

IN-YEAR MONITORING REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

1. Operating Budget

Summary financial performance report **SF1** for the period ending 31 JANUARY 2021 shown in Annexure A, Table C4, is prepared on a similar basis to the prescribed budget format, detailing revenue by source type and expenditure by input type. The summary report indicates the following.

Table 1

DC22 uMgungundlovu - Table C1 Monthly Budget Statement Summary - M07 January									
Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	253,282	335,018	335,018	27,872	175,145	195,427	(20,282)	-10%	335,018
Investment revenue	8,090	528	528	-	105	308	(203)	-66%	528
Transfers and subsidies	486,777	300,569	341,804	-	477,474	175,332	302,142	172%	300,569
Other own revenue	40,088	300,777	299,406	3,816	24,818	175,453	(150,635)	-86%	300,777
Total Revenue (excluding capital transfers and contributions)	788,237	936,892	976,756	31,688	677,542	546,520	131,022	24%	936,892
Operational Expenditure									
Employee costs	241,305	249,673	269,980	20,968	158,980	145,643	13,337	9%	249,673
Remuneration of Councillors	11,628	13,599	13,782	919	6,823	7,933	(1,110)	-14%	13,599
Depreciation & asset impairment	46,642	43,774	43,774	4,015	27,721	25,535	2,186	9%	43,774
Finance charges	11,502	27,550	27,550	7	17,663	16,071	1,592	10%	27,550
Materials and bulk purchases	161,412	185,526	170,091	21,785	124,386	108,223	16,163	15%	185,526
Transfers and subsidies	13	9,929	6,500	-	3,258	5,792	(2,534)	-44%	9,929
Other expenditure	476,612	282,115	263,077	12,920	131,531	164,567	(33,037)	-20%	282,115
Total Expenditure	949,113	812,166	794,754	60,613	470,361	473,763	(3,402)	-1%	812,166
Surplus/(Deficit)	(160,876)	124,726	182,001	(28,925)	207,181	72,757	134,424	185%	124,726

The revenue raised as at 31 January 2021 is R 677.5 million against the adjusted budget of R 976.7 million for the year and R 546.5 million for the period. This reflects a revenue rate of 69% against the adjusted budget.

The operating expenditure as at 31 January 2021 was R 470.4 million vs a year to date budget of R 473.8 million reflecting YTD expenditure of 99% and 59% of the adjusted budget. The operating surplus for the period was **R 292.5 million**.

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The major operating revenue variances against year-to-date budget are:

- Service charges below target by 10%.
 - Transfers and subsidies are 172% above target due to the receiving the Equitable Share and other grants.
 - Investment revenue is 66% below target, the investment is due for renewal in September 2021.
 - Other revenue account, the amount is made up of: Tender sales, Rental of facilities and SANBI
- The reasons for variances per source group are also cited in Annexure A, Table SC1 of this report.

2. Capital Expenditure

The Capital expenditure report shown in Annexure A, Table C5 has been prepared based on the format required to be lodged electronically with National Treasury and is categorised by municipal vote. The summary report indicates the following:

Table 2

Funding Source	Adjusted Budget 2020 /2021	Expenditure as at 31 January 2021	% spent
MIG	101,245,000.00	44,156,842.52	32.92
WSIG	80,000,000.00	40,345,493.04	50.43
RRAMS	2,552,000.00	794,129.00	31.12
INTERNALLY GENERATED FUND(ES)	41,235,000.00	521,962.50	0.00
	225,032,000.00	85,818,427.06	38.14
LESS NON CAPITALISED PROJECTS			
TOTAL CAPITAL EXPENDITURE	225,032,000.00	85,818,427.06	38.14

The total original capital budget for the 2020/ 2021 financial year is **R 183 million** including the allocation for the Rural Roads Assets Management Grant of R 2.5 million.

The MIG allocation is R 101 million was originally approved, an additional allocation of R 41.2 million from Treasury for Covid 19 Response was allocated through the Equitable Share and the Water Services Infrastructure Grant is R 80 million and the adjusted Capital Expenditure Budget is **R225 million**. Year to date expenditure for MIG is R 44.2 million and WSIG is R 40.3 million.

3. Employee costs and councillor's allowances

3.1 Section 66 of the MFMA requires that the accounting officer of a municipality must report to Council in a prescribed format all expenditure incurred by the municipality on staff salaries, wages and benefits in a manner that discloses expenditure per type such as salaries, contributions for pensions etc.

3.2 The total salaries budget for councillor's amounts to R 13.8 million while salaries budget for staff amounts to R 269.9 million. This brings the total salaries budget to R 283.7 million, which is 36% of



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the total operational budget. This is within the norm of 25% - 40% in terms of National Treasury circular 71 of 2014.

- 3.3 In terms of Generally Recognised Accounting Practise (GRAP25), the municipality has to make a provision for employee benefits, which represents a future financial obligation to the Municipality on current and post-employment medical benefits for retired and active employees eligible for early retirement, *ex-gratia* pension liability for a retrenched Technical Director, and a provision for long service awards for all staff members meeting the requirements of clause 7 of the Local Government Bargaining Council collective agreement signed in August 2018.
- 3.4 The actual staff salaries costs incurred, including Senior Managers, as at 31 January 2021 amounts to R 158.9 million while the actual salaries cost for Councillors is R 6.8 million. This amounts to a total of R 165.8 million and it represents 58% of the total salaries budget.
- 3.5 Remuneration of councillors is spent at 50% of the total remuneration budget for Councillors. While the budget for Councillors' salaries is based on a reasonable estimate, it is not always easy to have an exact figure for budget purposes. This is due to changes in the municipal grades and remuneration adjustments of the local Municipalities thereby affecting the salaries of the Councillors representing their local Municipalities in the district. Also, the number of meetings held during the financial year June is not the same as the number of meetings predicted at the time of the budget process.
- 3.6 The salaries and benefits paid to councillors in the month of January 2021 are still based on the December 2018 promulgation which was effective for payment in the month of July 2018.

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Table 3

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January										
Summary of Employee and Councillor remuneration	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		7,054	8,606	8,789	546	4,073	5,020	(947)	-19%	8,606
Pension and UIF Contributions		679	355	355	56	403	207	196	95%	355
Medical Aid Contributions		190	338	338	27	122	197	(75)	-38%	338
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		822	925	925	70	493	540	(47)	-9%	925
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2,882	3,375	3,375	220	1,732	1,969	(237)	-12%	3,375
Sub Total - Councillors		11,628	13,599	13,782	919	6,823	7,933	(1,110)	-14%	13,599
% increase	4		17.0%	18.5%						17.0%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	3,144	6,319	6,319	314	2,396	3,686	(1,290)	-35%	6,319
Pension and UIF Contributions		181	9	9	1	62	5	57	1095%	9
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		156	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		391	765	765	40	278	446	(169)	-38%	765
Cellphone Allowance		63	93	93	7	50	54	(4)	-7%	93
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		0	-	-	0	0	-	0	#DIV/0!	-
Payments in lieu of leave		478	-	-	-	283	-	283	#DIV/0!	-
Long service awards		17	-	-	-	6	-	6	#DIV/0!	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4,431	7,186	7,186	361	3,075	4,192	(1,117)	-27%	7,186
% increase	4		62.2%	62.2%						62.2%
Other Municipal Staff										
Basic Salaries and Wages		132,551	152,403	160,040	11,741	84,726	88,902	(4,175)	-5%	152,403
Pension and UIF Contributions		28,631	33,256	33,794	2,670	18,874	19,399	(525)	-3%	33,256
Medical Aid Contributions		12,693	12,112	14,559	1,112	7,494	7,065	429	6%	12,112
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		11,059	12,119	12,119	0	11,823	7,069	4,754	67%	12,119
Motor Vehicle Allowance		19,113	19,306	22,681	1,724	12,208	11,262	946	8%	19,306
Cellphone Allowance		45	834	1,759	3	21	486	(465)	-96%	834
Housing Allowances		1,106	1,271	1,271	116	738	741	(3)	0%	1,271
Other benefits and allowances		24,627	8,960	14,344	2,997	18,192	5,227	12,965	248%	8,960
Payments in lieu of leave		56	-	-	-	-	-	-	-	-
Long service awards		3,377	2,227	2,227	243	1,828	1,299	529	41%	2,227
Post-retirement benefit obligations	2	3,615	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		236,874	242,487	262,794	20,606	155,905	141,451	14,454	10%	242,487
% increase	4		2.4%	10.9%						2.4%
Total Parent Municipality		252,932	263,272	283,763	21,886	165,802	153,575	12,227	8%	263,272
Unpaid salary, allowances & benefits in arrears:										
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		252,932	263,272	283,763	21,886	165,802	153,575	12,227	8%	263,272
% increase	4		4.1%	12.2%						4.1%
TOTAL MANAGERS AND STAFF		241,305	249,673	269,980	20,968	158,980	145,643	13,337	9%	249,673

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4. Conditional Grants

As at the end of January 2021 a total of R 138.7 million of conditional grants was received since 1 July 2020, whilst an additional R 26.5 million was available and was received in the previous financial year. R 88 million was spent during the month of January 2020. The operating grant utilisation is at 22.38% and the capital grant utilisation was 44.46% of allocations received. Overall grant utilisation is at 76.39%.

Table 4

Description	Opening Balance	Receipts	Roll Over Repayments	Total receipts	Expenditure	Balance	Percentage
Operating Grants							
FMG	0	1,000,000		1,000,000	828,334	171,666	82.83
PTP	308,817			308,817	0	308,817	0.00
EPWP	0	2,150,000		2,150,000	1,349,198	800,802	62.75
Camperdown WWW	4,000,095			4,000,095	0	4,000,095	0.00
SETA Grants	0			0	0	0	0.00
RASET GRANT	0			0	0	0	0.00
DGDS GRANT	126,989			126,989	0	126,989	0.00
DPSS GRANT	0			0	0	0	0.00
GEOPanning	1,993,574			1,993,574	9,297	1,984,277	0.47
IDP SPATIAL DEVELOPMENT FRAMEWORK	1,000,000			1,000,000		1,000,000	0.00
SPATIAL DEVELOPMENT FRAMEWORK	1,000,000			1,000,000		1,000,000	0.00
Disaster Management Grant - COVID 19	521,963			521,963	521,963	0	100.00
Total Operating Grants	8,951,438	3,150,000	0	12,101,438	2,708,792	9,392,646	22.38
Capital Grants							
WSIG	0	43,720,000		43,720,000	40,345,493	3,374,507	92.28
Drought Relief Initiatives	0			0	0	0	0.00
MIG	6,040,433	90,000,000		46,040,433	44,156,843	1,883,590	95.91
Orio	11,550,860			11,550,860	0	11,550,860	0.00
RRAMS	0	1,786,000		1,786,000	794,129	991,871	44.46
Total Capital Grants	17,591,293	135,506,000	0	103,097,293	85,296,465	17,800,828	82.73
Total Grants	26,542,730.94	138,656,000.00	-	115,198,730.72	88,005,256.82	27,193,473.90	76.39

5. Cash and cash equivalents

An amount of R 12 729 was accrued in investment interest income for the month of January 2020. The cash in bank as at 31 January 2021 amounted to **R 213.9 million** and investments amounted to **R 3.8 million** bringing a total cash and cash equivalents of **R 217.8 million**. The average interest rate on investment is at 4.1%. The cash coverage ratio as at 31 January 2021 is **2.49 based** on average of R 75 million per month fixed operating expenditure. This indicates that the municipality as at 31 January 2021 have enough cash to run its operation for **74.72 days** based on a 30-day calendar month. The norm as set out in the uniform financial ratios and norms circular 71 is 1 to 3 months.

Table 5

Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Yrs/Months							
1 year	Long term	9/7/2021	13	4.1%	3,800	13	3,812
			13	0	3,800	13	3,812

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Table 6

Bank Accounts	Account Number	Market value at the beginning of the month	Change in market value	Market value at the end of the month
		R 0.00	R 0.00	R 0.00
Main Account	50940026773	224,810,239.96	-161,848,048.32	62,962,191.64
Salaries Account	50940092196	1,192,577.93	77,366,849.16	78,559,427.09
Water Services Account	62023616462	23,127,008.92	42,624,401.32	65,751,410.24
NSTD Call Account	62215748289	562,224.90	1,432.52	563,657.42
Mandela Race Account	62411577193	802,941.44	827.02	803,768.46
UMDM MIG (DBSA) Account	62400041985	0.00	0.00	0.00
Corporate Cheque Account	62597807125	5,336,682.57	11,967.36	5,348,649.93
Public Sector Cheque Account	62243484417	0.00	-216.24	216.24
Total Cash Balances		255,831,675.72	-41,842,787.18	213,988,888.54

Table 6 above excludes an investment of R3.7 million held with FNB as a security for the Long-Term Borrowings (DBSA Loan).

6. Borrowings

As at 31 January 2021 the loans book was sitting at R 186.6 million. The average interest rate on remaining loans is 10.8 %. The debt to revenue ratio at 27.84% as projected which is below the treasury norm of below 45%. This indicates that the debt book is funded by 0.26% of the internally generated operating income.

Table 7

LOANS REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) JANUARY 2021							
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/01/2021	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 31/01/2021
12007869	uMgungundlovu Various Water Projects	10.889	200,375,406.77	1,772,218.51	10,404,637.73	5,136,207.69	186,606,779.86
			200,375,406.77	1,772,218.51	10,404,637.73	5,136,207.69	186,606,779.86

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7. Creditors Age Analysis

The balance of trade payables as at 31 January 2021 was R 91.5 million.

Total R 43.3 million or 47% of invoices remained outside the compliance period of 30 days as at 31 January 2021. None of the bulk services, 3rd party and statutory invoices were outstanding for longer than 30 days as at 31 January 2020.

For effective financial management, the Municipality must have a financial management system in place which is used for the operation of its expenditure and accounts payables, amongst other things. The accounts payables must be paid for goods and services rendered to the municipality. A procedure manual was drafted in 2014, which provides the timeframes that each official must comply with when dealing with payments. This includes payments certification by the user department, which must confirm the receipt of goods and services before invoices are processed for payment.

Section 65(2)(e) of the Municipal Finance Management Act, 2003 requires that the municipality must pay within 30 days of receipt of an invoice. While this requirement is crucial, it is also important for a municipality to ensure that all the requirements in terms of the Supply Chain Management Regulations of 2011, are followed when procuring goods and services.

This includes, but not limited to, ensuring that there are valid contracts for all lease payments, payments made to government institutions, where payments are urgent in nature, and where there is an emergency.

Sections 62(1), (2) and 65(1) require the Accounting Officer to ensure a proper management of the finances of a municipality. This requires him to ensure that all processes are followed before payments are realised, as a result, the Internal Audit is requested to verify payments on an adhoc basis.

In efforts to reduce the amount owed to outstanding creditors, a detailed spreadsheet which indicates the status of each amount due for longer than 30 days was sent to every HOD, for their action, in order to resolve issues that may have been raised by the Accounting Officer.

Generally Accepted Accounting Practise (GRAP) requires that payments must be reflected in the period in which they were made, so accounts payables balance as at 30 June will not be affected by payments made after this date.

Payments relating to rental of customer care centres have been delayed due to expired contracts. To facilitate payments the Municipality extended the contract of three months, to allow for the finalisation of valid contracts through supply chain processes. This exercise will reduce the irregular expenditure which the Auditors raise in their audit reports.

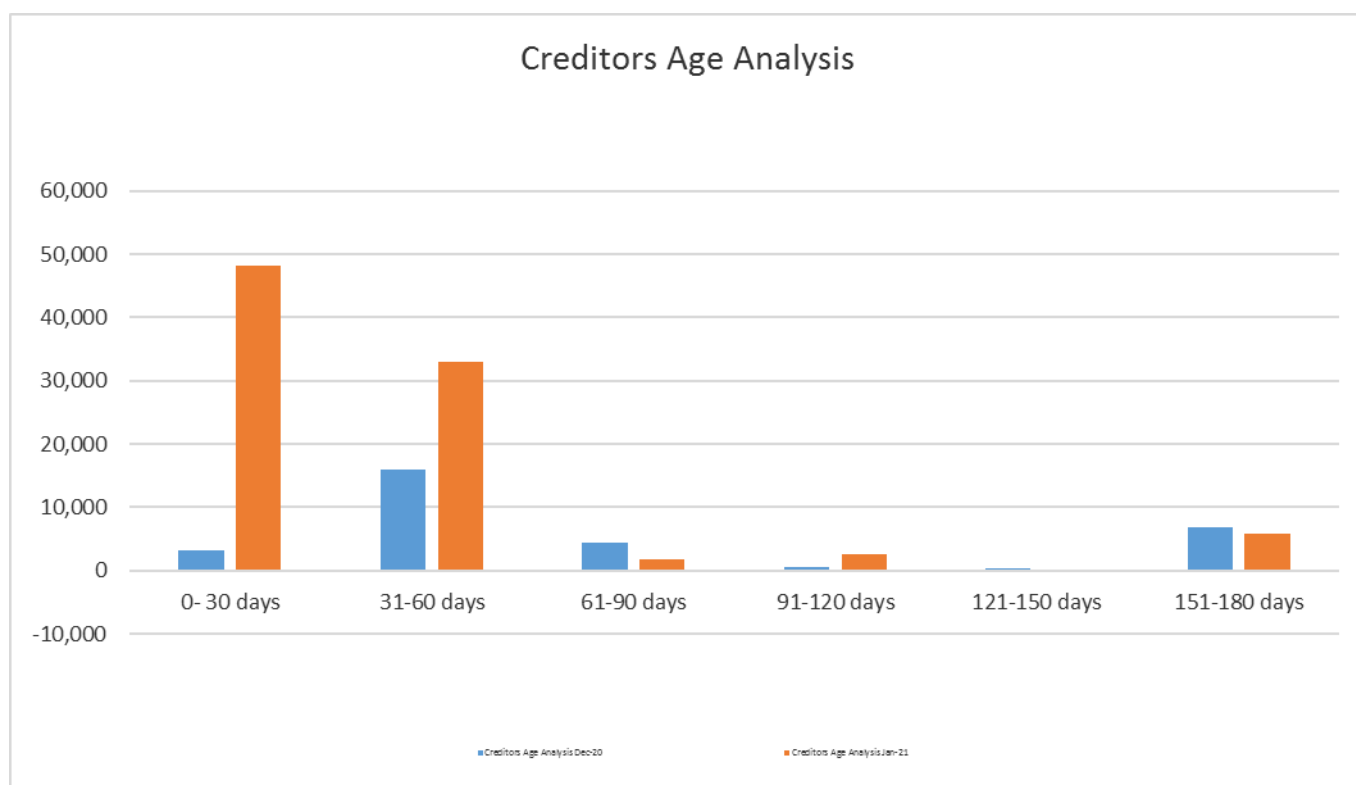
As most ESKOM accounts have payment terms which are much less than 30 days, interest on late payment is unavoidable. In order to alleviate this problem, more than 90% of ESKOM accounts were switched to debit order system and the process to transfer all accounts to a debit order method of payment is under way. The benefit of the use of a debit order system is that there is no fruitless expenditure which is in the form of interest on late payment, and there is no power cut which leads to service interrupts which arise from unavailability of water.

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Table 8

Creditors Age Analysis		
	Dec-20	Jan-21
0- 30 days	3,258	48,221
31-60 days	15,948	32,962
61-90 days	4,347	1,869
91-120 days	654	2,621
121-150 days	299	-39
151-180 days	6,934	5,895
	31,440	91,529

Graph 1



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8. Billing Revenue And Debtors

8.1 Billing Summary: OCTOBER 2020 To JANUARY 2021

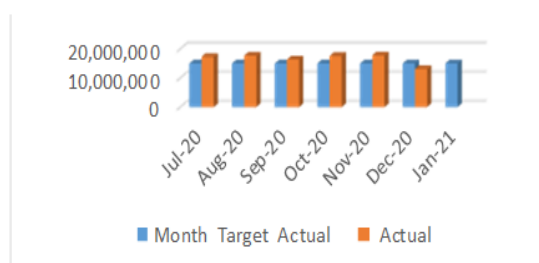
Table 9

Area	October 2020	November 2020	December 2020	January 2021
uMshwathi	1,754,326.87	2,159,508.91	1,841,580.32	2,138,612.60
uMngeni	10,743,473.39	13,201,458.90	10,494,730.77	11,736,700.72
Mpofana	2,206,578.99	2,621,567.76	2,432,834.03	2,806,535.44
iMpendle	327,300.23	342,547.61	270,451.25	264,369.66
Mkhambathini	739,442.32	877,770.81	630,486.67	791,804.26
Richmond	1,610,315.37	1,258,040.96	1,156,467.89	1,616,688.31
Water Schemes	3,791,654.93	5,133,218.83	4,509,850.30	3,647,613.64
Bulk Customers	6,994,901.53	7,851,993.96	7,222,918.79	8,633,238.64
Total	28,167,993.63	33,446,017.74	28,559,320.02	31,635,563.27

8.2 Credit Control And Debt Collection Target Vs Collection: December 2020

TABLE 10

Month	Target	Actual
Jul-20	15,000,000	17,284,495
Aug-20	15,000,000	17,666,674
Sep-20	15,000,000	16,346,202
Oct-20	15,000,000	17,572,851
Nov-20	15,000,000	17,763,415
Dec-20	15,000,000	13,091,885
Jan-21	15,000,000	



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The table below details financial year to date monthly billing and receipts for the 2020/2021 financial year.

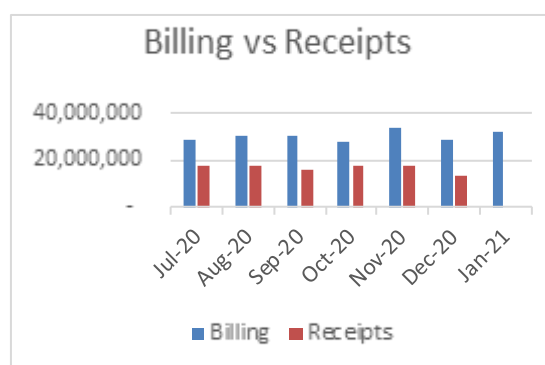
Table 11

BILLING VS RECEIPTS

BILLING VS RECEIPTS				
Month	Billing	Receipts	Collection %	Comment
July 2020	28,257,732.50	17,284,494.66	61%	
August 2020	29,974,564.28	17,666,674.00	59%	
September 2020	29,970,484.33	16,346,202.10	55%	
October 2020	28,167,993.63	17,572,851.74	62%	
November 2020	33,446,017.74	17,763,414.76	53%	
December 2020	28,559,320.02	13,091,885.61	46%	
January 2021	31,635,563.27			
Total	<u>209,226,205.62</u>	<u>99,725,522.87</u>	<u>56%</u>	

**Billing Vs Receipts
Graph 3**

Month	Billing	Receipts
Jul-20	28,257,733	17,284,495
Aug-20	29,974,564	17,666,674
Sep-20	29,970,484	16,346,202
Oct-20	28,167,994	17,572,851
Nov-20	33,446,018	17,763,415
Dec-20	28,559,320	13,091,886
Jan-21	31,635,563	



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The Table Below Details The Classification Of Receipts – October 2020 To January 2021

Table 12

<u>Basis of Receipts</u>	<u>October 2020</u>	<u>November 2020</u>	<u>December 2020</u>	<u>January 2021</u>
Direct Deposits	14,715,032.29	15,677,823.32	16,565,918.10	12,223,845.23
Easy Pay	947,488.72	1,015,877.56	759,602.74	339,396.41
Post Office	112,698.84	196,123.10	67,358.12	82,727.29
Customer Care Centre	504,572.75	529,873.18	335,271.33	424,258.36
Manual Receipts	66,409.50	153,154.58	35,264.47	21,658.32
<u>Total</u>	<u>16,346,202.10</u>	<u>17,572,851.74</u>	<u>17,763,414.76</u>	<u>R13,091,885.61</u>

The Table Below Details Customer Category Receipts- October 2020 To January 2021

TABLE 13

<u>Customer Classification</u>	<u>October 2020</u>	<u>November 2020</u>	<u>December 2020</u>	<u>January 2021</u>
Government	1,146,229.65	1,641,272.68	1,865,511.28	2,179,805.49
Business	9,526,245.10	10,098,562.23	9,891,245.23	6,245,863.25
Households	5,648,248.12	5,824,823.25	5,987,457.25	4,653,925.25
Indigent Households	20,208.00	10,527.00	9,080.00	6,478.36
Church	2,071.23	3,623.58	3,421.00	3,8453.21
Councillors	3,200.00	4,570.00	6,700.00	1,968.00
Total	<u>16,346,202.10</u>	<u>R17,572,851.74</u>	<u>17,763,414.76</u>	<u>R13,091,885.61</u>

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The Table Below Indicates The Comparison Of Collection Rate Between 2019/20 Financial Year And 2020/21 Financial Year

TABLE 14

2019/2020 Financial Year				2020/2021 Financial Year			
Month	Billing	Receipts	Collections %	Month	Billing	Receipts	Collections %
Jul-19	27,705,888	19,766,487	71%	Jul-20	28,257,733	17,284,495	61%
Aug-19	28,637,963	20,172,485	70%	Aug-20	29,974,564	17,666,674	59%
Sep-19	29,839,422	16,183,942	65%	Sep-20	28,167,993.63	16,346,202	58%
Oct-19	31,132,730	15,875,196	51%	Oct-20	28,167,993.63	17,572,851.74	62%
Nov-19	26,992,464	17,306,074	64%	Nov-20	33,446,018	17,763,414.76	53%
Dec-19	28,331,307	16,615,682	59%	Dec-20	28,559,320	13,091,885.61	46%

The collection rate comparison to the previous year is to measure the impact of the slow economic growth and activity.

TABLE 15

The table below details the percentage of collection per customer classification

Oct-20				Nov-20				Dec-20			
AREA	SALES RAISED	RECEIPTS	% COLLECTION	AREA	SALES RAISED	RECEIPTS	% COLLECTION	AREA	SALES RAISED	RECEIPTS	% COLLECTION
Howick	7,486,694.91	6,486,245	87%	Howick	8,590,078.65	7,085,613	82%	Howick	6,456,235.25	4,310,268	67%
Tumbleweed	181,365.21	2,300	1%	Tumbleweed	180,854.12	3,421	2%	Tumbleweed	179,365.25	1,100	1%
Lidgeton	139,248.12	1,800	1%	Lidgeton	149,245.23	1,958	1%	Lidgeton	120,325.36	2,520	2%
Hilton	2,402,958.47	2,258,578	94%	Hilton	2,900,713.31	2,318,243	80%	Hilton	2,704,369.33	1,667,953	62%
Mpophomeni	1,699,590.50	42,578	3%	Mpophomeni	2,235,505.09	45,762	2%	Mpophomeni	1,298,365.25	11,365	1%
Bulk	6,095,086.03	5,956,458	98%	Bulk	8,318,128.11	6,253,237	75%	Bulk	7,125,369.25	6,078,968	85%
Mpofana	1,313,259.90	547,824	42%	Mpofana	1,522,145.25	428,793	28%	Mpofana	1,424,372.57	211,368	15%
Mpofana-Brunt	1,285,989.65	102,901	8%	Mpofana-Brunt	1,284,984.23	89,425	7%	Mpofana-Brunt	1,215,894.36	52,369	4%
Richmond	1,316,145.80	807,993	61%	Richmond	1,255,964.42	768,365	61%	Richmond	1,335,423.36	420,073	31%
uMshwathi	1,774,124.74	761,437	43%	uMshwathi	2,159,508.91	129,819	6%	uMshwathi	2,120,548.36	115,908	5%
uMkhambathini	559,876.44	322,493	58%	uMkhambathini	798,604.52	413,264	52%	uMkhambathini	612,353.22	200,454	33%
iMpindle	250,507.81	34,324	14%	iMpindle	365,419.31	28,532	8%	iMpindle	325,369.15	17,365	5%
Water Schemes	3,663,146	247,921	7%	Water Schemes	3,684,866.59	196,981	5%	Water Schemes	3,641,329.32	2,174	0%
Total	28,167,994	17,572,852	62%	Total	33,446,017.74	17,763,414.76	53%	Total	28,559,320.03	13,091,885.61	46%

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The table below details a breakdown of December 2020 billing and January 2021 receipts for Water Schemes taken over from Umgeni water.

TABLE 16

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Hopewell	131,109.65	-	0%	Rural Scheme
Manyavu	662,313.43	-	0%	Rural Scheme
Intermediate Cross	66,268.83	-	0%	Farm Scheme
Swayimana	957,099.49	-	0%	Rural Scheme
Table Mountain	471,022.00	-	0%	Rural Scheme
Whispers	160,228.26	1,200.00	1%	Farm Scheme
Camperdown	169,168.33	233.95	0%	Farm Scheme
Birnoum Wood	79,132.96	-	0%	Farm Scheme
Claridge	64,981.28	-	0%	Farm Scheme
Efaye	220,498.02	-	0%	Rural Scheme
Cuphulaka	193,858.82	-	0%	Rural Scheme
Mayizekanye	128,517.63	-	0%	Rural Scheme
Mpolweni	337,130.62	740.29	0%	Rural Scheme
Total	3,641,329.32	2,174.24	0%	

The table below details a breakdown of December 2020 billing and January 2021 receipts for Rural Water Schemes.

Table 17

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Gomane	76,280.40	0.00	0%	Rural Scheme
Emakholweni	111,565.51	0.00	0%	Rural Scheme
Inzinga	43,823.13	0.00	0%	Rural Scheme
Swapo	143,174.20	0.00	0%	Rural Scheme
Total	R374,843.24	R0.0	0%	

The percentage of collection for Water Schemes is low as consumers in these areas refuse to pay for water services rendered. Certain rural schemes have constant interruption of water supply and it is therefore difficult to implement the Credit Control Policy in these areas.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Customers in rural areas are appealing to the Municipality to write off their debts. Customers advised that they will commence with payment once the interruption of water supply is resolved and the write-off is approved

8.3 Debtors Age Analysis

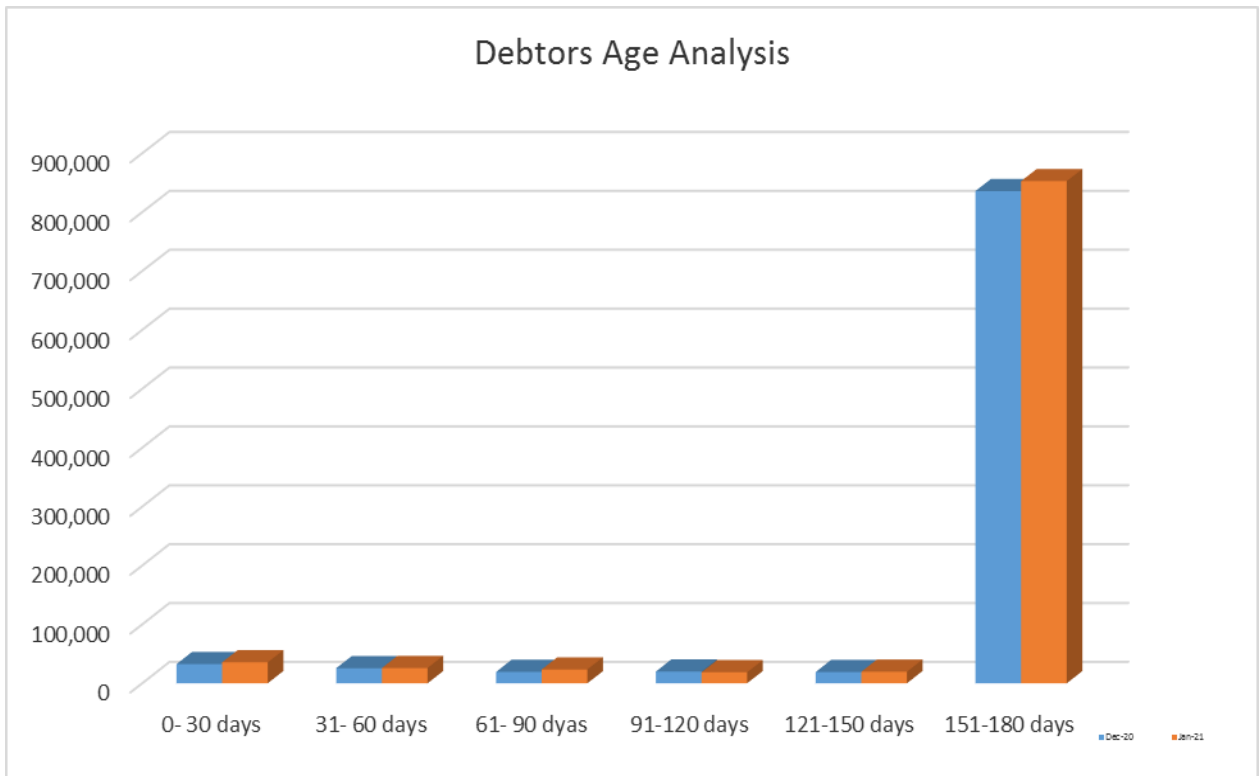
The debtor book value as at 31 January 2021 amounted to **R 976.1 million**. The collection rate in the month of January was 46%. The average collection rate to date is 54%. The municipality is reviewing its debt collection strategies. Strategic partnerships with stakeholders like uMgeni Water and Development Bank of Southern Africa are under consideration. The DBSA has sponsored a pilot data cleansing exercise that will table recommendations on revenue collection systems and processes. The non-revenue water reduction exercise is proposed for consideration and will be fully funded by uMgeni Water.

Table 18

DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January												
Description	NT Code	Budget Year 2020/21									Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr			
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	29,996	20,991	18,525	14,253	14,899	14,181	70,389	483,091	666,323	596,812	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	
Receivables from Non-ex change Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	1,634	973	972	780	824	739	7,562	88,937	102,421	98,842	
Receivables from Exchange Transactions - Waste Management	1600	-	(5)	-	(19)	(3)	(30)	(109)	(34)	(200)	(195)	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	739	739	739	
Interest on Arrear Debtor Accounts	1810	4,194	4,042	3,957	3,757	3,796	3,728	19,662	154,253	197,389	185,196	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	
Other	1900	(122)	(64)	(77)	(38)	76	(43)	(22)	9,765	9,476	9,739	
Total By Income Source	2000	35,701	25,938	23,377	18,733	19,591	18,574	97,482	736,751	976,147	891,132	
2019/20 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	5,212	4,376	2,739	996	767	1,210	4,314	17,220	36,836	24,507	
Commercial	2300	5,536	915	758	329	1,201	549	3,376	9,301	21,965	14,756	
Households	2400	22,683	18,645	17,796	15,376	15,443	15,110	80,659	629,438	815,150	756,026	
Other	2500	2,269	2,001	2,084	2,032	2,180	1,706	9,133	80,793	102,197	95,843	
Total By Customer Group	2600	35,701	25,938	23,377	18,733	19,591	18,574	97,482	736,751	976,147	891,132	

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Graph 4



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The table below details the age analysis for customers grouped as UMDM staff members as at 31 January 2021

Table 19

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922411911	7,694.22	242.35	243.53	244.72	245.91	247.09	93.32	9,011.14
5922272107	12,874.86	1,204.98	713.74	9,040.62	3,185.61	202.18	3,203.68	30,425.67
5922411528	15,947.11	345.22	346.77	348.31	380.21	503.37	138.30	18,009.29
5922721404	15,969.24	363.07	364.75	366.44	368.13	369.82	371.50	18,172.95
5922111502				536.84	99.81	51.29	1,011.75	1,699.69
5922251794			477.08	1,028.77	1,028.84	1,028.95	1,029.11	4,592.75
5922711631	25,686.76	1,052.23	1,279.96	884.87	1,723.94	733.17	1,061.11	32,422.04
5922251326	1,679.73	856.44	953.40	662.50	1,611.47	1,114.43	709.56	7,587.53
5922111593	6,353.83	559.01	935.25	471.98	471.87	289.63	1,114.54	10,196.11
5922262141	16,220.89	374.42	376.10	377.79	379.48	381.17	382.85	18,492.70
5922193001	4,015.35	311.87	313.55	315.24	316.93	318.61	320.30	5,911.85
5922411939	11,985.66	348.41	350.09	351.78	353.47	355.16	356.84	14,101.41
5922645000	3,154.11	307.23	308.92	310.61	312.29	313.98	315.67	5,022.81
5922314131	64.68	0.31	0.31	0.31	0.31	0.31	0.31	66.54
5922232755	4,353.78	321.15	322.83	324.52	322.71	324.40	319.87	6,289.26
5922411620	20,417.00	389.39	391.07	392.76	394.45	396.14	397.82	22,778.63
5922711578	2,650.70	58.54	181.53	59.83	392.09	86.87	62.76	3,492.32
5922192292	4,862.87	314.17	315.85	317.54	319.23	320.92	322.60	6,773.18
5922711660	79,475.21	719.04	1,054.86	560.63	1,114.35	681.72	1,006.69	84,612.50
5922226809	19,635.37	382.83	384.51	386.20	387.89	389.58	391.26	21,957.64
5922262474	20,531.58	391.80	393.48	395.17	396.86	398.55	400.23	22,907.67
5922192290	10,687.65	341.08	342.76	344.45	346.14	347.83	349.51	12,759.42
5922411734	19,852.63	382.90	384.58	386.27	387.96	389.65	391.33	22,175.32
5922213319	67,514.57	3,160.34	5,959.30	1,648.68	3,495.53	3,513.59	476.53	85,768.54
5922113000	15,413.96	319.05	161.54	130.60	191.39	176.32	173.97	16,566.83
5922317749	52,639.77	3,085.30	3,101.67	357.82	382.64	690.51	360.75	60,618.46
5922213198					243.51	601.79	602.44	1,447.74
5922741014	42,955.76	1,429.08	1,814.47	2,596.12	2,887.54	1,555.00	2,689.22	55,927.19
5922193002	3,742.74	310.37	312.05	313.74	315.43	317.11	318.80	5,630.24
5922193000	4,280.48	313.27	314.96	316.64	318.33	320.02	321.71	6,185.41
5922251800		34.72	464.35	361.07	481.23	641.50	1,364.87	3,347.74
5922213962					637.33	637.57	641.26	1,916.16
Totals:	490,660.51	17,918.57	22,563.26	23,832.82	23,492.88	17,698.23	20,700.46	616,866.73

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7. The table below details the age analysis for customers grouped as Councillors as at the 31 January 2021

Table 20

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922261941						211.97	290.64	502.61
5922193491						1,057.37	1,137.88	2,195.25
5922741442					252.44	456.75	456.49	1,165.68
5922111637	72,283.12	1,217.99	3,267.75	4,442.04	1,708.20	1,260.15	5,003.13	89,182.38
5922275001					325.68	175.12	267.22	768.02
5922212236	20,122.49	420.58	422.47	418.11	416.22	418.12	415.27	22,633.26
5922212475	7,080.37	298.84	300.38	301.93	303.46	305.01	306.55	8,896.54
5922224497	118,112.75	2,529.11	2,398.93	2,692.02	2,372.69	2,431.39	712.75	131,249.64
Totals:	244,454.02	5,921.95	7,756.73	8,490.97	6,675.91	7,356.86	10,444.08	291,100.52

Some of the accounts are in dispute due to billing queries and water leaks. The municipality is working with the affected Councillor in resolving these disputes.

Table 21

New account created for the month of January 2021

The table below indicates the new accounts created for January 2021

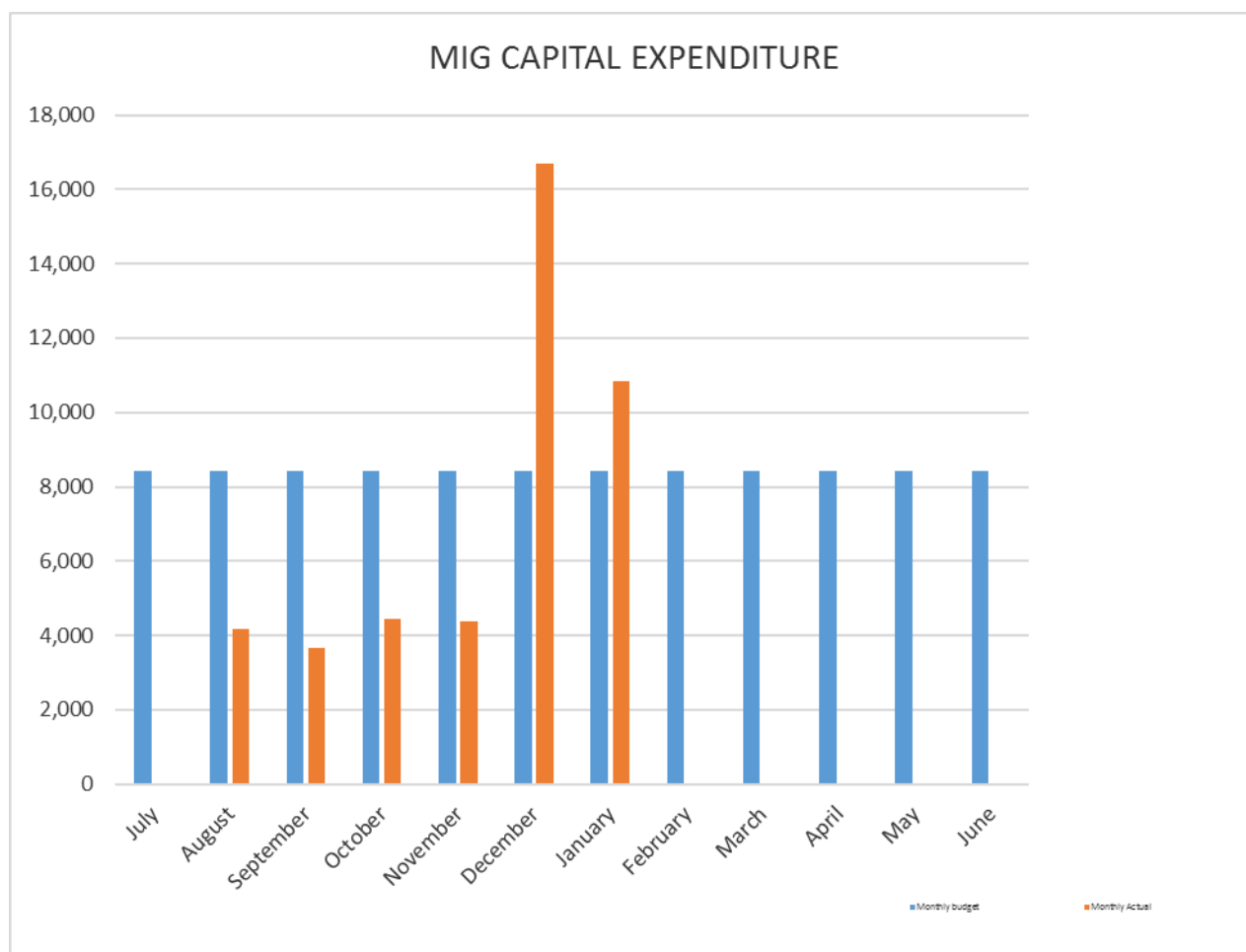
Account	Name	Area
5922193581	HLONGWA	Umshwathi
5922227205	TYLER NICLOLA CLAIRE	Umngeni
5922227206	NDLELA THABISILE CORNELA	Umngeni
5922227207	KIRKMAN WILLIAM CHRISTIAN	Umngeni
5922227208	DE GOUVEIA JANNA MAREE	Umngeni
5922715436	NDLOVU	Richmond

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

9. IN-YEAR BUDGET STATEMENT CHARTS: 31 JANUARY 2021 REPORT

MIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

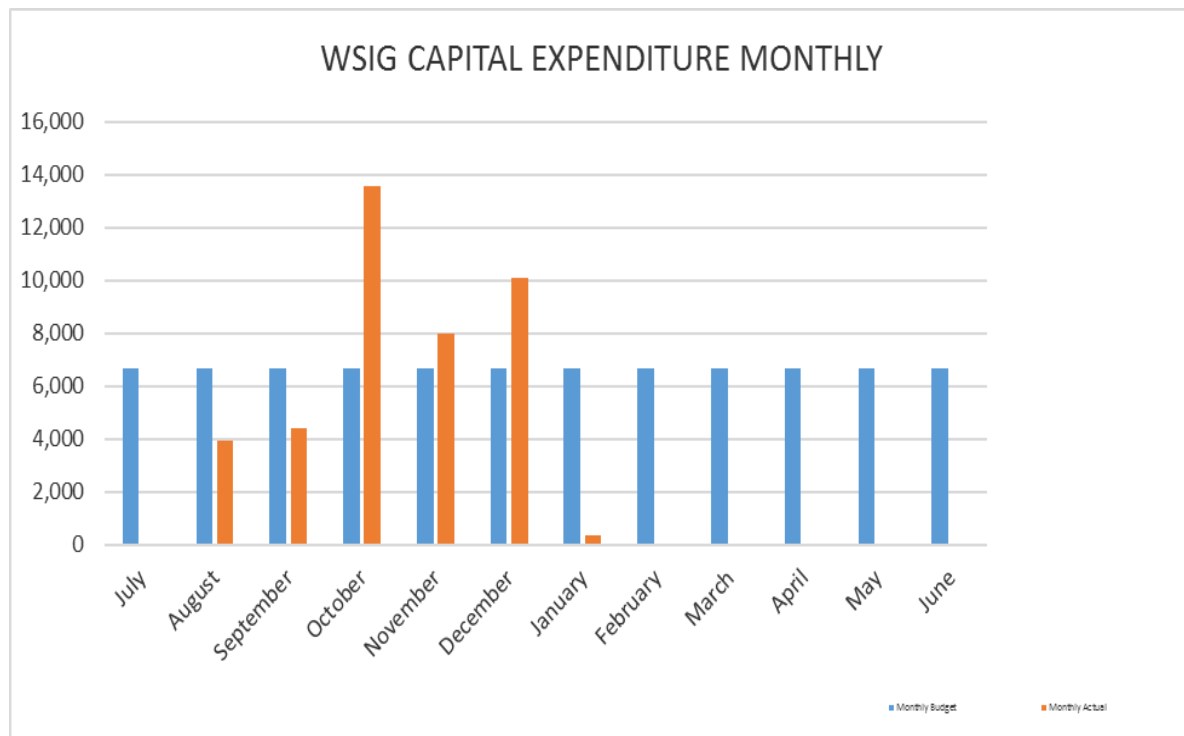
	Monthly budget	Monthly Actual
July	8,437	0
August	8,437	4,167
September	8,437	3,646
October	8,437	4,455
November	8,437	4,379
December	8,437	16,680
January	8,437	10,830
February	8,437	
March	8,437	
April	8,437	
May	8,437	
June	8,438	
	101,245	44,157



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

WSIG - CAPITAL EXPENDITURE MONTHLY TREND: ACTUAL VS BUDGET

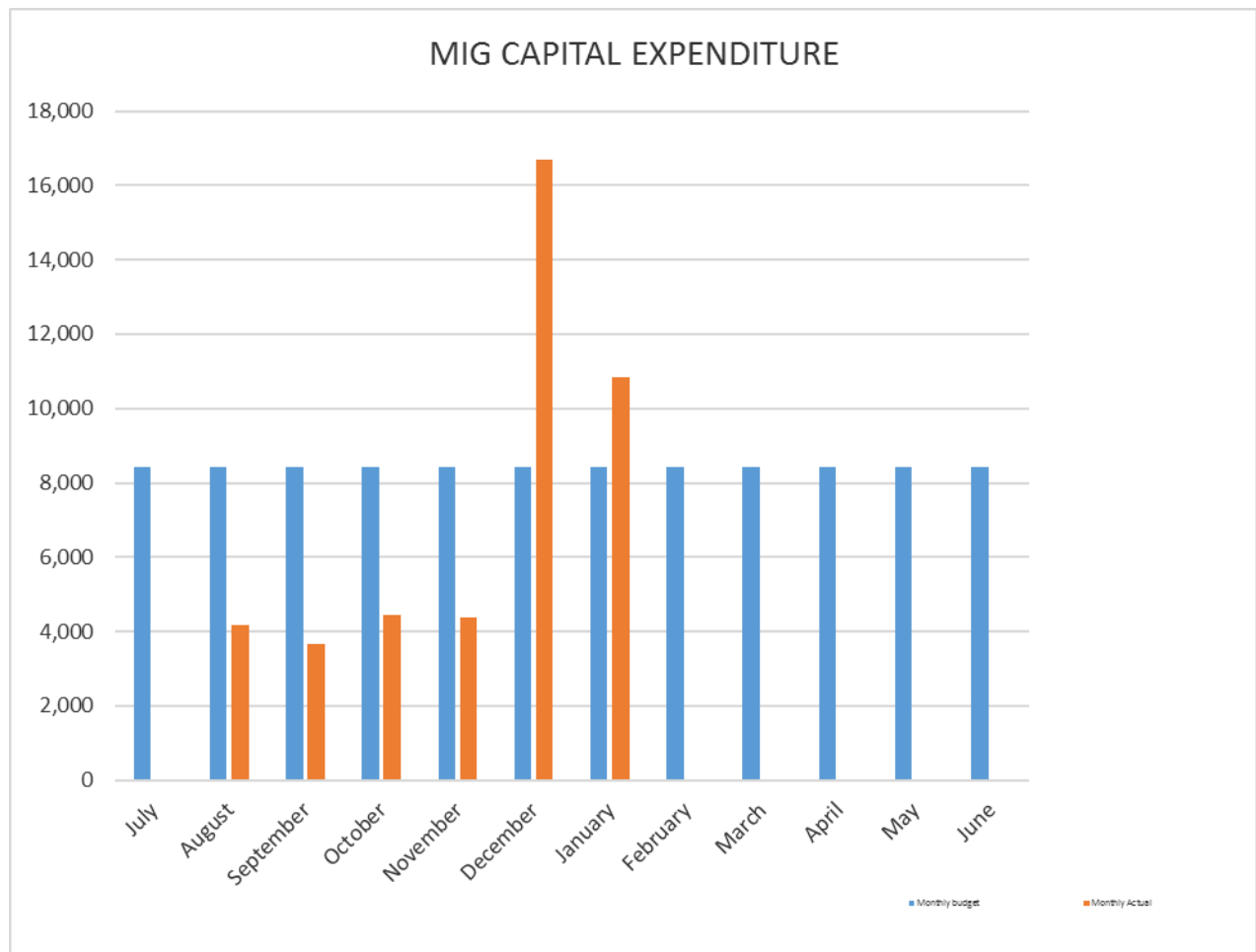
	Monthly Budget	Monthly Actual
July	6,667	0
August	6,667	3,935
September	6,667	4,391
October	6,667	13,555
November	6,667	7,998
December	6,667	10,083
January	6,667	383
February	6,667	
March	6,667	
April	6,667	
May	6,667	
June	6,667	
	80,000	40,345



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

CUMULATIVE MIG & WSIG EXPENDITURE: MONTHLY ACTUAL VS MONTHLY BUDGET

	Monthly Budget	Actual
July	15,104	0
August	15,104	8,102
September	15,104	8,037
October	15,104	18,010
November	15,104	12,377
December	15,104	26,763
January	15,104	11,213
February	15,104	0
March	15,104	0
April	15,104	0
May	15,104	0
June	15,105	0
	181,245	84,502



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

10. IN-YEAR BUDGET STATEMENT TABLES: JANUARY 2021 REPORT

The preliminary financial results for the period ended 31 January 2021 (i.e. th month of the 2020/2021 financial year) are attached consisting of the following tables, in Annexure A:

Part 1

- (a) Table C1: Consolidated Monthly Budget Statement – Summary
- (b) Table C2: Consolidated Monthly Budget Statement – Financial Performance (standard Classification)
- (c) Table C3: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table C4: Consolidated Monthly Budget Statement – Financial Performance (Revenue and Expenditure)
- (e) Table C5: Consolidated Monthly Budget Statement – Capital Expenditure by vote, standard classification and funding
- (f) Table C6: Consolidated Monthly Budget Statement – Financial Position
- (g) Table C7: Consolidated Monthly Budget Statement – Cash Flow

Part 2

- (a) Table SC1: Material variance explanations
- (b) Table SC2: Monthly Budget Statement – Performance Indicators
- (c) Table SC3: Monthly Budget Statement – Aged Debtors
- (d) Table SC4: Monthly Budget Statement – Aged Creditors
- (e) Table SC5: Monthly Budget Statement – Investment Portfolio
- (f) Table SC6: Monthly Budget Statement – Transfers and grant receipts
- (g) Table SC7: Monthly Budget Statement – Transfers and grant expenditures
- (gb) Table SC7 (1): Monthly Budget Statement-Approved Roll overs

- (h) Table SC8: Monthly Budget Statement – Councillor and Staff Benefits
- (i) Table SC9: Monthly Budget Statement – Actual and Revised targets for cash receipts
- (j) Table SC10: Monthly Budget Statement – Parent Municipality Financial Performance (Revenue and Expenditure)
- (k) Table SC11: Monthly Budget Statement – Summary of Municipal Entities
- (l) Table SC12: Monthly Budget Statement – Capital Expenditure Trend
- (m) Table SC13a: Monthly Budget Statement – Capital expenditure on new assets by asset class
- (n) Table SC13b: Monthly Budget Statement – Capital expenditure on renewal of existing assets by asset class
- (m) Table SC13c: Monthly Budget Statement – Capital expenditure on repairs and maintenance by asset class
- (p) Municipal manager’s quality certification

11. CONCLUSION

This report meets with the requirements of the MFMA, Sections 52(d) and 71 by submitting the ‘In-year report’ to Finance Committee on the implementation of the budget and the financial status of the municipality.



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

ANNEXURES:

Annexure – Schedule C

REPORT – FLOW COMPLIANCE CHECK

FILE: 5/1/1/1

INITIATOR: Nondumiso Mbatha

HEADING (INCLUSIVE OF NAME OF DIVISION/DEPARTMENT):

FINANCIAL SERVICES DEPARTMENT

PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY BUDGET STATEMENT) FOR THE PERIOD ENDING 31 JANUARY 2021

REPORT CHECKED AND PASSED FOR SUBMISSION TO: **Finance Committee**

	COMPREHENSIVENESS (FACTS, COMMENTS, RECOMMENDATIONS ANNEXURES) (√)	CORRECTNESS (√)	QUALITY (√)
MANAGER: BUDGET OFFICE Vacant SIGNATURE:..... DATE:	(√)	(√)	(√)
MANAGER: REVENUE MANAGEMENT SIBONGILE KHUMALO SIGNATURE..... DATE:	(√)	(√)	(√)
MANAGER: ASSET MANAGEMENT NONDUMISO MBATHA SIGNATURE:..... DATE:	(√)	(√)	(√)
MANAGER: EXPENDITURE MANAGER MPUME KHUMALO SIGNATURE:..... DATE:	(√)	(√)	(√)
HEAD OF DEPARTMENT: CHIEF FINANCIAL OFFICER: SIPHO NDABANDABA SIGNATURE: DATE:	(√)	(√)	(√)
MANAGER: INTERNAL AUDIT ADELE DORASAMY SIGNATURE: DATE:	(√)	(√)	(√)



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Municipal Manager's quality certification

I, **Raymond Ngcobo**, Municipal Manager of the uMgungundlovu District Municipality, hereby certify that the monthly **preliminary** report on the implementation of the budget and financial state affairs of the municipality for the month of **JANUARY 2021** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Dr. MRB Ngcobo

Municipal Manager: uMgungundlovu District Municipality

Signature: _____

Date: _____

Print name: Cllr T E Maphumulo

Mayor: uMgungundlovu District Municipality

Signature: _____

Date: _____