

AUGUST 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 August 2024

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MONTHLY BUDGET AND FINANCIAL REPORT

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 August 2024.

2. Executive Summary

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

Table 1: Consolidated overview for the second period ended 31 August 2024

Descriptions	Annual Budget	YTD Budgets	Monthly Actuals	YTD Actuals	Variance
Total Revenue	614,613,131	127,567,948	38,829,821	119,330,972	8,236,976
Total Expenditure	614,180,376	100,206,784	54,368,969	92,878,185	7,328,599
Surplus (Deficit)	432,755	27,361,164	(15,539,148)	26,452,787	908,377
Capital Transfers	48,640,930	7,083,821	2,381,407	7,083,821	-
Surplus (Deficit) include Capital Transfers	49,073,685	34,444,985	(13,157,741)	33,536,608	908,377

The above deficit of R 13,1m includes capital transfer which reflects an unfavorable variance of R 908k when comparing the YTD budgets against YTD actuals.

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

Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of Total Monthly Actual	YTD variance	YTD variance %
Rates	271,174,940	45,195,818	22,700,648	45,247,006	58%	51,188	0%
Service charges - Electricity	173,523,779	28,920,626	10,791,291	20,531,808	28%	(8,388,818)	-29%
Service charges - Refuse	16,069,108	2,678,184	1,447,576	2,894,717	4%	216,533	8%
Rental	1,442,130	240,354	120,844	232,257	0%	(8,097)	-3%
Interest earned - external investments	3,178,000	529,668	827,326	1,030,084	2%	500,416	94%
Interest earned - outstanding debtors	18,972,327	3,162,052.00	(74,331)	1,280,055	0%	(1,881,997)	-60%
Fines	3,256,810	542,802	13,585	27,070	0%	(515,732)	-95%
Licences and Permits	3,921,864	653,644	460,578	762,548	1%	108,904	17%
Grants and subsidies	115,580,070	44,451,014	531,014	44,451,014	1%	-	0%
Sale of Goods and Rendering of Services	6,334,928	1,055,822	432,119	904,548	1%	(151,274)	-14%
Operational revenue	1,159,175	137,964	1,579,168	1,969,864	4%	1,831,900	1328%
TOTAL REVENUE	614,613,131	127,567,948	38,829,821	119,330,972	100%	(8,236,976)	-6%

Total Revenue YTD actual for the first two months of the current financial year amounts to R 119,3 m this is equivalent to 94% as of billed revenue when comparing the YTD budget against the total YTD Actuals, which indicates the unfavorable (negative) YTD variance 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 implementing 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

The period two actual bill for Property rates is R 22,7m, the actual YTD is R 45,2M that is slightly above with the YTD budget amount of R 45,1m. The report reflects favorable variance of R 51k which translates to favorable (over-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 28,9m, YTD actual billed is R 20,5m which resulted in an unfavorable variance of R 8,3m that is equivalent to 29% YTD unfavorable variance as of 31 August 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 have 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 2,6m for refuse-services charges, YTD Actual billed revenue amounted to R 2,8m which resulted in the favorable variance of R 216k 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 monthly bill for rental of facilities is 120k, the year-to-date actual amounted to R 232k for Rental of facilities and equipment, this line item has under-performed by R 8k when comparing the year-to-date budget R240k and year-to-date actual R 232k.

INTEREST EARNED - EXTERNAL INVESTMENTS

The interest earned on investments received in period two is R 827k, YTD Budget is 529k against the YTD Actual of R1,0m that yielded an favorable variance 500k, equivalent to 94%. The roll-over unspent grants are invested in the Call Accounts while the municipality hold back grants roll-over application outcome from transferring office – National Treasury.

INTEREST EARNED – OUTSTANDING DEBTORS

The Municipality anticipated the YTD budget of R 3,1m by end of August however the YTD actual amounted to R 1,2m that resulted to an unfavorable variance of R 1,8M. The penalty charge of 1% was exempted in the month of August due to delays in distributing July utility statements to the ratepayers attributable to approved traffics uploads in the financial systems.

TRAFFIC FINES

Traffic Fines – the Municipality projected a year-to-date budget of R 524k in traffic fines, the actual amount issued is R27k which resulted in unfavorable performance by 95% when 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 period two is R 460k, YTD actual is R 762k that is slightly more than the projected YTD budget of R 653k that resulted in a favorable variance of R 108k that is equivalent to 17% 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 conditional grants that met the condition in the month of August and were being transferred to operational grants and subsidies revenue.

MONTHLY BUDGET AND FINANCIAL REPORT

Table 3: SALE OF GOODS AND RENDERING OF SERVICES

Directorate	Section	Item	Original Budget	Actual Balance	Available Budget
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Advertisements	- 82,923.00	- 4,342.00	- 78,581.00
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Application Fees for Land Usage	- 221,129.00	- 14,899.22	- 206,229.78
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Building Plan Approval	- 2,920,474.00	- 265,820.74	- 2,654,653.26
CORPORATE SERVICES	PUBLIC CONVIENENCES	Entrance Fees	- 59,111.00	- 8,800.50	- 50,310.50
COMMUNITY SERVICES	LIBRARY	Photo copies, Faxes and Telephone	- 22,444.00	- 3,710.00	- 18,734.00
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Building Plan Clause Levy	- 122,343.00	- 532.05	- 121,810.95
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Town Planning and Servitudes	- 530,710.00	- 101,230.53	- 429,479.47
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Maps	- 4,423.00	- 4,790.10	367.10
COMMUNITY SERVICES	CEMETRY	Cemetery and Burial	- 217,091.00	- 17,679.97	- 199,411.03
PLANNING & DEVELOPMENT	TOURISM	Domestic Services	- 553.00	-	- 553.00
COMMUNITY SERVICES	SPORT & RECREATION	Entrance Fees	-	- 170.43	170.43
TECHNICAL SERVICES	LANDFILL SITES	Weighbridge Fees	- 1,049,000.00	- 391,444.69	- 657,555.31
BUDGET & TREASURY	FINANCE	Objections and Appeals	- 173,642.00	17,622.00	- 191,264.00
BUDGET & TREASURY	FINANCE	Clearance Certificates	- 824,096.00	- 108,415.34	- 715,680.66
BUDGET & TREASURY	FINANCE	Tender Documents	- 82,222.00	-	- 82,222.00
COMMUNITY SERVICES	MUSEUM	Entrance Fees	- 3,787.00	- 334.78	- 3,452.22
COMMUNITY SERVICES	TRAFFIC POLICE	Traffic Control	- 20,980.00	-	- 20,980.00
		TOTAL	- 6,334,928.00	- 904,548.35	- 5,430,379.65

Sale of Goods and Services rendered actual balance is R 904k, the weighbridge fees R391k, Building plans R265k, Clearance certificate R108k, Town planning and servitudes R101k and others less than R100k.

Table 4: OPERATIONAL REVENUE

Directorate	Section	Item	Original Budget	Actual Balance	Available Budget
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Insurance Refund	- 334,474.00	- 406,983.28	72,509.28
CORPORATE SERVICES	HUMAN RESOURCES	Skills Development Levy Refund	- 268,433.00	- 19,200.21	- 249,232.79
BUDGET & TREASURY	FINANCE	Administrative Handling Fees	- 75,647.00	- 357,860.84	282,213.84
BUDGET & TREASURY	FINANCE	Bad Debts Recovered	-	- 1,184,815.21	1,184,815.21
BUDGET & TREASURY	FINANCE	Transaction Handling Fees	- 2,050.00	-	- 2,050.00
BUDGET & TREASURY	FINANCE	Discounts and Early Settlements	- 145,456.00	-	- 145,456.00
BUDGET & TREASURY	FINANCE	Incidental Cash Surpluses	- 1,736.00	- 1,004.35	- 731.65
		TOTAL	- 827,796.00	- 1,969,863.89	1,142,067.89

The table above indicates the breakdown of all items making up the Operational Revenue and the amount received to date. The item reflects an over-performance which is due to

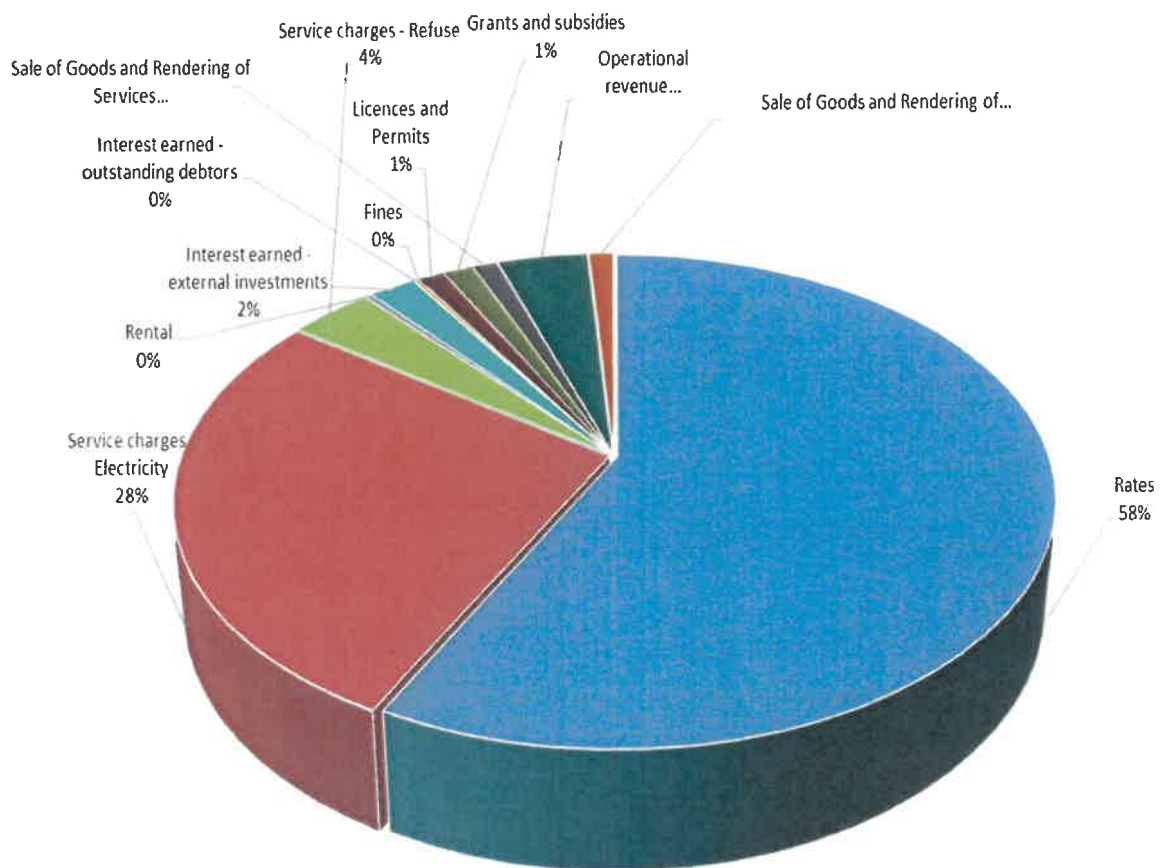
insurance claim and bad debts recovered incorrectly recognised in the current financial year. The correction adjustment has been corrected in the period three transactions.

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

Figure 1: Operating revenue for August 2024

OPERATING REVENUE FOR AUGUST

2024



Total income for August 2024 – Property Rates is 58%, Service Charges – Electricity is 28%, Service Charges - refuse comprises of 4%, Interest earned- external investment is 2%, Licences and permits and grants and subsidies comprise of 1%. in the month of in August 2024.

MONTHLY BUDGET AND FINANCIAL REPORT

OPERATING EXPENDITURE

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

Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of Total Monthly	YTD	
					Actual	variance	YTD variance
Salaries	162,029,250	27,004,894	11,748,864	24,052,067	22%	(2,952,827)	-11%
Remuneration of councillors	12,303,348	2,050,558	890,734	1,781,468	2%	(269,090)	-13%
Bulk Purchases	215,706,042	35,951,006	28,212,884	43,395,718	52%	7,444,712	21%
Debt impairment	10,744,599	-	-	-	0%	-	0%
Contracted Services	77,415,731	12,902,592	2,790,068	5,389,555	5%	(7,513,037)	-58%
Interest Expense	63,471	10,578	3,018	3,018	0%	(7,560)	-71%
Other Expenditure	66,716,192	11,119,330	5,468,221	7,975,806	10%	(3,143,524)	-28%
Depreciation	57,004,511	9,500,748	5,024,238	10,008,437	9%	507,689	5%
Inventory consumed	8,250,548	1,375,080	149,395	163,851	0%	(1,211,229)	-88%
Transfers and Grants	1,752,000	291,998	81,546	108,266	0%	(183,732)	-63%
Losses on Disposal of Assets	1,114,475	-	-	-	0%	-	0%
Irrecoverable debts written off	1,080,209	-	-	-	0%	-	0%
TOTAL EXPENDITURE	614,180,376	100,206,784	54,368,969	92,878,185	100%	(7,328,599)	-7%

Total Expenditure incurred in the month of August amounted to R 54,3m 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 11,7m, the YTD actual amounted to R24,0m against the YTD budget R 27,0m that resulted the R 2,9m favorable variance. There will be positive 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, period two payment is R 890k; the YTD actual is R 1,7m against the YTD budget amounted to R 2,0m that is equal to R269k favorable variance. 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 in August 2024 is R 5,0m, the YTD actual is R10,0m against the year-to-date budget of R 9,5m which resulted in unfavorable variance of R 507k. The depreciation is calculated monthly and Fixed Asset Register has been updated with current financial year additions.

FINANCE CHARGES

There is R 3K for finance charges in the month of August 2024, this amount will be reported in the fruitless expenditure register in the quarterly report.

BULK PURCHASES

The annual approved budget for Bulk purchases amounted to R 215,7m, the year-to-date actual for bulk purchase is R 35,9m against the YTD actual of R43,3m resulted R7,4M unfavorable variance when comparing the YTD budget against YTD actuals.

CONTRACTED SERVICES

The Municipality's budget is R 77,4m the actual expenditure to date is R 2,7m. The YTD actual is R \5,3m against the YTD budget of R 12,9m that has a positive variance of R 7,5m when comparing the year-to-date budget against the year-to-date actuals.

MONTHLY BUDGET AND FINANCIAL REPORT

OTHER EXPENDITURE

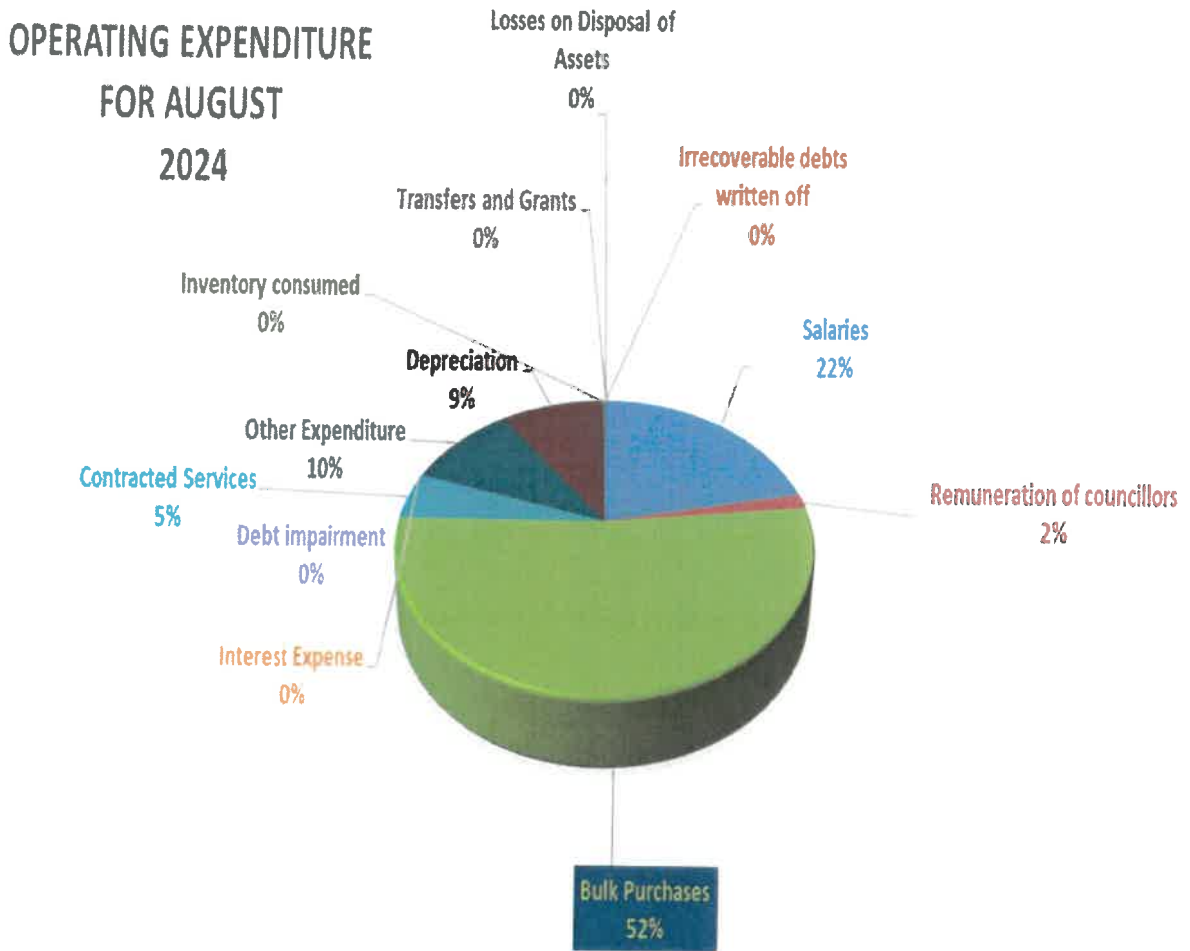
Table 6: Other Expenditure for the period ended 31 August 2024

Item Description	Annual Budget	YTD Actual	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	217,140	1,292,334
Bargaining Council	1,773,317	1,773,295	22
Bursaries (Employees)	270,000	-	270,000
Cash Discount	1,788,725	251,311	1,537,414
Claims paid to Third Parties	351,285	7,595	343,690
Corporate and Municipal Activities	1,376,433	61,993	848,157
External Audit Fees	3,196,996	-	3,196,996
Gifts and Promotional Items	150,000	-	140,000
Hire Charges	2,423,410	4,700	2,205,650
Information Services	4,487,534	362,065	4,080,469
Landfill Sites	4,929,750	-	4,929,750
Learnerships and Internships	3,188,402	687,701	2,500,701
Machinery and Equipment	1,193,834	52,916	1,140,918
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	2,309,972	13,641,161
National	997,626	9,783	904,613
Other Assets	430,012	33,496	396,516
Own Transport	562,989	131,816	431,173
Postage/Stamps/Frinking Machines	100,000	-	100,000
Premiums	2,800,000	1,117,266	1,682,734
Printing, Publications and Books	45,880	-	45,880
Professional Bodies, Membership and Subscription	1,097,035	8,918	1,088,118
Senior Management	50,000	890	49,110
Signage	800,000	-	705,460
Skills Development Fund Levy	1,424,795	204,383	1,220,412
Software Licences	2,273,070	-	2,044,070
Telephone, Fax, Telegraph and Telex	933,795	-	933,795
Transport Assets	1,833,412	-	1,833,412
Uniform and Protective Clothing	1,955,183	-	1,695,342
Vehicle Tracking	204,703	31,321	173,382
Ward Committees	1,761,325	269,268	1,488,799
Wet Fuel	4,900,000	427,445	4,472,555
Workmen's Compensation Fund	854,487	-	854,487
Total	66,716,192	7,975,806	57,336,175

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 7,9m. Above table is detailing the YTD actual that making up Other Expenditure:

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

Figure 2: Summary of Expenditure for the month.



As illustrated above, 52% is for Bulk Electricity, 22% Employee Related Cost, 10% other expenditure, 9% Depreciation, 5% contracted services and 2% Remuneration of councillors.

MONTHLY BUDGET AND FINANCIAL REPORT

Table7: Statement of Financial Performance as at 31 August 2024

KZN222 uMngeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) -										
Description	Ref	Budget Year 2024/25								
		2023/24	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands		Audited Outcome								
Revenue										
Exchange Revenue		144,606	209,922	209,922	15,654	28,549	34,987	(6,438)	-18%	171,294
Service charges - Electricity		112,861	173,524	173,524	10,791	20,532	28,921	(8,389)	-29%	123,191
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		11,923	16,069	16,069	1,448	2,895	2,678	217	8%	17,368
Sale of Goods and Rendering of Services		4,897	6,335	6,335	432	905	1,056	(151)	-14%	5,427
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3,503	4,625	4,625	(5)	223	771	(548)	-71%	1,339
Interest earned from Current and Non Current Assets		4,664	3,178	3,178	827	1,030	530	500	94%	6,181
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1,802	1,442	1,442	121	232	240	(8)	-3%	1,394
Licence and permits		2,762	3,922	3,922	461	763	654	109	17%	4,575
Operational Revenue		2,195	828	828	1,579	1,970	138	1,832	1326%	11,819
Non-Exchange Revenue		383,736	404,691	404,691	23,176	90,782	92,581	(1,799)	-2%	393,566
Property rates		261,027	271,175	271,175	22,701	45,247	45,196	51	0%	271,482
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		360	3,257	3,257	14	27	543	(516)	-95%	162
Licence and permits		852	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		108,514	115,580	115,580	531	44,451	44,451	-	-	115,580
Interest		12,219	14,348	14,348	(69)	1,057	2,391	(1,334)	-56%	6,341
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		764	331	331	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		528,342	614,613	614,613	38,830	119,331	127,568	(8,237)	-6%	564,860
Expenditure By Type										
Employee related costs		148,444	162,029	162,029	11,749	24,052	27,005	(2,953)	-11%	144,312
Remuneration of councillors		11,753	12,303	12,303	891	1,781	2,051	(269)	-13%	10,689
Bulk purchases - electricity		182,066	215,706	215,706	28,213	43,396	35,951	7,445	21%	260,374
Inventory consumed		3,161	8,251	8,251	149	164	1,375	(1,211)	-88%	983
Debt impairment		(16,959)	10,745	10,745	-	-	-	-	-	-
Depreciation and amortisation		35,526	57,005	57,005	5,024	10,008	9,501	508	5%	60,051
Interest		9,389	63	63	3	3	11	(8)	-71%	18
Contracted services		60,484	77,416	77,416	2,790	5,390	12,903	(7,513)	-58%	32,337
Transfers and subsidies		1,779	1,752	1,752	82	108	292	(184)	-63%	650
Irrecoverable debts written off		18,771	1,080	1,080	-	-	-	-	-	-
Operational costs		52,126	66,716	66,716	5,468	7,976	11,119	(3,144)	-28%	47,855
Losses on Disposal of Assets		4,711	1,114	1,114	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		511,241	614,180	614,180	54,369	92,878	100,207	(7,329)	-7%	557,289
Surplus/(Deficit)		17,101	433	433	(15,539)	26,453	27,361	(908)	(0)	7,591
Transfers and subsidies - capital (monetary allocations)		51,202	48,641	48,641	2,381	7,084	7,084	-	-	48,641
Transfers and subsidies - capital (in-kind)		1,230	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		69,533	49,074	49,074	(13,158)	33,537	34,445			56,232
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		69,533	49,074	49,074	(13,158)	33,537	34,445			56,232
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		69,533	49,074	49,074	(13,158)	33,537	34,445			56,232
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		69,533	49,074	49,074	(13,158)	33,537	34,445			56,232

MONTHLY BUDGET AND FINANCIAL REPORT

Table 8: Capital Expenditure as at August 2024

KZN222 uMngeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) -										
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										
Multi-Year expenditure appropriation	1									
Vote 1 - EXECUTIVE AND COUNCIL	2	1,244	350	350	30	30	58	(28)	-49%	350
Vote 2 - BUDGET AND TREASURY		669	700	700	-	-	117	(117)	-100%	700
Vote 3 - CORPORATE SERVICES		620	850	850	-	-	142	(142)	-100%	850
Vote 4 - Planning Services		531	2,030	2,030	-	-	338	(338)	-100%	2,030
Vote 5 - Community Services		1,543	650	650	-	-	108	(108)	-100%	650
Vote 6 - Technical Services		24,989	32,358	32,358	987	3,132	5,393	(2,261)	-42%	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	1,017	3,162	6,156	(2,994)	-49%	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	-	-	290	(290)	-100%	1,740
Vote 5 - Community Services		607	1,990	1,990	-	-	332	(332)	-100%	1,990
Vote 6 - Technical Services		54,227	39,143	39,143	786	3,837	6,524	(2,687)	-41%	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	786	3,837	7,145	(3,308)	-48%	42,873
Total Capital Expenditure	3	90,217	79,811	79,811	1,803	6,999	13,302	(6,303)	-47%	79,811
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		8,385	1,900	1,900	30	30	317	(287)	-91%	1,900
Executive and council		4,667	250	250	30	30	42	(12)	-28%	250
Finance and administration		1,718	1,550	1,550	-	-	258	(258)	-100%	1,550
Internal audit		-	100	100	-	-	17	(17)	-100%	100
<i>Community and public safety</i>		2,149	2,390	2,390	-	-	398	(398)	-100%	2,390
Community and social services		1,483	400	400	-	-	67	(67)	-100%	400
Sport and recreation		666	800	800	-	-	133	(133)	-100%	800
Public safety		-	1,190	1,190	-	-	198	(198)	-100%	1,190
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		54,835	57,051	57,051	1,413	6,609	9,508	(2,899)	-30%	57,051
Planning and development		-	3,770	3,770	-	-	628	(628)	-100%	3,770
Road transport		54,835	53,281	53,281	1,413	6,609	8,880	(2,271)	-26%	53,281
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		26,848	18,470	18,470	360	360	3,078	(2,718)	-88%	18,470
Energy services		24,946	16,120	16,120	360	360	2,667	(2,327)	-87%	16,120
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1,901	2,350	2,350	-	-	392	(392)	-100%	2,350
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	80,217	79,811	79,811	1,803	6,999	13,302	(6,303)	-47%	79,811
Funded by:										
National Government		44,750	47,891	47,891	1,074	6,270	7,982	(1,712)	-21%	47,891
Provincial Government		-	750	750	-	-	125	(125)	-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	1,074	6,270	8,107	(1,837)	-23%	48,641
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		45,467	31,170	31,170	729	729	5,195	(4,465)	-86%	31,170
Total Capital Funding	7	90,217	79,811	79,811	1,803	6,999	13,302	(6,303)	-47%	79,811

MONTHLY BUDGET AND FINANCIAL REPORT

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

KZN222 uMngeni - Table C6 Monthly Budget Statement - Financial Position -						
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	65,625	22,817
Trade and other receivables from exchange transactions		29,515	26,385	26,385	33,087	26,385
Receivables from non-exchange transactions		65,527	91,518	91,518	68,517	91,518
Current portion of non-current receivables		-	-	-	-	-
Inventory		-	-	-	-	-
VAT		7,886	3,477	3,477	7,524	3,477
Other current assets		-	-	-	-	-
Total current assets		136,979	144,196	144,196	174,752	144,196
Non current assets						
Investments		-	-	-	-	-
Investment property		19,038	18,589	18,589	18,992	18,589
Property, plant and equipment		1,040,605	1,033,877	1,033,877	1,037,641	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		7,427	6,884	6,884	7,427	6,884
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
Total non current assets		1,070,451	1,064,054	1,064,054	1,067,442	1,064,054
TOTAL ASSETS		1,207,430	1,208,250	1,208,250	1,242,194	1,208,250
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		0	478	478	0	478
Consumer deposits		4,632	4,561	4,561	4,534	4,561
Trade and other payables from exchange transactions		79,352	70,828	70,828	72,356	70,828
Trade and other payables from non-exchange transactions		6,698	-	-	16,450	-
Provision		16,756	30,173	30,173	16,756	30,173
VAT		1,919	3,103	3,103	-	3,103
Other current liabilities		-	-	-	-	-
Total current liabilities		109,356	109,143	109,143	110,096	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		245,957	222,419	222,419	246,697	222,419
NET ASSETS	2	961,473	985,831	985,831	995,497	985,831
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		961,473	985,831	985,831	995,497	985,831
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	961,473	985,831	985,831	995,497	985,831

MONTHLY BUDGET AND FINANCIAL REPORT

Table10: Cash Flow Statement as at 31 August 2024

KZN222 uMngeni - Table C7 Monthly Budget Statement - Cash Flow -										
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	28,150	50,193	41,580	8,613	21%	301,159
Service charges		95,032	216,242	216,242	11,030	22,577	36,040	(13,463)	-37%	135,464
Other revenue		33,957	81,353	81,353	3,632	5,102	13,559	(8,456)	-62%	30,614
Transfers and Subsidies - Operational		109,456	115,580	115,580	2,134	46,054	19,263	26,791	139%	115,580
Transfers and Subsidies - Capital		56,334	48,641	48,641	1,491	15,233	8,107	7,126	88%	48,641
Interest		1,985	3,178	3,178	310	513	530	(17)	-3%	3,076
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(459,681)	(617,103)	(617,103)	(52,720)	(97,057)	(102,851)	(5,794)	6%	(582,342)
Interest		(36)	(63)	(63)	(3)	(3)	(11)	(8)	71%	(18)
Transfers and Subsidies		(1,321)	(1,392)	(1,392)	(35)	(60)	(232)	(172)	74%	(360)
NET CASH FROM/(USED) OPERATING ACTIVITIES		110,128	95,916	95,916	(6,012)	42,553	15,986	(26,567)	-166%	51,814
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		764	331	331	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(90,217)	(91,782)	(91,782)	(2,683)	(9,853)	(15,297)	(5,444)	36%	(59,115)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(89,453)	(91,451)	(91,451)	(2,683)	(9,853)	(15,297)	(5,444)	36%	(59,115)
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	(8,695)	32,700	689			(7,301)
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		65,625	19,041			25,624

The closing amount for Cash and Cash Equivalent is R 65,6 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 August 2024.

MONTHLY BUDGET AND FINANCIAL REPORT

Table 11: Investment Register as at 31 August 2024

	NUMBER	OPENING BALANCE AS PER AFS 2023/2024		WITHDRAWALS	INTEREST EARNED	BALANCE	
ABSA BANK							ABSA
OPERATIONAL CALL ACCOUNT	9244671585	7,473,550.72	35,000,000.00	12,000,000.00	370,787.23	30,844,337.95	CALL ACCOUNT - OWN REVENUE
CALL ACCOUNT	9154612908	439,439.64	4,931,000.00	-	86,234.70	5,456,674.34	CALL ACCOUNT - MIG GRANT
FIXED DEPOSIT	2074952988	236,143.61	-	-	-	236,143.61	MASSIFICATION GRANT
CALL ACCOUNT	9312757198	204,731.97	5,000,000.00	-	8,993.07	5,213,725.04	INEG / INEP GRANT
CALL ACCOUNT	9312756980	322,919.54	-	-	3,815.90	326,735.44	PLANNING SCHEMES SUPPORT GRANT
ABSA TOTAL		8,676,785.48	44,931,000.00	12,000,000.00	354,444.91	42,077,616.38	
FIRST NATIONAL BANK							FIRST NATIONAL BANK
FIXED DEPOSIT	RU 500475 658	3,201,358.48	-	-	-	3,201,358.48	OWN REVENUE
CALL ACCOUNT	6254 7030 875	149,358.45	-	241.95	981.72	150,098.22	FNG GRANT
CALL ACCOUNT	6282 1205 425	138,881.19	-	-	914.14	139,795.33	HUMAN SETTLEMENTS GRANT
CALL ACCOUNT	6302 8283 61	2,627,475.70	-	-	17,294.55	2,644,770.25	PLANNING GRANTS
FNB TOTAL		6,117,073.82	-	241.95	19,190.41	6,136,022.28	
CALL ACCOUNT - INVESTEC	1100 503 504 500	126,717.33	-	-	834.08	127,551.41	DME GRANT
CALL ACCOUNT - INVESTEC	1100 503 504 452	4,074,113.31	-	1,044,000.00	22,820.16	3,052,933.47	DISASTER RECOVERY GRANT
INVESTEC TOTAL		4,200,830.64	-	1,044,000.00	23,654.24	3,180,484.88	
TOTAL INVESTMENTS		18,994,689.94	44,931,000.00	13,044,241.95	397,289.56	51,394,123.54	TOTAL INVESTMENTS

As of 31 August 2024, the Municipal Short-Term Investments were sitting at R 51,3m, 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.

MONTHLY BUDGET AND FINANCIAL REPORT

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

<u>BANK RECONCILIATION</u>	<u>AUGUST</u>	
	<u>SYSTEM</u>	<u>BANK</u>
OPENING BALANCE	16,888,036.57	
ADD: INCOME (20170619021358)	61,818,485.33	
LESS: EXPENDITURE (20170619021359)CLASSIC	18,943,901.12	
LESS: EXPENDITURE (20170619021359)WEB	44,575,721.12	
BALANCE TO DATE (CASH BOOK)	<u>15,186,899.66</u>	
RECEIPTS NOT YET BANKED	- 960,217.24	
ADD OUTSTANDING CHQS/ACB		
LESS RD CHEQUES:	-	
RECONCILING ITEM BETWEEN WEB AND CLASSIC		
PAYMENTS FROM WEB		
BANK TRANSACTIONS NOT ON GL	3,880.00	
BALANCE OF THE TRAFFIC ACCOUNT		12,031.86
BALANCE OF THE ABSA MAIN ACCOUNT		14,218,530.56
INVESTMENTS(AS PER INV REGISTER)	51,394,123.54	51,394,123.54
<u>BALANCE AS PER BANK STATEMENT</u>	65,624,685.96	65,624,685.96

The closing amount for Cash and Cash Equivalent is R 65,6m made of the traffic account R 12k, Primary bank account balance R 14,2m and investment account R 51,3m.

MONTHLY BUDGET AND FINANCIAL REPORT

Table13: Grants Register as at 31 August 2024

GRANT	Opening bal as per - AFS	Expected income as per DORA	Total income Received / On Hand to Date	TRANCHES	Expenditure (YTD)	Balance at per total income received	Percentage % Spent(YTD)
CONDITIONAL GRANTS							
MIG	-	26,469,000	8,742,000	TRI-ANNUAL	5,926,942	2,815,058	22%
Municipal Disaster Recovery Grant	3,732,013	7,426,000	1,491,000	ANNUAL	1,156,879	334,121	16%
Finance Management Grant	-	1,800,000	1,800,000	ANNUAL	197,014	1,602,986	11%
Integrated National Electricity Programme Grant	-	14,620,000	5,000,000	ANNUAL	-	5,000,000	0%
Energy Efficiency & Demand Side Management Grant	-	-	-	TRI-ANNUAL	-	-	0%
MAP Synergistic Partnership (Trad Councils)	104,155	-	104,155	ROLL OVER	-	104,155	0%
Expanded Public Works Programme	-	1,336,000	334,000	TRI-ANNUAL	334,000	-	25%
Library Grant	-	5,152,000	-	ANNUAL	-	-	0%
Museum Costs	-	260,000	-	ANNUAL	-	-	0%
Municipal Employment Initiative	1,000,000	1,000,000	-	ANNUAL	-	-	0%
Informal Trader Grant	1,400,000	750,000	-	ANNUAL	-	-	0%
Massification	135,115	-	135,115	ROLL-OVER	-	135,115	0%
Nodal Plan and Land Scheme Grant	104,051	-	104,051	ROLL-OVER	-	104,051	0%
Maintenance (Sport)	11,042	-	11,042	ROLL-OVER	-	11,042	0%
Title deeds restoration programme	211,153	-	211,153	ROLL-OVER	-	211,153	0%
UNCONDITIONAL GRANTS							
Equitable Share	-	105,408,000	43,920,000	TRI-ANNUAL	43,920,000	-	42%
TOTAL BALANCE	6,697,529	164,221,000	61,852,516		51,534,835	10,317,681	83%

As displayed above, the unspent grant balance is made up of R 10,3m, Integrated National Electricity Programme R 5m, MIG R 2,8m, MAP Synergistic Partnership (Trade Councils) R104k, Municipal disaster recovery grant R 334k , Massification R 135, Nodal Plan land scheme R 104k, Maintenance (Sports) R 11k and R211k Title deeds restoration programme.

MONTHLY BUDGET AND FINANCIAL REPORT

Table14: Debtors Balance for as at August 2024

Category Description	Rand	Percentage %
Agriculture Agricultural	15,386,242.41	6%
Business & Commercial Properties	37,265,991.35	14%
Electricity	27,570,576.86	11%
Industrial Properties	7,858,533.13	3%
Mining & Quaary Properties	2,633,734.39	1%
Public Benefit Organisation Proerties	1,820,323.00	1%
Public Service Infrustructure Properties	3,432,397.26	1%
Public Service Purpose Properties	844,320.74	0%
Refuse	14,671,383.22	6%
Rentals	2,572,266.30	1%
Residential Properties	126,677,339.32	49%
Sundry Debtors	1,298,003.59	0%
Vacant Land Properties	17,931,745.08	7%
TOTAL	259,962,856.65	100%

Table15: Debtors Age Analysis as at August 2024

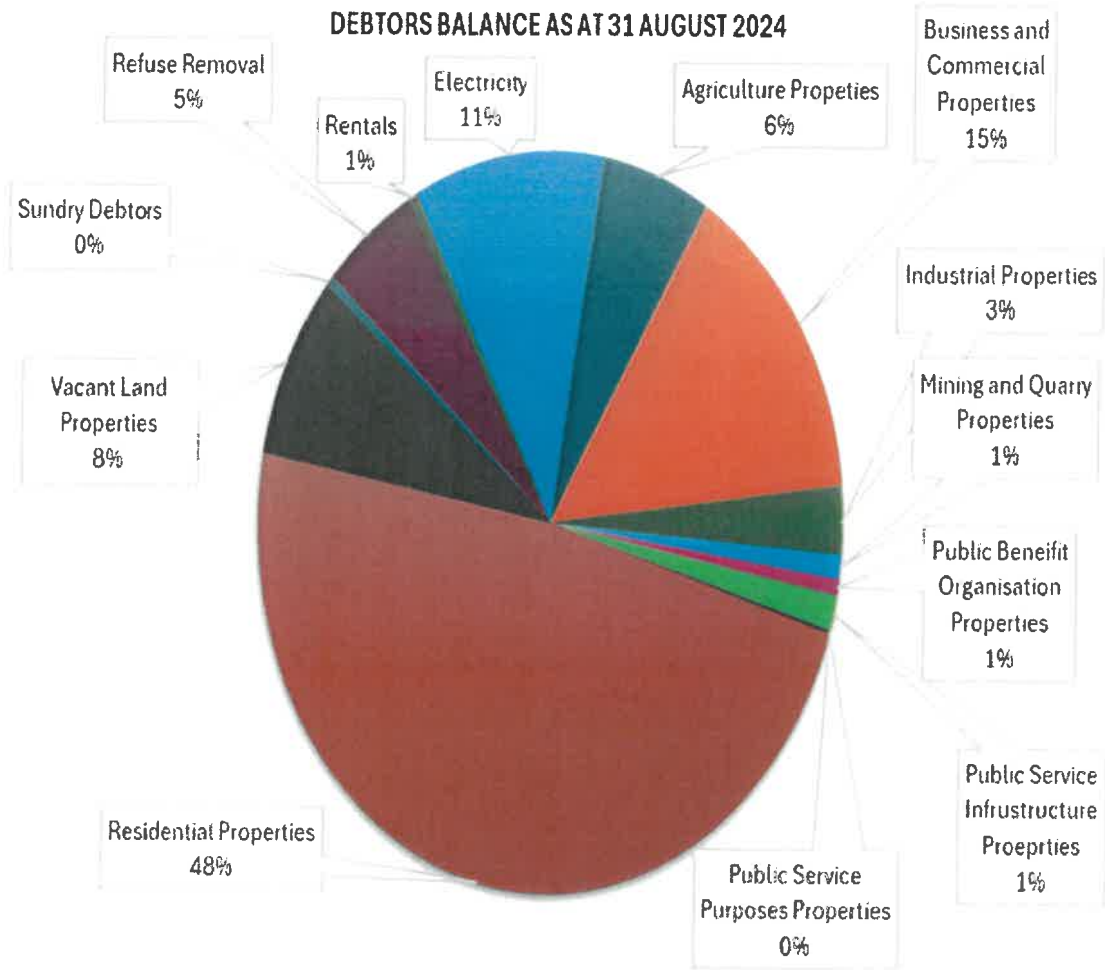
Non exchnage Transactions	Current	30 days	60 days	90 days	120 days	150 days	Total
Agriculture Agricultural	1,714,618.58	629,441.92	452,327.52	336,396.28	310,169.15	11,943,288.96	15,386,242.41
Business & Commercial Properties	3,223,400.62	1,271,484.68	586,659.82	412,850.53	362,448.44	31,409,147.26	37,265,991.35
Industrial Properties	839,300.15	353,756.61	193,367.95	150,544.54	144,418.80	6,177,145.08	7,858,533.13
Mining & Quaary Properties	11,547.25	11,547.25	8,628.28	8,462.50	8,462.50	2,585,086.61	2,633,734.39
Public Benefit Organisation Proerties	190,430.24	42,976.48	36,917.99	37,217.07	37,553.28	1,475,227.94	1,820,323.00
Public Service Infrustructure Properties	50,567.69	44,765.83	226,796.88	208,629.69	187,290.13	2,714,347.04	3,432,397.26
Public Service Purpose Properties	166,004.69	101,156.06	88,840.91	60,657.09	60,795.73	366,866.26	844,320.74
Residential Properties	15,584,200.45	4,552,766.66	2,976,551.97	2,580,085.25	2,763,163.17	98,220,571.82	126,677,339.32
Vacant Land Properties	866,266.94	382,117.85	410,725.53	378,531.68	483,970.84	15,410,132.24	17,931,745.08
Total	22,646,336.61	7,390,013.34	4,980,816.85	4,173,374.63	4,358,272.04	170,301,813.21	213,850,626.68

Exchange Transactions

Electricity	8,968,751.53	1,742,735.61	360,341.30	364,544.48	291,760.82	15,842,443.12	27,570,576.86
Refuse	1,683,741.36	807,276.81	460,037.27	406,138.04	402,687.75	10,911,501.99	14,671,383.22
Rentals	1,224,495.24	51,419.95	46,039.57	41,928.40	36,515.41	1,171,867.73	2,572,266.30
Sundry Debtors	94,154.35	132,887.73	336,174.28	38,764.24	2,734.32	693,288.67	1,298,003.59
Total	11,971,142.48	2,734,320.10	1,202,592.42	851,375.16	733,698.30	28,619,101.51	46,112,229.97
Sub-total	34,617,479.09	10,124,333.44	6,183,409.27	5,024,749.79	5,091,970.34	198,920,914.72	259,962,856.65

The amount reported above of R 259,9m is exclusive of the debtor's accounts sitting with credit balances

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



As illustrated above, Residential Properties 48%, Commercial Properties 15%, Electricity 11%, Vacant Land 8%, Agriculture properties 6%, Industrial Properties 3%, and others comprise of 1% .

MONTHLY BUDGET AND FINANCIAL REPORT

Financial Ratios for the period ending 31 August 2024

KPA 1: MUNICIPAL INSTITUTIONAL DEVELOPMENT &

				Aug-24	Jul-24		
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	14,230,562	16,235,512
					Unspent Conditional Grants	10,317,681	15,737,117
					Overdraft	-	-
					Short Term Investments	51,394,124	58,084,206
					Monthly Fixed Operational Expenditure Excluding Depreciation	49,344,731	33,625,017

The decrease from 2 to 1 indicate an regression in the municipality's liquidity position, however the ratio is still within the norm requirement. The municipality should enhanced its cash reserves or short-term investments relative to its operational expenditures and continue focusing on strengthening its liquidity. This may involve strategies such as:
Continuing to increase cash reserves.
Improving revenue collection efficiency.
Managing and possibly reducing operational costs where feasible.

2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1	Current Assets	174,752,104	195,272,048
					Current Liabilities	110,096,304	165,123,708

The current ratio of 1.6 indicates that the Municipality has R1.60 in current assets for every R1.00 of current liabilities. This indicates the improvement in financial stable when comparing the July ratio of 1.20 as it has within the required norm to cover its short-term obligations.

Cash Ratio	Cash and Cash Equivalents / Current Liabilities	Financial Position	0.5- 1	Cash and cash equivalents	65,624,660	74,319,718
				Current Liabilities	110,096,304	165,123,708

A cash ratio of 0.60 indicates that the Municipality has R0.60 in cash and cash equivalents for every R1.00 of current liabilities. The cash ratio has improved from 0.5 in the July to 0.6 in August 2024. This change indicates a slightly shift in the municipality's liquidity position, cash management and operational efficiency.

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	3,018	-
					Total Monthly Operating Expenditure	64,368,969	38,509,216
					Taxation Expense	-	-

The ratio of Irregular, Fruitless and Wasteful, and Unauthorised Expenditure to Total Operating Expenditure serves as a critical indicator of a municipality's financial management practices. This ratio has 0% in July and August, this outcome indicates the expenditure management by the municipality.

6	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councilors' Remuneration) / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%	Employee/personnel related cost	11,748,864	12,303,204
					Councilors Remuneration	890,734	890,734
					Total Monthly Operating Expenditure	64,368,969	38,509,216
					Taxation Expense	-	-

The ratio of Employee-Related Costs and Councilors' Remuneration to Total Operating Expenditure is a critical indicator of a municipality's spending priorities and operational efficiency. This ratio has decrease from 34% in the July to 23% in August 2024 due to increase of total monthly operating expenditure by R 15 859 753 when comparing July against August. It is a good practice to undertake a comprehensive review of municipal employee and councilors remuneration structures. This review aims to align compensation with municipal standards and ensure it is sustainable within the overall budget.

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	2,790,068	2,599,488
					Total Monthly Operating Expenditure	64,368,969	38,509,216
					Taxation Expense	-	-

The municipality is within the maximum norm of the usage of contracted services, this ratio has decrease from 7% to 5% in period two of the current financial year.

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	14,230,562	16,235,512
					Bank Overdraft	-	-
					Short Term Investment	51,394,124	58,084,206
					Long Term Investment	-	-
					Unspent Grants	10,317,681	15,737,117
					Total Assets	1,242,163,792	1,265,866,908
					Share Premium	-	-
					Share Capital	-	-
					Revaluation Reserve	-	-
					Fair Value Adjustment Reserve	-	-
					Accumulated Surplus	995,498,863	964,144,574

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

The Cash-Backed Reserves Ratio is an important financial measure that shows how much of a municipality's total assets are backed by cash reserves, excluding accumulated surplus. This ratio has improved from 19% in the July to 22% in August 2024. However, both actual percentages are well below the typical benchmark of 50%, indicating significant underlying financial challenges. The municipality should take proactive measures to enhance its liquidity and financial stability, by focusing on cash flow management, strategic revenue generation, and targeted savings policies, and working towards building robust cash reserves that will support sustainable operations and service delivery for its residents.

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	17%	R & M Actual	1,189,522	660,412
					R&M Budget	28,036,637	28,036,637

Repairs and Maintenance for the month of August has underperformed by 13% in its budget projections for August 2024, there is a slightly improvement by 2% when comparing July percentage achieved against August percentage achieved.

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10	Operating Surplus/(Deficit)	This indicator measures the extent to which operating revenue covers operating expenditure.	Operating revenue - Operating expenditure	Positive amount			
					25,378,144	41,361,821	
					Operating revenue	38,829,821	80,501,151
					Operating expenditure	54,368,969	38,509,216

The municipality has had a deficit of R15,5m for the month of August, the municipality has a surplus in July due to Equitable share grant received in July.

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	17%			
					Actual Capital Expenditure	6,999,042	5,195,885
					Budget Capital Expenditure	79,810,523	79,810,523

Capital budget for the month of August has underperformed by 8% in its budget projections for August 2024, there is a slightly improvement by 2% when comparing July percentage achieved against August percentage achieved.

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	17%			
					Actual Operating Expenditure	92,878,185	38,509,216
					Budget Operating Expenditure	614,180,376	614,180,376

Operating expenditure for the month of August has underperformed by 2% in its budget projections for August 2024, there is a slightly improvement by 9% when comparing July percentage achieved against August percentage achieved.

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	17%			
					Actual FBS Expenditure	506,383	226,507
					Budget FBS Expenditure	1,235,552	1,235,552

The FBE claimed by consumers is way above the expected actual percentage of 17% by end of August 2024 as indicated above. The municipality must increasing its provision in the Adjustment budget phase to eliminate the unauthorised expenditure.

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	38,829,821	80,501,151
					Govt. Grants	531,014	43,920,000
					Total revenue	38,829,821	80,501,151

The Municipality can cover its costs through its own revenue efforts, this means that 99% of Umngeni Municipality's total operating revenue comes from its own revenue-generating activities, such as service charges, fees, and taxes, after excluding government grants and subsidies.

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	26,680,608	15,889,317
					Total Electricity Expenditure	45,049,364	15,904,090
					Total Electricity Revenue	26,680,608	15,889,317

This is an ongoing problem that Plagues the Municipality, Electricity theft in the municipal jurisdiction continues to hinder the municipality's progress, July net deficit percentage is lower that August actual due to equitable share grant (electricity allocation) received in period one of the financial year.

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	259,962,857	256,100,439
					Bad debts Provision	18,770,844	18,770,844
					Billed Revenue	72,182,777	35,603,094

Net Debtors' Days is a critical financial ratio used to assess how effectively an organization manages its accounts receivable. It represents the average number of days it takes for the municipality to collect revenue from its debtors after sending out invoices. After calculations, it was found that uMngeni Municipality has a Net Debtors' Days of approximately 207 days in July and August 2024.

The municipality has to with the strategy to address this inefficiency that will improves liquidity, reduce financial risk, and ensuring that the municipality continue to fund its operations and services effectively.

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

$$= 32\,291\,882 / 44\,345\,442 * 31$$

$$= \mathbf{23\ days}$$

Conclusion

The overall performance for period two of the 2024/2025 financial year has been unfavorable, there is a deficit of R 15,5m when deducting the total expenditure from total revenue excluding the capital transfer and subsidies.

There is a slight improvement in the operating expenditure projections spending such as repairs and maintenance, contracted services and operating expenditure. This improvement indicates that the municipality has successfully implemented its current financial year budget allocations and budget end-users have started SCM processes for service providers appointments.

The Municipality recorded total expenditure of R 54,3m in August which is more than the Total Revenue billed by R 15,5m resulted in a Deficit. The municipality managed to spend R 2,3m on 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 and approved 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 65,6m 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 should yielding positive results because the department is open and operating on Saturdays. The creditor’s payments were paid within the legislated period of 30 days.

The Cash Ratio is stable even though shows a decrease when comparing with previous month result, it is important for the Municipality to align billing cycle, Procurement plan and cash flow projections that will result a balance between the budget projections cash and cash equivalent. The municipality has payments / cash management strategy (Cash flow projections) in place that will manages timeframes and provide guidance that will be utilized by departments directly involve with service delivery – this should not disrupt seasonal works like pothole repairs that are mostly done in Winter season.

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

processes that will eliminate the unauthorized, irregular and fruitless expenditure and ensure effective and smooth internal controls within the municipality.

8. Municipal Manager's Quality Certificate

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 August 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 11 September 2024

8. Municipal Manager's Quality Certificate

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 August 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 11 SEPTEMBER 2024