

14966

FINANCIAL REPORTING AS AT 31 AUGUST 2021

This report served before the Financial Services Portfolio Committee on 28 September 2021.

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 31 August 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 August 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 August 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 August 2021 is included under **Annexures AA and AB (DMS 1488370)**.

TABLE OF CONTENTS

PART 1 - IN-YEAR REPORT	
1.	Mayor's report for the month of August 2021
2.	Resolutions
3.	Executive Summary
3.1	Executive Summary - Operating Budget
3.2	Executive Summary - Cash Flow Situation
3.3	Executive Summary - Grants Balances
3.4	Executive Summary - Capital Budget Summary
3.5	Executive Summary - Expenditure per Category
3.6	Executive Summary - Revenue per Category
3.7	Executive Summary - Creditors Age Analysis
3.8	Executive Summary - Debtors Age Analysis
3.9	Executive Summary - Employee Debt and Councillor Debt
4.	In-year budget statement tables
PART 2 - SUPPORTING DOCUMENTATION	
5.	Debtors' Analysis
6.	Creditors' Analysis
7.	Investment portfolio analysis
8.	Allocation and grant receipts and expenditure
9.	Councillor allowances and employee benefits
10.	Capital programme performance
11.	Municipal Manager's quality certification

PART 1 - IN-YEAR REPORTING

1. **MAYOR'S REPORT FOR THE MONTH OF AUGUST 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 August 2021, and the performance of the Municipality against its budget is in line with the adopted budget that was approved by Council in May 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 August 2021 (year to date actual) shows a surplus of R105 million. The performance in this area is **Acceptable**.

Capital Budget

Council is in the first quarter of the financial year and capital expenditure is very low at R21,0 million (2,53%). This is based on the Original Capital Budget of R831 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 3,03:1 (842 370/278 226). 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 August 2021:

DESCRIPTION	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL AUGUST 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Revenue	3 762 787 100	3 762 787 100	900 464 879	716 851 903	79.61%
Expenditure	3 913 241 800	3 913 491 800	762 535 517	613 622 246	80.47%
Operating Surplus/(Deficit)	(150 454 700)	(150 704 700)	137 929 362	103 229 657	

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 3,03:1 (842 370/278 226). Although this cash coverage is also an indication of underspending on both Capital and Operating Budgets.

3.3 Grants Balances

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2021/22	AMOUNT RECEIVED AS AT 31/08/2021	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/08/2021	% SPENT	COMMENTS
NATIONAL TREASURY						
Equitable Share	416 124 000	173 384 000	242 740 000	69 354 000	17%	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	134 750 000	49 392 000	85 358 000	5 475 642	4%	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	2 450 000	2 450 000	-	545 052	22%	Spending is in accordance with the support plan submitted to National Treasury for the grant.
Water services infrastructure grant	30 000 000	15 000 000	15 000 000	2 827 357	9%	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	3 417 000	855 000	2 562 000	649 459	19%	The grant is for the operational expenditure for EPWP.
Energy Efficiency and Demand Management	4 000 000	2 000 000	2 000 000		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. No capital expenditure has been incurred in the period under review.
TOTAL NATIONAL TREASURY GRANTS	590 741 000	243 081 000	347 660 000	78 851 510	13%	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2021/22	AMOUNT RECEIVED AS AT 31/08/2021	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/08/2021	% SPENT	COMMENTS
PROVINCIAL TREASURY						
Provincialisation of Libraries	9 136 000	-	9 136 000	5 944 662	65%	Grant will only be received once an MOA has been signed. This MOA is in the process of being finalised. Expenditure shown is the total actual operating costs of the Libraries for the period under review.
Community Library Services Grant (Cyber cadets)	2 618 000	-	2 618 000	334 530	13%	Grant will only be received once an MOA has been signed. This MOA is in the process of being finalised. Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review.
Housing Operating Account	1 206 000	1 253 991	(47 991)	3 528 777	293%	Expenditure shown is the total actual operating cost of the Human Settlements Section excluding Hostel Operating costs for the period under review.
Museum Subsidy	225 000	-	225 000	642 728	286%	Grant will only be received once an MOA has been signed. This MOA is in the process of being finalised. Expenditure shown is the total actual operating costs of the Museum for the period under review.
Sports and Recreation - Capital	10 943 000	-	10 943 000		0%	The receipt of this grant is dependent on a signed SLA. The user department is in the process of finalising the SLA.
TOTAL PROVINCIAL TREASURY GRANTS	24 128 000	1 253 991	22 874 009	10 450 697	43%	
TOTAL GRANTS AND SUBSIDIES	614 869 000	244 334 991	370 534 009	89 302 207	15%	

3.4 Capital Budget Summary

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

FUNCTION	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	ACTUAL AUGUST 2021 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	%
Finance and Administration	48 889 800	32 385 300	-	0.00%
Community and Social Services	65 932 800	30 897 700	824 505	2.67%
Energy Sources	83 598 100	62 572 700	1 105 604	1.77%
Executive and Council	127 000	-	-	0.00%
Environmental Protection	4 400 700	2 400 700	-	0.00%
Air Transport - Air port	19 500 000	19 500 000		0.00%
Planning and Development	48 878 500	7 140 500	-	0.00%
Public Safety	1 111 000	872 500	-	0.00%
Road Transport	127 793 700	108 417 500	2 741 302	2.53%
Sport and Recreation	60 876 900	53 901 000	6 120 358	11.35%
Waste Water Management	69 416 300	70 336 300	-	0.00%
Water	300 442 600	289 972 600	10 210 426	3.52%
	830 967 400	678 396 800	21 002 195	3.10%

SOURCE OF FUNDING	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	ACTUAL AUGUST 2021 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	%
Borrowing	226 138 200	374 000 000	5 325 484	1.42%
Capital Replacement Reserve	431 873 700	131 441 300	4 367 330	3.32%
Integrated Urban Development Grant	128 012 500	128 012 500	5 377 192	4.20%
Government Grants - National	34 000 000	34 000 000	2 228 141	6.55%
Government Grants - Provincial	10 943 000	10 943 000	3 704 048	33.85%
TOTAL	830 967 400	678 396 800	21 002 195	3.10%

3.5 Expenditure per Category

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

EXPENDITURE BY TYPE	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL AUGUST 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Employee related costs	1 084 038 100	1 086 693 100	174 470 000	150 874 957	86.48%
Remuneration of Councillors	35 115 900	35 115 900	5 852 800	5 210 906	89.03%
Debt Impairment	139 527 300	139 527 300	15 535 600	15 535 600	100.00%
Depreciation and asset impairment	435 000 000	435 000 000	72 500 000	72 500 000	100.00%
Finance Charges	69 027 500	69 027 500	11 505 200	11 505 200	100.00%
Bulk Purchases - Electricity	1 242 092 300	1 242 092 300	304 036 276	264 597 628	87.03%
Inventory consumed - Water	360 400 100	360 400 100	60 066 683	46 078 898	76.71%
Inventory consumed - Materials	140 161 000	142 042 200	23 673 700	10 411 621	43.98%
Contracted Services	316 498 400	310 953 900	48 937 700	20 552 353	42.00%
Transfers and grants	14 597 400	14 858 900	1 253 500	3 359 684	268.02%
Other Expenditure	293 288 300	294 285 100	80 787 591	36 237 175	44.85%
Losses - Water Inventory (Note 1)	243 095 100	243 095 100	40 516 400	30 558 000	75.42%
Inventory consumed - Capitalisation (Note 2)	(459 599 600)	(459 599 600)	(76 599 933)	(53 799 776)	70.23%
TOTAL	3 913 241 800	3 913 491 800	762 535 517	613 622 246	80.47%

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

Note 1 and 2 above:

In terms of Version 6.5 of the mSCOA chart it is required that municipalities account for their water purchases, water production as well their losses in accordance with the water balance model. This model has been derived after consultation with the National Water and Sanitation department and will ensure that water inventory is correctly reflected.

3.6 Revenue per Category

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

REVENUE BY SOURCE	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL AUGUST 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Rates	617 377 500	617 377 500	145 513 300	139 296 535	95.73%
Service Charges – Electricity revenue	1 790 122 900	1 790 122 900	373 491 800	351 291 246	94.06%
Service Charges – Water revenue	469 985 800	469 985 800	84 642 000	100 174 531	118.35%
Service Charges – Sanitation revenue	107 609 700	107 609 700	17 678 000	18 326 130	103.67%
Service Charges – Refuse revenue	107 606 900	107 606 900	17 934 483	17 539 814	97.80%
Rental of facilities and equipment	23 104 900	23 104 900	2 229 100	1 028 122	46.12%
Interest earned – external investments	65 000 000	65 000 000	10 834 000	10 399 244	95.99%
Interest earned – outstanding debtors	118 000	118 000	14 500	35 832	247.12%
Fines, penalties and forfeits	57 082 200	57 082 200	9 513 700	1 832 961	19.27%
Licences and permits	3 525 900	3 525 900	598 400	-	0.00%
Agency services	6 179 400	6 179 400	971 200	830 970	85.56%
Operating Transfers and Subsidies	441 913 500	441 913 500	167 209 700	175 940 595	105.22%
Other Revenue	36 284 300	36 284 300	5 745 600	4 185 923	72.85%
Gains - Employee related costs	36 876 100	36 876 100	-	-	0.00%
TOTAL OPERATING REVENUE	3 762 787 100	3 762 787 100	1 012 316 379	820 881 903	81.09%
LESS: EQUITABLE SHARE RECEIVED IN ADVANCED					
Equitable Share received	-	-	(104 030 000)	(104 030 000)	0.00%
TOTAL REVENUE	3 762 787 100	3 762 787 100	908 286 379	716 851 903	78.92%

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

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

DETAILS	ADOPTED BUDGET 2021/22	PRO-RATA ADOPTED BUDGET (YTD)	ACTUALS AUGUST 2021 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	1 697 400	282 900	48 244	17%
Fines:Law Enforcement	2 700	450	-	0%
Fines:Overdue Books	160 000	26 667	444	2%
Fines:Pound Fees	100	17	-	0%
Fines:Traffic:Court Fines	391 500	65 250	-	0%
Fines:Traffic:Municipal	50 171 600	8 361 933	847 452	10%
Forfeits:Deposits	762 700	127 117	181 778	143%
Fines, Penalties and Forfeits:Penalties:Property Rates	3 896 200	649 367	755 043	116%
TOTAL	57 082 200	9 513 700	1 832 961	19%

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	150 535 511	-	-	-	150 535 511
Bulk Water	17 530 214	-	-	-	17 530 214
PAYE deductions	12 340 182	-	-	-	12 340 182
Pensions / Retirement deductions	11 342 833	-	-	-	11 342 833
Trade Creditors	1 168 415	4 974 900	183 780	1 099 362	7 426 458
Total By Customer Type	192 917 156	4 974 900	183 780	3 405 201	199 175 198

The above table represents the ageing of creditors outstanding as at 31 August 2021. As per the National Treasury Circular 71 uniform ratios 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 August 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	113 221 896	15 276 720	17 874 526	137 325 233	283 698 375
Business	226 977 384	3 550 897	2 969 262	65 158 699	298 656 242
Households	66 451 436	9 381 563	6 332 135	162 462 943	244 628 077
Other	3 671 268	607 002	539 824	13 152 093	17 970 187
Total	410 321 984	28 816 182	27 715 747	378 098 968	844 952 881
%	48,56%	3,41%	3,28%	44,75%	

FINANCIAL REPORTING ON INCOME / DEBT

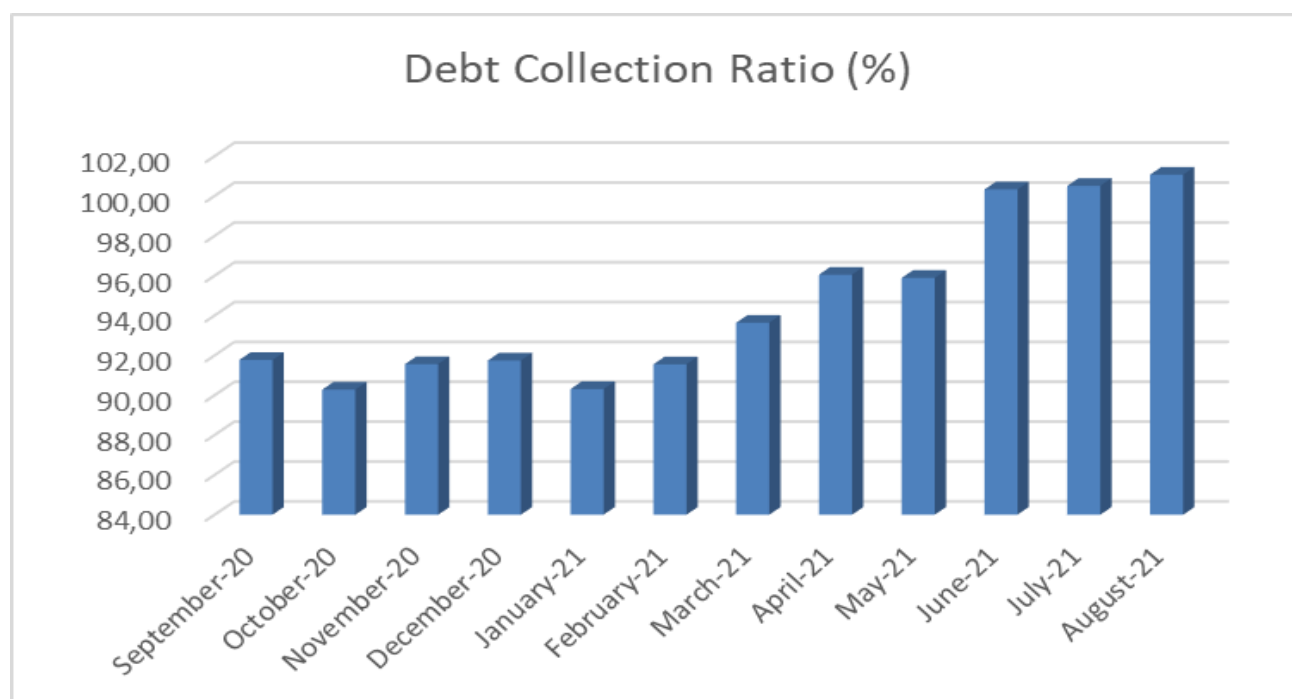
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National 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 (%)
August-21	101,07
July-21	100,51
June-21	100,33
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



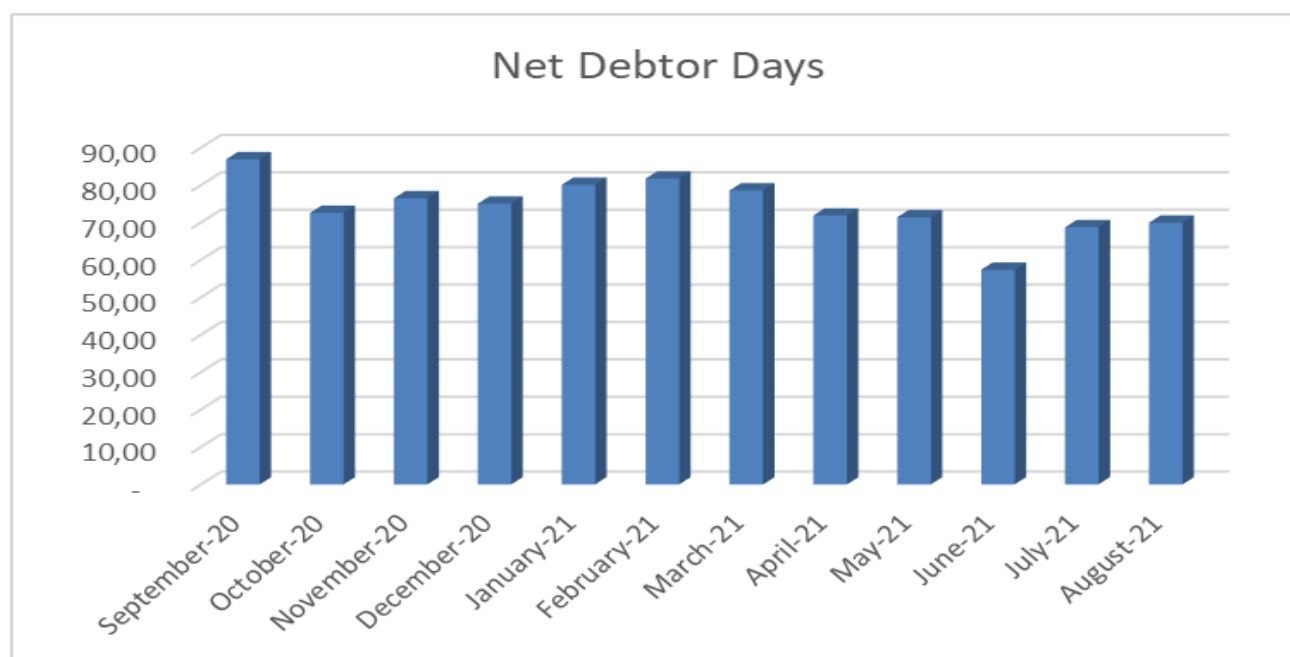
Net Debtors Days

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:

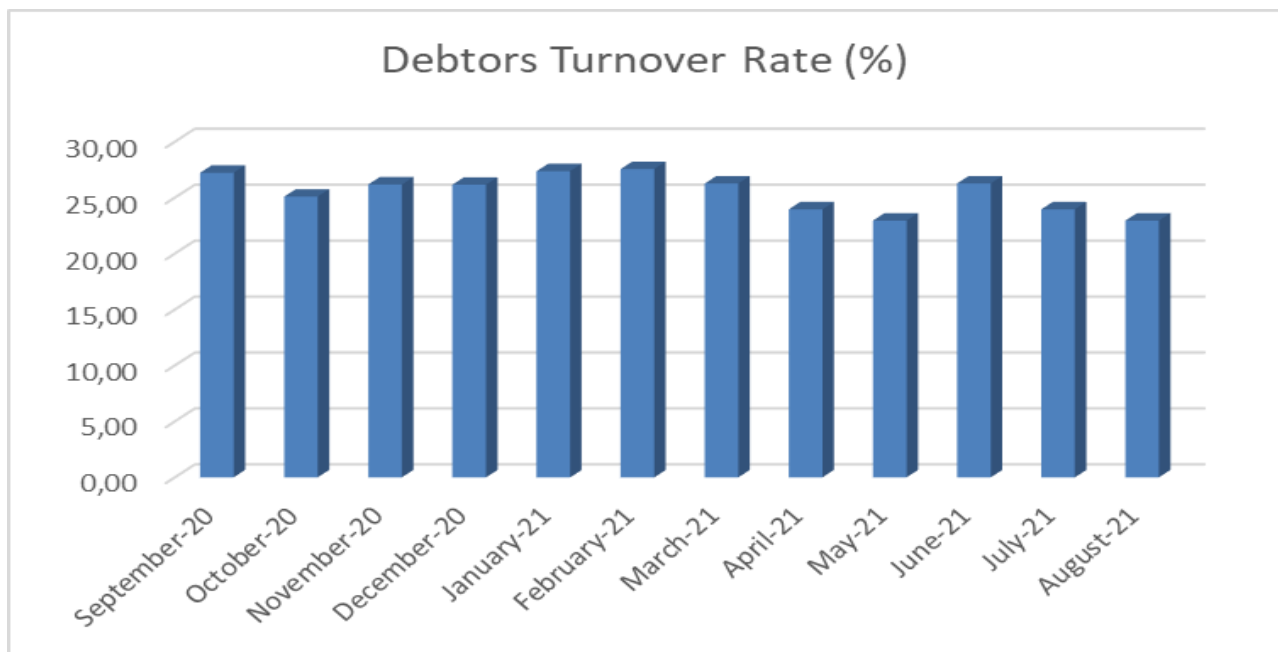
Formula (As per circular 71)	Norm
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

Month	Net Debtor Days
August-21	69,95
July-21	68,76
June-21	57,37
May-21	71,40
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



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate (%)
August-21	22,95
July-21	23,96
June-21	26,27
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



Government Debt

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

Government Departments - Summary of ALL Debt									
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	14 834 852	297 566	28 441	-607 571	-177 123	-5 486 118	22 566	557 983	9 470 596
Rural Development & land Reform	278 232	410 967	-	-	5 307	-	-	130 999	825 504
Department of Water Affairs and Sanitation	-4 502 009,69								-4 502 009,69
	10 611 073,81	708 532,51	28 441,19	-607 570,90	-171 815,78	-5 486 117,69	22 565,53	688 981,91	5 794 090,58
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	19 266 196	5 146 893	18 960	16 771	17 148	48 233	82 756	737 626	25 334 582
Education	4 508 863	2 526 509	574 953	286 861	432 425	214 456	576 803	673 069	9 793 940
Human Settlement	701 823	37 579	31 448	41 191	1 130	1 194	6 731	914 947	1 736 043
Department of Transport	407 664	151 918	26 180	3 000	2 945	2 945	17 671	31 838	644 162
Department of Health	3 426 597	46 866	264 924	275 163	56 277	52 190	734 870	2 650 630	7 507 517
COGTA									
Department of Social Welfare	56 319	-17 509							38 810
Department of Agriculture	10 530				298	166	113	1 115	12 222
	28 377 992	7 892 257	916 465	622 987	510 224	319 183	1 418 945	5 009 225	45 067 277
Govt Dept's Summary	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	10 611 074	708 533	28 441	-607 571	-171 816	-5 486 118	22 566	688 982	5 794 091
Provincial	28 377 992	7 892 257	916 465	622 987	510 224	319 183	1 418 945	5 009 225	45 067 277
Government accounts in Dispute	205 613	17 096	-	-	-	55	-	1 690 760	1 913 525
	39 194 679,17	8 617 885,64	944 905,88	15 415,75	338 407,75	-5 166 879,96	1 441 510,85	7 388 967,13	52 774 892,21
State Owned Enterprises	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
Foskor	46 111 817	1 266 712	12 940	12 940	12 940	12 940	794 795	599 281	48 824 366
Transnet	9 495 613	216 639	357 458	163 560	107 776	115 336	495 977	157 759	11 110 118
Ingonyama Trust Board	573 224	1 397 675	72	24 281	512	17	1 112	7 282 821	9 279 713
Richards Bay IDZ	2 931 388	-	-	-	-	-	-	-	2 931 388
Telkom	766 343	98	93	93	93				766 720
Eskom	141 901	33 709	35 468	35 400	34 907	35 047	72 668	201 032	590 131
SA Post Office	16 685	2 876	4 794	3 007	2 848	2 839	16 838	91 498	141 384
	60 036 969,55	2 917 708,31	410 826,32	239 281,28	159 075,95	166 178,55	1 381 389,74	8 332 390,22	73 643 819,92

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 the 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 R413 079,89 as per **Annexure AC - DMS 1488370**.

Councillor's debt amounts to R148 686,97 as per **Annexure AD - DMS 1488370**.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1488369**) 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 August 2021.

6. **CREDITORS ANALYSIS**

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

7. **INVESTMENT PORTFOLIO ANALYSIS**

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

9. **COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

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

10. **CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 31 August 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 1489220 (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 August 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 1488369**), be noted.