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## FINANCIAL REPORTING AS AT 31 OCTOBER 2021

*This report served before the Financial Services Portfolio Committee on 24 January 2022. The report was noted.*

### PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 31 October 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

### BACKGROUND

**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 October 2021 is included under **Annexures AA and AB (DMS 1501281)**.

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## PART 1 - IN-YEAR REPORTING

### 1. **MAYOR'S REPORT FOR THE MONTH OF OCTOBER 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 October 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 October 2021 (year to date actual) shows a surplus of R59 million. The performance in this area is **Acceptable**.

## Capital Budget

Council is in the second quarter of the financial year and capital expenditure is very low at R114,1 million (16,83%). This is based on the Proposed Adjustment Budget of R678 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 2.62:1 (729 419/278 226). 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 October 2021:

DESCRIPTION	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL OCTOBER 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Revenue	3 762 787 100	3 762 787 100	1 478 553 994	1 252 114 347	84,69%
Expenditure	3 913 241 800	3 913 491 800	1 330 936 469	1 192 555 874	89,60%
Operating Surplus/(Deficit)	(150 454 700)	(150 704 700)	147 617 525	59 558 473	

### 3.2 **Cash Flow Situation**

#### **Council's Working Capital Policy:**

In terms of Council's Adopted Working Capital Policy, the objective is for the Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 2.62:1 (729 419/278 226). 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 31/10/2021	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/10/2021	% SPENT	COMMENTS
<b>NATIONAL TREASURY</b>						
Equitable Share	416 124 000	173 384 000	242 740 000	138 708 000	33%	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	33 079 982	25%	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	-	1 100 330	45%	Spending is in accordance with the support plan submitted to National Treasury for the grant.
Water services infrastructure grant	30 000 000	30 000 000	-	13 018 569	43%	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	1 150 357	34%	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.
<b>TOTAL NATIONAL TREASURY GRANTS</b>	<b>590 741 000</b>	<b>258 081 000</b>	<b>332 660 000</b>	<b>187 057 238</b>	<b>32%</b>	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2021/22	AMOUNT RECEIVED AS AT 31/10/2021	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/10/2021	% SPENT	COMMENTS
<b>PROVINCIAL TREASURY</b>						
Provincialisation of Libraries	9 136 000	-	9 136 000	11 965 767	131%	The MOA has been signed for the department to make a payment for this grant. 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	625 800	24%	The MOA has been signed for the payment of this grant. 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)	6 738 479	559%	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	1 250 894	556%	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.
<b>TOTAL PROVINCIAL TREASURY GRANTS</b>	<b>24 128 000</b>	<b>1 253 991</b>	<b>22 874 009</b>	<b>20 580 941</b>	<b>85%</b>	
<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>614 869 000</b>	<b>259 334 991</b>	<b>355 534 009</b>	<b>207 638 179</b>	<b>34%</b>	

### 3.4 Capital Budget Summary

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

<b>FUNCTION</b>	<b>ADOPTED BUDGET 2021/2022</b>	<b>PROPOSED ADJUSTED BUDGET 2021/2022</b>	<b>ACTUAL OCTOBER 2021 (YTD)</b>	<b>% OF PROPOSED ADJUSTED BUDGET SPENT</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>
Finance and Administration	48 889 800	32 385 300	4 360 562	13,46%
Community and Social Services	65 932 800	30 897 700	2 004 780	6,49%
Energy Sources	83 598 100	62 572 700	7 540 684	12,05%
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	17 198	1,97%
Road Transport	127 793 700	108 417 500	27 705 107	25,55%
Sport and Recreation	60 876 900	53 901 000	12 676 058	23,52%
Waste Water Management	69 416 300	70 336 300	5 085 324	7,23%
Water	300 442 600	289 972 600	54 788 403	18,89%
	<b>830 967 400</b>	<b>678 396 800</b>	<b>114 178 115</b>	<b>16,83%</b>

<b>SOURCE OF FUNDING</b>	<b>ADOPTED BUDGET 2021/2022</b>	<b>PROPOSED ADJUSTED BUDGET 2021/2022</b>	<b>ACTUAL OCTOBER 2021 (YTD)</b>	<b>% OF PROPOSED ADJUSTED BUDGET SPENT</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>
Borrowing	226 138 200	374 000 000	52 652 446	14,08%
Capital Replacement Reserve	431 873 700	131 441 300	14 141 610	10,76%
Integrated Urban Development Grant	128 012 500	128 012 500	29 209 447	22,82%
Government Grants - National	34 000 000	34 000 000	11 445 631	33,66%
Government Grants - Provincial	10 943 000	10 943 000	6 728 981	61,49%
<b>TOTAL</b>	<b>830 967 400</b>	<b>678 396 800</b>	<b>114 178 115</b>	<b>16,83%</b>

### 3.5 Expenditure per Category

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

EXPENDITURE BY TYPE	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL OCTOBER 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Employee related costs	1 084 038 100	1 086 693 100	347 768 200	314 574 905	90,46%
Remuneration of Councillors	35 115 900	35 115 900	11 705 600	10 431 643	89,12%
Debt Impairment	139 527 300	139 527 300	46 509 100	46 509 100	100,00%
Depreciation and asset impairment	435 000 000	435 000 000	145 000 000	145 000 000	100,00%
Finance Charges	69 027 500	69 027 500	23 009 167	23 009 167	100,00%
Bulk Purchases - Electricity	1 242 092 300	1 242 092 300	476 644 862	425 597 019	89,29%
Inventory consumed - Water	360 400 100	360 400 100	60 066 683	65 584 699	109,19%
Inventory consumed - Materials	140 161 000	142 042 200	35 510 550	28 846 582	81,23%
Contracted Services	316 498 400	310 953 900	110 289 400	84 137 389	76,29%
Transfers and grants	14 597 400	14 858 900	2 754 600	3 606 793	130,94%
Other Expenditure	293 288 300	294 285 100	143 845 374	87 352 866	60,73%
Losses - Water Inventory (Note 1)	243 095 100	243 095 100	81 032 800	64 968 360	80,18%
Inventory consumed - Capitalisation (Note 2)	(459 599 600)	(459 599 600)	(153 199 867)	(107 062 649)	69,88%
<b>TOTAL</b>	<b>3 913 241 800</b>	<b>3 913 491 800</b>	<b>1 330 936 469</b>	<b>1 192 555 874</b>	<b>89,60%</b>

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

**Employee Related Costs:** Council resolved in terms of CR 14977 dated 29 September 2021, to implement the Salary and Wage Collective Agreement, for the period 1 July 2021 to 30 June 2024. This agreement will also result in the payment of a once-off non-pensionable cash allowance which will be paid with the February 2022 salary, to allow for provision on the 2021/22 Adjusted Budget. This amounts to R 7,4 million.

Council moreover resolved in terms of Council Resolution 14984 dated 29 September 2021, to implement the Job Evaluation Results with effect from 1 November 2021 and this additional expenditure amounts to R 11 million.

Provision will need to be made during the 2021/22 Adjusted Budget for these additional costs.



### 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 OCTOBER 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Rates	617 377 500	617 377 500	237 399 300	226 496 025	95,41%
Service Charges – Electricity revenue	1 790 122 900	1 790 122 900	650 051 400	607 160 499	93,40%
Service Charges – Water revenue	469 985 800	469 985 800	152 000 300	160 982 993	105,91%
Service Charges – Sanitation revenue	107 609 700	107 609 700	35 956 600	36 104 008	100,41%
Service Charges – Refuse revenue	107 606 900	107 606 900	35 868 966	35 043 540	97,70%
Rental of facilities and equipment	23 104 900	23 104 900	3 734 700	1 959 721	52,47%
Interest earned – external investments	65 000 000	65 000 000	21 668 000	24 174 217	111,57%
Interest earned – outstanding debtors	118 000	118 000	39 333	72 941	185,45%
Fines, penalties and forfeits	57 082 200	57 082 200	19 027 400	3 075 248	16,16%
Licences and permits	3 525 900	3 525 900	1 214 600	519 309	42,76%
Agency services	6 179 400	6 179 400	1 891 100	2 579 942	136,43%
Operating Transfers and Subsidies	441 913 500	441 913 500	167 209 700	177 174 441	105,96%
Other Revenue	36 284 300	36 284 300	11 228 000	11 447 464	101,95%
Gains - Employee related costs	36 876 100	36 876 100	-	-	0,00%
<b>TOTAL OPERATING REVENUE</b>	<b>3 762 787 100</b>	<b>3 762 787 100</b>	<b>1 513 229 994</b>	<b>1 286 790 347</b>	<b>85,04%</b>
<b>LESS: EQUITABLE SHARE RECEIVED IN ADVANCED</b>					
Equitable Share received	-	-	(34 676 000)	(34 676 000)	0,00%
<b>TOTAL REVENUE</b>	<b>3 762 787 100</b>	<b>3 762 787 100</b>	<b>1 478 553 994</b>	<b>1 252 114 347</b>	<b>84,69%</b>

The above table represents operating revenue per category as at 31 October 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 OCTOBER 2021 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	1 697 400	565 800	180 240	32%
Fines:Law Enforcement	2 700	900	-	0%
Fines:Overdue Books	16 000	5 333	1 332	25%
Fines:Pound Fees	100	33	-	0%
Fines:Traffic:Court Fines	391 500	130 500	-	0%
Fines:Traffic:Municipal	50 314 500	16 771 500	1 310 020	8%
Forfeits:Deposits	762 700	254 233	232 726	92%
Fines:Motor Vehicle Licence	1 100	367	-	0%
Fines, Penalties and Forfeits:Penalties:Property Rates	3 896 200	1 298 733	1 350 929	104%
<b>TOTAL</b>	<b>57 082 200</b>	<b>19 027 400</b>	<b>3 075 248</b>	<b>16%</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	87 895 239	-	-	-	87 895 239
Bulk Water	14 259 674	-	-	-	14 259 674
PAYE deductions	14 987 416	-	-	-	14 987 416
Pensions / Retirement deductions	12 970 108	-	-	-	12 970 108
Trade Creditors	9 000 928	-	-	1 104 362	10 105 290
<b>Total By Customer Type</b>	<b>139 113 366</b>	<b>-</b>	<b>-</b>	<b>3 405 201</b>	<b>140 217 728</b>

The above table represents the ageing of creditors outstanding as at 31 October 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 October 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 Report

#### 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	25 243 291	600 541	21 121 010	11 419 143	58 383 985
Business	288 361 231	15 965 480	22 642 483	224 984 966	551 954 160
Households	60 135 256	7 004 729	8 020 102	177 566 764	252 726 851
Other	5 213 874	881 134	3 773 154	24 422 229	34 290 391
<b>Total</b>	<b>378 953 652</b>	<b>24 451 884</b>	<b>55 556 749</b>	<b>438 393 102</b>	<b>897 355 387</b>
%	<b>42,23%</b>	<b>2,72%</b>	<b>6,19%</b>	<b>48,85%</b>	

#### FINANCIAL REPORTING ON INCOME / DEBT

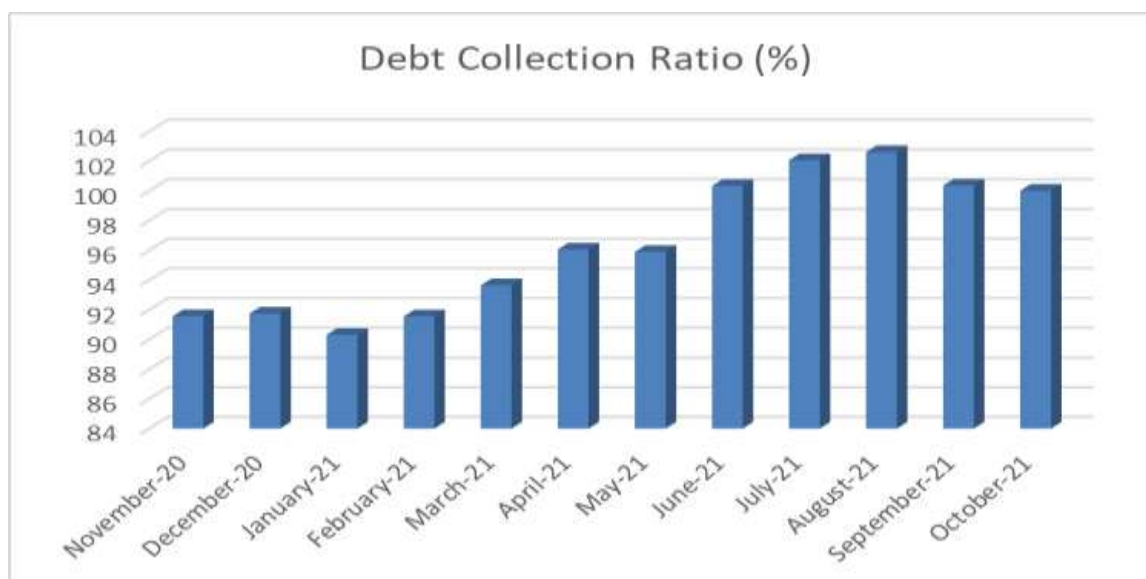
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National 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 (%)
October-21	100,01
September-21	100,35
August-21	102,61
July-21	102,06
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



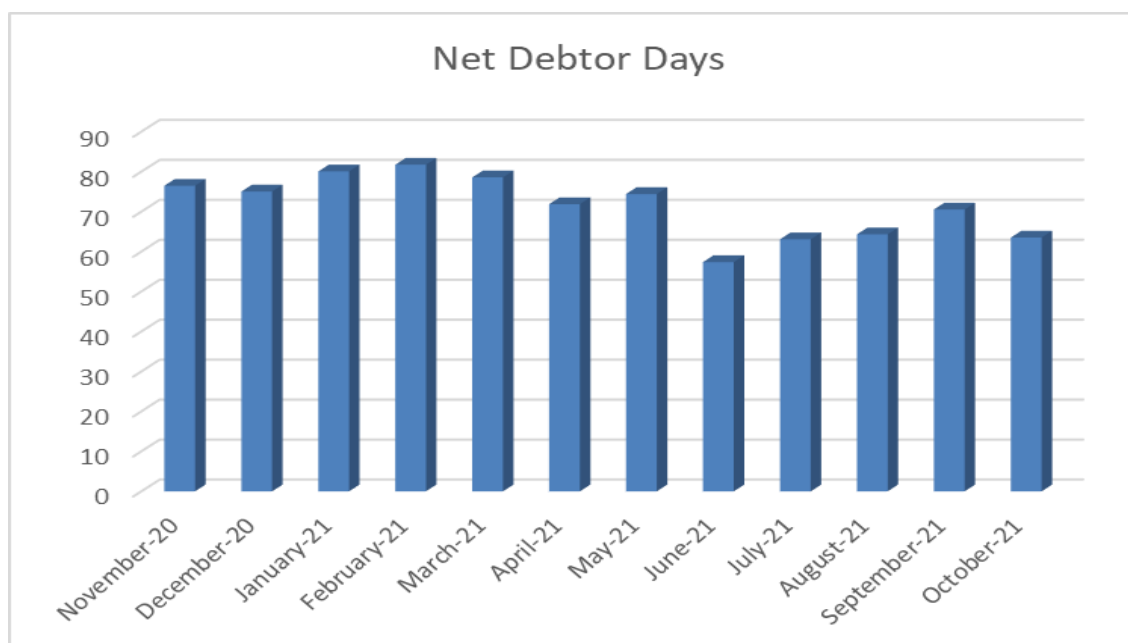
➤ **Net Debtors Days**

This ratio reflects the collection period. Net Debtor Days refers 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 exclude 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 <b>30 Days</b>

Month	Net Debtor Days
October-21	63,51
September-21	70,53
August-21	64,31
July-21	63,09
June-21	57,37
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



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate (%)
October-21	20,39
September-21	22,03
August-21	20,47
July-21	20,30
June-21	18,97
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

Debtors Turnover Rate (%)



## 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	4 856 113	-521 912	5 018 881	779 452	16 895	-618 003	-3 896 262	909 479	6 544 643
Provincial	7 878 161	925 044	20 327 442	7 454 917	538 445	570 627	1 883 199	3 507 100	43 084 934
Government accounts in Dispute	-	-	330 837	17 096	788	788	4 836	1 810 838	2 165 182
<b>TOTAL</b>	<b>12 734 274</b>	<b>403 132</b>	<b>25 677 159</b>	<b>8 251 465</b>	<b>556 127</b>	<b>-46 589</b>	<b>-2 008 227</b>	<b>6 227 418</b>	<b>51 794 760</b>
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	4 722 938	1 861 300	6 731 906	289 587	16 895	-619 117	-3 907 594	523 226	9 619 140
Dept of Agriculture and Rural Developm	8 838	-	278 758	489 865	-	1 114	11 332	386 253	1 176 160
Department of Water Affairs and Sanita	124 336.97	-2 383 211.39	-1 991 782.93						-4 250 657.35
<b>TOTAL</b>	<b>4 856 112.76</b>	<b>-521 911.55</b>	<b>5 018 880.88</b>	<b>779 451.81</b>	<b>16 894.79</b>	<b>-618 003.10</b>	<b>-3 896 261.81</b>	<b>909 478.97</b>	<b>6 544 642.75</b>
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	43 712	17 223	18 858 891	5 147 311	21 829	15 058	124 616	397 494	24 626 134
Education	2 106 707	435 651	780 428	537 346	415 844	276 040	987 267	185 298	5 724 580
Tvet Colleges	2 511 083	272 160	180 044	1 709 723	308	-	-	-	4 673 318
Human Settlement	78 755	1 833	195 559	1 269	2 135	1 047	5 731	117 227	403 557
Department of Transport	308 087	188 969	159 711	67 348	3 580	3 000	17 671	36 431	784 796
Department of Health	2 794 167	9 209	154 445	8 785	94 749	275 482	747 913	2 770 650	6 855 400
COGTA									
Department of Social Welfare	35 649		-1 636	-16 865					17 149
<b>TOTAL</b>	<b>7 878 161</b>	<b>925 044</b>	<b>20 327 442</b>	<b>7 454 917</b>	<b>538 445</b>	<b>570 627</b>	<b>1 883 199</b>	<b>3 507 100</b>	<b>43 084 934</b>

## Government Debt Comments

There are dedicated staff working on resolving these accounts. The majority of the debt relates to the annual rates payable by the Departments of Public Works (National and Provincial).

### 3.9 Employee Debt / Councillor Debt

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

Employees' debt amounts to R715 234,19 as per **Annexure AD - DMS 1501281**.

Councillors' debt amounts to R144 074,53 as per **Annexure AC - DMS 1501281**

## 4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1501276**) 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 October 2021.

### 6. **CREDITORS ANALYSIS**

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

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

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

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

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

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

Refer to the following tables for the month ended 31 October 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 1501473 (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 October 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 1501276**), be noted.