

14747

## FINANCIAL REPORT AS AT 31 MAY 2021

*This report is submitted simultaneously to the Financial Services Portfolio, Executive Committee and Council.*

### PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 31 May 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 May 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 May 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 May 2021 is included under **Annexures AA and AB (DMS 1471265)**.

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## PART 1 - IN-YEAR REPORTING

### 1. MAYOR'S REPORT FOR THE MONTH OF MAY 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 May 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 May 2021 (year to date actual) shows a surplus of R266,1 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 R309,8 million (40,62%). 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 3,14:1 (809 036/257 890). 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 31 May 2021:

DESCRIPTION	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL MAY 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (Excluding Capital Grants)	3 454 294 700	3 091 991 360	3 334 132 798	107,83%
Expenditure	3 603 742 200	3 177 049 108	3 067 990 557	96,57%
Surplus/(Deficit)	(149 447 500)	(85 057 748)	266 142 241	

### 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 3,14:1 (809 036/257 890). Although this cash coverage is also an indication of underspending on both Capital and Operating Budgets.

### 3.3 Grants Balances

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 31/05/2021	ACTUAL EXPENDITURE AS AT 31/05/2021	% SPENT	COMMENTS
<b>NATIONAL TREASURY</b>					
Equitable Share	462 487 000	462 487 000	423 946 417	92%	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	105 852 132	66%	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	1 770 318	68%	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	3 349 201	78%	The grant is for the operational expenditure for EPWP.
Energy Efficiency and Demand Management	4 500 000	3 500 000	3 395 412	75%	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.
<b>TOTAL NATIONAL TREASURY GRANTS</b>	<b>660 820 000</b>	<b>656 545 000</b>	<b>562 406 934</b>	<b>94%</b>	

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 31/05/2021	ACTUAL EXPENDITURE AS AT 31/05/2021	% SPENT	COMMENTS
<b>PROVINCIAL TREASURY</b>					
Provincialisation of Libraries	8 932 000	8 932 000	22 914 279	257%	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	3 481 686	1627%	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	18 930 460	1570%	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	1 767 491	72%	Expenditure shown is the total operating cost of the Cybercadets,
<b>TOTAL PROVINCIAL TREASURY GRANTS</b>	<b>13 297 000</b>	<b>11 917 914</b>	<b>47 093 916</b>	<b>368%</b>	
<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>674 117 000</b>	<b>668 462 914</b>	<b>609 500 850</b>	<b>100%</b>	

### 3.4 Capital Budget Summary

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

<b>FUNCTION</b>	<b>ADJUSTED BUDGET 2020/2021</b>	<b>ACTUAL MAY 2021 (YTD)</b>	<b>% OF ADJUSTED BUDGET SPENT</b>
	<b>R</b>	<b>R</b>	<b>%</b>
Finance and Administration	104 934 500	42 970 456	40,95%
Community and Social Services	33 708 100	7 758 248	23,02%
Energy Sources	91 685 000	42 074 401	45,89%
Executive and Council	51 000	-	0,00%
Environmental Protection	434 200	87 714	20,20%
Housing	6 265 400	4 567 037	72,89%
Planning and Development	6 300 300	638 415	10,13%
Public Safety	1 245 000	374 306	30,06%
Road Transport	149 854 800	39 297 909	26,22%
Sport and Recreation	36 090 900	13 523 307	37,47%
Waste Management	5 381 800	2 945 959	54,74%
Waste Water Management	105 919 300	15 576 530	14,71%
Water	220 838 200	139 990 297	63,39%
	<b>762 708 500</b>	<b>309 804 580</b>	<b>40,62%</b>

The total adopted Capital Budget funding structure is as follows:

<b>SOURCE OF FUNDING</b>	<b>ADJUSTED BUDGET 2020/2021</b>	<b>ACTUAL MAY 2021 (YTD)</b>	<b>% OF ADJUSTED BUDGET SPENT</b>
	<b>R</b>	<b>R</b>	<b>%</b>
Borrowing	89 995 900	6 914 725	7,68%
Capital Replacement Reserve	485 205 400	232 411 884	47,90%
Integrated Urban Development Grant	153 857 200	40 053 451	26,03%
Government Grants - National	29 500 000	28 012 083	94,96%
Government Grants - Provincial	4 150 000	2 412 437	58,13%
<b>TOTAL</b>	<b>762 708 500</b>	<b>309 804 580</b>	<b>40,62%</b>



### 3.5 Expenditure per Category

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

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL MAY 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	981 780 700	849 461 520	837 017 303	98,54%
Remuneration of Councillors	34 316 700	29 762 062	28 550 755	95,93%
Debt Impairment	90 060 600	82 555 550	82 555 550	100,00%
Depreciation and asset impairment	418 999 300	384 082 692	384 082 692	100,00%
Finance Charges	79 943 200	73 281 267	73 281 267	100,00%
Bulk Purchases - Electricity	1 027 696 400	971 277 052	963 347 153	99,18%
Bulk Purchases - Water	120 664 200	105 950 478	109 658 790	103,50%
Other Materials	151 203 200	114 571 370	80 120 030	69,93%
Contracted Services	345 933 200	271 819 170	202 676 173	74,56%
Transfers and grants	14 378 000	11 136 133	9 169 878	82,34%
Other Expenditure	338 766 700	283 151 814	297 530 967	105,08%
<b>TOTAL</b>	<b>3 603 742 200</b>	<b>3 177 049 108</b>	<b>3 067 990 557</b>	<b>96,57%</b>

The above table represents operating expenditure per category as at 31 May 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 MAY 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	559 407 800	513 612 770	509 344 181	99,17%
Service Charges – Electricity revenue	1 664 181 200	1 439 569 090	1 471 974 467	102,25%
Service Charges – Water revenue	409 045 500	404 244 302	513 255 899	126,97%
Service Charges – Refuse revenue	102 477 200	97 439 215	93 108 692	95,56%
Service Charges – Sanitation revenue	108 194 800	96 456 830	95 063 018	98,55%
Rental of facilities and equipment	10 054 900	7 045 040	5 783 162	82,09%
Interest earned – external investments	58 000 000	37 843 626	24 072 719	63,61%
Interest earned – outstanding debtors	114 000	104 500	160 190	153,29%
Fines	7 506 900	6 881 325	9 091 859	132,12%
Licences and permits	3 406 700	2 518 934	2 712 459	107,68%
Agency services	5 970 400	4 168 371	7 650 103	183,53%
Operating Grants and Subsidies	490 759 800	449 863 150	477 981 981	106,25%
Other Revenue	35 175 500	32 244 208	28 738 388	89,13%
Gains on Disposal of PPE	-	-	95 195 680	0,00%
<b>TOTAL OPERATING REVENUE</b>	<b>3 454 294 700</b>	<b>3 091 991 360</b>	<b>3 334 132 798</b>	<b>107,83%</b>

The above table represents operating revenue per category as at 31 May 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 MAY 2021 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	307 400	281 783	402 870	143%
Fines:Law Enforcement	2 600	2 383	-	0%
Fines:Overdue Books	16 000	14 667	1 958	13%
Fines:Pound Fees	100	92	-	0%
Fines:Traffic:Court Fines	378 300	346 775	-	0%
Fines:Traffic:Municipal	2 300 000	2 108 333	2 183 825	104%
Forfeits:Deposits	737 000	675 583	2 779 509	411%
Fines:Motor Vehicle Licence	1 100	1 008	-	0%
Fines, Penalties and Forfeits:Penalties:Property Rates	3 764 400	3 450 700	3 723 696	108%
	<b>7 506 900</b>	<b>6 881 325</b>	<b>9 091 859</b>	<b>132%</b>

### 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	88 958 438	-	-	-	88 958 438
Bulk Water	18 110 476	-	-	-	18 110 476
PAYE deductions	12 737 841	-	-	-	12 737 841
VAT (output less input)	-	-	-	-	-
Pensions / Retirement deductions	11 276 253	-	-	-	11 276 253
Loan repayments	-	-	-	-	-
Trade Creditors	581 110	-	11 818	1 381 453	1 974 381
Auditor General	-	-	-	-	-
Other	3 519	-	-	-	3 519
<b>Total By Customer Type</b>	<b>131 667 636</b>	<b>-</b>	<b>11 818</b>	<b>1 381 453</b>	<b>133 060 907</b>

The above table represents the ageing of creditors outstanding as at 31 May 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 May 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	103 444 303	14 429 283	7 975 783	224 114 991	349 964 360
Business	194 119 089	3 107 627	3 177 822	57 492 869	257 897 407
Households	56 308 908	7 568 087	8 073 265	151 685 077	223 635 337
Other	5 081 432	762 077	713 945	12 407 440	18 964 894
<b>Total</b>	<b>358 953 732</b>	<b>25 867 074</b>	<b>19 940 815</b>	<b>445 700 377</b>	<b>850 461 998</b>
<b>%</b>	<b>42,21%</b>	<b>3,04%</b>	<b>2,34%</b>	<b>52,41%</b>	

### FINANCIAL REPORTING ON INCOME / DEBT

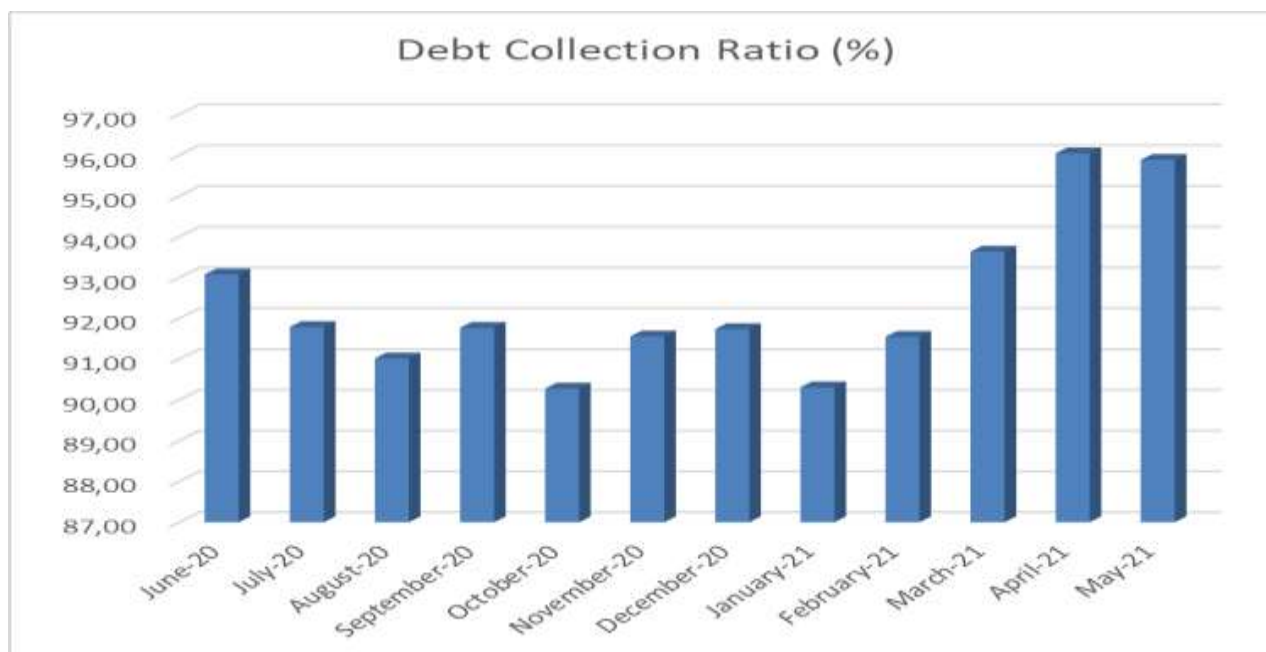
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National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

<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 <b>95%</b>

Month	Debt Collection Ratio (%)
May-21	95,89
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



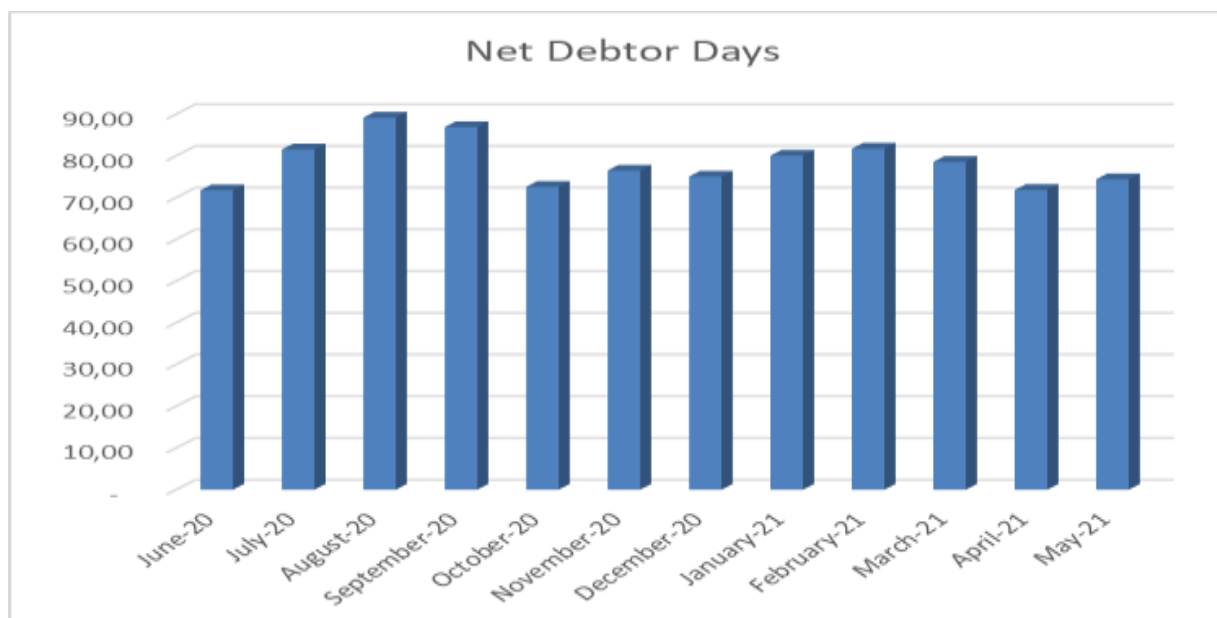
### **Net Debtors Days**

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>

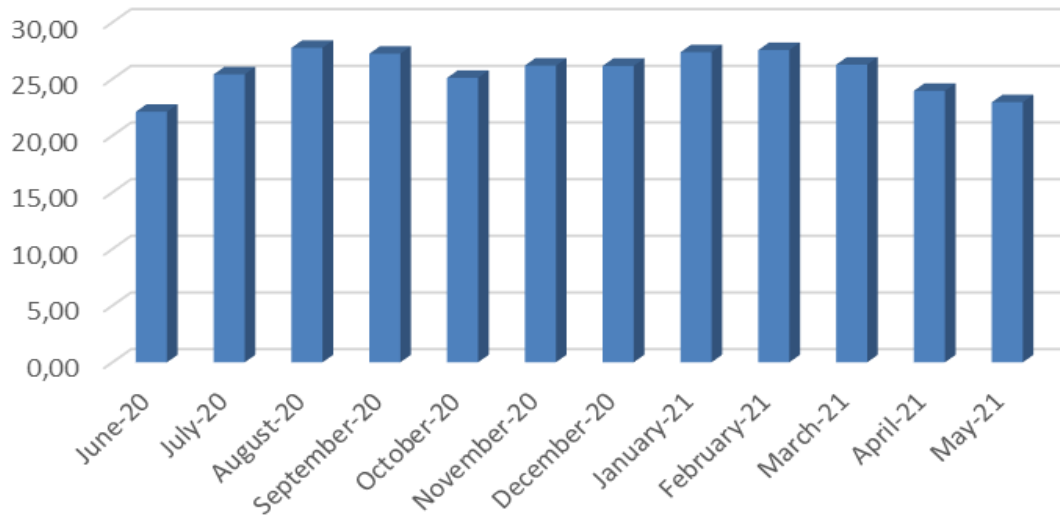
<b>Month</b>	<b>Net Debtor Days</b>
May-21	74,40
April-21	71,86
March-21	78,58
February-21	81,75
January-21	80,08
December-20	75,05
November-20	76,48
October-20	72,59
September-20	86,91
August-20	89,18
July-20	81,55
June-20	71,77



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate (%)
May-21	22,95
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

Debtors Turnover Rate (%)



## **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	3 681 363	414 450	-7 808 670	171 678	163 642	60 384	628 368	440 373	-2 248 411
Provincial	10 500 080	1 033 222	484 001	658 240	559 472	305 373	2 638 492	4 495 798	20 674 679
Government accounts in Dispute	55						307 096	1 383 665	1 690 815
<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>
National Public Works	3 432 333	292 830	-7 933 893	44 608	37 958	-78 137	337 315	364 582	-3 502 404
Rural Development & land Reform	3 578	-1 492					55 208	75 791	133 085
Department of Water Affairs and Sanitation	245 452	123 112	125 222	127 070	125 684	138 521	235 845		1 120 907
<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	-34 606	19 640	51 363	20 837	20 741	26 485	1 383 157	272 985	1 760 603
Education	6 387 150	706 266	295 836	415 165	477 497	231 617	469 435	627 761	9 610 727
Human Settlement	184 209	6 871	6 479	4 984	5 432	4 768	186 079	951 110	1 349 932
Department of Transport	13 587	57 994	5 607	4 807	4 719	4 257	46 296	121 561	258 828
Department of Health	3 882 748	233 490	124 549	212 334	51 084	38 246	553 524	2 521 238	7 617 214
Department of Social Welfare	51 047	29							51 076
Department of Agriculture	15 945	8 932	166	113				1 143	26 299
<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	6 491 412	693 790	150 211	125 061	116 404	115 325	165 261	136 834	7 994 297
ESKOM	131 837	34 785	35 035	35 042	34 914	34 607	23 674	169 714	499 608
Ingonyama Trust Board	24 759			55	935		1 523 027	5 757 288	7 306 063
Telkom	550 928	93							551 021
Foskor	32 021 134	12 940	12 940	12 940	730 093	12 940	75 870	602 077	33 480 935
SA Post Office	5 779	2 848	2 839	2 829	2 820	2 811	16 879	82 996	119 801
Richards Bay IDZ	2 130 501								2 130 501
Mhlathuze Water Board	14 054 836	22 882	228	228	228	283	1 342	41 233 433	55 313 460
King Cetshwayo District Municipality	32 182 090	12 429 398	15 131 252	16 178 190	16 951 111	15 939 128	95 707 970	15 976 259	220 495 399

**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 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 363 845,56 as per **Annexure AC - DMS 1471265**.

Councillor's debt amounts to R 144 170,51 as per **Annexure AD - DMS 1471265**.

## 4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1471252**) 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 May 2021.

### 6. **CREDITORS ANALYSIS**

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

### 7. **INVESTMENT PORTFOLIO ANALYSIS**

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

### 9. **COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

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

### 10. **CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 31 May 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 1471792** (Annexure AE).

**ENVIRONMENTAL IMPLICATIONS**

None

**FINANCIAL IMPLICATIONS**

This has been covered in details throughout the report.

**LEGAL IMPLICATI ONS**

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:**

1. the financial position of the uMhlathuze Municipality as at 31 May 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 1471252**) be noted; and
2. **a separate report detailing all Government debt, be submitted to Council.**