

15041

FINANCIAL REPORTING AS AT 30 NOVEMBER 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 30 November 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 November 2021 is included under **Annexures AA and AB (DMS 1506424)**.

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PART 1 - IN-YEAR REPORTING

1. MAYOR'S REPORT FOR THE MONTH OF NOVEMBER 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 November 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 November 2021 (year to date actual) shows a deficit of R42 million. The performance in this area is **Not Acceptable**.

Capital Budget

Council is in the second quarter of the financial year and capital expenditure is very low at R167,5 million (24,70%). 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 2.49:1 (691 662/278 226). 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 30 November 2021:

DESCRIPTION	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL NOVEMBER 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Revenue	3 762 787 100	3 762 787 100	1 605 711 542	1 422 712 206	88,60%
Expenditure	3 913 241 800	3 913 491 800	1 701 964 180	1 465 564 292	86,11%
Operating Surplus/(Deficit)	(150 454 700)	(150 704 700)	(96 252 639)	(42 852 086)	

Although the Council approved a deficit budget for the 21/22 financial year, every effort from the administration and support from Council to turn this around into reducing the deficit, but ideally making a surplus

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 2.49:1 (691 662/278 226). 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 30/11/2021	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/11/2021	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
NATIONAL TREASURY							
Equitable Share	416 124 000	173 384 000	242 740 000	173 385 000	100%	42%	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.
Integrated Urban Development Grant-IUDG	134 750 000	49 392 000	85 358 000	47 757 899	97%	35%	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	-	1 447 209	59%	59%	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	-	19 154 799	64%	64%	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 Programme	3 417 000	855 000	2 562 000	1 371 967	160%	40%	An amount for operational expenditure R 1 537 000 gazetted for November 2021 was only received on 2 December 2021 and will be included in December 2021 Financial Report.
Energy Efficiency and Demand Management	4 000 000	3 500 000	500 000		0%	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	259 581 000	331 160 000	243 116 875	94%	41%	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2021/22	AMOUNT RECEIVED AS AT 30/11/2021	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/11/2021	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
PROVINCIAL TREASURY							
Provincialisation of Libraries	9 136 000	-	9 136 000	14 453 536	0%	158%	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	757 310	0%	29%	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)	8 322 724	664%	690%	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	1 526 256	0%	678%	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	6 728 981	0%	61%	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	31 788 807	2535%	132%	
TOTAL GRANTS AND SUBSIDIES	614 869 000	260 834 991	354 034 009	274 905 681	105%	45%	

3.4 Capital Budget Summary

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

FUNCTION	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	ACTUAL NOVEMBER 2021 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	%
Finance and Administration	48 889 800	32 385 300	6 496 505	20,06%
Community and Social Services	65 932 800	30 897 700	5 069 969	16,41%
Energy Sources	83 598 100	62 572 700	18 558 937	29,66%
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	31 050	0,43%
Public Safety	1 111 000	872 500	98 797	11,32%
Road Transport	127 793 700	108 417 500	37 167 307	34,28%
Sport and Recreation	60 876 900	53 901 000	19 758 167	36,66%
Waste Water Management	69 416 300	70 336 300	12 975 032	18,45%
Water	300 442 600	289 972 600	67 401 902	23,24%
	830 967 400	678 396 800	167 557 667	24,70%

SOURCE OF FUNDING	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	ACTUAL NOVEMBER 2021 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	%
Borrowing	226 138 200	374 000 000	78 498 456	20,99%
Capital Replacement Reserve	431 873 700	131 441 300	23 912 197	18,19%
Integrated Urban Development Grant	128 012 500	128 012 500	44 715 235	34,93%
Government Grants - National	34 000 000	34 000 000	13 702 798	40,30%
Government Grants - Provincial	10 943 000	10 943 000	6 728 981	61,49%
TOTAL	830 967 400	678 396 800	167 557 667	24,70%

3.5 Expenditure per Category

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

EXPENDITURE BY TYPE	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	PRO-RATA PROPOSED ADJUSTED BUDGET (YTD)	ACTUAL NOVEMBER 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Employee related costs	1 084 038 100	1 086 693 100	433 954 300	394 372 465	90,88%
Remuneration of Councillors	35 115 900	35 115 900	14 632 000	12 540 618	85,71%
Debt Impairment	139 527 300	139 527 300	38 839 000	42 475 252	109,36%
Depreciation and asset impairment	435 000 000	435 000 000	181 252 700	153 408 842	84,64%
Finance Charges	69 027 500	69 027 500	28 763 000	24 537 116	85,31%
Bulk Purchases - Electricity	1 242 092 300	1 242 092 300	565 359 584	506 779 768	89,64%
Inventory consumed - Water	360 400 100	360 400 100	150 166 708	143 994 357	95,89%
Inventory consumed - Materials	140 161 000	142 042 200	59 184 250	48 235 720	81,50%
Contracted Services	316 498 400	310 953 900	138 432 500	112 711 223	81,42%
Transfers and grants	14 597 400	14 858 900	6 191 208	6 405 643	103,46%
Other Expenditure	293 288 300	294 285 100	175 399 138	107 924 239	61,53%
Losses - Water Inventory (Note 1)	243 095 100	243 095 100	101 289 625	108 693 530	107,31%
Inventory consumed - Capitalisation (Note 2)	(459 599 600)	(459 599 600)	(191 499 833)	(196 514 482)	102,62%
TOTAL	3 913 241 800	3 913 491 800	1 701 964 180	1 465 564 292	86,11%

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

Note 1 and 2 above:

Water Balance Model

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 is properly costed and properly accounted for in terms actual volumes of water, purchased, produced , sold and lost.

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 NOVEMBER 2021 (YTD)	% PRO-RATA PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	R	%
Rates	617 377 500	617 377 500	283 670 000	267 846 855	94,42%
Service Charges – Electricity revenue	1 790 122 900	1 790 122 900	788 022 900	676 382 091	85,83%
Service Charges – Water revenue	469 985 800	469 985 800	195 827 417	161 946 103	82,70%
Service Charges – Sanitation revenue	107 609 700	107 609 700	45 170 000	44 704 638	98,97%
Service Charges – Refuse revenue	107 606 900	107 606 900	44 836 208	43 790 064	97,67%
Rental of facilities and equipment	23 104 900	23 104 900	5 124 800	2 413 060	47,09%
Interest earned – external investments	65 000 000	65 000 000	27 085 000	25 999 050	95,99%
Interest earned – outstanding debtors	118 000	118 000	49 167	92 481	188,10%
Fines, penalties and forfeits	57 082 200	57 082 200	23 784 250	3 849 371	16,18%
Licences and permits	3 525 900	3 525 900	1 450 100	519 309	35,81%
Agency services	6 179 400	6 179 400	3 266 400	3 389 778	103,78%
Operating Transfers and Subsidies	441 913 500	441 913 500	168 747 400	177 179 241	105,00%
Other Revenue	36 284 300	36 284 300	18 677 900	14 600 165	78,17%
Gains - Employee related costs	36 876 100	36 876 100	-	-	0,00%
TOTAL OPERATING REVENUE	3 762 787 100	3 762 787 100	1 605 711 542	1 422 712 206	88,60%

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

As can be seen from the Table above, Actual Revenue to date as compared to Budget Revenue is lower than anticipated.

This was anticipated as reported and presented by the CFO to Council in September following the July unrest, municipal revenue is going to be negatively affected. In addition:

- Electricity power outages affecting electricity consumption;
- Water network challenges affecting water consumption; and
- Mondi shutdown which was not communicated with the municipality.

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 NOVEMBER 2021 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	1 697 400	707 250	244 180	35%
Fines:Law Enforcement	2 700	1 125	-	0%
Fines:Overdue Books	16 000	6 667	1 518	23%
Fines:Pound Fees	100	42	-	0%
Fines:Traffic:Court Fines	391 500	163 125	-	0%
Fines:Traffic:Municipal	50 314 500	20 964 375	1 310 020	6%
Forfeits:Deposits	762 700	317 792	672 076	211%
Fines:Motor Vehicle Licence	1 100	458	-	0%
Fines, Penalties and Forfeits:Penalties:Property Rates	3 896 200	1 623 417	1 621 466	100%
TOTAL	57 082 200	23 784 250	3 849 261	16%

What is of concern is that Traffic Fine income has dropped considerably. Every effort should be made to turn this situation around.

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	93 368 380	-	-	-	93 368 380
Bulk Water	14 918 605	-	-	-	14 918 605
PAYE deductions	13 634 940	-	-	-	13 634 940
Pensions / Retirement deductions	11 964 048	-	-	-	11 964 048
Trade Creditors	5 095 940	-	-	1 099 362	6 195 303
Total By Customer Type	138 981 914	-	-	1 099 362	140 081 276

The above table represents the ageing of creditors outstanding as at 30 November 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 November 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

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.

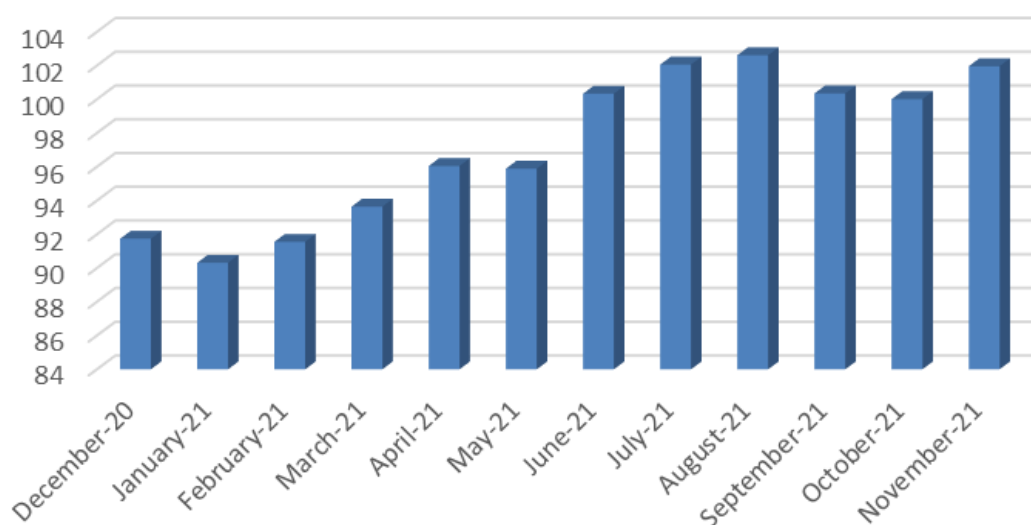
Debt Collection Rate

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 (%)
November-21	101,96
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

Debt Collection Ratio (%)



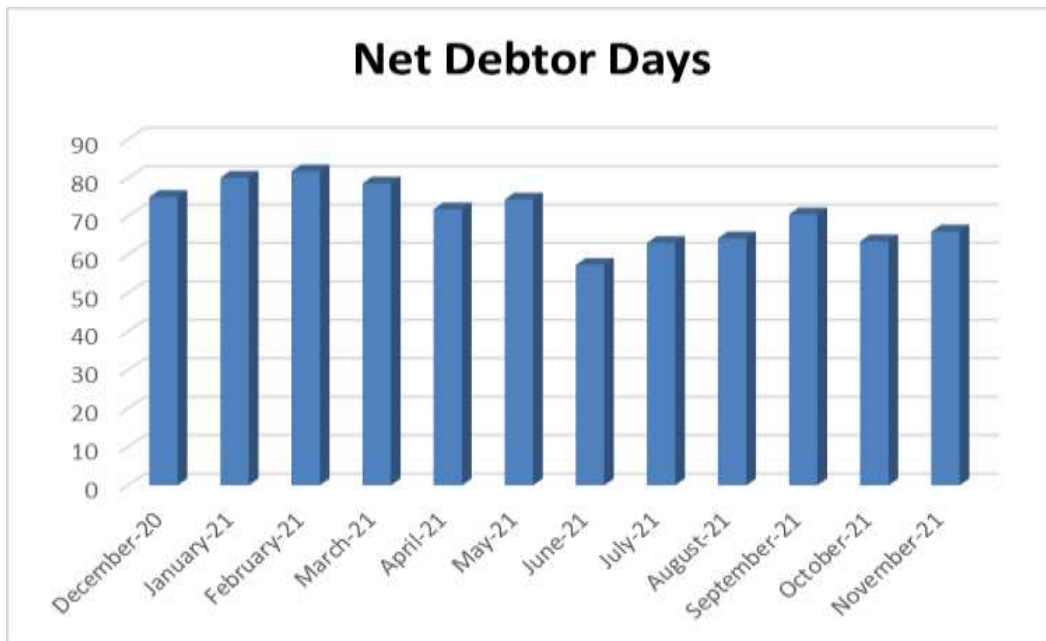
➤ **Net Debtors Days**

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:

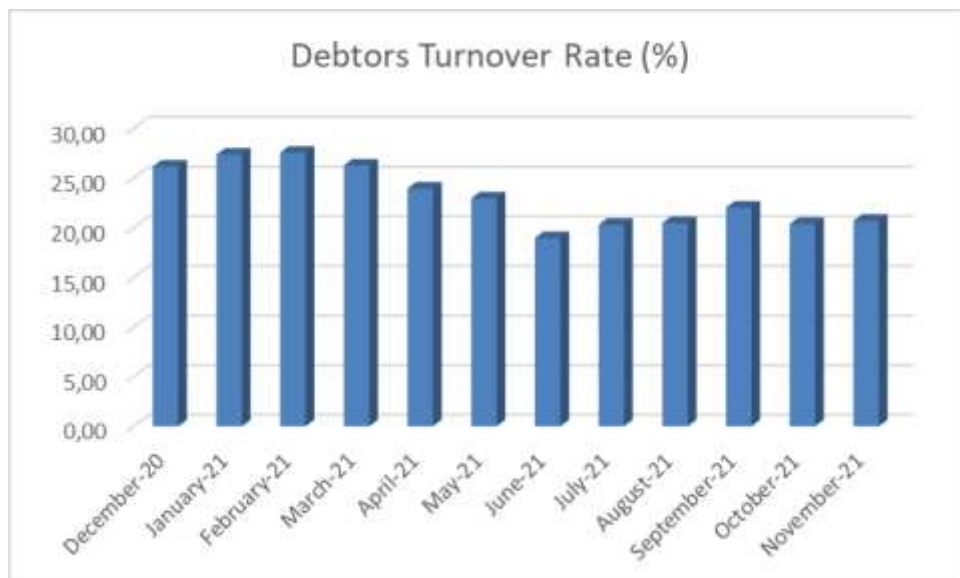
<i>Formula (As per circular 71)</i>	<i>Norm</i>
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

Month	Net Debtor Days
November-21	66,08
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



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate
November-21	20,70
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



➤ **Top 10 Debtors**

TOP 10 DEBTORS OF ALL DEBTORS					
DEBTORS NUMBER	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
1088329	-	4 529 672,60	2 365 677,66	61 082 809,21	67 978 159,47
501543	6,74	-	4 327 720,64	59 585 352,91	63 913 080,29
531788	-	-	-	47 714 585,37	47 714 585,37
1854904	-	-	-	22 377 589,88	22 377 589,88
551583	-	-	977 409,50	8 040 819,87	9 018 229,37
1610626	278 224,60	-	-	5 828 598,20	6 106 822,80
2289941	1 592,33	783,92	783,92	5 040 938,54	5 044 098,71
895873	-	-	-	4 414 032,00	4 414 032,00
962262	3 220 918,23	1 986 353,73	1 971 040,99	4 383 091,58	11 561 404,53
416383	143 319,90	71 659,95	71 659,95	3 996 528,09	4 283 167,89
Total	3 644 061,80	6 588 470,20	9 714 292,66	222 464 345,65	242 411 170,31

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 R558 601,44 as per **Annexure AD - DMS 1506424**.

Councillors' debt amounts to R3 965,15 as per **Annexure AC - DMS 1506424**.

4. **IN-YEAR BUDGET STATEMENT TABLES**

The following monthly budget statement tables (**DMS 1506860**) 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
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Table SC13e	Monthly capital expenditure on upgrading of existing assets by assets class	Z

PART 2 - SUPPORTING DOCUMENTATION

5. **DEBTORS ANALYSIS**

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 30 November 2021.

6. **CREDITORS ANALYSIS**

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

7. **INVESTMENT PORTFOLIO ANALYSIS**

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

8. **ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE**

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) for the month ended 30 November 2021.

9. **COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

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

10. **CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 30 November 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 1507359** (**Annexure AE**).

ENVIRONMENTAL IMPLICATIONS

None

FINANCIAL IMPLICATIONS

This has been covered in details throughout the report.

LEGAL IMPLICATIONS

The monthly financial report is prepared in terms of Section 71 of the Municipal Finance Management Act, 2003 (MFMA), (Act 56 of 2003).

COMMENTS OF THE CHIEF FINANCIAL OFFICER

Refer to the Executive Summary contained in this report for comments.

COMMENTS OF THE MUNICIPAL MANAGER

The report is noted by the Office of the Municipal Manager.

RECOMMENDED THAT:

the financial position of the uMhlathuze Municipality as at 30 November 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 1506860**), be noted.