

14660

FINANCIAL REPORT AS AT 30 APRIL 2021

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 30 April 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 April 2021 is included under **Annexures AA and AB (DMS 1465365)**.

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PART 1 - IN-YEAR REPORTING

1. MAYOR'S REPORT FOR THE MONTH OF APRIL 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 April 2021, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in February 2021. 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 2021 (year to date actual) shows a surplus of R431 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 third tranche of its Equitable Share amount of R99,2 million which contributed to the surplus.

R95,2 million which was not budgeted for was received from the sale of land to Richards bay Development Zone.

Although a surplus on its **own is an acceptable financial indicator** the areas from which this surplus arises being – Materials and Supplies and Contracted Services implies that service delivery is not at the level it should be.

Capital Budget

Council is at the end of the second quarter of the financial year and capital expenditure is very low at R287,4 million (37,68%). This is based on the Adjusted Capital Budget of R762,7 million. Expenditure is expected to rise as the year progresses. The performance in this area although is **Not Acceptable**.

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 3,24:1 (836 417/257 890). Therefore, the Municipality has a positive bank balance to defray its expenses. The performance in this area is **Acceptable**.

However, Council must be cautioned that the Municipality although sitting with a positive cash balance, this is largely due to under spending of capex not the underspending in opex.

Although in the operational environment there is underspending, hence the surplus, this is not contributing to the excess cash, because the reality is the bulk of such operating surplus is sitting in debtors i.e. not recovered yet. The extent of non-recovery in debtors is of great concern at this stage.

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 2021:

DESCRIPTION	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (Excluding Capital Grants)	3 454 294 700	3 021 437 332	3 079 232 000	101.91%
Expenditure	3 603 742 200	2 816 536 391	2 686 673 496	95.39%
Surplus/(Deficit)	(149 447 500)	204 900 941	392 558 505	

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 3,24:1 (836 417/257 890). Although this cash coverage is also an indication of underspending on both Capital and Operating Budgets.

3.3 Grants Balances

DESCRIPTION OF GRANT	SPECIAL ADJUSTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 30/04/2021	ACTUAL EXPENDITURE AS AT 30/04/2021	% SPENT	COMMENTS
NATIONAL TREASURY					
Equitable Share	462 487 000	462 487 000	385 405 833	97%	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	159 963 000	66 575 233	41%	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	1 546 330	59%	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	25 000 000	24 093 454	96%	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	3 008 390	70%	The grant is for the operatonal expenditure for EPWP.
Energy Efficiency and Demand Management	4 500 000	3 500 000	2 478 000	55%	The purpose of the grant is to provide subsidies to municipalities to implement energy efficiency and demand side management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.
TOTAL NATIONAL TREASURY GRANTS	660 820 000	656 545 000	483 107 240	81%	

DESCRIPTION OF GRANT	SPECIAL ADJUSTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 30/04/2021	ACTUAL EXPENDITURE AS AT 30/04/2021	% SPENT	COMMENTS
PROVINCIAL TREASURY					
Provincialisation of Libraries	8 932 000	8 932 000	20 740 869	232%	The KZN Department of Arts and Culture entered into an unfunded mandate agreement with the municipality of provision of library services. Expenditure shown is total operating cost of libraries,
Museum Subsidy	214 000	214 000	3 218 328	1504%	Expenditure shown is the total operating cost of the Museum. The municipality only receive a subsidy from KZN Arts & Culture the rest of the expenditure is funded by the municipality.
Housing Operating Account	1 706 000	963 914	17 131 820	1421%	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	1 616 322	66%	Expenditure shown is the total operating cost of the Cybercadets,
TOTAL PROVINCIAL TREASURY GRANTS	13 297 000	11 917 914	42 707 339	334%	
TOTAL GRANTS AND SUBSIDIES	674 117 000	668 462 914	525 814 579	86%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 30 April 2021:

FUNCTION	ADJUSTED BUDGET 2020/2021	ACTUAL APRIL 2021 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	104 934 500	38 977 801	37,14%
Community and Social Services	33 708 100	5 748 670	17,05%
Energy Sources	91 685 000	39 654 539	43,25%
Executive and Council	51 000	-	0,00%
Environmental Protection	434 200	88 370	20,35%
Housing	6 265 400	2 715 986	43,35%
Planning and Development	6 300 300	638 595	10,14%
Public Safety	1 245 000	374 440	30,08%
Road Transport	149 854 800	33 179 442	22,14%
Sport and Recreation	36 090 900	12 169 811	33,72%
Waste Management	5 381 800	2 946 000	54,74%
Waste Water Management	105 919 300	15 532 526	14,66%
Water	220 838 200	135 387 007	61,31%
	762 708 500	287 413 186	37,68%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2020/2021	ACTUAL APRIL 2021 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	89 995 900	4 462 472	4,96%
Capital Replacement Reserve	485 205 400	216 828 490	44,69%
Integrated Urban Development Grant	153 857 200	36 973 594	24,03%
Government Grants - National	29 500 000	26 736 193	90,63%
Government Grants - Provincial	4 150 000	2 412 437	58,13%
TOTAL	762 708 500	287 413 186	37,68%

3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 30 April 2021:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL APRIL 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	981 780 700	771 408 561	760 198 486	98.55%
Remuneration of Councillors	34 316 700	26 926 362	26 062 500	96.79%
Debt Impairment	90 060 600	76 512 327	79 458 300	103.85%
Depreciation and asset impairment	418 999 300	330 229 915	330 229 914	100.00%
Finance Charges	79 943 200	57 888 748	57 888 748	100.00%
Bulk Purchases - Electricity	1 027 696 400	885 018 807	884 085 220	99.89%
Bulk Purchases - Water	120 664 200	90 826 036	99 729 691	109.80%
Other Materials	151 203 200	97 147 267	71 344 608	73.44%
Contracted Services	345 933 200	229 088 651	168 199 563	73.42%
Transfers and grants	14 378 000	10 151 833	9 046 278	89.11%
Other Expenditure	338 766 700	241 337 884	200 430 187	83.05%
TOTAL	3 603 742 200	2 816 536 391	2 686 673 496	95.39%

The above table represents operating expenditure per category as at 30 April 2021.

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 APRIL 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	559 407 800	471 160 870	469 045 589	99,55%
Service Charges – Electricity revenue	1 664 181 200	1 345 527 271	1 343 135 217	99,82%
Service Charges – Water revenue	409 045 500	421 399 902	460 455 574	109,27%
Service Charges – Refuse revenue	102 477 200	87 216 015	85 040 989	97,51%
Service Charges – Sanitation revenue	108 194 800	87 963 830	86 657 376	98,51%
Rental of facilities and equipment	10 054 900	6 512 940	5 352 138	82,18%
Interest earned – external investments	58 000 000	26 746 626	16 440 544	61,47%
Interest earned – outstanding debtors	114 000	121 778	143 124	117,53%
Fines	7 506 900	6 835 076	6 892 235	100,84%
Licences and permits	3 406 700	2 152 134	1 595 517	74,14%
Agency services	5 970 400	3 570 371	7 116 755	199,33%
Operating Grants and Subsidies	490 759 800	530 502 565	476 612 178	89,84%
Other Revenue	35 175 500	31 727 956	25 549 086	80,53%
Gains on Disposal of PPE	-	-	95 195 680	0,00%
TOTAL OPERATING REVENUE	3 454 294 700	3 021 437 332	3 079 232 000	101,91%

The above table represents operating revenue per category as at 30 April 2021.

As previously requested, the following table contains a breakdown of the Revenue Source – Fines.

DETAILS	ADJUSTED BUDGET 2021/22	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUALS APRIL 2021 (YTD)	% PRO- RATA ADJUSTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	307 400	279 889	337 964	121%
Fines:Law Enforcement	2 600	2 367	-	0%
Fines:Overdue Books	16 000	14 568	1 689	12%
Fines:Pound Fees	100	91	-	0%
Fines:Trafic:Court Fines	378 300	344 444	-	0%
Fines:Trafic:Municipal	2 300 000	2 094 163	895 294	43%
Forfeits:Deposits	737 000	671 043	2 256 555	336%
Fines:Motor Vehicle Licence	1 100	1 002	-	0%
Fines, Penalties and Forfeits:Penalties:Property Rates	3 764 400	3 427 508	3 400 734	99%
	7 506 900	6 835 076	6 892 235	101%

3.7 Creditors Age Analysis

Creditors age analysis by customer type

Creditors Age Analysis By Customer Type	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
	R	R	R	R	R
Bulk Electricity	88 709 814	-	-	-	88 709 814
Bulk Water	16 811 612	-	-	-	16 811 612
PAYE deductions	13 073 434	-	-	-	13 073 434
VAT (output less input)	-	-	-	-	-
Pensions / Retirement deductions	11 229 321	-	-	-	11 229 321
Loan repayments	-	-	-	-	-
Trade Creditors	226 119	27 351	40 002	3 405 201	3 698 673
Auditor General	-	-	-	-	-
Other	2 300	-	-	-	2 300
Total By Customer Type	130 052 600	27 351	40 002	3 405 201	133 525 154

The above table represents the ageing of creditors outstanding as at 30 April 2021. As per the National Treasury Circular 71 uniform rations the formula to calculate the creditors payment period is as follows - *Trade creditors outstanding/credit purchases (operating and capital) x 365*. Based on the formula, the creditors payment period as at end of April 2021 is **27 days**. It must be noted that amounts over 90 days are invoices that were accrued due to year-end cut-off however final sign off and verification still needed to be done by user departments.

3.8 Debtors Age Analysis

➤ Debtors age analysis by category

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Organs of State	95 823 625	9 842 617	17 447 037	209 308 841	332 422 120
Business	189 887 654	4 393 514	3 249 389	58 083 352	255 613 909
Households	55 307 813	9 588 951	7 605 742	157 094 326	229 596 832
Other	5 125 087	785 899	1 120 732	12 668 909	19 700 627
Total	346 144 179	24 610 981	29 422 900	437 155 428	837 333 488
%	41,34%	2,94%	3,51%	52,21%	

FINANCIAL REPORTING ON INCOME / DEBT

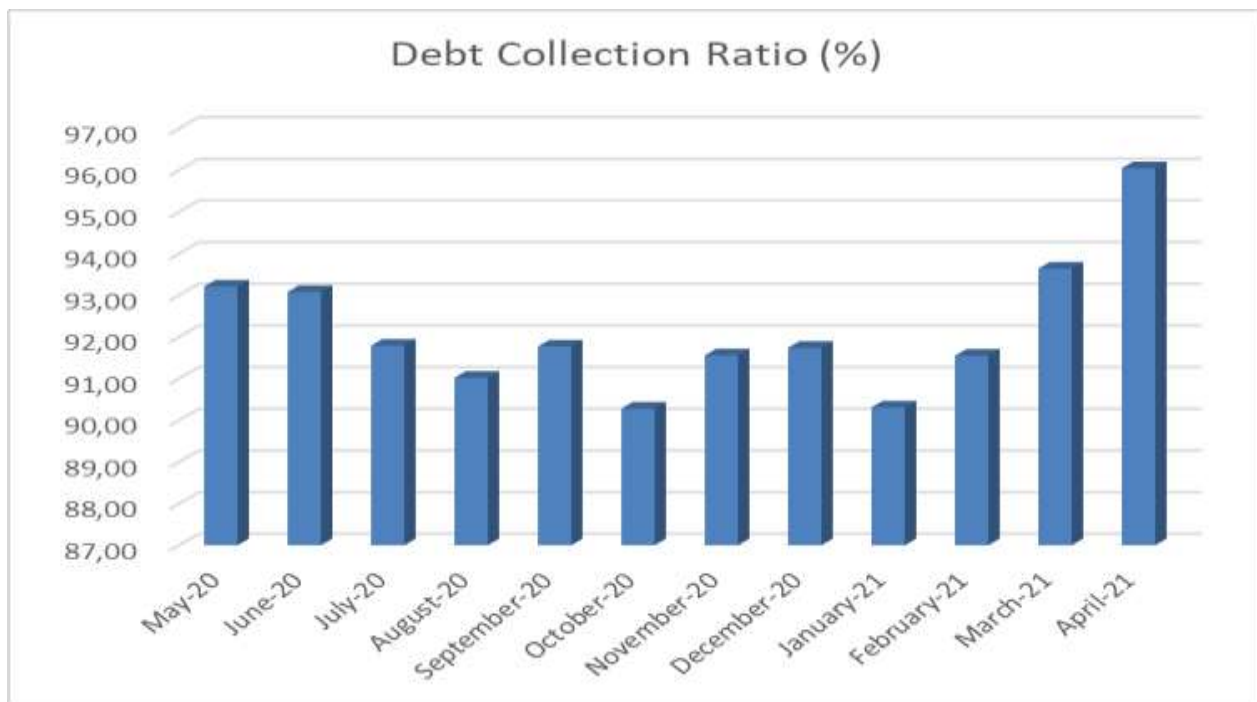
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National 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 (%)
April-21	96,05
March-21	93,64
February-21	91,55
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



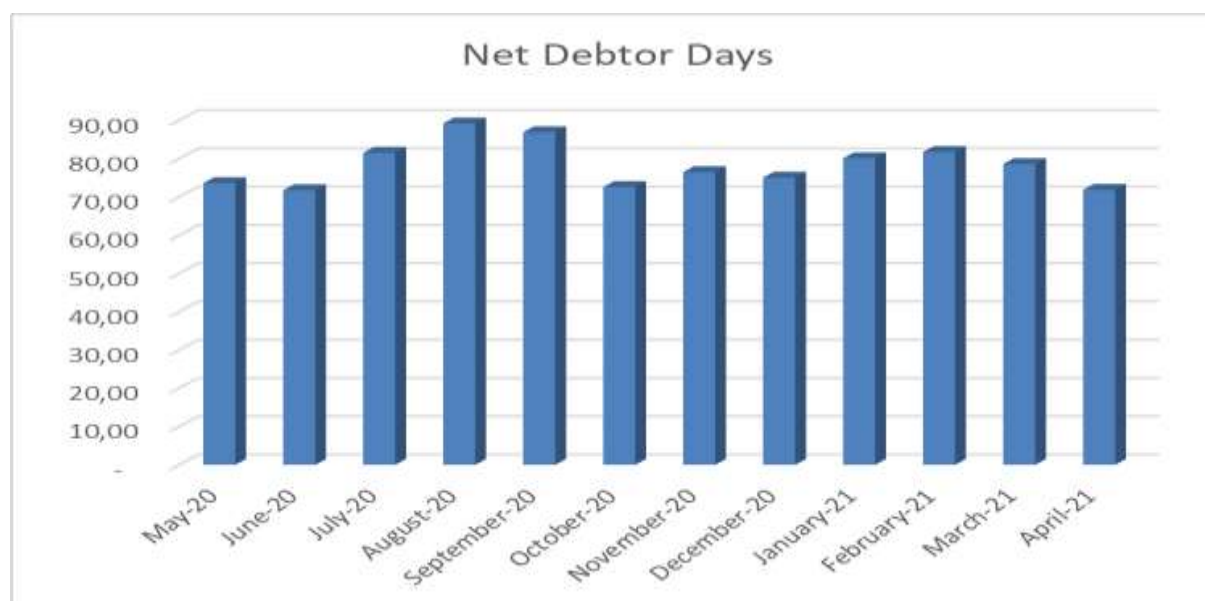
Net Debtors Days

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:

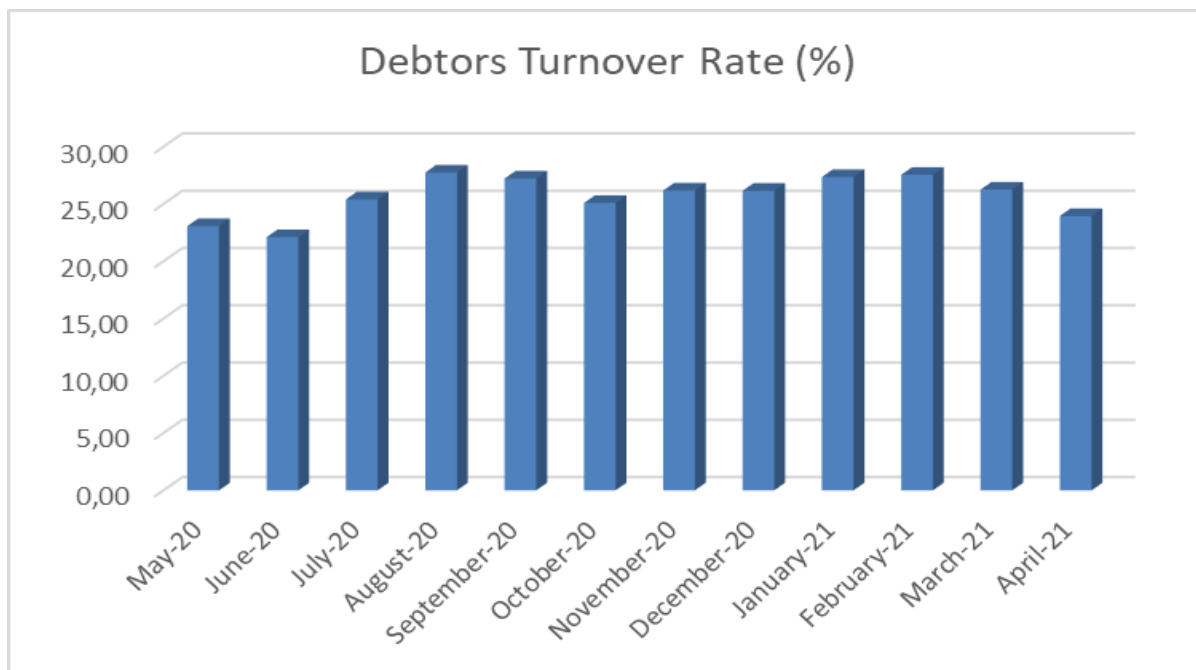
<i>Formula (As per circular 71)</i>	<i>Norm</i>
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

Month	Net Debtor Days
April-21	71,86
March-21	78,58
February-21	81,75
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



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate (%)
April-21	23,96
March-21	26,27
February-21	27,56
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



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	4 602 748	-6 173 288	413 912	163 642	60 396	134 849	715 700	356 845	274 805
Provincial	9 701 254	881 177	709 331	620 119	331 744	447 812	2 462 563	4 675 823	19 829 822
Government accounts in Dispute	55						360 160	1 434 786	1 795 001
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
National Public Works	4 351 332	-6 297 018	286 842	37 958	-78 125	-4 465	619 169	356 845	-727 462
Rural Development & land Reform	3 578	-1 492							2 086
Department of Water Affairs and Sanitation	247 837	125 222	127 070	125 684	138 521	139 315	96 530		1 000 180
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	-92 393	52 174	21 648	21 552	27 296	-11 638	1 441 417	306 618	1 766 673
Education	6 452 014	631 337	429 192	534 688	254 473	133 319	525 853	540 056	9 500 933
Human Settlement	-100 908	14 018	7 381	7 368	5 736	4 437	187 108	1 220 418	1 345 557
Department of Transport	354 497	49 378	38 663	5 427	5 993	4 330	43 855	118 399	620 543
Department of Health	3 027 580	134 075	212 334	51 084	38 246	317 363	264 330	2 489 189	6 534 202
Department of Social Welfare	43 719	29	-	-	-	-	-	-	43 748
Department of Agriculture	16 745	166	113	-	-	-	-	1 143	18 167
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	7 696 323	187 937	125 300	116 404	115 325	113 962	62 085	129 443	8 546 779
ESKOM	182 610	35 035	35 042	34 914	34 607	32 224	17 400	175 754	547 586
Ingonyama Trust Board	-23 769	-	55	935			1 537 745	5 770 814	7 285 780
Telkom	550 419	-	-24						550 395
Foskor	26 748 346	12 940	12 940	730 093	12 940	12 940	74 983	602 963	28 208 148
SA Post Office	13 250	2 839	2 829	2 820	2 811	2 802	16 967	80 107	124 424
Richards Bay IDZ	3 862 178								3 862 178
Mhlathuze Water Board	14 173 672	228	228	228	283	228	1 329	41 233 218	55 409 413
King Cetshwayo District Municipality	27 622 727	15 131 252	16 178 190	16 951 111	15 939 128	17 715 108	85 831 876	9 663 851	205 033 244

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.

3.9 Employee Debt / Councillor Debt

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

Employee debt amounts to R 398 836,67 as per **Annexure AC - DMS 1465365**.

Councillor's debt amounts to R 141 023,89 as per **Annexure AD - DMS 1465365**.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1465364**) 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 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 30 April 2021.

6. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 30 April 2021.

7. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) for the month ended 30 April 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 30 April 2021.

9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 30 April 2021.

10. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 30 April 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 1466446 (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 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 1465364**), be noted.