

JULY 2024

MONTHLY BUDGET AND FINANCIAL REPORT

2024/2025 FINANCIAL YEAR



**UMNGENI
MUNICIPALITY**

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The below table and the pie chart is an illustration of the financial performance of the municipality for July 2024

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1. Introduction

Section 71 of the Municipal Finance Management Act, No. 56 of 2003, states that “The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality a report on the implementation of the budget and the financial state of affairs of the municipality. “In terms of this legislation, herein is the report of the performance of the Municipality for the period ended 31 July 2024.

2. Executive Summary

The below table illustrates the consolidated period one financial performance of the municipality as of 31 July 2024.

Table 1: Consolidated overview for the first period ended 31 July 2024

Descriptions	Annual Budget	YTD Budgets	Monthly Actuals	YTD Actuals	Variance
Total Revenue	614,613,131	85,506,081	80,501,151	80,501,151	5,004,930
Total Expenditure	614,180,376	50,286,281	38,509,216	38,509,216	11,777,065
Surplus (Deficit)	48,640,930	35,219,800	41,991,935	41,991,935	(6,772,135)
Capital Transfers	48,640,930	4,702,414	4,702,414	4,702,414	-
Surplus (Deficit) include Capital Transfers	49,073,685	39,922,214	46,694,349	46,694,349	6,772,135

The above surplus R 46,6m includes capital transfer which reflects a favorable variance of R 6,7m when comparing the YTD budgets and YTD actuals.

Table 2: Operating revenue for the period ended 31 July 2024

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OPERATING EXPENDITURE STATEMENT FOR THE MONTH ENDING JULY 2024

Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of Total Monthly Actual	YTD variance	YTD variance %
Rates	271,174,940	22,597,909	22,546,358	22,546,358	28%	(51,551)	0%
Service charges - Electricity	173,523,779	14,460,313	9,740,517	9,740,517	12%	(4,719,796)	-33%
Service charges - Refuse	16,069,108	1,339,092	1,447,140	1,447,140	2%	108,048	8%
Rental	1,442,130	120,177	111,413	111,413	0%	(8,764)	-7%
Interest earned - external investments	3,178,000	264,834	202,758	202,758	0%	(62,076)	-23%
Interest earned - outstanding debtors	18,972,327	1,581,026.00	1,354,386	1,354,386	2%	(226,640)	-14%
Fines	3,256,810	271,401	13,485	13,485	0%	(257,916)	-95%
Licences and Permits	3,921,864	326,822	301,970	301,970	0%	(24,852)	-8%
Grants and subsidies	115,580,070	43,920,000	43,920,000	43,920,000	55%	-	0%
Sale of Goods and Rendering of Service	6,334,928	527,911	472,429	472,429	1%	(55,482)	-11%
Operational revenue	1,159,175	96,596	390,696	390,696	0%	294,100	304%
TOTAL REVENUE	614,613,131	85,506,081	80,501,151	80,501,151	100%	(5,004,930)	-6%

Total Revenue YTD actual is amounting to R 80,5m this is equivalent to 94% as of billed revenue when comparing the YTD budget against the total YTD Actuals, which indicates the unfavorable YTD variance percentage (overall under-performance) of 6% as shown in the table above. One of the Municipality's mandates is the budget implementation in line with the Municipal Management Act, the above YTD Actuals is the indication that uMngeni municipality is successfully implemented the approved annual budget from the 1st of July 2024.

The reasons for the variances displayed from above table are detailed as follows: -

PROPERTY RATES

Period one actual bill for Property rates is R 22,5m that is in line with the YTD budget amount of R 225m. The report reflects unfavorable variance of R 51k which translates to under-performance on the Property Rates revenue. The Billing unit is working jointly with the Property Valuer and Building Inspectors to prepare the supplementary valuation roll to maintain the General valuation roll on the monthly basis and ensuring that the projected revenue estimates is realized by the end of the financial year.

SERVICE CHARGES – ELECTRICITY

The year-to-date budget for Service Charges – Electricity is R 14,4m, YTD actual billed is R 9,7m which resulted in an unfavorable variance of R 4,7m that is equivalent to negative 33% YTD variance as of 31 July 2024. The main contributing factors for underperformance under this line item are electricity theft and illegal connections by the community members. The electricity revenue billed and bulk purchases actual depicts that electricity service is

rendered at a deficit/loss that may lead to an unsustainable situation to the municipality as other revenue is allocated to fund this services.

The Finance Department is currently working with IPW and the appointed expert in enforcing credit control measures as per the Credit Control and Debt Collection Policy. The Cost of Supply Study is in progress, there could be an improvement once the root causes of the losses has been identified and the Municipality can work on fixing those issues for the betterment of the Electricity Revenue.

SERVICE CHARGES -REFUSE

The Municipality has projected a YTD budget of R 1,3m for refuse-services charges, YTD Actual billed revenue amounted to R 1,4m which resulted in the favorable variance of R 108k when compared to the YTD budget against the YTD Actuals. The Revenue Growth has been assessed during the 2024/2025 budget preparation in conjunction with the growth in the Revenue base and number of consumer accounts to ascertain the real Growth in Revenue.

RENTAL OF FACILITIES

The year-to-date actual amounted to R 120k for Rental of facilities and equipment, this line item has under-performed by R 8k when comparing the year-to-date budget and year-to-date actual. The department of Administration and Service Support is working very closely with the property valuation expert in determining the market related rental for all municipal properties lease.

INTEREST EARNED - EXTERNAL INVESTMENTS

The interest earned on investments received in the month of July is R 264k against the YTD budget amount to R 202k that resulted in the unfavorable variance equivalent to 23%. The roll-over on unspent grants are invested in the Call Accounts while the municipality is compiling the grants roll-over application for the transferring office – National Treasury to be submitted by the 31st of August 2024.

INTEREST EARNED – OUTSTANDING DEBTORS

The Municipality anticipated the YTD budget of R 1,5m by end of July however the actual billed amounted to R 1,3m that resulted to an unfavorable variance of R 226k. The actual amount billed is one of the indicators that the municipality has high debtor's book.

TRAFFIC FINES

Traffic Fines – the Municipality projected a year-to-date budget of R 271k in traffic fines, the actual amount issued is R 13k which resulted in unfavorable performance by 95% when

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comparing the YTD Budget against YTD Actuals). This should perform better in the coming months of the current financial year as the efines procurement is at its final stages.

LICENCES AND PERMITS

The actual amount received in the month of July is R301k, slightly less than the projected YTD budget of R 326k that resulted in a negative variance of R 24k that is equivalent to 8% when comparing the YTD Budget against YTD Actuals.

TRANSFERS AND SUBSIDIES

The Municipality has received all scheduled grants as per the DORA allocation and they are recorded in the Grants register. There were no conditional grants that met the condition in the month of July and were being transferred to operational grants and subsidies revenue.

Table 3: SALE OF GOODS AND RENDERING OF SERVICES

Directorate	Section	Item	Original Budget	Actual Balance	Available Budget
COMMUNITY SERVICES	MUSEUM	Entrance Fees	- 3,787.00	-	3,787.00
COMMUNITY SERVICES	TRAFFIC POLICE	Traffic Control	- 20,980.00	-	20,980.00
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Advertisements	- 82,923.00	- 2,660.00	80,263.00
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Application Fees for Land Usage	- 221,129.00	- 1,539.19	219,589.81
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Building Plan Approval	- 2,920,474.00	- 139,592.95	2,780,881.05
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Building Plan Clause Levy	- 122,343.00	- 218.14	122,124.86
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Town Planning and Servitudes	- 530,710.00	- 70,200.07	460,509.93
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Maps	- 4,423.00	-	4,423.00
BUDGET & TREASURY	FINANCE	Objections and Appeals	- 173,642.00	-	173,642.00
COMMUNITY SERVICES	CEMETRY	Cemetery and Burial	- 217,091.00	- 12,110.42	204,980.58
COMMUNITY SERVICES	SPORT & RECREATION	Entrance Fees	-	- 170.43	170.43
BUDGET & TREASURY	FINANCE	Clearance Certificates	- 824,096.00	- 55,560.78	768,535.22
BUDGET & TREASURY	FINANCE	Tender Documents	- 82,222.00	-	82,222.00
TECHNICAL SERVICES	LANDFILL SITES	Weighbridge Fees	- 1,049,000.00	- 185,100.92	863,899.08
PLANNING & DEVELOPMENT	TOURISM	Domestic Services	- 553.00	-	553.00
CORPORATE SERVICES	PUBLIC CONVIENENCES	Entrance Fees	- 59,111.00	- 4,786.50	54,324.50
COMMUNITY SERVICES	LIBRARY	Photo copies, Faxes and Telephone charges	- 22,444.00	- 489.56	21,954.44
		TOTAL	- 6,334,928.00	- 472,428.96	5,862,499.04

Sale of Goods and Services rendered actual balance is R 472k, there is a negative variance of R 55k when compared to the YTD budget and YTD actuals.

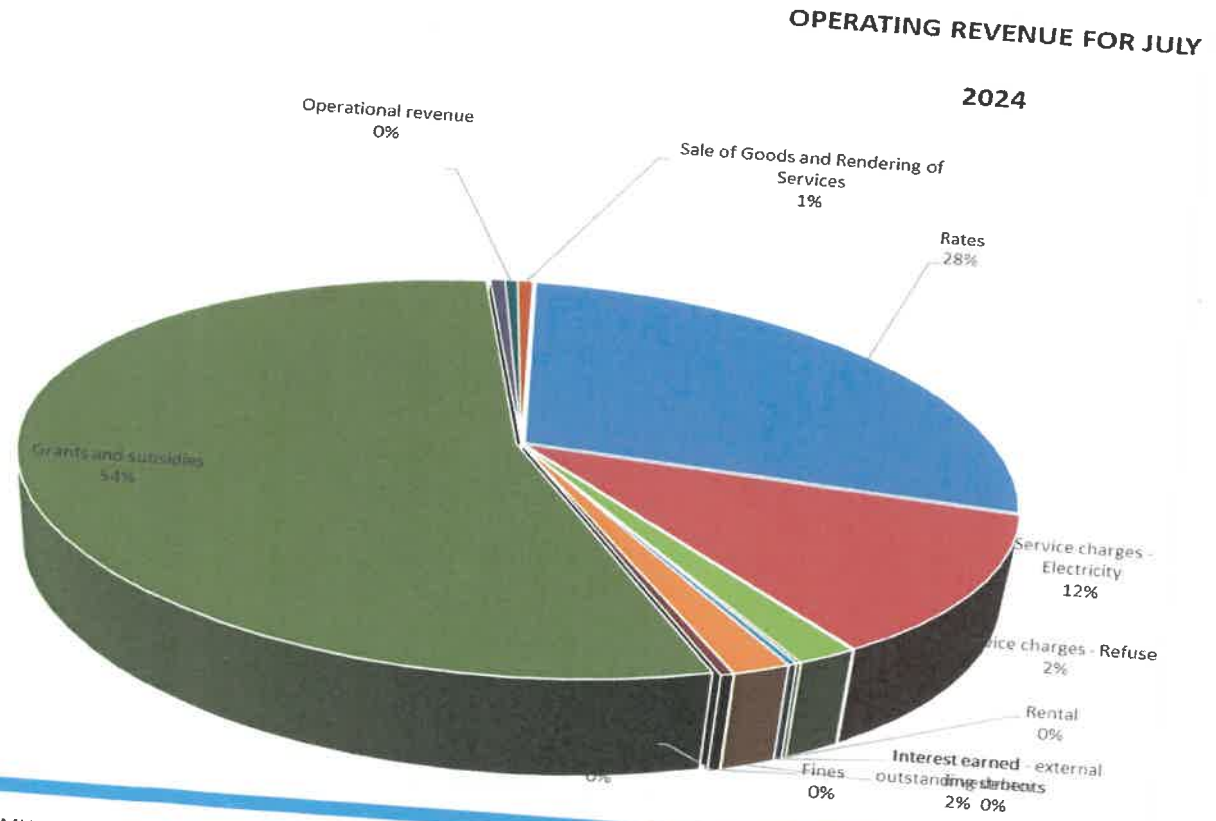
Table 4: OPERATIONAL REVENUE

Directorate	Item	Original Budget	Actual Balance	Available Budget
CORPORATE SERVICES	Skills Development Levy Refund	- 268,433.00	- 19,200.21	- 249,232.79
BUDGET & TREASURY	Administrative Handling Fees	- 75,647.00	- 354,326.73	- 278,679.73
EXECUTIVE & COUNCIL	Insurance Refund	- 334,474.00	- 16,386.09	- 318,087.91
BUDGET & TREASURY	Transaction Handling Fees	- 2,050.00	-	- 2,050.00
BUDGET & TREASURY	Discounts and Early Settlements	- 145,456.00	-	- 145,456.00
BUDGET & TREASURY	Incidental Cash Surpluses	- 1,736.00	- 782.61	- 953.39
	TOTAL	- 827,796.00	- 390,695.64	- 437,100.36

The table above indicates the breakdown of all items making up the Operational Revenue and the amount billed to date. The item reflects an over-performance which is due to staff recoveries incorrectly received in the transaction handling fess instead of sundry debtors. The correction adjustment will be process in the period two report.

The figure below diagrammatically presents the revenue for the month of July 2024

Figure 1: Operating revenue for July 2024



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Total income for July 2024 – Grants and subsidies is 54%, Property Rates comprises is 28%, Service Charges – Electricity is 12%, Interest on outstanding debtors and Service Charges - refuse comprises of 2%, sale of goods and rendering of services is 1% in the month of July 2024.

OPERATING EXPENDITURE

Table 5: Summary of Operating Expenditure for the period ended 31 July 2024

Descriptions	Annual Budg	YTD budget	Monthly Actual	YTD Actual	Monthly Actual	YTD variance	YTD variance
Salaries	162,029,250	13,502,447	12,303,204	12,303,204	32%	(1,199,243)	-9%
Remuneration of councillors	12,303,348	1,025,279	890,734	890,734	2%	(134,545)	-13%
Bulk Purchases	215,706,042	17,975,503	15,182,833	15,182,833	39%	(2,792,670)	-16%
Debt impairment	10,744,599	-	-	-	0%	-	0%
Contracted Services	77,415,731	6,451,296	2,599,486	2,599,486	7%	(3,851,810)	-60%
Interest Expense	63,471	5,289	-	-	0%	(5,289)	-100%
Other Expenditure	66,716,192	5,559,665	2,507,584	2,507,584	7%	(3,052,081)	-55%
Depreciation	57,004,511	4,750,374	4,984,199	4,984,199	13%	233,825	5%
Inventory consumed	8,250,548	687,540	14,456	14,456	0%	(673,084)	-98%
Transfers and Grants	1,752,000	145,999	26,719	26,719	0%	(119,280)	-82%
Losses on Disposal of Assets	1,114,475	92,872	-	-	0%	(92,872)	-100%
Irrecoverable debts written off	1,080,209	90,017	-	-	0%	(90,017)	-100%
TOTAL EXPENDITURE	614,180,376	50,286,281	38,509,216	38,509,216	100%	(11,777,065)	-23%

Total Expenditure incurred in the month of July amounted to R 38,5m as displayed in the above table.

The reasons for the variances per item displayed from above table are detailed as follows: -

EMPLOYEE RELATED COSTS

The total approved budget for employee related costs for 2024/2025 annual budget amounts to R 162m, the monthly actual is R 12,3m against the YTD budget amounted to R13,5m that which resulted in the R 1,1m favorable variance. There will be improvement in the coming months of the current financial year once the salary increase negotiation is concluded by the bargaining council and the municipality fills all the critical vacant posts.

REMUNERATION OF COUNCILLORS

The approved annual budget for the remuneration of Councilors for the 2024/2025 is R 12m, July payment is R 890k against the YTD budget amounted to R 1m, resulting in positive variance of R 134K. Municipalities are obliged to remunerate Councillors according to the Upper Limits from the Department of Cooperative Governance. The increment due in the current financial year was paid to as guided by Circular from Cogta.

DEPRECIATION

Depreciation amount recorded in the Fixed Asset Register is R 4,9m against the year-to-date budget of R 4,7m which resulted in unfavorable variance of R 233k. The depreciation is calculated monthly and Fixed Asset Register has been updated with current financial year additions.

FINANCE CHARGES

There is no interest paid on late or overdue accounts.

BULK PURCHASES

The annual approved budget for Bulk purchases amounted to R 215,7m, the year-to-date actual for bulk purchase is R 15,1m with the positive variance of R 2,7m when comparing the YTD budget against YTD actuals. It is important to note that the YTD actual is exclusive of last 15 days of June that is reported on the accruals in the Annual Financial Statements for 2023/2024 financial year.

CONTRACTED SERVICES

The Municipality’s budget is R 77,4m the actual expenditure to date is R 2,5m. The Municipality has a positive variance of R 3,8m when comparing the year-to-date budget against the year-to-date actuals.

OTHER EXPENDITURE

Other expenditure comprises of operational costs of the municipality, the annual budget for this item is R 66,7m, the actual expenditure to date is R 2,5m. Below table is detailing the monthly actual that making up Other Expenditure:

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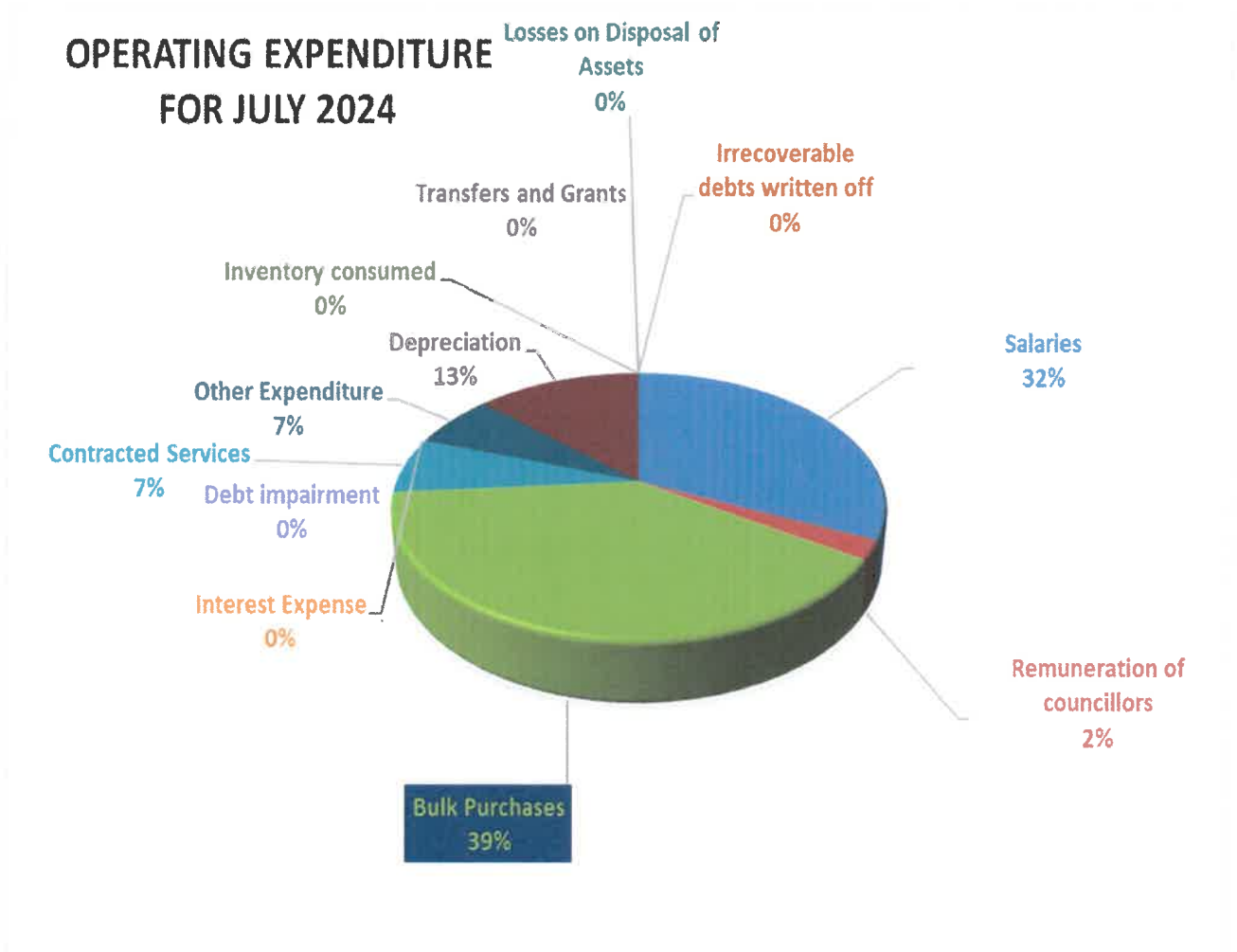
Table 6: Other Expenditure for the period ended 31 July 2024

Item Description	Original Budget	Actual Balance	Available Budget
Accommodation	295,390	4,000	291,390
Achievements and Awards	125,880	-	125,880
Air Transport	174,900	-	174,900
Bank Accounts	1,509,474	107,039	1,402,435
Bargaining Council	1,616,317	-	1,616,317
Bursaries (Employees)	270,000	-	270,000
Cash Discount	1,788,725	114,400	1,674,325
Claims paid to Third Parties	351,285	7,595	343,690
Corporate and Municipal Activities	1,376,433	121,671	1,014,895
External Audit Fees	3,196,996	-	3,196,996
Gifts and Promotional Items	150,000	-	140,000
Hire Charges	2,423,410	3,500	2,400,810
Information Services	4,487,534	213,276	4,044,020
Landfill Sites	4,929,750	-	4,929,750
Learnerships and Internships	3,188,402	331,534	2,856,868
Machinery and Equipment	1,193,834	52,916	1,193,834
Management Fee	80,000	-	80,000
Motor Vehicle Licence and Registrations	385,417	8,532	376,885
Municipal Newsletters	40,000	-	40,000
Municipal Services	15,951,133	1,048,813	14,932,534
National	997,626	9,783	995,396
Other Assets	430,012	-	430,012
Own Transport	562,989	42,967	515,976
Postage/Stamps/Franking Machines	100,000	-	100,000
Premiums	2,800,000	-	2,800,000
Printing, Publications and Books	45,880	-	45,880
Professional Bodies, Membership and Su	1,097,035	8,918	1,088,118
Entertainment	50,000	890	49,110
Signage	800,000	-	800,000
Skills Development Fund Levy	1,424,795	86,899	1,296,740
Software Licences	2,273,070	-	2,233,070
Telephone, Fax, Telegraph and Telex	933,795	-	933,795
Transport Assets	1,833,412	-	1,833,412
Uniform and Protective Clothing	1,955,183	-	1,870,673
Vehicle Tracking	204,703	14,083	190,620
Ward Committees	1,918,325	132,463	1,785,862
Wet Fuel	4,900,000	427,445	4,472,555
Workmen's Compensation Fund	854,487	-	854,487
TOTAL	66,716,384	2,736,722	126,802,470

NB: Refer to the attached excel document for the above table.

A summarized report and the Pie Chart is provided below for Operating Expenditure.

Figure 2: Summary of Expenditure for the month.



As illustrated above, 39% is for Bulk Electricity, 32% Employee Related Cost, 13% Depreciation, 7% other expenditure and contracted services, 2% Remuneration of councillors.

MONTHLY BUDGET AND FINANCIAL REPORT

Table7: Statement of Financial Performance as at 31 July 2024

KZN222 uMngeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Revenue										
Exchange Revenue		140,867	209,922	209,922	12,895	12,895	17,494	(4,598)	-26%	154,741
Service charges - Electricity		109,279	173,524	173,524	9,741	9,741	14,460	(4,720)	-33%	116,886
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		11,923	16,069	16,069	1,447	1,447	1,339	108	8%	17,366
Sale of Goods and Rendering of Services		4,897	6,335	6,335	472	472	528	(55)	-11%	5,669
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3,503	4,625	4,625	228	228	385	(157)	-41%	2,738
Interest earned from Current and Non Current Assets		4,662	3,178	3,178	203	203	265	(62)	-23%	2,433
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1,801	1,442	1,442	111	111	120	(9)	-7%	1,337
Licence and permits		2,762	3,922	3,922	302	302	327	(25)	-8%	3,624
Operational Revenue		2,041	828	828	391	391	69	322	466%	4,688
Non-Exchange Revenue		383,736	404,691	404,691	67,606	67,606	68,013	(406)	-1%	399,813
Property rates		261,027	271,175	271,175	22,546	22,546	22,598	(52)	0%	270,556
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		361	3,257	3,257	13	13	271	(258)	-95%	162
Licence and permits		852	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		108,514	115,580	115,580	43,920	43,920	43,920	-	-	115,580
Interest		12,219	14,348	14,348	1,126	1,126	1,196	(69)	-6%	13,515
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		764	331	331	-	-	28	(28)	-100%	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		524,603	614,613	614,613	80,501	80,501	85,506	(5,005)	-6%	554,554
Expenditure By Type										
Employee related costs		148,021	162,029	162,029	12,303	12,303	13,502	(1,199)	-9%	147,638
Remuneration of councillors		11,753	12,303	12,303	891	891	1,025	(135)	-13%	10,689
Bulk purchases - electricity		182,122	215,706	215,706	15,183	15,183	17,976	(2,793)	-16%	182,194
Inventory consumed		2,107	8,251	8,251	14	14	688	(673)	-98%	173
Debt impairment		(33,400)	10,745	10,745	-	-	-	-	-	-
Depreciation and amortisation		35,348	57,005	57,005	4,984	4,984	4,750	234	5%	59,810
Interest		9,389	63	63	-	-	5	(5)	-100%	-
Contracted services		59,836	77,416	77,416	2,599	2,599	6,451	(3,852)	-60%	31,194
Transfers and subsidies		1,779	1,752	1,752	27	27	146	(119)	-82%	321
Irrecoverable debts written off		18,771	1,080	1,080	-	-	90	(90)	-100%	-
Operational costs		51,297	66,716	66,716	2,508	2,508	5,560	(3,052)	-55%	30,091
Losses on Disposal of Assets		4,711	1,114	1,114	-	-	93	(93)	-100%	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		491,733	614,180	614,180	38,509	38,509	50,286	(11,777)	-23%	462,111
Surplus/(Deficit)		32,870	433	433	41,992	41,992	35,220	6,772	0	92,443
Transfers and subsidies - capital (monetary allocations)		51,202	48,641	48,641	4,702	4,702	4,702	-	-	48,641
Transfers and subsidies - capital (in-kind)		1,130	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		85,202	49,074	49,074	46,694	46,694	39,922			141,084
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		85,202	49,074	49,074	46,694	46,694	39,922			141,084
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		85,202	49,074	49,074	46,694	46,694	39,922			141,084
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		85,202	49,074	49,074	46,694	46,694	39,922			141,084

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Table 8: Capital Expenditure as at July 2024

KZN222 uMngeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July										
Vote Description	Ref	2023/24			Budget Year 2024/25					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - EXECUTIVE AND COUNCIL		1,244	350	350	-	-	29	(29)	-100%	350
Vote 2 - BUDGET AND TREASURY		669	700	700	-	-	58	(58)	-100%	700
Vote 3 - CORPORATE SERVICES		620	850	850	-	-	71	(71)	-100%	850
Vote 4 - Planning Services		531	2,030	2,030	-	-	169	(169)	-100%	2,030
Vote 5 - Community Services		1,543	650	650	-	-	54	(54)	-100%	650
Vote 6 - Technical Services		24,989	32,358	32,358	2,145	2,145	2,696	(552)	-20%	32,358
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	29,596	36,938	36,938	2,145	2,145	3,078	(933)	-30%	36,938
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE AND COUNCIL		3,423	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		429	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - Planning Services		1,935	1,740	1,740	-	-	145	(145)	-100%	1,740
Vote 5 - Community Services		607	1,990	1,990	-	-	165	(165)	-100%	1,990
Vote 6 - Technical Services		54,227	39,143	39,143	3,051	3,051	3,262	(211)	-6%	39,143
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	60,621	42,873	42,873	3,051	3,051	3,573	(522)	-15%	42,873
Total Capital Expenditure	3	90,217	79,811	79,811	5,196	5,196	6,651	(1,455)	-22%	79,811
Capital Expenditure - Functional Classification										
Governance and administration		6,385	1,900	1,900	-	-	158	(158)	-100%	1,900
Executive and council		4,667	250	250	-	-	21	(21)	-100%	250
Finance and administration		1,718	1,550	1,550	-	-	129	(129)	-100%	1,550
Internal audit		-	100	100	-	-	8	(8)	-100%	100
Community and public safety		2,149	2,390	2,390	-	-	199	(199)	-100%	2,390
Community and social services		1,483	400	400	-	-	33	(33)	-100%	400
Sport and recreation		666	800	800	-	-	67	(67)	-100%	800
Public safety		-	1,190	1,190	-	-	99	(99)	-100%	1,190
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		54,835	57,051	57,051	5,196	5,196	4,754	442	9%	57,051
Planning and development		-	3,770	3,770	-	-	314	(314)	-100%	3,770
Road transport		54,835	53,281	53,281	5,196	5,196	4,440	756	17%	53,281
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		26,846	18,470	18,470	-	-	1,539	(1,539)	-100%	18,470
Energy sources		24,946	16,120	16,120	-	-	1,343	(1,343)	-100%	16,120
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1,901	2,350	2,350	-	-	196	(196)	-100%	2,350
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	90,217	79,811	79,811	5,196	5,196	6,651	(1,455)	-22%	79,811
Funded by:										
National Government		44,750	47,891	47,891	5,196	5,196	3,991	1,205	30%	47,891
Provincial Government		-	750	750	-	-	63	(63)	-100%	750
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		44,750	48,641	48,641	5,196	5,196	4,053	1,142	28%	48,641
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		45,467	31,170	31,170	-	-	2,597	(2,597)	-100%	31,170
Total Capital Funding	7	90,217	79,811	79,811	5,196	5,196	6,651	(1,455)	-22%	79,811

MONTHLY BUDGET AND FINANCIAL REPORT

Table 9: Statement of Financial Position as at 31 July 2024

KZN222 uMngeni - Table C6 Monthly Budget Statement - Financial Position - M01 July						
Description	Ref	2023/24	Budget Year 2024/25			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD Actual	Full Year Forecast
R thousands						
ASSETS	1					
Current assets						
Cash and cash equivalents		34,053	22,817	22,817	74,320	22,817
Trade and other receivables from exchange transactions		30,939	26,385	26,385	32,768	26,385
Receivables from non-exchange transactions		76,818	91,518	91,518	80,733	91,518
Current portion of non-current receivables		-	-	-	-	-
Inventory		-	-	-	-	-
VAT		5,648	3,477	3,477	7,451	3,477
Other current assets		-	-	-	-	-
Total current assets		147,457	144,196	144,196	195,272	144,196
Non current assets						
Investments		-	-	-	-	-
Investment property		19,038	18,589	18,589	19,015	18,589
Property, plant and equipment		1,040,606	1,033,877	1,033,877	1,040,841	1,033,877
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		3,381	3,381	3,381	3,381	3,381
Intangible assets		-	1,323	1,323	-	1,323
Trade and other receivables from exchange transactions		7,360	6,884	6,884	7,360	6,884
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
Total non current assets		1,070,385	1,064,054	1,064,054	1,070,597	1,064,054
TOTAL ASSETS		1,217,842	1,208,250	1,208,250	1,265,869	1,208,250
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	478	478	-	478
Consumer deposits		4,632	4,561	4,561	4,593	4,561
Trade and other payables from exchange transactions		74,047	70,828	70,828	67,035	70,828
Trade and other payables from non-exchange transactions		6,698	-	-	15,737	-
Provision		16,756	30,173	30,173	16,756	30,173
VAT		1,916	3,103	3,103	61,002	3,103
Other current liabilities		-	-	-	-	-
Total current liabilities		104,048	109,143	109,143	165,124	109,143
Non current liabilities						
Financial liabilities		-	-	-	-	-
Provision		107,474	86,315	86,315	107,474	86,315
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		29,127	26,961	26,961	29,127	26,961
Total non current liabilities		136,601	113,276	113,276	136,601	113,276
TOTAL LIABILITIES		240,649	222,419	222,419	301,724	222,419
NET ASSETS	2	977,193	985,831	985,831	964,145	985,831
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		977,193	985,831	985,831	964,145	985,831
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	977,193	985,831	985,831	964,145	985,831

MONTHLY BUDGET AND FINANCIAL REPORT

Table10: Cash Flow Statement as at 31 July 2024

KZN222 uMngeni - Table C7 Monthly Budget Statement - Cash Flow - M01 July										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES	1									
Receipts										
Property rates		274,401	249,481	249,481	22,043	22,043	20,790	1,253	6%	264,519
Service charges		95,032	216,242	216,242	8,620	8,620	18,020	(9,400)	-52%	103,441
Other revenue		33,957	81,353	81,353	1,471	1,471	6,779	(5,309)	-78%	17,647
Transfers and Subsidies - Operational		109,456	115,580	115,580	43,920	43,920	9,632	34,288	356%	115,580
Transfers and Subsidies - Capital		56,334	48,641	48,641	13,742	13,742	4,053	9,689	239%	48,641
Interest		1,985	3,178	3,178	203	203	265	(62)	-23%	2,433
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(459,681)	(617,103)	(617,103)	(41,286)	(41,286)	(51,425)	(10,139)	20%	(495,438)
Interest		(36)	(63)	(63)	(123)	(123)	(5)	118	-2225%	(1,476)
Transfers and Subsidies		(1,321)	(1,392)	(1,392)	(25)	(25)	(116)	(91)	78%	(300)
NET CASH FROM/(USED) OPERATING ACTIVITIES		110,128	95,916	95,916	48,564	48,564	7,993	(40,571)	-508%	55,048
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		764	331	331	-	-	28	(28)	-100%	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(90,217)	(91,782)	(91,782)	(7,169)	(7,169)	(7,649)	(479)	6%	(86,030)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(89,453)	(91,451)	(91,451)	(7,169)	(7,169)	(7,621)	(452)	6%	(86,030)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		20,675	4,465	4,465	41,395	41,395	372			(30,982)
Cash/cash equivalents at beginning:		12,250	18,352	18,352		32,925	18,352			32,925
Cash/cash equivalents at month/year end:		32,925	22,817	22,817		74,320	18,724			1,942

The closing amount for Cash and Cash Equivalent is R743 m at the end of July, the closing balance ties back to Cash at bank and short-term investments that is reflected in the Statement of Financial Position and Statement of cash flow statement and Bank Recon as at 31 July 2024.

MONTHLY BUDGET AND FINANCIAL REPORT

Table 11: Investment Register as at 31 July 2024

UMNGENI LOCAL MUNICIPALITY		INVESTMENT REGISTER			Jul-24		
	NUMBER	OPENING BALANCE AS PER AFS 2022/2023	DEPOSITS	WITHDRAWALS	INTEREST EARNED	BALANCE	
ABSA BANK							ABSA
OPERATIONAL CALL ACCOUNT	9244671585	59,314.81	90,910,000.00	49,100,000.00	704,682.84	42,573,997.65	CALL ACCOUNT - OWN REVENUE
CALL ACCOUNT	9154612908	109,036.48	28,442,959.00	23,621,000.00	489,318.32	5,420,313.80	CALL ACCOUNT - MIG GRANT
FIXED DEPOSIT	2074952988	220,752.54	-	-	15,391.07	236,143.61	MASSIFICATION GRANT
CALL ACCOUNT	9312757198	68,960.72	14,890,000.00	14,958,282.00	211,774.22	212,452.94	INEG / INEP GRANT
CALL ACCOUNT	9312756980	300,941.72	-	-	23,848.98	324,790.70	PLANNING SCHEMES SUPPORT GRANT
ABSA TOTAL		759,006.27	134,242,959.00	87,679,282.00	1,329,629.44	48,747,898.70	
FIRST NATIONAL BANK							FIRST NATIONAL BANK
FIXED DEPOSIT	RU 500475 658	2,947,199.74	-	-	254,158.74	3,201,358.48	OWN REVENUE
CALL ACCOUNT	6254 7030 875	1,108,007.61	-	1,000,000.00	42,332.56	150,098.22	FMG GRANT
CALL ACCOUNT	6282 1205 425	128,529.34	-	-	11,265.99	139,795.33	HUMAN SETTLEMENTS GRANT
CALL ACCOUNT	6302 8283 61	2,752,477.82	2,400,000.00	2,700,000.00	192,352.43	2,644,770.25	PLANNING GRANTS
FNB TOTAL		4,934,154.51	2,400,000.00	3,700,000.00	500,109.72	6,136,022.28	
CALL ACCOUNT - INVESTEC	1100 503 504 500	38,022.01	9,800,000.00	9,894,430.00	183,959.40	127,551.41	DWE GRANT
CALL ACCOUNT - INVESTEC	1100 503 504 452	-	7,418,000.00	4,544,000.00	178,933.47	3,052,933.47	DISASTER RECOVERY GRANT
INVESTEC TOTAL		38,022.01	17,218,000.00	14,438,430.00	362,892.87	3,180,484.88	
TOTAL INVESTMENTS		7,733,182.79	153,860,959.00	105,817,712.00	2,192,632.03	58,084,205.86	TOTAL INVESTMENTS

As of 31 July 2024, the Municipal Short-Term Investments were sitting at R 58m, and the total investments inclusive of unspent Capital and Operational grants. These investments are ring-fenced for unspent grants and are recalled when the grant condition is met by the Municipality.

Table12: Cash and Cash Equivalent Recon as at 31 July 2024

BANK RECONCILIATION	JULY		
	SYSTEM	BANK	
OPENING BALANCE	15,057,879.12		
ADD: INCOME (20170619021358)	93,374,729.19		
LESS: EXPENDITURE (20170619021359)CLASSIC	60,792,633.67		
LESS: EXPENDITURE (20170619021359)WEB	30,748,058.07		
BALANCE TO DATE (CASH BOOK)	16,891,916.57		
RECEIPTS NOT YET BANKED	- 656,404.87		
ADD OUTSTANDING CHQS/ACB			
LESS RD CHEQUES:	-		
BANK TRANSACTIONS NOT ON GL			
		8,245.10	TRAFFIC
		16,227,266.60	ABSA MAIN ACC BAL
INVESTMENTS(AS PER INV REGISTER)		58,084,205.86	INVESTMENTS
BALANCE AS PER BANK STATEMENT	16,235,511.70	74,319,717.56	

The closing amount for Cash and Cash Equivalent is R 16,2m made of the traffic account R 8k, Primary bank account balance R 16,2m and investment account R 58m.

MONTHLY BUDGET AND FINANCIAL REPORT

Table13: Grants Register as at 31 July 2024

GRANT	Opening bal as per - AFS	Expected income	Total income	DATE	TRANCHES	Expenditure (YTD)	Unspent Balance as	Percentage %
		as per DORA	Received/ On Hand to Date				per total grants received	
CONDITIONAL GRANTS								
MIG	R 0.00	R 26,469,000.00	R 8,742,000.00	12/07/2024	TRI-ANNUAL	R 4,702,413.91	R 4,039,386.09	18%
Municipal Disaster Recovery Grant	R 3,732,013.08	R 7,426,000.00	R 0.00		ANNUAL		R 0.00	0%
Finance Management Grant	R 0.00	R 1,800,000.00	R 0.00		ANNUAL		R 0.00	0%
Integrated National Electricity Programme Grant	R 0.00	R 14,620,000.00	R 5,000,000.00	26/07/2024	ANNUAL		R 5,000,000.00	0%
Energy Efficiency & Demand Side Management Grant	R 0.00	R 0.00	R 0.00		TRI-ANNUAL		R 0.00	0%
MAP Synergistic Partnership (Trad Councils)	R 104,155.20	R 0.00	R 104,155.20		ROLL-OVER		R 104,155.20	0%
Expanded Public Works Programme	R 0.00	R 1,336,000.00	R 0.00		TRI-ANNUAL		R 0.00	0%
Library Grant	R 0.00	R 5,152,000.00	R 0.00		ANNUAL	R 0.00	R 0.00	0%
Museum Costs	R 0.00	R 260,000.00	R 0.00		ANNUAL	R 0.00	R 0.00	0%
Municipal Employment Initiative	R 1,000,000.00	R 1,000,000.00	R 0.00		ANNUAL	R 0.00	R 0.00	0%
Informal Trader Grant	R 1,400,000.00	R 750,000.00	R 0.00		ANNUAL	R 0.00	R 0.00	0%
Massification	R 135,115.00	R 0.00	R 0.00		ROLL-OVER	R 0.00	R 0.00	0%
Nodal Plan and Land Scheme Grant	R 104,050.71	R 0.00	R 0.00		ROLL-OVER	R 0.00	R 0.00	0%
Maintenance (Sport)	R 11,041.74	R 0.00	R 0.00		ROLL-OVER	-	R 0.00	0%
Title deeds restoration programme	R 211,152.92	R 0.00	R 211,152.92		ROLL-OVER		R 211,152.92	0%
UNCONDITIONAL GRANTS								
Equitable Share	R 0.00	R 105,408,000.00	R 43,920,000.00	03/07/2024	TRI-ANNUAL	R 43,920,000.00	R 0.00	100%
TOTAL BALANCE	R 6,697,528.65	R 164,221,000.00	R 57,977,308.12			R 48,622,413.91	R 9,354,894.21	84%

As displayed above, the unspent grant balance is made up of R 5m, Integrated National Electricity Programme, MIG R4m, R 104k MAP Synergistic Partnership (Trade Councils), R 1,4k Informal Traders , R 135k Massification, R 104k Nodal Plan land scheme, R 11k Maintenance (Sports) and R211k Title deeds restoration programme.

MONTHLY BUDGET AND FINANCIAL REPORT

Table14: Debtors Balance for as at July 2024

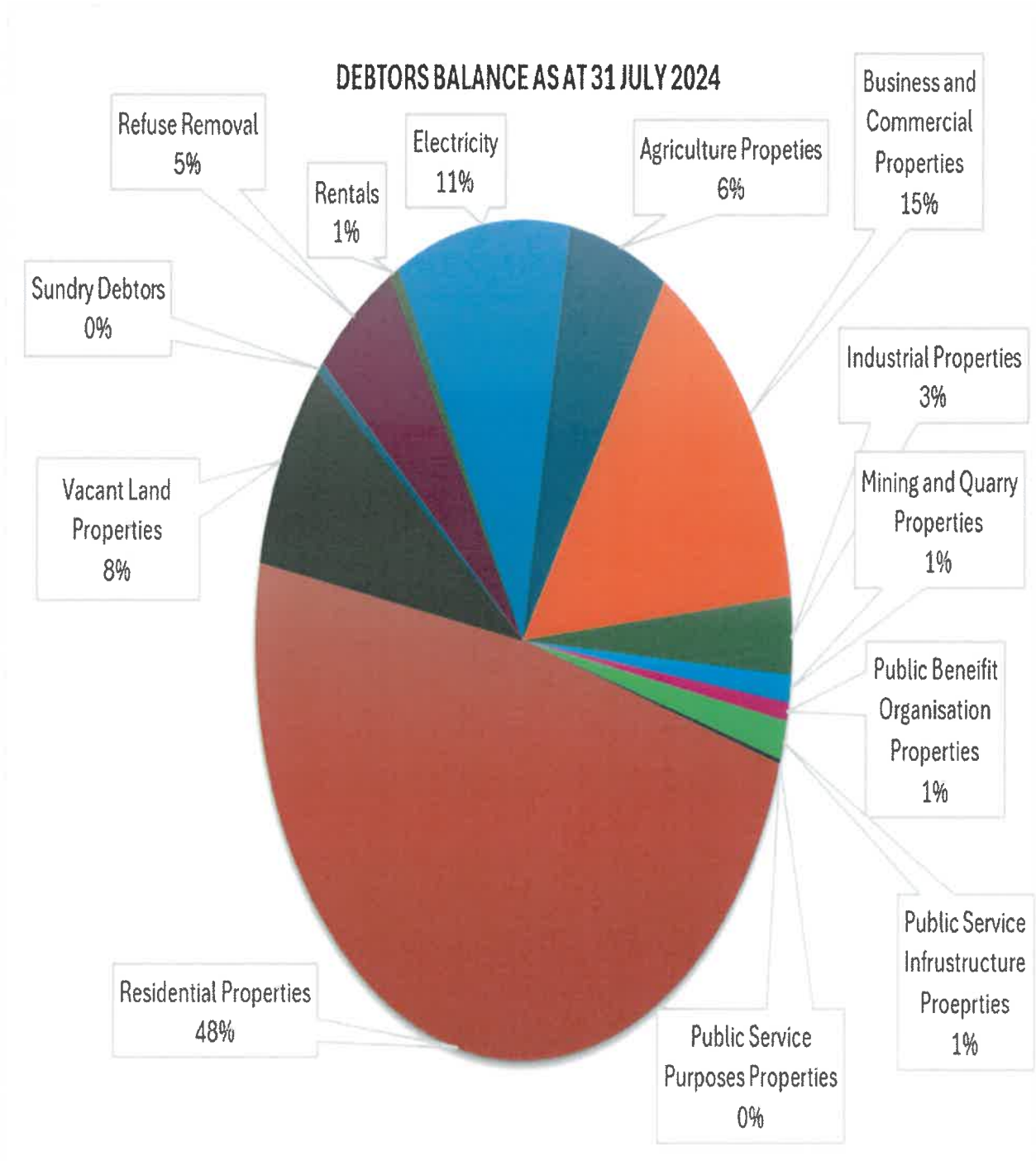
Category Description	Rand	Percentage %
Agriculture Properties	14,962,848.32	6%
Business & Commercial Properties	36,791,697.57	14%
Industrial Properties	7,630,289.64	3%
Mining & Quarry Properties	2,637,389.39	1%
Public Benefit Organisation Properties	2,526,133.00	1%
Public Service Infrastructure Properties	3,141,935.91	1%
Public Service Purpose Properties	735,897.41	0%
Residential Properties	123,536,996.29	48%
Vacant Land Properties	18,596,575.31	7%
Electricity	28,761,434.74	11%
Removal	13,858,286.84	5%
Rental	1,421,992.71	1%
Sundry debtors	1,498,961.51	1%
TOTAL	256,100,438.64	100%

Table15: Debtors Age Analysis as at July 2024

Non-exchange Transactions Rates	Detailed Age Analysis - July 2024						Total
	Current	30 days	60 days	90 days	120 days	150 days	
Agriculture Properties	1,531,789.39	583,633.73	409,422.08	336,411.76	351,800.38	11,749,790.98	14,962,848.32
Business & Commercial Properties	3,113,423.89	887,926.54	500,514.33	435,284.85	1,140,472.83	30,714,075.13	36,791,697.57
Industrial Properties	821,475.26	295,457.08	158,803.62	149,301.84	152,798.35	6,052,453.49	7,630,289.64
Mining & Quarry Properties	11,547.25	8,628.28	8,462.50	8,462.50	8,462.50	2,591,826.36	2,637,389.39
Public Benefit Organisation Properties	184,605.28	94,047.09	37,231.05	37,553.28	37,376.08	2,135,320.22	2,526,133.00
Public Service Infrastructure	47,928.71	226,796.88	208,629.69	187,290.13	229,520.65	2,241,769.85	3,141,935.91
Public Service Purpose Properties	157,891.38	89,182.02	61,162.02	60,795.73	32,895.77	333,970.49	735,897.41
Residential Properties	13,633,101.54	4,718,486.33	2,978,459.51	2,968,828.34	2,614,242.78	96,623,877.79	123,536,996.29
Vacant Land Properties	729,709.45	486,864.05	399,287.33	496,034.76	747,232.57	15,737,447.15	18,596,575.31
Total non-exchange Transaction	20,231,472.15	7,391,022.00	4,761,972.13	4,679,963.19	5,314,801.91	168,180,531.46	210,559,762.84
Exchange Transactions - Services							
Electricity	10,177,349.50	2,003,680.28	396,207.16	296,262.60	312,885.49	15,575,049.71	28,761,434.74
Removal	1,464,988.83	557,143.02	427,042.91	414,955.76	388,645.81	10,605,510.51	13,858,286.84
Rental	90,094.10	53,011.44	42,637.45	40,516.97	77,004.87	1,118,727.88	1,421,992.71
Sundry debtors	403,468.93	351,142.53	45,621.91	4,733.02	2,047.56	691,947.56	1,498,961.51
Total exchange Transactions	12,135,901.36	2,964,977.27	911,509.43	756,468.35	780,583.73	27,991,235.66	45,540,675.80
Sub-total for non & Exchange Transactions	32,367,373.51	10,355,999.27	5,673,481.56	5,436,431.54	6,095,385.64	196,171,767.12	256,100,438.64

The amount reported above of R 256,1m is exclusive of the debtor's accounts sitting with credit balances

Below is the graphical illustration for the debtors as of 31 July 2024.



MONTHLY BUDGET AND FINANCIAL REPORT

Financial Ratios for the period ending 31 July 2024

KPA 1: MUNICIPAL INSTITUTIONAL DEVELOPMENT &

				Jul-24		Jun-24	
				0.0%		1.0%	
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months	Cash at Bank	16,235,511.70	13,929,977.75
					Unspent Conditional Grants	15,737,116.54	6,697,528.66
					Overdraft	-	-
					Short Term Investments	58,084,205.86	18,994,689.94
					Monthly Fixed Operational Expenditure Excluding Depreciation	33,525,017	50,082,181.27

The Municipality can only honour its obligations for a period of two (2) months, this is within the prescribed norm (1-3 months), and an increase from the previous period

				1.1		1.1	
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1	Current Assets	185,272,048.20	107,723,044.42
					Current Liabilities	185,123,707.56	79,071,854.07

Although the Current Assets are more than the Current Liabilities, the Municipality needs to put in more effort in converting the debtors to cash

				0.4%		0.4%	
Cash Ratio	Cash and Cash Equivalents / Current Liabilities	Financial Position	0.5- 1	Cash and cash equivalents	74,319,717.56	32,924,667.69	
				Current Liabilities	165,123,707.56	79,071,854.07	

The Municipality is currently unable to pay its current liabilities, as its cash & cash Equivalents below its liabilities.

				0%		0%	
5	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%	Irregular, Fruitless and Wasteful and Unauthorised Expenditure	-	4,326.51
					Total Monthly Operating Expenditure	38,509,216.37	71,117,192.04
					Taxation Expense	-	-
						-	-

The municipality was not charged for overdue accounts in July.

				14%		13%	
6	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) /Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%	Employee/personnel related cost	12,303,203.85	12,666,777.96
					Councillors Remuneration	890,733.83	919,760.86
					Total Monthly Operating Expenditure	38,509,216.37	71,117,192.04
					Taxation Expense	-	-

The remuneration paid in July is within the required maximum norm of 40%.

				7%		15%	
7	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%	Contracted Services	2,599,486.26	10,916,270.26
					Total Monthly Operating Expenditure	38,509,216.37	71,117,192.04
					Taxation Expense	-	-

The municipality should try to eliminate using contractors, atleast curb it to Services delivery projects in order to be within the legislated norm.

				19%		13%	
8	Level of Cash Backed Reserves (Total Assets - Accumulated Surplus)	(Cash At Bank - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Total Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	50% - 100%	Cash At Bank	16,235,511.70	13,929,977.75
					Bank Overdraft	-	-
					Short Term Investment	58,084,205.86	18,994,689.94
					Long Term Investment	-	-
					Unspent Grants	15,737,116.54	6,697,528.66
					Total Assets	1,265,868,908	1,147,067,642.50
					Share Premium	-	-
					Share Capital	-	-
					Revaluation Reserve	-	-
					Fair Value Adjustment Reserve	-	-
Accumulated Surplus	964,144,574.14	949,699,263.00					

The level of cash backed reserves ratio is below required standard norm of 50%.

				7%		6%	
9	% Actual R&M spent in relation to budget	This ratio measures the extent to which repairs and maintenance has been spent during the financial year.	Actual R&M/ Budgeted R&M	8%	R & M Actual	660,411.75	22,006,239.00
					R&M Budget	28,036,637.00	24,900,903.00

Repairs and Maintenance for the month of July has underperformed by 6% in its projections for July 2024.

				41,301,931.91		38,633,146.84	
10	Operating Surplus/(Deficit)	This indicator measures the extent to which operating revenue covers operating expenditure.	Operating revenue - Operating expenditure	Positive amount	Operating revenue	80,501,151.28	40,283,633.10
					Operating expenditure	38,509,216.37	71,117,192.04

The municipality has a surplus of R41.9m for the month of July, this was caused by the Equitable share portion received by the municipality.

MONTHLY BUDGET AND FINANCIAL REPORT

11	% Actual capital exp in relation budget	This ratio measures the extent to which Budgeted Capital Expenditure has been spent during the financial year, under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non implementation. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget	Actual Capital Expenditure / Budget Capital Expenditure x 100	8%				
						Actual Capital Expenditure	5,195,885.17	83,704,920.45
						Budget Capital Expenditure	79,810,523.00	104,736,994.00

Capital Expenditure incurred in July is less than by 1% against the expected percentage norm.

12	% Actual operating exp in relation budget	This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the financial year, under review. The ratio also assess whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	8%				
						Actual Operating Expenditure	38,509,216.37	520,868,377.29
						Budget Operating Expenditure	614,180,376.00	577,431,404.00

The Municipality has underperformed by 2% in expenditure for the month of 2024

13	FBS spend	This ratio measures the accumulated FBS expenditure in relation to the year to date FBS budget	Actual FBS Expenditure/ Budgeted FBS expenditure x 100	8%				
						Actual FBS Expenditure	226,506.67	1,214,229.83
						Budget FBS Expenditure	1,235,552.00	1,177,838.00

The FBE collected electricity kilowatts is above the expected month one percentage (8%) as indicated above.C98

14	Own source revenue to operating revenue	The Ratio assesses the extent of Own Source Revenue to Total Operating Revenue, including Agency Revenue hence self-sufficiency.	Own Source Revenue (Total Revenue - Government Grants and Subsidies – Public Contribution and Donations)/ Total Operating Revenue (Including Agency Services) x 100	40% - 90%				
						Total revenue	80,501,151.28	40,283,633.10
						Govt. Grants	43,920,000.00	2,065,455.38
					Total revenue	80,501,151.28	40,283,633.10	

The Municipality can cover its costs through its own revenue efforts.

15	Net surplus deficit - electricity	This ratio measures the extent to which the municipality generates surplus or deficit in rendering electricity service. The purpose of the Ratio is to determine the contribution made by the provision of Electricity Services, being one of the major functions of a municipality.	Total Electricity Revenue less Total Electricity Expenditure / Total Electricity Revenue x 100%	6%				
						Total Electricity Revenue	9,740,517.13	10,396,513.73
						Total Electricity Expenditure	15,182,833.42	19,284,962.03
					Total Electricity Revenue	9,740,517.13	10,396,513.73	

This is an ongoing problem that Plagues the Municipality, Electricity theft in the municipal jurisdiction continues to hinder the municipality's progress.

16	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue) x 31	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days				
						Gross debtors	256,100,438.64	250,207,966.00
						Bad debts Provision	18,770,844.04	18,770,844.00
					Billed Revenue	35,603,994	403,577,936	

It is not good practice for all institutions, including Municipality's to have debtors recorded for a period longer 30 days. More strategies must be in place to reduce the debtors book.

Creditors Payment Period Creditors payment period = Trade creditors outstanding /
Trade creditors Purchases x 366 days

$$= 28\,502\,142 / 31\,487\,673 * 31$$

$$= 28 \text{ days}$$

Conclusion

The overall performance for period one of the 2024/2025 financial year has been favorable, there is a surplus of R 41,9m when deducting the total expenditure from total revenue exclude the capital transfer and subsidies.

The Municipality has successfully implemented the annual budget approved by the council in May in line with the Municipal Finance Management Act. There is low spending on contracted services and other expenditures in the first month of the current financial year due to SCM processes that must be catered prior to the appointment of the service providers.

The Municipality recorded total expenditure of R 38,5m in July which is less than the Total Revenue billed by R 45m leading to the Surplus. The municipality managed to spend R 4,7m on the capital transfer and subsidies and transfer to revenue in the statement of financial performance. It is important to note that the municipality exercises all powers to ensure that the projects that are planned for the current financial year are being awarded and has a positive improvement on the services delivery.

The Municipality closed off the month with a positive bank balance of R 74,3m recorded in the primary bank account and short-term investments. There are items within Revenue that require close monthly monitoring – such as opening the Traffic department during weekends that could yield the positive performance. Creditor's payments were paid within the legislated period.

The Cash Ratio is stable when comparing with previous month result, the Municipality should align billing, Procurement plan and cash flow projections so that there is balance between the budget as well as the cash and cash equivalent, there should also be a payments strategy (Cash flow projections) in place that will deal with timeframes that will be utilized by departments especially those dealing directly with service delivery – this should not disrupt seasonal works like pothole repairs that are mostly done in Winter season.

The overall performance for the first month of the financial year has shown favorable results. The office of the Chief Financial Officer is slowly enforcing the finance business

MONTHLY BUDGET AND FINANCIAL REPORT

I, Mr Mzingisi Hloba, Municipal Manager of uMngeni Municipality, hereby certifies that the monthly report on the implementation of the budget and financial situation of the municipality for July 2024 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Mr Mzingisi Hloba

MUNICIPAL MANAGER OF UMNGENI MUNICIPALITY, KZN222



SIGNATURE _____

DATE 16/08/2024