

OCTOBER 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 October 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 October 2024.

2. Executive Summary

The Section 71 report aims to promote transparency in reporting and better in-year management and the oversight of the financial performance of municipality against its annual budget.

The below table illustrates the consolidated financial performance as of 31 October 2024.

Table 1: Consolidated overview for the period ended 31 October 2024

Descriptions	Annual Budget	YTD Budgets	Monthly Actuals	YTD Actuals	Variance
Total Revenue	614,613,131	212,244,585	37,971,308	194,458,777	(17,785,808)
Total Expenditure	614,180,376	200,413,568	46,887,708	193,514,639	6,898,929
Surplus (Deficit)	432,755	11,831,017	(8,916,400)	944,138	(10,886,879)
Capital Transfers	48,640,930	14,303,424	6,520,039	14,303,424	-
include Capital Transfers	49,073,685	26,134,441	(2,396,361)	15,247,562	(10,886,879)

The above deficit of R 2,3m includes capital transfer is yielded in period four of the current financial year that resulted an unfavorable variance of R 10,8m when comparing the YTD budgets against YTD actuals.

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

Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of Total		
					Monthly Actual	YTD variance	YTD variance
							%
Rates	271,174,940	90,391,636	22,675,908	92,708,599	60%	2,316,963	3%
Service charges - Electric	173,523,779	57,841,252	9,457,642	40,199,644	25%	(17,641,608)	-31%
Service charges - Refuse	16,069,108	5,356,368	1,451,612	5,794,985	4%	438,617	8%
Rental	1,442,130	480,708	64,466	417,269	0%	(63,439)	-13%
Interest earned - external i	3,178,000	1,059,336	342,870	1,629,179	1%	569,843	54%
Interest earned - outstandi	18,972,327	6,324,104.00	1,360,531	2,714,917	4%	(3,609,187)	-57%
Fines	3,256,810	1,085,604	20,416	70,781	0%	(1,014,823)	-93%
Licences and Permits	3,921,864	1,307,288	398,011	1,543,382	1%	236,094	18%
Grants and subsidies	115,580,070	46,010,721	1,517,549	46,010,721	4%	-	0%
Sale of Goods and Rende	6,334,928	2,111,640	593,426	1,949,526	2%	(162,114)	-8%
Operational revenue	1,159,175	275,928	88,877	1,419,775	0%	1,143,847	415%
TOTAL REVENUE	614,613,131	212,244,585	37,971,308	194,458,777	100%	(17,785,808)	-8%

Total Revenue YTD actuals as of 31 October 2024 amounts to R 194,4m that is equivalent to 92% as of billed revenue when comparing the YTD budget against the total YTD Actuals, which indicates the unfavorable (negative) YTD variance of 8% as displayed in the table above. One of the Municipality's mandates is the monitoring of approved budget and ensures the compliance with the Municipal Finance Management Act' budget policy.

The reasons for the variances shown from the above table are illustrated as follows: -

PROPERTY RATES

The actual bill for Property rates in period four is amounted to R 22,6m, the actual YTD R 92,7m that is above with the YTD budget amount of R 90,3m. The report reflects favorable variance of R 2,3m which translates to favorable (over-performance) on Property Rates revenue. The Billing unit is working unitedly with the Property Valuer and Building Inspectors to prepare the monthly reviews or supplementary valuation rolls with the aim of maintaining the General valuation roll on the monthly basis as required by the Municipal Property rates Act and ensuring that the projected revenue estimates are realized by the end of the financial year.

SERVICE CHARGES – ELECTRICITY

The year-to-date budget for Service Charges – Electricity is R 57,8m against the YTD actual billed is R 40,1m which resulted in an unfavorable variance of R17,6m that is equivalent to 31% YTD unfavorable variance by the end of period four of the current financial year. 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 monthly billed revenue is R 1,4m, the Municipality has projected a YTD budget of R 5,3m by the end of 31 October 2024, YTD Actual billed revenue amounted to R 5,7m which resulted in the favorable variance of R 438k when compared to the YTD budget against the YTD Actuals. The Revenue Growth has been monitoring by Finance department through property rates monthly reviews / supplementary valuation rolls and change of ownership on the monthly basis.

RENTAL OF FACILITIES

The monthly bill for rental of facilities is 64k, the year-to-date actual amounted to R 417k against the YTD budget of R 480K for Rental of facilities and equipment that resulted the under-performed by R 63k when comparing the year-to-date budget and year-to-date actual. The Finance department has engaged with Administration and Support and Economic Development, Planning and Human Settlement departments and agrees to develop the rental monthly schedule and submitted to Finance department for consideration during the preparation of an adjustment budget.

INTEREST EARNED - EXTERNAL INVESTMENTS

The interest earned on investments received in period four is R 342k, YTD Budget is R 1M against the YTD Actual of R1,6m that yielded a favorable variance amounts to R 569k that is equivalent to 54%. The roll-over unspent grants are invested in the Call Accounts while the municipality is in the process of spending the roll-over grants approved by transferring offices – Provincial and National Treasury.

INTEREST EARNED – OUTSTANDING DEBTORS

The Municipality anticipated the YTD budget of R 6,3m by the end of period four, the YTD actual amounted to R 2,7m that resulted to an unfavorable variance of R 3,6m. The main contributing factors for underperformance under this line item is the exemption for penalty charge of 1% 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. The budget reduction under this line item will be considered during the adjustment budget.

TRAFFIC FINES

Traffic Fines – the Municipality projected a year-to-date budget of R 1m by end of period four, the actual fines issued amounts to R70k which resulted in unfavorable performance by 93% when comparing the YTD Budget against YTD Actuals). The previous year actuals will be determining factor for budget projection reduction under this line item during the adjustment budget.

LICENCES AND PERMITS

The actual amount received in period four is R 398k, YTD actual amounts to R 1,5m against the YTD Budget of R1,3M that is slightly above the projected YTD budget by R 236k resulting a favorable variance equivalent to 18% when comparing the YTD Budget against YTD Actual.

TRANSFERS AND SUBSIDIES

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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 October and were being transferred to operational grants and subsidies revenue.

Table 3: SALE OF GOODS AND RENDERING OF SERVICES

Directorate	Section	Item	Annual Budget	YTD Actuals	Available Budget
CORPORATE SERVICES	PUBLIC CONVENIENCES	Entrance Fees	- 59,111	- 18,702	- 40,410
COMMUNITY SERVICES	LIBRARY	Photo copies, Faxes and Telephone charges	- 22,444	- 4,922	- 17,522
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Advertisements	- 82,923	- 22,106	- 60,817
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Application Fees for Land Usage	- 221,129	- 15,699	- 205,430
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Building Plan Approval	- 2,920,474	- 647,601	- 2,272,873
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Building Plan Clause Levy	- 122,343	- 23,333	- 99,010
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Town Planning and Servitudes	- 530,710	- 142,491	- 388,219
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Maps	- 4,423	- 9,580	- 5,157
COMMUNITY SERVICES	TRAFFIC POLICE	Traffic Control	- 20,980	-	- 20,980
COMMUNITY SERVICES	CEMETRY	Cemetery and Burial	- 217,091	- 30,041	- 187,050
COMMUNITY SERVICES	MUSEUM	Entrance Fees	- 3,787	- 1,049	- 2,738
PLANNING & DEVELOPMENT	TOURISM	Domestic Services	- 553	-	- 553
BUDGET & TREASURY	FINANCE	Objections and Appeals	- 173,642	- 29,319	- 144,323
BUDGET & TREASURY	FINANCE	Clearance Certificates	- 824,096	- 217,489	- 606,607
BUDGET & TREASURY	FINANCE	Tender Documents	- 82,222	-	- 82,222
COMMUNITY SERVICES	SPORT & RECREATION	Entrance Fees	-	- 3,577	- 3,577
TECHNICAL SERVICES	LANDFILL SITES	Weighbridge Fees	- 1,049,000	- 783,617	- 265,382
		TOTAL	- 6,334,928	- 1,949,526	- 4,385,402

Sale of Goods and Services rendered actual R 1,9m, Weighbridge fees R 783k, Building Plan Approval R 647k, Clearance certificate R 217k, Town Planning and Servitudes R 142k and other with less than R 100k. Items shows an adjustment indicator will be addressed during the adjustment budget period.

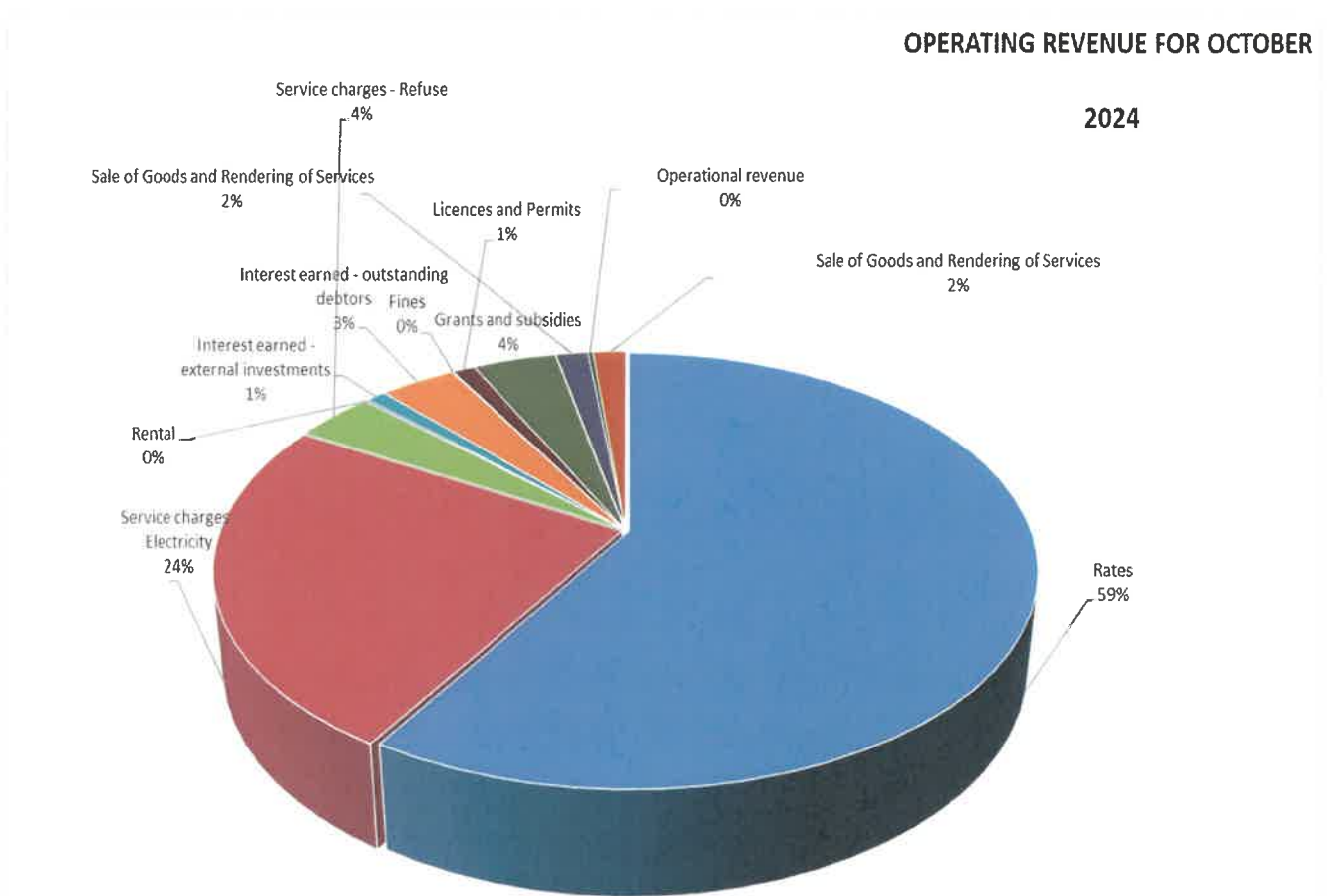
Table 4: OPERATIONAL REVENUE

Directorate	Section	Item	Annual Budget	YTD Actuals	Available Budget
CORPORATE SERVICES	HUMAN RESOURCES	Skills Development Levy Refund	- 268,433	- 96,984	- 171,449
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Insurance Refund	- 334,474	- 953,619	- 619,145
BUDGET & TREASURY	FINANCE	Administrative Handling Fees	- 75,647	- 364,971	- 289,324
BUDGET & TREASURY	FINANCE	Bad Debts Recovered	-	- 2,327	- 2,327
BUDGET & TREASURY	FINANCE	Transaction Handling Fees	- 2,050	-	- 2,050
BUDGET & TREASURY	FINANCE	Discounts and Early Settlements	- 145,456	-	- 145,456
BUDGET & TREASURY	FINANCE	Incidental Cash Surpluses	- 1,736	- 1,874	- 138
		TOTAL	- 827,796	- 1,419,775	- 591,979

The table above illustrate the breakdown of items making up the Operational Revenue and the actual amount received to date. The item reflects YTD actual of R 1,4m that is greater than Annual budget due to insurance claims received and administrative handling fees. These items will be adjusted during the adjustment budget period.

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

Figure 1: Operating revenue for October 2024



Total income for October 2024 – Property Rates is 59%, Service Charges – Electricity is 24%, Service Charges - refuse comprises is 4%, Interest earned outstanding debtors is 3%, Sale of goods is 2% and rendering of services Interest earned- external investments, Licences and permits compares of 1%.

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OPERATING EXPENDITURE

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

Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of Total		
					Monthly Actual	YTD variance	YTD variance
							%
Salaries	162,029,250	54,009,788	12,270,430	49,320,283	26%	(4,689,505)	-9%
Remuneration of councillo	12,303,348	4,101,116	958,966	3,675,463	2%	(425,653)	-10%
Bulk Purchases	215,706,042	71,902,012	15,308,615	81,322,786	33%	9,420,774	13%
Debt impairment	10,744,599	-	-	-	0%	-	0%
Contracted Services	77,415,731	25,805,184	5,971,027	16,492,684	13%	(9,312,500)	-36%
Interest Expense	63,471	21,156	46,243	49,261	0%	28,105	133%
Other Expenditure	66,716,192	22,238,660	5,862,454	19,363,470	13%	(2,875,190)	-13%
Depreciation	57,004,511	19,001,496	6,277,808	22,564,054	13%	3,562,558	19%
Inventory consumed	8,250,548	2,750,160	164,264	513,131	0%	(2,237,029)	-81%
Transfers and Grants	1,752,000	583,996	27,900	213,506	0%	(370,490)	-63%
Losses on Disposal of As	1,114,475	-	-	-	0%	-	0%
Irrecoverable debts writter	1,080,209	-	-	-	0%	-	0%
TOTAL EXPENDITURE	614,180,376	200,413,568	46,887,708	193,514,639	100%	(6,898,929)	-3%

Total Expenditure incurred in the month of October amounted to R 46,8m 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 municipality has budgeted to spent R 54m for employee related costs by the end of period four of the current financial year, the monthly actual is R 12,2m, the YTD actual amounted to R 49,3m against the YTD budget R 54m that resulted an favorable variance of R 4,6m . The reduction of acting posts and the appointment of all the critical vacant posts will reduce the favorable variance on this line item.

REMUNERATION OF COUNCILLORS

The approved annual budget for the remuneration of Councilors for the 2024/2025 is R 12,3m, period four payment is R 958k; the YTD actual amounts to R 3,6m against the YTD budget amounted to R 4,1m that is equivalent to R 425k favorable variance. Municipalities are obliged to remunerate Councilors 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 the month of October 2024 is R 6,2m, the YTD actual is R22,5m against the year-to-date budget of R 19m which resulted an unfavorable variance of R 3,5m. Depreciation is calculated on the monthly basis and the Fixed Asset Register has been updated with current financial year additions. The upwards adjustment indicator in this line item will be addressed during the adjustment budget period.

FINANCE CHARGES

The actual amount for period four amounts to R 46K, annual budget amounts to R 21K against the YTD actual of R 49K resulted an unfavorable R 28K. The actual amount paid is added in the fruitless expenditure register as at 31 October 2024 and the council should refer this payment to MPAC for investigation.

BULK PURCHASES

The annual approved budget for Bulk purchases amounted to R 215,7m, the year-to-date actual is R 81,3m against the YTD Budget of R 71,9m resulted R 9,4m unfavorable variance when comparing the YTD budget against YTD actual.

CONTRACTED SERVICES

The Municipality's budget is R 77,4m, the YTD Actual is R 16,4m against the YTD budget of R 25,8m yielded a favorable variance of R 9,3m when comparing the year-to-date budget against the year-to-date actuals.

OTHER EXPENDITURE

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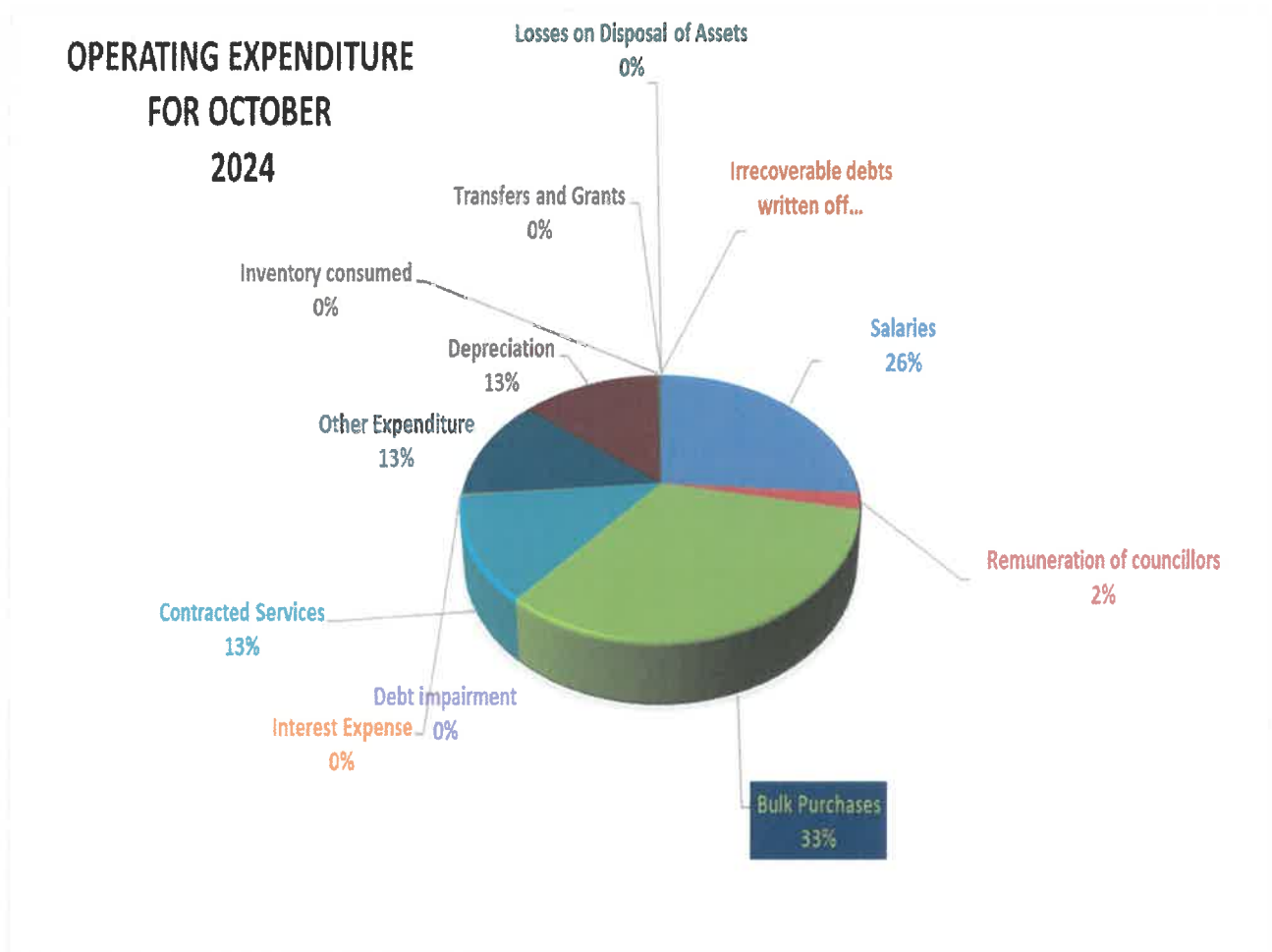
Table 6: Other Expenditure for the period ended 31 October 2024

Item Description	Annual Budget	YTD Actuals	Available Budget
Accommodation	295,390	4,000	291,390
Achievements and Awards	125,880	-	94,680
Air Transport	174,900	-	174,900
Bank Accounts	1,509,474	434,557	974,917
Bargaining Council	1,616,317	1,773,295	22
Bursaries (Employees)	270,000	-	270,000
Cash Discount	1,788,725	577,500	1,211,225
Claims paid to Third Parties	351,285	515,652	85,633
Corporate and Municipal Activities	1,376,433	420,916	878,431
External Audit Fees	3,196,996	828,749	2,368,247
Gifts and Promotional Items	150,000	-	140,000
Hire Charges	2,423,410	55,260	1,800,150
Information Services	4,487,534	2,630,633	1,706,905
Landfill Sites	4,929,750	-	4,929,750
Learnerships and Internships	3,188,402	1,253,358	1,910,044
Machinery and Equipment	1,193,834	215,123	978,711
Management Fee	80,000	-	80,000
Motor Vehicle Licence and Registrations	385,417	45,578	339,839
Municipal Newsletters	40,000	-	28,100
Municipal Services	15,951,133	5,673,292	10,275,176
National	997,626	24,360	817,149
Other Assets	430,012	70,993	359,019
Own Transport	562,989	255,408	307,581
Postage/Stamps/Frinking Machines	100,000	22,025	77,975
Premiums	2,800,000	1,117,266	1,682,734
Printing, Publications and Books	45,880	-	45,880
Professional Bodies, Membership and Subs	1,097,035	8,918	1,088,118
Senior Management	50,000	19,306	30,694
Signage	800,000	-	724,240
Skills Development Fund Levy	1,424,795	441,642	983,153
Software Licences	2,273,070	29,000	375,945
Telephone, Fax, Telegraph and Telex	933,795	-	933,795
Transport Assets	1,833,412	-	1,833,412
Uniform and Protective Clothing	1,955,183	542,320	1,115,205
Vehicle Tracking	204,703	53,297	151,406
Ward Committees	1,918,325	535,280	1,222,788
Wet Fuel	4,900,000	1,815,744	2,834,256
Workmen's Compensation Fund	854,487	-	854,487
TOTAL	66,716,192	19,363,470	43,975,958

Other expenditure comprises of operational costs of the municipality, the annual budget for this item is R 66,7m, YTD Actual expenditure amounts to R 19,3m as at 31 October 2024.

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

Figure 2: Summary of Expenditure for the month.



As illustrated above, 33% is for Bulk Electricity, 26% Employee Related Cost, 13% Depreciation, contracted services and other expenditure, and 2% Remuneration of Councillors.

MONTHLY BUDGET AND FINANCIAL REPORT

Table7: Statement of Financial Performance as at 31 October 2024

KZN222 uMngeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October										
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		144,606	209,922	209,922	12,645	53,757	69,974	(16,217)	-23%	161,272
Service charges - Electricity		112,861	173,524	173,524	9,458	40,200	57,841	(17,642)	-31%	120,599
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		11,923	16,069	16,069	1,452	5,795	5,356	439	8%	17,385
Sale of Goods and Rendering of Services		4,897	6,335	6,335	593	1,950	2,112	(162)	-8%	5,849
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3,503	4,625	4,625	248	804	1,542	(738)	-48%	2,411
Interest earned from Current and Non Current Assets		4,664	3,178	3,178	343	1,629	1,059	570	54%	4,888
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1,802	1,442	1,442	64	417	481	(63)	-13%	1,252
Licence and permits		2,762	3,922	3,922	398	1,543	1,307	236	18%	4,630
Operational Revenue		2,195	828	828	89	1,420	276	1,144	415%	4,259
Non-Exchange Revenue		363,736	404,691	404,691	25,326	140,701	142,271	(1,569)	-1%	399,652
Property rates		261,027	271,175	271,175	22,676	92,709	90,392	2,317	3%	278,126
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		360	3,257	3,257	20	71	1,086	(1,015)	-93%	212
Licence and permits		852	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		108,514	115,580	115,580	1,518	46,011	46,011	-	-	115,580
Interest		12,219	14,348	14,348	1,112	1,911	4,783	(2,871)	-60%	5,734
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	37,971	194,459	212,245	(17,786)	-8%	560,924
Expenditure By Type										
Employee related costs		148,444	162,029	162,029	12,270	49,320	54,010	(4,690)	-9%	147,961
Remuneration of councillors		11,753	12,303	12,303	959	3,675	4,101	(426)	-10%	11,026
Bulk purchases - electricity		182,056	215,706	215,706	15,309	81,323	71,902	9,421	13%	243,968
Inventory consumed		3,161	8,251	8,251	164	513	2,750	(2,237)	-81%	1,539
Debt impairment		(16,959)	10,745	10,745	-	-	-	-	-	-
Depreciation and amortisation		35,526	57,005	57,005	6,278	22,564	19,001	3,563	19%	67,692
Interest		9,389	63	63	46	49	21	28	133%	148
Contracted services		60,875	77,416	77,416	5,971	16,493	25,805	(9,312)	-36%	49,478
Transfers and subsidies		1,779	1,752	1,752	28	214	584	(370)	-63%	641
Irrecoverable debts written off		18,771	1,080	1,080	-	-	-	-	-	-
Operational costs		52,126	66,716	66,716	5,862	19,363	22,239	(2,875)	-13%	58,090
Losses on Disposal of Assets		4,711	1,114	1,114	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		511,633	614,180	614,180	46,888	193,515	200,414	(6,899)	-3%	580,544
Surplus/(Deficit)		16,709	433	433	(8,916)	944	11,831	(10,887)	(0)	(19,620)
Transfers and subsidies - capital (monetary allocations)		51,202	48,641	48,641	6,520	14,303	14,303	-	-	48,641
Transfers and subsidies - capital (in-kind)		1,230	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		69,141	49,074	49,074	(2,396)	15,248	26,134			29,021
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		69,141	49,074	49,074	(2,396)	15,248	26,134			29,021
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		69,141	49,074	49,074	(2,396)	15,248	26,134			29,021
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		69,141	49,074	49,074	(2,396)	15,248	26,134			29,021

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Table 8: Capital Expenditure as at 31 October 2024

KZN222 uMngeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04 October										
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	75	145	117	29	25%	350
Vote 2 - BUDGET AND TREASURY		689	700	700	-	-	233	(233)	-100%	700
Vote 3 - CORPORATE SERVICES		620	850	850	262	289	283	(14)	-5%	850
Vote 4 - Planning Services		531	2,030	2,030	-	-	677	(677)	-100%	2,030
Vote 5 - Community Services		1,543	650	650	-	20	217	(197)	-91%	650
Vote 6 - Technical Services		24,989	32,358	32,358	4,841	9,051	10,786	(1,735)	-16%	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	5,178	9,485	12,313	(2,828)	-23%	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	-	-	580	(580)	-100%	1,740
Vote 5 - Community Services		607	1,990	1,990	124	124	663	(539)	-81%	1,990
Vote 6 - Technical Services		51,425	39,143	39,143	1,246	5,924	13,048	(7,123)	-55%	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	57,819	42,873	42,873	1,370	6,048	14,291	(8,242)	-58%	42,873
Total Capital Expenditure	3	87,415	79,811	79,811	6,547	15,533	26,603	(11,070)	-42%	79,811
Capital Expenditure - Functional Classification										
Governance and administration		6,385	1,900	1,900	336	414	633	(219)	-35%	1,900
Executive and council		4,667	250	250	75	145	83	62	74%	250
Finance and administration		1,718	1,550	1,550	262	269	517	(247)	-48%	1,550
Internal audit		-	100	100	-	-	33	(33)	-100%	100
Community and public safety		2,149	2,390	2,390	124	144	797	(653)	-82%	2,390
Community and social services		1,483	400	400	-	20	133	(113)	-85%	400
Sport and recreation		666	800	800	124	124	267	(143)	-53%	800
Public safety		-	1,190	1,190	-	-	397	(397)	-100%	1,190
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		52,033	57,051	57,051	2,617	11,145	19,017	(7,872)	-41%	57,051
Planning and development		-	3,770	3,770	-	-	1,257	(1,257)	-100%	3,770
Road transport		52,033	53,281	53,281	2,617	11,145	17,760	(6,615)	-37%	53,281
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		26,848	18,470	18,470	3,470	3,830	6,157	(2,327)	-38%	18,470
Energy sources		24,946	16,120	16,120	3,324	3,684	5,373	(1,690)	-31%	16,120
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1,901	2,350	2,350	146	146	783	(637)	-81%	2,350
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	87,415	79,811	79,811	6,547	15,533	26,603	(11,070)	-42%	79,811
Funded by:										
National Government		44,750	47,891	47,891	5,696	13,269	15,964	(2,695)	-17%	47,891
Provincial Government		-	750	750	-	-	250	(250)	-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	5,696	13,269	16,214	(2,945)	-18%	48,641
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		42,665	31,170	31,170	852	2,264	10,390	(8,125)	-78%	31,170
Total Capital Funding	7	87,415	79,811	79,811	6,547	15,533	26,603	(11,070)	-42%	79,811

MONTHLY BUDGET AND FINANCIAL REPORT

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

KZN222 uMngeni - Table C6 Monthly Budget Statement - Financial Position - M04 October						
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	32 863	22 817
Trade and other receivables from exchange transactions		29 515	26 385	26 385	33 890	26 385
Receivables from non-exchange transactions		65 527	91 518	91 518	70 662	91 518
Current portion of non-current receivables		-	-	-	-	-
Inventory		-	-	-	-	-
VAT		7 944	3 477	3 477	10 610	3 477
Other current assets		-	-	-	-	-
Total current assets		137 038	144 196	144 196	148 025	144 196
Non current assets						
Investments		-	-	-	-	-
Investment property		19 038	18 589	18 589	18 945	18 589
Property, plant and equipment		1 040 605	1 033 877	1 033 877	1 034 983	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	1 064 737	1 064 054
TOTAL ASSETS		1 207 489	1 208 250	1 208 250	1 212 762	1 208 250
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		0	478	478	-	478
Consumer deposits		4 632	4 561	4 561	4 543	4 561
Trade and other payables from exchange transactions		79 803	70 828	70 828	60 013	70 828
Trade and other payables from non-exchange transactions		6 698	-	-	17 193	-
Provision		16 756	30 173	30 173	16 756	30 173
VAT		1 919	3 103	3 103	2 837	3 103
Other current liabilities		-	-	-	-	-
Total current liabilities		109 807	109 143	109 143	101 342	109 143
Non current liabilities						
Financial liabilities		(0)	-	-	-	-
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		246 408	222 419	222 419	237 943	222 419
NET ASSETS	2	961 082	985 831	985 831	974 819	985 831
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		961 082	985 831	985 831	974 819	985 831
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	961 082	985 831	985 831	974 819	985 831

MONTHLY BUDGET AND FINANCIAL REPORT

Table10: Cash Flow Statement as at 31 October 2024

KZN222 uMngeni - Table C7 Monthly Budget Statement - Cash Flow - M04 October										
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		243 528	249 481	249 481	25 202	100 951	83 160	17 791	21%	302 853
Service charges		125 692	216 242	216 242	10 246	39 119	72 081	(32 962)	-46%	117 356
Other revenue		33 957	81 353	81 353	1 382	7 570	27 118	(19 547)	-72%	81 353
Transfers and Subsidies - Operational		165 790	115 580	115 580	5 412	51 466	51 466	-		115 580
Transfers and Subsidies - Capital		56 334	48 641	48 641	-	19 344	19 344	-		48 641
Interest		4 664	3 178	3 178	175	784	1 059	(276)	-26%	2 351
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(434 056)	(617 103)	(617 103)	(47 087)	(195 941)	(205 701)	(9 760)	5%	(587 822)
Interest		(39)	(63)	(63)	(46)	(49)	(21)	28	-133%	(148)
Transfers and Subsidies		(87 415)	(1 392)	(1 392)	(75)	(190)	(464)	(274)	59%	(570)
NET CASH FROM/(USED) OPERATING ACTIVITIES		108 454	95 916	95 916	(4 791)	23 053	48 042	24 988	52%	79 593
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		764	331	331	-	-	110	(110)	-100%	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(87 415)	(91 782)	(91 782)	(9 981)	(22 975)	(30 594)	(7 619)	25%	(68 925)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(86 651)	(91 451)	(91 451)	(9 981)	(22 975)	(30 484)	(7 509)	25%	(68 925)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	(133)	(140)	-	(140)	0%	(420)
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	(133)	(140)	-	140	0%	(420)
NET INCREASE/ (DECREASE) IN CASH HELD		21 803	4 465	4 465	(14 906)	(62)	17 558			10 249
Cash/cash equivalents at beginning:		12 250	18 352	18 352		32 925	18 352			32 925
Cash/cash equivalents at month/year end:		34 053	22 817	22 817		32 863	35 910			43 173

The closing amount for Cash and Cash Equivalent is R 32.8m at end of period four, 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 October 2024.

MONTHLY BUDGET AND FINANCIAL REPORT

Table 11: Investment Register as at 31 October 2024

UMNGENI LOCAL MUNICIPALITY		INVESTMENT REGISTER		Oct-24			
	NUMBER	OPENING BALANCE AS PER AFS 2023/2024	DEPOSITS	WITHDRAWALS	INTEREST EARNED	BALANCE	
ABSA BANK							ABSA
OPERATIONAL CALL ACCOUNT	9244671595	7,473,550.72	35,000,000.00	37,000,000.00	497,040.23	5,970,610.95	CALL ACCOUNT - OWN REVENUE
CALL ACCOUNT	9154612908	439,439.64	4,931,000.00	1,970,000.00	117,442.38	3,517,882.02	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	-	29,587.85	5,234,319.82	INEG / INEP GRANT
CALL ACCOUNT	9312756980	322,919.54	-	-	5,772.28	328,691.82	PLANNING SCHEMES SUPPORT GRANT
ABSA TOTAL		8,676,785.68	44,931,000.00	38,970,000.00	534,476.75	15,287,648.22	
FIRST NATIONAL BANK							FIRST NATIONAL BANK
FIXED DEPOSIT	RU 500475 458	3,201,358.48	-	-	-	3,201,358.48	OWN REVENUE
CALL ACCOUNT	6254 7030 875	149,358.43	-	587.57	2,920.28	151,691.16	FMG GRANT
CALL ACCOUNT	6282 1205 425	138,881.19	-	-	2,720.04	141,601.23	HUMAN SETTLEMENTS GRANT
CALL ACCOUNT	6302 8283 61	2,627,475.70	-	-	51,460.07	2,678,935.77	PLANNING GRANTS
FNB TOTAL		6,117,073.82	-	587.57	57,100.39	6,173,586.64	
CALL ACCOUNT - INVESTEC	1100 503 504 500	124,717.33	-	-	3,304.79	130,022.12	DME GRANT
CALL ACCOUNT - INVESTEC	1100 503 504 452	4,074,113.31	-	1,044,000.00	73,390.74	3,109,504.05	DISASTER RECOVERY GRANT
INVESTEC TOTAL		4,200,830.64	-	1,044,000.00	76,695.53	3,233,526.17	
TOTAL INVESTMENTS		18,994,689.94	44,931,000.00	40,014,587.57	668,272.67	24,694,761.03	TOTAL INVESTMENTS

As of 31 October 2024, the Municipal Short-Term Investments were sitting at R 24,6m, 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 October 2024

BANK RECONCILIATION	OCTOBER		DIFF
	SYSTEM	BANK	
OPENING BALANCE	16,984,044.70		
ADD: INCOME (20170619021358)	53,253,506.12		
LESS: EXPENDITURE (20170619021359)CLASSIC	14,879,309.44		
LESS: EXPENDITURE (20170619021359)WEB	46,867,215.82		
BALANCE TO DATE (CASH BOOK)	8,491,025.56		
RECEIPTS NOT YET BANKED	- 326,546.73		
ADD OUTSTANDING CHQS/ACB	3,880.00		
LESS RD CHEQUES:	-		
RECONCILING ITEM BETWEEN WEB AND CLASSIC			
BANK TRANSACTIONS NOT ON GL			
BALANCE OF THE TRAFFIC ACCOUNT		11,970.07	
BALANCE OF THE ABSA MAIN ACCOUNT		8,156,388.76	
INVESTMENTS(AS PER INV REGISTER)	24,694,761.03	24,694,761.03	
BALANCE AS PER BANK STATEMENT	32,863,119.86	32,863,119.86	0.00

The closing amount for Cash and Cash Equivalent is R32,8m consist of the traffic account R 11k, Primary bank account balance R 8,1m and investment account R 24,6m as at 31 October 2024.

MONTHLY BUDGET AND FINANCIAL REPORT

Table13: Grants Register as at 31 October 2024

GRANT	Roll over requested		Roll-over approved	Expected income as per DORA	Adjustments	Total income Received/ On Hand to Date	Expenditure (YTD)	Balance as per total income received	
	from unspent Grant	Amount Withheld/ not						31 October 2024	Spent(YTD)
CONDITIONAL GRANTS									
MIG	R 0.00	R 0.00	R 0.00	R 26,469,000.00	R 0.00	R 11,812,000.00	R 8,466,631.24	R 3,345,368.76	32%
Municipal Disaster Recovery Grant	R 3,732,013.08	R 1,132,013.08	R 2,600,000.00	R 7,426,000.00	R 0.00	R 4,091,000.00	R 2,014,723.12	R 2,076,276.88	27%
Finance Management Grant	R 0.00	R 0.00	R 0.00	R 1,800,000.00	R 0.00	R 1,800,000.00	R 281,337.61	R 1,518,662.39	16%
Integrated National Electricity Programme Grant	R 0.00	R 0.00	R 0.00	R 14,620,000.00	R 0.00	R 5,000,000.00	R 3,822,069.61	R 1,177,930.39	26%
Energy Efficiency & Demand Side Management Grant	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0%
MAP Synergistic Partnership (Trad Councils)	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 104,155.20	R 0.00	R 104,155.20	0%
Expanded Public Works Programme	R 0.00	R 0.00	R 0.00	R 1,336,000.00	R 0.00	R 334,000.00	R 334,000.00	R 0.00	25%
Library Grant	R 0.00	R 0.00	R 0.00	R 5,152,000.00	R 0.00	R 5,152,000.00	R 1,363,441.97	R 3,788,558.03	26%
Museum Costs	R 0.00	R 0.00	R 0.00	R 260,000.00	R 0.00	R 260,000.00	R 111,941.75	R 148,058.25	43%
Municipal Employment Initiative	R 1,000,000.00	R 0.00	R 0.00	R 1,000,000.00	R 0.00	R 0.00	R 0.00	R 0.00	0%
Informal Trader Grant	R 1,400,000.00	R 0.00	R 0.00	R 750,000.00	R 291,000.00	R 1,041,000.00	R 0.00	R 1,041,000.00	0%
Massification	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 135,115.00	R 0.00	R 135,115.00	0%
Nodal Plan and Land Scheme Grant	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 104,050.71	R 0.00	R 104,050.71	0%
Maintenance (Sport)	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 11,041.74	R 0.00	R 11,041.74	0%
Title deeds restoration programme	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 211,152.92	R 0.00	R 211,152.92	0%
UNCONDITIONAL GRANTS									
Equitable Share	R 0.00	R 0.00	R 0.00	R 105,408,000.00	R 0.00	R 43,920,000.00	R 43,920,000.00	R 0.00	42%
TOTAL BALANCE	R 6,132,013.08	R 1,132,013.08	R 2,600,000.00	R 164,221,000.00	R 291,000.00	R 73,975,515.57	R 60,314,145.30	R 13,661,370.27	82%

As displayed above, the unspent grant balance consists of R 13,6m, library grant R 3,7M, MIG R 3,3m Integrated National Electricity Programme R 1,1m, Municipal Disaster Recovery Grant R 2m, Finance Management Grant R1,5m, Informal Trade grant R 1m, Musuem grant R 148k, MAP Synergistic Partnership (Trade Councils) R104k, Massification R 135k, 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 31 October 2024

Category Description	Rand	Percentage %
Agriculture Agricultural	15,686,457.50	6%
Business & Commercial Properties	37,565,787.25	14%
Electricity	27,003,771.32	10%
Industrial Properties	8,019,080.59	3%
Mining & Quarry Properties	2,655,208.43	1%
Public Benefit Organisation Proerties	4,480,757.63	2%
Public Service Infrustructure Properties	2,854,071.65	1%
Public Service Purpose Properties	692,236.77	0%
Refuse	15,737,168.14	6%
Rentals	2,501,035.10	1%
Residential Properties	125,231,912.08	48%
Sundry Debtors	1,365,578.51	1%
Vacant Land Properties	17,394,931.74	7%
TOTAL	261,187,996.71	100%

Table15: Debtors Age Analysis as at 31 October 2024

Non exchnage Transactions	Current	30 days	60 days	90 days	120 days	150 days	Total
Agriculture Agricultural	1,557,272.90	663,320.69	441,321.15	380,397.01	351,100.44	12,293,045.31	15,686,457.50
Business & Commercial Properties	3,050,192.09	916,013.60	594,976.15	526,347.76	365,689.33	32,112,568.32	37,565,787.25
Industrial Properties	802,018.52	384,365.24	192,530.24	184,674.94	141,575.55	6,313,916.10	8,019,080.59
Mining & Quarry Properties	11,547.25	11,549.51	11,327.07	11,320.83	8,462.50	2,601,001.27	2,655,208.43
Public Benefit Organisation Proerties	189,733.47	47,328.99	42,626.26	42,568.39	37,553.28	4,120,947.24	4,480,757.63
Public Service Infrustructure Properties	48,040.02	45,669.70	45,996.64	45,232.68	229,098.34	2,440,034.27	2,854,071.65
Public Service Purpose Properties	136,362.51	79,313.96	77,816.48	77,461.97	66,561.43	254,720.42	692,236.77
Residential Properties	13,793,202.30	4,532,045.08	2,793,768.31	2,324,391.18	2,357,961.94	99,430,543.27	125,231,912.08
Vacant Land Properties	719,076.93	337,735.75	273,710.20	270,929.96	324,570.66	15,468,908.24	17,394,931.74
Total	20,307,445.99	7,017,342.52	4,474,072.50	3,863,324.72	3,882,573.47	175,035,684.44	214,580,443.64

Exchange Transactions

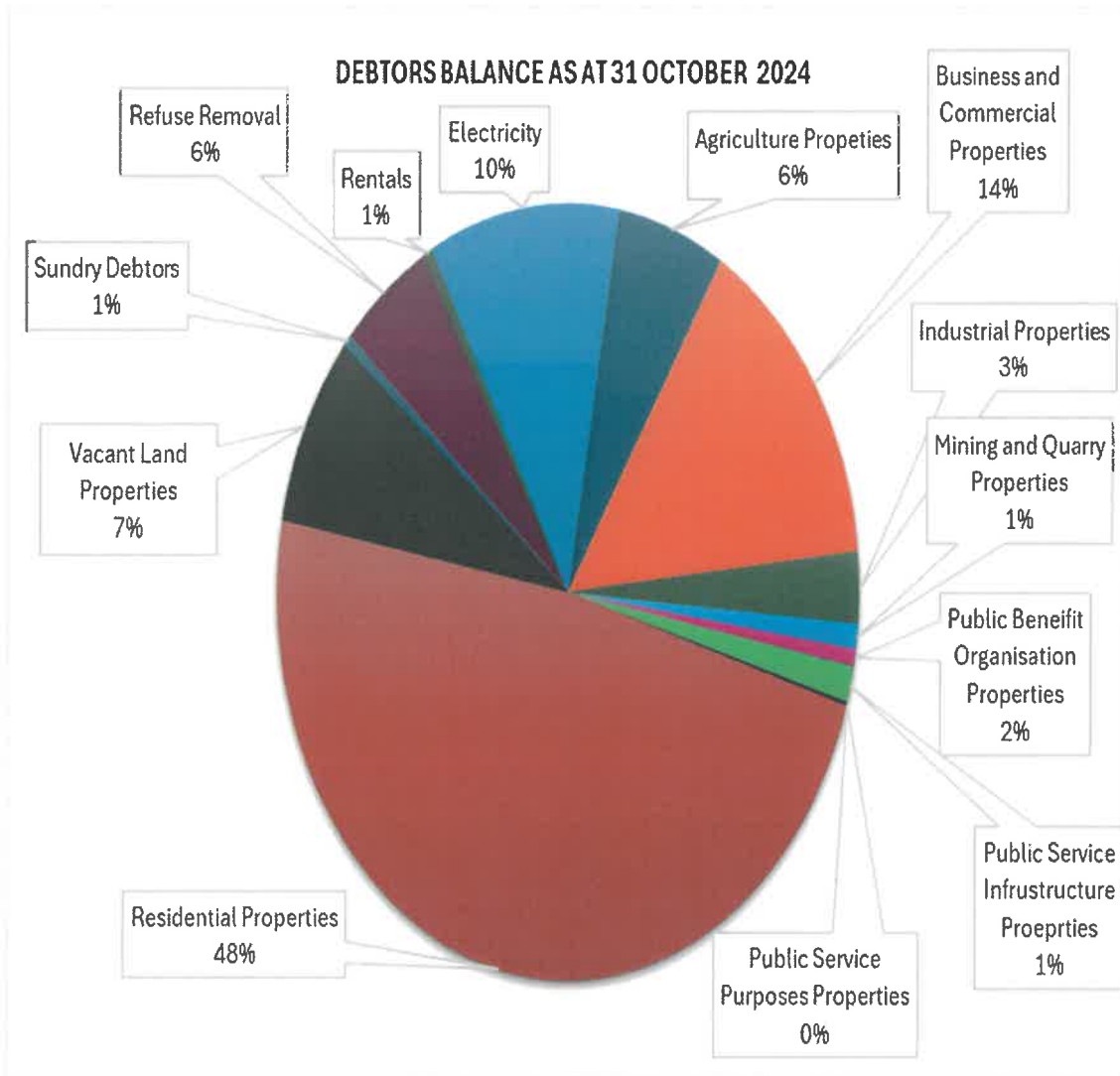
Electricity	8,057,236.84	1,332,532.84	395,480.28	371,417.03	337,639.37	16,509,464.96	27,003,771.32
Refuse	1,455,841.74	805,096.90	702,777.26	646,724.85	432,119.33	11,694,608.06	15,737,168.14
Rentals	91,474.94	55,070.82	1,163,539.41	28,866.81	26,540.97	1,135,542.15	2,501,035.10
Sundry Debtors	75,894.99	22,530.45	39,424.40	160,477.64	334,085.01	733,166.02	1,365,578.51

Total

Sub-total	20,307,445.99	7,017,342.52	4,474,072.50	3,863,324.72	3,882,573.47	175,035,684.44	261,187,996.71
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The amount reported above of R 261,1m is exclusive of the debtor's accounts sitting with credit balances.

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



As illustrated above, Residential Properties 48%, Business and Commercial Properties 14%, Electricity 10%, Agriculture Properties 6%, Vacant Land 7%, Industrial Properties 3%, and others comprise of 1%.

MONTHLY BUDGET AND FINANCIAL REPORT

Financial Ratios for the period ending 31 October 2024

KPA 1: MUNICIPAL INSTITUTIONAL DEVELOPMENT &

				Oct-24	Sep-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	8,168,359	16,484,385
					Unspent Conditional Grants	13,661,370	13,666,959
					Overdraft	-	-
					Short Term Investments	24,694,761	31,489,679
					Monthly Fixed Operational Expenditure Excluding Depreciation	40,609,900	47,470,638

The ratio coverage ratio is below the minimum requirement of 1-3 months in period four of the financial year, this indicates the municipality's ability has not enough cash and cash equivalents to entirely pay off all short-term debts. The ratio under 0.5 is considered risky because the municipality has twice as much short-term debt compared to cash. The municipality should enhance its cash reserves or short-term investments relative to its operational expenditures and continue focusing on strengthening its liquidity. The municipality has shown a decline from its previous months performance of 1 Month in August and September 2024.

2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1	Current Assets	148,203,900	180,256,111
					Current Liabilities	101,342,040	105,283,431

Current assets are greater than the current liabilities, however, the municipality needs to put in more effort into converting debtors to cash for an even greater improvement. The ratio has consistent with the previous month performance of 1.5.

Cash Ratio	Cash and Cash Equivalents / Current Liabilities	Financial Position	0.5- 1	Cash and cash equivalents	32,863,120	47,954,044
				Current Liabilities	101,342,040	105,283,431

This ratio indicates the municipality's ability to pay its short-term obligations using its near-cash assets. The Municipality is currently unable to pay its current liabilities, as its cash & cash equivalents are below its liabilities as at 31 October 2024.

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	49,261	3,018
					Total Monthly Operating Expenditure	48,887,708	53,748,748
					Taxation Expense	-	-

norm of 0% by end of period for of current financial year. The amount recored in the UIFW expenditure should be refer to MPAC for investigation in line with section 32 of the MFMA..

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	12,270,430	12,997,785
					Councillors Remuneration	958,966	935,030
					Total Monthly Operating Expenditure	46,887,708	53,748,748
					Taxation Expense	-	-

The ratio is within the norm for the month of October and September 2024.

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	5,971,027	5,132,103
					Total Monthly Operating Expenditure	48,887,708	53,748,748
					Taxation Expense	-	-

The ratio in excess of the norm indicates that functions are being outsourced to consultants, the municipality has shown a regression from the previous month, from 10% to 13%. An increase in this ratio indicates that the municipality's inability to build capacity and an ongoing reliance on contractors.

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	8,168,359	16,484,385
					Bank Overdraft	-	-
					Short Term Investment	24,694,761	31,489,679
					Long Term Investment	-	-
					Unspent Grants	13,661,370	13,666,959
					Total Assets	1,212,940,421	1,223,407,149
					Share Premium	-	-
					Share Capital	-	-
					Revaluation Reserve	-	-
					Fair Value Adjustment Reserve	-	-
					Accumulated Surplus	974,997,755	981,523,092

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

9	% Actual R&M spent in relation budget	This ratio measures the extent to which repairs and maintenance has been spent during the financial year.	Actual R&M/ Budgeted R&M	33%	R & M Actual	7,185,857	3,364,590
					R&M Budget	28,036,637	28,036,637

Repairs and Maintenance spent percentage by end of October 2024 shown underperformed by 6% in its projections of 33%. This ratio performance reflects that insufficient monies are being spent on repairs and maintenance, which could impact the impairment of an assets and service delivery. There is slowly improvement on expenditure when comparing previous month (September) underperformed by 13%.

10	Operating Surplus/(Deficit)	This indicator measures the extent to which operating revenue covers operating expenditure	Operating revenue - Operating expenditure	Positive amount	Operating revenue	37,971,308	38,484,404
					Operating expenditure	46,887,708	53,748,748

The municipality has had a deficit in the month of September and October 2024

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	33%			
						19%	11%
					Actual Capital Expenditure	15,533,341	8,986,201
					Budget Capital Expenditure	79,810,523	79,810,523

Capital Expenditure incurred by end of October 2024 is less than by 14% against the expected percentage norm of 33%.

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	33%			
						37%	24%
					Actual Operating Expenditure	193,514,639	146,626,931
					Budget Operating Expenditure	614,180,376	614,180,376

The Municipality has underperformed by 1% when comparing the budget operating expenditure against Actual operating expenditure as of 31 October 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	33%			
						87%	63%
					Actual FBS Expenditure	1,076,642	777,435
					Budget FBS Expenditure	1,235,552	1,235,552

The FBE claimed by consumers is above the expected (33%) as indicated above. This indicates that the indigent program is effectively implemented as more consumers claim the FBE. The municipality will consider to increase its provision during the Adjustment budget phase.

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%			
						96%	100%
					Total revenue	37,971,308	38,484,404
					Govt. Grants	1,517,549	42,158
					Total revenue	37,971,308	38,484,404

The Municipality can cover its costs through its own revenue efforts and is not dependant on Government Grants.

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%			
						-75%	-90%
					Total Electricity Revenue	50,170,514	36,890,802
					Total Electricity Expenditure	87,951,883	70,174,853
					Total Electricity Revenue	50,170,514	36,890,802

Electricity service is rendered at a loss, the municipality spends more than its revenue generated in rendering electricity trading services.

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			
						206	203
					Gross debtors	261,187,997	260,200,029
					Bad debts Provision	18,770,844	18,770,844
					Billed Revenue	143,325,970	109,608,756

This ratio reflects the collection period, indicates the implementation of credit control policy, the effectiveness and quality of revenue management.

Creditors Payment Period Creditors payment period = Trade creditors outstanding /
Trade creditors Purchases x 31 days

$$= 17\,119\,829 / 46\,692\,899 *31$$

$$= 11 \text{ days}$$

Conclusion

The overall performance for period four of the 2024/2025 financial year has been unfavorable, there is a deficit of R 8,9 m when deducting the total expenditure from total revenue excluding the capital transfer and subsidies.

There is a slight improvement in October operating expenditure projections spending such as repairs and maintenance, contracted services and other expenditure. This improvement resulted to 97% on total expenditure variance when comparing the YTD Budget and YTD Actual.

The Municipality recorded total expenditure of R 46,8m in period four which is above the Total Revenue billed of R 37,9 that yielded to a Deficit. The capital and operational transfer and subsidies spent in October amounts to R 6,5m and R 1,5m respectively 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 period four with a positive bank balance of R 32,8m recorded in the primary bank account and short-term investments. The municipality has received a correspondence for unspent grants roll-over application from National Treasury and grants register has been updated with an outcome. The creditors' payments were paid within the legislated period of 30 days.

The Cash Ratio is below the norm and this ratio is considered risky when its below 0.5 because the municipality has twice as much short-term debt compared to cash even though it remains unchanged when compared with previous months 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 monitoring of creditor's payments / cash management plays a key strategy for payment timeframes and provide guidance that utilized by budget end-users and contributing to the service delivery – this does not disrupt seasonal works like pothole repairs that are mostly done in Winter season.

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

processes that minimizes the chances of incurring the unauthorized, irregular and fruitless expenditure and ensure effective and improves 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 October 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

13 / 11 / 2024.