



UTHUKELA

**UMKHANDLU WESIFUNDA
DISTRIKSMUNISIPALITEIT
DISTRICT MUNICIPALITY**

2023/24 Q4

QUARTERLY REVIEW (S52)

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PURPOSE

To report to Council on the quarterly review of the financial and performance results for the first quarter of the 2023/24 financial year as required by section 52 of the Municipal Finance Management Act.

STRATEGIC OBJECTIVE

Promoting good governance

WARDS AFFECTED

All wards

IDP LINKAGE

Financial Reporting

MAYOR'S REPORT

In terms of S52 of the MFMA

The mayor of a municipality

(d) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality;

EXECUTIVE SUMMARY

Section 52 of the Municipal Finance Management Act (MFMA) requires that The mayor of a municipality—

(a) Must provide general political guidance over the fiscal and financial affairs of the municipality;

(b) In providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;

(c) Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;

(d) Must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and

(e) Must exercise the other powers and perform the other duties assigned to the

mayor in terms of this Act or delegated by the council to the mayor

The following annexure are attached to this item:

Annexure A – S71 for the month ending 30 June 2024

UTHUKELA DISTRICT MUNICIPALITY | 2024

SUMMARY OF FINANCIAL PERFORMANCE

ANALYSIS OF OPERATING REVENUE AND EXPENDITURE (JULY 2023 – JUNE 2024) EXCLUDING CAPITAL TRANSFERS:

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 - June

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water	212,863	212,742	250,028	24,339	263,410	250,028	13,382	5%	250,028	
Service charges - Waste Water Management	15,970	17,412	17,160	1,511	17,216	17,160	56	0%	17,160	
Service charges - Waste management	-	-	-	-	-	-	-	-	-	
Sale of Goods and Rendering of Services	1,652	6,575	596	32	705	596	109	18%	596	
Agency services	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
Interest earned from Receivables	50,572	51,112	60,900	5,712	30,448	60,900	(30,452)	-50%	60,900	
Interest from Current and Non Current Assets	5,958	6,289	9,994	(123)	8,557	9,994	(1,436)	-14%	9,994	
Dividends	-	-	-	-	-	-	-	-	-	
Rent on Land	-	-	-	-	-	-	-	-	-	
Rental from Fixed Assets	-	-	-	-	-	-	-	-	-	
Licence and permits	-	-	-	-	-	-	-	-	-	
Operational Revenue	702	2,384	193	41	275	193	81	42%	193	
Non-Exchange Revenue										
Property rates	-	-	-	-	-	-	-	-	-	
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	63	39	27	23	34,577	27	34,550	125957%	27	
Licence and permits	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - Operational	545,552	585,779	585,779	-	581,179	585,779	(4,600)	-1%	585,779	
Interest	-	-	-	-	-	-	-	-	-	
Fuel Levy	-	-	-	-	-	-	-	-	-	
Operational Revenue	-	-	-	-	-	-	-	-	-	
Gains on disposal of Assets	-	-	-	-	-	-	-	-	-	
Other Gains	-	-	-	-	-	-	-	-	-	
Discontinued Operations	-	-	-	-	8,000	-	8,000	#DIV/0!	-	
Total Revenue (excluding capital transfers and		833,333	882,331	924,678	31,535	944,368	924,678	19,690	2%	924,678
Expenditure By Type										
Employee related costs	349,172	371,090	353,722	39,281	366,255	353,722	12,533	4%	353,722	
Remuneration of councillors	6,389	6,709	6,164	531	6,154	6,164	(11)	0%	6,164	
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	
Inventory consumed	44,877	44,822	48,083	3,527	57,423	48,083	9,340	19%	48,083	
Debt impairment	180,240	156,966	156,966	-	101,389	156,966	(55,578)	-35%	156,966	
Depreciation and amortisation	87,352	95,609	95,609	11,005	86,932	95,609	(8,677)	-9%	95,609	
Interest	8,614	-	500	1,273	1,829	500	1,329	266%	500	
Contracted services	194,098	198,197	135,784	31,230	146,899	135,784	11,114	8%	135,784	
Transfers and subsidies	3,120	3,285	5,485	-	3,285	5,485	(2,200)	-40%	5,485	
Irrecoverable debts written off	-	-	-	-	-	-	-	-	-	
Operational costs	222,658	173,857	134,091	6,559	115,307	134,091	(18,784)	-14%	134,091	
Losses on Disposal of Assets	1,519	-	-	-	-	-	-	-	-	
Other Losses	-	-	-	-	-	-	-	-	-	
Total Expenditure		1,098,039	1,050,536	936,405	93,505	885,473	936,405	(50,932)	-5%	936,405
Surplus/(Deficit)		(264,706)	(168,205)	(11,727)	(61,970)	58,895	(11,727)	70,623	-602%	(11,727)
Transfers and subsidies - capital (monetary allocations)	244,868	306,342	306,342	-	160,949	306,342	(145,393)	-47%	306,342	
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		(19,838)	138,137	294,615	(61,970)	219,845	294,615			294,615
Income Tax	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after income tax		(19,838)	138,137	294,615	(61,970)	219,845	294,615			294,615
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-	
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		(19,838)	138,137	294,615	(61,970)	219,845	294,615			294,615
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year		(19,838)	138,137	294,615	(61,970)	219,845	294,615			294,615
References										
1. Material variances to be explained on Table SC1										
Total Revenue (excluding capital transfers and contributions) including cap										
		1,078,201	1,188,673	1,231,020	31,535	1,105,317	1,231,020			1,231,020

ANALYSIS OF OPERATING REVENUE:

Budgeted	Actual Outcomes	% Variance
R 924 678	R 944 368	2%

Operating revenue recognised for the period July 2023 to June 2024 amounts to R944 million resulting in a 2% positive variance from the R924 million which was anticipated.

The 2 % variance although positive must still be analysed to assess its impact on the budgeting process, as well as future cash flows.

WATER& SANITATION SALES:

Water and sanitation sales income recognised combined is 5% above what was originally anticipated. This is due to the under estimation of water sales, the original estimate was based on the billing of the previous financial year. The municipality has conducted a data cleansing exercise in the current financial year, assisted by consultants deployed by the National Treasury, this included clearing negative billing and identifying meters that were not billing correctly and applying the necessary remedial adjustments. This has resulted in accurate billing, thus the improvement.

The municipality also noted the impact of cuts in water supply on the sales generated, the consistency and improvement in water supply has been prioritised which will positively impact water and sanitation sales. The billing total does not include water sales through prepaid meters.

INTEREST FROM OUTSTANDING DEBTORS:

This line item has yielded a negative variance of 50%, it appears we have billed less interest than we had originally anticipated. It must also be noted that the consumer payment incentives also impact on this line item.

The municipality has adopted a strong drive to improve the collection rate in the previous quarter ending June 2024. Therefore, a decline is anticipated going forward on this line item. The revenue section being assisted by sectional heads is engaging actively with the debtors of different categories.

INTEREST FROM INVESTMENTS:

A total of R8,5 million has been recognised as interest from external investments resulting in a negative variance of 14%.

The municipality has been able to increase the investment of funds as per the budget funding plan, the municipality has prioritised the management of cash flows, complying with the terms of section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically.

SALE OF GOODS AND RENDERING OF SERVICES (OTHER REVENUE):

Other revenue has a positive variance of 42% the adopted budget anticipated the other revenue amount to be R2.3 million. This includes amounts from the sale of tender

documents, maps etc. The positive variance on fines and penalties issued by the Health Department is noted and will impact positively on the overall revenue generated. The municipality has focused on all sources of revenue streams in order to improve cash generation, the necessary adjustments will be implemented in the adjustments budget.

ANALYSIS OF OPERATING EXPENDITURE

Budgeted R936,405	Actual Outcomes R885,473	% Variance -5%
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The total operating expenditure of the municipality for 2023/2024 period is 885 million a -5% negative variance from the R936 million which was anticipated.

EMPLOYEE RELATED COSTS:

Employee related cost incurred positive 4% above what was anticipated for the financial year. The municipality anticipated 356 million.

INVENTORY CONSUMED:

The bulk of other materials comprises of fuel, oil and chemicals. Inventory consumed has a positive variance of 19% from the amount originally budgeted.

It must be noted that this line item (Inventory Consumed) was one of our major contributors to the budget funding plan, the increase in expenditure will thus have an impact on the budget funding plan.

CONTRACTED SERVICES:

Contracted services have generated a positive variance of 8%, the municipality had anticipated to have spent R135 million by the end of the financial year. The major contributors to this line item include, computer programs, repairs to pumps and pipe lines, security and the hiring of plant and water tankers. The total allocation for contracted services was reduced from R198 million in the original budget to R135 million in the budget funding plan.

GENERAL EXPENDITURE:

General expenditure is -14% below what was budgeted. This is due to cost containment measures effected through the IFC and budget funding plan. General expenditure remains highly monitored, considering the adopted budget funding plan. The municipality anticipates realising further cost savings on this line item going forward.

The municipality has recognised that cost savings in general expenditure items when consolidated contribute positively into the budget funding plan. Items such as telephone/ cell phones, accommodation, printing and stationery etc. have been reviewed and material cost savings were achieved.

TRANSFERS AND SUBSIDIES:

The amount budgeted for transfers and subsidies is the transfer allocation for the Development Agency. An amount of R3.2 million had been transferred at mid-year. The allocations made to the agency are based on the transfer of the equitable share and the cash flow is considered before the transfer is made. The municipality has been to adequately transfer higher amounts to the agency due financial constraints faced by the municipality.

SUMMARY OF CAPITAL PROJECT IMPLEMENTATION

UTHUKELA DISTRICT MUNICIPALITY										
GRANT REGISTER - 2023/24										
<u>Summary of Grants received, expenditure & Funds available as at 30 June 2024</u>										
			Audited Balance as at	Roll-Over Disallowed	Budget Amount 2023/24	Received		Spent & transferred to income		Closing Balance/ Unspent
	Name of Grant owner	Grant Type	01/07/2023			2023/24	% Spent on total allocation	2023/24	% Spent on received amount	
G3.101	EX Mhembu	MUNICIPAL INFRASTRUCTURE GRANT	7 990 235,13		221 342 000,00	196 538 000,00	92%	204 528 235,13	100%	0,00
G3.102	EX Mhembu	WATER & SANITATION INFRASTRUCTURE GRANT	5 648 483,42	-3 848 483,42	85 000 000,00	85 000 000,00	100%	86 800 000,00	100%	0,00

Budgeted
R291,328

Actual Outcomes
R 291,328

% Variance
0%

The expenditure on capital projects yielded a 0% Capital budget was spent as allocated.

STATEMENT OF FINANCIAL POSITION

Choose name from list - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 - June

Description	Ref	2022/23	Budget Year 2023/24							
		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands	1									
Revenue - Functional										
Governance and administration		714,294	595,635	593,455	104	715,743	593,455	122,288	21%	593,455
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		714,294	595,635	593,455	104	715,743	593,455	122,288	21%	593,455
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1,282	39	27	2	387	27	360	1312%	27
Community and social services		1,251	-	-	-	346	-	346	WON/0%	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		31	39	27	2	42	27	14	52%	27
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		362,625	592,999	637,537	31,429	389,187	637,537	(248,351)	-39%	637,537
Energy sources		-	-	-	-	-	-	-	-	-
Water management		362,625	592,999	637,537	31,429	389,187	637,537	(248,351)	-39%	637,537
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1,078,201	1,188,673	1,231,020	31,535	1,105,317	1,231,020	(125,702)	-10%	1,231,020
Expenditure - Functional										
Governance and administration		461,834	417,572	395,526	2,924	300,389	395,526	(95,136)	-24%	395,526
Executive and council		47,987	64,311	61,263	3,837	50,805	61,263	(10,458)	-17%	61,263
Finance and administration		413,846	353,261	334,263	(913)	249,585	334,263	(84,678)	-25%	334,263
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		44,956	47,204	46,971	9,481	52,641	46,971	5,670	12%	46,971
Community and social services		11,851	7,477	7,410	1,046	13,103	7,410	5,693	77%	7,410
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		33,104	39,727	39,561	8,435	39,538	39,561	(22)	0%	39,561
Economic and environmental services		18,271	28,785	30,249	1,097	17,131	30,249	(13,118)	-43%	30,249
Planning and development		18,271	28,785	30,249	1,097	17,131	30,249	(13,118)	-43%	30,249
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		572,979	556,975	463,660	80,003	515,312	463,660	51,652	11%	463,660
Energy sources		-	-	-	-	-	-	-	-	-
Water management		572,979	556,975	463,660	80,003	515,312	463,660	51,652	11%	463,660
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1,098,039	1,050,536	936,405	93,505	885,473	936,405	(50,932)	-5%	936,405
Surplus/ (Deficit) for the year		(19,838)	138,137	294,615	(61,970)	219,845	294,615	(74,770)	-25%	294,615

CASH FLOW STATEMENT:

Choose name from list - Table C7 Monthly Budget Statement - Cash Flow - M12 - June

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	-	-	-	-	-	-	-	-
Service charges		129,854	100,995	115,959	12,113	125,921	105,944	19,977	19%	115,959
Other revenue		39,809	180,203	74,654	1,122	26,473	189,033	(162,560)	-86%	74,654
Transfers and Subsidies - Operational		533,343	587,779	581,931	234	579,544	626,002	(46,458)	-7%	581,931
Transfers and Subsidies - Capital		252,284	306,342	306,342	-	281,538	325,589	(45,051)	-14%	306,342
Interest		6,612	6,289	9,994	444	9,124	6,585	2,539	39%	9,994
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(163,713)	(799,604)	(817,967)	(13,337)	(266,035)	(795,322)	529,285	-67%	(817,967)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	(3,285)	5,485	-	-	(3,446)	3,446	-100%	5,485
NET CASH FROM/(USED) OPERATING ACTIVITIES		797,989	378,719	276,398	577	756,563	455,385	(301,178)	-66%	276,398
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		194,919	(308,395)	(306,868)	1,610	(222,994)	(328,743)	105,749	-32%	(306,868)
NET CASH FROM/(USED) INVESTING ACTIVITIES		194,919	(308,395)	(306,868)	1,610	(222,994)	(328,743)	(105,749)	32%	(306,868)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		(143)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(143)	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		992,765	70,323	(30,470)	2,187	533,569	126,642			(30,470)
Cash/cash equivalents at beginning:		14,370	(29,942)	13,498		13,689	13,498			13,689
Cash/cash equivalents at month/year end:		1,007,135	40,381	(16,972)		547,258	140,139			(16,781)

ANALYSIS OF OUTSTANDING DEBTORS AND CREDITORS:

Choose name from list - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 - June

Description	HT Code	Budget Year 2023/24									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts I t o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	31,097	22,182	21,045	19,946	19,225	18,311	22,724	736,058	891,229	816,908	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	2,342	1,057	800	837	857	943	784	44,405	52,124	47,825	-	-
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rates Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	6,126	6,804	5,762	5,527	6,462	5,224	5,082	233,600	272,498	254,796	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	187	108	153	158	144	175	138	14,743	15,788	15,258	-	-
Total By Income Source	2000	39,739	29,152	27,808	26,467	25,688	24,653	28,728	1,829,348	1,221,825	1,134,883	-	-
2023/23 - totals only		30,140	27,262	23,267	20,923	20,142	20,941	19,913	848,720	806,296	727,637	-	-
Debtors Age Analysis By Customer Group													
Organs of State	2200	6,916	5,039	4,593	4,614	3,169	3,222	6,825	43,968	77,144	61,698	-	-
Commercial	2300	6,984	2,325	2,025	1,467	1,414	1,261	1,454	58,808	77,833	64,484	-	-
Households	2400	24,831	21,787	21,238	20,406	21,106	20,080	20,448	926,671	1,078,647	1,008,791	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	39,739	29,152	27,808	26,467	25,688	24,653	28,728	1,829,348	1,221,825	1,134,883	-	-

Reflected above is the age analysis of debtors as at the end of June 2024 totalling over 1 billion.

Midyear Collection Rate:

The average collection rate stood at 34% at the end of June 2024

CONSUMER DEBTORS - PAYMENTS VS BILLING AS AT 30 June 2024				
MONTH	BILLING	MONTHS	RECIPTS	RECOVERY RATE %
June 2023	25,608,838.15	July 2023	8,496,218.06	33.18%
July 2023	30,432,078.23	August 2023	9,514,192.41	31.26%
August 2023	30,257,372.83	September 2023	13,219,878.76	43.69%
September 2023	29,957,161.76	October 2023	12,962,433.60	43.27%
October 2023	23,953,175.82	November 2023	9,529,050.56	39.78%
November 2023	28,423,891.12	December 2023	8,803,764.50	30.97%
December 2023	38,635,046.82	January 2024	10,286,165.04	26.62%
January 2024	32,768,007.06	February 2024	10,990,066.03	33.54%
February 2024	31,636,431.08	March 2024	8,682,749.59	27.45%
March 2024	35,271,911.28	April 2024	11,653,550.39	33.04%
April 2024	34,937,635.35	May 2024	10,766,006.10	30.81%
May 2024	34,335,121.94	June 2024	13,257,781.78	38.61%
TOTAL	376,216,671.44		128,161,856.82	34%
TOTALS				
BILLING - JUNE 2023 - MAY 2024		376,216,671.44		
RECIPTS - JULY 2023-JUNE 2024		128,161,856.82		
DIFFERENCE		248,054,814.62 34%		

UTHUKELA DISTRICT MUNICIPALITY | 2024

DC23 Uthukela - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June 2024

Description	NTCode	Budget Year 2023/24								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	45,469	49,260	3,637	6,365	472,747				577,478
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	45,469	49,260	3,637	6,365	472,747	-	-	-	577,478

ANALYSIS OF CASH & INVESTMENTS:

DC 23 - Uthukela Supporting Table SC5 Monthly Budget Statement - Investment portfolio - M12 June

Investments by maturity Name of institution & investment ID	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands					
Municipality					
FNB	415	3	(5,413)	5,413	418
NEDBANK	1,301	8	(1,301)	-	8
INVESTEC	397	3			399
ABSA	13,106		(12,947)	61	220
					-
					-
					-
TOTAL INVESTMENTS AND INTEREST	15,219	-	(19,661)	5,473	1,045

The table above reflects investments as at the end of the last quarter, at the various institutions. The total investments totalled R1 million.

Bank Balances

The following reflects bank balances at 30 June 2024

DESCRIPTION	MARCH 2024	APRIL 2024	MAY 2024	JUNE 2024
FNB MAIN ACCOUNT 62252306280	68,393,318.13	9,327,466.24	18,566,219.11	4,657,636.81
FNB WATER ACCOUNT 62253072385	0	0	0	0
	68,393,318.13	14,791,225.24	18,566,219.11	4,657,636.81
Total cash held	4,657,636.81			

At the end of June 2024 cash on hand was R4 million

ANALYSIS OF GRANTS RECEIVED:

Grant allocations received at the end of June 2024 were as follows:

UTHUKELA DISTRICT MUNICIPALITY GRANT REGISTER - 2023/24 Summary of Grants received, expenditure & Funds available as at 30 June 2024								
	Audited Balance as at	Roll-Over Disallowed	Budget Amount 2023/24	Received		Spent & transferred to income		Closing Balance/ Unspent
Grant Type	01/07/2023			2023/24	% Spent on total allocation	2023/24	% Spent on received amount	
MUNICIPAL INFRASTRUCTURE GRANT	7,990,235.13		221,342,000.00	196,538,000.00	92%	204,528,235.13	100%	0.00
WATER & SANITATION INFRASTRUCTURE GRANT	5,648,483.42	-3,848,483.42	85,000,000.00	85,000,000.00	100%	86,800,000.00	100%	0.00
RURAL ROAD ASSET MANAGEMENT SYSTEM	0.00		2,672,000.00	2,672,000.00	96%	2,572,887.08	96%	99,112.92
EPWP INTEGRATED GRANT	0.00		1,816,000.00	1,816,000.00	100%	1,816,000.00	100%	0.00
FINANCE MANAGEMENT GRANT	0.00		2,100,000.00	2,100,000.00	100%	2,100,000.00	100%	0.00
LG SETA	26,582.86		0.00	650,714.56	0%	677,297.42	100%	0.00
	13,665,301.41	-3,848,483.42	312,930,000.00	288,776,714.56	95%	298,494,419.63	99.97%	99,112.92

Financial Ratios

Financial Ratio	June 2024
Capital Expenditure to Total Expenditure (10%-20%)	3%
Cash Coverage Ratio	0 Months
Net Debtors > 90 days (= 0)	11 954 Days
Net Operating Surplus Margin	2%
Creditors Payment Period > 30 days (= 0)	293 Days
Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure)	42%
Contracted Services % of Total Operating Expenditure	33.4%
% Actual CAPEX to budget (≥ 95%)	68%
% Actual OPEX to budget (≥ 95%)	102%
Operating Revenue Budget Implementation Indicator	92.68%

Cash flow:

Capital expenditure to total expenditure: This Ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritisation of expenditure towards current operations *versus* future capacity in terms of Municipal Services. Currently the ratio is 3% below the acceptable norm of (10% - 20%)

Cash Coverage: The ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without any additional revenue. The ratio shows 0 month which is below the acceptable norm of (1 month to 3 month)

Net Debtors Days: the ratio of 11 954 Days which way above the acceptable norm of 30 days, this indicates that the Municipality is exposed to significant Cash Flow risk. This is also an indication that the municipality is experiencing challenges in the collection of outstanding amounts due to it.

Net Operating Surplus Margin: a ratio of 2% is calculated which is greater than 0% this will enable the municipality to generate a surplus which will assist to contribute towards its capital funding requirements

Creditors Payment Period: the ratio indicate that it takes 293 days for the municipality to pay its creditors which is above the acceptable norm of 30 days. A period longer than 30 days to settle creditors is normally an indication that the Municipality may be experiencing cash flow problems, however in certain instances this may be as a result of disputes, processing of payments, etc. In addition, a ratio that exceeds the norm indicates that the Municipality may not be adequately managing its Working Capital or that effective controls are not in place to ensure prompt payments. The municipality will be required to provide further explanations in this regard.

Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure): A rate of 42% which is greater than the 20% and 40% norm, if the ratio exceeds the norm it could indicate inefficiencies, overstaffing or even the incorrect focus due to misdirected expenditure to non-essentials or non-service delivery related expenditure. Various factors need to be considered when commenting on this ratio, such as the powers and functions performed by the municipality or entity, as this can create distortions in the outcomes, if the analysis ignores such factors.

Contracted Services % of Total Operating Expenditure: A ratio of 33.4% is more than the acceptable norm of 2% and 5%. A ratio in excess of the Norm could indicate that many functions are being outsourced to consultants, or that Contracted Services are not effectively utilised.


Capital Expenditure Budget Implementation Indicator: The ratio shows 68% which is below 95% and 100% therefore Any variance below 95% indicates discrepancies in planning and budgeting, capacity challenges to implement projects and/or Supply Chain Management process failures, which should be investigated and corrective measures implemented. Under-spending is also an indicator that the Municipality might be experiencing possible cash flow difficulties to implement projects. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.

Operating Expenditure Budget Implementation Indicator: the ratio shows a variance of 102% Under-spending normally is an indicator that the Municipality experiences possible Cash Flow difficulties or capacity challenges to undertake Budgeted/ planned service delivery, and/ or does not prepare accurate and credible Budgets. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.

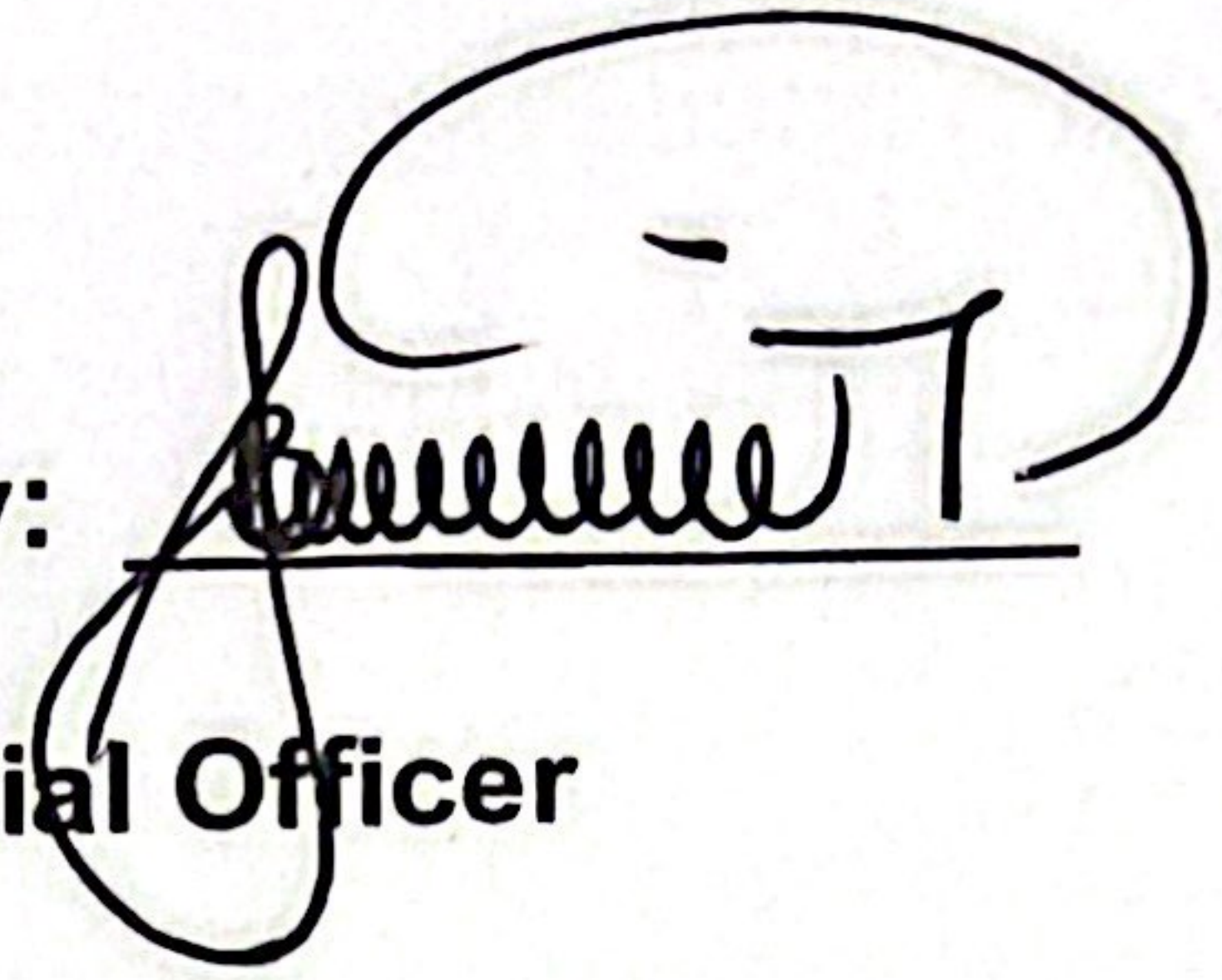
Operating Revenue Budget Implementation Indicator: a variance of 92.5% is shown which is within the acceptable norm of 95% and 100%: This ratio measures the extent of Actual Operating Revenue (Excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the financial year, under review.

Prepared by 

Budget Officer

Reviewed by: 

Accountant : Budget

Approved by: 

Chief Financial Officer