



2022/23 Q4

QUARTERLY REVIEW (S52)

TABLE OF CONTENTS

1. PURPOSE
2. STRATEGIC OBJECTIVE
3. WARDS AFFECTED
4. IDP LINKAGE
5. MAYOR'S REPORT
6. EXECUTIVE SUMMARY
7. SUMMARY OF FINANCIAL PERFORMANCE
8. STATEMENT OF FINANCIAL POSITION
9. STATEMENT OF CASH FLOW
10. SUMMARY OF CAPITAL PROJECT IMPLEMENTATION
11. ANALYSIS OF OUTSTANDING DEBTORS
10. ANALYSIS OF CASH & INVESTMENTS
11. ANALYSIS OF GRANTS
13. MUNICIPAL MANAGERS CERTIFICATE

PURPOSE

To report to Council on the quarterly review of the financial and performance results for the first quarter of the 2022/23 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 2023

SUMMARY OF FINANCIAL PERFORMANCE

ANALYSIS OF OPERATING REVENUE (JULY 2022 – JUNE 2023) EXCLUDING CAPITAL TRANSFERS:

DC23 Uthukela - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		232 333	262 441	234 344	22 956	211 181	234 344	(23 163)	-10%	234 344
Service charges - sanitation revenue		18 779	19 135	16 426	(4)	14 642	16 426	(1 784)	-11%	16 426
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-
Interest earned - external investments		3 922	6 463	5 972	291	5 958	5 972	(15)	0%	5 972
Interest earned - outstanding debtors		36 488	39 376	48 534	4 728	50 572	48 534	2 038	4%	48 534
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		12	-	36	16	63	36	27	74%	36
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		516 839	576 150	586 665	17 616	545 552	586 665	(41 113)	-7%	586 665
Other revenue		74 269	1 306	33 145	170	53 541	33 145	20 397	62%	33 145
Gains		319	-	-	(116)	(116)	-	(116)	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)		882 960	904 871	925 122	45 657	881 394	925 122	(43 728)	-5%	925 122
Expenditure By Type										
Employee related costs		366 528	361 120	356 351	33 673	349 065	356 351	(7 286)	-2%	356 351
Remuneration of councillors		6 463	6 371	6 371	528	6 389	6 371	18	0%	6 371
Debt impairment		172 981	100 088	149 066	20 422	20 422	149 066	(128 644)	-86%	149 066
Depreciation & asset impairment		81 732	77 983	81 300	12 860	82 473	81 300	1 173	1%	81 300
Finance charges		6 649	1 085	3	8 612	8 614	3	8 611	268418%	3
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		62 022	130 162	46 076	17 395	43 074	46 076	(3 003)	-7%	46 076
Contracted services		158 830	147 641	192 182	40 045	175 360	192 182	(16 822)	-9%	192 182
Transfers and subsidies		-	3 120	3 120	-	3 120	3 120	-	-	3 120
Other expenditure		182 506	152 858	161 145	13 935	128 102	161 145	(33 042)	-21%	161 145
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		1 037 710	980 427	995 614	147 469	816 619	995 614	(178 995)	-18%	995 614
Surplus/(Deficit)		(154 750)	(75 556)	(70 492)	(101 812)	64 775	(70 492)	135 267	(0)	(70 492)
Transfers and subsidies - capital (monetary disbursements)		-	-	-	-	-	-	-	-	-
(National / Provincial and District)		290 719	263 689	241 174	244 868	244 868	241 174	3 694	0	241 174
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		135 969	188 133	170 682	143 056	309 643	170 682			170 682
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		135 969	188 133	170 682	143 056	309 643	170 682			170 682
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		135 969	188 133	170 682	143 056	309 643	170 682			170 682
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		135 969	188 133	170 682	143 056	309 643	170 682			170 682

Budgeted	Actual Outcomes	% Variance
R 881, 394	R 925, 122	-5%

Operating revenue recognised for the period July 2022 to December 2023 amounts to R881 million resulting in a 5% negative variance from the R925 million which was anticipated.

The -5 % variance although minute must still be analysed in order to assess its impact on the budgeting process as a whole, as well as future cash flows.

This variance has been attributed to the following:

WATER& SANITATION SALES:

Water and sanitation sales income recognised combined is 21% below what was originally anticipated. This is due to the municipality not achieving the anticipated billing. Numerous factors have negatively affected the billing, including the water shortages. The municipality has also approved various incentives to consumers to encourage collection. The revenue relating to the prepaid meters is not included in the billing, the installation of the prepaid meters has resulted in a decrease in total billable revenue.

The municipality has consultants in the revenue division, which are assisting with revenue enhancement including data cleansing. The data cleansing will assist the budget process in establishing an accurate base for billable revenue.

INTEREST FROM OUTSTANDING DEBTORS:

This line item has yielded 4% positive variance, the interest billed on consumer accounts has been slightly above projections for the 2022/23 financial year. This indicates that the collection rate did not improve during the course of the year. The municipality will be looking into the collectability of old debt with the assistance of the consultants from treasury. As well as reviewing the revenue enhancement strategy.

INTEREST FROM INVESTMENTS:

This line item has no variance, which would indicate accuracy in the projection. We still note that this line item was reviewed and the projection reduced in the adjustments budget.

The municipality has become heavily dependent on investments due to our poor cash condition. We also note the negative impact of the unapproved rollovers on investment interest materialised.

ANALYSIS OF OPERATING EXPENDITURE (JULY 2022 – JUNE 2023)

Budgeted	Actual Outcomes	% Variance
R995,614	R 816,619	-21

The total operating expenditure of the municipality for the financial year is R816 million a -21% negative variance from the R 995 million which was anticipated.

EMPLOYEE RELATED COSTS:

Employee related cost incurred is -2% below what was budgeted for the financial year, this would result from cost saving on vacant posts and that which were not filled for the entire duration of the financial year. It should be noted that the municipality would have achieved greater cost savings as per budget funding plan on overtime.

INVENTORY CONSUMED:

The bulk of inventory consumed comprises of fuel, oil and chemicals. Other materials have a negative variance of 7% from the amount originally budgeted. This line item contains line items that are essential to service delivery. The municipality had strategised as per budget funding plan to look in implementing cost containment measures on contracted services ranging from a strict monitoring of the procurement process to extending the panel of service providers in order to gain compatible prices. The implementation of these and monitoring thereof is ongoing. The cost savings are expected to materialise in the current financial year.

The fleet related costs have seen a great reduction with cost savings exceeding 40%. The municipality has been able to implement effective internal controls in his area.

CONTRACTED SERVICES:

The bulk of contracted services comprise of vehicle repairs, hire of plant, water tankers, repairs to pumps and pipe lines. A number of payments for such contracted services remain outstanding, these outstanding creditors will have to be carried forward into the 2023/24 financial year. The increase in creditors negatively impacts the budget funding plan, and the recovery period of the municipality. The municipality has prioritised the settling of old debt and is actively compiling payment plans which will be in line with the actual cash flow.

GENERAL EXPENDITURE:

The municipality must aim to cap general expenditure at the budgeted amount in order to avoid any unauthorised expenditure. The implementation of the budget funding plan seeks to cut avoidable expenditure which does not relate to service delivery the municipality has managed to eliminate nice to haves, and soft projects in order to reduce expenditure related to this line item.

SUMMARY OF CAPITAL PROJECT IMPLEMENTATION

UTHUKELA DISTRICT MUNICIPALITY GRANT REGISTER - 2022/23 Summary of Grants received, expenditure & Funds available as at 30 JUNE 2023										
			Audited Balance as at	Roll-over Dissaproved	Budget Amount 2022/23	Received	Paid back to funder	Spent & transferred to income		Closing Balance/ Unspent
	Name of Grant owner	Grant Type	01/07/2022			2022/23	2022/23	2022/23	% Spent on received amount	30/07/2023
G3.101	NN KHUZWAYO	MUNICIPAL INFRASTRUCTURE GRANT	0,00		211 484 000,00	171 484 000,00		163 493 764,87	95%	7 990 235,13
G3.102	NN KHUZWAYO	WATER & SANITATION INFRASTRUCTURE GRANT	15 224 050,00	-11 181 000,00	80 800 000,00	80 800 000,00		79 194 566,58	98%	5 648 483,42
			15 797 599,35	-11 976 000,00	299 927 000,00	260 475 246,09	123 636,46	250 507 907,57	96%	13 665 301,41

Budgeted
R 260, 475

Actual Outcomes
R 250,50

% Variance
-3,8%

The expenditure on capital projects yielded a negative of 3.8% the variance is also impacted by the unapproved portion of the rollover which was not withheld from the equitable share.

STATEMENT OF FINANCIAL POSITION

DC23 Uthukela - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	Budget Year 2022/23			
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual
R thousands					
ASSETS					
Current assets					
Cash	1	9 586	(191 261)	-	208 940
Call investment deposits		4 783	-	-	5 590
Consumer debtors		57 097	214 174	-	147 086
Other debtors		224 153	199 731	-	238 844
Current portion of long-term receivables		51 350	3 514	-	51 350
Inventory		7 490	10 324	-	11 466
Total current assets		354 460	236 482	-	663 277
Non current assets					
Long-term receivables		-	-	-	-
Investments		-	-	-	-
Investment property		-	-	-	-
Investments in Associate		-	-	-	-
Property, plant and equipment		3 174 178	3 153 549	-	3 168 848
Biological		-	-	-	-
Intangible		5 199	5 201	-	5 193
Other non-current assets		-	-	-	-
Total non current assets		3 179 378	3 158 750	-	3 174 041
TOTAL ASSETS		3 533 838	3 395 232	-	3 837 318
LIABILITIES					
Current liabilities					
Bank overdraft		-	-	-	-
Borrowing		1 092	-	-	1 092
Consumer deposits		18 149	18 501	-	18 868
Trade and other payables		731 419	441 996	-	849 934
Provisions		30 515	43 724	-	32 515
Total current liabilities		781 176	504 222	-	902 409

The total trade and other payables as per creditors reconciliations provided at the compilation of this report is R365 million which would then reduce the total current liabilities to R418.

CASH FLOW STATEMENT:

DC23 Uthukela - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2021/22	Budget Year 2022/23				
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget
R thousands	1						
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates		-	-	-	-	-	-
Service charges		132 127	131 590	-	10 726	61 364	65 795
Other revenue		52 598	1 306	-	439	17 579	653
Transfers and Subsidies - Operational		492 457	576 150	-	167 995	381 801	288 075
Transfers and Subsidies - Capital		289 919	263 689	-	-	126 800	131 844
Interest		3 399	6 463	-	224	3 068	3 232
Dividends		-	-	-	-	-	-
Payments							
Suppliers and employees		(150 392)	(942 525)	-	(10 939)	(62 266)	(471 263)
Finance charges		-	(1 085)	-	-	-	(542)
Transfers and Grants		-	(3 120)	-	-	-	(1 560)
NET CASH FROM/(USED) OPERATING ACTIVITIES		820 110	32 469	-	168 445	528 345	16 235
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE		-	15 707	-	-	-	7 854
Decrease (increase) in non-current receivables		-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-
Payments							
Capital assets		(239 054)	(264 840)	-	(1 986)	(24 736)	(132 420)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(239 054)	(249 133)	-	(1 986)	(24 736)	(124 566)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans		-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-
Increase (decrease) in consumer deposits		(2 658)	-	-	45	719	-
Payments							
Repayment of borrowing		(406)	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3 064)	-	-	45	719	-
NET INCREASE/ (DECREASE) IN CASH HELD		577 991	(216 664)	-	166 505	504 328	(108 332)
Cash/cash equivalents at beginning:		45 858	25 403	-		14 370	25 403
Cash/cash equivalents at month/year end:		623 849	(191 261)	-		518 697	(82 929)

ANALYSIS OF OUTSTANDING DEBTORS:

UTHUKELA DISRTICT MUNICIPALITY 2023

DC23 Uthukela - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

Description	NT Code	Budget Year 2022/23								Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr		
R thousands											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	23 516	17 212	15 798	15 612	14 902	15 862	14 850	469 344	587 096	530 569
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	1 539	5 265	878	832	831	811	760	22 653	33 570	25 888
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	4 610	4 508	4 378	4 262	4 168	4 064	4 090	146 564	176 643	163 148
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	476	266	213	215	241	203	213	7 159	8 987	8 033
Total By Income Source	2000	30 140	27 252	21 267	20 921	20 142	20 941	19 913	645 720	806 296	727 637
2022/23 - totals only		-	-	-	-	-	-	-	-	-	-
Debtors Age Analysis By Customer Group											
Organs of State	2200	3 916	2 218	1 814	1 717	1 299	1 601	1 222	21 301	35 089	27 140
Commercial	2300	4 656	1 907	1 788	2 037	1 596	1 570	1 671	32 735	47 960	39 609
Households	2400	21 568	23 127	17 665	17 168	17 247	17 770	17 020	591 684	723 247	660 888
Other	2500	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	30 140	27 252	21 267	20 921	20 142	20 941	19 913	645 720	806 296	727 637

Reflected above is the age analysis of debtors for the months of July 2022 – June 2023 totalling over R806 million.

Midyear Collection Rate:

The average collection rate stood at 43% at the end of June 2023

MONTH	CONSUMER DEBTORS - PAYMENTS VS BILLING AS AT 30 JUNE 2023			
	BILLING	MONTHS	RECIEPTS	RECOVERY RATE %
June 2022	26 736 737,75	July 2022	7 491 754,17	28,02%
July 2022	28 769 128,16	August 2022	13 508 293,72	46,95%
August 2022	28 272 286,36	September 2022	9 339 664,04	33,03%
September 2022	26 479 318,17	October 2022	8 944 166,69	33,78%
October 2022	28 964 318,88	November 2022	14 527 036,34	50,15%
November 2022	25 317 305,87	December 2022	11 433 208,55	45,16%
December 2022	28 486 530,40	January 2023	13 791 062,00	48,41%
January 2023	26 643 151,46	February 2023	18 236 508,53	68,45%
February 2023	21 256 993,64	March 2023	8 399 078,96	39,51%
March 2023	21 256 993,64	April 2023	5 975 045,28	28,11%
April 2023	28 944 586,34	May 2023	9 887 027,57	34,16%
May 2023	28 643 938,80	June 2023	14 166 318,75	49,46%
June 2023	25 608 838,15			0,00%
	318 643 389,87		135 699 164,60	43%
TOTALS				
BILLING - JULY 2022 - JUNE 2023		318 643 389,87		
RECIEPTS - JULY 2022- JUNE 2023		135 699 164,60		
DIFFERENCE		182 944 225,27	43%	

The fluctuation in the collection rate is noted, collection rate was at an average of 43% at the end of the first quarter.

ANALYSIS OF CASH & INVESTMENTS:

DC23 Uthukela - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months									
R thousands											
Municipality											
FNB 62283176644		1year	Y	F	1,9	30/06/2023	1 781	9	(1 400)		390
FNB 62600579679		1year	Y	F	3,35	30/06/2023	1 009	6	(1 000)		16
FNB 62600812102		1year	Y	F	3,35	30/06/2023	30 732	102	(30 700)		134
ABSA 9349109796		1year	Y	F	3,6	30/06/2023	147	1			148
ABSA 9361819521		1year	Y	F	6,17	30/06/2023	26 248	162	(25 000)		1 409
NEDBANK 7881006110		1year	Y	F	3,6	30/06/2023	1 197	8			1 205
INVESTEC11004337665		1year	Y	F	3,6	30/06/2023	6 328	41	(6 000)		368
STANDARD BANK 06845536400		1year	Y	F	6,40%	30/06/2023	1 353	9			1 363
											-
											-
TOTAL INVESTMENTS AND INTEREST	2						68 795	339	(64 100)	-	5 033

The table above reflects investments as at the end of the fourth quarter, at the various institutions. The total investments totalled R5 million.

Bank Balance

Bank Balances				
The following reflects bank balances at 30 June 2023				
DESCRIPTION	MARCH 2023	APRIL 2023	MAY 2023	JUNE 2023
FNB MAIN ACCOUNT 62252306280	50 249 470,86	27 790 414,75	7 383 031,04	8 452 316,23
FNB WATER ACCOUNT 62253072385	0	0	0	0
	8 870 775,24	50 249 470,86	27 790 414,75	8 452 316,23
Total cash held	8 452 316,23			

At the end of December 2023 cash on hand was R8.4 million

ANALYSIS OF GRANTS RECEIVED:

Conditional Grant allocations received at the end of June 2023 were as follows:

Grant Type	2022/23
MUNICIPAL INFRASTRUCTURE GRANT	171 484 000,00
WATER & SANITATION INFRASTRUCTURE GRANT	80 800 000,00
RURAL ROAD ASSET MANAGEMENT SYSTEM	2 662 000,00
EPWP INTERGRATED GRANT	2 881 000,00
FINANCE MANAGEMENT GRANT	2 100 000,00
LG SETA	548 246,09
NODAL PLAN GRANT	0,00
DISASTER MANAGEMENT GRANT	0,00
	260 475 246,09

Prepared by _____

Accountant: Budget

Reviewed by: _____
Senior Manager Finance

Approved by: _____
Chief Financial Officer

Municipal manager's quality certificate

I **Mpumelelo Bongani**, municipal manager of UThukela District Municipality, hereby certify that the Section 52 and supporting documentation for June 2023 have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: Mpumelelo Bongani Mnguni

Municipal Manager of UThukela District Municipality (DC 23)

Signature: _____

Date: 30 July 2023