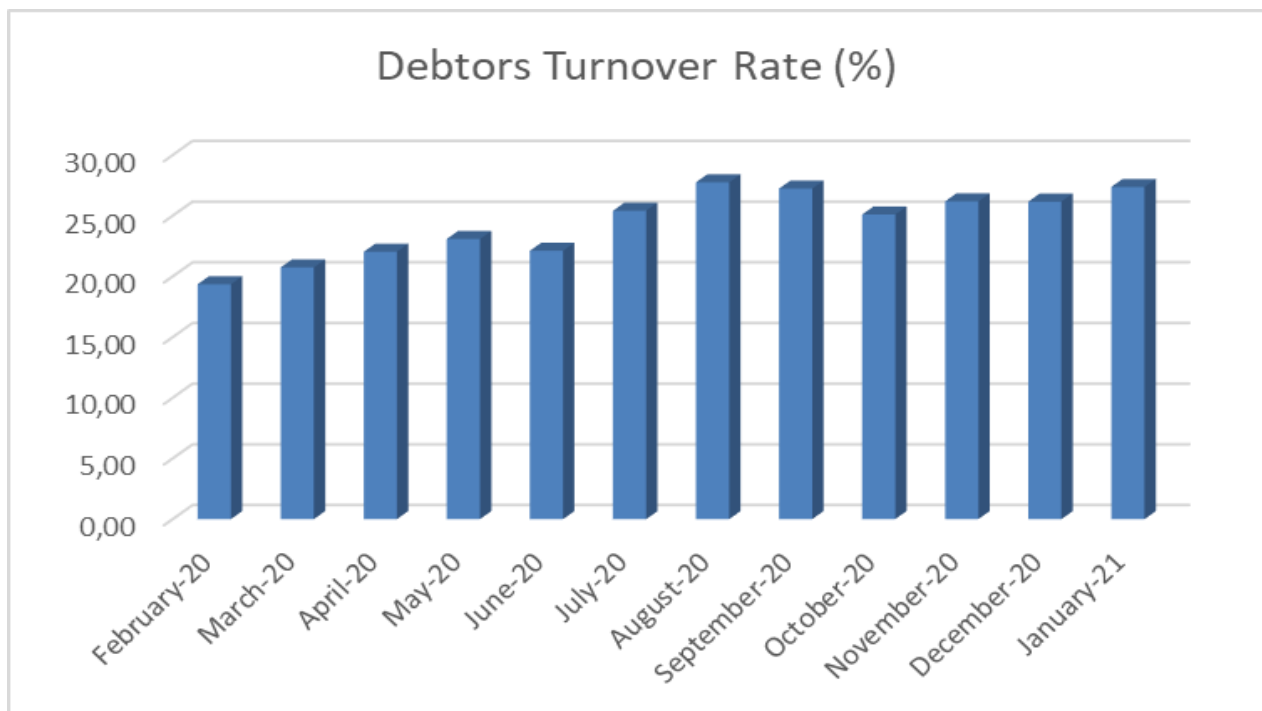
Formula (As per circular 71)	Norm
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

Month	Net Debtor Days
January-21	80,08
December-20	75,05
November-20	76,48
October-20	72,59
September-20	86,91
August-20	89,18
July-20	81,55
June-20	71,77
May-20	73,63
April-20	71,71
March-20	67,88
February-20	63,87



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate (%)
January-21	27,37
December-20	26,16
November-20	26,18
October-20	25,10
September-20	27,23
August-20	27,75
July-20	25,41
June-20	22,11
May-20	23,08
April-20	22,03
March-20	20,74
February-20	19,35



➤ **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
1088329	KING CETSWAYO DM	March 2018	7 491 305	7 421 523	6 185 439	44 583 458	65 681 726
501543	KING CETSWAYO DM	March 2018	6 195 421	6 601 126	7 191 596	41 799 445	61 787 588
531788	MHLATUZE WATER BOARD	August 2019	-	-	-	41 235 057	41 235 057
1854904	BASFOUR 3721 (PTY) LTD	December 2011	-	-	-	22 377 590	22 377 590
551583	KING CETSWAYO DM	March 2018	1 593 349	1 655 210	1 814 011	12 529 509	17 592 080
1675831	KING CETSWAYO DM	March 2018	269 089	685 297	284 889	10 798 431	12 037 707
1610626	TISAND (PTY) LTD	March 2009	-	438 940	-	5 389 604	5 828 543
2289941	PANDA PETROLEUMS	September 2015	784	784	784	5 033 632	5 035 983
1632348	KING CETSWAYO DM	March 2018	438 499	440 577	422 811	4 145 727	5 447 614
416383	RIVER ROCK INVEST (PTY) LTD	June 2009	68 640	68 640	68 640	3 441 313	3 647 233
TOTAL			16 057 087	17 312 098	15 968 170	191 333 767	240 671 122

A separate report will be submitted on business debtors.

Government Debt

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

Government Departments	CURRENT	30Days	60Days	90Days Plus	Balance
National Departments	4 932 475	3 213 531	1 844 194	8 406 153	18 138 464
Provincial Departments	5 135 789	2 940 953	982 573	12 976 596	21 548 137
Government accounts in Dispute	-	-	-	1 794 946	1 794 946
National Departments	CURRENT	30Days	60Days	90Days Plus	Balance
National Public Works	4 805 405	3 087 792	1 705 673	5 874 476	15 215 460
Rural Development & land Reform	-	55	-	1 709 069	1 709 121
Department of Water Affairs and Sanitation	127 070	125 684	138 521	822 608	1 213 884
Provincial Departments	CURRENT	30Days	60Days	90Days Plus	Balance
Public Works	23 711	23 615	29 359	3 609 055	3 632 440
Education	1 464 266	1 073 042	754 119	4 526 298	7 542 305
Human Settlement	48 894	49 753	36 788	1 425 528	1 557 109
Department of Transport	166 863	314 330	113 597	243 802	838 591
Department of Health	3 355 554	1 411 916	48 188	3 170 770	7 831 230
COGTA					-
Department of Social Welfare	70 275	58 142	522	-	128 939
Department of Agriculture	6 226	10 155	-	1 143	17 524
Other Organs of State	CURRENT	30Days	60Days	90Days Plus	Balance
Transnet	6 359 071	461 518	234 368	1 887 633	8 920 046
ESKOM	123 565	80 856	34 632	409 736	390 218
Ingonyama Trust Board	-	-	-	7 309 549	7 309 549
Telkom	545 423	93	93	1 531	546 257
Foskor	33 947 878	2 255 288	12 995	729 708	36 945 814
SA Post Office	10 472	11 951	8 304	105 519	136 246
Richards Bay IDZ	1 965 242	77	-	-	1 965 242
King Cetswayo District Municipality	16 075 632	16 846 843	15 942 540	114 743 571	163 608 586
Mhlathuze Water Board	228	228	283	41 234 775	41 235 513
Total Organs of State	59 027 511	19 656 854	16 233 216	166 422 022	261 057 472

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 Government debt for this time of year will also appear to be higher due to the annual rates that are levied in July of each year.

A separate report detailing all government debt will also be submitted.

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 R395 278,96 as per **Annexure AC - DMS 1446637**.

Councillor's debt amounts to R140 224,74 as per **Annexure AD - DMS 1446637**.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1446694**) 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 January 2021.

6. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 31 January 2021.

7. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) for the month ended 31 January 2021.

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 January 2021.

9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 31 January 2021.

10. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 31 January 2021:

- ❑ 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 1446765** (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 January 2021, 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 1446694**), be noted.