

ITEM 382
FINANCIAL REPORT AS AT 31 AUGUST 2022

This report served before Council on 21 September 2022. The report was noted.

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 31 August 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 August 2022 is included under **Annexures AA and AB (DMS 1555117)**.

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PART 1 - IN-YEAR REPORTING

1. **MAYOR'S REPORT FOR THE MONTH OF AUGUST 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 August 2022, and the performance of the Municipality against its budget is in line with the adopted budget that was approved by Council in May 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 August 2022 (year to date actual) shows a surplus of R175,9 million. The performance in this area is **Acceptable**.

Capital Budget

Council is in the first quarter of the financial year and capital expenditure is low at R85,1 million (8,16%). This is based on the Proposed Adjusted Budget of R1,04 billion. The performance in this area 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 2,08:1 (662 289/319 006). 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 an executive level and highlights matters that are of particular importance from the Chief Financial Officer's perspective.

3.1 **Operating Budget**

The following table represents an executive summary for the financial period ended 31 August 2022:

DESCRIPTION	ADOPTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL AUGUST 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Revenue	3 998 304 000	896 948 083	736 432 530	82,10%
Revenue - Electricity Accruals	-	-	113 049 617	0,00%
Revenue - Water Accruals	-	-	54 045 332	0,00%
Revenue (Including Accruals)	3 998 304 000	896 948 083	903 527 478	100,73%
Expenditure	4 071 959 500	762 814 200	727 605 068	95,38%
Operating Surplus/(Deficit)	(73 655 500)	134 133 883	175 922 410	

The annual accruals cost of R167 million were reversed in the month of August 2022 which caused variances in water and electricity service charges. R54 million is the accrual raised for water service and R113 million for electricity service. When taking into account these accruals the revenue will increase to 100,73% from 82,10%. These transactions will be recorded in the month of September 2022. **See details under 3,6.**

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 2,08:1 (662 289/319 006). 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 2022/23	AMOUNT RECEIVED AS AT 31/08/2022	ACTUAL EXPENDITURE AS AT 31/08/2022	% EXPENDITURE TO TOTAL	COMMENTS
NATIONAL TREASURY					
Equitable Share	471 939 000	184 056 000	78 656 500	17%	In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. It is primarily for the provision of Basic Services.
Intergrated Urban Development Grant-IUDG	147 172 000	58 869 000	45 755 486	31%	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	2 500 000	2 500 000	131 943	5%	Spending is in accordance with the support plan submitted to National Treasury for the grant.
Water services infrastructure grant	50 000 000	-	2 099 258	4%	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	3 213 000	804 000	26 928	1%	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	5 000 000	2 000 000	4 130	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.
TOTAL NATIONAL TREASURY GRANTS	679 824 000	248 229 000	126 674 245	19%	

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DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2022/23	AMOUNT RECEIVED AS AT 31/08/2022	ACTUAL EXPENDITURE AS AT 31/08/2022	% EXPENDITURE TO TOTAL	COMMENTS
PROVINCIAL TREASURY					
Provincialisation of Libraries	9 593 000	-	5 263 584	55%	Expenditure shown is the total actual operating costs of the Libraries for the period under review.
Community Library Services Grant (Cyber cadets)	2 032 800	-	463 076	23%	Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review.
Housing Operating Account	3 177 000	3 394 084	3 120 131	98%	Expenditure shown is the total actual operating cost of the Human Settlements Section excluding Hostel Operating costs for the period under review.
Museum Subsidy	235 000	-	634 034	270%	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	10 944 000	-	-	0%	This grant is for capital to help build sports facilities and develop sports and recreation,
TOTAL PROVINCIAL TREASURY GRANTS	25 981 800	3 394 084	9 480 825	36%	
TOTAL GRANTS AND SUBSIDIES	705 805 800	251 623 084	136 155 070	19%	

3.4 Capital Budget Summary

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

FUNCTION	ADOPTED BUDGET 2022/2023	PROPOSED ADJUSTED BUDGET 2022/2023	ACTUAL AUGUST 2022 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	%
Finance and Administration	51 927 000	76 867 400	2 299	0,00%
Community and Social Services	47 503 000	47 453 700	-	0,00%
Energy Sources	51 602 000	51 602 000	926 628	1,80%
Executive and Council	141 000	106 000	-	0,00%
Environmental Protection	2 500 000	2 500 000	-	0,00%
Air Transport - Air port	11 500 000	11 500 000	-	0,00%
Planning and Development	48 603 000	50 420 500	-	0,00%
Public Safety	2 337 000	2 319 900	-	0,00%
Road Transport	132 137 000	132 137 000	1 472 827	1,11%
Sport and Recreation	41 805 000	220 142 100	2 176 898	0,99%
Waste Management	11 802 000	11 802 000	-	0,00%
Waste Water Management	121 800 000	131 672 600	18 329 791	13,92%
Water	311 419 000	305 036 800	62 235 102	20,40%
	835 076 000	1 043 560 000	85 143 545	8,16%

SOURCE OF FUNDING	ADOPTED BUDGET 2022/2023	PROPOSED ADJUSTED BUDGET 2022/2023	ACTUAL AUGUST 2022 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
	R	R	R	%
Borrowing	390 000 000	598 387 100	41 062 616	6,86%
Capital Replacement Reserve	240 018 000	240 114 900	2 299 845	0,96%
Integrated Urban Development Grant	139 814 000	139 814 000	41 781 085	29,88%
Government Grants - National	54 300 000	54 300 000	-	0,00%
Government Grants - Provincial	10 944 000	10 944 000	-	0,00%
TOTAL	835 076 000	1 043 560 000	85 143 545	8,16%

3.5 Expenditure per Category

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

EXPENDITURE BY TYPE	ADOPTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL AUGUST 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 164 608 100	187 838 200	169 399 576	90,18%
Remuneration of Councillors	37 291 100	6 215 200	5 354 257	86,15%
Debt Impairment	172 510 200	28 751 800	28 751 327	100,00%
Depreciation and asset impairment	326 552 300	54 426 600	56 090 051	103,06%
Finance Charges	72 864 600	12 144 400	12 333 411	101,56%
Bulk Purchases - Electricity	1 258 204 000	300 341 300	291 874 615	97,18%
Inventory consumed - Water	401 327 100	63 632 580	45 507 014	71,52%
Inventory consumed - Materials	156 165 000	42 067 820	30 084 917	71,52%
Contracted Services	395 567 400	57 997 700	20 540 967	35,42%
Transfers and grants	14 216 900	4 356 700	1 044 215	23,97%
Other Expenditure	327 827 100	55 626 400	83 976 352	150,96%
Losses - Water Inventory (Note 1)	214 797 800	42 749 900	50 212 255	117,46%
Inventory consumed - Capitalisation (Note 2)	(469 972 100)	(93 334 400)	(67 563 889)	72,39%
TOTAL	4 071 959 500	762 814 200	727 605 068	95,38%

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

3.6 Revenue per Category

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

REVENUE BY SOURCE	ADOPTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL AUGUST 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Rates	681 140 100	124 503 700	150 867 029	121,17%
Service Charges – Electricity revenue	1 857 292 200	414 679 700	290 310 734	70,01%
Service Charges – Water revenue	511 400 700	90 846 400	54 191 593	59,65%
Service Charges – Sanitation revenue	114 066 300	19 498 700	18 974 519	97,31%
Service Charges – Refuse revenue	114 115 200	19 124 000	17 739 935	92,76%
Rental of facilities and equipment	6 477 100	1 079 517	1 614 905	149,60%
Interest earned – external investments	66 700 000	7 000 000	6 413 728	91,62%
Interest earned – outstanding debtors	128 000	21 333	-	0,00%
Fines, penalties and forfeits	57 681 000	9 613 500	1 310 851	13,64%
Licences and permits	3 525 900	622 200	325 673	52,34%
Agency services	6 179 400	1 090 500	487 833	44,73%
Operating Transfers and Subsidies	504 462 000	202 664 400	187 720 185	92,63%
Other Revenue	37 224 800	6 204 133	6 475 546	104,37%
Gains - Employee related costs	37 911 300	-	-	0,00%
TOTAL OPERATING REVENUE	3 998 304 000	896 948 083	736 432 530	82,10%

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

Service charges – Electricity Revenue – annual accruals of R113 million were reversed in the month of August 2022 which resulted in a shortfall of 27%. When adding the reversed accruals the percentage will be 97,27%. Accruals will be corrected in September 2022.

REVENUE BY SOURCE	ADOPTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL AUGUST 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Service Charges – Electricity revenue	1 857 292 200	414 679 700	290 310 734	70,01%
Accruals	-	-	113 049 617	0,00%
	1 857 292 200	414 679 700	403 360 351	97,27%

Service charges – Water Revenue – annual accruals of R54 million were reversed in the month of August 2022 which resulted in a shortfall of 59%. When adding the reversed accruals the percentage will be 119,14%. Accruals will be corrected in September 2022.

REVENUE BY SOURCE	ADOPTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL AUGUST 2022 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Service Charges – Water revenue	511 400 700	90 846 400	54 191 593	59,65%
Accruals			54 045 332	0,00%
	511 400 700	90 846 400	108 236 924	119,14%

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

DETAILS	ADOPTED BUDGET 2022/23	PRO-RATA ADOPTED BUDGET (YTD)	ACTUALS AUGUST 2022 (YTD)	% ADOPTED BUDGET SPENT
	R	R	R	
Fines:Illegal Connections	1 397 400	232 900	84 123	36%
Fines:Overdue Books	16 000	2 667	447	17%
Fines:Pound Fees	100	17	3 570	21420%
Fines:Traffic:Court Fines	391 500	65 250	-	0%
Fines:Traffic:Municipal	50 317 300	8 386 217	718 011	9%
Forfeits:Deposits	1 161 400	193 567	320 778	166%
Fines:Motor Vehicle Licence	1 100	183	-	0%
Fines, Penalties and Forfeits:Penalties:Property Rates	4 396 200	732 700	183 921	25%
TOTAL	57 681 000	9 613 500	1 310 851	14%

3.7 Creditors Age Analysis

Creditors age analysis by customer type:

The above table represents the ageing of creditors outstanding as at 31 August 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 August 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, the final signoff 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	241 685 171	54 764 894	21 406 085	208 402 922	526 259 073
Business	182 447 082	7 468 753	8 888 326	77 960 519	276 764 681
Households	48 366 466	9 583 310	6 396 956	180 625 519	244 972 251
Other	532 988	418 121	389 777	3 088 527	4 429 414
Total	473 031 707	72 235 079	37 081 144	470 077 488	1 052 425 418
%	44,95%	6,86%	3,52%	44,67%	

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%

PAYMENT RATIO					
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION
1	Collection Rate - Rolling 12 Months	95%		93,71	Please refer to page 5 of MFMA Circular No. 71
			Gross Debtors closing balance Aug 2022	1 052 236 551	
			Gross Debtors opening balance Sept 2021	877 878 557	
			Bad debts written Off Sept 2021 to Aug 2022	29 739 962	
			Billed Revenue Sept 2021 - Aug 2022	3 245 172 718	

➤ 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

NETT DEBTORS IN DAYS					
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION
2	Net Debtors Days	30 days		101,83 days	Please refer to page 6 of MFMA Circular No. 71
			Gross debtors balance end Aug 2022	1 052 236 551	
			Bad debts Provision 2022 / 2023	146 879 700	
			Billed Revenue Sept 2021 - Aug 2022	3 245 172 718	

➤ **Top 10 Debtors**

TOP TEN DEBTORS FROM ALL CATEGORIES							
Cont. Acct	Consumer Type	0-30 days	31-60 Days	61-90 Days	91-120 Days	120+ days	Total
1088329	State Ow ned Entities	10 102 826	5 688 792	3 732 959	7 103 741	52 329 329	78 957 647
531788	State Ow ned Entities	0	0	0	0	47 714 586	47 714 587
501543	State Ow ned Entities	4 587 222	11 358 678	8 230 193	-	46 002 867	70 178 961
1854904	Private Business	-	-	-	-	22 377 590	22 377 590
568393	State Ow ned Entities	2 353 079	2 327 124	3 559 898	3 452 045	6 687 103	18 379 248
551583	State Ow ned Entities	994 502	914 304	2 100 558	1 145 960	6 126 061	11 281 385
1610626	Private Business	-	-	-	-	6 106 823	6 106 823
2289941	Private Business	-	-	-	-	5 044 907	5 044 907
416383	Private Business	75 888	75 888	143 320	-	4 842 498	5 137 594
2273109	State Ow ned	-	17 985	-	-	3 835 347	3 853 332
Total		18 113 517	20 382 770	17 766 929	11 701 746	201 067 111	269 032 073

Government Debt

The Top Ten (10) Government debtors are as follows:

Government Departments - Summary of ALL Debt							
Government Departments	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National	4 253 137	15 457 955	3 019 466	2 063 339	2 364 422	185 493	27 343 812
Provincial	4 441 440	24 069 184	24 575 988	1 604 775	300 309	9 874 655	64 866 351
Government accounts in Dispute	0	290 126	18 996	0	0	2 102 802	2 411 923
National Departments	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National Public Works	4 245 141	15 223 369	2 794 685	2 063 339	2 364 422	2 492 916	29 183 872
Dept of Agriculture and Rural Development & land Reform	7 996	234 585	224 781	0	0	638 529	1 105 892
Department of Water Affairs and Sanitation	0	0	0	0	0	-2 945 952	-2 945 952
	4 253 137	15 457 955	3 019 466	2 063 339	2 364 422	185 493	27 343 812
Provincial Departments	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Public Works	124	20 121 651	5 559 495	-134 139	43 003	906 170	26 496 305
Education	511 067	390 130	660 299	773 620	66 662	3 914 800	6 316 578
Tvet Colleges	490 455	1 516 315	17 852 561	222 619	936	2 627	20 085 513
Human Settlement	74 959	1 077 346	15 931	6 303	-71 708	434 890	1 537 720
Department of Transport	158 540	218 625	177 946	204 320	83 372	166 033	1 008 837
Department of Health	3 168 181	703 828	309 756	532 052	178 044	4 450 134	9 341 995
Department of Social Welfare	38 114	41 289	0	0	0	0	79 403
	4 441 440	24 069 184	24 575 988	1 604 775	300 309	9 874 655	64 866 351
Other Organs of State	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Transnet	4 360 847	9 975 769	2 624 231	-1 121 431	205 469	2 486 815	18 531 700
ESKOM	142 960	-119 954	39 279	39 371	37 945	100 162	239 762
Ingonyama Trust Board	0	592 128	1 524 838	0	0	9 274 246	11 391 213
Telkom	703 802	-40 515	104	196	0	1 355	664 941
Foskor	14 951 753	31 019 726	2 341 176	3 575 814	3 465 521	8 348 618	63 702 608
SA Post Office	7 044	6 877	0	0	0	-16 068	-2 146
Richards Bay IDZ	2 573 650	754 050	184 840	184 763	184 725	213 578	4 095 606
Mhlathuze Water Board	6 487 636	5 855 860	1 239 546	0	0	47 740 489	61 323 532
King Cetshw ayo District Municipality	5 923 834	10 514 494	18 905 096	14 864 598	9 071 075	107 598 190	166 877 286
	35 151 527	58 558 436	26 859 108	17 543 310	12 964 734	175 747 385	326 824 500
Grand Total	43 846 104	98 375 700	54 473 558	21 211 425	15 629 465	187 910 336	421 446 587

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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 R436 345,63 as per **Annexure AD - DMS 1555117**.

Councillors' debt amounts to R19 405,49 as per **Annexure AC - DMS 1555117**.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1555121**) 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**) (**DMS 1555121**) for the month ended 31 August 2022.

6. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) (**DMS 1555121**) for the month ended 31 August 2022.

7. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) (**DMS 1555121**) for the month ended 31 August 2022.

8. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) (**DMS 1555121**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) (**DMS 1555121**) for the month ended 31 August 2022.

9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) (**DMS 1555121**) for the month ended 31 August 2022.

10. CAPITAL PROGRAMME PERFORMANCE

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

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure G**) (**DMS 1555121**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure H**) (**DMS 1555121**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U**) (**DMS 1555121**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V**) (**DMS 1555121**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**) (**DMS 1555121**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X**) (**DMS 1555121**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y**) (**DMS 1555121**).
- ❑ Table SC13e - Monthly capital expenditure on upgrading of existing assets by assets class (**Annexure Z**) (**DMS 1555121**).

11. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **DMS 1555389** (**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 following recommendation as approved by Council on 21 September 2022, be noted

the financial position of the uMhlathuze Municipality as at 31 August 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 1555121)**, be noted.