

15182
FINANCIAL REPORTING AS AT 31 JANUARY 2022

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

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 31 January 2022 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 January 2022 is included under **Annexures AA and AB (DMS 1513988)**.

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PART 1 - IN-YEAR REPORTING

1. **MAYOR'S REPORT FOR THE MONTH OF JANUARY 2022**

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 January 2022, 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 January 2022 (year to date actual) shows a deficit of R40 million. The performance in this area is **Not Acceptable**.

Capital Budget

Council is in the third quarter of the financial year and capital expenditure is low at R294,9 million (35,31%). This is based on the Proposed Adjustment Budget of R835 million. Expenditure is expected to rise as the year progresses. The performance in this area although is **Not Acceptable**. Although overall capex spend is poor, a positive is that there is a far better performance on Grant funded projects, as illustrated on page 10.

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 2.12:1 (590 954/278 226). Therefore, the Municipality has a positive bank balance to defray its expenses. The performance in this area is **Good**.

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 January 2022:

DESCRIPTION	ADOPTED BUDGET 2021/2022	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL JANUARY 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Revenue	3 762 787 100	2 170 069 860	2 065 652 405	95,19%
Expenditure	3 913 241 800	2 165 132 098	2 106 138 806	97,28%
Operating Surplus/(Deficit)	(150 454 700)	4 937 762	(40 486 401)	

Although Council approved a deficit budget for the 2021/22 financial year, every effort is being made 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 2.12:1 (590 954/278 226). 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 31/01/2022	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/01/2022	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL BUDGET	COMMENTS
NATIONAL TREASURY							
Equitable Share	416 124 000	312 092 000	104 032 000	242 739 000	78%	58%	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	91 062 000	43 688 000	65 369 081	72%	49%	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	-	1 829 022	75%	75%	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	-	20 063 373	67%	67%	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	2 392 000	1 025 000	1 867 573	78%	55%	The grant is for the operational expenditure for EPWP. Expenditure shown is the total actual operating costs of the EPWP for the period under review.
Energy Efficiency and Demand Management	4 000 000	4 000 000	-	81 500	2%	2%	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.
TOTAL NATIONAL TREASURY GRANTS	590 741 000	441 996 000	148 745 000	331 949 549	75%	56%	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2021/22	AMOUNT RECEIVED AS AT 31/01/2022	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/01/2022	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL BUDGET	COMMENTS
PROVINCIAL TREASURY							
Provincialisation of Libraries	9 136 000	9 136 000	-	19 636 632	215%	215%	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	-	1 071 171	41%	41%	Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review.
Housing Operating Account	1 206 000	4 912 875	(3 706 875)	11 033 265	225%	915%	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	2 018 820	0%	897%	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	3 647 667	7 295 333	6 751 851	185%	62%	This grant is for capital to help build sports facilities and develop sports and recreation,
TOTAL PROVINCIAL TREASURY GRANTS	24 128 000	20 314 541	3 813 459	40 511 739	199%	168%	
TOTAL GRANTS AND SUBSIDIES	614 869 000	462 310 541	152 558 459	372 461 288	81%	61%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 31 January 2022:

FUNCTION	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	ACTUAL JANUARY 2022 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	%
Finance and Administration	48 889 800	97 730 300	13 431 452	13,74%
Community and Social Services	65 932 800	38 480 600	8 225 804	21,38%
Energy Sources	83 598 100	164 447 700	36 490 872	22,19%
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	2 457 300	31 050	1,26%
Public Safety	1 111 000	811 900	153 697	18,93%
Road Transport	127 793 700	121 426 800	52 138 372	42,94%
Sport and Recreation	60 876 900	48 079 500	24 721 846	51,42%
Waste Water Management	69 416 300	65 046 100	18 573 054	28,55%
Water	300 442 600	274 709 400	141 096 999	51,36%
	830 967 400	835 090 300	294 863 146	35,31%

SOURCE OF FUNDING	ADOPTED BUDGET 2021/2022	PROPOSED ADJUSTED BUDGET 2021/2022	ACTUAL JANUARY 2022 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	%
Borrowing	226 138 200	374 000 000	170 054 183	45,47%
Capital Replacement Reserve	431 873 700	288 694 800	34 007 316	11,78%
Integrated Urban Development Grant	128 012 500	128 012 500	62 011 513	48,44%
Government Grants - National	34 000 000	33 440 000	22 038 553	65,90%
Government Grants - Provincial	10 943 000	10 943 000	6 751 581	61,70%
TOTAL	830 967 400	835 090 300	294 863 146	35,31%

3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 31 January 2022:

EXPENDITURE BY TYPE	ADOPTED BUDGET 2021/2022	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL JANUARY 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 084 038 100	575 905 259	566 090 584	98,30%
Remuneration of Councillors	35 115 900	18 124 952	17 033 266	93,98%
Debt Impairment	139 527 300	81 390 925	81 390 925	100,00%
Depreciation and asset impairment	435 000 000	253 750 000	253 750 000	100,00%
Finance Charges	69 027 500	40 266 042	40 266 042	100,00%
Bulk Purchases - Electricity	1 242 092 300	686 786 668	678 943 673	98,86%
Inventory consumed - Water	360 400 100	210 233 392	203 422 441	96,76%
Inventory consumed - Materials	140 161 000	81 760 583	61 365 049	75,05%
Contracted Services	316 498 400	163 608 577	165 119 985	100,92%
Transfers and grants	14 597 400	8 515 150	6 747 983	79,25%
Other Expenditure	293 288 300	171 084 842	157 452 130	92,03%
Losses - Water Inventory (Note 1)	243 095 100	141 805 475	138 752 452	97,85%
Inventory consumed - Capitalisation (Note 2)	(459 599 600)	(268 099 767)	(264 195 724)	98,54%
TOTAL	3 913 241 800	2 165 132 098	2 106 138 806	97,28%

The above table represents operating expenditure per category as at 31 January 2022.

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 of 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 R7,4 million.

Council, moreover resolved in terms of Council Resolution 14984 dated 29 September 2021, to implement the Job Evaluation Results with effect from 1 January 2022 and this additional expenditure amounts to R11 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	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL JANUARY 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Rates	617 377 500	367 312 866	351 392 174	95,67%
Service Charges – Electricity revenue	1 790 122 900	977 228 381	920 798 645	94,23%
Service Charges – Water revenue	469 985 800	274 158 383	292 421 539	106,66%
Service Charges – Sanitation revenue	107 609 700	63 794 281	60 837 708	95,37%
Service Charges – Refuse revenue	107 606 900	62 770 692	59 929 658	95,47%
Rental of facilities and equipment	23 104 900	13 477 858	3 175 013	23,56%
Interest earned – external investments	65 000 000	39 434 974	36 690 904	93,04%
Interest earned – outstanding debtors	118 000	68 833	111 599	162,13%
Fines, penalties and forfeits	57 082 200	33 297 950	5 533 255	16,62%
Licences and permits	3 525 900	2 056 775	691 500	33,62%
Agency services	6 179 400	3 421 378	3 420 746	99,98%
Operating Transfers and Subsidies	441 913 500	311 881 647	311 881 647	100,00%
Other Revenue	36 284 300	21 165 842	18 768 019	88,67%
Gains - Employee related costs	36 876 100	-	-	0,00%
TOTAL OPERATING REVENUE	3 762 787 100	2 170 069 860	2 065 652 405	95,19%

The above table represents operating revenue per category as at 31 January 2022.

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 JANUARY 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	1 697 400	990 150	270 337	27%
Fines:Law Enforcement	2 700	1 575	-	0%
Fines:Overdue Books	16 000	9 333	1 635	18%
Fines:Pound Fees	100	58	-	0%
Fines:Traffic:Court Fines	391 500	228 375	-	0%
Fines:Traffic:Municipal	50 314 500	29 350 125	2 300 801	8%
Forfeits:Deposits	762 700	444 908	986 673	222%
Fines:Motor Vehicle Licence	1 100	642	-	0%
Fines, Penalties and Forfeits:Penalties:Property Rates	3 896 200	2 272 783	1 973 809	87%
TOTAL	57 082 200	33 297 950	5 533 255	17%

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	Over 90 Days	Total
	R	R	R
Bulk Electricity	99 760 592	-	99 760 592
Bulk Water	15 370 189	-	15 370 189
PAYE deductions	14 286 998	-	14 286 998
Pensions / Retirement deductions	11 885 156	-	11 885 156
Trade Creditors	3 810 851	1 099 362	4 910 213
Total By Customer Type	145 113 787	1 099 362	146 213 149

The above table represents the ageing of creditors outstanding as at 31 January 2022. 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 January 2022 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

Age Analysis as at End January 2022					
Debtor Classification	0-30 days	31-60 days	61-90 days	Over 90 days	Total
Organs of State	139 150 593	35 917 834	4 697 350	246 501 536	426 267 313
Commercial	120 767 991	11 095 486	5 297 110	69 459 651	206 620 237
Households	59 119 290	6 757 559	3 942 355	182 616 182	252 435 386
Other	361 559	53 497	22 219	705 240	1 142 515
Total	319 399 434	53 824 375	13 959 034	499 282 609	886 465 452

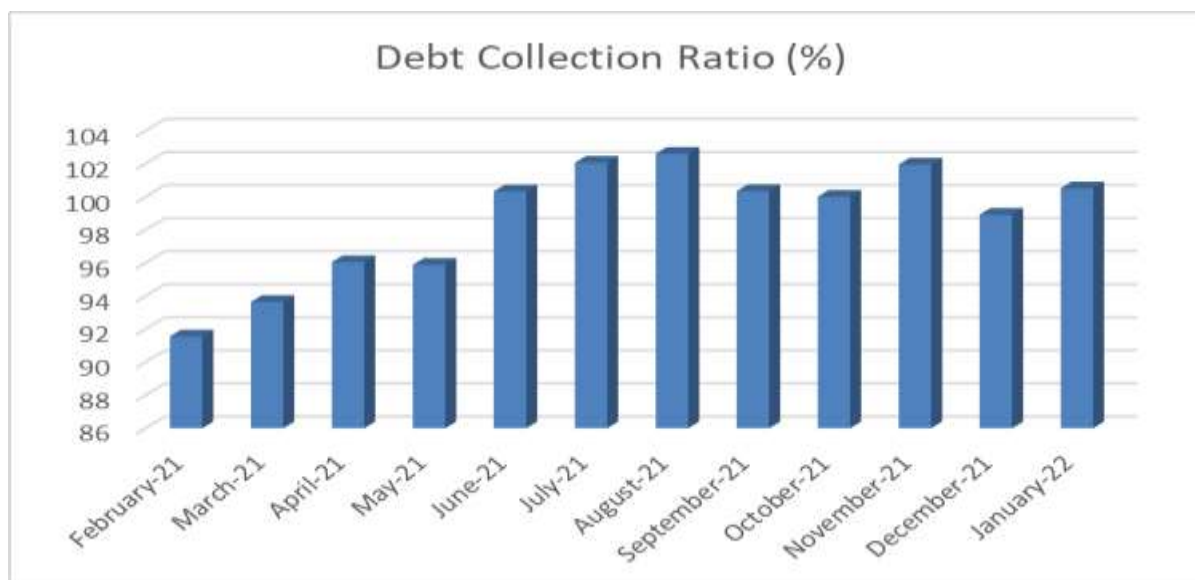
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National 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 (%)
January-22	100,51
December-21	98,92
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



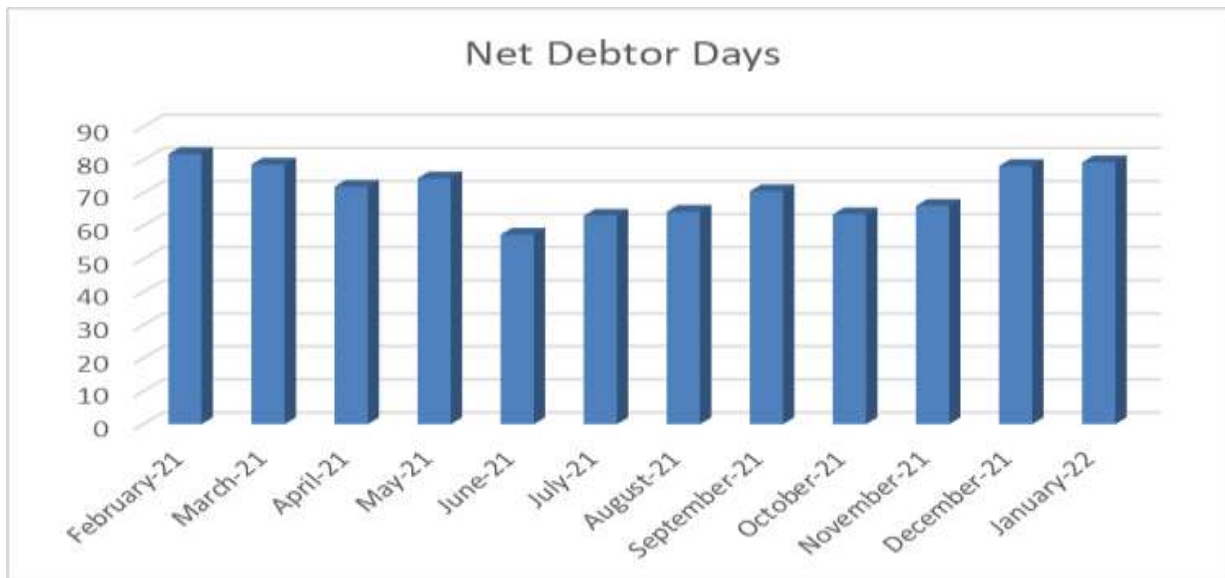
➤ **Net Debtors Days**

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 excludes balances for Debtors, which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of credit control procedures within the Municipality as well as the extent to which the Municipality has provided for doubtful Debts:

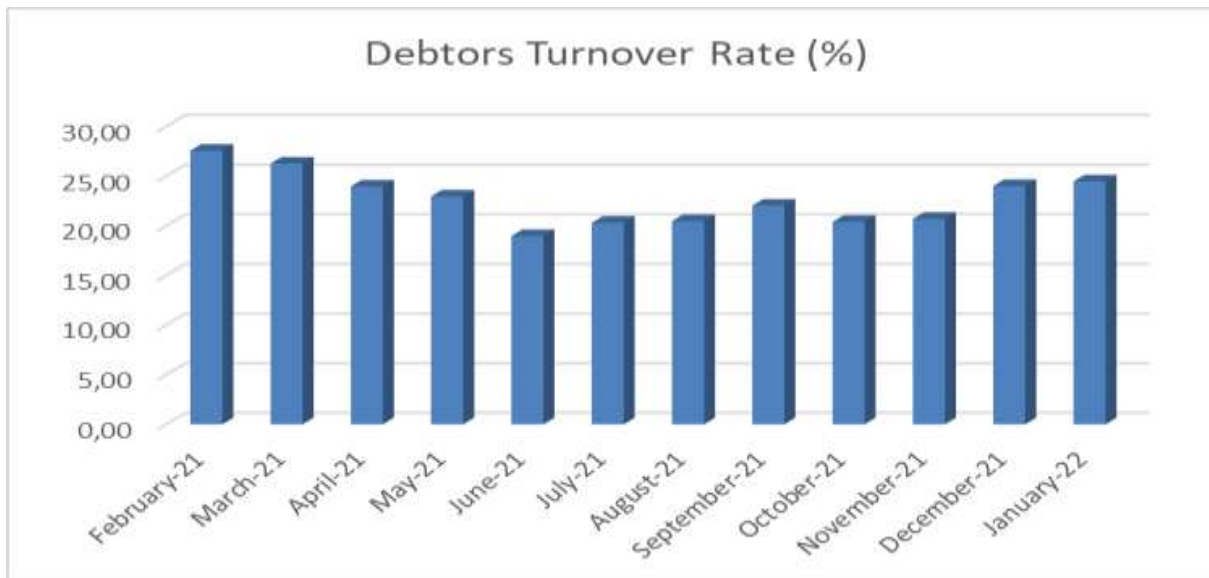
<i>Formula (As per circular 71)</i>	<i>Norm</i>
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

Month	Net Debtor Days
January-22	79,23
December-21	78,12
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



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate (%)
January-22	24,47
December-21	24,00
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



➤ **Top 10 Debtors**

TOP 10 DEBTORS WITH DEBT OLDER THAN 90 DAYS - ALL CATEGORY/CLASSIFICATION						
Debtor No	Category	0-30 days	31-60 Days	61-90 Days	91 Days +	Total
1088329	Organs of State	11 316 128	-	-	67 978 459	79 294 588
501543	Organs of State	6 441 780	8 403 234	68	63 913 074	78 758 155
531788	Organs of State	0	-	-	47 714 585	47 714 586
1854904	Business	-	-	-	22 377 590	22 377 590
551583	Organs of State	996 419	1 742 166	-	9 018 229	11 756 814
962262	Organs of State	1 614 240	1 608 343	1 612 575	6 547 917	11 383 076
1610626	Business	-	-	278 225	5 828 598	6 106 823
2289941	Business	808	808	784	5 042 506	5 044 907
1632348	Organs of State	1 296 271	-	-	4 493 323	5 789 594
895873	Organs of State	-	-	-	4 414 032	4 414 032
		21 665 647	11 754 551	1 891 651	237 328 315	272 640 164

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 R524 456,34 as per **Annexure AD - DMS 1513988**.

Councillors' debt amounts to R25 432,18 as per **Annexure AC - DMS 1513988**.

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

The following monthly budget statement tables (**DMS 1514142**) 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 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 January 2022.

6. **CREDITORS ANALYSIS**

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 31 January 2022.

7. **INVESTMENT PORTFOLIO ANALYSIS**

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) for the month ended 31 January 2022.

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 January 2022.

9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 31 January 2022.

10. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 31 January 2022:

- ❑ 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 1514341** (**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.

AMENDED PAGE – EXCO AND COUNCIL AGENDA – 22 FEBRUARY 2022

**SECOND AND THIRD RECOMMENDATIONS ADDED BY THE FINANCIAL SERVICES
PORTFOLIO COMMITTEE**

RECOMMENDED THAT:

1. the financial position of the uMhlathuze Municipality as at 31 January 2022, 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 1514142)** be noted;
2. a report on all debtors be prepared for the next Portfolio Committee meeting; and
3. a letter be prepared for the Mayor's signature to Mhlathuze Water Board Chairperson and the Mayor of the King Cetshwayo District Municipality in respect of unpaid debts.