

16283

FINANCIAL REPORTING AS AT 30 APRIL 2023

The 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 30 April 2023 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 compliant
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all related financial policies
		5.1.1.4 Compliance with all MFMA and relevant local government financial legislation
	5.2.1 Sustainable Financial management (Expenditure and Revenue)	5.2.1.1 Provide continuous Internal Communication and support 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 Accurate and timeous payments of creditors
		5.2.1.6 Apply adequate financial management methodologies
	5.3.1 Supply Chain Management	5.3.1.1 Demand and acquisition management
		5.3.1.2 Accurate contracts and logistics management
		5.3.1.3 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 November 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 November 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 April 2023 is included under **Annexures AA and AB (DMS 1599360)**.

TABLE OF CONTENTS

PART 1 - IN-YEAR REPORT	
1.	Mayor's report for the month of April 2023
2.	Resolutions
3.	Executive Summary
3.1	Executive Summary - Operating Budget
3.2	Executive Summary - Cash Flow Situation
3.3	Executive Summary - Grants Balances
3.4	Executive Summary - Capital Budget Summary
3.5	Executive Summary - Expenditure per Category
3.6	Executive Summary - Revenue per Category
3.7	Executive Summary - Creditors Age Analysis
3.8	Executive Summary - Debtors Age Analysis
3.9	Executive Summary - Employee Debt and Councillor Debt
3.10	Executive Summary – Financial Ratios
4.	In-year budget statement tables
PART 2 - SUPPORTING DOCUMENTATION	
5.	Debtors' Analysis
6.	Creditors' Analysis
7.	Investment portfolio analysis
8.	Allocation and grant receipts and expenditure
9.	Councillor allowances and employee benefits
10.	Capital programme performance
11.	Municipal Manager's quality certification

PART 1 - IN-YEAR REPORTING

1. MAYOR'S REPORT FOR THE MONTH OF APRIL 2023

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 April 2023, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in January 2023. 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 April 2023 (year to date actual) shows a deficit of R95,9 million. The performance in this area is **Not Acceptable**. The deficit of R95,9 million is an indicator of strain on the municipal operating budget. Departments are urged to prioritise spending their budget on service delivery other than administrative expenditure.

Capital Budget

Council is in the third quarter of the financial year and capital expenditure is at R784,2 million (70,46%). This is based on the Adjusted Budget of R1,113 billion. The performance in this area is **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 1,01:1 (Cash in Bank against average monthly liability's – R304 536/R300 900). This is below the norm therefore the performance in this area is **Not 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 30 April 2023:

DESCRIPTION	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL APRIL 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue	4 003 702 700	3 206 473 593	3 150 179 227	98,24%
Expenditure	4 159 611 500	3 241 498 320	3 246 065 772	100,14%
Operating Surplus/(Deficit)	(155 908 800)	(35 024 728)	(95 886 546)	

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 1,01:1 (304 536/300 600). Part of the reason for the low cash coverage is due to the fact that the Municipality has not taken up its capital loan as yet of which R458 million has been spent to date.

3.3 Grants Balances

DESCRIPTION OF GRANT	ORIGINAL GRANTS BUDGET 2022/23	REVISED GRANTS BUDGET 2022/23	AMOUNT RECEIVED AS AT 30/04/2023	ACTUAL EXPENDITURE AS AT 30/04/2023	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
NATIONAL TREASURY							
Equitable Share	471 939 000	471 939 000	471 939 000	393 282 500	83%	83%	In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. This grant is primarily for the provision of basic municipal Services.
Intergrated Urban Development Grant-IUDG	147 172 000	209 302 000	209 302 000	142 197 690	68%	68%	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	2 500 000	1 533 430	61%	61%	Spending is in accordance with the support plan submitted to National Treasury for the grant. Most of the expenditure is planned for the last quarter for this financial year.
Water services infrastructure grant	50 000 000	37 000 000	37 000 000	13 801 248	37%	37%	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	3 213 000	3 213 000	1 937 904	60%	60%	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.
Municipal Disaster Relief Grant	-	39 466 000	34 966 000	10 770 950	31%	27%	Grant to reconstruct and rehabilitate damaged municipal infrastructure due to the 2022 storms. There was an amount of R4 500 000 which was erroneously paid to the municipality. The aforesaid amount has been transferred to KDCM to correct the error.
Energy Efficiency and Demand-side Management	5 000 000	2 000 000	2 000 000	4 010 708	201%	201%	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	765 420 000	760 920 000	567 534 430	75%	83%	

DESCRIPTION OF GRANT	ORIGINAL GRANTS BUDGET 2022/23	REVISED GRANTS BUDGET 2022/23	AMOUNT RECEIVED AS AT 30/04/2023	ACTUAL EXPENDITURE AS AT 30/04/2023	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
PROVINCIAL TREASURY							
Provincialisation of Libraries	9 593 000	9 593 000	9 593 000	26 664 530	278%	278%	Expenditure shown is the total actual operating costs of the Libraries for the period under review. The allocation was received in the current period under review.
Community Library Services Grant (Cyber cadets)	2 032 000	2 032 000	2 032 000	2 391 831	118%	118%	Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review. The allocation was received in the current period under review.
Housing Operating Account	3 177 000	4 264 786	5 533 208	14 139 903	256%	332%	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	235 000	235 000	2 975 279	1266%	1266%	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	25 981 000	16 124 786	17 393 208	46 171 542	265%	178%	
TOTAL GRANTS AND SUBSIDIES	705 805 000	781 544 786	771 313 208	613 705 972	80%	87%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 30 April 2023:

FUNCTION	ADJUSTED BUDGET 2022/2023	ACTUAL APRIL 2023 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	135 312 200	100 499 763	74,27%
Community and Social Services	38 462 500	25 625 195	66,62%
Energy Sources	64 359 400	49 927 098	77,58%
Executive and Council	38 500	34 654	90,01%
Environmental Protection	4 127 500	422 245	10,23%
Air Transport - Air port	19 157 000	2 902 516	15,15%
Planning and Development	15 309 000	1 933 773	12,63%
Public Safety	2 369 900	1 035 150	43,68%
Road Transport	87 120 600	40 394 752	46,37%
Sport and Recreation	198 378 100	121 274 160	61,13%
Waste Management	7 459 800	264 399	3,54%
Waste Water Management	127 144 100	101 231 970	79,62%
Water	413 784 500	338 644 679	81,84%
	1 113 023 100	784 190 352	70,46%

SOURCE OF FUNDING	ADJUSTED BUDGET 2022/2023	ACTUAL APRIL 2023 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	598 387 100	457 972 941	76,53%
Capital Replacement Reserve	259 627 000	169 348 471	65,23%
Integrated Urban Development Grant	201 944 000	138 089 996	68,38%
Government Grants - National	52 565 000	17 682 178	33,64%
Government Grants - Provincial	500 000	1 096 767	219,35%
TOTAL	1 113 023 100	784 190 352	70,46%

3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 30 April 2023:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL APRIL 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 142 648 200	906 556 624	874 239 860	96,44%
Remuneration of Councillors	37 291 100	29 766 048	26 714 847	89,75%
Debt Impairment	172 510 200	144 516 739	146 772 127	101,56%
Depreciation and asset impairment	340 536 500	280 529 036	276 361 572	98,51%
Finance Charges	88 221 900	69 033 727	62 450 007	90,46%
Bulk Purchases - Electricity	1 236 241 700	1 003 506 257	1 019 805 970	101,62%
Inventory consumed - Water	401 327 100	263 963 771	242 334 505	91,81%
Inventory consumed - Materials	171 908 300	146 894 000	138 854 550	94,53%
Contracted Services	464 066 000	328 446 641	292 872 512	89,17%
Transfers and grants	9 528 000	8 795 194	7 679 162	87,31%
Other Expenditure	350 506 800	272 135 534	261 274 218	96,01%
Losses - Water Inventory (note 1)	214 797 800	178 998 167	286 696 193	160,17%
Inventory consumed - Capitalisation (note 2)	(469 972 100)	(391 643 417)	(389 989 749)	99,58%
TOTAL	4 159 611 500	3 241 498 320	3 246 065 772	100,14%

The above table represents operating expenditure per category as at 30 April 2023.

Note 1 and 2 above:

In terms of Version 6.5 of the mSCOA Chart it is required that municipalities account for their water purchases, water production as well their losses in accordance with the water balance model. This model has been derived after consultation with the National Water and Sanitation Department and will ensure that water inventory is correctly reflected.

Water Inventory - in Rands						
Water Inventory	Original Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	R	R	R	R	R	R
Output						
Inventory consumed - Water Billed (Authorised)	395 165 900	371 793 500	23 372 400	239 935 153	223 636 667	16 298 486
Inventory consumed - Water Unbilled (Authorised)	6 161 200	5 884 700	276 500	2 399 351	2 236 367	162 985
Total - Inventory consumed - Water	401 327 100	377 678 200	23 648 900	242 334 505	225 873 034	16 461 471
Loss - Water Inventory	214 797 800	210 792 600	4 005 200	285 830 094	282 540 601	3 289 493
Total Water Inventory (Consumed plus losses)	616 124 900	588 470 800	27 654 100	528 164 598	508 413 634	19 750 964

Water Inventory - in Units (kl)						
Water Inventory	Original Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	kl	kl	kl	kl	kl	kl
Output						
Inventory consumed - Water Billed (Authorised)	35 474 796	30 842 250	4 632 546	22 155 479	19 984 743	2 170 736
Inventory consumed - Water Unbilled (Authorised)	542 980	488 168	54 812	221 555	199 847	21 707
Total - Inventory consumed - Water	36 017 776	31 330 418	4 687 358	22 377 034	20 184 591	2 192 443
Loss - Water Inventory	18 074 971	17 284 759	790 212	26 035 799	25 174 071	861 728
% Loss - Water Inventory	33,4%	35,6%	14,4%	53,8%	55,5%	28,2%
Total Water Inventory (Consumed plus losses)	54 092 747	48 615 177	5 477 570	48 412 833	45 358 662	3 054 171

3.6 Revenue per Category

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

REVENUE BY SOURCE	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL APRIL 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	680 990 200	544 806 706	521 848 767	95,79%
Service Charges – Electricity revenue	1 866 242 400	1 471 025 076	1 463 523 769	99,49%
Service Charges – Water revenue	491 148 100	411 585 721	419 378 003	101,89%
Service Charges – Sanitation revenue	114 066 300	88 978 946	89 661 644	100,77%
Service Charges – Refuse revenue	106 813 300	80 155 432	89 298 680	111,41%
Rental of facilities and equipment	6 976 500	5 813 750	8 198 323	141,02%
Interest earned – external investments	66 700 000	44 681 400	25 252 858	56,52%
Interest earned – outstanding debtors	28 000	23 333	-	0,00%
Fines, penalties and forfeits	57 691 000	48 075 833	3 269 230	6,80%
Licences and permits	3 525 900	2 938 250	2 371 069	80,70%
Agency services	6 179 400	5 149 500	5 834 995	113,31%
Operating Transfers and Subsidies	525 345 100	469 835 313	497 902 784	105,97%
Other Revenue	40 085 200	33 404 333	23 639 105	70,77%
Gains - Employee related costs	37 911 300	-	-	0,00%
TOTAL OPERATING REVENUE	4 003 702 700	3 206 473 593	3 150 179 227	98,24%

The above table represents operating revenue per category as at 30 April 2023.

3.7 Creditors Age Analysis

Creditors age analysis by customer type:

Creditors Age Analysis By Customer Type	0 - 30 Days	31 - 60 Days	121 - 150 Days	181 Days - 1 Year	Over 1 Year	Total
	R		R	R	R	R
Bulk Electricity	104 659 941	-	-	-	-	104 659 941
Bulk Water	17 203 358	18 694 055	-	-	-	35 897 413
PAYE deductions	14 195 814	-	-	-	-	14 195 814
Pensions / Retirement deductions	12 810 890	-	-	-	-	12 810 890
Trade Creditors	9 683 793	-	1 307 504	7 813 591	1 099 362	19 904 250
Total By Customer Type	158 553 796	18 694 055	1 307 504	7 813 591	1 099 362	187 468 308

The above table represents the ageing of creditors outstanding as at 30 April 2023. 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 April 2023 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 needs 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	155 646 204	12 354 364	16 402 258	237 630 880	422 033 706
Business	150 621 859	(45 990 197)	4 608 997	80 927 145	190 167 804
Households	51 604 919	4 811 699	5 345 030	210 701 005	272 462 653
Other	1 146 473	326 141	396 309	5 222 180	7 091 103
Total	359 019 455	(28 497 993)	26 752 594	534 481 210	891 755 266
%	40,26%	-3,20%	3,00%	59,94%	

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:

Formula (As per circular 71)	Norm
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%		102%	Please refer to page 5 of MFMA Circular No. 71
			Gross Debtors closing balance April 2023	891 238 989	
			Gross Debtors opening balance May 2022	975 936 809	
			Bad debts written Off May 2022 to April 2023	29 739 962	
			Billed Revenue May 2022 - April 2023	3 158 913 177	

➤ 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:

Formula (As per circular 71)	Norm
(Gross Debtors - Bad Debt Provision) / Billed Revenue) × 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		86,01 days	Please refer to page 6 of MFMA Circular No. 71
			Gross Debtors closing balance April 2023	891 238 989	
			Bad debts Provision 2022 / 2023	146 879 700	
			Billed Revenue May 2022 - April 2023	3 158 913 177	

➤ **Top 10 Debtors**

TOP TEN DEBTORS FROM ALL CATEGORIES							
Account No	Consumer Type	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days +	Total
1088329	STATE OWNED ENTITIES	13 959 025	6 566 410	5 941 026	5 247 965	82 797 496	114 511 921
501543	STATE OWNED ENTITIES	11 185 298	-	3 620 224	4 495 652	70 179 386	89 480 560
1854904	PRIVATE BUSINESS	-	-	-	-	22 377 590	22 377 590
531788	STATE OWNED ENTITIES	-	-	-	-	21 328 753	21 328 753
551583	STATE OWNED ENTITIES	1 931 823	-	2 117 450	1 002 236	11 065 896	16 117 406
1610626	PRIVATE BUSINESS	-	-	-	-	6 106 823	6 106 823
1632348	STATE OWNED ENTITIES	1 056 791	570 783	203 323	1 004 989	5 372 504	8 208 390
416383	PRIVATE BUSINESS	227 664	-	151 776	75 888	5 289 370	5 744 697
2289941	PRIVATE BUSINESS	945	-	-	-	5 044 907	5 045 852
2328365	STATE OWNED ENTITIES	-	-	-	-	4 615 650	4 615 650
		28 361 545	7 137 193	12 033 798	11 826 729	234 178 375	293 537 640

Government Debt

Government debtors shown as follows:

GOVERNMENT DEPARTMENTS						
National Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National Public Works	4 962 544	331 266	322 050	321 211	2 260 810	8 197 881
Dept of Agriculture and Rural Development & land Reform	13 031	-	-	-	12 543	25 574
Department of Water Affairs and Sanitation	-	-	-	-	-1 860 620	-1 860 620
	4 975 575	331 266	322 050	321 211	412 734	6 362 835
Provincial Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Public Works	10 938	35 634	35 101	35 671	2 731 105	2 848 449
Education	1 735 792	-99 796	2 138 208	267 056	2 459 728	6 500 988
Tvet Colleges	2 905 562	12 928	492 575	1 287	1 817 395	5 229 747
Human Settlement	127 060	7 110	4 431	4 234	604 826	747 661
Department of Transport	277 506	140 306	94 458	11 412	474 702	998 385
Department of Health	3 104 637	55 342	108 793	-84 658	4 362 962	7 547 076
Department of Social Welfare	91 872	-	-	-	-	91 872
	8 253 367	151 524	2 873 566	235 002	12 450 718	23 964 178
Other Organs of State	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Transnet	14 306 019	3 952 722	9 466	8 349	-1 587 113	16 689 444
ESKOM	127 803	2 044	-5 968	788	89 953	214 620
Ingonyama Trust Board	730 322	368 550	361 545	361 545	15 276 432	17 098 394
Telkom	677 016	694	901	798	5 436	684 846
Foskor	10 930 591	11 995	11 995	11 995	1 665 162	12 631 736
SA Post Office	15 973	7 117	25	-	-6 246	16 869
Richards Bay IDZ	3 147 028	-	-	-	-	3 147 028
Mhlathuze Water Board	4 219 210	1 481	22	-	21 328 753	25 549 466
King Cetshwayo District Municipality	29 094 918	7 487 783	12 647 020	12 032 968	168 669 175	229 931 865
	63 248 880	11 832 387	13 025 007	12 416 443	205 441 552	305 964 269

Government Debt Comments

The main issues on Government Debt remain the lack of available budget to the relevant government departments. The debt owing by government departments appear to be a long term issue that will require constant monitoring and intervention.

A dedicated team of officials are working on the Government debt to ensure that the debt remain as low as practically possible.

The Government debt for this time of year will also appear to be higher due to the annual rates that are levied in January of each year.

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 R353 795,32 as per **Annexure AD - DMS 1599360**.

Councillors' debt amounts to R21 237,24 as per **Annexure AC - DMS 1599360**.

3.10 Circular 71 Uniform Financial Ratios

Circular 71 financial ratios covers various aspects of a municipality's finances, such as financial position, financial performance and budget implementation. These ratios also aid in long-term financial planning and can be used to track progress over a number of years. Norms or standards have been assigned to each financial ratio.

This template is included as **Annexure AF on DMS 1599360**.

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

The following monthly budget statement tables (**DMS 1599363**) 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 1599363**) for the month ended 30 April 2023.

6. **CREDITORS ANALYSIS**

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) (**DMS 1599363**) for the month ended 30 April 2023.

7. **INVESTMENT PORTFOLIO ANALYSIS**

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) (**DMS 1599363**) for the month ended 30 April 2023.

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

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) (**DMS 1599363**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) (**DMS 1599363**) for the month ended 30 April 2023.

9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) (**DMS 1599363**) for the month ended 30 April 2023.

10. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 30 April 2023:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure G**) (**DMS 1599363**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure H**) (**DMS 1599363**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U**) (**DMS 1599363**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V**) (**DMS 1599363**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**) (**DMS 1599363**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X**) (**DMS 1599363**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y**) (**DMS 1599363**).
- ❑ Table SC13e - Monthly capital expenditure on upgrading of existing assets by assets class (**Annexure Z**) (**DMS 1599363**).

11. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **DMS 1599971** (**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 CITY MANAGER

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

RECOMMENDED THAT:

the financial position of the uMhlathuze Municipality as at 30 April 2023, 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 1599363**), be noted.