

IN-YEAR MONITORING REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

1. Operating Budget

Summary financial performance report **SF1** for the period ending 31 December 2022 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 - M06 December									
Description	2021/22	Budget Year 2022/23							
	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	315,729	624,472	-	35,274	228,120	312,236	(84,116)	-27%	-
Investment revenue	3,479	2,859	-	711	4,351	1,430	2,922	204%	-
Transfers and subsidies	623,124	346,101	-	223,993	486,348	173,050	313,298	181%	-
Other own revenue	33,791	367,033	-	662	2,665	183,517	(180,852)	-99%	-
Total Revenue (excluding capital transfers and contributions)	976,123	1,340,465	-	260,641	721,485	670,233	51,252	8%	-
Expenditure									
Employee costs	278,348	258,671	-	21,414	137,687	129,336	8,352	6%	-
Remuneration of Councillors	11,531	12,114	-	1,208	7,114	6,057	1,058	17%	-
Depreciation & asset impairment	51,888	53,555	-	4,204	25,223	26,777	(1,555)	-6%	-
Finance charges	20,071	18,771	-	1,566	9,357	9,386	(29)	-0%	-
Inventory consumed and bulk purchases	163,766	227,286	-	1,813	18,959	113,643	(94,684)	-83%	-
Transfers and subsidies	9,158	7,500	-	3,750	7,500	3,750	3,750	100%	-
Other expenditure	456,226	365,914	-	10,021	177,272	183,047	(5,775)	-3%	-
Total Expenditure	990,988	943,811	-	43,977	383,112	471,996	(88,884)	-19%	-
Surplus/(Deficit)	(14,865)	396,654	-	216,664	338,373	198,237	140,136	71%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial	278,479	205,174	-	21,019	129,487	102,587	26,900	26%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial	500	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	264,114	601,828	-	237,683	467,860	300,824	167,036	56%	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	264,114	601,828	-	237,683	467,860	300,824	167,036	56%	-

The operating revenue raised as at 31 December 2022 is **R 721.5 million** against the original budget of **R 1.34 billion** for the year and **R 670.2 million** for the period. This reflects a revenue rate of **54%** against the original budget and **108%** against the year-to-date (YTD) budget.

As at 31 December 2022, the operating expenditure was **R 383.1 million** against the original budget of **R 943.8 million** and year to date budget of **R 471.9 million**. This reflects expenditure of **41%** against the original budget and **81%** of the year-to-date budget.

The resulting operating surplus for the period was **R 338.4 million** and the surplus after capital transfers and contributions is **R 467.9 million**.

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Given that it is month six of the financial year we would anticipate an average of around 50% revenue generation and expenditure incurrence. The operating revenue and expenditure analysis against budget estimates is detailed below:

- *Service charges*
 - i. Service charges relating to water are below target at **38%** against the budget estimate.
 - ii. Service charges relating to sanitation are below target at **25%**.
 - iii. Interest on outstanding debtors is well below target at **7%** of the budget estimate.

The average consumption continues to be monitored closely following the elimination of the flat rate charge as no historic patterns of consumption were available for budget purposes. Furthermore, the service provider has been engaged to investigate the billing allocations to ensure correctness and completeness.

- *Investment revenue*

This income is raised at **152%** of the budget estimate which is an over-performance. This is due to higher than anticipated interest on bank accounts further boosted by the short-term investment with Standard Bank.
- *Transfers and Subsidies*

Transfers and subsidies are **71%** when compared to allocations for the financial year. This is due to the receipt of the first and second tranche of the Equitable Share, the Local Government Financial Management Grant, and Expanded Public Works Programme Grant.
- *Other Revenue*

The other Revenue generated at an amount of R45 940 relates to licencing services provided by the Environmental Health (Community Services).
- *Employee Related Costs*

The employee related costs slightly above the budget estimate at **53%**.
- *Remuneration of Councillors*

The remuneration of Councillors is above the target at **59%** due to the change in status of a number of Councillors from part-time to full-time. The budget estimated for Councillors remuneration remains a candidate for revision at adjustment budget stage.
- *Depreciation and Impairment*

The depreciation costs are within the budget estimate at **47%**.
- *Finance Costs*

The finance costs are in line with the budget estimate at **50%**.
- *Inventory Consumed*

This cost is below target at **8%** of the budget estimate.
- *Contracted Services*

This is in line with the budget estimate at **46%**.

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- *Transfers and Subsidies*
The allocation to the municipal entity has been transferred at **50%** of the total amount approved by Council.
- *Other Expenditure*
These costs which include operating leases and other municipal running costs are within the budget estimate at **36%**.

Due to the pattern of spending varying based on municipal activities, the expenditure incurrence will be in line with such activities.

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

Month	MIG	WSIG	RRAMS	Internal Funding	Total
July	31 463 869	10 525 465	-	-	41 989 334
August	4 552 110	-	-	-	4 552 110
September	4 515 152	6 559 890	-	-	11 075 042
October	27 105 951	-	448 064	-	27 554 015
November	-	22 708 961	588 508	-	23 297 469
December	14 438 004	6,580,805	-	-	-
Total Expenditure-to-Date	82 075 085	46 375 121	1 036 571	-	129 486 779
Budget	116 867 000	85 600 000	2 707 000	1 800 000	206 974 000
% Spend	70%	54%	38%	0%	63%

The total original capital budget for the 2022/2023 financial year is **R 206.9 million**. This includes the allocations from the Municipal Infrastructure Grant (MIG) of **R 116.9 million**, the Water Services Infrastructure Grant (WSIG) of **R 85.6 million**, the Rural Roads Assets Management Grant (RRAMS) of **R 2.7 million**, and assets from internally generated funds of **R 1.8 million** for the commencement of the construction process for the Disaster Management Centre.

Year to date expenditure for MIG is **R 82.1 million** which represents **70%** of the original budget estimate.

WSIG expenditure to date is **R 46.4 million** which represents **54%** of the original budget estimate.

RRAMS expenditure to date remains at **R 1 million** which represents **38%** of the original budget estimate.

Year to date capital expenditure from internal funding is **R nil** represents **0%** of the total original budget.

Total capital expenditure to date is **R 129.5 million** or **63%** against the original budget.



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3. Employee Costs and Councillors' Allowances

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.

The total salaries budget for Councillors amounts to **R 12.1 million** while salaries budget for staff amounts to **R 258.7 million** resulting in a total salaries budget to **R 270.8 million**. This represents **29%** of the total operational budget which is within the norm of 25% - 40% in terms of National Treasury circular 71 of 2014.

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.

The actual staff salaries cost incurred, including Senior Managers, as at 31 December 2022 is spent at **53%** which amounts to **R 137.7 million** while the actual salaries cost for Councillors is spent at **59%** which amounts to **R 7.1 million** bringing the total salaries cost to date at **R 144.8 million** which represents **53%** of the total salaries budget and **38%** of the total operating expenditure which is within the norm of 25% - 40% in terms of National Treasury circular 71 of 2014. This ratio has performed as follows since the commencement of the budget year:

July	Aug	Sept	Oct	Nov	Dec
58%	46%	44%	44%	36%	38%

This ratio will continue to flatten as and when the municipality incurs other categories of operational expenditure.

Although 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 within the district. Furthermore, the number of meetings held during the fiscal year varies to the number of meetings predicted at the time of the budget process.

The salaries and benefits paid to councillors in the month of September 2022 are based on the June 2022 promulgation which was effective for payment in the month of July 2021.

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Table 3

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6,887	8,055	-	936	5,160	4,028	1,132	28%	-
Pension and UIF Contributions		477	243	-	40	203	122	81	67%	-
Medical Aid Contributions		266	95	-	15	125	48	78	163%	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		858	964	-	76	449	482	(33)	-7%	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		3,043	2,756	-	141	1,178	1,378	(200)	-15%	-
Sub Total - Councillors		11,531	12,114	-	1,208	7,114	6,057	1,058	17%	-
% increase	4		5.1%							
Senior Managers of the Municipality										
Basic Salaries and Wages		3,562	6,788	-	369	1,575	3,394	(1,819)	-54%	-
Pension and UIF Contributions		8	11	-	1	4	5	(2)	-31%	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		(87)	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		439	900	-	52	255	450	(195)	-43%	-
Cellphone Allowance		81	768	-	5	32	384	(352)	-92%	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		0	1	-	0	0	0	(0)	-67%	-
Payments in lieu of leave		-	-	-	3	196	-	196	#DIV/0!	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4,004	8,468	-	429	2,061	4,234	(2,172)	-51%	-
% increase	4		111.5%							
Other Municipal Staff										
Basic Salaries and Wages		155,903	154,629	-	13,357	79,740	77,315	2,426	3%	-
Pension and UIF Contributions		32,485	28,451	-	2,770	16,672	14,225	2,447	17%	-
Medical Aid Contributions		13,221	10,249	-	1,217	6,754	5,125	1,629	32%	-
Overtime		7,496	1,089	-	406	2,099	545	1,555	285%	-
Performance Bonus		12,423	13,099	-	22	12,622	6,550	6,073	93%	-
Motor Vehicle Allowance		13,889	12,361	-	1,091	6,472	6,180	292	5%	-
Cellphone Allowance		58	697	-	5	29	348	(320)	-92%	-
Housing Allowances		1,366	1,423	-	118	715	712	4	1%	-
Other benefits and allowances		22,021	19,641	-	1,799	9,071	9,821	(750)	-8%	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		6,381	1,664	-	200	1,451	832	619	74%	-
Post-retirement benefit obligations	2	9,101	6,900	-	-	-	3,450	(3,450)	-100%	-
Sub Total - Other Municipal Staff		274,344	250,204	-	20,985	135,626	125,102	10,524	8%	-
% increase	4		-8.8%							
Total Parent Municipality		289,879	270,785	-	22,622	144,802	135,393	9,409	7%	-
			-6.6%							
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		289,879	270,785	-	22,622	144,802	135,393	9,409	7%	-
% increase	4		-6.6%							
TOTAL MANAGERS AND STAFF		278,348	258,671	-	21,414	137,687	129,336	8,352	6%	-

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4. Conditional Grants

As at the 31 December 2022, a total of **R 169 million** of conditional grant allocations were received since 01 July 2022 whilst an additional **R 16.8 million**, which was received in the previous financial years, was available at the beginning of the period. The operating and capital grant utilisation of allocations received to date was at **20%** and **73%**, respectively. The overall conditional grant utilisation is at **71%** of available funds with an unspent value of **R 75.8 million**.

Table 4

Description	Opening Balance	Receipts	Total Available	Expenditure	Balance	Percentage
Operating Grants			0			
Finance Management Grant	0	1 200 000	1 200 000	188 547	1 011 453	15.71
Camperdown WWW	4 000 095	0	4 000 095	0	4 000 095	0.00
Public Transport Plan Grant	308 817		308 817	0	308 817	0.00
Expanded Public Works Programme Grant	0	1 602 000	1 602 000	896 038	705 962	55.93
Rasset & DGDS Grant	126 989	0	126 989	0	126 989	0.00
Geospatial Grant	35	0	35	0	35	0.00
IDP Spatial Development Grant	622 775	0	622 775	287 500	335 275	46.16
Spatial Development Framework Grant	212 825	0	212 825	246 963	-34 138	116.04
Total Operating Grants	5 271 536	2 802 000	8 073 536	1 619 048	6 454 488	20.05
Capital Grants						
Water Services Infrastructure Grant	0	51 360 000	51 360 000	46 375 121	11 565 683	77.48
Municipal Infrastructure Grant	0	93 000 000	93 000 000	82 075 067	25 362 937	72.73
ORIO Grant	11 550 860	0	11 550 860	0	11 550 860	0.00
Rural Roads Asset Management Grant	29	1 894 000	1 894 029	1 036 572	857 457	54.73
Accelerated Water Intervention Grant	3	20 000 000	20 000 003	0	20 000 003	0.00
Total Capital Grants	11 550 889	166 254 000	177 804 891	129 486 760	69 336 940	72.83
Total Grants	16 822 424	169 056 000	185 878 427	131 105 808	75 791 427	70.53

5. Cash and cash equivalents

The cash in bank as at 31 December 2022 amounted to **R 407.5 million**.

The cash coverage ratio as at 31 December 2022 is **4.61** based on average of R 72 million per month fixed operating expenditure. This indicates that the municipality as at 31 December 2022 has enough cash to run its operation for **138.21 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.

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Table 5

Account Name	Account Number	Market value at the beginning of the month	Change in market value	Market value at the end of the month
Main Account	50940026773	161 721 985	223 863 726	385 585 712
Salaries Account	50940092196	32 528 636	-32 497 292	31 344
Water Services Account	62023616462	12 922 914	3 576 707	16 499 621
NSTD Call Account	62215748289	603 050	3 209	606 260
Mandela Race Account	62411577193	831 404	2 537	833 941
Mandela ABSA	4094362410	1 230 577	-349	1 230 228
Corporate Cheque Account	62597807125	2 687 912	11 841	2 699 753
Public Sector Cheque Account	62243484417	-	-220	-220
Total Cash Balances		212 526 478	194 960 160	407 486 638

6. Borrowings

As at 31 December 2022, the loan book was at a total balance of **R 177.2 million**. The interest rate on the loan is **10.889%**. The debt to revenue ratio is **13%** against the projected operating revenue which is within the National Treasury norm of below 45%. The debt service to income ratio for the year indicates that the costs associated with the debt were funded by **0.22%** of the YTD operating income.

Table 6

Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/12/2022	Add: Interest Accrued	Closing Balance at 31/12/2022
12007869	uMgungundlovu Various Water Projects	10.889	175 628 151	1 566 301	177 194 452

7. Creditors Age Analysis

The balance of trade payables as at 31 December 2022 was **R 48.6 million**.

A total of **R 36.3 million** or **75%** of invoices remained outside the compliance period of 30 days as at 31 December 2022, where **R 31 million** relates to Umngeni Water. A payment arrangement has been made with the service provider over a six-month period, where 10% of the outstanding amount was paid in December 2022 and 30% in January 2023.

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.

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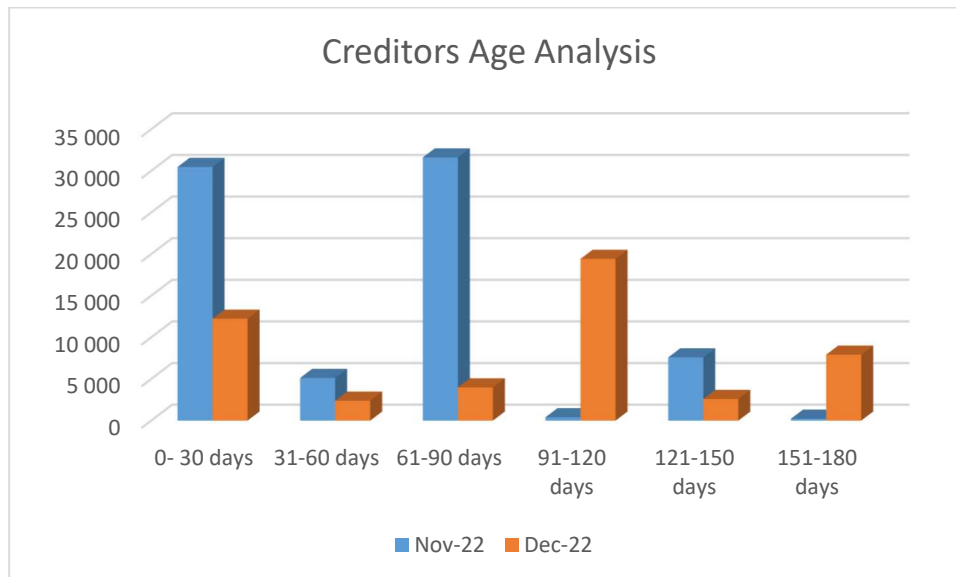
Sections 62(1), (2) and 65(1) require the Accounting Officer to ensure a proper management of the finances of a municipality and must, therefore, ensure that all processes are followed before payments are processed. As a result, the Internal Audit is requested to verify payments on an ad hoc basis.

In the effort to reduce the amount owed to creditors, a detailed spreadsheet which indicates the status of each amount due for longer than 30 days is sent to every HOD, for their action, as to address issues that may have been identified.

Table 7

Creditors Age Analysis		
	Nov-22	Dec-22
0- 30 days	30 468	12 237
31-60 days	5 126	2 395
61-90 days	31 615	3 994
91-120 days	407	19 429
121-150 days	7 592	2 608
151-180 days	232	7 916
Total	75 440	48 579

Graph 1



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Table 8

The table below details the reasons for creditors owed more than 30 days.

Supplier	Balance	Comments
AQT01 (AQUA TRANSPORT AND PLANT HIRE)	2 815 475	As from August 2022, the supplier has been paid monthly, however there was six months gap of non-payment from February 2022 to July 2022. During that period there were no invoices received from the supplier as they were awaiting the approval of the proposed increase rate by the Management. Furthermore there were delays on processing payments due to the fact that their invoices are either incorrectly calculated or the time sheets are not corresponding to the invoice. In future the supplier invoices will be accompanied by the tracker report that tallies to spreadsheet
CRA0005 (CRAIG CHARLES HOWSON)	4 582	This is a customer refund. The customer was paid but the invoice was erroneously duplicated the user department is working reversal of it
NAS01 (EARLYWORKS 266)	109 602	The invoice was disputed by the user Department. According to the Department the intention to cancel the contract was communicated to the Supplier and they were given one month notice, the disputed invoice was then submitted subsequent to the cancellation of the contract. The matter has been referred to legal department
ESK01 (ESKOM HOLDINGS)	489 272	The Eskom payments are processed through debit orders, however due to delays from Eskom on submitting the invoices, we are unable to reconcile the account. The telephonic engagements never yielded the positive results. Therefore, the Municipality is planning to physical visit the Eskom Offices before the end of January 2022
IMP002 (Impendle - KZ Local Municipality)	16 818	The Municipality is in the process of engaging all the local municipalities under UMDM with the intention of discussing and resolving the opening balances. We have already started with Msunduzi Municipality and we are getting the assistance
ISI012 (ISIBUKO DEVELOPMENT PLANNERS)	148 178	The invoice was returned to the user Department. They are still working on it
JAD001 (JADE STAR TRADING)	103 459	This is a customer refund. The customer was paid but the invoice was erroneously duplicated the user department is working on reversal of it
LEW0002 (LEWIS NEIL ROBERT)	900	This is a customer refund. The customer was paid but the invoice was erroneously duplicated the user department is working on reversal of it
LYT0002 (LYTHWOOD INVESTMENTS)	30 000	The invoice was disputed by the user Department.
MAD0015 (MADUNA TECHNOLOGY SOLUTIONS)	6 600	The supplier was paid, but the return to supplier was erroneously processed and it will be corrected.
MAR0042 (MARK ANDREW SHAW)	3 609	This is a customer refund. The customer was paid but the invoice was erroneously duplicated the user department is working on reversing it
MIN0005 (MINDEN JULIAN ROSE GORDON)	3 716	This is a customer refund. The customer was paid but the invoice was erroneously duplicated the user department is working on reversing it
MSU0015 (MSUNDUZI MUNICIPALITY (00111053))	7 830	The Municipality was allocated with the designated official to assist on resolving the opening balances.
MSU0016 (MSUNDUZI MUNICIPALITY (02057806))	80 109	The Municipality was allocated with the designated official to assist on resolving the opening balances.
OTI01 (OTIS)	34 190	An email requesting the statement was sent to the Supplier.
PKV001 (P K VALVES)	123 073	The supplier was paid. The return to supplier transaction was erroneously processed, and it's now being corrected.
PCB01 (PIETERMARITZBURG AND MIDLANDS CHAMBER OF BUSINESS)	58 604	The invoice was disputed by the user department and they are working on it.
POT0004 (POTGIETER KUNENE XABA)	179 097	The invoice was disputed by the user department, and they are working on it.
TEL002 (TELKOM SA)	0	
THO016 (THOLALWAZI TRADING ENTERPRISE)	4 350	
UMW (Umgeni Water)	17 683 195	The Municipality is owing uMngeni for sewer services only. The correspondence regarding the payment arrangement was sent to uMngeni with the purpose of requesting Umngeni to pay the debt over the period of six months starting from November. The Municipality has already paid 12% towards the debt for November period. We are in the process of paying 30% of the arrear debt as well as the current debt before 15 January 2022
Supplier	Balance	Comments

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UMG0035 (UMGENI WATER ACC (6001665/10152740))	5 678 157	The Municipality is owing uMngeni for sewer services only. The correspondence regarding the payment arrangement was sent to uMngeni with the purpose of requesting Umngeni to pay the debt over the period of six months starting from November. The Municipality has already paid 12% towards the debt for November period. We are in the process of paying 30% of the arrear debt as well as the current debt before 15 January 2022
UMG0036 (UMGENI WATER ACC (6001665/10279710))	326 878	The Municipality is owing uMngeni for sewer services only. The correspondence regarding the payment arrangement was sent to uMngeni with the purpose of requesting Umngeni to pay the debt over the period of six months starting from November. The Municipality has already paid 12% towards the debt for November period. We are in the process of paying 30% of the arrear debt as well as the current debt before 15 January 2022
UMG0037 (UMGENI WATER ACC (6001665/10279740))	784 288	The Municipality is owing uMngeni for sewer services only. The correspondence regarding the payment arrangement was sent to uMngeni with the purpose of requesting Umngeni to pay the debt over the period of six months starting from November. The Municipality has already paid 12% towards the debt for November period. We are in the process of paying 30% of the arrear debt as well as the current debt before 15 January 2022
UMG0034 (UMGENI WATER ACC (6001665/10279750))	1 230 773	The Municipality is owing uMngeni for sewer services only. The correspondence regarding the payment arrangement was sent to uMngeni with the purpose of requesting Umngeni to pay the debt over the period of six months starting from November. The Municipality has already paid 12% towards the debt for November period. We are in the process of paying 30% of the arrear debt as well as the current debt before 15 January 2022
UMG0038 (UMGENI WATER ACC (6001665/10279760))	3 476 781	The Municipality is owing uMngeni for sewer services only. The correspondence regarding the payment arrangement was sent to uMngeni with the purpose of requesting Umngeni to pay the debt over the period of six months starting from November. The Municipality has already paid 12% towards the debt for November period. We are in the process of paying 30% of the arrear debt as well as the current debt before 15 January 2022
UMG0033 (UMGENI WATER ACC (6001665/10279770))	2 153 494	The Municipality is owing uMngeni for sewer services only. The correspondence regarding the payment arrangement was sent to uMngeni with the purpose of requesting Umngeni to pay the debt over the period of six months starting from November. The Municipality has already paid 12% towards the debt for November period. We are in the process of paying 30% of the arrear debt as well as the current debt before 15 January 2022
UMM01 (Umngeni Municipality)	1 546	The Municipality is in the process of engaging all the local municipalities under UMDM with the intention of discussing and resolving the opening balances. We have already started with some of the Municipalities and we are getting the assistance

8. Billing Revenue and Debtors

Billing revenue for the month of December 2022 was **R 45.9 million**. Actual collections during December 2022 were **R 19.8 million** which represented **41%** of the November 2022 billed revenue of **R 48.2 million**. The average collection rate for the current year is **50%** compared to **51%** for the same period in the previous financial year. The collection rate considering gross outstanding debtors at the beginning of the financial year is **41%**. The continuous resolving of customer queries and strict enforcement of the credit control and debt collection policy is anticipated to improve collection in the current financial year.

The percentage of collection for Water Schemes remained at 5% from the previous month. Strategies are continuously explored to improve the collection from these areas, the indigent drive being at the forefront in these areas.

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8.1 Billing Summary: October 2022 to December 2022

Table 8

The table below details the Monthly **Billing per Area** for the 2022/2023 financial year.

Area	Oct-22	Nov-22	Dec-22
uMshwathi	3 543 051	3 263 929	3 620 085
uMngeni	20 201 608	18 538 894	17 141 555
Mpofana	3 812 676	3 891 692	3 370 185
iMpendle	701 298	701 057	620 649
Mkhambathini	1 106 261	858 045	977 375
Richmond	2 494 610	1 798 248	2 029 222
Water Schemes	5 705 670	5 987 346	6 189 474
Bulk Customers	9 760 246	13 241 065	11 997 648
Total	47 325 420	48 280 276	45 946 193

8.2 Credit Control and Debt Collection: Billing vs Receipts

Table 9

The table below details financial year to date **Monthly Billing against the Receipts** for the 2022/2023 financial year.

Month	Billing	Receipts	Collection %
Jul 22	44 905 041	24 807 008	55%
Aug 22	46 546 788	20 442 933	44%
Sep 22	52 403 743	28 262 864	54%
Oct 22	47 325 420	24 494 476	52%
Nov 22	48 280 276	19 815 217	41%
Dec 22	45 946 193		
Total	285 407 461	117 822 498	41%

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Graph 2

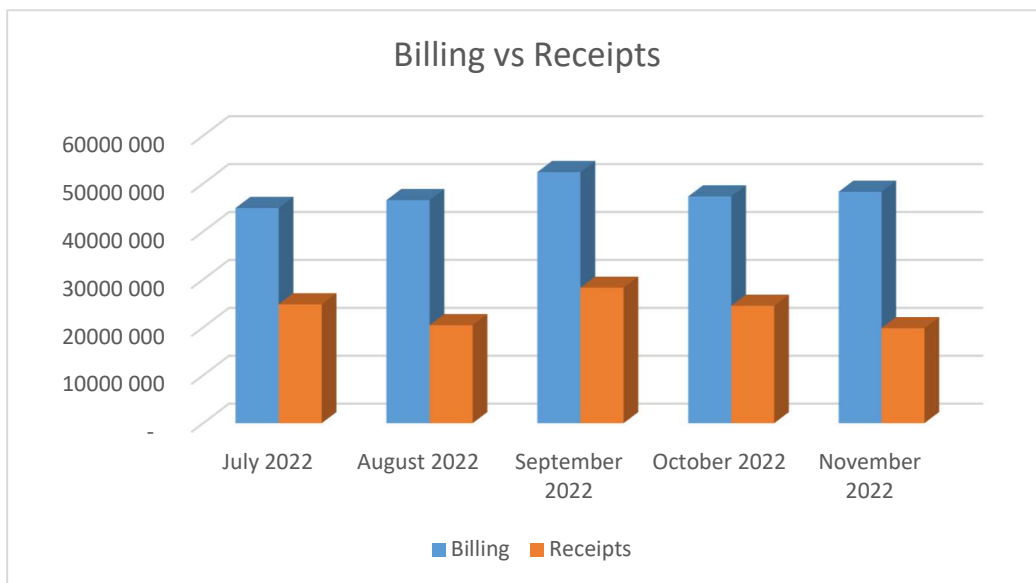


Table 10

The table below details the **Classification of Receipts** for December 2022

Basis of Receipts	Dec-22
Direct Deposits	16 659 365
Easy Pay	2 012 154
Post Office	302 159
Customer Care	569 258
Manual Receipts	272 281
Total	19 815 217

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Table 11

The table below details **Customer Category Receipts** for December 2022.

Customer Classification	Dec-22
Government	5 114 326
Business	6 259 659
Households	8 210 157
Indigent Households	12 569
Church	212 260
Councillors	6 246
Total	19 815 217

Table 12

The table below indicates the comparison of collection rate between 2021/2022 financial year and the 2022/2023 financial year.

2021/2022 Financial Year				2022/2023 Financial Year			
Month	Billing	Receipts	Collections %	Month	Billing	Receipts	Collections %
Jul-21	24,130,360	16,599,637	49%	Jul-22	44,905,170	24,807,008	55%
Aug-21	34,088,135	15,821,733	47%	Aug-22	46,546,788	20,442,933	44%
Sep-21	33,133,597	19,373,530	58%	Sep-22	52,403,743	28,262,864	54%
Oct-21	26,406,763	13,316,326	50%	Oct-22	48,280,276	24,494,476	52%
Nov-21	29,033,607	15,285,130	53%	Nov-22	48,280,276	19,815,217	41%
Average Collection Rate for 2021/2022			51%	Average Collection Rate for 2022/2023			50%

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Table 13

The table below details the percentage of collection per customer classification.

	SALES RAISED	RECEIPTS	% COLLECTION
Howick	12,143,690.27	8,288,215.82	68%
Tumbleweed	120,245.36	4,520.12	4%
Lidgeton	191,254.25	12,458.36	7%
Hilton	6,845,264.71	3,603,597.12	53%
Mpophomeni	1,928,456.28	160,254.36	8%
Bulk	10,928,456.28	5,814,521.36	53%
Mpofana	2,817,851.36	256,487.26	9%
Mpofana- Brunt	1,648,125.26	38,456.29	2%
Richmond	2,877,641.26	464,925.36	16%
uMshwathi	3,769,205.11	715,932.56	19%
uMkhambathini	1,542,365.25	211,118.26	14%
iMpendle	211,485.36	92,365.14	44%
Water Schemes	3,141,235.19	152,365.26	5%
Total	48,165,275.94	19,815,217.27	41%

Table 14

The table below details a breakdown of November 2022 billing and December 2022 receipts for Water Schemes taken over from Umgeni Water.

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Hopewell	142,568.12	1,852.36	1%	Rural Scheme
Manyavu	299,568.60	18,154.36	10%	Rural Scheme
Intermediate Cross	31,254.16	814.25	22%	Farm Scheme
Swayimana	311,254.26	500.26	0%	Rural Scheme
Table Mountain	260,145.44	18,254.17	3%	Rural Scheme
Whispers	142,564.29	17,456.87	11%	Farm Scheme
Camperdown	218,459.36	18,645.43	40%	Farm Scheme
Birnoum Wood	211,145.40	5,236.45	7%	Farm Scheme
Claridge	672,629.85	10,254.58	1%	Farm Scheme
Efaye	220,125.36	-	0%	Rural Scheme
Cuphulaka	145,214.28	-	0%	Rural Scheme
Mayizekanye	251,365.26	38,457.12	5%	Rural Scheme
Mpolweni	234,940.81	22,739.41	1%	Rural Scheme
Total	3,141,235.19	152,365.26	5%	

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8.3 Debtors Age Analysis

The debtors book value as at 31 December 2022 amounted to **R 787 million**. A total of **R 699 million** or **89%** relates to amounts owing for more than 90 days.

Table 15

Debtors Age Analysis by Customer Group			
Category	Total	Total > 90 days	% > 90 days
Organs of State	51 363 420	40 888 887	80%
Commercial	42 045 214	28 377 736	67%
Households	609 546 688	553 148 500	91%
Other	84 316 071	76 723 618	91%
Total	787 271 394	699 138 741	89%

Table 16

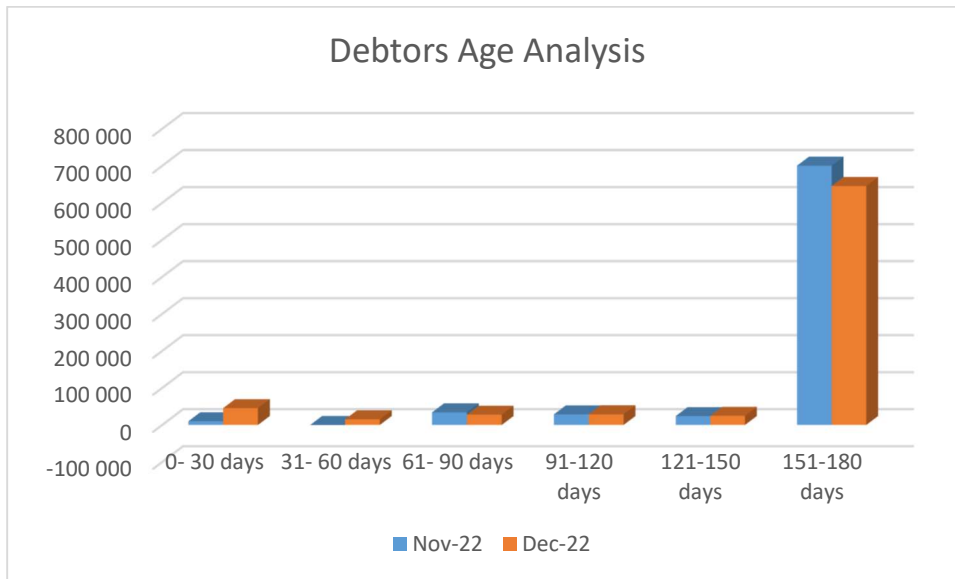
DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December												
Description	NT Code	Budget Year 2022/23									Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr			
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	41,464	12,707	24,344	25,799	21,476	20,012	85,896	336,776	568,474	489,958	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	3,322	2,649	2,867	2,433	2,194	1,817	6,262	43,251	64,795	55,956	
Receivables from Exchange Transactions - Waste Management	1600	-	(1,496)	-	-	-	-	-	1,715	220	1,715	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	(867)	97	(770)	(770)	
Interest on Arrear Debtor Accounts	1810	414	1,245	401	610	594	518	9,637	137,690	151,108	149,048	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	
Other	1900	274	(51)	(9)	1	486	(51)	228	2,566	3,445	3,231	
Total By Income Source	2000	45,475	15,055	27,604	28,843	24,750	22,295	101,155	522,095	787,271	699,139	
2021/22 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	6,485	2,022	1,967	1,960	1,379	1,365	8,120	28,065	51,363	40,889	
Commercial	2300	7,963	4,588	1,116	2,931	1,040	608	5,116	18,682	42,045	28,378	
Households	2400	27,536	7,169	21,693	21,163	19,077	18,091	75,124	419,693	609,547	553,149	
Other	2500	3,490	1,275	2,827	2,789	3,253	2,231	12,796	55,655	84,316	76,724	
Total By Customer Group	2600	45,475	15,055	27,604	28,843	24,750	22,295	101,155	522,095	787,271	699,139	

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Table 17

Debtors Age Analysis		
	Nov 22 R '000	Dec 22 R '000
0- 30 days	9 977	45 475
31- 60 days	-107	15 055
61- 90 days	34 043	27 604
91-120 days	28 633	28 843
121-150 days	23 996	24 750
151-180 days	700 354	645 544
Total	796 896	787 271

Graph 3



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Table 18

The table below details the age analysis for customers grouped as UMDM staff members as at 31 December 2022.

Customer	Current	30 Days	60 Days	90 Days	120 Days	150 Days	180 Days	Balance	
5922411911	386	403	385	385	336	336	12 631	14 862	
5922411528	748	783	746	745	979	979	25 566	30 545	
5922721404	561	512	481	480	480	480	24 518	27 511	
5922316386	1 422	-	-	-	-	-	-	1 422	
5922111502	4 812	4 859	4 810	4 803	3 292	3 290	15 428	41 295	
5922251794	1 833	81	1 092	-	-	-	-	3 006	
5922227305	905	1 081	1 081	1 081	905	475	5 297	10 825	
5922711631	607	227	217	261	217	217	7 001	8 747	
5922251326	782	-	-	-	-	-	-	782	
5922111593	2 799	1 862	9 386	1 740	1 039	1 038	9 668	27 534	
5922262141	562	516	482	482	481	481	24 979	27 983	
5922193001	467	467	467	467	467	467	11 603	14 403	
5922411939	480	505	479	478	478	478	19 623	22 521	
5922645000	467	467	467	467	467	467	5 423	8 223	
5922314131	-	-	-	-	-	-	70	71	
5922232755	473	479	472	472	472	471	6 449	9 287	
5922411620	564	522	484	483	483	483	29 454	32 472	
5922711578	133	109	132	132	88	132	15 090	15 816	
5922274100	1 069	295	-	-	-	-	-	1 364	
5922192292	476	494	475	475	474	474	12 508	15 377	
5922711840	-	-	1 000	-	-	-	-	1 702	2 702
5922711660	184	1 399	1 001	1 171	1 682	1 169	101 852	108 458	
5922226809	485	519	483	483	482	482	28 549	31 483	
5922262474	564	523	484	484	483	483	29 611	32 632	
5922192290	480	504	478	478	477	477	18 830	21 724	
5922411734	485	519	483	483	482	482	28 770	31 703	
5922213319	215	407	211	211	167	5 184	141 635	148 031	
5922113000	485	503	2 468	338	631	631	13 076	18 132	
5922317749	1 885	1 781	2 085	1 366	818	124	79 277	87 336	
5922213198	-	-	-	843	-	23 136	-	-	23 979
5922741014	2 566	3 098	6 357	2 445	2 671	1 520	72 530	91 187	
5922193002	467	467	467	467	467	467	11 350	14 150	
5922193000	467	467	467	467	467	467	11 893	14 693	
5922251800	-	19 710	-	-	-	-	-	-	19 710
5922213962	1 024	1 028	1 024	307	-	-	-	3 383	
Totals:	9 141	23 878	36 822	-	1 488	19 484	21 750	21 750	870 567

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Table 19

The table below details the age analysis for customers grouped as Councillors as at 31 December 2022.

Customer	Current	30 Days	60 Days	90 Days	120 Days	150 Days	180 Days	Balance
5922711459	1 158	1 801	2 202	2 769	1 597	1 759	16 740	28 025
5922261941	546	469	469	468	342			2 294
5922193491	622	622	622	78	573	78	19 738	22 334
5922741442	847	808	-	-	-	-	-	1 655
5922275001	524	905	324	-	-	-	-	1 754
5922212236	537	562	536	535	584	584	22 175	25 513
5922212475	437	457	436	436	435	1 447	13 998	17 647
5922111569	345	315	-	-	-	-	-	660
5922712351	389	415	536	487	192	487	18 864	21 370
5922224497	1 058	1 245	1 507	1 992	1 341	163	151 825	159 130
Totals:	6 463	7 600	6 631	6 766	5 063	4 518	4 518	280 382

Letters of demand have been sent to all staff and councillors with outstanding amounts where some individuals have acknowledged such debt and made payment arrangements. Those who have not come forward are in the process of being disconnected and monies owed will be deducted from their salaries. This must include current account and a portion of arrears not longer than 36 months.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

9. IN-YEAR BUDGET STATEMENT TABLES: DECEMBER 2022 REPORT

The preliminary financial results for the period ended 31 December 2022 (i.e., 6th month of the 2022/2023 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

10. 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.