

UTHUKELA

UMKHANDLU WESIFUNDA
DISTRIKSMUNISIPALITEIT
DISTRICT MUNICIPALITY

SECTION 71 REPORT

NOVEMBER 2024

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Part 1 – Annual Budget

1.1 Mayor's Report

The Monthly section 71 report is a report that gives a clear view on the state or performance of the Municipality for that month as well as the year to date performance. Among the impacts that are challenging the Municipality, is the cash flow challenge currently being experienced by the municipality due to among other things declining collection, historic expenditure patterns, high water losses and high rate of indigents within the municipal boundaries.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the UThukela District Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

1.2 Council Resolutions

1. The Council of UThukela District Municipality, acting in terms of section 71 of the Municipal Finance Management Act, (Act 56 of 2003) to note :
2. Monthly Budget statements and supporting documents for the months of November 2024.

1.3 Executive Summary

As per Municipal Finance Management Act the municipality needs to prepare section 71 report in a prescribed format as per national treasury regulations.

The District Municipality has to embark on implementing revenue collection strategies to optimize the collection of debt owed by consumers.

The municipality is also embarking on assuring that all grants are spent during the 2024/25 financial year.

Table C4 - Budgeted Statement – Financial Performance (revenue and expenditure)

DC23 Uthukela - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 - November

Description	Ref	Budget Year 2024/25								
		2023/24 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	263,410	316,389	-	19,073	69,451	131,829	(62,378)	-47%	316,389	
Service charges - Waste Water Management	17,216	18,189	-	1,589	7,987	7,579	408	5%	18,189	
Service charges - Waste management										
Sale of Goods and Rendering of Services	705	532	-	53	226	263	(38)	-14%	632	
Agency services										
Interest										
Interest earned from Receivables	30,448	64,536	-	5,958	27,871	26,890	981	4%	64,536	
Interest from Current and Non Current Assets	8,557	10,482	-	89	3,047	4,367	(1,321)	-30%	10,482	
Dividends										
Rent on Land										
Rental from Fixed Assets										
Licence and permits										
Operational Revenue	275	203	-							
Non-Exchange Revenue					7,973	85	7,889	9311%	203	
Property rates										
Surcharges and Taxes										
Fines, penalties and forfeits	34,577	80	-	18	348	25	323	1293%	80	
Licence and permits										
Transfers and subsidies - Operational	581,179	620,501	-	(330)	260,499	268,542	1,057	1%	620,501	
Interest										
Fuel Levy										
Operational Revenue										
Gains on disposal of Assets										
Other Gains										
Discontinued Operations	8,000									
Total Revenue (excluding capital transfers and	944,368	1,030,991	-	26,450	377,482	429,579	(52,178)	-12%	1,030,991	
Expenditure By Type										
Employee related costs	366,255	363,137	-	80,353	174,340	151,307	23,033	15%	363,137	
Remuneration of councillors	6,154	6,155	-	1,021	2,527	2,585	(37)	-1%	6,155	
Bulk purchases - electricity										
Inventory consumed	57,423	51,060	-		11,480	21,275	(9,795)	-48%	51,060	
Debt impairment	101,389	164,658	-			68,607	(68,607)	-100%	164,658	
Depreciation and amortisation	86,932	73,910	-	6,878	35,116	30,796	4,320	14%	73,910	
Interest	1,829		-	10	23		23	NDIV/0		
Contracted services	146,899	171,931	-	2,608	29,949	71,638	(41,889)	-58%	171,931	
Transfers and subsidies	3,285	6,830	-			2,429	(2,429)	-100%	6,830	
Irrecoverable debts written off										
Operational costs	115,307	130,551	-	2,094	21,598	54,396	(32,799)	-60%	130,551	
Losses on Disposal of Assets										
Other Losses										
Total Expenditure	885,473	967,232	-	92,965	275,034	403,013	(127,980)	-32%	967,232	
Surplus/(Deficit)	58,895	63,759	-	(66,515)	102,368	26,566	75,802	285%	63,759	
Transfers and subsidies - capital (monetary allocations)	160,949	291,529	-	(85,947)		121,470	(121,470)	-100%	291,529	
Transfers and subsidies - capital (in-kind)										
Surplus/(Deficit) after capital transfers & contributions	219,845	355,288	-	(152,461)	102,368	148,037			355,288	
Income Tax										
Surplus/(Deficit) after income tax	219,845	355,288	-	(152,461)	102,368	148,037			355,288	
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality	219,845	355,288	-	(152,461)	102,368	148,037			355,288	
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year	219,845	355,288	-	(152,461)	102,368	148,037			355,288	

Operating Revenue:

Operating revenue recognised for the period November 2024 amounts to R 377 million. The municipality had estimated R429 million.

WATER AND SANITATION SALES:

The combined Water and Sanitation Sales income recognised is 42% below what is originally anticipated. The revenue billed for the month of November 2024 is a combined amount of R20 million.

INTEREST EARNED FROM RECEIVABLES:

The interest on consumer accounts has yielded 4% positive variance, this is an indication of an improvement in the revenue collected. The amount received for November 2024 is R5 million.

FINES AND PENALTIES

The municipality received R18 thousands from fines and penalties for the month of November 2024.

Operating Expenditure:

The total operating expenditure recognised for the period of November 2024 amounts to R95 million, a negative of 32% variance.

EMPLOYEE RELATED COSTS AND REMUNERATION OF COUNCILLORS:

Employee related cost incurred for November 2024 shows R80 million, this includes the bonuses and October salaries since they were not costed last month.

CONTRACTED SERVICES:

The bulk of contracted services comprise of vehicle repairs, hire of plant, repairs to pumps and pipelines. The total contracted services incurred for the month of November 2024 is R2 million.

OPERATIONAL COSTS:

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. The total operation costs incurred in November amounts to R2 million.

Table C5 – Monthly Budget Statements – Capital Expenditure

DC23 Uthukela - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M05 - November

R thousands	Vote Description	Ref	2023/24 Audited	Original	Adjusted	Monthly	Budget Year 2024/25				Full Year	
							YearTD actual	YearTD	YTD	YTD %		
	Multi-Year expenditure appropriation	1										
	Vote 1 - Municipal Manager, Town Secretary and Chief Executive- 105	2										
	Vote 2 - Corporate Services-200											
	Vote 3 - Finance and Administration- 300											
	Vote 4 - Municipal Health and Water Services Authority- 438											
	Vote 5 - Community and Social Services-435											
	Vote 6 - Mayor and Council -105											
	Vote 7 - Water Sanitation and Technical Services - 510											
	Vote 8 -											
	Vote 9 -											
	Vote 10 -											
	Vote 11 -											
	Vote 12 -											
	Vote 13 -											
	Vote 14 -											
	Vote 15 -											
	Total Capital Multi-year expenditure	4,7										
	Single Year expenditure appropriation	2										
	Vote 1 - Municipal Manager, Town Secretary and Chief Executive- 105											
	Vote 2 - Corporate Services-200			2,000				833	(833)	-100%	2,000	
	Vote 3 - Finance and Administration- 300											
	Vote 4 - Municipal Health and Water Services Authority- 438											
	Vote 5 - Community and Social Services-435											
	Vote 6 - Mayor and Council -105											
	Vote 7 - Water Sanitation and Technical Services - 510		207,976	306,529		12,756	107,106	127,720	(20,614)	-16%	306,529	
	Vote 8 -											
	Vote 9 -											
	Vote 10 -											
	Vote 11 -											
	Vote 12 -											
	Vote 13 -											
	Vote 14 -											
	Vote 15 -											
	Total Capital single-year expenditure	4	207,976	306,529		12,756	107,106	128,554	(21,448)	-17%	306,529	
	Total Capital Expenditure	4	207,976	306,529		12,756	107,106	128,554	(21,448)	-17%	306,529	
	Capital Expenditure - Functional Classification											
	Governance and administration											
	Executive and council			2,000				833	(833)	-100%	2,000	
	Finance and administration											
	Internal audit			2,000				833	(833)	-100%	2,000	
	Community and public safety											
	Community and social services											
	Sport and recreation											
	Public safety											
	Housing											
	Health											
	Economic and environmental services											
	Planning and development											
	Road transport											
	Environmental protection											
	Trading services											
	Energy sources		207,976	306,529		12,756	107,106	127,720	(20,614)	-16%	306,529	
	Water management											
	Waste water management		193,118	306,529		12,756	107,106	127,720	(20,614)	-16%	306,529	
	Waste management		14,778									
	Other											
	Total Capital Expenditure - Functional Classification	3	207,976	306,529		12,756	107,106	128,554	(21,448)	-17%	306,529	
	Funded by:											
	National Government											
	Provincial Government		203,467	291,529		12,756	106,578	121,470	(14,952)	-12%	291,529	
	District Municipality											
	Transfers and subsidies - capital monetary allocations (Nat./Prov. Depart. Agencies)											
	Transfers recognised - capital		203,467	291,529		12,756	106,578	121,470	(14,952)	-12%	291,529	
	Borrowing	6										
	Internally generated funds		682	17,300				7,083	(7,083)	-100%	17,000	
	Total Capital Funding		204,149	308,829		12,756	106,578	128,554	(21,975)	-17%	308,529	

➤ As depicted above capital expenditure amounting to R12 million recorded at the month of November 2024.

Table C2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC23 Uthukela - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M05 - November

Description	Ref	2023/24		Budget Year 2024/25						
		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
Revenue - Functional	1									
Governance and administration		715,743	691,476	-	(94)	271,609	288,115	(16,506)	-6%	691,476
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		715,743	691,476	-	(94)	271,609	288,115	(16,506)	-6%	691,476
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		387	60	-	7	10	25	(15)	-59%	60
Community and social services		348	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		42	60	-	7	10	25	(15)	-59%	60
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		389,187	630,984	-	(59,409)	105,782	262,910	(157,128)	-60%	630,984
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		389,187	630,984	-	(59,409)	105,782	262,910	(157,128)	-60%	630,984
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1,105,317	1,322,520	-	(59,497)	377,402	551,050	(173,648)	-32%	1,322,520
Expenditure - Functional										
Governance and administration		300,389	430,019	-	30,234	84,317	179,174	(94,857)	-53%	430,019
Executive and council		50,805	51,120	-	7,227	18,049	21,300	(3,251)	-15%	51,120
Finance and administration		249,585	378,898	-	23,006	66,268	157,874	(91,607)	-58%	378,898
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		52,641	58,078	-	10,160	22,486	24,199	(1,713)	-7%	58,078
Community and social services		13,103	7,773	-	2,653	6,135	3,239	2,896	89%	7,773
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		39,538	50,305	-	7,507	16,351	20,960	(4,609)	-22%	50,305
Economic and environmental services		17,131	26,084	-	3,018	6,752	10,868	(4,117)	-38%	26,084
Planning and development		17,131	26,084	-	3,018	6,752	10,868	(4,117)	-38%	26,084
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		515,312	453,052	-	49,553	161,479	188,771	(27,293)	-14%	453,052
Energy sources		-	-	-	-	-	-	-	-	-
Water management		515,312	453,052	-	49,553	161,479	188,771	(27,293)	-14%	453,052
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	885,473	967,232	-	92,965	275,034	403,013	(127,980)	-32%	967,232
Surplus/ (Deficit) for the year		219,845	355,288	-	(152,461)	102,368	148,037	(45,668)	-31%	355,288

Table C3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC23 Uthukela - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M05 - November

Vote Description	Ref	Budget Year 2024/25								
		2023/24 Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands										
Revenue by Vote	1									
Vote 1 - Municipal Manager, Town Secretary and Chief Executive- 105		-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services-200		98	-	-	-	-	-	-	-	-
Vote 3 - Finance and Administration- 300		715,645	691,476	-	-	78	286,115	78	#DIV/0!	691,476
Vote 4 - Municipal Health and Water Services Authority- 408		-	-	-	(94)	271,531	-	(16,584)	-5.8%	-
Vote 5 - Community and Social Services-405		346	-	-	-	-	-	-	-	-
Vote 6 - Mayor and Council-105		-	-	-	-	-	-	-	-	-
Vote 7 - Water Sanitation and Technical Services - 510		-	-	-	-	-	-	-	-	-
Vote 8 -		385,187	630,984	-	-	-	-	-	-	-
Vote 9 -		-	-	-	(59,409)	105,762	262,910	(157,128)	-59.8%	630,984
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1,105,276	1,322,460		(59,504)	377,392	551,025	(173,633)	-31.5%	1,322,460
Expenditure by Vote	1									
Vote 1 - Municipal Manager, Town Secretary and Chief Executive- 105		26,873	22,456	-	3,850	9,019	9,357	(337)	-3.6%	22,456
Vote 2 - Corporate Services-200		77,003	135,003	-	9,552	27,310	56,251	(28,942)	-51.5%	135,003
Vote 3 - Finance and Administration- 300		172,582	242,304	-	13,456	38,958	100,960	(62,002)	-61.4%	242,304
Vote 4 - Municipal Health and Water Services Authority- 408		5,316	13,157	-	1,128	2,512	5,482	(2,970)	-54.2%	13,157
Vote 5 - Community and Social Services-405		30,234	33,857	-	6,670	12,887	14,107	(1,220)	-8.7%	33,857
Vote 6 - Mayor and Council-105		-	-	-	-	-	-	-	-	-
Vote 7 - Water Sanitation and Technical Services - 510		515,312	453,052	-	49,553	161,479	188,771	(27,293)	-14.5%	453,052
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	827,319	899,829		83,208	252,165	374,929	(122,763)	-32.7%	899,829
Surplus/ (Deficit) for the year	2	277,956	422,631		(142,712)	125,226	176,096	(50,870)	-28.9%	422,631

Part 2 – Supporting Documentation

Table SC3 Debtors age analysis

DC23 Uthukela - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 - October

Description	NT Code	Budget Year 2024/25								
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1200	23 615	17 240	17 010	15 945	18 717	15 778	15 004	786 128	510 216
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	2 170	1 498	1 016	965	896	782	774	46 794	54 634
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	6 174	6 101	6 194	5 826	5 656	5 565	5 542	251 759	293 045
Recoverable unauthorised, irregular, frauds and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1600	89	170	242	66	83	84	132	14 735	15 626
Total By Income Source	2000	32 048	25 008	24 461	22 802	25 558	22 189	22 331	1 099 457	1 273 864
2023/24 - totals only		28 267	23 426	23 288	22 224	21 463	24 598	19 777	716 374	879 538
Debtors Age Analysis By Customer Group										
Organ of State	2200	2 294	1 890	2 168	931	2 082	1 598	1 438	48 305	60 500
Commercial	2300	7 113	2 180	1 284	1 715	3 131	1 179	1 318	58 448	78 357
Households	2400	22 642	21 126	21 029	20 156	20 344	19 422	19 581	992 704	1 137 626
Other	2500	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	32 048	25 008	24 461	22 802	25 558	22 189	22 331	1 099 457	1 273 864

- The Municipality has a total amount of R 1 billion of outstanding debt.

Top 10 Debtors

ACCOUNT HOLDER NAME	OUTSTANDING TOTAL BALANCE
ALFRED DUMA LOCAL MUNICIPALITY STEADVILLE HO LIEBENBERG LC	10,998,007.73
ALFRED DUMA LOCAL MUNICIPALITY NURSERY	5,650,796.86
ALFRED DUMA LOCAL MUNICIPALITY SWIMMING POOL	2,920,350.32
NORTHERN NATAL ABBATTOIR	2,547,924.32
THE I&SGHADIA FAMILY TRUST	2,165,750.97
ESKOM HOLDINGS S O C LTD DISTR	2,155,355.17
ALFRED DUMA MUNICIPALITY TOILETS & MUSEUM	1,809,372.58
ALFRED DUMA MUNICIPALITY	1,710,696.80
ZORBATEX PTY LTD	1,675,169.45
	1,628,678.61

Bank Balance

Bank Balances

The following reflects bank balances at 30 November 2024

DESCRIPTION	AUG 2024	SEPT 2024	OCT 2024	NOV 2024
FNB MAIN ACCOUNT 62252306280	7,082,271.19	10,671,432.65	19,342,482.87	5,351,493.88
FNB WATER ACCOUNT 62253072385	0	0	0	0
	7,082,271.19	10,671,432.65	19,342,482.87	5,351,493.88
Total cash held	5,351,493.88			

Collection rate

MONTH	BILLING	MONTHS	RECIEPTS	RECOVERY RATE %
June 2024	35,297,566.92	July 2024	9,454,483.35	26.79%
July 2024	28,855,142.74	Aug 2024	12,880,102.19	44.64%
August 2024	30,683,291.09	September 2024	10,624,899.94	34.63%
September 2024	27,208,969.97	October 2024	14,734,306.68	54.15%
October 2024	29,244,759.07	November 2024	15,905,218.44	54.39%
TOTAL	151,289,729.79		63,599,010.60	42%
TOTALS				
BILLING - JUNE - NOV 2024		151,289,729.79		
RECIEPTS - JUNE - NOV 2024		63,599,010.60		
DIFFERENCE		87,690,719.19	42%	

Table SC5 Investment portfolio

DC 23 - Uthukela Supporting Table SC5 Monthly Budget Statement - Investment portfolio - M04 November

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	6,733	29	(6,307)	-	455
NEDBANK	8	0	-	-	8
INVESTEC	410	2	(411)	-	-
ABSA	1,366	6	(1,366)	-	6
					-
					-
TOTAL INVESTMENTS AND INTEREST	8,517	37	(8,085)	-	470

The Municipality held investments of R470 thousands at the end of November 2024

Table SC4 Creditors age analysis

DC23 Uthukela - Supporting Table SC4 Monthly Budget Statement - aged creditors - M05 November

Description	NT Code	Budget Year 2024/25								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	5,164	20,508	7,430	20,876	403,875				-
Auditor General	0800									457,852
Other	0900									-
Total By Customer Type	1000	5,164	20,508	7,430	20,876	403,875				457,852

Top 10 Creditors

TOP TEN CREDITORS ANALYSIS AS AT 30 NOVEMBER 2024

SUPPLIER	AMOUNT
UMNGENI WATER	157,900,860.50
DWS	133,286,172.03
INKOSI LANGALIBALELE	61,820,974.29
ALFRED DUMA	54,160,054.21
RASP CONSULTING	13,456,525.50
ZNMS TRADIND CC	9,436,687.50
SALGA	6,036,241.35
GOING PLACES	4,891,028.00
LUNASISI IDEAS	2,526,546.09
e MGAZI ENGINEERING	2,452,863.53

Grant Performance:

UTHUKELA DISTRICT MUNICIPALITY								
GRANT REGISTER - 2024/25								
Summary of Grants received, expenditure & Funds available as at 31 NOVEMBER 2024								
			Audited Balance as at	Budget Amount	Received	Spent & transferred to		Closing Balance/ Unspent
	Name of Grant owner	Grant Type	01/07/2024	2024/25	2024/25	2024/25	% Spent on received amount	2024/25
G3.101	EX Mthembu	MUNICIPAL INFRASTRUCTURE GRANT	0.00	191,529,000.00	90,780,000.00	57,625,511.63	63%	33,154,488.37
G3.102	EX Mthembu	WATER & SANITATION INFRASTRUCTURE GRANT	0.00	100,000,000.00	50,000,000.00	29,371,309.66	59%	20,628,690.34
G3.105	EX Mthembu	RURAL ROAD ASSET MANAGEMENT SYSTEM	99,112.92	2,792,000.00	1,954,000.00	500,017.85	24%	1,553,095.07
G3.106	EX Mthembu	EPWP INTERGRATED GRANT	0.00	1,685,000.00	1,180,000.00	425,584.80	36%	754,415.20
G3.107	BB Sithole	FINANCE MANAGEMENT GRANT	0.00	2,000,000.00	2,000,000.00	602,114.05	30%	1,397,885.95
G3.108	O Mnguni	LG SETA	0.00	0.00	147,599.02	103,416.00	70%	44,183.02
			99,112.92	298,006,000.00	146,061,589.02	88,627,953.99	61%	57,532,757.95

FINANCIAL RATIOS


FINANCIAL RATIO	NOVEMBER 2024	COMMENTS ON RATIOS
Capital Expenditure to Total Expenditure (10%-20%)	<p>Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100</p> $\frac{12\,756}{(92\,965 + 12\,756)}$ $= \frac{12\,756}{105\,721}$ <p>= 12%</p>	<p>This ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritization of expenditure towards current operations versus future capacity in terms of municipal services</p> <p>The ratio of 12% as shown on the calculation is with an acceptable norm, which confirm that for the month of November 2024 the spending on capital expenditure has decreased drastically compare to the month of October 2024. The norm range is between 10% and 20%</p>
Cash Coverage Ratio	<p>((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)</p> $\frac{(5\,351\,493.88 - 57\,532\,757.95 - 0 + 469\,673.33)}{99\,843\,000}$ <p>= -0.5 Months</p>	<p>The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal Municipal day-to-day operational expenditure but rather reserved for Grant related expenditure.</p> <p>The Municipality ratio is -05 months. The cash coverage is declining compared to October ratio of -0.9 months as it can be witnessed from the declining cash and cash equivalent and short investments, these are signs of a municipality in financial crisis, it will not be able to meet at least it monthly fixed operating commitments from cash and short term investments without collecting additional revenue during the month.</p> <p>The more cash reserves a municipality or municipal entity has available the lower the risk of it being unable to fund monthly fixed</p>


		<p>operational expenditure and to continue rendering services.</p> <p>The Norm Range is between 1 Month to 3 Months</p>
Net Operating Surplus Margin	<p>(Total Operating Revenue – Total Operating Expenditure)/ Total Operating Revenue x 100%</p> <p>$(377\,402 - 275\,034) / 377\,402 \times 100$ = 27%</p>	<p>Net Operating Surplus Margin Net profit margin, or simply net margin, measures how much net income or profit a municipality generates as a percentage of its revenue.</p> <p>Based on the re-calculation's municipality ratios is 27% for the month of November</p>
Creditors Payment Period > 30 days (= 0)	<p>Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365</p> <p>$457\,852 / 432\,181 \times 365$ = 387 days</p>	<p>Trade Creditors</p> <p>This ratio indicates the average numbers of days taken for Trade Creditors to be paid</p> <p>The municipality ratio is 387 days it takes to pay it creditors</p> <p>Due to liquidity challenges, it is evident that the municipality is struggling to pay its creditors within the legislated time frame (within 30 days). The municipality should improve in managing working capital and cash flow to honour their financial obligation when due</p>

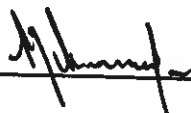
Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure)	Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x 100 (363 137 + 6155)/ 967 232 = 38%	The ratio measures the extent of Remuneration to Total Operating Expenditure Employee related costs and councillors' remuneration ratio amount to 38% of the total operating expenditure, which is within the MFMA circular 71 recommended norm of 25% - 40%
Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x 100 2 608 / 967 232 X100 = 0.2%	Contracted Services This ratio measures the extent to which the municipalities resources are committed towards contracted services to perform Municipal related functions. The municipality ratio for contracted services is 0.6% which is below the acceptable norm of 2% and 5% The norm range between 2% and 5%

OVERALL COMMENTS

UTHUKELA DM Ratios are not favourable enough to maintain a healthy liquidity positions, Municipality will not be able to meet a financial obligation when they become due

Prepared by: 
Budget Officer

Reviewed by: 
Accountant Budget

Approved by: 
Chief Financial Officer
