

ITEM 346

FINANCIAL REPORTING AS AT 28 FEBRUARY 2022

This report served before the Financial Services Portfolio Committee on 29 March 2022 and the Executive Committee and Council on 30 March 2022. The report was noted.

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 28 February 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 February 2022 is included under **Annexures AA and AB (DMS 1518734)**.

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PART 1 - IN-YEAR REPORTING

1. **MAYOR'S REPORT FOR THE MONTH OF FEBRUARY 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 February 2022, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in February 2022. 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 February 2022 (year to date actual) shows a surplus of R35,7 million. The performance in this area is **Acceptable**.

Capital Budget

Council is in the third quarter of the financial year and capital expenditure is low at R360 million (43,12%). This is based on the Adjustment Budget of R834,5 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 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 2.14:1 (596 574/278 226). 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 28 February 2022:

DESCRIPTION	ADJUSTED BUDGET 2021/2022	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL FEBRUARY 2022 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue	3 705 717 300	2 462 365 969	2 391 997 335	97,14%
Expenditure	3 856 422 000	2 443 088 965	2 356 219 109	96,44%
Operating Surplus/(Deficit)	(150 704 700)	19 277 004	35 778 226	

Although Council approved a deficit adjusted 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 2.14:1 (596 574/278 226). 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 28/02/2022	DIFFERENCE	ACTUAL EXPENDITURE AS AT 28/02/2022	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL BUDGET	COMMENTS
NATIONAL TREASURY							
Equitable Share	416 124 000	312 092 000	104 032 000	277 416 000	89%	67%	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	91 062 000	43 688 000	82 495 569	91%	61%	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	-	1 891 875	77%	77%	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	-	21 364 298	71%	71%	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	3 417 000	-	2 085 512	61%	61%	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	-	2 386 659	60%	60%	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	443 021 000	147 720 000	387 639 913	87%	66%	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2021/22	AMOUNT RECEIVED AS AT 28/02/2022	DIFFERENCE	ACTUAL EXPENDITURE AS AT 28/02/2022	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL BUDGET	COMMENTS
PROVINCIAL TREASURY							
Provincialisation of Libraries	9 136 000	9 136 000	-	22 378 320	245%	245%	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	-	1 305 505	50%	50%	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)	12 823 760	261%	1063%	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	-	2 421 962	1076%	1076%	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	20 539 541	3 588 459	45 681 398	222%	189%	
TOTAL GRANTS AND SUBSIDIES	614 869 000	463 560 541	151 308 459	431 016 152	93%	70%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 28 February 2022:

FUNCTION	ADJUSTED BUDGET 2021/2022	ACTUAL FEBRUARY 2022 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	97 730 300	36 101 630	36,94%
Community and Social Services	38 480 600	8 718 388	22,66%
Energy Sources	163 887 700	62 516 305	38,15%
Executive and Council	-	-	0,00%
Environmental Protection	2 400 700	-	0,00%
Air Transport - Air port	19 500 000	-	0,00%
Planning and Development	2 457 300	31 050	1,26%
Public Safety	811 900	228 697	28,17%
Road Transport	121 426 800	61 599 523	50,73%
Sport and Recreation	48 079 500	24 909 223	51,81%
Waste Water Management	65 046 100	19 581 845	30,10%
Water	274 709 400	146 202 773	53,22%
	834 530 300	359 889 436	43,12%

SOURCE OF FUNDING	ADJUSTED BUDGET 2021/2022	ACTUAL FEBRUARY 2022 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	373 700 000	199 124 484	53,28%
Capital Replacement Reserve	288 434 800	64 521 496	22,37%
Integrated Urban Development Grant	128 012 500	66 372 550	51,85%
Government Grants - National	33 440 000	23 119 325	69,14%
Government Grants - Provincial	10 943 000	6 751 581	61,70%
TOTAL	834 530 300	359 889 436	43,12%

3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 28 February 2022:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2021/2022	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL FEBRUARY 2022 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 070 365 500	665 214 821	654 643 127	98,41%
Remuneration of Councillors	35 115 900	20 431 366	19 336 990	94,64%
Debt Impairment	128 584 100	85 722 733	85 722 733	100,00%
Depreciation and asset impairment	400 000 000	266 666 667	266 666 667	100,00%
Finance Charges	67 031 600	44 687 733	44 687 733	100,00%
Bulk Purchases - Electricity	1 219 002 000	777 141 073	760 924 677	97,91%
Inventory consumed - Water	360 400 100	240 266 733	255 368 760	106,29%
Inventory consumed - Materials	140 690 500	93 793 667	70 363 190	75,02%
Contracted Services	342 263 900	187 185 239	159 759 114	85,35%
Transfers and grants	14 216 900	9 477 933	6 978 362	73,63%
Other Expenditure	300 510 300	200 340 200	198 960 151	99,31%
Losses - Water Inventory (Note 1)	243 095 100	162 063 400	138 752 452	85,62%
Inventory consumed - Capitalisation (Note 2)	(464 853 900)	(309 902 600)	(305 944 848)	98,72%
TOTAL	3 856 422 000	2 443 088 965	2 356 219 109	96,44%

The above table represents operating expenditure per category as at 28 February 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 resulted in the payment of a once-off non-pensionable cash allowance which has been paid in February 2022. This allowed for provision on the 2021/22 Adjusted Budget. This amounted to R7,4 million.

3.6 Revenue per Category

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

REVENUE BY SOURCE	ADJUSTED BUDGET 2021/2022	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL FEBRUARY 2022 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	617 377 500	404 400 519	393 673 531	97,35%
Service Charges – Electricity revenue	1 733 294 500	1 155 529 667	1 134 424 465	98,17%
Service Charges – Water revenue	470 144 100	321 563 676	327 643 375	101,89%
Service Charges – Sanitation revenue	107 609 700	71 739 800	73 358 435	102,26%
Service Charges – Refuse revenue	107 655 900	71 265 058	67 886 484	95,26%
Rental of facilities and equipment	19 241 100	12 827 400	3 661 614	28,55%
Interest earned – external investments	65 000 000	43 191 104	48 887 139	113,19%
Interest earned – outstanding debtors	126 000	116 499	111 599	95,79%
Fines, penalties and forfeits	57 635 900	38 423 933	5 558 744	14,47%
Licences and permits	3 525 900	2 350 600	691 500	29,42%
Agency services	6 179 400	4 119 600	3 558 982	86,39%
Operating Transfers and Subsidies	444 066 500	312 181 647	311 881 647	99,90%
Other Revenue	36 984 700	24 656 467	20 659 821	83,79%
Gains - Employee related costs	36 876 100	-	-	0,00%
TOTAL OPERATING REVENUE	3 705 717 300	2 462 365 969	2 391 997 335	97,14%

The above table represents operating revenue per category as at 28 February 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 Chief Financial Officer 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 FEBRUARY 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	1 398 400	932 267	270 337	29%
Fines:Law Enforcement	2 700	1 800	-	0%
Fines:Overdue Books	17 000	11 333	1 711	15%
Fines:Pound Fees	100	67	-	0%
Fines:T raffic:Court Fines	391 500	261 000	-	0%
Fines:T raffic:Municipal	50 314 500	33 543 000	2 305 301	7%
Forfeits:Deposits	1 114 400	742 933	1 009 068	136%
Fines:Motor Vehicle Licence	1 100	733	-	0%
Fines, Penalties and Forfeits:Penalties:Property Rates	4 396 200	2 930 800	1 972 327	67%
TOTAL	57 635 900	38 423 933	5 558 744	14%

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	Over 90 Days	Total
	R	R	R	R
Bulk Electricity	91 650 348	-	-	91 650 348
Bulk Water	14 465 147	-	-	14 465 147
PAYE deductions	15 647 375	-	-	15 647 375
Pensions / Retirement deductions	11 789 225	-	-	11 789 225
Trade Creditors	805 616	(56 926)	1 099 362	1 848 053
Other	5 580	-	-	5 580
Total By Customer Type	134 363 291	(56 926)	1 099 362	135 405 728

The above table represents the ageing of creditors outstanding as at 28 February 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 February 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

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Organs of State	129 066 317	54 886 212	4 630 422	229 572 793	418 155 744
Business	222 416 799	12 060 184	6 793 468	62 753 872	304 024 323
Households	81 595 713	9 463 253	4 038 406	180 007 082	275 104 454
Other	203 061	66 824	64 299	2 213 745	2 547 930
Total	433 281 890	76 476 473	15 526 596	474 547 492	999 832 451

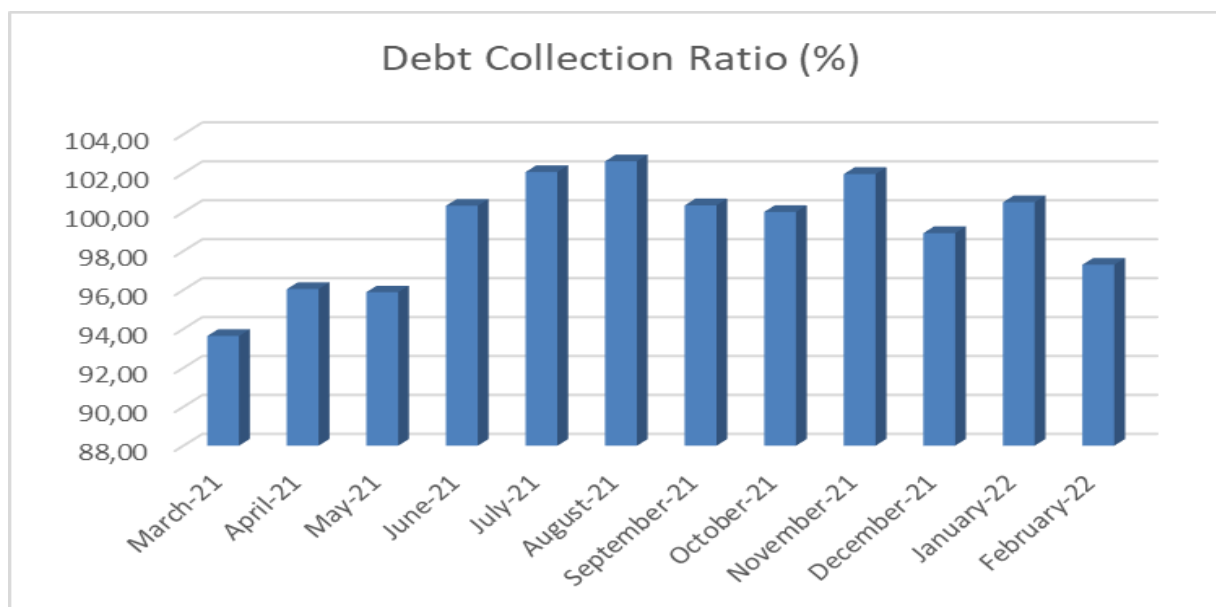
Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National 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 (%)
February-22	97,30
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



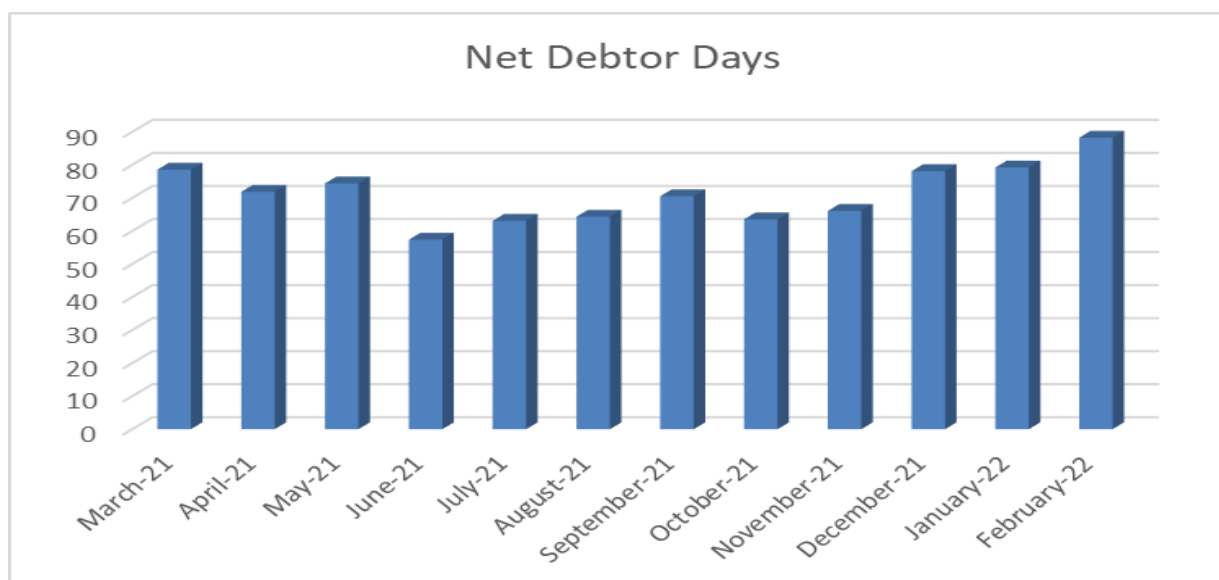
➤ **Net Debtors Days**

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:

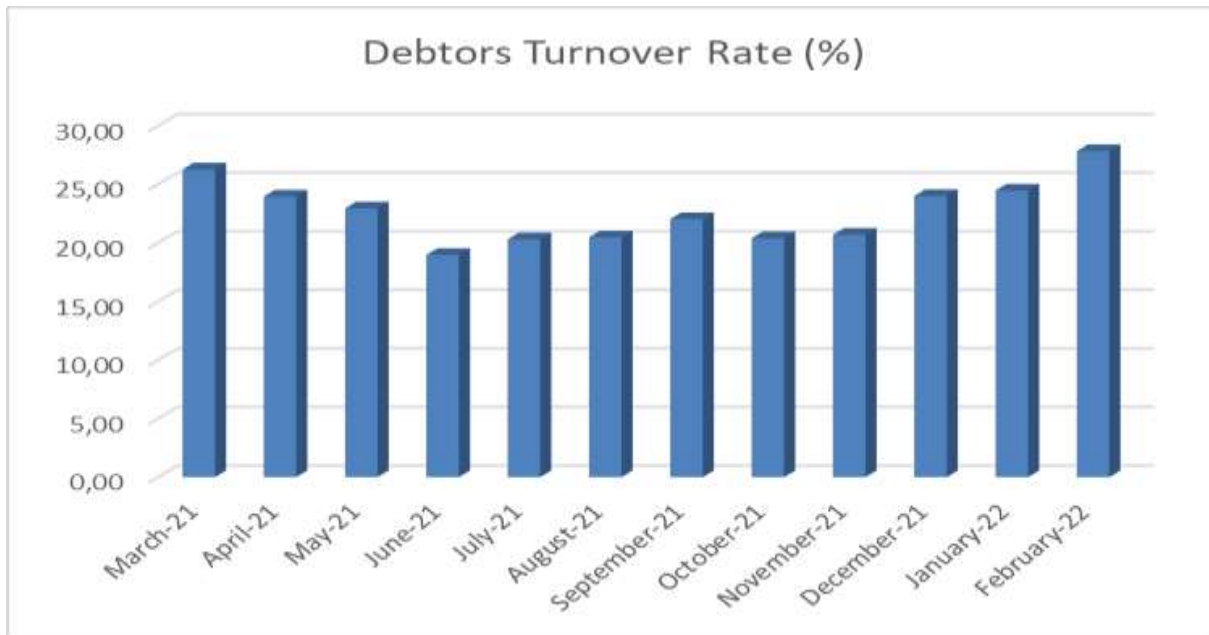
<i>Formula (As per circular 71)</i>	<i>Norm</i>
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

Month	Net Debtor Days
February-22	88,23
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



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate (%)
February-22	27,83
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



➤ **Top 10 Debtors**

TOP 10 DEBTORS WITH DEBT OLDER THAN 90 DAYS - ANY CATEGORY / CLASSIFICATION						
Debtor No	Category	0-30 days	31-60 Days	61-90 Days	91 days +	Total
1088329	Organs of State	11 013 429,14	9 607 165,32	-	67 978 459,47	88 599 053,93
501543	Organs of State	11 390 595,64	8 403 233,71	-	63 913 141,29	83 706 970,64
531788	Organs of State	0,34	-	-	47 714 585,31	47 714 585,65
1854904	Business	-	-	-	22 377 589,88	22 377 589,88
551583	Organs of State	996 419,00	1 742 166,05	-	9 018 229,37	11 756 814,42
1610626	Business	-	-	-	6 106 822,80	6 106 822,80
2289941	Business	-	808,41	808,41	5 043 290,30	5 044 907,12
1632348	Organs of State	941 418,62	896 860,35	-	4 493 323,11	6 331 602,08
416383	Business	71 659,95	71 659,95	-	4 283 167,89	4 426 487,79
2328365	Organs of State	-	-	-	3 787 249,67	3 787 249,67
TOTAL		24 413 522,69	20 721 893,79	808,41	234 715 859,09	279 852 083,98

3.9 **Employee Debt / Councillor Debt**

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

Employees' debt amounts to R500 530,78 as per **Annexure AD - DMS 1518734**.

Councillors' debt amounts to R28 532,53 as per **Annexure AC - DMS 1518734**.

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

The following monthly budget statement tables (**DMS 1519744**) 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
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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**) (**DMS 1519744**) for the month ended 28 February 2022.

6. **CREDITORS ANALYSIS**

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) (**DMS 1519744**) for the month ended 28 February 2022.

7. **INVESTMENT PORTFOLIO ANALYSIS**

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) (**DMS 1519744**) for the month ended 28 February 2022.

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

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) (**DMS 1519744**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) (**DMS 1519744**) for the month ended 28 February 2022.

9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) (**DMS 1519744**) for the month ended 28 February 2022.

10. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 28 February 2022:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure G**) (**DMS 1519744**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure H**) (**DMS 1519744**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U**) (**DMS 1519744**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V**) (**DMS 1519744**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**) (**DMS 1519744**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X**) (**DMS 1519744**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y**) (**DMS 1519744**).
- ❑ Table SC13e - Monthly capital expenditure on upgrading of existing assets by assets class (**Annexure Z**) (**DMS 1519744**).

11. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **DMS 1520327** (**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 28 February 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 1519744**), be noted.